



和泰集團  
與美好台灣同行



和泰汽車股份有限公司  
Hotai Motor Co., Ltd.



# Annual Report 2022

(For the convenience of readers and for information purposes only, the annual report has been translated into English from the original Chinese-language version prepared and used in the Republic of China. In the event of any discrepancy between the English and Chinese versions, or if there are any differences in interpretation between the two versions, the original Chinese version shall prevail.)



Hotai Motor annual report is available at:

Company website: <http://pressroom.hotaimotor.tw/zh/>

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Stock code: 2207

Published on May 31, 2023

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五、The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A

六、The address of the company's website: <http://www.hotaimotor.com.tw>

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## 壹、致股東報告書

### *Letter to Shareholders*



# I. Letter to Shareholders

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## 2022 Operational Highlights

Shaped by factors such as COVID variants, Russia-Ukraine war, peaking inflation, and climate change, the global economy is stuck in a low-growth trap. Countries across the globe implemented policies to raise interest rates to tackle inflation, which in turn slowed global economic activity, impacting our international trade and capital investment. The annual growth rate hit 2.43% last year, down by 4.02 percentage points compared to 6.45% in 2021. While demand for vehicles in Taiwan's automotive market remained strong, stifled by low vehicle production due to the automotive chip shortage, there continued to be a mismatch between supply and demand in the market. In 2022, the total sales in the automotive market were 429,731 units, which reached 95.5% of the volume of 2021.

In response to a rapidly changing market, Hotai Motor introduced all-new car models in 2022 with the support of our parent company, Toyota Motor Corporation ("TMC"). The models include TOYOTA TOWN ACE truck and van, electric vehicle bZ4X, and redesigned models, TOYOTA GR 86, CAMRY, COROLLA CROSS, ALTIS, HILUX, COROLLA SPORT, GR SUPRA, SIENTA, RAV4, and LEXUS RX, ES, UX series. We also introduced brand new Class 3.49-ton long wheelbase models with automatic transmission, 300 series hybrid, 700 series with a 12-speed manual transmission, GRANVIA 8-seater luxury models, and an improved COASTER minibus. In 2022, the total number of registered vehicles under the three brands distributed by Hotai Motor was 150 thousand units, putting us at the top among automakers in Taiwan for the 21<sup>st</sup> consecutive year. Among which, TOYOTA had over 124 thousand units of registered vehicles, which accounted for 28.7% of the market share, and continued to be the winner in both domestic and imported vehicles. In addition, COROLLA CROSS, RAV4, ALTIS, and YARIS were also among the top 10 best-selling passenger vehicle models. And while LEXUS RX, NX, UX were the best-selling SUVs among luxury brands in the full-size, mid-size and compact categories, LEXUS ES also became the number one bestseller in the full-size luxury SUV category. TOYOTA and HINO's commercial vehicles remained highly regarded by consumers; HINO's 3.49-ton trucks and above recorded 7,491 units in vehicle sales, which accounted for 32.4% of the market share and continued to rank top in the commercial vehicles market for the second consecutive year. TOYOTA HIACE and GRANVIA series also delivered impressive records with a new high of 1,138 units in vehicle sales. All three brands delivered remarkable outcomes in automotive sales in 2022.

Since Hotai Motor was founded, it has accumulated extensive experience in product planning, marketing and customer service, and has continued to grow steadily and invested in diversified operations. In addition to our core business—vehicle sales and services, we have proactively expanded the value chain to involve other automotive-related businesses, which puts us in a strong position to drive continuous innovation and growth. Some examples are as follows. Hotai Finance Co., Ltd.'s installment undertaking reached over NT\$100 billion and remained the top-ranked company in the auto financing market last year. Hotai Finance also set up a subsidiary He Jun Energy Co., Ltd., actively pursuing opportunities and establishing their presence in the renewable energy sector to expand its business scope. On top of integrating short-term rentals provided by Hoing Mobility Service Co., Ltd. under the brand, *iRent*, and shared transportation service, *yoxi*, provided by Hotai Mobility Service Co., Ltd., Hotai Connected Co., Ltd. has also been working with long-term leasing market leader, Hotai Leasing Co., Ltd., to build a comprehensive mobility service and an inclusive ecosystem of Mobility-as-a-Service (MaaS) with the goal to launch a service platform that consolidates connected mobility, data, payment, and subscription solutions using group resources.

## I. Letter to Shareholders

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Hotai AutoBody Manufacturing Co., Ltd. and Hotai Auto Body Sales Co., Ltd. target the commercial vehicles market, offering streamlined service to customers from ordering a car to installing truck bed extenders which allows owners to quickly put new vehicles to use in their business operations. Carmax Co., Ltd. (“Carmax”), a professional car accessories provider, was joined by another car accessory company in the network, Toyota Customizing & Development (TCD), to develop internet of vehicles (IoV) solutions and premium car accessories, which generated a record high of over NT\$7.5 billion in revenues in 2022. The collaboration aims to move towards the automation of product research and manufacturing, expand business opportunities in IoV, sales channels, and market reach to achieve a wider range of business domains. Hotai Insurance Co., Ltd. (“Hotai Insurance”) has invested significant efforts in offering quality one-stop car insurance service to customers and driving digital transformation. In 2022, Hotai Insurance delivered a remarkable record of over 12 billion in premium income and was honored with the Digital Innovation Award by the *Commercial Times* for its premium service. However, suffered from losses due to COVID insurance payouts, Hotai Insurance will approach new lines of business with caution going forward and manage different insurance products with the goal to maximize profits, while reinforcing risk management practices, balancing expenses, improving management effectiveness, developing talent, and forging a positive business culture as the company moves towards robust growth.

The Group began investing in Toyota China since 1997 and it has been well over 20 years now. Hotai Motor’s China operation headquarters, Hotong Motor Investment Co., Ltd., has established an operations structure that integrates resources to reduce the Group’s operating costs and increases the overall competitive advantage of the Group, which helps expand our business scope in China. In 2022, the total market sales in China achieved 26.864 million units, a 2.1% increase from the year before, and Hotai Motor’s recognized revenues from businesses in mainland China reached NT\$810 million.

Despite strong performances from our core and peripheral businesses last year, Hotai Motor suffered a major setback in terms of its profitability due to the large amount of COVID insurance claims the company had to settle. As a key subsidiary of Hotai Motor, Hotai Insurance has been consistently growing in its revenues over the last few years. These losses as a result of COVID insurance payouts was a one-time event, and both the amount of the payouts and loss estimation have been recognized in 2022, having merely a transient effect on Hotai Motor. On the other hand, the development and profitability of both Hotai Group’s core and peripheral operations remain robust. Additionally, Hotai Motor maintains sufficient working capital and borrowing capacity and has no liquidity risks. The Group will put forth maximum effort to achieve our development goals this year.

### **2023 Business Outlook**

Looking ahead, despite concerns over a downturn in domestic economic growth, global automotive chip shortage is likely to ease, and as countries around the world lift pandemic restrictions and consumer purchasing recovers, the automotive market is projected to achieve around 450,000 units in 2023. As we continue to pursue transformation and innovation, we also follow TMC’s policies closely and proactively respond to government regulations and timelines to accelerate strategic transition and introduce electric products, providing products and services above and beyond



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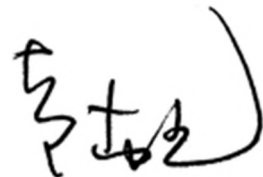
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customers' expectations. We are also enhancing the Group's value chain as we gear up to achieve top sales records in the passenger vehicles segment for the 22<sup>nd</sup> consecutive year and in the commercial vehicles segment.

While pursuing sales growth, we also actively support TMC's environmental sustainability policies, integrating resources from our core business and developing a variety of corporate sustainability events in the aspects of environment, social and governance (ESG) that are centered around "People, Cars and the Environment". Under the public interest campaign "Standing by Our Beautiful Island", we work towards aligning our community engagements to local needs as we strive to become the benchmark of CSR practices in the automotive industry.

Faced with a fast-changing auto industry, our top priority has always been the needs of our customers. Through our vision—think Amazing, do Amazing, as well as continuous partnership with TMC and our affiliates to create group synergy, we are well-positioned to deliver consumers with premium mobility products and services. By remaining vigilant against potential risks while effectively implementing risk management practices and fulfilling corporate social responsibility commitments, we are confident that we can rise from the setbacks of losses from COVID insurance payouts, transcend circumstances and reposition ourselves to deliver high profits once again.

We are sincerely grateful to our shareholders for your continued support and encouragement.



*Chairman*

# I. Letter to Shareholders

## 1.1 Operating Performance in 2022

### 1.1.1 Operating Performance

Unit: In NT\$ Thousands

Item		2022	2021
Revenues		246,481,839	246,917,035
Income (Loss) Before Tax		(14,634,883)	24,970,659
Net Income (Loss)		(15,745,958)	19,558,090
Net Income	Parent	(19,330,194)	16,210,758
Attributable to:	Non-controlling interest	3,584,236	3,347,332
Earnings (Loss) Per Share Attributable to the Parent		(35.39)	29.68

### 1.1.2 Profitability Analysis

Item	2022	2021
Net Profit Ratio (%)	(8.07%)	9.62%
Return on Assets (%)	(4.12%)	6.14%
Return on Equity (%)	(19.2%)	21.93%

### 1.1.3 Comparison of Annual Number of Registered Vehicles of Hotai and its Main Competitors

(The figures of Hotai Motor's registered vehicles include TOYOTA, LEXUS, and HINO passenger vehicles and commercial vehicles)

Ranking	Company	Brands	2022	Market Share	2021	Market Share
1	Hotai Motor Co., Ltd.	TOYOTA, LEXUS, and HINO	150,252	34.96%	156,072	34.69%
2	China Motor Corporation	MITSUBISHI CMC	44,613	10.38%	51,920	11.54%
3	Honda Taiwan Co., Ltd.	HONDA	27,381	6.37%	28,550	6.35%
4	Yulon Motors Co., Ltd.	NISSAN INFINITI	25,061	5.83%	28,964	6.44%
5	Ford Lio Ho Motor	FORD	24,675	5.74%	30,379	6.75%
6	Mercedes-Benz Taiwan	MERCEDES BENZ	23,861	5.55%	28,587	6.35%
7	BMW Taiwan	BMW	16,718	3.89%	18,490	4.11%
8	Hyundai Taiwan	HYUNDAI	15,416	3.59%	13,419	2.98%

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9	Mazda Motor Taiwan	MAZDA	15,389	3.58%	14,533	3.23%
10	Volkswagen Taiwan	VW	12,164	2.83%	13,132	2.92%
<b>Total</b>		-	<b>429,731</b>	<b>100%</b>	<b>449,859</b>	<b>100%</b>

### 1.2 Outline of 2023 Business Plan

#### 1.2.1 Business Objectives

**Rising from setbacks, staying vigilant, transcending circumstances, and regaining commanding leadership position.**

#### (1) Sales Thinking: Ultimate Edge; Smart Service: Ultimate Satisfaction

	Vehicle	Service
TOYOTA	Secure a leading spot across segments and deliver unprecedented sales growth	Create smart services and uphold our brand's commitment to prioritize customers
LEXUS	Spearhead the electrification of vehicles in powering the future	Smart safety solutions for the ultimate experience
Commercial Vehicle	Drive the future forward and revolutionize strategies	Digital innovation to seize new opportunities

#### (2) Strategic Transformation: Ultimate All-in-One Solution; Strategic Advantage: Ultimate Progressivity

- Hotai Finance: diversify and expand installment business and closely monitor cost of capital and control lending risks.
- Hotai Leasing: develop new products and services, increase customer stickiness, and achieve a larger lead in the leasing/CPO market.
- CarMax: enhance product quality and optimize product development efficiency, expand sales channels and market reach to increase profit margin.
- Chang Yuan Motor: ramp up sales of finished vehicles and implement customer classification and smart services to scale up the business and service capacity.
- Toyota Material Handling Taiwan: actively transform its business model to increase profits by expanding CPO and warehousing operations and increasing the proportion of its electric vehicles and leasing business.
- Hotong: amid the challenges, strive to progress at a steady pace and pursue new business ventures.
- Hotai Insurance: refine organizational structure and risk management and develop the most strategic insurance product portfolio.
- MaaS & Hotai Connected Co., Ltd.: increase visibility of *yoxi*, *iRent*, *Hotai Go*, and the

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rewards program to enhance the overall benefits of subscription economy.

- Hotai AutoBody Manufacturing Co., Ltd.: complete the commercial auto body lineup and revolutionize production efficiency and quality.
- Renewable energy business: to continue the strategic planning of consolidating PV and energy storage and move towards a low-carbon, net-zero future to gain competitive advantages in the renewable energy sector.

### **(3) Operations Control: Ultimate Caution; Management System: Ultimate Readiness**

- Enhance risk response by establishing a group-wide risk management system and optimize affiliate management and oversight procedures.
- Develop a comprehensive human resources structure and training system and strengthen talent attraction and employee identification with the company.
- Upgrade cloud/cybersecurity infrastructure, create robust technological development and cybersecurity teams, and build up a personal data protection framework.

### **(4) Corporate Governance: Ultimate Resilience; Sustainable Operations: Ultimate Reliability**

- Build the brand around sustainability by implementing low-carbon management system and carbon neutral goals.
- Amplify the Group's public interest impact and increase brand favorability of our mobility service.
- Facilitate the sustainable development of the Group by actively engaging in ESG initiatives and fostering a culture of compliance.

#### 1.2.2 Sales Forecast

##### **(1) Passenger Vehicles Market**

While Taiwan's automotive market continued to be under the impact of automotive chip shortage, causing vehicle production to slump across all car brands, demand for vehicles remained strong. In 2022, the total sales in the automotive market were 430 thousand units, which reached 96% of the volume of 2021.

Looking ahead, despite concerns over a downturn in domestic economic growth, consumer purchasing is expected to recover this year and global automotive chip shortage is likely to ease. The automotive market is projected to achieve around 450,000 units in 2023, a 4.7% growth from 2022.

This year, the respective sales targets for TOYOTA, LEXUS, and HINO are 130,000 units, 23,000 units, and 10,000 units; the overall vehicle sales target is 163,000 units, representing a market share of 36%.

##### **(2) Commercial Vehicles Market**

Due to early reactions in the market as a result of new emission and safety standards implemented in 2021 for Class 6 diesel trucks, some of the demand in the commercial vehicles market in 2022 has been reflected last year. In addition, parts shortage has caused low vehicle supply, and registration for the subsidy to replace large diesel trucks

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has been extended for another year until the end of 2023, which motivated consumers to delay vehicle replacement. In 2022, the commercial vehicles market size reached 23,130 units, which is 82% of the volume of 2021.

This year, the demand for logistics and transportation is projected to remain steady. At the sunset of the vehicle scrappage incentive, the commercial vehicles market sales are projected to be around 26,000 units in 2023, which is 112% of the volume in 2022. The sales target of the commercial vehicles under our brands in 2023 is 10,000 units, representing 38.5% of the market share.

### (3) Car Leasing Market

As the economy gradually recovers and the impact of the pandemic fades, improvement of domestic demand and related industries led to a shift in economic support from exports to domestic demand. With a growing EV market, relevant tax credits and subsidies are extended and the scrappage policy remains in effect. It is projected that we will maintain the biggest market shares in the car rental and leasing segments. This year, we expect sales to peak and set new highs in the car leasing market.

### (4) Installment Financing Market

In Taiwan, financing options such as installment payment and financing lease have become more prevalent among the public. From our earlier offerings of new vehicle installment, CPO installment, motorcycle, equipment, and products, to the up-and-coming renewable energy equipment, we have all types of installment programs launching on the market constantly. In the day and age where everything can be purchased in installment, we will continue to monitor market trends and optimize our existing products while also introducing new products to respond to market needs.

### (5) General Insurance Market

As pandemic policies mature, the most unfavorable factor for the insurance industry slowly becomes a non-factor. The earnings after tax for the insurance industry is expected to return to profitability in 2023. To stabilize underwriting profit/loss and consider our risk tolerance, choosing future business with the greatest caution and adjusting product rates as appropriate according to market changes have become one of the key objectives for Hotai Insurance this year. Additionally, the company will regularly review policy status as part of our product management practices and carefully select channels that we partner with. In terms of our services, we optimize process through digitalization to create a better customer experience. In 2023, it is projected that the direct premium income of Hotai Insurance will reach NT\$ 12 billion.

## 1.3 Future Development Strategies

- Apply new generation of sales thinking to actively increase market share
- Cater to customers' everyday life by combining smart service with social media platforms
- Leverage strategic transformation for competitive advantage to optimize value chain
- Enhance synergy in resource utilization to expand Group operations
- Fulfill social responsibility commitments and work towards achieving carbon neutrality

## I. Letter to Shareholders

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### 1.4 Impact of External Competition, Regulatory Environment and Overall Operational Environment

Shaped by factors such as COVID variants, Russia-Ukraine war, peaking inflation, and climate change, the global economy is stuck in a low-growth trap. Countries across the globe implemented policies to raise interest rates to tackle inflation, which in turn slowed global economic activity, impacting our international trade and capital investment. The annual growth rate hit 2.43% last year, down by 4.02 percentage points compared to 6.45% in 2021. While demand for vehicles in Taiwan's automotive market remained strong, stifled by low vehicle production due to the automotive chip shortage, there continued to be a mismatch between supply and demand in the market. In 2022, the total sales in the automotive market were 429,731 units, which reached 95.5% of the volume of 2021.

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Looking ahead, despite concerns over a downturn in domestic economic growth, global automotive chip shortage is likely to ease, and as countries around the world lift pandemic restrictions and consumer purchasing recovers, the automotive market is projected to achieve around 450,000 units in 2023. As we continue to pursue transformation and innovation, we also follow TMC's policies closely and proactively respond to government regulations and timelines to accelerate strategic transition and introduce electric products, providing products and services above and beyond customers' expectations. We are also enhancing the Group's value chain as we gear up to achieve top sales records in the passenger vehicles segment for the 22<sup>nd</sup> consecutive year and in the commercial vehicles segment.

While pursuing sales growth, we also actively support TMC's environmental sustainability policies, integrating resources from our core business and developing a variety of corporate

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sustainability events in the aspects of environment, social and governance (ESG) that are centered around “People, Cars and the Environment”. Under the public interest campaign “Standing by Our Beautiful Island”, we work towards aligning our community engagements to local needs as we strive to become the benchmark of CSR practices in the automotive industry.

Faced with a fast-changing auto industry, our top priority has always been the needs of our customers. Through our vision—think Amazing, do Amazing, as well as continuous partnership with TMC and our affiliates to create group synergy, we are well-positioned to deliver consumers with premium mobility products and services. By remaining vigilant against potential risks while effectively implementing risk management practices and fulfilling corporate social responsibility commitments, we are confident that we can rise from the setbacks of losses from COVID insurance payouts, transcend circumstances and reposition ourselves to deliver high profits once again.

## 貳、公司簡介

### *Corporate Overview*





## II. Corporate Overview

### 2.1 Incorporation

Date of Incorporation: September 1, 1947.

### 2.2 Company Timeline

1947	September	Hotai Automobile Co. is founded by Mr. Huang, Lieh-Huo, along with a few others, having NT\$810 thousand registered capital and 10 employees.
1949		Hotai becomes a distributor for TOYOTA vehicle and Yokohama Tire.
1952		Hotai becomes a distributor for Hino Motors Ltd.
1955	April	Restructures as Hotai Trading Co., Ltd., having 30 employees.
1968	January	Restructures as Hotai Motor Co., Ltd.
1970	Early 1970	Hotai becomes a distributor for Ford Lio Ho Motor Company.
1971	July	Hotai begins implementing Management by Objectives
1973	February	Hotai discontinues as a distributor for Ford Lio Ho Motor Company.
1974	September	Hotai, together with Wei Chuan Foods Corporation and affiliates Ho Tai Development Co., Ltd. and Formosa Flexible Packaging Corp., collectively contributes NT\$25 million to establish the Chun Ching Social Welfare Foundation.
1979	May	Hotai becomes a distributor for Morita Corporation selling fire engine, fire apparatus and equipment.
1982	January	Hotai becomes a dealer for Sanfu Motor Co., Ltd.
1984	March	Hotai, Hino Motors, China Development Trust Co., Ltd., Mitsui & Co., Ltd., Hoyu, Wei Chuan Foods Corporation, and Da Chuan incorporates Kuozui Motors Ltd. through a joint venture, in which Hotai holds 4.5% of the shares.
	July	Hotai becomes a dealer for Kuozui Motors Ltd. selling all vehicles manufactured by Kuozui Motors Ltd.
1985	April	Hotai discontinues as a dealer for Sanfu Motor Co. Ltd.
1986	November	Due to the demolition of the office building of its original headquarters at No. 127, Songjiang Road, the company relocates to the 11 <sup>th</sup> to 14 <sup>th</sup> floor of the office building at No. 121, Songjiang Road.
1987	September	Hotai Group invests in the establishment of Carmax Co., Ltd.
1988	May	Hotai signs contract with the top 8 convertible dealers in Taiwan.
	September	Hotai begins selling domestic TOYOTA ZACE, a multi-purpose vehicle, in Taiwan
	December	Hotai signs sales contracts with TMC and Toyota Motor Sales, USA
1989	May	Domestically made TOYOTA CORONA launched in Taiwan.
1990	October	Hotai becomes a public company approved by the Ministry of Finance.
1994	December	Hotai hits its first 100,000-unit annual sales record to set the foundation for a distribution network that achieves a minimum of 100,000 units of sales per year.
1995	August	Toyota Motor Corporation and Hino Motors invest in 11.8% of the shares in Hotai.
1996	September	Hotai becomes a listed company on the Taiwan Stock Exchange
1997	February	Hotai begins trading its shares on the Taiwan Stock Exchange
	April	As part of the conditions to join the World Trade Organization (WTO), the

## II. Corporate Overview

		government signs contract with the Japanese government to permit limited imports of small vehicles from Japan. Hotai introduces Japanese imported small vehicles, TOYOTA RAV4 and TOYOTA CELICA, which are officially launched in Taiwan.
1999	June	Hotai Financing and Hotai Leasing are founded.
2000	March	Yangmei Logistic Center begins operations.
2001	January	TOYOTA certified pre-owned vehicles are officially introduced to the market.
2002	July	Hotai Yangmei Logistic Center receives ISO 14001 certification.
	November	Rated one of the outstanding manufacturers under the Assist Industries Establishing Self-Regulation Project by the Taiwan Fair Trade Commission
2003	January	Chang Yuan Motor Co., Ltd./Toyota Material Handling Taiwan Ltd. established.
	October	Receives the 14 <sup>th</sup> National Quality Award.
	November	Kuozui Motors Ltd. reports production of its one millionth vehicle.
2004	February	Top 8 TOYOTA dealers receive ISO 14001 joint certification.
	December	Opening ceremony for Songjiang sales office of Hozhi Motor Co., Ltd, as a LEXUS CPO dealer.
2005	February	Hotai listed by the Taiwan Stock Exchange among the Taiwan Mid-Cap 100 Index stocks.
	October	Sponsors the 2005 TOYOTA Love Life Walk event.
		Receives the 4 <sup>th</sup> CommonWealth Magazine Service Excellence Award.
	November	The Parts Business Division passes the Quality Logistics Operating System Assessment by the Department of Commerce of the Ministry of Economics.
2006	August	Hotai Group invests in the establishment of Smart Design Technology Co., Ltd.
		LEXUS, in collaboration with ABN AMRO Bank, introduces the first LEXUS credit card in Asia.
2007	January	Ranks highest in the J.D. Power Asia Pacific 2006 IQS and APEAL Study.
	February	Chongqing Heling Lexus Motor Sales & Service Co., Ltd. begins operations.
	October	Ranks No.1 in the auto sales industry in Taiwan and named the Most Admired Company in the service industry according to the 2007 Corporate Reputation Survey conducted by <i>CommonWealth Magazine</i> .
2008	April	Increases its shareholding in Kuozui Motors Ltd. from 14.22% to 30%.
		Receives the 4 <sup>th</sup> CSR Award by <i>Global Views Monthly</i> .
	October	Honored with the National Human Resources Development Innovation Award.
	December	Hotai receives the 6 <sup>th</sup> Annual Service Excellence Award by <i>Global Vision Monthly</i> .
2010	March	Founder Huang, Lieh-Huo passed away.
	June	Hotai's management team changes, naming Huang, Nan-Kuang as the Chairman, Hirako Hirokazu as the Vice Chairman, Su, Chwen-Shing as the President of Hotai Motor Co., Ltd. and Su, Yann-Huei as the Group Chairman.
2011	January	CarMax enters China's auto accessory market.
	March	Hotai and its top 8 dealers, affiliates and foundation jointly donate NT\$30 million aiding the Tohoku Earthquake & Tsunami Relief.
	April	CarMax Autotech (Shanghai) Co., Ltd. grand opening.

## II. Corporate Overview

	September	TOYOTA sales in Taiwan reaches two million vehicles.
	November	Hotai donates the first Hotai mobile blood bus.
	December	Horung Motors Co., Ltd. incorporated.
2012	February	Debuts the first domestically made TOYOTA CAMRY Hybrid.
	May	Production of Kuozui Motors Ltd. reaches two million vehicles.
	August	Hotai donates a second mobile blood bus and hosts the first Hotai Blood Donor Month.
	September	Hotai donates 8,000 sets of school zone crossing guard equipment to public elementary schools in New Taipei City.
	November	J-TACS invests in the equities of CarMax Co. Ltd.
2013	March	TOYOTA introduces its all-in-one navigation app, City Driver, the first mobile app for drivers in Taiwan auto industry.
	June	Hotai recognized by the Environmental Protection Administration as one of the companies with prominent effects as a result of implementing voluntary CO2 emission reduction in the Taiwan auto industry
		Hotai Group incorporates Hojung Motors Co., Ltd., consolidating the CPO market in the Taichung, Changhua and Nantou area.
	August	Hotai donates a 3 <sup>rd</sup> mobile blood bus and sponsors Hotai's National Blood Donor Month.
	September	Hotai donates 15,000 sets of school zone crossing guard equipment to public elementary schools in Taichung City, Tainan City and Kaohsiung City.
	October	LEXUS launches the Lexus+ app exclusively for Lexus owners.
	November	Hotai receives the Annual ROC Enterprise Environment Protection Award from the Environmental Protection Administration for two years in a row.
2014	January	Hotai participates in the guide dog training program, donating 5 training vehicles and NT\$1 million trainer education funds to the Taiwan Guide Dog Association.
	March	Hotai receives the Special Distinction Award in <i>Business Next Magazine's</i> Top Green Brands Survey and ranks highest in the auto industry.
	June	Hotai Leasing Co., Ltd. becomes the first in the industry to provide 24-hour self-service car rental in Taiwan.
	July	Kuozui Motors Ltd. production of Hino heavy-duty trucks reaches 100 thousand vehicles.
	August	Hotai and Kuozui Group make NT\$10 million donation to the Kaohsiung Gas Explosion Relief.
		Hotai donates a 4 <sup>th</sup> and 5 <sup>th</sup> mobile blood bus and sponsors Hotai's National Blood Donor Month.
	September	Hotai donates 8,968 sets of school zone crossing guard equipment to public elementary schools in Keelung City Hsinchu City and County, Yilan County, Miaoli County, Pingtung and Hualien County.
		Hotai provides AED at all TOYOTA, LEXUS and HINO locations around the island.
	October	Hotai named the "Most Admired Company" in the auto sales industry in

## II. Corporate Overview

		Taiwan by <i>CommonWealth Magazine</i> in 8 consecutive years.
		10 <sup>th</sup> anniversary of Toyota Walk—TOYOTA Family Day.
	December	@bc, a website for certified pre-owned cars is officially online.
		Annual production of Kuozui Motors Ltd. reaches 200 thousand vehicles.
2015	March	Hotai donates one ambulance bus to Children Are Us Foundation and purchases Children Are Us baked goods at all locations around Taiwan.
	April	10 <sup>th</sup> anniversary of the Hotai Road Safety & Awareness Tour.
		LEXUS awarded the Gold Service Medal in the customer service category by <i>CommonWealth Magazine</i> in 3 consecutive years.
	July	Hotai sponsors the fundraising event held by Child Welfare League Organization for Nutrition Aid Project for Children in the Disadvantaged Groups in 3 consecutive years.
		TOYOTA RAV4's monthly sales hits record high (2,752 vehicles).
	August	Hotai donates a 6 <sup>th</sup> mobile blood bus and 50 thousand new blood bags and sponsors Hotai's National Blood Donor Month.
	September	LEXUS ranks highest in the J.D. Power Taiwan New Vehicle Sales Satisfaction Index Study for the 15 <sup>th</sup> time.
	October	Hotai donates 9,194 sets of school zone crossing guard equipment to public elementary schools in Nantou County, Changhua County, Taitung County, Chiayi City and County, Kinmen County, Yunlin County and Penghu County, therefore completes the first round donation to all public elementary schools in Taiwan.
2016	November	Introduces the first Hino low-floor bus.
		LEXUS receives first place in the auto category in the Business Today Best Brand Awards.
	January	TOYOTA short films "Family Trip" and "Mom's Chariot" voted the most successful films on YouTube in the 1 <sup>st</sup> and 4 <sup>th</sup> place.
	February	Hotai and Kuozui Group make NT\$10 million donation to the Southern Taiwan Earthquake Relief.
	May	TOYOTA global hybrids sales surpass nine million vehicles.
	June	LEXUS named the exclusive auto-brand sponsor for the 27 <sup>th</sup> Annual Golden Melody Awards.
	July	Hotai honored with the Gold Award in the 2016 Best Service in Taiwan in 3 consecutive years by <i>Commercial Times</i> .
		Hotai raises NT\$20 million in the "Let Love Begin" charity event, which is donated to five social welfare groups, including the Child Welfare League, Children Are Us Foundation, Eden Social Welfare Foundation, Sunshine Social Welfare Foundation, and Taiwan Blood Services Foundation. Hotai donates a 7 <sup>th</sup> mobile blood bus and sponsors Hotai's National Blood Donor Month.
	August	Hotai's Customer Service Center receives certification for "Quality management—Customer satisfaction—Guidelines for complaints handling in organizations" and becomes the first in the automotive industry to be

## II. Corporate Overview

		certified.
	September	Hotai donates 8,000 sets of school zone crossing guard equipment to public elementary schools in Taipei City and New Taipei City; a cumulative of over 52,000 sets have been donated to schools in Taiwan.
	October	LEXUS named the exclusive auto-brand sponsor for the 51 <sup>st</sup> Annual Golden Bell Awards. LEXUS ranks highest in the J.D. Power Taiwan Customer Service Index Study for the 17 <sup>th</sup> time.
	November	Hotai honored with the Service Industry Gold Award and Social Inclusion Award in the 2016 Taiwan Corporate Sustainability Awards. LEXUS named the exclusive auto-brand sponsor for the 53 <sup>rd</sup> Golden Horse Awards.
	December	LEXUS and Hotai Leasing Co., Ltd. ranks top in the auto category and car rental category in the Best Brand Awards by <i>Business Today</i> . TOYOTA City Driver app hits 200 million downloads. Hino continues to be the leading auto brand in the full-size commercial vehicles market in 7 consecutive years.
2017	February	TOYOTA global hybrids sales surpass 10 million vehicles.
	March	All-new TOYOTA C-HR debuts. Acquired Zurich Insurance (Taiwan) Ltd., and renamed as Hotai Insurance Co., Ltd. Hotai's largest sales location in Northern Taiwan, Taoyuan Store, opens for business.
	April	TOYOTA launches its charity campaign: One Tree for Every Toyota. TOYOTA ranked No.1 in the vehicles category in the "Top 100 Most Influential Brands Survey in Taiwan" by <i>Business Weekly Magazine</i> in 3 consecutive years.
	May	Hotai Motor ranked in the top 5% among TWSE listed companies in the Corporate Governance Evaluation results released.
	September	Hotai Motor 70th Anniversary. Hotai Group invests in the establishment of Hotai Connected Co., Ltd. Hotai donates 11,000 sets of school zone crossing guard equipment to public elementary schools in New Taipei City, Taoyuan City and Kaohsiung City; a cumulative of over 63,000 sets have been donated to schools in Taiwan.
	October	Hotai ranks No. 1 in <i>Next Magazine's</i> Top Service Awards for the 9 <sup>th</sup> time.
	November	Hotai honored with the Social Inclusion Award for the second consecutive year, and the Corporate Sustainability Award and a Gold Award in the Corporate Sustainability Report category for the first time in the 2017 Taiwan Corporate Sustainability Awards.
	December	KuoZui Motors Ltd. receives the highest honor in the 2017 National Occupational Safety and Health Awards. TOYOTA remains the top auto brand in Taiwan in 16 consecutive years. TOYOTA ALTIS, RAV4 and SIENTA continue to be the top 3 best-selling car models;

## II. Corporate Overview

		LEXUS RX remains the best-selling luxury SUV; HINO ranks top in the full-size commercial vehicle category in 8 consecutive years.
		Hotai Motor is the biggest winner among the Top YouTube Videos in Taiwan in 2017! Three out of the top five are short films produced by Hotai, including: LEXUS 《影藏》 at No. 1, TOYOTA 《我的幸福里程樹》 at No. 3, and TOYOTA 《人生轉運站》 at No. 5. In addition, the LEXUS short film, 《影藏》, also ranks No. 1 on the Asia-Pacific YouTube Ads Leaderboard in October.
		Hotai donates the 8 <sup>th</sup> Hotai mobile blood bus, reaching the goal of having at least one mobile blood bus at each of the top five blood donor centers in Taiwan, serving numerous communities.
2018	January	Hotai Group incorporates Hoing Mobility Service Co., Ltd.
	February	TMC, Hino Motors Ltd., Hotai and Kuozui Group make a donation to the Hualien Earthquake Relief.
	April	TOYOTA's One Tree for Every Toyota campaign participates in the Zhoushui River Dust Control Project run by the Executive Yuan, contributing to the planting of over 110,000 trees to date.
		Hotai Leasing Co., Ltd. receives the Gold Award for Best Business Model in the 2018 Future Commerce Awards.
	May	Hotai Motor once again ranks in the top 5% among TWSE listed companies in the Corporate Governance Evaluation results released.
		TOYOTA COROLLA named Best Small Sedan at the 2018 Middle East Car of the Year Awards.
	June	Hotai Yangmei Logistic Center installs over 33,000 square meters of solar panels.
		Hotai invests NT\$6 billion in the shares of TMC.
	July	Hotai Leasing Co., Ltd. receives the Best Business Award and Best Innovation Award at the Golden Torch Awards.
		Hotai honored with the Gold Award in the 2018 Best Service in Taiwan by <i>Commercial Times</i> .
	September	Hotai celebrates its 70 <sup>th</sup> anniversary.
	October	Hotai ranks No. 1 in <i>Next Magazine's</i> Top Service Awards for the 10 <sup>th</sup> time.
		Hotai Finance Co., Ltd. becomes a listed company on the Taipei Exchange.
	November	Hotai receives the 2018 National Talent Development Award, Taiwan Corporate Sustainability Award, and BSI Sustainability Excellence Award.
	December	Kuozui Motors Ltd. receives the Gold Medal and Honorable Mention at the 27 <sup>th</sup> Enterprise Environmental Protection Awards.
		TOYOTA remains the top auto brand in Taiwan in 17 consecutive years, recording a total of 120,766 TOYOTA and LEXUS vehicle sales in 2018; Lexus ranks No. 2 in luxury car brands; HINO ranks top in the full-size commercial vehicle category for the 9 <sup>th</sup> consecutive year.
2019	January	Hotai Motor is committed to promoting blood donation and has donated 9 mobile blood buses which collected over 0.2 billion c.c. of blood supply.

## II. Corporate Overview

		Hotai Motor's subsidiary, Hotai Leasing Co., Ltd., invested in the establishment of Hoing Mobility Service Co., Ltd.
	March	All-new TOYOTA RAV 4 and COROLLA ALTIS hit the sales floor.
	April	One Tree for Every Toyota campaign accomplishes its goal of 200,000 trees planted.
	May	All-new TOYOTA GRANVIA debuts.
	May	Hotai Motor ranks in the top 5% among TWSE listed companies in the Corporate Governance Evaluation results released for the third time and received the Labor Safety Award from Taipei City.
	June	For the sixth consecutive year, Hotai Motor receives the Gold Award in the 2019 Best Service in Taiwan by <i>Commercial Times</i> .
	July	All-new TOYOTA HILUX debuts.
	August	Receives <i>CommonWealth Magazine's</i> Corporate Citizenship Award for the 5 <sup>th</sup> consecutive year.
	September	All-new TOYOTA GR SUPRA debuts.
		Thousands attend Hotai Group's beach cleanup event to reduce plastics.
		Donates 12,000 sets of equipment for the guides and volunteers to New Taipei City, Keelung City, Yilan County, Hsinchu City, Hsinchu County, Miaoli County, Hualien County, and Pingtung County. A total of 85,000 sets are donated to Taiwan.
	October	Kuozui receives the Outstanding Foreign Corporation Contribution Award from the Ministry of Economic Affairs.
	November	Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 4 consecutive years.
		Receives the Sustainability Award from the British Standards Institute (BSI) for 2 consecutive years.
	December	Hotai Motor donates the "Hotai ⑩" mobile blood bus and becomes the enterprise that has donated the most bloodmobiles in Taiwan, with a cumulative total of ten mobile blood bus donations.
		Hotai Finance becomes a listed public company on the Taiwan Stock Exchange.
		All-new LEXUS LM debuts.
		TOYOTA and Lexus remain the top auto brand in Taiwan for 18 consecutive years, recording a total of 141,891 vehicles. COROLLA ALTIS has been the champion of single vehicle sales for 19 consecutive years, and RAV4 has remained the No.1 of Taiwan's SUV market. HINO ranks top in the full-size commercial vehicle sector for 10 consecutive years.
2020	January	One Tree for Every Toyota campaign reaches 300,000 trees planted.
	March	TOYOTA is voted the No.1 Most Trusted Brand in the automotive category by readers of <i>Common Health Magazine</i> .
	April	All new TOYOYA COROLLA ALTIS GR SPORT makes global debut.
		Hotai Group invests in the establishment of Hotai Mobility Service Co., Ltd.
	May	LEXUS reaches 200,000 units of sales in Taiwan.

## II. Corporate Overview

	July	Hotai Leasing received the Gold Award in the 2020 Best Service in Taiwan in the car rental category for the 2 <sup>nd</sup> consecutive year.
		Hotai Motor's LEXUS honored with the Gold Award in the 2020 Best Service in Taiwan by <i>Commercial Times</i> .
		All-new redesigned TOYOTA HILUX debuts.
	August	Hotai Motor passes a resolution to invest and partner with Hosing International Automotive Co., Ltd. to develop coachwork business.
		Hotai Motor receives the honor from China Credit Information Service (CRIF) as the only business that has ranked on the top 500 companies list and the top 100 companies in revenues for 30 consecutive years.
		All-new LEXUS LC CONVERTIBLE debuts.
		Toyota Material Handling Taiwan Ltd. renames the company in Chinese.
	September	Receives <i>CommonWealth Magazine's</i> Corporate Citizenship Award for the 6 <sup>th</sup> consecutive year and ranks top 8 among large enterprises.
		Hotai Leasing receives the Golden Peak Award as one of the Top 10 Enterprises.
		This September marks the 10 <sup>th</sup> anniversary since Hotai began donating crossing guard equipment across Taiwan as Hotai completes the second round of donation to all public elementary schools in Taiwan. A cumulative of over 97,000 sets of crossing guard equipment has been donated.
	October	All-new domestic SUV, TOYOTA COROLLA CROSS, debuts.
	November	Tens of thousands of volunteers participated at Hotai Group's beach cleanup event.
	December	Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 5 consecutive years.
		yoxi, an app that offers ride dispatch service launches.
		TOYOTA is ranked top as the Favorite Brand of Consumers in the auto category in a survey conducted by <i>Management Magazine</i> .
		All-new SIENTA CROSSOVER debuts.
		Hotai Motor donates the 11 <sup>th</sup> mobile blood bus; 280 million c.c. of blood has been donated to date.
		One Tree for Every Toyota campaign reaches 400,000 trees planted.
		TOYOTA and LEXUS recorded a total of 146,194 units of vehicle sales in 2020 and remain the top auto brand in Taiwan in 19 consecutive years. Among which, TOYOTA RAV4 is the bestselling model. Meanwhile, HINO continues to rank top in the full-size commercial vehicle category for the 11 <sup>th</sup> consecutive year.
2021	January	Hotai Motor acquires <i>iRent</i> and incorporate the yoxi app as part of its efforts to actively develop business in the MaaS market.
	March	All-new HINO 200 series 3.49-ton truck launches.
		One Tree for Every TOYOTA campaign launches in Kinmen.
		All-new TOYOTA SIENNA debuts.
	April	Hosing International Automotive Co., Ltd. is renamed as Hotai AutoBody



## II. Corporate Overview

		Manufacturing Co., Ltd.
	May	Hotai Group and Chun Ching Social Welfare Foundation collectively donate NT\$24 million to the pandemic relief fund.
		Ranked top 5% in the Corporate Governance Evaluation among listed companies for the fourth time.
	August	All-new TOYOTA GR YARIS debuts.
	September	One Tree for Every Toyota campaign reaches 500,000 trees planted.
		All-new LEXUS UX300e debuts.
		Hotai officially launches Hotai Pay, Hotai Points and Hotai CTCB Credit Card.
	October	Hotai Group invests in the establishment of He Jing Co., Ltd.
		Receives <i>CommonWealth Magazine's</i> Sustainability Citizen Award for the 7 <sup>th</sup> consecutive year.
		For the 8 <sup>th</sup> consecutive year, Hotai Leasing is honored with the Gold Award in The Best Service in Taiwan by <i>Commercial Times</i> .
		Hotai Leasing honored with the Gold Award in the car rental category in The Best Service in Taiwan for the third time.
		Hotai Connected Co., Ltd. acquires Hotai Innovation Marketing Co., Ltd.
		October marks the 11 <sup>th</sup> year of Hotai's commitment in donating crossing guard equipment. A cumulative of over 110,000 sets of crossing guard equipment has been donated.
	November	Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 6 consecutive years.
	December	Hotai Motor donates the 12 <sup>th</sup> mobile blood bus; over 1.5 million bags of blood donations have been collected in the last eleven years.
		All-new redesigned LEXUS NX launches.
		Hotai Motor remains the top auto brand in Taiwan in 20 consecutive years, recording a total of 156,000 units of TOYOTA, LEXUS and HINO vehicle sales in 2021, with TOYOTA COROLLA CROSS being the bestselling model; HINO ranks top in sales in the commercial vehicle category.
2022	January	TOYOTA introduced a new generation of service centers—TOYOTA Neighborhood Service Stations.
	February	All-new HINO 300 series hybrid commercial vehicle launches.
		All-new TOYOTA TOWN ACE launches.
		Hotai Group invests in the establishment of He Jun Energy Co., Ltd.
	April	Hotai Group hosts the beach cleanup event and mobilizes volunteers around the island to reduce plastic pollution.
		Hotai introduces the campaign, Free Mobility Service With <i>yoxi</i> .
		One Tree for Every Toyota campaign launches in Penghu for the first time.
		Hotai Motor launches its own online shopping platform, <i>Hotai Go</i> .
		<i>iRent 2.0</i> receives <i>Business Next's</i> Best Innovative Experience Award.
	May	All-new TOYOTA bZ4X debuts.
		Hotai Motor becomes the first in the industry to organize an all-EV emergency response training for fire service personnel.

## II. Corporate Overview

	June	Hotai Group hosts an island-wide blood donation event on World Blood Donor's Day.
		Hotai Group starts a wildlife conservation program to protect leopard cats, a species that is native to Taiwan.
	August	TOYOTA sets up exhibit booth that highlights the brand's efforts towards carbon neutrality.
		TOYOTA launches all-new GR86 and releases the first NFT in the automotive industry, GaRage 86.
		Kuozui's AFC smart energy storage installation begins operation.
		Hotai Group incorporates Ho Yong Travel Agency Co., Ltd.
	September	Hotai Motor's Crossing Guard Equipment Donation Program has run for 12 consecutive years and a cumulative of over 120,000 sets of crossing guard equipment has been donated through the program.
		Hotai Motor kicks off a public interest campaign, Dream Team Indigenous.
		TOYOTA TOWN ACE receives honors in the YouTube Works Awards and Best Media Synergy Award.
		Hotai Motor receives the Business Transformation Award in the Large Enterprise Category in the Digital Transformation Ding-Ge Award held by <i>Harvard Business Review Taiwan</i> .
		Hotai Group invites weightlifter Kuo Hsing-Chun to our corporate tree-planting event.
	October	All-new manual GR SUPRA debuts.
		<i>iRent</i> receives the Best Product Award in the 19 <sup>th</sup> National Brand Yushan Awards.
		Hotai Leasing receives the Outstanding Enterprise Award—Top Prize in the 19 <sup>th</sup> National Brand Yushan Awards.
	November	Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 7 consecutive years.
		All-new LEXUS RX launches.
		LEXUS celebrates 25 years in Taiwan with a cumulative of over 250,000 units in sales.
		<i>iRent</i> is recognized at the 31 <sup>st</sup> Taiwan Excellence Award.
		Hotai Motor's campaign, Free Mobility Service With <i>yoxi</i> , branches out to Taichung.
	December	Hotai Motor is honored with the National Sustainable Development Award by the National Development Council under the Executive Yuan.
		TOYOTA launches the first automated smart customer service in the industry.
		All-new TOYOTA TOWN ACE van debuts.
		Hotai Motor remains the top auto brand in Taiwan in 21 consecutive years, recording a total of 150,000 units of TOYOTA, LEXUS and HINO vehicle sales in 2022. TOYOTA COROLLA CROSS continues to be the bestselling model for the second year, and HINO ranks top in sales in the commercial vehicle category for the second consecutive year.

## 參、公司治理報告

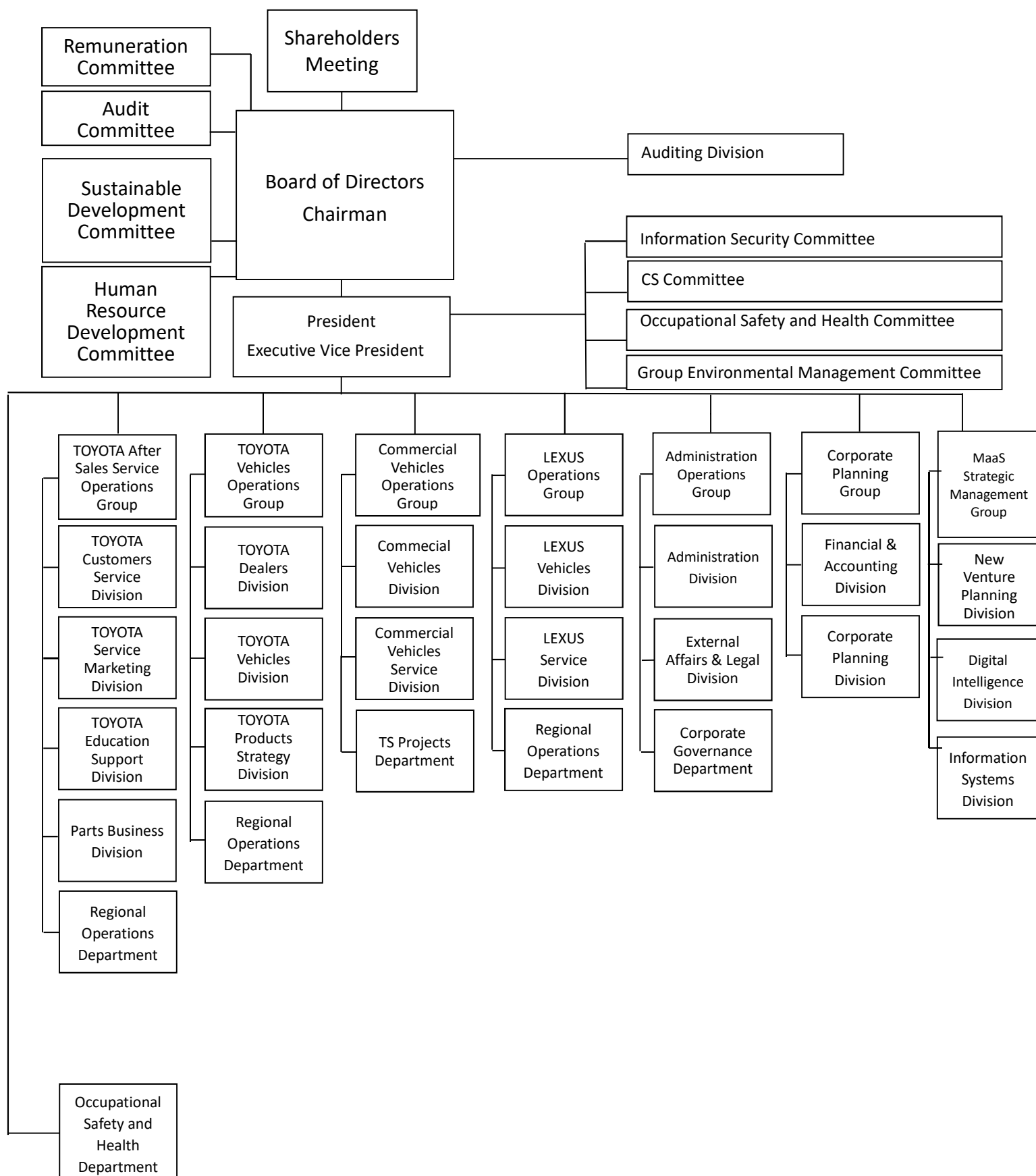
### *Corporate Governance Report*



## III. Corporate Governance

### 3.1 Organization Structure

#### 3.1.1 Organization Chart (As of April 30, 2023)



### III. Corporate Governance

#### 3.1.2 Primary Business Functions

Auditing Division	<ul style="list-style-type: none"> <li>Establish, implement and review internal control and audit systems, and conduct audits on the Company's operations and finance.</li> </ul>
Information Security Committee	<ul style="list-style-type: none"> <li>Establish, promote and implement information security policy, and review and discuss information security issues and solutions, resources allocation and implementation results.</li> </ul>
CS Committee	<ul style="list-style-type: none"> <li>Plan, implement and review customer service system, and manage and maintain customer relationships.</li> </ul>
Occupational Safety and Health Committee	<ul style="list-style-type: none"> <li>Provide suggestions on draft safety and health policies.</li> <li>Review, discuss, coordinate, and provide suggestions on relevant matters.</li> </ul>
Group Environmental Management Committee	<ul style="list-style-type: none"> <li>Implement environmental management guidelines and promote environmental practices.</li> </ul>
Sustainable Development Committee	<ul style="list-style-type: none"> <li>Promote the Company's sustainable development policies, systems, and related management approaches as well as action plans.</li> </ul>
Occupational Safety and Health Department	<ul style="list-style-type: none"> <li>Draft, plan, oversee and promote matters relating to occupational safety and health, and advise relevant departments on the implementation.</li> </ul>
Corporate Planning Group	<ul style="list-style-type: none"> <li>Manage financial and accounting affairs, provide tax planning, and handle customs declarations.</li> <li>Redesign organizational structure and facilitate the planning, execution, and follow-up of improvement projects.</li> <li>Draft medium and long-term business plans.</li> <li>Analyze operational performances.</li> <li>Adopt annual business objectives and monitor progress.</li> <li>Manage investments in Hotai's affiliates.</li> <li>Study investment strategies for the Group's new businesses, assess synergies created from the investments, and conduct substantive review on merger and acquisition decisions.</li> </ul>
Administration Operations Group	<ul style="list-style-type: none"> <li>Plan, implement, and review matters relating to staffing, such as the allocation and management of human resources, personnel training and career development, and general administration.</li> <li>Manage public relations, media affairs, and legal affairs.</li> <li>Oversee and manage the Company's corporate governance practices, investor relations, and compliance of committees maintained by the Board.</li> </ul>
TOYOTA Vehicles Operations Group	<ul style="list-style-type: none"> <li>Manage the order, delivery, demand and supply management planning and execution of TOYOTA vehicles business.</li> <li>Establish, oversee, and mentor dealerships.</li> <li>Formulate integrated media marketing proposals.</li> <li>Conduct market research, product planning, obtain CBU product certification and response to vehicle-related regulations.</li> <li>Prepare a comprehensive plan for brand development, pre-sales customer relations, and CPO related business.</li> </ul>

### III. Corporate Governance

TOYOTA After Sales Service Operations Group	<ul style="list-style-type: none"> <li>• Design TOYOTA's service system and plan and carry out service activities.</li> <li>• Troubleshoot technical problems, technical education and guarantee replacement of TOYOTA vehicles.</li> <li>• Conduct post-sales marketing planning and operations management.</li> <li>• Conduct the purchase, sales, and inventory management of auto parts, and matters related to auto parts management.</li> <li>• Manage TOYOTA Customer Service Center.</li> <li>• Oversee the implementation of environmental management and ISO certifications and manage the overall facilities of the Park.</li> </ul>
LEXUS Operations Group	<ul style="list-style-type: none"> <li>• Manage the order, delivery, demand and supply management planning and execution of LEXUS vehicles business.</li> <li>• Formulate integrated media marketing proposals.</li> <li>• Conduct market research and product planning.</li> <li>• Plan and execute LEXUS service system and service activities.</li> <li>• Provide the solutions on technical problems and guarantee replacement.</li> <li>• Purchase LEXUS parts.</li> <li>• Manage LEXUS Customer Service Center.</li> </ul>
Commercial Vehicles Operations Group	<ul style="list-style-type: none"> <li>• Oversee the order and delivery of TOYOTA commercial vehicles and HINO vehicles, manage supply and demand, and lead the marketing planning and execution.</li> <li>• Formulate integrated media marketing proposals.</li> <li>• Establish, oversee, and mentor dealerships.</li> <li>• Conduct market research and product planning.</li> <li>• Design service system and organize service activities for TOYOTA commercial vehicles and HINO vehicles.</li> <li>• Troubleshoot technical problems, technical education and guarantee replacement of TOYOTA commercial vehicles and HINO vehicles.</li> <li>• Purchase parts for TOYOTA commercial vehicles and HINO vehicles.</li> <li>• Oversee and support customer service of commercial vehicle dealers.</li> <li>• New business model planning for commercial vehicles, new generation operation system and customer service activity improvement planning.</li> <li>• Commercial vehicle customization business, Taiwan whole vehicle product planning.</li> </ul>
MaaS Strategic Management Group	<ul style="list-style-type: none"> <li>• Develop new business models, formulate business strategies and structures for new ventures, establish brand positioning and manage the operations of mobility services.</li> <li>• Integrate the Group's data strategies, formulate cloud service framework, and deliver data integration solutions.</li> <li>• Analyze, develop, maintain, and advise on the data system of the Group, assess and procure system maintenance hardware, formulate and implement information security policies, and research and apply new information technologies.</li> </ul>

### III. Corporate Governance

#### 3.2 Directors, President, Vice Presidents, Chief Officers and Department and Divisional Executive Officers

##### 3.2.1 Directors

April 29, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relationship	
Chairman	Taiwan Taiwan	Chun Yung Investment Co, Ltd., represented by Huang, Nan-Kuang	Male 75 years old	June 21, 2022	3 years	May 22, 1992	174,000	0.03%	174,000	0.03%	0	0.0%	0	0.0%	Department of Chemistry, Fu Jen University	Chairman, Kuotu Motor Co., Ltd. Chairman, Hotong Motor Investment Co., Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Hozan Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Taipei Toyota Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Denso Taiwan Corp. Supervisor, Carmax Co., Ltd.	Director	Lin, Li-Hua	Sister-in-law	N/A
Director	Japan Japan	Toyota Motor Corporation, represented by Kazuo Naganuma	Male 58 years old	June 21, 2022	3 years	January 1, 2019	44,406,112	8.13%	44,406,112	8.13%	0	0.0%	0	0.0%	School of Commerce, Waseda University	Chairman, Kuozui Motors Co., Ltd. Director, CarMax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service, Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan Taiwan	Yong Hui Development Co., Ltd. represented by Su, Yi-Chung	Male 82 years old	June 21, 2022	3 years	May 10, 1981	10,000	0.002%	10,000	0.002%	0	0.0%	0	0.0%	MBA, St. Mary's University	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hotai Service Marketing Co., Ltd.	Director	Mr. Leon Soo	Son	N/A
Director	Taiwan Taiwan	Chun Yung Investment Co., Ltd., represented by Lin, Li-Hua	Female 75 years old	June 21, 2022	3 years	July 17, 2001	174,000	0.03%	174,000	0.03%	0	0.0%	0	0.0%	Department of Money and Banking, National Chengchi University	Chairman, Hoyu Investment Co., Ltd.	Chairman	Huang, Nan-Kuang	Brother-in-law	N/A

### III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Chun Yung Investment Co., Ltd., represented by Huang, Chih-Cheng	Male 65 years old	June 21, 2022	3 years	April 1, 2000	174,000	0.03%	174,000	0.03%	0	0.0%	0	0.0%	School of Management, University of California	Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp. Chairman, Taicheng Information Co., Ltd. Chairman, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Carmax Autotech (Shanghai) Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director Nanjing HoZhan Motor Sales and Service Co., LTD. Director, Shanghai Fengyi Construction Decoration Co., Ltd Director, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Supervisor, Kuotu Motor Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						121,165	0.02%	121,165	0.02%	0	0.0%	0	0.0%						



### III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Li Gang Enterprise Co., represented by Su, Chwen-Shing	Male 57 years old	June 21, 2022	3 years	June 13, 1995	40,569,353	7.43%	40,569,353	7.43%	0	0.0%	0	0.0%	MBA, Massachusetts Institute of Technology	Chairman, Hozan Investment Co., Ltd. Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Denso Taiwan Corp. Supervisor, Chia Chun Investment Co., Ltd.	Director	Su, Jean	Sister	N/A
	Taiwan						0	0%	0	0%	100,000	0.02%	0	0.0%						
Director	Taiwan	Li Gang Enterprise Co., Ltd. represented by Su, Jean	Female 70 years old	June 21, 2022	3 years	June 22, 2010	40,569,353	7.43%	40,569,353	7.43%	0	0%	0	0%	Master's in finance, University of Southern California	Chairman, Cheng Sun Trading Co., Ltd. Chairman, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hoyu Investment Co., Ltd. Director, Shiho Screw Industrial Co., Ltd. Director, Formosa Flexible Packaging Corp.	Director	Su, Chwen Shing	Brother	N/A
	Taiwan						0	0%	0	0%	0	0%	0	0%						
Director	Taiwan	Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	Male 85 years old	June 21, 2022	3 years	May 23, 2011	14,657,894	2.68%	14,663,894	2.68%	0	0%	0	0%	The Affiliated Industrial Vocational High School of National Changhua University of Education	Chairman, Chang Yuan Motor Co., Ltd. Chairman, Hotai AutoBody Manufacturing Co., Ltd. Chairman, Yuan Tuo Investment Co., Ltd. Chairman, Sun Union Trading Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd. Director, Kitahara Industrial Co., Ltd. Supervisor, Yong Chi Trading Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						37,000	0.007%	40,000	0.007%	0	0%	0	0%						
Director	Taiwan	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	Male 57 years old	June 21, 2022	3 years	June 18, 2004	5,126,000	0.94%	5,126,000	0.94%	0	0%	0	0%	School of Economics, Konan University	Managing Director, Hoyu Investment Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						0	0%	0	0%	1,070,930	0.2%	0	0%						

### III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Chun Yung Investment Co., Ltd., represented by Huang, Wen-Jui	Male 53 years old	June 21, 2022	3 years	June 22, 2010	174,000	0.03%	174,000	0.03%	0	0%	0	0%	Department of Electrical Engineering, National Central University  Master's in Business Intelligence, Tokyo University of Information Sciences	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp. Director, eTreego Co., Ltd.	N/A	N/A	N/A	N/A
							954,408	0.17%	932,996	0.17%	124,435	0.02%	0	0%						
Director	Taiwan	Yong Hui Development Co., Ltd. represented by Mr. Leon Soo	Male 51 years old	June 21, 2022	3 years	June 13, 2007	10,000	0.002%	10,000	0.002%	0	0%	0	0%	The Wharton School of the University of Pennsylvania	Chairman, Shanghai Fengyi Construction Decoration Co., Ltd Director, Shanghai Hede Used Cars Operation Co., Ltd. Vice Chairman, Hoyu Investment Co., Ltd. Vice Chairman, Hotong Motor Investment Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Formosa Flexible Packaging Corp. Director, Kuozui Motors Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Managing Director and President, Shanghai Guangxin Culture Media Co., Ltd. Managing Director and President, Shanghai Ho Mian Motor Technology Co., Ltd Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd Managing Director, Shanghai Zhongxin Means of Transportation Engineering Co., Ltd. Managing Director, Shanghai HoChen Motor Technology Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Director, Guangzhou Guangqi Commercial Changhe Automobile Technology Co., Ltd. Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd. Director, Tianjin Heyi International Trading Co., Ltd. Director, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co.,	Director	Su, Yi-Chung	Father	N/A
	Taiwan						0	0.0%	0	0.0%	0	0%	0	0%						

### III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relationship	
																Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Taizhou Zhong Du Lexus Motor Sales & Service Co., Ltd. Director, Jinzhong Zhong Du Toyota Motor Sales & Service Co., Ltd. Director, Taiyuan Zhong Du Heling Lexus Motor Sales & Service Co., Ltd. Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co., Ltd. Director, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanjing HoZhan Motor Sales and Service Co., LTD. Director, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Director, Tianjin Hekang Finance Leasing Co., Ltd. Supervisor, HE JING Co., Ltd.				
Independent Director	Taiwan	Li, Chao-Sen	Male 68 years old	June 21, 2022	3 years	June 21, 2022	0	0.0%	0	0.0%	61	0.0%	0	0.0%	Master's in Mechanical Engineering, National Taiwan University  EMBA, National Central University	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd. CEO, Jingjin Tps Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Su, Chin-Huo	Male 72 years old	June 21, 2022	3 years	June 21, 2016	0	0%	0	0%	0	0.0%	0	0.0%	Master's in Industrial Systems Engineering and Management, Asian Institute of Technology	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd.	N/A	N/A	N/A	N/A

III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Independent Director	Taiwan	Wu, Shih-Hao	Male 68 years old	June 21, 2022	3 years	June 21, 2016	0	0%	0	0%	0	0.0%	0	0.0%	PhD in Business Administratio n, National Taipei University	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd. Independent Director, Taiyen Biotech Co., Ltd.	N/A	N/A	N/A	N/A

Note: If the chairman of the board and the president or someone of equivalent rank (i.e., the highest-ranking executive) are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

### III. Corporate Governance

#### 3.2.2 Disclosure of Professional Qualifications, Experience, and Independence Status of Directors

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Huang, Nan-Kuang	<ul style="list-style-type: none"> <li>Mr. Huang received a bachelor's degree in chemistry from Fu Jen Catholic University. From 2008, he served as the vice chairman of Hotai Motor Co., Ltd. and has been the chairman of our company since 2010.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman, Hotai Motor Co., Ltd.</li> </ul>	N/A
Kazuo Naganuma	<ul style="list-style-type: none"> <li>Mr. Naganuma has an undergraduate degree from the School of Commerce at Waseda University. He currently serves as the executive vice president of Hotai Motor Co., Ltd. and serves as the Chairman of Kuozui Motors, Ltd.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>As the executive vice president of Hotai Motor Co., Ltd., Mr. Naganuma is a director who concurrently serves in an executive officer position.</li> </ul>	N/A
Su, Yi-Chung	<ul style="list-style-type: none"> <li>Mr. Su has an MBA from St. Mary's University. He currently serves as the chairman of Ho Tai Development Co., Ltd. and as a member of the Board of Hotai Motor Co., Ltd.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>Non-executive director</li> </ul>	N/A
Lin, Li-Hua	<ul style="list-style-type: none"> <li>Ms. Lin has a bachelor's degree in money and banking from National Chengchi University. She currently serves as the chairman of Hoyu Investment Co., Ltd. and a member of the Board of Hotai Motor Co., Ltd.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>Non-executive director</li> </ul>	N/A
Huang, Chih-Cheng	<ul style="list-style-type: none"> <li>Mr. Huang received a bachelor's degree in management from the University of California. He currently serves as the chairman of Toyota Material Handling Taiwan Ltd. and a member of the Board of Hotai Motor Co., Ltd.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>Non-executive director</li> </ul>	N/A
Su, Chwen-Shing	<ul style="list-style-type: none"> <li>Mr. Su has an MBA from Massachusetts Institute of Technology and currently serves as the vice chairman of Kuozui Motors Co., Ltd. and president of Hotai Motor Co., Ltd.</li> <li>None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	<ul style="list-style-type: none"> <li>As the president of Hotai Motor Co., Ltd., Mr. Su is a director who concurrently serves in an executive officer position.</li> </ul>	N/A

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Su, Jean	<ul style="list-style-type: none"> <li>♦ Ms. Su has a master's degree in finance from the University of Southern California and currently serves as a member of the Board of Hotai Motor Co., Ltd.</li> <li>♦ None of the conditions stated in Article 30 of the Company Act exist.</li> </ul>	♦ Non-executive director	N/A
Ko, Junn-Yuan	<ul style="list-style-type: none"> <li>♦ Mr. Ko has a diploma from the Affiliated Industrial Vocational High School of National Changhua University of Education. He currently serves as the chairman of Chang Yuan Motor Co., Ltd. and a member of the Board of Hotai Motor Co., Ltd.</li> <li>♦ None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	♦ Non-executive director	N/A
Chang, Shih-Yieng	<ul style="list-style-type: none"> <li>♦ Mr. Chang has a bachelor's degree in economics from Konan University in Japan and currently serves as a member of the Board of Hotai Motor Co., Ltd.</li> <li>♦ None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	♦ Non-executive director	N/A
Huang, Wen-Jui	<ul style="list-style-type: none"> <li>♦ Mr. Huang has a master's degree in business intelligence from Tokyo University of Information Sciences and currently serves as a member of the Board of Hotai Motor Co., Ltd.</li> <li>♦ None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	♦ Non-executive director	N/A
Leon Soo	<ul style="list-style-type: none"> <li>♦ Mr. Soo has a master's degree from the Wharton School of the University of Pennsylvania. He currently serves as the vice chairman of Hotong Motor Investment Co., Ltd. and serves as a member of the Board of Hotai Motor Co., Ltd.</li> <li>♦ None of the circumstances listed in Article 30 of the Company Act were found to be true for the director.</li> </ul>	♦ Non-executive director	N/A

Name	Li, Chao-Sen (independent director)	Su, Chin-Huo (independent director)	Wu, Shih-Hao (independent director)
Criteria			
Professional Qualifications and Experience	<ul style="list-style-type: none"> <li>♦ Mr. Shih has a master's degree in Mechanical Engineering from National Taiwan University and an EMBA from National Central University. He currently serves as president/chief consultant of Jingjin Tps Co., Ltd. and an independent director of Hotai Motor Co., Ltd. He has over five years of experience in business, finance and the work experience needed for operation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Mr. Su has a master's degree in industrial systems engineering and management from Asian Institute of Technology. He was the former president of the Corporate Synergy Development Center and senior executive officer at Industrial Development Bureau, MOEA and currently serves as an independent director of Hotai Motor Co., Ltd. He has over five years of experience in business, finance and the work experience needed for operation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Mr. Wu has a PhD in business administration from National Taipei University. He was the former vice president of the Commerce Development Research Institute and currently a professor of the Department of Marketing and Distribution Management at National Kaohsiung University of Science and Technology. He currently serves as an independent director at Hotai Motor Co., Ltd. and Independent Director at Taiyen Biotech Co., Ltd. He has over five years of experience in business, finance and the work experience needed for operation of the Company.</li> </ul>

### III. Corporate Governance

Independence Status	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company or any subsidiary appointed in accordance with local laws and regulations.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the five degree of kinship, of any of the persons in the preceding three subparagraphs.</p> <p>(5) Not directly holding more than 5% of the total issued shares of the company, holding the top five shares, or in accordance with Article 27, item 1 or 2 of the Company Act of Taiwan as a director, supervisor or employee appointed as a representative to act as the corporate shareholder of the company's director or supervisor (Not applicable in cases where the person is an independent director of the Company, its parent company or any subsidiary appointed in accordance with local laws and regulations.)</p> <p>(6) Not a director, supervisor or employee of another company who is a director or more than half of the shares with voting rights of the company are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company or any subsidiary appointed in accordance with local laws and regulations.)</p> <p>(7) Not a director, supervisor or employee of other companies or entities who is the same person or spouse as the chairman, general manager or equivalent of the company (Not applicable in cases where the person is an independent director of the Company, its parent company or any subsidiary appointed in accordance with local laws and regulations.)</p> <p>(8) Not a Director, supervisors, managers or shareholder holding more than 5% shares of another company that has financial or business relations with the Company (However, this restriction shall not apply if a specific company or institution holds more than 20% of the total issued shares of the company, but less than 50%, and is an independent director established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.)</p> <p>(9) Not a person who proved audit to the company or an affiliated enterprise, or professional, sole proprietorship, partnership, business owner, partner, director (director), supervisor (supervisor), manager and spouse of the company or institution who has obtained business, legal, financial, accounting and other related services with the cumulative amount of remuneration not exceeding NT \$500,000 in the past two years.</p> <p>(10) Not a spouse or second degree relative with other directors.</p> <p>(11) Not an event under Article 30 of the Company Act of Taiwan.</p> <p>(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act of Taiwan.</p>		
Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	N/A	N/A	1

#### Board Independence and Diversity

In 2022, we have a total of 14 directors, three of them are independent directors, accounting for 21.4% of the Board. Two of the directors, President Su, Chwen-Shing and Executive Vice President Kazuo Naganuma, are also employees of the Company. Each director candidate has

### III. Corporate Governance

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been reviewed for their qualifications and it has been verified that none of the circumstances listed in Article 30 of the *Company Act* are found to be true for the director candidates. The confirmation process and relevant announcements are made in compliance with applicable laws. Director profiles including relationships between members of the Board can be found on pages 20 to 31 of this Annual Report (less than half of the directors have a marital relationship with one another or are relatives within the second degree of consanguinity).

At Hotai, gender equality at Board level has always been something that we strive for. As such, we reevaluate the number of Board seats allocated to female directors before every election and take them into consideration in the nomination process. In the re-election in 2019, one female director was added to the Board, which makes a total of two female directors, accounting for 14.3% of the Board, a 7.2% improvement from the last election. Going forward, we will work towards increasing female representation on the Board (the goal is to achieve 33% of the total Board seats) and take those numbers into account at every election to gradually add more female directors.

In terms of age demographics, six are in between the age of 51 to 65, and eight are 65 or older. Our directors have expertise in various areas, such as management, business administration, and finance. The two female directors in particular are highly specialized in the field of finance and accounting. In the selection of directors, we not only consider their professional abilities and practical experience, but also place great importance on their personal reputation in terms of ethical behavior and leadership. When selecting our directors, we consider the professional skills and experience of the directors by considering whether they possess complementary skills that are transferrable across industries (including basic composition such as age, gender, and nationality), and also whether they have industry experience and other expertise (e.g., financial insurance and information technology). See Note 1 for the Company's implementation of diversity policies.



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Note 1: The Company's Current Board and Implementation of Diversity Policy

	Board Composition						Industry Experience				Expertise			
	Nationality	Gender	Employee	Age			Automotive & Transportation	Metal or Packaging Materials Manufacturing	Finance and Insurance	Information Technology	Business Management	Financial Analysis	International Market Perspective	Crisis Management
				50 or under	Between the age of 51-65	66 and above								
Huang, Nan-Kuang	R.O.C	Male	-	-	-	√	√	-	-	-	√	√	√	√
Su, Chwen-Shing	R.O.C	Male	√	-	√	-	√	-	√	√	√	√	√	√
Kazuo Naganuma	Japan	Male	√	-	√	-	√	-	-	-	√	√	√	√
Lin, Li-Hua	R.O.C	Female	-	-	-	√	√	-	-	-	√	√	√	√
Su, Jean	R.O.C	Female	-	-	-	√	√	√	√	-	√	√	√	√
Huang, Chih-Cheng	R.O.C	Male	-	-	√	-	√	√	-	-	√	√	√	√
Su, Yi-Chung	R.O.C	Male	-	-	-	√	√	-	√	-	√	√	√	√
Ko, Junn-Yuan	R.O.C	Male	-	-	-	√	√	-	-	-	√	√	√	√
Chang, Shih-Yieng	R.O.C	Male	-	-	√	-	√	-	√	-	√	√	√	√
Huang, Wen-Jui	R.O.C	Male	-	-	√	-	√	√	√	√	√	√	√	√
Mr. Leon Soo	R.O.C	Male	-	-	√	-	√	√	-	-	√	√	√	√
Li, Chao-Sen (Independent Director)	R.O.C	Male	-	-	-	√	√	-	-	-	√	√	√	√
Su, Chin-Huo (Independent Director)	R.O.C	Male	-	-	-	√	√	-	-	-	√	√	√	√
Wu, Shih-Hao (Independent Director)	R.O.C	Male	-	-	-	√	√	-	-	-	√	√	√	√

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#### 3.2.3 In Cases Where Directors are the Representatives of Institutional Shareholders, the Major Shareholders of Such Institutional Shareholders (Including % of Stocks Held) Are as Follows:

As of April 29, 2023

Company Name of Institutional shareholder	Major Shareholders
Chun Yung Investment Co., Ltd.	Tuo De Investment Co., Ltd. (18.87%), Zhong Yi Investment Co., Ltd. (14.07%), IRT Corporation (12.4%), Hong Yuan Investment Co., Ltd. (10.02%), Chang Hong Bai Sheng Investment Co., Ltd. (9.7%), Hui Min Investment Co., Ltd. (5.89%), Sheng Gao Enterprise Co., Ltd. (5.83%), Yi Hong Investment Co., Ltd. (5.83%), Hotai Capital Ltd. (5.82%), and Shang Yao Investment Co., Ltd. (5.48%)
Toyota Motor Corporation	The Master Trust Bank of Japan, Ltd. (11.72%), Toyota Industries Corporation (7.31%), Custody Bank of Japan, Ltd. (5.90%), Nippon Life Insurance Company (3.89%), JP Morgan Chase Bank, N.A. (3.14%), DENSO CORPORATION (2.76%), State Street Bank and Trust Company (2.08%), The Bank of New York Mellon (1.81%), Mitsui Sumitomo Insurance Co., Ltd. (1.74%), and Tokio Marine & Nichido Fire Insurance Co., Ltd. (1.56%)
Li Gang Enterprise Co., Ltd.	Jia Hui Ltd. (15%), Jia Chu Ltd. (15%), Jia Chuan Ltd. (10%), Jing Jing Development Ltd. (10%), Li Teng Enterprise Ltd. (10%), Li En Investment Ltd. (10%), Li Yung Investment Ltd. (10%), Yi He International Investment Co., Ltd. (10%), and Yi Chuan Investment Co., Ltd. (10%)
Yong Hui Development Ltd.	Soo, Leon (100%)
Gui Long Investment Co., Ltd.	SK Harvest Holdings (BVI) Ltd. (79.02%), Chen, Li-Chun (10.99%), and Wangfu Investment Co., Ltd. (9.99%).
Yuan Tuo Investment Co., Ltd.	Ko, Wen-Hsiang (10%), Ko, Wen-Ping (10%), Ko Wang, Wen-Liang (9.5%), Ko, Ying-Cheng (6%), Ko, Ying-Ho (5%), Ko, Ying-Hsin (5%), Ko, Su-Hui (5.25%), Ko, Su-Min (5.25%), Kang Yu Investment Co., Ltd. (5%), and Ko, Wen-Sheng (4.63%)

#### 3.2.4 Below is a List of the Major Shareholders (Including % of Stocks Held) of the Top Shareholders of Hotai's institutional shareholders listed above Who Are Themselves Institutional Shareholders

As of April 29, 2023

Company Name	Major Shareholders
Tuo De Investment Co, Ltd.	Haiken Social Welfare Foundation (19.92%), Jiayi Social Welfare Foundation (19.84%), Sunrise Education Foundation (19.68%), and, Jiayi Progressive Enterprises Ltd. (10.16%), Tsai, Yueh-Chuan (8%), Tsai, Yueh-Lin (8%), Chen, Yu-Ting (8%), Chuang Ying Investment Co., Ltd. (6.4%)
Zhong Yi Investment Co., Ltd.	Huang, Wen-Jui (50%) and Huang, Tao-Tien (50%)
IRT Corporation	Eagle Sharp Global Limited (50%), Huang, Chih-Lin (25%), Chang, Pei-Yao (23.55%), Chang, Feng-Wen (1.45%)
Hong Yuan Investment Co., Ltd.	Xin Guang Co., Ltd. (100%)
Chang Hong Bai Sheng Investment Co., Ltd.	Huang Hsu, Cheng-Pao (99.8%) and Lin, Dao-yuan (0.2%)
Hui Min Investment Co., Ltd.	Huang, Shu-Hui (95%) and Tsai, Sung-Po (5%)
Sheng Gao Enterprise Co., Ltd.	Good Sense Limited (94.54%), Huang Shih, Hsuan-Chi (4.64%), and Huang, Chih-Cheng (0.81%)
Yi Hong Investment Co., Ltd.	Sheng Gao Industrial Co., Ltd. (68.97%), Cheng Hsuan Social Welfare Foundation (18.62%), G&R Brothers' Investment Co., Ltd. (10.34%), and Huang, Si-Chia (2.07%)
Hotai Capital Ltd.	Huang, Si-Yuan (45%), Huang, Si-Bo (45%), Chen, Wen-Kui (5%), and Chang, Chih-Hao (5%)

### III. Corporate Governance

Company Name	Major Shareholders
Shang Yao Investment Co., Ltd.	Li, Ching-Fen (25.98%), Li, Ching-Chao (21.20%), Sheng Jie Investment Co., Ltd. (19.57%), Ming Light Co., Ltd (14.57%), Huang, Chuan-Chuan(13.90%), Wang, Chuan-Bo (2.39%), and Wang, Chuan-Fu (2.39%)
Jia Hui Ltd.	Lin, Chih-Han (100%)
Jia Chu Ltd.	Lin, Chih-Han (100%)
Jia Chuan Ltd.	Lin, Chih-Han (100%)
Jing Jing Development Ltd.	Li, Chun-Jen (100%)
Li Teng Enterprise Ltd.	Li, Chun-Jen (100%)
Li En Investment Ltd.	Li Kang international Ltd. (100%)
Li Yung Investment Ltd.	Li Kang international Ltd. (100%)
Yi He International Investment Co., Ltd.	Su, Se-I (99.97%), Wei, Yu-Chung (0.03%)
Yi Chuan Investment Co., Ltd.	Su, Se-I (99.97%), Wei, Yu-Chung (0.03%)
SK Harvest Holdings (BVI) Ltd.	Jennifer Chen (100%)
Wangfu Investment Co., Ltd.	Chang, Hung Ying (58.59%), Li Feng Global Co., Ltd. (32.68%), Yu, Shao Shian (8.59%), and Gui Long Investment Co., Ltd. (0.13%)
Kang Yu Investment Co., Ltd.	Ko, Wen-Hui (25%), Ko, Wen-Hua (25%), Ko, Wang-Jen (25%), and Ko, Wang-Te (25%)

Note: Due to restriction of access under local regulations, information regarding institutional shareholders of the major shareholders of TMC that are also institutional shareholders is not available.

## 3.2.5 President, Vice Presidents, Chief Officers, and Department and Divisional Executive Officers

April 29, 2023

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
President	Taiwan	Su, Chwen-Shing	Male	June 22, 2010	0	0.0%	100,000	0.02%	0	0.0%	MBA, Massachusetts Institute of Technology	Chairman, Hozan Investment Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd. Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Denso Taiwan Corp. Supervisor, Chia Chun Investment Co., Ltd.	N/A	N/A	N/A	N/A

Note 1: Temporarily transferred to companies stated in the consolidated financial report and to companies invested by Hotai.

Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Executive Vice President	Japan	KAZUO NAGANUMA	Male	January 1, 2019	0	0.0%	0	0.0%	0	0.0%	School of Commerce, Waseda University	Chairman, Kuozui Motor Co., Ltd. Director, Carmax Co., Ltd. Director, Kuotu Motor, Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service Co., Ltd.	N/A	N/A	N/A	N/A
Executive Vice President	Taiwan	Liu, Yuan-Sen (Please refer to Note 1)	Male	July 1, 2017	993	0.0002%	99	0.00002%	0	0.0%	Master's in Development Studies, National Chengchi University	Chairman, Hotai Finance Co., Ltd. Chairman, Hotai Leasing Co., Ltd. Chairman, Hozao Enterprise Co., Ltd. Chairman, He Jing Co., Ltd. Chairman, He Jun Energy Co., Ltd. Director, Hotai Insurance Co., Ltd. Director, Zheng Ren Energy Co., Ltd. Director, Heng Fong Energy Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Chen, Chien-Chou	Male	July 1, 2017	86	0.00002%	0	0.0%	0	0.0%	Department of Economics, Fu Jen Catholic University	Chairman, Hotai Mobility Service Co., Ltd. Chairman, Shanghai Hoyu Toyota Motor Service Co., Ltd. Chairman, Shanghai Hozhan Motor Service Co., Ltd. Chairman, Shanghai Heling Motor Service Co., Ltd. Chairman, Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Shanghai Jiading Heling Lexus Motor Service Co., Ltd. Chairman, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Tangshan Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Nanchang Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Zaozhuang Hoyu Toyota Motor Sales and Service Co., Ltd. Chairman, Tianjin Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Tianjin Hozhan Motor Service Co., Ltd. Chairman, Tianjin Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Chairman, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Nanjing HoZhan Motor Sales and Service Co., LTD. Chairman, Qingdao Heling Lexus Automobile Sale Service Co., Ltd. Director, Hotai Insurance Co., Ltd. Director, Central Motor Co., Ltd. Director, Shanghai Fengyi Construction Decoration Co., Ltd. Supervisor, Yi Tai Transport Co., Ltd. Supervisor, Kuai Shun Storage and Transport Co., Ltd. Supervisor, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	N/A	N/A	N/A	N/A

Note 1: Temporarily transferred to companies stated in the consolidated financial report and to companies invested by Hotai.

Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Vice President	Taiwan	Huang, Ming-Hsien (Please refer to Note 1)	Male	July 1, 2019	0	0.0%	0	0.0%	0	0.0%	EMBA, Soochow University	Chairman, Innovation Auto Parts Co., Ltd. Chairman, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Linyi Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Beijing Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director and President, Kuotu Motor Co., Ltd. Director, Innovative Auto Parts and Accessories Co., Ltd. Supervisor, Ho-An Insurance Agency Co., Ltd. Director, Beijing Ho-Yu (BVI) Investment Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Fred Hsieh (Please refer to Note 1)	Male	July 1, 2020	0	0.0%	0	0.0%	0	0.0%	MBA, National Taiwan University	Chairman and President, Hoing Mobility Service, Co., Ltd. Director and President, Hotai Leasing Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Wu, Chia-Yen	Male	July 1, 2020	0	0.0%	0	0.0%	0	0.0%	Master's in Automotive Engineering Technology, Indiana State University	Director, Toyota Material Handling Taiwan Ltd. Director, He Jun Energy Co., Ltd. Director, Smart Design Technology Co., Ltd. Director, Yokohama Tire Taiwan Co., Ltd. Director, Ho-An Insurance Agency Co., Ltd. Director, Kuai Shun Storage and Transport Co., Ltd. Supervisor, Hochuan Insurance Agent Co., Ltd	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Liu, Chuan-Hung	Male	July 1, 2014	0	0.0%	0	0.0%	0	0.0%	EMBA, National Taipei University	Director, Eastern Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Hotai Mobility Service, Co., Ltd. Director, Hotai Connected Co., Ltd Director, Heng Yun Investment Co., Ltd. Director, Guangquan Machinery Co., Ltd. Director, Tongtai Asset Management Co., Ltd. Director, Tongyou Automotive Material Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Liu, Sung-Shan	Male	July 1, 2015	216	0.00004%	0	0.0%	0	0.0%	Master's in Public Policy, National Chung Hsing University	Director, Eastern Motor Co., Ltd. Supervisor, Taipei Toyota Motor Co., Ltd. Supervisor, Heng Yun Investment Co., Ltd. Supervisor, Formosa Container Transportation Company Limited Supervisor, Hua Tai Transport Co., Ltd. Supervisor, Hotai Coachwork Manufacturing Co., Ltd.	N/A	N/A	N/A	N/A

Note 1: Temporarily transferred to companies stated in the consolidated financial report and to companies invested by Hotai.

Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Wu, Pin-Tsung	Male	July 1, 2016	0	0.0%	0	0.0%	0	0.0%	Master's in Industrial Management, National Cheng Kung University	Chairman, Ho Young Travel Agency Co., Ltd. Director and President, Hotai Connected Co., Ltd Director, Hochuan Insurance Agent Co., Ltd Director, Hotai Mobility Service, Co., Ltd. Supervisor, Eastern Motor Co., Ltd. Supervisor, Che-Chun Technology Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Yeh, Chia-Han	Male	July 1, 2017	600	0.0001%	0	0.0%	0	0.0%	Department of Aerospace Engineering, Tamkang University	Chairman, Hotai Auto Body Sales Co., Ltd Director, Chang Yuan Motor Co., Ltd. Director, Hotai Coachwork Manufacturing Co., Ltd. Director, Yi Tai Tong Yun Co., Ltd.	N/A	N/A	N/A	N/A

Note 1: Temporarily transferred to companies stated in the consolidated financial report and to companies invested by Hotai.

Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Wang, Shih-Hao (Please refer to Note 1)	Male	July 1, 2018	0	0.0%	0	0.0%	0	0.0%	Master's in Human Resources, University of California, Los Angeles	Director and President, Hotong Motor Investment Co., Ltd. Director, Tianjin Heyi International Trading Co., Ltd. Director, Shanghai Hoyu Motor Service Co., Ltd. Director, Shanghai Hozhan Motor Service Co., Ltd. Director, Shanghai Heling Motor Service Co., Ltd. Director, Shanghai Hede Used Vehicle Co., Ltd. Director, Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. Director, Shanghai Jiading Heling Lexus Motor Service Co., Ltd. Director, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Director, Tangshan Heling Lexus Motor Sales & Services Co., Ltd. Director, Nanchang Heling Lexus Motor Sales & Service Co., Ltd. Director, Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd. Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd. Director, Tianjin Heling Lexus Motor Sales & Service Co., Ltd. Director, Tianjin Hozhan Motor Service Co., Ltd. Director, Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanjing HoZhan Motor Sales and Service Co., LTD. Director, Shanghai Fengyi Construction Decoration Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Linyi Hoyu Toyota Motor Sales & Service Co., Ltd. Director, Jinzhong Central Toyota Motor Sales & Service Co., Ltd. Director, Taizhou Zhong Du Lexus Motor Sales & Service Co., Ltd. Director, Taiyuan Zhong Du Heling Lexus Motor Sales & Service Co., Ltd. Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co. Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Qingdao Heling Lexus Automobile Sale Service Co., Ltd. Supervisor, Shanghai Zhongxin Means of Transportation Engineering Co., Ltd. Supervisor, Tianjin Yongda Communication Technology Co., Ltd. Supervisor, Shanghai Guangxin Culture & Media Co., Ltd. Supervisor, Shanghai Ho Mian Motor Technology Co., Ltd. Supervisor, Shanghai Hoxin Motor Service Consulting Co., Ltd. Supervisor, Shanghai HoChen Motor Technology Co., Ltd. Director, Tianjin Hekang Finance Leasing Co., Ltd.	N/A	N/A	N/A	N/A

Note 1: Temporarily transferred to companies stated in the consolidated financial report and to companies invested by Hotai.

Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).



(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Lai, Chih-Wei (Please refer to Note 1)	Male	July 1, 2019	750	0.0001%	0	0.0%	0	0.0%	Graduate division of Business School, University of New South Wales	Director, Che-Chun Technology Co., Ltd. Supervisor, Smart Design Technology Co., Ltd. Executive Vice President, CarMax Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Lai, Kuang Hsiung	Male	July 1, 2019	2,600	0.0005%	0	0.0%	0	0.0%	Graduate institute of Vehicle Engineering, National Taipei University of Technology	Director, Eastern Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Formosa Container Transportation Company Limited Director, Hua Tai Transport Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Lu, Li-Yin (Please refer to Note 1)	Male	July 1, 2020	0	0%	0	0.0%	0	0.0%	Department of Mechanical Engineering, National Taiwan University of Science and Technology	Director and President, Chang Yuan Motor Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Japan	Kei Mizuguchi (Please refer to Note 1)	Male	April 6, 2021	0	0%	0	0.0%	0	0.0%	Nagoya University	Vice President, Carmax Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Han, Chih-Kang	Male	July 1, 2021	0	0%	0	0.0%	0	0.0%	Graduate Institute of Management Sciences, Tamkang University	N/A	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Weng, Ming-Lun	Male	July 1, 2021	0	0%	0	0.0%	0	0.0%	Graduate Institute of Management Sciences, Tamkang University	N/A	N/A	N/A	N/A	N/A

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Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Huang, I-Jan (Please refer to Note 1)	Male	February 1, 2022	0	0.0%	6,198	0.01%	0	0.0%	Kellogg School of Management at Northwestern University, Hong Kong	Vice Chairman, Hoyun International Lease Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Hochuan Insurance Agent Co., Ltd Director, Ho-An Insurance Agency Co., Ltd Director, Hotong Motor Investment Co., Ltd. Director, Shanghai Fengyi Construction Decoration Co., Ltd Director, Shanghai Hede Used Vehicle Co., Ltd. Director, Tianjin Heyi International Trading Co., Ltd. Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd. Supervisor, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Triples Co., Ltd. Supervisor, San Xing (Shanghai) Business Management Consulting Co., Ltd. Supervisor, Guangzhou GAC Business Changhe Automobile Technology Co., Ltd. Supervisor, Linyi Hoyu Toyota Motor Sales & Service Co., Ltd. Supervisor, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Supervisor, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Supervisor, Jinzhong Central Toyota Motor Sales & Service Co., Ltd. Supervisor, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Supervisor, Nanjing HoZhan Motor Sales and Service Co., LTD. Supervisor, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Supervisor, Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Yu, Chun-Chien	Male	July 1, 2022	0	0.0%	0	0.0%	0	0.0%	Master's in Financial Management, Pace University	N/A	N/A	N/A	N/A	N/A

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Note 2: If the president or someone of equivalent rank (i.e., the highest-ranking executive) and the chairman of the board are the same person, in a marital relationship with each other, or within the first degree of consanguinity, the company should provide information regarding the reasons, rationality and necessity for doing so and their corresponding measures (such as increasing the seats of independent directors and not having more than half of the directors serve as employees or officers of the company concurrently).

III. Corporate Governance

3.3 Remuneration Paid to Directors, President, and Vice Presidents of the Company Within the Last Year  
(1) Director Remuneration

Unit: NT\$ thousands																						
Title	Name	Remuneration of Directors								Total Remuneration (A+B+C+D) as a % of Net Income (Note 7)		Compensation Received by a Director Who is an Employee of the Company and/or any Consolidated Entities								Total Compensation (A+B+C+D+E+F+G) as % of Net Income (Note 7)		Compensation Paid to Directors from Non-consolidated Affiliates or parent company (Note 8)
		Base Compensation (A)(Note 1)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D) (Note 3)				Salary, Bonuses, and Allowances (E)(Note 4)		Severance Pay and Pensions (F)		Profit Sharing- Employee Remuneration (G) (Note 5)						
		From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai		From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)		
Chairman/Director	Chun Yung Investment Co, Ltd.	7,920	7,920	0	0	0	0	90	90	(0.04%)	(0.04%)	0	0	0	0	0	0	0	0	(0.04%)	(0.04%)	0
Director	Gui Long Investment Co., Ltd.	720	720	0	0	0	0	45	45	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
Director	Yong Hui Development Co., Ltd.	0	0	0	0	0	0	90	90	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
Chairman	Huang, Nan-Kuang (Authorized representative of Chun Yung Investment Co., Ltd.)	0	0	0	0	0	0	1,175	1,175	(0.01%)	(0.01%)	0	0	0	0	0	0	0	0	(0.01%)	(0.01%)	0
Director	Lin, Li-Hua (Authorized representative of Chun Yung Investment Co., Ltd.)	0	0	0	0	0	0	15	15	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
Director	Huang, Wen-Jui (Authorized representative of Chun Yung Investment Co., Ltd.)	0	0	0	0	0	0	55	91	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	175
Director	Huang, Chih-Cheng (Authorized representative of Chun Yung Investment Co., Ltd.)	0	1,418	0	0	0	0	45	499	(0.00%)	(0.01%)	0	0	0	0	0	0	0	0	(0.00%)	(0.01%)	560
Director	Su, Jean (Authorized representative of Li Gang Enterprise co., Ltd.)	720	720	0	0	0	0	55	55	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	570
Director	Su, Yi-Chung (Authorized representative of Yong Hui Development Co., Ltd.)	720	2,960	0	0	0	0	0	30	(0.00%)	(0.02%)	0	0	0	0	0	0	0	0	(0.00%)	(0.02%)	0
Director/President	Su, Chwen-Shing (Authorized representative of Li Gang Enterprise co., Ltd.)	720	1,688	0	0	0	0	45	265	(0.00%)	(0.01%)	24,853	24,853	0	0	0	0	0	0	(0.13%)	(0.14%)	1,246
Director/Chief Officer	Soo, Leon (Authorized representative of Yong Hui Development Co., Ltd.)	720	1,648	0	0	0	0	15	139	(0.00%)	(0.01%)	0	0	0	0	0	0	0	0	(0.00%)	(0.01%)	555
Director	Ko, Junn-Yuan (Authorized representative of Yuan Tuo Investment Co., Ltd.)	720	3,252	0	0	0	0	45	73	(0.00%)	(0.02%)	0	0	0	0	0	0	0	0	(0.00%)	(0.02%)	72
Director	Chang, Shih-Yieng (Authorized representative of Gui Long Investment Co., Ltd.)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
Director/Executive Vice President	Naganuma, Kazuo (Authorized representative of Toyota Motor Corporation)	720	1,020	0	0	0	0	45	98	(0.00%)	(0.01%)	4,805	4,805	0	0	0	0	0	0	(0.03%)	(0.03%)	150
Independent Director	Shih, Hsien-Fu (Note)	360	360	0	0	0	0	50	50	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
	Li, Chao-Sen (Note)	360	360	0	0	0	0	75	75	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
	Su, Chin-Huo	720	720	0	0	0	0	125	125	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
	Wu, Shih-Hao	720	720	0	0	0	0	125	125	(0.00%)	(0.00%)	0	0	0	0	0	0	0	0	(0.00%)	(0.00%)	0
1. Please state the policy, system, standards, and structure of remuneration of independent directors, and describe the relevance between the amount of remuneration paid and their responsibilities, risks taken, and time invested: Remuneration of independent directors is determined pursuant to Hotai's <i>Articles of Incorporation</i> and is regularly reviewed by the Remuneration Committee based on their annual and long-term performance goals, as well as remuneration policies, systems, standards, and structures. 2. Remuneration received by any director of Hotai for the services provided in a non-employee capacity (e.g., as an advisor) to any consolidated entities in Hotai's latest financial report except as otherwise disclosed herein: none. Note: Li, Chao-Sen has been an independent director since June 21, 2022 following the re-election at the shareholders' meeting; Shih, Hsien-Fu retired as an independent director on June 21, 2022 following the re-election at the shareholders' meeting.																						

### III. Corporate Governance

#### Director Remuneration by Range

Remuneration Paid to Directors	Names of Directors			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From Hotai (Note 9)	From All Consolidated Entities (Note 10)	From Hotai (Note 9)	From All Consolidated Entities (Note 10)
NT\$ 0 – NT\$ 1,000,000	Gui Long Investment Co., Ltd.; Yong Hui Development Co., Ltd.; Su, Chwen-Shing; Naganuma Kazuo; Su, Yi-Chung; Lin, Li-Hua; Ko, Junn-Yuan; Huang, Chih-Cheng; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Soo, Leon; Shi, Xian-Fu; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Gui Long Investment Co., Ltd.; Yong Hui Development Co., Ltd.; Lin, Li-Hua; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Shi, Xian-Fu; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Gui Long Investment Co., Ltd.; Yong Hui Development Co., Ltd.; Su, Yi-Chung; Lin, Li-Hua; Ko, Junn-Yuan; Huang, Chih-Cheng; Su, Jean; Chang, Shih-Yieng; Huang, Wen-Jui; Soo, Leon; Shi, Xian-Fu; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Gui Long Investment Co., Ltd.; Yong Hui Development Co., Ltd.; Lin, Li-Hua; Su, Jean; Chang, Shih-Yieng; Huang, Wen-Jui; Shi, Xian-Fu; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao
NT\$1,000,000 – NT\$2,000,000	Huang, Nan-Kuang;	Huang, Nan-Kuang; Su, Chwen-Shing; Naganuma Kazuo; Huang, Chih-Cheng; Soo, Leon	Huang, Nan-Kuang;	Huang, Nan-Kuang; Huang, Chih-Cheng; Soo, Leon
NT\$2,000,000 – NT\$3,500,000	–	Su, Yi-Chung; Ko, Junn-Yuan	–	Su, Yi-Chung; Ko, Junn-Yuan
NT\$3,500,000 – NT\$5,000,000	–	–	–	–
NT\$5,000,000 – NT\$10,000,000	Chun Yung Investment Co, Ltd.	Chun Yung Investment Co, Ltd.	Chun Yung Investment Co, Ltd.; Naganuma Kazuo	Chun Yung Investment Co, Ltd.; Naganuma Kazuo
NT\$10,000,000 – NT\$15,000,000	–	–	–	–
NT\$15,000,000 – NT\$30,000,000	–	–	Su, Chwen-Shing	Su, Chwen-Shing
NT\$30,000,000 – NT\$50,000,000	–	–	–	–
NT\$50,000,000 – NT\$100,000,000	–	–	–	–
Over NT\$100,000,000	–	–	–	–
Total	18	18	18	18

Note 1 : Remuneration paid to directors in 2022, including salary, allowance, severance, all types of bonuses, and performance bonus.

Note 2 : Compensation paid to directors in 2022 approved by the Board of Directors.

Note 3 : Business expenses incurred by directors in carrying out their duties in 2022, including travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars. There is a total of NT\$705 thousand paid to the company drivers as compensation that's not included in the amount of allowances shown herein.

Note 4 : Compensation received by a director who is an employee (whether serving concurrently in the position of president, vice president, executive officer, or employee) of Hotai and/or any consolidated entities in 2022, which includes salary, allowance, severance, all types of bonuses, performance bonus, travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars. There is a total of NT\$1,921 thousand paid to the company drivers as compensation that's not included in the amount of allowances shown herein.

Note 5 : A director who is an employee of Hotai and/or any consolidated entities that received employee remuneration shall disclose the amount of employee profit-sharing approved by the Board of Directors in the latest year.

Note 6 : Disclosure of total remuneration paid to directors by Hotai and all consolidated entities.

Note 7 : Net income provided in the parent company only or separate financial statements of the last fiscal year; net loss of Hotai as of December 31, 2022 was NT\$(19,330,194 thousand).

Note 8 : Remuneration received by directors from non-consolidated affiliates or parent company.

Note 9 : The names of directors are disclosed in the applicable remuneration range according to the total remuneration paid to each director by Hotai.

Note 10 : The names of directors of Hotai and all consolidated entities are disclosed in the applicable remuneration range according to the total remuneration paid to each director by Hotai and all consolidated entities.

III. Corporate Governance

(2) Compensation Paid to President and Vice Presidents

NT\$ in Thousands														
Title	Name	Salary (A) (Note 1)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 2)		Employee Profit Sharing (D) (Note 3)				Total Compensation (A+B+C+D) in % of Net Income (Note 5)		Compensation Received from Non- consolidated Affiliates or parent company (Note 6)
		From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai		From All Consolidated Entities (Note 4)		From Hotai	From All Consolidated Entities (Note 4)	
								Cash	Stock	Cash	Stock			
President	Su, Chwen-Shing	26,564	26,564	0	0	103,462	103,462	0	0	0	0	(0.67%)	(0.67%)	1,938
Executive Vice President	Kazuo Naganuma													
Executive Vice President	Liu, Yuan-Sen (Note 9)													
Vice President	Chen, Chien- Chou													
Vice President	Lai, Hung-Ta (Note 10)													
Vice President	Huang, Ming- Hsien (Note 9)													
Vice President	Fred Hsieh (Note 9)													
Vice President	Wu, Chia-Yen													

(3) Compensation Paid to Top Five Highest Paid Executive Officers

(3) Compensation Paid to Top Five Highest Paid Executive Officers												NT\$ in Thousands		
Title	Name	Salary (A) (Note 1)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 2)		Employee Profit Sharing (D) (Note 3)				Total Compensation (A+B+C+D) in % of Net Income (Note 5)		Compensation Received from Non- consolidated Affiliates or parent company (Note 6)
		From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai		From All Consolidated Entities (Note 4)		From Hotai	From All Consolidated Entities (Note 4)	
								Cash	Stock	Cash	Stock			
President	Su, Chwen-Shing	4,562	4,562	0	0	20,291	20,291	0	0	0	0	(0.13%)	(0.13%)	1,246
Executive Vice President	Liu, Yuan-Sen (Note 9)	3,845	3,845	0	0	13,828	13,828	0	0	0	0	(0.09%)	(0.09%)	0
Vice President	Chen, Chien-Chou	3,803	3,803	0	0	13,758	13,758	0	0	0	0	(0.09%)	(0.09%)	360
Vice President	Huang, Ming-Hsien (Note 9)	3,729	3,729	0	0	13,635	13,635	0	0	0	0	(0.09%)	(0.09%)	182
Vice President	Fred Hsieh (Note 9)	3,602	3,602	0	0	13,426	13,426	0	0	0	0	(0.09%)	(0.09%)	0
Vice President	Wu, Chia-Yen	3,602	3,602	0	0	13,426	13,426	0	0	0	0	(0.09%)	(0.09%)	0

### III. Corporate Governance

President and Vice President Compensation by Range

Compensation Paid to President and Vice Presidents	President and Vice Presidents	
	From Hotai (Note 7)	From All Consolidated Entities (Note 8)
NT\$0 – NT\$ 1,000,000	—	—
NT\$1,000,000 — NT\$2,000,000	—	—
NT\$2,000,000 – NT\$3,500,000	—	—
NT\$3,500,000 — NT\$5,000,000	Kazuo Naganuma	Kazuo Naganuma
NT\$5,000,000 – NT\$10,000,000	—	—
NT\$10,000,000 – NT\$15,000,000	Lai, Hung-Ta	Lai, Hung-Ta
NT\$15,000,000 – NT\$30,000,000	Su, Chwen-Shing; Liu, Yuan-Sen; Chen, Chien-Chou; Wu, Chia-Yen; Fred Hsieh; Huang, Ming-Hsien	Su, Chwen-Shing; Liu, Yuan-Sen; Chen, Chien-Chou; Wu, Chia-Yen; Fred Hsieh; Huang, Ming-Hsien
NT\$30,000,000 – NT\$50,000,000	—	—
NT\$50,000,000 – NT\$100,000,000	—	—
NT\$100,000,000 and above	—	—
Total	8	8

Note 1: Salary, allowance and severance paid to president and vice presidents in 2022.

Note 2: All types of bonuses, performance bonus, travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars paid or provided to president and vice president in 2022. There is a total of NT\$1,921 thousand paid to the company drivers as compensation that's not included in the amount of allowances shown herein.

Note 3: Compensation paid to president and vice presidents in 2022 approved by the Board of Directors.

Note 4: Compensation paid to president and vice presidents by Hotai and all consolidated entities.

Note 5: Net income provided in the parent company only or separate financial statements in the last fiscal year; net loss of Hotai as of December 31, 2022 was NT\$(19,330,194 thousand).

Note 6: Compensation received by president and vice presidents from non-consolidated affiliates or parent company.

Note 7: The names of president and vice presidents are disclosed in the applicable compensation range according to the total compensation paid to the president and each vice president by Hotai.

Note 8: The names of president and vice presidents are disclosed in the applicable compensation range according to the total compensation paid to the president and each vice president by Hotai and all consolidated entities.

Note 9: Personnel of Hotai temporarily transferred to a consolidated entity or an affiliate.

Note 10: Vice President Lai, Hung-Ta retired in March 2022.

III. Corporate Governance

Employee Profit Sharing Granted to the Management Team

Title		Name	Cash (NT\$) (Note 1)	Total (NT\$)	Total Amount in % of Net Profit
Executive Officers (Note 2)	President	Su, Chwen-Shing	0	0	0%
	Executive Vice President	Kazuo Naganuma			
	Executive Vice President	Liu, Yuan-Sen			
	Vice President	Chen, Chien-Chou			
	Vice President	Lai, Hung-Ta (Note 3)			
	Vice President	Huang, Ming-Hsien			
	Vice President	Fred Hsieh			
	Vice President	Wu, Chia-Yen			
	Chief Officer	Wang, Shih-Hao			
	Chief Officer	Kei Mizuguchi			
	Chief Officer	Liu, Chuan-Hung			
	Chief Officer	Liu, Sung-Shan			
	Chief Officer	Wu, Pin-Tsung			
	Chief Officer	Chen, Chun-Shan (Note 3)			
	Chief Officer	Yeh, Chia-Han			
	Chief Officer	Lai, Chih-Wei			
	Chief Officer	Lai, Kuang-Hsiung			
	Chief Officer	Lu, Li-Yin			
	Chief Officer	Weng, Ming-Lun			
	Chief Officer	Han, Chih-Kang			
	Chief Officer	Huang, I-Jun (Note 3)			
	Financial Officer	Yu, Chun-Chien			
	Corporate Governance Officer	Tai, Heng-Hu			
	Accounting Officer	Chen, Ting-Ju			

Note 1: Employee profit sharing granted to the management team approved by the Board of Director in 2022.

Note 2: According to Tai Cai Zheng San Zi letter No. 0920001301 issued by the FSC on March 27, 2003, executive officers eligible to participate in profit sharing are as follows:

- (1) President and equivalent job grade;
- (2) Vice president and equivalent job grade;
- (3) Director and equivalent job grade;
- (4) Chief financial officer;
- (5) Chief accounting officer; and
- (6) Any other individual who is in a management position or authorized to sign on behalf of the Company.

Note 3: Vice President retired in March 2022; Chief Officer retired in January 2022; Chief Officer Huang, I-Jun took office in February 2022.

### III. Corporate Governance

(4) Analysis of Total Remuneration Received by Directors, Presidents and Vice Presidents from Hotai and all Consolidated Entities in Percentage of Net Income of Parent Company Only and Separate Financial Statements in the Most Recent Two Fiscal Years, and Remuneration Policy for Directors, President, and Vice Presidents.

(a) Analysis of total remuneration received by the directors, president, and vice presidents from Hotai and all consolidated entities in percentage of net income for the latest two fiscal years

	Hotai (Parent Company Only)		Consolidated Entities		Percentage Changes	
	Total Remuneration in % of Net Income		Total Remuneration in % of Net Income (%)		Hotai	Consolidated Entities
	2022	2021	2022	2021		
Director	(0.24%)	2.98%	(0.29%)	3.11%	-3.23%	-3.40%
President and Vice Presidents	(0.67%)	0.76%	(0.67%)	0.80%	-1.43%	-1.47%

Description: The net loss of Hotai was NT\$19,330,194 thousand as of December 31, 2022 and net profit was NT\$16,210,758 thousand as of December 31, 2021.

(b) Remuneration policy, standard and package, as well as procedures for determining remuneration and relevance to business performance and future risks

- i. Remuneration Committee regularly reviews the annual and long-term performance goals of directors and officers, as well as the policies, systems, standards, and structure of remuneration, and regularly assess the achievement of the goals of directors and officers.
- ii. Remuneration paid to the directors includes base compensation pursuant to Article 28 of the *Articles of Incorporation* of the Company, profit sharing, and allowance. Profit sharing is governed by Article 34 of the *Articles of Incorporation* of the Company that no more than two percent of the profit from the current year shall be allocated as directors' remuneration; travel allowance is only paid to those who attend the Board meetings.
- iii. The Company conducts evaluations on overall Board performance and individual directors each year in accordance with the *Rules for Board Performance Evaluations*. The results of performance evaluation on the Board and individual directors in 2022 are excellent, indicating that the Company has a well-functioning Board and the results have been reported at the Board meeting on January 17, 2023. In addition to management's efforts, the directors have also made contributions to the Company's business performance in carrying out their duties and responsibilities. The Company's main operation and the value chain of related businesses performed well in 2022, but due to the impact of payment of claims for pandemic insurance, there was no profit; therefore, pursuant to Article 34 of the *Articles of Incorporation*, no director remuneration will be allocated.
- iv. Remuneration paid to officers includes salary, bonuses, and employee profit sharing, of which salary is paid in accordance with the Company's *Salary Payment Policy*. On the other hand, payment of bonuses and employee profit sharing are subject to our employee performance evaluation policy, while considering the Company's overall business performance, future operation risks in the industry, and development trends, as well as achievement rate of individual performance which is linked to officers' performance rating, bonus payments, and employee profit sharing received. The Remuneration Committee and the Board of Directors review relevant performance evaluations and whether the remuneration is appropriate. In addition, the Company also reviews and revises the remuneration policy from time to time as required by its operations and applicable laws to achieve a proper balance between sustainable operations and risk management for the Company.



### III. Corporate Governance

#### 3.4 Corporate Governance

##### 3.4.1 Board of Directors

(1) Board of Directors Meetings: nine (A) meetings were convened in 2022.

The attendance of directors is as follows:

Title	Name (Note 1)	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A)(Note 2)	Remarks
Chairman	Chun Yong Investment Co, Ltd., represented by Huang, Nan-Kuang	3	0	100%	Director representatives of the 20 <sup>th</sup> Board; term of office ended on June 21, 2022 before the election
Director	Chun Yong Investment Co, Ltd., represented by Lin, Li-Hua	3	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Chih-Cheng	3	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Wen-Jui	3	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Su, Yi-Chung	3	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Chwen-Shing	3	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Jean	3	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Leon Soo	3	0	100%	
Director	Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	3	0	100%	
Director	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	3	0	100%	
Director	Toyota Motor Corporation, represented by Kazuo Naganuma	2	1	67%	
Independent Director	Shih, Hsien-Fu	3	0	100%	Independent directors of the 20 <sup>th</sup> Board; term of office ended on June 21, 2022 before the election
	Su, Chin-Huo	3	0	100%	
	Wu, Shih-Hao	3	0	100%	
Chairman	Chun Yong Investment Co, Ltd., represented by Huang, Nan-Kuang	5	1	83%	Director representatives of the 21 <sup>st</sup> Board; term of office began on June 21, 2022 after the election
Director	Chun Yong Investment Co, Ltd., represented by Lin, Li-Hua	6	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Chih-Cheng	6	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Wen-Jui	6	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Su, Yi-Chung	6	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Chwen-Shing	6	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Jean	6	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Leon Soo	6	0	100%	
Director	Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	6	0	100%	

### III. Corporate Governance

Title	Name (Note 1)	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A)(Note 2)	Remarks
Director	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	6	0	100%	
Director	Toyota Motor Corporation, represented by Kazuo Naganuma	6	0	100%	
Independent Director	Li, Chao-Sen	6	0	100%	Independent directors of the 21 <sup>st</sup> Board; term of office began on June 21, 2022 after the re- election
	Su, Chin-Huo	6	0	100%	
	Wu, Shih-Hao	6	0	100%	
Annotations:					
1. If any of the following event occurs, specify the date and session number of the Board meeting, summary of the proposal, the opinions of independent directors, and actions taken in response by the Company to address the opinions of independent directors:  (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act does not apply as the Company has already set up the Audit Committee.  (2) There are no other resolutions on record or in writing which contain the independent directors dissenting or qualified opinion.					
2. Recusal of directors due to conflicts of interest  (1) The 23 <sup>rd</sup> Meeting of the 20 <sup>th</sup> Board was held on January 20, 2022 to discuss the following matters: <ul style="list-style-type: none"><li>As the decision to sell the shares of Hotai Connected Co., Ltd. involves the interests of Chairman Huang, Nan-Kuang, directors Mr. Su, Chwen-Shing, Mr. Kazuo Naganuma, Ms. Lin, Li-Hua, Mr. Huang, Chih-Cheng, Mr. Ko, Junn-Yuan, Ms. Su, Jean, Mr. Chang, Shih-Yieng, and Mr. Leon Soo, and Mr. Su, Yi-Chung being a blood relative within a second degree of kinship of Mr. Leon Soo, each of the directors has recused themselves from the discussion and voting when relevant.</li><li>In the decision to appoint executive officers, Ms. Lin, Li-Hua, as a blood relative within a second degree of kinship of officers has recused herself from the discussion and voting when relevant.</li></ul> (2) The 24 <sup>th</sup> Meeting of the 20 <sup>th</sup> Board was held on March 24, 2022 to discuss the following matter: As the review of director remuneration of FY2022 by the Remuneration Committee pertains to the interests of all directors in attendance, each of the director representatives has recused themselves from the discussion and voting when relevant.					
(3) The 2 <sup>nd</sup> Meeting of the 21 <sup>st</sup> Board was held on June 29, 2022 to discuss the following matters: <ul style="list-style-type: none"><li>As the independent directors are also members of the Remuneration Committee, each of the three independent directors has recused themselves from the discussion and voting on the decision to appoint members of the Remuneration Committee.</li><li>As directors Mr. Leon Soo, Ms. Lin, Li-Hua, and independent directors Mr. Li Chao-Sen, Mr. Su, Chin-Huo and Mr. Wu, Shih-Hao are also members of the Human Resources Development Committee, and director Mr. Su, Yi-Chung being a blood relative within a second degree of kinship of Mr. Leon Soo, each of the six directors has recused themselves from the discussion and voting of the appointment of members of Human Resources Development Committee when relevant.</li><li>As directors Mr. Huang, Wen-Jui and Ms. Su, Jean, and independent directors Mr. Li Chao-Sen, Mr. Su, Chin-Huo and Mr. Wu, Shih-Hao are also members of the Sustainable Development Committee, and director Mr. Su, Chwen-Shing being a blood relative within a second degree of kinship of Ms. Su, Jean, each of the six directors has recused themselves from the discussion and voting of the appointment of members of Sustainable Development Committee when relevant.</li></ul> (4) The 6 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board was held on December 22, 2022 to discuss the following matter: As the decision to appoint the executive vice president pertains to the interest of director Mr. Kazuo Naganuma, the director has recused himself from the discussion and voting on the matter.					
3. Objectives of the Company to strengthen the functions of the Board of Directors in 2022 and 2023 (e.g., establishing an audit committee and enhancing information transparency) and assessment of implementation:					

### III. Corporate Governance

Title	Name (Note 1)	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A)(Note 2)	Remarks
<p>(1) The Board passed a resolution to set up a corporate social responsibility committee on December 27, 2018, delegated directly by the Board. The committee was renamed the Sustainable Development Committee in 2022, charged with the responsibilities to formulate sustainable development strategies of the Company and coordinate and oversee relevant activities.</p> <p>(2) A self-evaluation of Board performance is conducted in Q4 of every year and the most recent self-evaluation of Board performance was done in Q4 of 2022. Based on the results of a comprehensive evaluation, the Board functions very well. Every three years, the evaluation is performed by an external professional independent institution or a team of external experts and scholars. In the latest external evaluation in Q4 2021, we engaged the Taiwan Institute of Ethical Business and Forensics to conduct an evaluation on the Board's performance in 2021. Based on the results of the evaluation, the Company has a well-functioning Board.</p>					

Note 1: The name of an institutional shareholder and its representative shall be disclosed where the director or supervisor is a juristic person.

Note 2:

(1) If a director or supervisor resigns before the end of a fiscal year, the date of resignation shall be included in the remarks column. Rate of attendance in person (%) is calculated based on the total number of Board meetings held and the total number of Board meetings attended by a director or supervisor in person during their term.

(2) If a director or supervisor is re-elected before the end of a fiscal year, the names of the current and former directors or supervisors shall be included, and their appointment status and re-election date shall be noted in the remarks column. Rate of attendance in person (%) is calculated based on the total number of Board meetings held and the total number of Board meetings attended by a director or supervisor in person during their term.

#### (2) Implementation of Board Evaluation

Frequency of Assessment	Period of Assessment	Scope of Assessment	Methods of Assessment	Items of Assessment
<p>Self-evaluation is conducted once a year.</p> <p>Independent external evaluation is conducted once every three years.</p>	January 1, 2022 to December 31, 2022	Board of Directors	<p>1. Self-evaluation by the Board and members of the Board, the Audit Committee, and the Remuneration Committee.</p> <p>2. The evaluation is carried out every three years by external professional independent institutions or external experts and scholar teams</p>	<p>The Board is assessed for their performance in the following five areas:</p> <p>(1) the level of participation in the Company's operation;</p> <p>(2) the improvement on the quality of decision-making by the Board;</p> <p>(3) the composition and structure of the Board;</p> <p>(4) the selection of directors and their training efforts;</p> <p>(5) internal control.</p>
		Individual Board members		<p>Individual Board members are assessed for their performance in the following six areas:</p> <p>(1) alignment with the objectives and mission of the Company;</p> <p>(2) competencies of the directors;</p> <p>(3) the level of participation in the Company's operation;</p>

### III. Corporate Governance

Frequency of Assessment	Period of Assessment	Scope of Assessment	Methods of Assessment	Items of Assessment
				(4) relationships and communication with other personnel within the Company; (5) the expertise of directors and their training efforts; (6) internal control.
		Audit Committee		The Audit Committee is assessed for their performance in the following five areas: (1) the level of participation in the Company's operation; (2) competencies of the Audit Committee; (3) the improvement on the quality of decision-making by the Audit Committee; (4) the composition of the Audit Committee and the selection of its members; (5) internal control.
		Remuneration Committee		The Remuneration Committee is assessed for their performance in the following four areas: (1) the level of participation in the Company's operation; (2) competencies of the Remuneration Committee; (3) the improvement on the quality of decision-making by the Remuneration Committee; (4) the composition of the Remuneration Committee and the selection of its members.

#### 3.4.2 Audit Committee

Hotai established an audit committee on June 21, 2016. Items that require the review and approval of the Audit Committee include:

- (1) Adoption and amendment of the internal control system according to Article 14-1 of the *Securities and Exchange Act*
- (2) Review of the effectiveness of the internal control system
- (3) Procedures governing important financial and business decisions, including acquisition or

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disposal of assets according to Article 36-1 of the *Securities and Exchange Act*, financial derivatives transactions, lending activities, and endorsement and guarantee of obligations for a third party

- (4) Matters that involve the interests of the directors
- (5) Transactions of major assets or financial derivatives
- (6) Major lending activities and endorsement or guarantee of obligations
- (7) Offer, issuance, and private placement of equity securities
- (8) Appointment, removal, and compensation of external auditors
- (9) Appointment and removal of chief financial officer, chief accounting officer, and chief internal audit officer
- (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Mergers and acquisitions under the *Business Mergers and Acquisitions Act*, which should comply with Article 6 of the said *Act* and *Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies in Mergers and Acquisitions*
- (12) Other important matters as may be provided by the Company's internal rules or prescribed by regulatory authorities

The Audit Committee met six (A) times in 2022. The attendance of independent directors is as follows:

Title	Name	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A) (Note)	Remarks
Independent Director	Shih, Hsien-Fu	3	0	100%	Term of office of the independent director began on June 20, 2019 and ended on June 21, 2022 after the election
Independent Director	Su, Chin-Huo	6	0	100%	Current independent director; term of office began on June 21, 2022 after the election
Independent Director	Wu, Shih-Hao	6	0	100%	Current independent director; term of office began on June 21, 2022 after the election
Independent Director	Li, Chao-Sen	3	0	100%	Current independent director; term of office began on June 21, 2022 after the election

Annotations:

1. If any of the following event occurs, specify the date and session number of the Audit Committee meeting, summary of the proposals, dissenting or qualified opinions and key suggestions of independent directors, resolution of the Audit Committee, and the actions taken in response by the Company to address the opinions of the Audit Committee:

- (1) Matters specified in Article 14-5 of the *Securities and Exchange Act*:

Date/Session No.	Summary of Proposals	Audit Committee Resolution	Actions Taken
January 20, 2022 14 <sup>th</sup> Meeting of the 2 <sup>nd</sup> Audit Committee	<ol style="list-style-type: none"> <li>1. Proposal to change auditors who perform the audits on the FY2022 financial statements</li> <li>2. Amendments to the internal control systems of the company</li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board

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		<ol style="list-style-type: none"> <li>Amendments to the Regulations Governing the Safekeeping of Company Seals</li> <li>Proposal to sell the shares held in Hotai Connected Co., Ltd.</li> </ol>		
	<p>March 24, 2022 15<sup>th</sup> Meeting of the 2<sup>nd</sup> Audit Committee</p>	<ol style="list-style-type: none"> <li>FY2021 Statement of Internal Control</li> <li>FY2021 Business Report and Financial Statements of the Company</li> <li>FY2021 profit distribution plan</li> <li>Adoption of the <i>Regulations Governing the Preparation and Filing of Sustainability Report</i></li> <li>Amendments to the <i>Corporate Social Responsibility Best Practice Principles</i></li> <li>Amendments to the <i>Procedures for the Acquisition and Disposition of Assets</i></li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
	<p>May 11, 2022 16<sup>th</sup> Meeting of the 2<sup>nd</sup> Audit Committee</p>	<ol style="list-style-type: none"> <li>FY2022 Q1 consolidated financial statements</li> <li>Proposal to participate in the capital increase of eTreego Co., Ltd. in cash</li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
	<p>August 11, 2022 1<sup>st</sup> Meeting of the 3<sup>rd</sup> Audit Committee</p>	<ol style="list-style-type: none"> <li>Proposal to construct a third warehouse at the Yangmei Logistics Center</li> <li>FY2022 Q2 consolidated financial statements</li> <li>Proposed amount of endorsement and guarantee of obligations for Hotai Insurance in FY2022</li> <li>Proposed amount of endorsement and guarantee of obligations for Hotai AutoBody Sales Co., Ltd. in FY2022</li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
	<p>September 27, 2022 2<sup>nd</sup> Meeting of the 3<sup>rd</sup> Audit Committee</p>	<ol style="list-style-type: none"> <li>Proposal to subscribe to new shares issued through private placement by Hotai Insurance Co., Ltd.</li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board

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	November 10, 2022 3 <sup>rd</sup> Meeting of the 3 <sup>rd</sup> Audit Committee	<ol style="list-style-type: none"> <li>1. FY2023 Annual Audit Plan</li> <li>2. FY2022 Q3 consolidated financial statements</li> <li>3. Assessment of the independence of the Company's external auditors</li> <li>4. Review of audit fees for the engagement of PricewaterhouseCoopers Taiwan to provide services in FY2023</li> <li>5. Amendments to the <i>Rules and Procedures of Board Meetings</i></li> <li>6. Amendments to the <i>Rules for Performance Evaluation of the Board of Directors</i></li> </ol>	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
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(2) None of the proposals fail to be approved by the Audit Committee and were instead passed by the resolution of more than two thirds of all Board members.

2. If an independent director is required to recuse themselves due to conflicts of interest, specify the name of the independent director, summary of the proposal, reason for recusal, and whether such independent director has participated in the voting: N/A

3. Communications between independent directors, chief internal audit officer, and external auditors

(1) Summary of communications between independent directors and external auditors:

Date	Discussion Points
March 24, 2022	<ul style="list-style-type: none"> <li>• The Company's external auditors provided explanations to the independent directors regarding the audit of the Company's FY2021 Parent-Only Financial Statements and Consolidated Financial Statements and discussed with the independent directors on the results of key areas audited.</li> <li>• Discussion and communication between the external auditor and independent directors on the issues raised.</li> </ul>
August 4, 2022	<ul style="list-style-type: none"> <li>• The Company's external auditors provided explanations to the independent directors regarding the audit of Hotai Group's FY2022 Consolidated Financial Statements and the Company's FY2022 Parent-Only Financial Statements.</li> <li>• Discussion and communication between the external auditor and independent directors on the issues raised.</li> </ul>

(2) Summary of communications between independent directors and chief internal control officer:

Date	Discussion Points
March 24, 2022	FY2021 Q4 internal audit execution report
May 11, 2022	FY2022 Q1 internal audit execution report
August 11, 2022	FY2022 Q2 internal audit execution report
November 10, 2022	FY2022 Q3 internal audit execution report

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### 3.4.3 Corporate Governance

Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
1. Has the Company adopted and disclosed its corporate governance principles in accordance with <i>Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</i> ?	V		We have adopted <i>Corporate Governance Best Practice Principles</i> in compliance with <i>Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</i> which is made available on both the Market Observation Post System and our corporate website.	Compliant
2. Shareholders structure and shareholders' rights (1) Has the Company set up internal operating procedures for handling shareholder suggestions, inquiries, disputes, and litigation matters? If so, have these procedures been implemented accordingly? (2) Does the Company keep track of the list of major shareholders having actual control of the Company, as well as the beneficial owners of such shareholders? (3) Has the Company built and implemented a risk management system and firewalls between the Company and its affiliates?	V		We have a spokesperson, a dedicated department, and a stock transfer agent to handle shareholder affairs. Additionally, we have also set up "Shareholder Service" and "Stakeholders Section" on our corporate website for shareholder inquiries and comments, which are processed and responded in accordance with relevant procedures. The structure of our major shareholders is solid. We constantly monitor shareholder ownership by reviewing the shareholder list provided by our stock transfer agent, and regularly reporting the shareholding changes of directors and management team. We have established <i>Regulations for the Operation of Affiliates Companies, Enforcement Rules of Regulations for the Operation of Affiliates Companies</i> and regularly monitor subsidiaries in accordance with internal control and audit systems in order to duly implement risk management of our subsidiaries.	Compliant
(4) Has the Company established internal rules prohibiting insider trading on nonpublic information?	V		In an effort to establish a well-functioning system for the processing and disclosure of material nonpublic information, we have adopted the <i>Procedures for Processing Material Nonpublic Information</i> , and formulated some guidelines for the <i>Management of Insider Trading Prevention</i> as part of the management procedures of our internal control which stipulates prohibitions on insider trading.	



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Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
3. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors adopted tangible management objectives under the diversity policy, and have the objectives been implemented accordingly?	V		<p>The <i>Corporate Governance Best Practice Principles</i> adopted by the Company aims to strengthen the Company's corporate governance practices and to facilitate the development of a comprehensive Board structure. In particular, Article 20, Paragraph 3 of the <i>Principles</i> requires us to consider Board diversity. As a result, the number of directors who serve concurrently as executive officers of the Company shall not exceed one third of the Board seats. In addition, the <i>Principles</i> also provide guidelines on diversity based on the operation, nature of business activities and development needs of the Company.</p> <p>Gender equality at Board level has always been something that we strive for. As such, we reevaluate the number of Board seats allocated to female directors before every election and take them into consideration in the nomination process. In the re-election in 2019, one female director was added to the Board, which makes a total of two female directors, accounting for 14.3% of the Board, a 7.2% improvement from the last election. Going forward, we will work towards increasing female representation on the Board (the goal is to achieve 33% of the total Board seats) and take those numbers into account at every election to gradually add more female directors. See Pages 33 to 34 of this Annual Report for the Company's implementation of diversity policies.</p>	Compliant

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(2) Other than the remuneration and audit committees which are required by law, has the Company set up other functional committees?	V	<p>In addition to setting up an audit committee and a remuneration committee as required by the law, the Board passed the resolution on December 27, 2018 to establish the Corporate Social Responsibility Committee (CSR Committee, which was renamed as the Sustainable Development Committee in 2021); the Committee is delegated by the Board. On the same day, Hotai adopted the <i>Corporate Social Responsibility Committee Charter</i>, which is now the <i>Sustainable Development Committee Charter</i>.</p> <p>The Sustainable Development Committee consists of 5 members, including independent directors Mr. Su, Chin-Huo, Mr. Wu, Shih-Hao, and Mr. Li, Chao-Sen, and directors Mr. Huang, Wen-Jui and Ms. Su, Jean. Mr. Wu, Shih-Hao is a professor in the Department of Marketing and Distribution Management at National Kaohsiung University of Science and Technology and former vice president of the Commerce Development Research Institute who has extensive experience in public welfare marketing. Mr. Su, Chin-Huo had formerly served as the president of Corporate Synergy Development Center and is committed to counseling the development and transformation of the industry. Independent director Mr. Li, Chao-Sen was previously the president of Kuozui Motors and has extensive experience in the areas of public interest projects and management. All three independent directors have professional capabilities in CSR.</p> <p>The Sustainable Development Committee is charged with formulating sustainable development strategies and implementing and overseeing ESG practices of the Company. Three work groups are set up under the Committee to address various ESG topics concerned by stakeholders and to coordinate with relevant departments of the Company in carrying out the tasks. The Committee meets twice a year to adopt the annual sustainable development policies of the Company and review the implementation of environmental, social, and governance topics. Once a year, the ESG performance of the Company is presented at the Board meeting by the Sustainable Development Committee.</p> <p>The following is a summary of the activities of the Sustainable Development Committee in 2022:</p> <p>(1) The committee met twice in 2022; all five members had an 100% attendance rate.</p> <table><tr><th>Session</th><th>Date of the Meeting</th><th>Agenda</th></tr><tr><td>1<sup>st</sup> Meeting of the 3<sup>rd</sup> Term</td><td>July 12, 2022</td><td>1. Operational report of the Environmental Protection Group</td></tr><tr><td>2<sup>nd</sup> Meeting of the 3<sup>rd</sup> Term</td><td>December 5, 2022</td><td>2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group</td></tr></table> <p>(2) The Sustainable Development Committee gave a report on its operations at the meeting of the Board of Directors on December 22, 2022.</p> <p>Apart from the above, we also have an Occupational Health and Safety Committee, Information Security Committee, Environmental Management Committee, CS Committee, and Human Resources Development</p>	Session	Date of the Meeting	Agenda	1 <sup>st</sup> Meeting of the 3 <sup>rd</sup> Term	July 12, 2022	1. Operational report of the Environmental Protection Group	2 <sup>nd</sup> Meeting of the 3 <sup>rd</sup> Term	December 5, 2022	2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group	Compliant
Session	Date of the Meeting	Agenda										
1 <sup>st</sup> Meeting of the 3 <sup>rd</sup> Term	July 12, 2022	1. Operational report of the Environmental Protection Group										
2 <sup>nd</sup> Meeting of the 3 <sup>rd</sup> Term	December 5, 2022	2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group										

### III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			Committee in place.	
(3) Has the Company established rules and methods for evaluating the performance of the Board of Directors on an annual basis and report the results of the performance evaluation to the Board then factor in the results when setting individual director's remuneration and considering nomination for re-election?	V		We adopted the <i>Rules for Performance Evaluation of the Board of Directors of Hotai Motor</i> in the Board meeting held on December 29, 2016. On November 10, 2022, we amended the rules so that the review and evaluation of the Board in Q4 for each fiscal year include the performance of the Board as a whole, individual directors, Audit Committee, and Remuneration Committee.	Compliant
(4) Does the Company regularly evaluate its external auditor's independence?	V		Once a year, the independence of our external auditors is evaluated by the Audit Committee and the Board of Directors. On November 10, 2022, the Audit Committee and the Board of Directors met and reviewed the independence of our external auditors, Wang, Fang-Yu and Hsu, Sheng-Chung of PricewaterhouseCoopers Taiwan. It was confirmed that there is no conflict of interest or business relationship existing between the auditors and the Company other than audit fees paid for the services provided, and no other circumstances were found involving the family members of the auditors or their audit team that could impair their independence (see Note 1).	Compliant

### III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
4. Has the Company established a department or position and appoint the supervisor to be responsible for the corporate governance that is tasked with corporate governance related matters(including but not limited to, providing directors and supervisors with information necessary to carry out their duties, assisting directors and supervisors to abide by laws, coordinating Board meetings and shareholders' meetings pursuant to proper legal procedures, company registration and request for change of registration information, preparing minutes of the Board meetings and shareholders' meetings)?	V		<p>On June 23, 2021, the Company passed a resolution to appoint a corporate governance officer in the 18<sup>th</sup> meeting of the 20<sup>th</sup> Board. The corporate governance officer is mainly responsible for the registration and transfer of shares, regulatory compliance relevant to listed companies, operations of shareholders meetings and Board meetings, and to provide information required for the Board of Directors to carry out their duties.</p> <p>Our key developments in 2022 are as follows:</p> <ol style="list-style-type: none"> <li>1. Arranged 6 hours of onsite training for the members of the Board and offered elective courses on a variety of corporate governance topics monthly. The average training hours of each director in 2022 were 9.6 hours, which exceeds the 6-hour minimum requirement of director training.</li> <li>2. Provided Board members with the latest regulatory revisions and development related to the business operations and corporate governance of the Company when the directors took office, created a LINE Official Account, <i>Hotai Assistant</i>, to communicate with Board members in real time and provide routine updates.</li> <li>3. Reviewed the confidentiality level of relevant information and provided Company information required by directors to maintain smooth communication and dialogue between directors and department heads.</li> <li>4. Evaluated and purchased directors and officer's liability insurance, and presented important information such as the insured value, coverage, and premium rates at Board meetings.</li> <li>5. Conducted external Board performance evaluation pursuant to the Company's <i>Rules for Board Performance Evaluations</i> at the end of 2022 and presented the results of evaluation at the Board meeting in January 2023.</li> <li>6. Registered the date of the annual general meeting of the shareholders as required by the law, prepared and filed meeting notice, handbook and minutes within the prescribed period, and filed for change of information when the <i>Articles of Incorporation</i> was amended or after an election of the Board of Directors.</li> <li>7. Handled matters related to Board meetings in accordance with the law and prepared and sent minutes.</li> <li>8. Implemented internal audit and control systems and convened meetings with external auditors, independent directors, chief internal audit officer, and chief financial officer at regular intervals.</li> </ol>	Compliant

### III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a stakeholders' section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?	V		We value our relationships with major stakeholders and ensure that we meet their expectations and respond to their needs. We have established various communication channels to collect their suggestions, including a 0800 toll-free number, a "Stakeholders Section" on our corporate website and a social media site to provide timely response to stakeholders. It is the feedbacks of our stakeholders that drive us to surpass ourselves. In addition to the above measures, we are continually improving our communication with stakeholders to meet public expectations and incorporating these conversations into our future business plans. Hotai also discusses economic, social, and environmental issues raised by stakeholders, and reports to the Board at the end of December every year.	Compliant
6. Has the Company appointed a professional stock transfer agent for its shareholders' meetings?	V		We have appointed President Securities Corporation to handle matters relating to our shareholders' meetings.	Compliant
7. Information disclosure (1) Has the Company established a corporate website to disclose its financial, business, and corporate governance information?  (2) Does the Company make information disclosures through other channels (e.g., maintaining an English-language website, designated personnel to collect and disclose the Company's information, appointed spokesperson, investor conference webcast)?  (3) Does the Company publish and file the annual financial report within two months after the end of the fiscal year, and publish and file the Q1, Q2, and Q3 financial reports and monthly operational updates within the prescribed time period?	V  V  V		We have an "Investor Relations" section on our corporate website ( <a href="http://www.hotaimotor.com.tw">www.hotaimotor.com.tw</a> ) for the purpose of disclosing financial and business information, which is regularly updated.  We maintain a Chinese-language and English-language website. Our External Affairs and Legal Division is responsible for collecting and disclosing the Company's information and regularly updating the information on our website. We have a complete spokesperson system that is regulatory compliant, with Chief Officer Mr. Liu, Sung-Shan being the spokesperson and manager Ms. Hsieh, Chin-Yun as the acting spokesperson. In 2022, the Company organized a total of four road shows after each quarterly financial report was published. Materials of the presentations have been made available on the Company's website and the Market Observation Post System.  Hotai has complied with applicable laws in posting a public announcement and filing the annual financial report within 75 days after the close of the fiscal year, as well as the financial statements from Q1 to Q3 and monthly operational updates within the prescribed period.	Compliant
8. Has the Company disclosed other information which may facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, director and supervisor training, risk management policy and risk assessment measures, implementation of customer relations policy, and purchasing of directors and officers liability insurance)?	V		(1) Employee rights: we regularly hold labor-management meetings and have an employee suggestion box in place as required by the <i>Labor Standards Act</i> and pursuant to our human resources policies to protect employee rights. (2) Employee wellness: we engage specialists and institutions to provide employee assistance programs, including healthcare consultation, fitness courses, and on-the-job development training. (3) Investor relations: protecting shareholder interests is our top priority, and we treat all shareholders equally. We also promptly disclose important information regarding the Company's finances, operations, and changes in insider ownership on the Market Observation Post System as required by law. (4) Supplier relations: we maintain close working relationships and open communication channels with our suppliers and respect and protect their lawful rights. Together with our suppliers, we strive to provide better products and services to our consumers and establish a value chain with sustainable development	Compliant

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Evaluation Item	Implementation Status		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	
		<p>capabilities.</p> <p>(5) Stakeholder rights: we value the opinions and suggestions of our stakeholders, whether they are customers, partners, employees, shareholders, investors, or the local community. It is our stakeholders that propel us to continue to improve and excel, thereby creating a virtuous cycle that benefits the society as a whole.</p> <p>(6) Director and supervisor training: we provide director and supervisor training in accordance with the <i>Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies</i>. Please refer to the appendix in this chapter for "Training and Continuing Education of Directors and Supervisors".</p> <p>(7) Risk management policy and risk assessment measures: all the important resolutions of the Company, such as major operation policies, investments, endorsements and guarantees, fund lending, bank financing, are assessed and analyzed by responsible departments and implemented in accordance with the decisions of the Board of Directors. The Auditing Division also adopts annual audit plans based on the results of risk assessment in order to fulfill its oversight functions and monitor implementation of risk management.</p> <p>(8) Implementation of customer relations policies: our objective is to create services that exceed customer expectations. We provide comprehensive customer services through our customer hotline, customer care, vehicle sales, maintenance services, logistics system, information integration system, as well as implementation of "The Toyota Way", i.e., continuous improvement and respect for people.</p> <p>(9) Directors and officers liability insurance purchased by the Company: we have purchased liability insurance for our directors and key officers.</p>	
<p>9. Based on the most recent Corporate Governance Evaluation Results released by the Taiwan Stock Exchange Corporate Governance Center, please provide a description of the areas improved, and priorities and measures to be taken on areas identified for improvement:</p> <p>Hotai Motor was ranked top 6-20% in the 9<sup>th</sup> Corporate Governance Evaluation. Going forward, we will continue to strengthen our corporate governance practices and make improvements in the following areas:</p> <p>(1) Upload changes in insider stock ownership for the preceding month to the Market Observation Post System on or before the 10<sup>th</sup> day of each month.</p> <p>(2) Upload uninterrupted video files of the meeting after each general meeting of the shareholders.</p> <p>(3) Develop workplace diversity/gender equality policies and disclose implementation progress.</p>			

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Note 1: Evaluation of External Auditor's Independence

Item	Standards of Evaluation	Evaluation Results	Independence
1	Does the auditor or their spouse or children that are minors have any investment or financial interests in the Company?	No	Yes
2	Except in the case that the Company is a financial institution and the loan is obtained under its normal lending procedures, terms, and requirements, does the auditor or their spouse or children that are minors have any loan to or from the Company?	No	Yes
3	Does the auditor or any person on the audit engagement team currently serve or has served within the last two years as a director, officer, or other position at the Company that has significant influence on the audit of the Company?	No	Yes
4	Has the auditor or any person on the audit engagement team promoted or acted as an intermediary for the shares or securities issued by the Company?	No	Yes
5	Has the auditor or any person on the audit engagement team acted as an advocate for the Company in a legal proceeding or dispute against a third party in providing non-audit services other than as permitted by the law?	No	Yes
6	Does the auditor or any person on the audit engagement team has a familial relationship with a director, officer, or any person holding a position at the Company that has significant influence on the audit of the Company, including spouse, lineal ascendant or descendant, spouse's lineal ascendant or descendant, or blood relative within the second degree of kinship?	No	Yes
7	Has any individual formerly employed by the auditor within the last year been employed by the Company to serve as a director, officer, or other position at the Company that has significant influence on the audit of the Company?	No	Yes
8	Has the auditor or any person on the audit engagement team accepted any gift of significant value or preferential treatment from the Company or any of its directors, officers, or major shareholders?	No	Yes
9	Is the auditor currently employed by the Company to regularly perform services and receive fixed payment, or serving as a director or supervisor of the Company?	No	Yes

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#### Appendix 1: Training and Continuing Education of Directors

Name	Date	Sponsoring Organization	Course Title	Hours
Huang, Nan-Kuang; Su, Chwen-Shing; Kazuo Naganuma; Su, Yi-Chung; Lin, Li-Hua; Huang, Chih-Cheng; Ko, Junn-Yuan; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Leon, Su; Shih, Hsien-Fu; Su, Chin-Huo; Wu, Shih-Hao	June 29, 2022	Taiwan Institute of Directors	The Catalysts for Corporate Sustainability—CSR, ESG, and SDGs	3
Huang, Nan-Kuang; Su, Chwen-Shing; Kazuo Naganuma; Su, Yi-Chung; Lin, Li-Hua; Huang, Chih-Cheng; Ko, Junn-Yuan; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Leon, Su; Shih, Hsien-Fu; Su, Chin-Huo; Wu, Shih-Hao	September 27, 2022	Taiwan Institute of Directors	Digital Convergence and the New Economy: Forecasting 2025 Trends and Models	3
Su, Chwen-Shing; Leon, Su	June 23, 2022	Taiwan Independent Director Association	Money Laundering Case Studies and Regulatory Updates	3
Huang, Chih-Cheng; Huang, Wen-Jui; Su, Chin-Huo	December 2, 2022	Taiwan Institute of Directors	Keys to a Sustainable and Prosperous Family Business in the Post-Pandemic Era	3
Huang, Wen-Jui	September 13, 2022	Securities & Futures Institute	Supply Chain Opportunities of the Foundry Model and Advanced Packaging Technology	3
	September 16, 2022	Securities & Futures Institute	Benefits of Circular Economy and its Business Models	3
	October 5, 2022	Securities & Futures Institute	Future Development of Metaverse and Cryptocurrency Blockchain	3
	October 11, 2022	Securities & Futures Institute	Discussion on Topics of Consolidation in the M&A Process	3
	November 16, 2022	Securities & Futures Institute	Technology Development and Opportunities in Electric Vehicles and Smart Vehicles	3
	December 13, 2022	Taiwan Corporate Governance Association	Digital Technology and AI Trends and Risk Management	3
Li, Chao-Sen	August 19, 2022	Securities & Futures Institute	Analyzing Warning Signs and Types of Corporate Financial Crisis	3
	August 26, 2022	Taiwan Corporate Governance Association	How the Audit Committee Oversees the Effectiveness of Internal Controls and Practices	3
Su, Chin-Huo	February 25, 2022	Taiwan Corporate Governance Association	2022 Global and Taiwan Economic Outlook	1
	April 21, 2022	Securities & Futures Institute	A Quick Guide to ESG Disclosure Requirements Under Corporate Governance 3.0 and How to Prepare for Them	3



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Name	Date	Sponsoring Organization	Course Title	Hours
	July 7, 2022	Taiwan Corporate Governance Association	The Path to Net-Zero for TWSE and TPEx Listed Companies	1
	November 16, 2022	Securities & Futures Institute	Technology Development and Opportunities in Electric Vehicles and Smart Vehicles	3
Wu, Shih-Hao	October 11, 2022	Taiwan Stock Exchange	Publishing of <i>The Guide for Independent Directors and the Audit Committee in Exercising Their Duties and Responsibilities</i> and Regulatory Update Seminar for Directors and Supervisors	3

Appendix 2: Training and Continuing Education of Executive Officers of Hotai Motor and Directors, Supervisors of its Affiliates

Name	Date	Sponsoring Organization	Course Title	Hours
Liu, Yuan-Sen; Chen, Chien-Chou; Huang, Ming-Hsien; Fred Hsieh; Wu, Chia-Yen; Liu, Sung-Shan; Wu, Pin-Tsung; Yeh, Chia-Han; Lai, Kuang-Hsiung; Wang, Shih-Hao; Lai, Chih-Wei; Lu, Li-Yin; Huang, I-Jun	June 29, 2022	Taiwan Institute of Directors	The Catalysts for Corporate Sustainability—CSR, ESG, and SDGs	3
Chen, Chien-Chou; Huang, Ming-Hsien; Wu, Chia-Yen; Liu, Chuan-Hung; Liu, Sung-Shan; Wu, Pin-Tsung; Yeh, Chia-Han; Lai, Kuang-Hsiung; Wang, Shih-Hao; Lai, Chih-Wei; Lu, Li-Yin; Huang, I-Jun	September 27, 2022	Taiwan Institute of Directors	Digital Convergence and the New Economy: Forecasting 2025 Trends and Models	3

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#### 3.4.4 Composition and Operations of Remuneration Committee

##### (1) Remuneration Committee Members

	Li, Chao-Sen <i>Independent Director &amp; Chair</i>	Su, Chin-Huo <i>Independent Director</i>	Wu, Shih-Hao <i>Independent Director</i>
Professional Qualifications and Experience	Mr. Li has a master's degree in mechanical engineering from National Taiwan University and an EMBA degree from National Central University. He is currently the president and chief advisor of JingJin TPS Co., Ltd. and has had over five years of work experience in business, finance and other areas as may be required for the operations of the Company. Additionally, he currently also serves as an independent director of Hotai Motor Co., Ltd.	Mr. Su has a master's degree in industrial systems engineering and management from Asian Institute of Technology. He was the former president of the Corporate Synergy Development Center and senior executive officer of Industrial Development Bureau, MOEA and has had over five years of work experience in business, finance and other areas as may be required for the operations of the Company. He currently serves as an independent director of Hotai Motor Co., Ltd.	Mr. Wu has a PhD in business administration from National Taipei University. He was the former vice president of the Commerce Development Research Institute and is currently professor of the Department of Marketing and Distribution Management at National Kaohsiung University of Science and Technology; he has had over five years of work experience in business, finance and other areas as may be required for the operations of the Company. He currently serves as an independent director at Hotai Motor Co., Ltd. and Taiyen Biotech Co., Ltd.
Independence Status	See page 33 of this Annual Report		
Number of Other Public Companies at Which the Individual Serves Concurrently as an Independent Director	None	None	1

##### (2) Attendance of Remuneration Committee Members

(a) The Remuneration Committee consists of three members.

(b) The Remuneration Committee regularly reviews the annual and long-term performance

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goals of the directors and executive officers, as well as the remuneration policy, system, standard and structure of the Company, and measure the progress of those performance goals.

- (c) The term of the current members is from June 29, 2022 to June 20, 2025. In 2022, five (A) Remuneration Committee meetings were convened. The attendance of the Remuneration Committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Chair	Shih, Hsien-Fu	3	0	100%	Term of office ended on June 29, 2022
Chair	Li, Chao-Sen	2	0	100%	Elected on June 29, 2022
Member	Wu, Shih-Hao	5	0	100%	Re-elected on June 29, 2022
Member	Su, Chin-Huo	5	0	100%	Re-elected on June 29, 2022
<p>1. Summary of the activities of the Remuneration Committee in 2022</p> <p>(1) The Remuneration Committee convened five meetings in January, March, May, August, and November respectively to discuss the following:</p> <ul style="list-style-type: none"> <li>• Review of executive officer remuneration</li> <li>• Executive officer merit increase</li> <li>• Amount of directors and employee remuneration</li> <li>• Allocation and adjustment of year-end bonus and performance-based bonus</li> <li>• Executive officer performance-based bonus and employee remuneration</li> </ul> <p>(2) The above items have been reviewed and approved by the Remuneration Committee</p> <p>2. Annotations</p> <p>(1) The Board of Directors declines or revises the recommendations of the Remuneration Committee: none.</p> <p>(2) Dissenting or qualified opinion expressed on record or in writing by a member on the Remuneration Committee's resolutions: none.</p>					

Note:

- (1) If a member of the Remuneration Committee resigns before the end of the fiscal year, the date of resignation shall be noted in the remarks column. The rate of attendance in person (%) will be calculated based on the number of meetings convened and the number of meetings attended by the member in person during their term.
- (2) If a Remuneration Committee member is re-elected before the end of the fiscal year, the name of current and previous members shall be included and their appointment status and re-election date shall be disclosed in the remarks column. The rate of attendance in person (%) is calculated based on the number of meetings convened and the number of meetings attended by the member in person during their term.

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#### 3.4.5 Sustainable Development Implementation Progress, Deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons for Deviation

Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation											
	Y	N	Summary												
1. Has the Company established a governance framework for sustainability development and a dedicated (ad-hoc) sustainable development organization where the Board of Directors delegates responsibilities to senior management under its oversight?	V		<p>In 2018, the Board passed a resolution to set up a Corporate Social Responsibility (CSR) Committee, which directly reports to the Board. In 2021, the committee is renamed as the Sustainable Development Committee. The Committee is made up of directors and independent directors of the Company and is delegated by the Board to formulate sustainable development strategies, and implement, oversee relevant practices of the Company. Under the Committee, there are three work groups charged with the responsibilities to operate on various topics concerned by interested parties and support tasks run by relevant departments. The Committee meets twice a year, and through regular meetings, the Committee adopts the Company’s annual sustainable development policies and reviews the implementation progress of environmental, social, and governance topics. Once a year, the Committee presents the implementation results to the Board.</p> <p>Our 2023 sustainable development plans are as follows:</p> <table><tr><td rowspan="3">Environmental</td><td>1. Perfect the carbon reduction framework of the Group and uphold our commitment to sustainable operations.</td></tr><tr><td>2. Become the benchmark for environmental management best practice in the Asia-Pacific region</td></tr><tr><td>3. Expand the environmental influence of our brand and organization</td></tr><tr><td rowspan="4">Social</td><td>1. Utilize the core advantages of the Group to amplify the impact of our public interest campaign, “Standing by Our Beautiful Island”, thereby building a corporate image that boasts mobility services with a human touch.</td></tr><tr><td>2. Cultivate arts and culture</td></tr><tr><td>3. Adopt a more organic approach to attract top talent</td></tr><tr><td>4. Optimize employee experience and continually enhance employee identification with the brand</td></tr><tr><td>Governance</td><td>1. Build a ESG sustainability development implementation framework for the organization, integrate and amplify the impact and volume of our ESG practices.</td></tr></table>	Environmental	1. Perfect the carbon reduction framework of the Group and uphold our commitment to sustainable operations.	2. Become the benchmark for environmental management best practice in the Asia-Pacific region	3. Expand the environmental influence of our brand and organization	Social	1. Utilize the core advantages of the Group to amplify the impact of our public interest campaign, “Standing by Our Beautiful Island”, thereby building a corporate image that boasts mobility services with a human touch.	2. Cultivate arts and culture	3. Adopt a more organic approach to attract top talent	4. Optimize employee experience and continually enhance employee identification with the brand	Governance	1. Build a ESG sustainability development implementation framework for the organization, integrate and amplify the impact and volume of our ESG practices.	Compliant
Environmental	1. Perfect the carbon reduction framework of the Group and uphold our commitment to sustainable operations.														
	2. Become the benchmark for environmental management best practice in the Asia-Pacific region														
	3. Expand the environmental influence of our brand and organization														
Social	1. Utilize the core advantages of the Group to amplify the impact of our public interest campaign, “Standing by Our Beautiful Island”, thereby building a corporate image that boasts mobility services with a human touch.														
	2. Cultivate arts and culture														
	3. Adopt a more organic approach to attract top talent														
	4. Optimize employee experience and continually enhance employee identification with the brand														
Governance	1. Build a ESG sustainability development implementation framework for the organization, integrate and amplify the impact and volume of our ESG practices.														

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<div>2. Reinforce regulatory compliance within the organization using a variety of methods to continue raising employees' compliance awareness.</div> <div>3. Follow the blueprint under Corporate Governance 3.0 to achieve sustainable development of the company</div>	
2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	Y		<p>The automotive industry is facing a major once-in-a-century transformation. In order to respond to the changes, we will be required to make better decisions and increase operational efficiency. Our stakeholders who take particular interests in environmental, social, and governance topics now have higher expectation of the Company's non-financial performance. We work towards incorporating various aspects of these issues into long-term organizational strategies, risks, and opportunities to create value for the primary stakeholders. As part of the preparation of the report, we follow the recommendations of the GRI Standards in the context of sustainability when identifying sustainability topics. Therefore, in addition to using relevant international corporate social responsibility standards and reporting guidelines as references, including GRI, SDGs and ISO 26000, we go beyond existing frameworks to consider topics related to the risks and opportunities of global sustainability development, feedback from our stakeholders, trends that are specific to the automotive industry and the recommendations from external experts.</p> <p>For Hotai Motor, each aspect of risk management is vital to our operations. Across departments, we identify potential risks with the utmost caution and determine the magnitude of impact and frequency of occurrence. We also consider the interrelations between the risk factors and different functions. Based on the policies approved by the Board, the Financial and Accounting Division conducts long-term research, assessment, prevention, and mitigation on the contingent financial risks due to interest rate and exchange rate fluctuation, inflation, and deflation.</p> <p>We do not engage in any high-risk, high-leverage investments. Each subsidiary within our Group is required to adopt their own <i>Operating Procedures for Fund Lending</i> and <i>Procedures for Providing Endorsement and Guarantee of Obligations</i> to guide and manage relevant operations, and every transaction of derivatives should follow Hotai Motor's <i>Procedures for Engaging in Derivative Transactions</i>.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
3. Sustainable Environment Development				
(1) Has the Company established a proper environmental management system based on the industry characteristics?	V		<p>1. We use the Toyota Earth Charter as an overarching guiding principle in promoting and implementing environmental principles and initiatives. The Charter outlines four principles and guidelines in order to achieve the six challenges under the TOYOTA Environmental Challenge 2050: (1) New vehicle zero CO2 emissions challenge (2) Life cycle zero CO2 emissions challenge (3) Plant zero CO2 emissions challenge (4) Challenge of minimizing and optimizing water usage (5) Challenge of establishing a recycling-based society and systems (6) Challenge of establishing a future society in harmony with nature.</p> <p>2. In 2001, we established the Environmental Management Committee, and together with TOYOTA dealers and our affiliates, set up the Office of Environmental Committee. The Environmental Management Committee meets internally as well as with TOYOTA dealers every six months. In response to Taiwan's pledge to achieve net zero by 2050, Hotai Group prepares to phase in GHG inventory and audit and become ISO 14064-1 certified in order to take inventory of the emissions produced by each Group company. Based on findings from the GHG inventory, we will identify and prioritize areas for improvement and set emission reduction targets as we move towards a net zero future.</p> <p>3. To mitigate the potential negative impact from our sales and vehicle maintenance services and fulfill our commitment to environmental protection and sustainable operations, we have adopted the ISO 14001 standards (see Note 2) in implementing and maintaining the environmental management systems. We conduct internal audit and external review to ensure that the environmental management operations are functioning effectively. Furthermore, we adopt the PDCA cycle to improve and mitigate the environmental impact resulting from our operations. We are committed to supporting our partners' environmental initiatives to ensure that all areas of our operations are being considered for environmental risks. Apart from that, we also fully cooperate with TMC's environmental protection requirements. Based on policy implementation and results of the Group, we will make disclosures to the public and communicate with stakeholders.</p> <p>Note 1: These affiliates include Hotai Finance Co., Ltd., Hotai Insurance Co., Ltd., CarMax Co., Ltd., Ho Tai Development Co., Ltd., Hotai Leasing Co., Ltd., Chang Yuan Motor, Hotai Material Handling Taiwan Ltd., Hoing Mobility Service Corporation, Hotai Connected Co., Ltd, Hotai Mobility Service Co., Ltd., and Hotai AutoBody Manufacturing Co., Ltd.</p> <p>Note 2: Our ISO 14001 certification is valid from November 4, 2022 to November 3, 2025.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
(2) Does the Company endeavor to improve resource efficiency and use renewable materials that have low environmental impact?	V		<ol style="list-style-type: none"> <li>1. In order to minimize the environmental impact of vehicle maintenance activities, we have acquired and adopted various pollution prevention equipment and process, starting from smaller environmental improvements and energy saving activities. At present, we have come up with solutions to address issues regarding centralized lubrication systems, volatile organic compounds, rebuilt parts and environmentally hazardous substances, which are also implemented by our dealers and suppliers.</li> <li>2. To prevent refrigerant from emitting to the atmosphere causing ozone depletion and increasing greenhouse gas level, we became the first in the industry in 1991 to invest approximately NT\$50 million to install R12 and R134a refrigerant recovery machines at the service workshops of our dealers in Taiwan. The machines can effectively recycle and store residual refrigerant. Recovered refrigerant can be purified and reclaimed, then be reused on vehicles after repairing or servicing. In 2022, the R134a machines of TOYOTA dealers recovered 19.6 tons of refrigerant, which prevents approximately 29,988 tons of CO2 emissions when measured at the global warming rate (GWP) of 1,530.</li> <li>3. Since 2003, we have been working with our partners to install centralized lubrication systems at the dealerships to reduce plastic bottle waste while continuing to implement waste reduction measures. On average, we reduce millions of motor oil bottles each year. As of the end of 2022, we have reduced an accumulated bottle waste of 2.93 million, which greatly reduce carbon emissions and plastic waste.</li> <li>4. Auto parts recycling represents a key effort as we move towards a more circular economy. Once we collect the original manufacturer's parts from the vehicles, we replace or repair the damage with auto parts from the original manufacturer; we also encourage consumers to use rebuilt parts by offering a lower price. Currently, we offer the following rebuilt parts: automatic transmissions, A/C compressors, power steering systems/pumps, and hybrid batteries.</li> </ol>	Compliant
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, as well as take measures to address climate-related issues?	V		<ol style="list-style-type: none"> <li>1. We have identified major risks and formulated countermeasures for "Regulations", "Market", "Goodwill", and "Extreme Climate Events".</li> <li>2. Under "Extreme Climate Events", the main risk is more frequent or more severe natural disasters caused by climate change, such as tropical cyclones, heavy rainfall, hail, or snow, which might result in delays in delivery of products and parts or affect operating efficiency and on-time delivery rates, and impact market sales performance. We have established a comprehensive inventory distribution, reporting and management system to cope with any emergency situation and to minimize the impact of extreme climate events.</li> </ol>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
(4) Does the company count the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management measures?	V		<p>1. GHG inventory is measured by CO2e (see Note 1) based on the use of electricity, petroleum, diesel, gas, and natural gas at our head office and facilities (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). In 2022, the total GHG emissions were 1,578 CO2e, 87% was from electricity use. As a result, Scope 2 indirect emissions were the main source of our carbon emissions. On the other hand, when measured by GHG emission intensity (CO2e per capita), the emissions intensity in 2022 was 2.80, which was up by 6% from 2.63 in 2021. Our energy consumption increased due to the shift to working from home when cases surged during the pandemic.</p> <p>2. Water consumption data is measured under the same scope as GHG emissions (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). Since we source water from Taiwan Water Corporation, our water use does not create significant impact on any water sources. The wastewater we generate is equivalent to the total water used and is fully discharged to the government's underground wastewater system. In 2022, Hotai Motor used 17,000 cubic meters of water, which was approximately 5% lower than the year before.</p> <p>3. Hotai Motor has no manufacturing activities. Therefore, data of waste produced is collected based on non-hazardous waste (e.g., general waste) under the same scope as GHG emissions (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). In 2022, we generated a total of 40.9 tons of waste, which increased by 3.8% from the year before mainly due to the shift to working from home when cases surged during the pandemic.</p> <p>4. TMC's Toyota Earth Charter acts as an overarching guiding principle for our vision of environmental sustainability, which incorporates environmental protection and a harmonious society into the core of our operations. Additionally, we conduct medium and long-term planning as Hotai Motor moves to achieve the end goal of protecting planet Earth. Our environmental sustainability policy encompasses four key aspects—government policy, sustainable use of resources, safe working environment, and increased environmental awareness, which propels us to move towards a more sustainable development of our business. Our goals in 2022 were to reduce CO2 emissions by 9% and water/waste by 3% (against a 2019 baseline). A review of all the environmental performance data from last year confirmed that we've met the reduction targets across all categories.</p> <p>Note 1: The source of emission factors is GHG Emission Factors Table version 6.0.4, and the global warming potential (GWP) rate uses IPCC's AR6 values.</p>	Compliant
4. Promotion of Social Welfare				



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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<p>In order to fulfill corporate social responsibility and protect the basic human rights of employees and stakeholders, we support and abide by international human rights convention, <i>The Universal Declaration of Human Rights</i>, and uphold human rights recognized by international community. We also follow the labor standards set by the International Labor Organization to protect the legal rights and interests of employees, fully embody the responsibility to respect and protect human rights, treat with dignity, and respect all employees, including salaried personnel and interns. The human rights issues concerned by us and our management policies are as follows:</p> <ol style="list-style-type: none"> <li>1. <i>Fair Working Environment &amp; Employee Code of Conduct</i>. We ensure full compliance with applicable labor laws and regulations, encourage, and support the personal development of employees, and create a safe and harmonious working environment by offering equal opportunities to our employees and maintaining fair and stable working conditions. Each employee is expected to uphold and support human rights without any discrimination against gender, age, nationality, race, ethnicity, religion, denomination, physical or mental disability, marital status, or family background. We ensure that there are no violations of human rights, such as forced labor, child labor and harassment. We have a zero-tolerance policy for discrimination and infringement of the rights of another.</li> <li>2. We provide effective protection of labor rights and friendly and harmonious labor relations. We implement fair benefits, training, evaluation, and promotion opportunities and provide an effective and appropriate grievance mechanism to avoid matters that jeopardize employees' rights and interests.</li> <li>3. We have adopted the <i>Guidelines on Workplace Sexual Harassment Prevention Measures, Complaint, and Punishment</i> pursuant to Article 13, Paragraph 1 of the <i>Act of Gender Equality in Employment, Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace</i> promulgated by the Ministry of Labor, and Article 7, Paragraphs 1 and 2 of the <i>Sexual Harassment Prevention Act</i>. We regularly promote sexual harassment awareness and incorporate Workplace Sexual Harassment Prevention courses into the onboarding training. Our group companies also implement relevant measures according to the Guide on Workplace Sexual Harassment Prevention.</li> <li>4. Safe working environment: We attached great importance to the safe and healthy working environment of employees, set up occupational safety and health management organizations, continuously improve the working environment and sanitary conditions, and strive to reduce the risk of occupational disasters and protect the physical and mental health of employees.</li> <li>5. Information security: To ensure the privacy rights of our stakeholders and protect the collection and legal use of personal data, we have established a complete information security management mechanism to control data access and prevent data leakage.</li> </ol>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			We expect all partners to enhance their oversight on human rights issues and promote awareness of international human rights, in line with the spirit and fundamental principles of this policy.	
(2) Has the Company formulated and implemented reasonable employee welfare measures, including compensation, vacations and other benefits, and appropriately reflect operating performance or results in employee compensation?	V		<p>We adopt our internal rules and policies in compliance with applicable labor laws and regulations. Our efforts in employee development and benefits are as follows:</p> <ol style="list-style-type: none"> <li>1. Employee Retention. We strengthen employee retention by offering career development opportunities, promoting work-life balance, and developing leadership skills. The average turnover rate in the past three years is below 3%.</li> <li>2. Employee salaries are paid in accordance with the "Employee Payroll Processing Procedures" and we make adjustments with reference to the salary survey report to ensure that employees' salaries meet market standards.</li> <li>3. Performance Management and Development. The purpose of our performance management and development system is to integrate and improve the performance of individuals as well as the organization, which include the following principles. Each employee shall be responsible for its individual performance; department heads and subordinates shall work together and main open, ongoing communication; performance and career development shall be equally important. In addition, according to Article 34 of the Articles of Incorporation, to the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration. Aside from the above, employee performance bonuses are allocated annually based on the Company's operating performance, and bonuses are paid in June each year based on the employee's individual performance evaluation.</li> <li>4. Employee Development. The cornerstone of our employee development is continual education and training. Our ongoing efforts in talent development enable us to strengthen our competitiveness.</li> <li>5. New Employee Training. In order to equip new employees with a comprehensive understanding of their job duties, colleagues, objectives and future development, we provide onboarding training, mentoring program, and department orientation.</li> <li>6. KSAOs (Knowledge, Skills, Abilities, and other Characteristics) Training. Provide KSAOs training to employees according to their job grades.</li> <li>7. Training of Department Heads. We provide management skills training to department heads in accordance with their functions and equip them with the abilities to become future leaders.</li> </ol>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>8. Diversified Development and Learning Channels. Most of the employees are able to access a wide selection of learning resources through various channels, including on-the-job development training, job rotation, external training and seminars. (See Page 107)</p> <p>9. Defined Benefit Pension Plan. The employee retirement regulations formulated pursuant to the <i>Labor Standards Act</i> is categorized as a defined benefit pension plan.</p> <p>10. Defined Contribution Pension Plan. The employee retirement regulations formulated pursuant to the <i>Labor Pension Act</i> is categorized as a defined contribution pension plan.</p>	
(3) Does the Company provide a safe and healthy working environment and offer regular training on workplace health and safety for employees?	V		<p>1. Our core competency and value lie in our people. To that end, we dedicate significant efforts in preventing occupational diseases and injuries, ensuring workplace safety and health, and promoting employee well-being by offering a safe, reliable, and enjoyable work environment to achieve the vision of sustainable development and uninterrupted service.</p> <p>2. The president of the Company chairs the Occupational Safety and Health Committee, which supports the implementation of occupational safety and health measures. Decisions regarding the planning and implementation of health and safety measures are made together by the chair and committee members. Additionally, we have a dedicated email to receive and address employee's occupational safety and health concerns.</p> <p>3. To maintain workplace safety and health, our occupational safety and health personnel and onsite occupational health workers routinely inspect the working environment in each service workshop, accompanied by physicians specialized in occupational medicine and department heads, to identify potential hazards and offer suggestions for improvements. Subsequent risk response measures are monitored as part of our effort to continue improving and optimizing processes using the PDCA approach.</p> <p>4. Machineries and equipment that are on the restricted access list are managed by assigned personnel and regularly inspected to ensure that they are functioning properly. Personal protective gears (e.g., respiratory protective equipment, helmets, and safety shoes) are also provided to operators based on the nature of the operation to ensure their safety.</p> <p>5. We routinely conduct air quality assessment in the workplace in order to provide employees with a clean and comfortable working environment.</p> <p>6. In order to provide breastfeeding mothers with a comfortable and safe nursing environment, not only did we set up lactation rooms at the office in compliance with the laws and regulations, we also took a step further to install UV sterilizers and air purifiers in the rooms so that we can offer employees a breastfeeding friendly environment.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>7. New employees are required to receive occupational health and safety training on the topics of potential hazards in the work environment, hazards prevention in operating machineries, health and safety code of conduct, and occupational safety and health resources during their orientations. The training is aimed to equip new employees with a basic understanding of health and safety in a new work environment and help them understand the potential hazards and rules to follow. We also provide workplace health and safety refresher trainings to current employees on different topics based on the nature of their job duties to enhance their health and safety awareness in the workplace.</p> <p>8. We hold emergency drills regularly to familiarize our employees with the standard procedures in case of emergency to mitigate personal injuries and property damages.</p> <p>9. Each year, we offer subsidies for employee health checkups. We provide a variety of packages that are tailored to the health condition, age, gender of our employees and based on other common health problems of Taiwanese people published by the authorities for employees to choose from.</p> <p>10. We also design activities and talks that are aimed to promote the overall health of our employees by analyzing their health checkup results, nature of their job duties and suggestions offered by employees.</p> <p>11. We go beyond compliance to offer onsite clinics three times a month and hire occupational health physicians to provide consultation to our employees.</p> <p>12. We test the drinking water at our facilities monthly for total bacteria count and E. coli and regularly have our water dispensers serviced to ensure that our drinking water quality meets regulatory requirements so that employees can safely hydrate at work to stay healthy.</p> <p>13. During the COVID-19 pandemic, we purchase and allocate personal protective equipment and other essential healthcare supplies. In addition, we follow the latest policies of the Central Epidemic Command Center in making rolling adjustments in our COVID response measures to reduce the impact of the pandemic on our operations.</p> <p>14. Our occupation health and safety practices are in line with international standards, and we continue to be ISO 45001 certified (occupational health and safety systems) by international accreditation organizations. Our goal is to mitigate workplace hazards and create a safer and cleaner work environment for our employees through a systematic process and management.</p> <p>In 2022, we reported zero occupational accidents and will continue to work towards creating a safe working environment and raise employees' health and safety awareness to achieve a zero-accident workplace.</p>	

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
(4) Does the Company provide effective career development trainings for its employees?	V		Every year, we design annual education and training programs that include career development courses tailored to specific job functions, professional and career skills. Our Career Development Center also regularly performs evaluation on employee job functions.	Compliant
(5) Has the Company followed relevant regulations and international standards and established a consumer/customer protection policy and appeal procedures regarding customer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>Consumer protection policy:</p> <p>Our vision of “Happiness at TOYOTA” is the reason behind why we created a customer service goal of putting customers first. To ensure that the rights of consumers are protected, we emphasize the importance of customer service and listening to the voice of customers (VOC) to our top 8 dealers.</p> <p>1. We provide a transparent and effective consumer appeals process for products and services sold:</p> <p>(1) Customer Service Team We value the opinions of our customers. In order to provide a proper channel for customer feedbacks and responses, we established a 0800 customer service line in 1990 and had our 8 dealers implemented the same since 1991 to provide multiple channels for customer service. Since January 2000, we cancelled the customer service lines of all our dealerships in Taiwan; customer inquiries and complaints are now directed to our Customer Service Center to enhance customer service quality.</p> <p>(2) Each of our dealers also has a Customer Care Department dedicated to processing VOCs and promoting activities to enhance customer satisfaction.</p> <p>(3) In order to provide faster and more convenient services, we were the first in the industry to develop a professional customer service information system, an interactive platform between Hotai and its dealers which enables us to provide real-time customer service by tracking the progress of complaints and feedback and to ensure that the rights of customers are protected.</p> <p>(4) In 2016, we became the first automaker to be ISO 10002 certified in customer satisfaction and complaints handling.</p> <p>(5) In 2017, we introduced several mechanisms to improve overall customer satisfaction through total process management, including 0800 Post-Call Customer Satisfaction Survey, VOC, and complaint receipt and resolution SMS notification to customers.</p> <p>(6) In 2018, we launched an interactive voice response system and improved the FAQ section on our website, making it more user-friendly for our customers.</p> <p>(7) In 2019, we launched an AI-powered customer service chatbot to provide instant answers to customer’s questions.</p> <p>(8) In 2020, we added a customer service line +886-2-5599-7299 while continuing to improve the customer service chatbot capabilities and quality of the responses from our FAQ database.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>(9) <i>Mandatory and Prohibited Clauses in a Vehicle Purchase Agreement (The Lemon Law)</i> becomes effective on July 1, 2021. The Company and its dealers and suppliers have an after-sales service system in place which ensures that the new vehicles received by customers are of impeccable quality.</p> <p>(10) In 2022, we added an AI-powered, voice-enabled LINE customer support to offer more convenient customer service.</p> <p>2. Consumer appeal procedures:</p> <p>(1) The Customer Service Center receives and handles customer inquiries and complaints through the following channels: customer visits, customer service line, live chat, e-mails, letters, surveys, <i>My Toyota</i> app, and customer service chatbot.</p> <p>(2) A customer service representative shall record VOCs on the service system and notify the dealership involved. The dealership is required to contact the customer within 1.5 hours upon being notified to provide necessary assistance.</p> <p>(3) A dealership shall complete processing a case within the shortest time possible and put it on record. A case can only be closed once it's been reviewed and confirmed by Hotai Motor's Customer Service Center.</p> <p>(4) If the customer submits the complaint directly to a local government Consumer Protection Officer or Consumer Protection Organization, the dealership will send a customer representative to attend the dispute resolution meeting and propose a solution to reach a consensus with the other party and resolve the dispute in a timely and efficient manner.</p>	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant standards in environmental protection, occupational safety and health, and human rights of workers? How are the policies implemented?	V		We have an agreement with our main supplier, TMC, that we would comply with local, national, and international laws and social regulations, fulfill our corporate social responsibility, and enhance the TOYOTA brand image. We remain committed to creating and maintaining good partnerships. As the leading brand in the automotive industry in Taiwan, we hope to work with suppliers and distributors to build sustainable service value chain. Our supply chain management system takes value creation as the starting point to enhance the sustainability of the value chain, through standardized management (see Note), information sharing, supplier evaluation, supplier audit, and supplier capacity building.	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
			Note: We highly encourage suppliers to obtain international certification, such as ISO 14001 and OHSAS 18001. Additionally, supplier portal must also contain detailed information on corporate ethics and environmental protection. We require our suppliers to meet Hotai's corporate social responsibility requirements in the supplier agreement for the pursuit of fulfilling corporate social responsibility and achieving corporate governance best practices. If our supplier violates any of these policies and causes substantial impact on the environment or the society, the supplier agreement will be terminated.	
5. Has the Company referred to the international reporting standards or guidelines in preparing the reports that disclose the Company's non-financial information such as sustainability reports? Have the aforementioned reports been assured or guaranteed by a third-party verification agency?	Y		We have been publishing sustainability reports since 2013, and the reports are prepared based on the core options of the Global Reporting Initiative (GRI) Standards. To ensure the credibility of the quality of data and materials, we have engaged British Standards Institution Taiwan to verify the reports; the financial data included in the reports is taken from the financial statements of our annual reports that are audited by PwC Taiwan.	Compliant
6. If the Company has established the sustainability development principles based on the <i>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</i> , please describe any deviation between the <i>Principles</i> and its practices:				
Hotai amended our <i>Corporate Social Responsibility Best Practice Principles</i> based on the amended version of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies in December 2021</i> and renamed it the <i>Sustainable Development Best Practice Principles</i> . Our sustainable development practices follow the <i>Principles</i> and there's no deviation between the two.				

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
7. Other important information to facilitate a better understanding of the Company’s sustainable development practices:				
<p>Since the Company was founded, we have been engaging in social contribution activities as we understand the importance and value of giving back to the community. We have combined resources from within and outside the Group and worked with stakeholders to develop three key areas of welfare programs involving cars, people, and the environment. We actively host events that benefit the interests of the public which we hope to bring a positive influence on the society and drives human progress. The Company’s public welfare programs are as follows:</p>				
<b>1. Cars</b>				
<b>(1) Crossing Guard Equipment Donation Program</b>				
<p>At Hotai Motor, it has been our longtime commitment to promote road safety and create a safer environment for drivers and pedestrians. Over the years, we observed that the crossing guard equipment used by elementary schools around Taiwan was either inconsistent in quality, damaged, or heavily stained. As part of the efforts to improve the safety of crossing guard volunteers on duty, Hotai Group has been making crossing guard equipment donations to public elementary schools in Taiwan since 2011. Each year, we donate crossing guard equipment, including reflective safety vests and handheld flags, to local elementary schools by rotating through different counties and cities. In 12 years, we donated nearly 120,000 sets of crossing guard equipment. In maintaining road safety for volunteers and schoolchildren, we have specifically chosen the same materials that are used for police gears. We also incorporate our mascot, Hu-Li (虎力), which represents leopard cat, a rare species native to Taiwan, to create a more vibrant and youthful energy to the already highly-visible design. In 2021, we began the third round of donation, maintaining road safety for a wider community of crossing guard volunteers and school children.</p>				
<b>(2) Donation of Bloodmobiles and Hotai Group’s One-Day Blood Drive</b>				
<p>Starting in 2012, we’ve been donating bloodmobiles—crafted with full size HINO vehicles that are equipped with the latest blood donation equipment—to numerous blood centers around the island each year with the goal to encourage blood donation among citizens and to provide a comfortable and quality environment. To date, we’ve donated 12 bloodmobiles, which served over 750,000 blood donors and collected nearly 1.5 million bags of blood (250 c.c. per bag). As the enterprise that has donated the most mobile blood buses, our bloodmobiles currently account for approximately 17% of all the available mobile blood buses in the country. In partnership with our affiliates, Hotai Group has hosted over 1,500 blood drives and more than 80,000 donors have donated blood through our events.</p>				
<p>As COVID cases continued to rise in 2022, blood centers around the island experienced a sharp decline in blood supply since people reduced time spent outside their homes, causing blood supply to hit emergency levels. In celebration of World Blood Donor Day on June 14 and to contribute to the efforts to aid the blood shortage crisis caused by the pandemic, Hotai Group organized a group-wide one-day blood drive by partnering with Taiwan Blood Services Foundation and mobilized all 12 bloodmobiles to set up 15 temporary donation centers at multiple TOYOTA locations and parks in Taipei City, New Taipei City, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Tainan, Kaohsiung, Yilan, and Hualian. A total of 1,355 bags of blood was collected through the event to replenish blood inventories and alleviate the blood shortage.</p>				
<b>(3) Free Mobility Service Campaign</b>				
<p>There are numerous disadvantaged groups in areas of Taiwan that still have a lack of mobility access, and their needs for transportation to move between remote areas, to receive medical care and education, and to have social workers reach them in emergency situations remain largely unfulfilled. Seeing the needs, Hotai Group has developed the Free Mobility Service Campaign by utilizing the shared mobility service (i.e., <i>yoxi</i> and <i>iRent</i>) provided through our core business and donating vehicles to help improve their lives. The campaign is dedicated to meeting the mobility needs of people from every corner of Taiwan. In 2022, we partnered with the Social Welfare Department of New Taipei City Government, Family Support Center in New Taipei City, and Social Affairs Bureau of the Taichung City Government to offer assistance to the disadvantaged groups, including transportation for the placement of young children and teenagers, medical care and education for children that need early intervention, and delivery of goods by social services. Through the campaign last year, we provided approximately 430 trips of shuttle service and serviced nearly 800 passengers, accumulating 2,000 kilometers of mileage. In 2021, Hotai Group joined the Lishan Bus Project 2.0 launched by the Directorate General of Highway and the Taichung City Government Transportation Bureau by gifting a TOYOTA SIENTA CROSSOVER to aid the project, named the “Lishan Route 1 Bus”. The bus began service in 2022 to provide transit service to the four major indigenous tribes, Slamaw, Tabuk, New Kayo, and Sqoyaw, located in the greater Lishan area in Taichung City, filling that last mile gap for residents in these mountain areas. To date, Lishan Route 1 Bus has made 4,424 trips and transported 9,051 passengers.</p>				
<b>2. People</b>				



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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
<b>(1) Public Welfare Dreamer</b>				
Since our first sponsored Hotai Public Welfare Dreamer in 2019, we’ve been organizing programs that empower the youth to support public interest causes by combining extensive resources from the industry, government, and academia and encouraging the collaboration of corporations and young adults. In 2022, the event has entered its 4 <sup>th</sup> year. Over the last four years, we received proposals from 700 teams of young adults and guided 35 teams to implement their public interest projects by offering a NT\$6.45 million as public interest funds to encourage these young adults to expand their influence through actions and bring positive change to the society.				
Hotai’s 4 <sup>th</sup> Public Welfare Dreamer revolves around three topics—social care, mobility service, and environmental protection—which drew over 100 teams of students from 80 colleges and high schools across the country to enter the contest. Among which, ten teams were selected to receive NT\$200,000 per team as public interest funds to support them in living out their public interest blueprint. For the first time, students were able to demonstrate their projects at Huashan Creative Park, attracting the attendance of nearly 500 people. In addition to students sharing their public interest solutions, it was also a call to the public to engage in social issues through actions and be the positive change the world needs.				
Hotai Motor entered the Sustainability Expo hosted by the Vision Project of United Daily News and NGO, Social Enterprise Insight, with the projects from Hotai’s 4 <sup>th</sup> Public Welfare Dreamer. Through the innovative exhibition, we shared our experience and achievements in youth empowerment over the last four years and developed public understanding and awareness of sustainability. A total of 6,000 people attended the event in person and online.				
<b>(2) Dream Team Indigenous</b>				
Hotai Group launched the <i>Dream Team Indigenous</i> program in 2022, calling on our affiliates to join in on our initiative. The program consolidates group resources in supporting the choirs at Jia Xing Elementary School and Tao Shan Elementary School located respectively in Jianshi and Taoshan townships in Hsinchu County. It is our vision to offer talented and gifted Atayal children in the choirs the opportunity to explore different professions and environments during their formative years of growing and learning. The goal is to expand their horizons and inspire them to envision their future professions. <i>Dream Team Indigenous</i> helps these children’s choirs set foot on the stage of their dreams, allowing the angelic voices from Taiwan to be heard around the world, radiating confidence. We have specifically designed a 2-day Career Exploration Camp where children can explore the variety of career options in the automotive industry through company tours. Our volunteers are also passionately involved in sharing their personal experience working at Hotai Motor and giving expert insights on what they do in their jobs, including functions like human resources, talent development, public relations, and sales and marketing, which allow children to witness the confidence and sense of fulfilment that comes from enjoying the work we do. Additionally, we organized <i>Hotai Homestay</i> to provide children from rural areas a homestay experience in city life. We aspire to bring a wider range of experience to children on their journey growing up and plant the seeds of dreams and inspire them to envision a broader outlook on life.				
<b>(3) Caring for Children with Intellectual Disabilities</b>				
In 2015, we partnered with Children Are US Foundation to launch the sheltered workshop program. Every TOYOTA sales location in Taiwan makes a long-term commitment to purchase their baked goods. Our goal is to support these children and provide them with the opportunity to stand on their own and work. As of 2022, we have made over NT\$48.7 million worth of purchases from the Children Are US Foundation bakery.				
<b>(4) TOYOTA Global Dream Car Art Contest</b>				
Our desire to inspire children’s imagination and elevate the quality of art contests led us to organize the TOYOTA Dream Car Art Contest. In 2022, it was our 16 <sup>th</sup> year hosting this contest and we’ve received an accumulation of over 760,000 submissions over the years. The TOYOTA Dream Car Contest attracts thousands of children every year and is by far the only children’s drawing contest in Taiwan that is held on a global scale. Last year, we started allowing online submissions and submissions using computer graphics for children who enjoy drawing to have more avenues to express their creativity. In 2022, we received a record-high 121,000 submissions as children around the island showed great enthusiasm for the contest.				
<b>(5) TOYOTA Technical Education Program (T-TEP)</b>				
<u>Student Career Experience Program</u>				
To help students explore their career choices and facilitate work-integrated learning, we partner with our dealers to organize company visits for students from T-TEP partner schools. The visits include an orientation to the company, live				

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	

demonstrations, Q&A session, and group photos to promote youth empowerment. In 2022, we organized a total of 71 visits to dealers’ service centers for students from 31 schools enrolled in T-TEP. (Number of students visited: 2,521; course satisfaction score: 96%; number of T-TEP Facebook reach: 71,251).

Donate High-tech Educational Materials from TMC

As part of our efforts to develop students’ vocational skills, Hotai Motor introduced the TOYOTA Technical Education Program, T-TEP, in 1991 with the aim to help technical and vocational schools to develop talent specializing in automotive repair and maintenance. We have partnered with 31 technical and vocational schools to date and donated various TOYOTA high-tech teaching aids and materials for teachers and students to practice on. The cumulative value of teaching materials and vehicles donated for practice is now over NT\$ 61.50 million, a reflection of our commitment to develop skilled technicians for the automotive industry.

Technical Exchange and Sharing Between Industry and Academia

Twice a year, we work with dealers to organize training and development conferences on various topics and share the latest automotive technologies and practices in the industry with members of academia. We invite teachers from 31 schools that are enrolled in T-TEP to the events to increase the exchange of information and experience between industry and academia. Hotai Motor and our dealers also provide venues, equipment and have 60 seasoned technicians share their experience in the field as well as the latest vehicle technology and information to help teachers and students learn about industry practices and trends. It is also a great opportunity for students to gain insight into the job market and employment environment early on and work on improving their competencies, which leads to making suitable career choices and helps them transition seamlessly from school to the workplace, supporting career readiness.

**(6) Sheet Metal Painting Winter Camp**

The camp offers a diverse learning and career exploration opportunities for students who are in the technical and vocational educational system. Not only does our program help students discover future career directions, it also allows teachers to improve practical knowledge and understanding of sheet metal painting and technical development trend. In 2022, we organized 4 rounds of camps (each round runs for two days) at Hotai Motor and Central Motor’s Longjing Sheet Metal Painting Training Center and 49 teachers and students from T-TEP partner schools participated. (Satisfaction score: 96% from students and 98% from teachers; 34 posts of behind-the-scenes photos of the event were shared on the T-TEP and Happiness at TOYOTA Facebook Group; number of Facebook reach: 35,725)

**(7) Campus Recruiting Program**

The growing need for talent coupled with a declining birth rate have created competition between companies in talent recruiting, especially in the search for first-line workforce. In response to this trend, we launched the TOYOTA Campus Recruiting Program to help dealers build long-lasting relationships with local schools. The program aims to offer seniors from high schools, vocational schools, and universities the opportunity to intern for one semester and receive a three-step training (technical skills development, capability refinement, and technical assessment), and ultimately help students become certified as an entry-level technician. As long as the students complete their internship and pass the technical assessment prior to graduation, a certification will be issued to them by TMC. For out-of-city students, they have the option to choose a location that is closer to home for their internship.

Implementation results: 52 students completed the internship from February to June 2022; 72 students applied to the program from September 2022 to January 2023.

Going forward, we will be adopting the dealership promoter approach by training dealers to develop new partner schools on their own, sharing our experience and know-how from previous years with dealership promoters, and mentoring them in launching the next round of recruitment. Another new approach is to launch the campus ambassador program and leverage peer influence and communication channels used by the younger generation to boost the effectiveness of campus recruiting.

**(8) Short Film Contest—LEXUS My Film**

Lexus has long been dedicated to promoting the cultural industries to discover and cultivate more young film talents and encouraging young creative artists to pursue their dreams. In 2022, we hosted the third annual LEXUS My Film, a short film contest. The event continued the theme, “My Own Rendition of Amazing”, which encourages the younger generation to boldly create and express themselves. Contestants are given the opportunity to showcase their creativity in a 2-minute clip to convey their own rendition of “Amazing” to the world. The contest received a total of 2,238 submissions.

**(9) LEXUS Design Award 2023**

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
LEXUS Design Award was first launched in 2013. It is a global design competition aimed at cultivating a new generation of creative designers and has become the best stage for creative designers to express their creativity. Over 2,000 project submissions were received for the LEXUS Design Award 2023. Cutting-edge designers from 63 countries participated to compete for the perfect opportunity to shine on the world stage. LEXUS also organized master workshops and Taiwan preliminaries and invited renown experts in the field to offer some pointers and help contestants improve the quality of their works, putting Taiwan on the map with our outstanding and innovative designs.				
<b>(10) LEXUS Micro Short Film, <i>Presence</i> 《同在》</b>				
LEXUS celebrated its 25 <sup>th</sup> anniversary with the brand's micro short film, <i>Presence</i> 《同在》, directed by renowned "poet filmmaker" Lu Chien-Chang (盧建彰). The film starred four talented actors, including Golden Bell Award winner Ko Shu-Chin (柯淑勤), Hsu Yu-Jie (徐裕傑), Hakaw Acyang (傅顯皓), and Tu Lei (杜蕾). Within just three days of its release, the film received over one million views. The heartfelt story based on real-life events resonated deeply with viewers, which conveys the message that a car is more than a means of transportation, but also a companion for the family that carries precious memories of time spent together. By launching <i>Presence</i> 《同在》, LEXUS aspires to deliver a heartfelt promise to journey alongside car owners towards their next milestones, creating extraordinary moments in everyday life. Experience Amazing.				
<b>(11) Sponsoring Sports/Arts and Cultural Events</b>				
As part of our efforts to promote the development of the sports, music, arts and entertainment industries in Taiwan and bring a richer life experience to car owners, Hotai's brands TOYOTA and LEXUS actively sponsor and co-organize art and cultural events every year. In supporting the sports industry, TOYOTA partners with professional basketball team New Taipei CTBC DEA in the T1 league and sponsors the broadcasting of University Basketball Association (UBA) and High School Basketball League (HBL) games in 2022 to promote the sport in Taiwan. We also support events in music through our work with music program, The Rappers 2, to encourage the young generation to boldly pursue their dreams. TOYOTA also partnered with Atom Boyz, a popular music talent show for all-male bands, encouraging the next generation to find their own platform. LEXUS, on the other hand, partnered with Taipei City Government and VOUGE in sponsoring fashion event 2022 Taipei Fashion Week x VOUGE Fashion's Night Out for the fourth consecutive year, and sponsored French musical <i>Notre-Dame de Paris</i> , continually delivering the ultimate "Experience Amazing" to our car owners. LEXUS also partnered with other makers and artisans in organizing the Littles Series, inviting children of our car owners to learn different trades from Michelin Star chefs and popular sketch artists and encourage the spirit of craftsmanship. Our long-term sponsorship of a variety of arts and cultural events reflects the brand's commitment and support of development in the field and unveils endless possibilities for our owners.				
<b>3. Environment</b>				
<b>(1) TOYOTA - Environment Month</b>				
Every year in June, Hotai Motor partners with dealers in joining in on TOYOTA's Global Environment Month to promote urban greening. We also give back through local sourcing to increase engagement with the local communities and raise environmental awareness to create a greener environment.				
Since the Environment Month initiative launched in 2005, participation continues to grow, including our top eight dealers from around Taiwan who joined in on the cause in 2009. Since 2013, we have come together to promote the community green redevelopment projects. Through the TOYOTA Environment Month initiative, we hope to inspire local communities to support the government's policy of revitalizing abandoned urban space and improve quality of life. In 2018, we began working with non-government organizations and government agencies. For a period of three years, we are committed to making a difference in the local communities. As of 2022, we've hosted 110 rounds of TOYOTA Environment Month activities and over 39,000 volunteers participated.				
<b>(2) TOYOTA – Toy Sharing</b>				
In 2016, we launched the TOYOTA Toy Sharing program. Our aspiration is to promote environmental sustainability through the recycling and regeneration of used toys. Towards the end of 2017, TOYOTA donated an INNOVA compact MPV to the Taiwan Toy Library Association as campaign vehicle, which drives around the city to deliver pre-loved toys to children in need. As of the end of 2022, an accumulated total of 330 metric tons of toys were recycled through the program, the equivalent of the carbon absorption of 84,975 trees in one year. Over 230,000 people have participated in our events since the program launched, including toy recycling, Toy Easter, Little Technician (career exploration activity), Love in a Backpack, and the Toy Drive. A total of NT\$1.13 million registration fees collected from our events through 2018 to 2022 has been entirely donated to the Eden Social Welfare Foundation, which continues to inspire positive changes to the society.				

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
(Data collected by the Recycling Management Foundation of the Environmental Protection Administration shows that each kilogram of waste reduced is equivalent to the reduction of 2.06 kg carbon emissions. According to the Council of Agriculture, each tree can absorb 5 to 10 kg of CO2 in one year; our figures are calculated using the median value, 8.5 kg.)				
<b>(3) TOYOTA - One Tree for Every Toyota</b>				
Hotai Motor is committed to safeguarding the coastline of Taiwan by planting trees and making good on the promise to protect our island. Through working with specialists, the survival rate of these trees along the coastline is as high as 90%. As of the end of 2022, we have planted over 660,000 trees spanning over 230 acres and 13 cities and counties along the coast since the inception of the program since 2017, reducing approximately 18,000 metric tons of carbon emissions. In 2022, we launched the campaign in Penghu for the first time and donated 2,500 water-storing seedling pots to aid the Penghu County Forest Affairs in its efforts of coastal afforestation.				
We continually convey the message through different channels with the aim to expand our influence and gain public support. We produced a short film, <i>600,000 Trees</i> , depicting the challenges encountered and accomplishments achieved in the last five years through the One Tree for Every TOYOTA campaign, increasing public awareness of the coastal erosion crisis. To reach the younger demographics, we utilize social media to launch a game called “Tree Planting Challenge” and regularly run the “Monochromatic Way of Life” campaign with the theme “Do Good, Plant Trees” to incorporate sustainability and tree planting into people’s daily lives. We also worked with TOYOTA TV to produce the <i>Survival Reality Show</i> where 1,215 college students signed up to participate. The show is aimed to create awareness of environmental protection and the vision behind the One Tree for Every TOYOTA campaign through having students accomplish different tasks. Since 2019, we’ve been organizing tree planting events every year that allow car owners and the public to volunteer to plant trees. Each volunteer can experience the joy of personally planting a tree and become one of the driving forces behind the movement to protect the coasts of Taiwan. Last year, we invited influencers Boris Wang (王品濤) and Linda Lin (林昀希) as event ambassadors, attracting over 800 people to sign up. From which, we selected 150 volunteers to join us in planting 600 trees at Chaojing Park in Keelung.				
<b>(4) Wildlife Conservation Program</b>				
In 2021, Hotai Group partnered with the Endemic Species Research Institute, Council of Agriculture of the Executive Yuan (the “Research Institute”) and started the Taiwan Wildlife Conservation Program with the goal to protect a rare animal species native to Taiwan, leopard cats, and aid the conservation of Taiwan’s ecosystem. With less than 500 leopard cats remained in Taiwan today, it is our hope that we can provide an environment where they can continue to procreate. As a proclamation of our commitment to protect this beautiful, rare species, we created a mascot, Hu Li (虎力), a leopard cat. The Chinese character 力 represents the vitality of leopard cats and the concept of the constant renewal of nature. The Wildlife Conservation Program funds the training expenses for the release of rescued leopard cats back into the wild to help them adapt to their nature habitat. In addition to donating a TOYOTA RAV4 4WD and COROLLA CROSS as animal rescue vehicles, we also participate in the rescue efforts of wild animals and conduct animal conservation education. As a company in the transportation industry, we particularly follow the topic on how to keep leopard cats safe. To that end, we partnered with our affiliate, Carmax, the Research Institute, and navigation provider Garmin and developed the “Animal Hotspots” feature on the TOYOTA DRIVE + CONNECT app, which includes data of areas where mammals (leopard cats) and other animals frequently appear on the navigation map. The feature aims to reduce incidents involving leopard cats and other rare animal species and enhance road safety for car owners by sending text and voice reminders to warn drivers “to slow down and watch for animal crossing”. Together with our owners, we are committed to protecting the lives of Taiwan leopard cats and other rare animal species. At the end of 2022, our mascot Hu Li (虎力) appeared on 16 of the “Leopard Cat Crossing” road signs installed at 8 locations in Nantou County where traffic incidents have previously occurred involving leopard cats. These signs not only remind drivers to reduce their speed, but also help pedestrians be aware that these areas are where leopards can be spotted.				
<b>(5) Hotai Group/TOYOTA Beach Cleanups</b>				

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
Since 2019, we enlist the help from our affiliates, local dealers, and sales locations around Taiwan to organize beach cleanups. We have also invited local government agencies and non-government organizations and people around the island to join in. Over the years, we’ve hosted a total of 49 beach cleanups and over 33,431 volunteers participated. In 2022, we expanded our beach cleanup efforts and removed nearly 14,000 kg of waste from 16 beaches around the island. Additionally, we donated NT\$580,000 to Loo Koo Association to fund 35 rounds of environmental education, allowing environmental awareness and the importance to reduce the use of plastics to take root in children’s hearts from a young age and create a better environment for this island.				

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#### 3.4.6 Performance of Ethical Corporate Management and Deviation from the *Ethical Corporate Management Principles for TWSE/GTSM Listed Companies* and Reasons for Deviation

Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
1. Establish ethical corporate management policies and programs				
(1) Has the Company adopted its ethical corporate management policies approved by the board of directors, and clearly outlined the policies and approaches in its guidelines and external documents, as well as the commitment from its board of directors and senior management to actively implement the policies?	V		Our <i>Anti-Corruption Ethnical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> were respectively adopted and approved by the Board of Directors in March 2014 and January 2018, which stipulate the prohibition of corruption, types of benefits, ethical business practices, prohibition of illegal political contributions and unlawful donation or sponsorship, implementation of effective accounting and internal control systems, regular trainings and campaigns, and establishment of reporting and disciplinary mechanisms. These policies can be found on our corporate website.	Compliant
(2) Has the Company established an evaluation mechanism for the risk of unethical conduct, regularly analyzed and evaluated the business activities with high risk of unethical conduct within its business scope, and formulated a plan to prevent unethical conduct, which shall at least cover the preventive measures for the behaviors in Article 7, paragraph 2 of the " <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> ?"	V		Our <i>Employee Code of Conduct</i> , compliance guidelines and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> stipulate that employees shall perform duties with integrity and comply with the law and social moral principles. The employees shall not engage in any unethical business practices such as infringement of intellectual property and unfair competition. We also promote business ethics during orientation for new employees and require them to sign an <i>Employee Statement of Compliance</i> . In 2022, the Company also offered a one-hour anti-corruption training to new employees, which was attended by 27 employees.	
(3) Has the Company established and implemented policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, penalties for violations, and rules of appeals, and does the Company regularly review and revise the policies?	V		We have adopted <i>Workplace Rules</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> which prohibit employees from using their positions for personal gains, or accepting hospitality, gifts, kickbacks, or misappropriating public funds, or other unlawful interests, thereby preventing the impact of unethical behaviors on business relationships or transactions.	

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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
2. Ethical corporate management practices				
(1) Does the Company evaluate the ethical performance of its business partners and specify ethics-related clauses in business contracts?	V		Our business contracts contain clauses stipulating ethical conducts to ensure compliance of our business partners.	Compliant
(2) Has the Company established a business unit exclusively or concurrently dedicated to business ethics and integrity, and regularly (at least once a year) report to the board of directors on its ethical management policy, plans to prevent unethical behavior, and implementation oversight?	V		<p>To implement ethical business practice, the Legal Division is assigned as a dedicated unit to oversee the following, and the Auditing Division shall report to the Board once a year on the implementation status:</p> <ol style="list-style-type: none"> <li>(1) Incorporate business ethics and moral values into the Company's operational strategies and adopt relevant preventive measures according to applicable laws and regulations;</li> <li>(2) Prepare plans to prevent unethical behaviors and adopt standard operating procedures and code of conduct related to job functions under each plan;</li> <li>(3) Design the internal organization, system and management, having a mutual accountability mechanism for business activities that are more susceptible to unethical behaviors;</li> <li>(4) Promote and coordinate ethical policy education and training;</li> <li>(5) Adopt whistleblowing system to ensure effectiveness; and</li> <li>(6) Support the Board and management in reviewing and evaluating whether the preventive measures established for implementing ethical business management is effective, conduct an evaluation on the compliance of relevant operating procedures and prepare a report accordingly.</li> </ol> <p>Our External Affairs and Legal Division is responsible for promoting compliance of business ethics to prevent violation of ethical corporate management and unlawful conduct by the employees.</p> <p>(1) In 2022, we provided anti-corruption training for new employees, which was attended by 27 employees. (2) In 2022, we held the Annual Compliance Guideline Online Test, and 563 employees participated in the test.</p> <p>In 2018, we adopted the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i>.</p> <p>Our Auditing Division under the Board of Directors will regularly and from time to time inspect our accounting and internal control systems. Any violation discovered will be recorded in the audit report and submitted to the Board of Directors.</p>	Compliant

### III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(3) Has the Company established and implemented policies to prevent conflicts of interest and provided appropriate communication channels?	V		<i>The Rules and Procedures of Board Meetings</i> set forth director recusals in case of conflicts of interest, and the <i>Employee Code of Conduct</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> stipulate that employees and directors shall not use their positions to achieve personal gains or benefit others, or become involved in a conflict of interest with the Company. We also have a grievance system in place. <i>The Code of Conduct and Ethics for Representatives of Affiliates</i> also provides rules preventing conflicts of interest.	Compliant
(4) Has the Company established effective accounting and internal control systems to facilitate the implementation of ethical corporate management? And has the Company adopted relevant audit plan based on the risk assessment of unethical behavior, and conducted audits on the compliance of the audit plan to prevent unethical behavior, or engaged a certified public accountant to carry out the audit?	V		1. Unless otherwise specified in the laws or regulations, our accounting practices are conducted according to our accounting system. We ensure that all operating activities are in compliance with strict operation standards by implementing relevant accounting system operating procedures so as to achieve checks and balances between each operation and prevent corruptions. 2. Our internal control system takes into account the operating activities. The internal auditors conduct auditing in accordance with the audit plan and may request each department to produce relevant documents, accounts, and certificates. The auditor may create a project for a specific audit if necessary, and prepare an audit report and submit to the Board of Directors along with relevant documents in order to ensure that the day-to-day operation is consistent with our ethical management principles.	Compliant
(5) Does the Company regularly hold internal and external educational trainings on ethical business management?	V		We regularly provide trainings to our employees and promote awareness to help them better understand our commitment and policy on ethical corporate management. (1) In 2022, we provided anti-corruption training for new employees, which was attended by 27 employees. (2) In 2022, we held the Annual Compliance Guideline Online Test, and 563 employees participated in the test.	Compliant
3. Operation of the integrity channel				
(1) Has the Company established a reward and penalty system and an integrity hotline? Can the employee with alleged violations be reached by an appropriate contact person for follow-up?	V		1. We are able to effectively prevent unethical conduct and facilitate a sustainable business by following the <i>Anti-Corruption Ethical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> and improving internal regulations and risk management mechanisms. 2. According to the <i>Anti-Corruption Ethical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> , an employee or contractor shall report concerns to the Auditing Division via mail or e-mail stating his or her real name and address to the Chief of Auditing Division in case of discovery of any unlawful conduct.	Compliant



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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(2) Has the Company established standard operating procedures and confidentiality measures for the investigation of reported incidents and follow-up measure to be taken after investigation?	V		We have adopted standard procedures such as <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> , <i>Procedures for Reporting Bribery and Corruption</i> and <i>Grievance System</i> for the processing of reported cases investigations.	Compliant
(3) Does the Company provide proper whistleblower protection?	V		Our <i>Anti-Corruption Ethical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> provide that the Auditing Division shall maintain the anonymity of the whistleblower to prevent reprisals.	Compliant
4. Enhancing information disclosure Has the Company disclosed its ethical corporate management policies and results of implementation on the Company's website and the Market Observation Post System?	V		We have disclosed our ethical corporate management practices and implementation on our corporate website ( <a href="http://www.hotaimotor.com.tw">www.hotaimotor.com.tw</a> ) and in the annual report.	Compliant
<p>5. If the Company has established the ethical corporate management policies based on the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>, please describe any discrepancy between the policies and its practices:</p> <p>The Board of Director approved the <i>Anti-Corruption Ethical Management Principles</i> on March 25, 2014, a guideline for implementing ethical corporate management. In June 2016, the Company amended the <i>Anti-Corruption Ethical Management Principles</i> based on the amendments of the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and the Company's Articles of Incorporation to properly reflect the Company's current status and comply with corporate governance practices. There is no significant difference between our <i>Anti-Corruption Ethical Management Principle</i> and the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>. In January 2018, we completed our anti-corruption reporting procedure and adopted the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> as compliance guidelines for our employees.</p>				
<p>6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., if the Company has reviewed its policies):</p> <p>We have always upheld the highest standards of governance by actively promoting operating transparency and requesting business partners (including dealers and suppliers) to make available policies in respect of business ethics on the home page of their websites in order to maintain our business reputation. Through our long-term business relationships, we have a consensus to work together to achieve corporate sustainability in the value chain.</p>				

#### 3.4.7 Corporate Governance Guidance and Regulations

- (1) Corporate governance regulations: according to the regulations promulgated by the FSC and TWSE, the Company adopted the following regulations:
- (a) Articles of Incorporation
  - (b) Procedures for Acquisition and Disposition of Assets
  - (c) Procedures for Engaging in Derivative Products Transaction
  - (d) Anti-Corruption Ethical Management Principles
  - (e) Operating Procedures for Fund Lending
  - (f) Procedures for Providing Endorsement and Guarantee of Obligations

### III. Corporate Governance

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- (g) Rules and Procedures of Board Meetings
- (h) Rules and Procedures of Shareholders' Meetings
- (i) Sustainable Development Best Practice Principles
- (j) Corporate Governance Best Practice Principles
- (k) Procedures for Processing Material Nonpublic Information
- (l) Procedures for Suspending and Resuming Transactions
- (m) Audit Committee Charter
- (n) Remuneration Committee Charter
- (2) Websites
  - (a) Our corporate website (<http://www.hotaimotor.com.tw/>): "Articles of Incorporation and other Corporate Governance Regulations" under "Investor Relations"
  - (b) The Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>)

3.4.8 Other Important Information That Would Facilitate a Better Understanding of the Company's Corporate Governance Practices: None.

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#### 3.4.9 Status of Internal Control

##### (1) Internal Control Statement

**Hotai Motor Co., Ltd.**  
**Statement of Internal Control**

Based on an evaluation of our internal control system as of December 31, 2022, we hereby state that:

1. The board and management of Hotai Motor Co., Ltd. (the “Company”) are responsible for establishing, implementing, and maintaining adequate internal control over financial reporting. The Company has established an effective internal control system which aims to provide reasonable assurance regarding operational results and effectiveness (e.g., profitability, performance, safeguarding of assets), reliability, timeliness and transparency of its financial reporting, and compliance with applicable laws and regulations.
2. Due to its inherent limitations, internal control over financial reporting can only provide reasonable assurance on the achievement of the three objectives above. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in environment or conditions. However, the internal control system of the Company has a self-monitoring mechanism which allows the Company to take corrective actions as soon as any inadequacy is identified.
3. The Company has assessed the design and operating effectiveness of the internal control system based on the criteria established in the Framework for the Establishment of Internal Control System by Public Companies (the “Framework”). The Framework defines internal control as a process effected by management, consisting of five components: a) Control environment, b) Risk assessment, c) Control activities, d) Information and communication, and e) Monitoring, each comprising of several elements. For more information, please refer to the Framework.
4. We have reviewed the design and operating effectiveness of the Company’s internal control system based on the criteria established in the Framework.
5. Based on the evaluation, we conclude that the Company maintained an effective design and operation of its internal control system (including oversight and management of subsidiaries) as of December 31, 2022, providing reasonable assurance regarding the achievement of the following objectives: effectiveness and efficiency of operations, reliability, timeliness and transparency of financial reporting, and compliance with applicable laws and regulations.
6. This statement shall be included as part of the Annual Report and future prospectus of the Company and disclosed to the public. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was unanimously approved by the board of directors on March 14, 2023, with 14 directors present at the meeting.

Hotai Motor Co., Ltd.

Huang, Nan-Kuang  
*Chairman*

Su, Chwen-Shing  
*President*

March 14, 2023

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(2) A separate audit report shall be included where an independent registered public accounting firm has reviewed the Company's internal control system: Not applicable.

3.4.10 Sanctions Imposed on the Company or Its Personnel Pursuant to the Law, or Disciplinary Actions Taken by the Company Against Its Personnel for Any Violation of Internal Control Rules Within the Latest Fiscal Year and as of the Date of This Annual Report. If the Result of the Disciplinary Action May Have a Material Impact on Shareholders' Rights or the Price of Securities, Details of the Sanctions and/or Violations and Subsequent Improvements Shall Be Listed: None.

3.4.11 Major Resolutions of the Shareholders' Meeting and Board Meetings

(1) Major Resolutions of the 2022 Annual General Meeting of the Shareholders

Date	Ratification and Discussion	Implementation Status
June 21, 2022	Ratification of the FY2021 Business Report and Financial Statements of the Company	-
	Ratification of the proposed FY2021 profit distribution plan	Cash dividends declared and paid at NT\$20 per share. Ex-dividend date: July 16, 2022 Payment date: July 27, 2022
	Amendments to the <i>Articles of Incorporation</i>	The amended provisions have taken effect.
	Amendments to the <i>Procedures for the Acquisition and Disposition of Assets</i>	The amended provisions have taken effect.
	Election of the Board of Directors	The term of office of the new directors begins on June 21, 2022 and ends on June 20, 2025
	Proposal to release directors from participation in a competing business	-

(2) Major Resolutions of the Meetings of the Board of Directors in 2022 and as of the Date of this Annual Report

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Date	Session and Term	Discussion and Approval
January 20, 2022	23 <sup>rd</sup> Meeting of the 20 <sup>th</sup> Board	<ol style="list-style-type: none"> <li>1. Amendments to the Internal Control Systems of the Company</li> <li>2. Proposal to sell the shares held in Hotai Connected Co., Ltd.</li> <li>3. Proposal to change the auditors who perform the audits on the FY2022 financial statements</li> <li>4. Bank credit line of the Company in FY2022</li> <li>5. Proposal to invest in listed companies</li> <li>6. Amendments to <i>The Standard Operating Procedures for Processing Director Requests</i></li> <li>7. Amendments to the <i>Regulations Governing the Safekeeping of Company Seals</i></li> <li>8. Appointment of executive advisor</li> <li>9. Appointment of executive officers</li> </ol>
March 24, 2022	24 <sup>th</sup> Meeting of the 20 <sup>th</sup> Board	<ol style="list-style-type: none"> <li>1. FY 2021 Statement of Internal Control</li> <li>2. FY2021 Business Report and Financial Statements of the Company</li> <li>3. FY2021 profit distribution plan</li> <li>4. Adoption of the <i>Regulations Governing the Preparation and Filing of Sustainability Report</i></li> <li>5. Amendments to the <i>Corporate Social Responsibility Best Practice Principles</i></li> <li>6. Amendments to the <i>Articles of Incorporation</i></li> <li>7. Amendments to the <i>Procedures for the Acquisition and Disposition of Assets</i></li> <li>8. FY2021 director remuneration approved by the Remuneration Committee</li> <li>9. FY2021 employee remuneration approved by the Remuneration Committee</li> <li>10. Election of the Board of Directors</li> <li>11. Proposed nominations of director candidates</li> <li>12. 2022 Annual General Meeting of Shareholders</li> </ol>
May 11, 2022	25 <sup>th</sup> Meeting of the 20 <sup>th</sup> Board	<ol style="list-style-type: none"> <li>1. Executive officer performance-based bonus and employee remuneration</li> <li>2. Proposed list of director nominees</li> <li>3. Proposal to release directors from participating in a competing business</li> <li>4. FY2022 Q1 consolidated financial statements</li> <li>5. Proposal to participate in the capital increase of eTreego Co., Ltd. in cash</li> </ol>
June 21, 2022	1 <sup>st</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Appointment of chairman of the Board</li> </ol>
June 29, 2022	2 <sup>nd</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Organizational and personnel changes of the Company</li> <li>2. Amendments to the <i>Articles of Incorporation</i></li> <li>3. Employee job grade promotion</li> <li>4. Appointment of executive advisor</li> <li>5. Appointment of Remuneration Committee members</li> <li>6. Appointment of Human Resources Development Committee members</li> <li>7. Appointment of Sustainable Development Committee members</li> <li>8. Review of revised budget of FY2022</li> <li>9. Review of the signing of HINO dealership agreement with Hotai AutoBody Sales Co., Ltd.</li> </ol>

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August 11, 2022	3 <sup>rd</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Proposal to construct a third warehouse at the Yangmei Logistics Center</li> <li>2. Executive officers and employee merit increase of FY2022</li> <li>3. FY2022 Q2 consolidated financial statements</li> <li>4. Proposed amount of endorsement and guarantee of obligations for Hotai Insurance in FY2022</li> <li>5. Proposed amount of endorsement and guarantee of obligations for Hotai AutoBody Sales Co., Ltd. in FY2022</li> <li>6. Proposal to have our subsidiary, Hozan Investment, waive the preemptive rights to subscribe to the preferred shares issued by Hotai Finance to raise additional capital.</li> </ol>
September 27, 2022	4 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Bank credit line of the Company</li> <li>2. Proposal to subscribe to new shares issued through private placement by Hotai Insurance Co., Ltd.</li> </ol>
November 10, 2022	5 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. FY2023 Annual Audit Plan</li> <li>2. FY2022 Q3 consolidated financial statements</li> <li>3. Assessment of the independence of the Company's external auditors</li> <li>4. Review of audit fees for the engagement of PricewaterhouseCoopers Taiwan to provide services in FY2023</li> <li>5. Organize syndicated loans</li> <li>6. Statement of commitment to the long-term operations of Hotai Insurance</li> <li>7. Amendments to the <i>Rules and Procedures of Board Meetings</i></li> <li>8. Amendments to the <i>Corporate Governance Best Practice Principles</i></li> <li>9. Amendments to <i>Rules for Performance Evaluation of the Board of Directors</i></li> <li>10. Allocation and adjustment of year-end bonus and performance-based bonus</li> </ol>
December 22, 2022	6 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Appointment of executive vice president</li> <li>2. FY2023 budget review</li> <li>3. Proposal to reduce the capital of subsidiary, Hozan Investment Co., Ltd., to offset losses.</li> </ol>
January 17, 2023	7 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Proposal to change the auditors who perform the audits on the FY2023 financial statements</li> <li>2. Proposed amount of endorsement and guarantee of obligations for Hotai Insurance in FY2023</li> <li>3. Proposal to invest in listed companies</li> </ol>
March 14, 2023	8 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. FY 2022 Statement of Internal Control</li> <li>2. Amendments to the Internal Control Systems of the Company</li> <li>3. FY2022 Business Report and Financial Statements of the Company</li> <li>4. FY2022 profit distribution plan</li> <li>5. Capitalization of retained earnings through issuance of new shares</li> <li>6. FY2022 director remuneration approved by the Remuneration Committee</li> <li>7. FY2022 employee remuneration approved by the Remuneration Committee</li> <li>8. 2023 Annual General Meeting of Shareholders</li> <li>9. Appointment of outside advisor</li> <li>10. Proposal to construct a third warehouse at the Yangmei Logistics Center</li> </ol>

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May 11, 2023	9 <sup>th</sup> Meeting of the 21 <sup>st</sup> Board	<ol style="list-style-type: none"> <li>1. Executive officer performance-based bonus and employee remuneration of FY2022</li> <li>2. Proposal to release directors from participating in a competing business</li> <li>3. 2023 Annual General Meeting of Shareholders (adding agenda items under “Reports”)</li> <li>4. FY2023 Q1 consolidated financial statements</li> <li>5. Proposed contribution to the capital increase by cash of subsidiary Hozan Investment.</li> <li>6. Proposal to subscribe to new shares issued through private placement by subsidiary Hozan Investment.</li> <li>7. Report on the floatation of Hotai Connected Co., Ltd. on the stock market.</li> </ol>
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- 3.4.12 Major Issues on Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors During the Latest Fiscal Year and as of the Date of This Annual Report: None.
- 3.4.13 Summary of Resignation and Removal of the Company's Chairman, President, Chief Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer, or Chief R&D Officer Within the Latest Fiscal Year and as of the Date of This Annual Report: None.

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#### 3.5 Audit Fees

##### 3.5.1 Audit Fees

Accounting Firm	Auditor Names	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Wang, Fang-Yu; Hsu, Sheng-Chung	January 1, 2022 to December 31, 2022	9,700	6,120	15,820	Non-audit fees shall refer to tax audit, transfer pricing reporting, country-by-country reporting, and project consultation.

Note:

1. If there has been a change of accounting firm or auditors in 2022, information regarding the audit period, reason for the change, as well as audit fees and non-audit fees paid shall be provided.
2. Details of non-audit services shall be provided (e.g., tax audit, assurance, or other financial consultation service).

3.5.2 Disclosure of the Amount, Percentage, and Reasons for the Decrease of Audit Fees Where a Change of Auditors Has Occurred and the Audit Fees Are Lower Than the Previous Fiscal Year: Not applicable.

3.5.3 Disclosure of the Amount, Percentage and Reasons for an Audit Fee Decrease Where the Audit Fees Are at Least 10% Lower than the Previous Fiscal Year: Not applicable.



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#### 3.6 Disclosure of Change of Auditors

##### 3.6.1 Predecessor Auditor

Date of change	January 17, 2023
Reasons for the change of auditors	Due to rotation of assignments within the firm, auditor Wang, Fang-Yu was replaced by Hsiao, Chun-Yuan.
Has the auditor resigned, declined to stand for reappointment, or been notified that their services have been terminated?	N/A
If the auditor has issued an audit report expressing an opinion other than unqualified opinion within the last two years, please state the opinion and reason	N/A
Disagreement with the Company as to accounting treatment, accounting principles, auditing procedures, or other similarly significant matters	N/A
Other disclosures pursuant to Article 10, Paragraph 5, Subparagraph 1, Item 4 of the <i>Regulations Governing Information to be Published in the Annual Reports of Public Companies</i> (the "Regulations")	N/A

##### 3.6.2 Successor Auditor

Accounting firm	PricewaterhouseCoopers Taiwan
Name of CPA	Hsiao, Chun-Yuan and Hsu, Sheng-Chung
Date of appointment	January 17, 2023
Inquiry of and information obtained from the predecessor auditor regarding the accounting treatment of, or accounting principles applied to a transaction, or opinion expressed on the financial statements audited prior to the acceptance of engagement	N/A
Written opinion of successor auditor on disagreements with predecessor auditor	N/A

3.6.3 Written Communication from the Predecessor Auditor in Response to Disclosure under Article 10, Paragraph 6, Subparagraph 1 and Article 10, Paragraph 6, Subparagraph 2, Item 3 of the *Regulations*: Not applicable.

3.7 Disclosure of the Company's Chairman, President, Chief Financial Officer, or Chief Accounting Officer Who Has Held a Position at the Company's Independent Certified Public Accounting Firm or Its Affiliates Within the Last Fiscal Year: None.

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#### 3.8 Changes in Shareholding of Directors, Executive Officers, and Major Shareholders

Title	Company Name/Name	2022		Year to April 30, 2023	
		Number of Shares Held +(-)	Shares Pledged +(-)	Number of Shares Held +(-)	Shares Pledged +(-)
Director (Corporate Shareholder)	Chun Yung Investment Co., Ltd.	0	0	0	0
Director (Corporate Shareholder)	Li Gang Enterprise Co., Ltd.	0	0	0	0
Supervisor/Director (Corporate Shareholder)	Yong Hui Development Co., Ltd.	0	0	0	0
Director (Corporate Shareholder)	Yuan Tuo Investment Co., Ltd.	24,000	0	0	0
Director (Corporate Shareholder)	Gui Long Investment Co., Ltd.	0	0	0	0
Director (Corporate Shareholder)	Toyota Motor Corporation	0	0	0	0
Director	Huang, Nan-Kuang	0	0	0	0
Director	Lin, Li-Hua	0	0	0	0
Director	Huang, Chih-Cheng	0	0	0	0
Director	Huang Wen-Jui	(21,412)	0	0	0
Director	Su, Jean	0	0	0	0
Director	Su, Yi-Chung	0	0	0	0
Director/President	Su, Chwen-Shing	0	0	0	0
Director/Chief Officer	Leon Soo	0	0	0	0
Director	Ko, Junn-Yuan	9,000	0	0	0
Director	Chang, Shih-Yieng	0	0	0	0
Director/ Executive Vice President	Kazuo Naganuma	0	0	0	0
Independent Director	Shih, Hsien-Fu (Note 1)	0	0	0	0
Independent Director	Li, Chao-Sen (Note 2)	0	0	0	0
Independent Director	Su, Chin-Huo	0	0	0	0
Independent Director	Wu, Shih-Hao	0	0	0	0
Executive Vice President	Liu, Yuan-Sen	0	0	0	0
Vice President	Chen, Chien-Chou	0	0	0	0
Vice President	Lai, Hung-Ta (Note 3)	0	0	0	0
Vice President	Huang, Ming-Hsien	0	0	0	0
Vice President	Fred Hsieh	0	0	0	0
Vice President	Wu, Chia-Yen	0	0	0	0
Chief Officer	Liu, Chuan-Hung	(2,000)	0	0	0
Chief Officer	Liu, Sung-Shan	0	0	0	0
Chief Officer	Wu, Pin-Tsung	0	0	0	0
Chief Officer	Chen, Chun-Shan (Note 3)	0	0	0	0

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Title	Company Name/Name	2022		Year to April 30, 2023	
		Number of Shares Held +(-)	Shares Pledged +(-)	Number of Shares Held +(-)	Shares Pledged +(-)
Chief Officer	Yeh, Chia-Han	0	0	0	0
Chief Officer	Wang, Shih-Hao	0	0	0	0
Chief Officer	Lai, Kuang-Hsiung	0	0	0	0
Chief Officer	Lai, Chih-Wei	0	0	0	0
Chief Officer	Lu, Li-Yin	0	0	0	0
Chief Officer	Kei Mizuguchi	0	0	0	0
Chief Officer	Weng, Ming-Lun	0	0	0	0
Chief Officer	Han, Chih-Kang	0	0	0	0
Chief Officer	Huang, I-Jun (Note 3)	0	0	0	0
Chief Officer/Financial Officer	Yu, Chun-Chien	0	0	0	0
Corporate Governance Officer	Tai, Heng-Hu	0	0	0	0
Accounting Officer	Chen, Ting-Ju	0	0	0	0

The directors, supervisors, executive officers, and major shareholders holding more than 10% of the shares of the Company have not transferred or pledged their shares to any related parties.

Note 1: The Company elected new directors in 2022 as all our incumbent directors have completed their term of office. The term of incumbent directors ended upon the election of new directors.

Note 2: The Company elected new directors in 2022 as all our incumbent directors have completed their term of office. The term of new directors began upon being elected.

Note 3: Chief Officer Huang, I-Jun took office on February 1, 2022. Chief Officers Chen, Chun-Shan and Lai, Hung-Ta retired from office on January 10, 2022 and March 5, 2022 respectively.

### III. Corporate Governance

#### 3.9 Relationship Among Top 10 Shareholders

As of April 29, 2023

Name	Share Ownership		Share Ownership of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Related Party or Spousal or Familial Relationship within the Second Degree of Kinship among Top 10 Shareholders		Remarks
	Number	% (Note)	Number	%	Number	%	Company Name/Name	Relationship	
Hoyu Investment Co., Ltd., represented by Lin, Li-Hua	48,267,625	8.84%	0	0	0	0	—	N/A	
Toyota Motor Corporation, represented by Sato Koji	44,406,112	8.13%	0	0	0	0	—	N/A	
Li Gang Enterprise Co., Ltd., represented by Lin, Chih-Han	40,569,353	7.43%	0	0	0	0	—	N/A	
Jin Yuan Shan Investment Co., Ltd., represented by Su, Jean	36,071,520	6.60%	0	0	0	0	Cheng Sun Trading Co., Ltd.	Related parties	Half of the directors serve concurrently on both boards
Cheng Sun Trading Co., Ltd., represented by Su, Jean	24,572,088	4.50%	0	0	0	0	Jin Yuan Shan Investment Co., Ltd.	Related parties	Half of the directors serve concurrently on both boards
Shen Rong Investment Co., Ltd., represented by Chang, Chih-Fu	17,007,066	3.11%	0	0	0	0	—	N/A	
Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	14,663,894	2.68%	0	0	0	0	—	N/A	
Jin Ju Investment Enterprise Co., Ltd., represented by Leon Soo	13,647,776	2.50%	0	0	0	0	—	N/A	
Zhi Geng Development Co, Ltd., represented by Huang, Chih-Cheng	13,283,682	2.43%	0	0	0	0	—	N/A	
Tai Chang Investment Co., Ltd., represented by Huang, Tao-Tien	12,500,459	2.29%	0	0	0	0	—	N/A	

Note: Share ownership percentage is rounded to the nearest hundredth.

### III. Corporate Governance

#### 3.10 Share Ownership in Affiliates

As of April 29, 2023  
Units: NT\$/US\$/Shares/%

Affiliates	Share Ownership by the Company		Share Ownership by Directors, Supervisors, Managing Officers, or Entities Directly or Indirectly Controlled by the Company		Total Share Ownership	
	Number of Shares/Amount	%	Number of Shares/Amount	%	Number of Shares/Amount	%
Hozan Investment Co., Ltd.	527,947,384	100.00%	0	0	527,947,384	100.00%
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	US\$108,897,360	100.00%	0	0	US\$108,897,360	100.00%
Chang Yuan Motor Co., Ltd.	313,500,000	100.00%	0	0	313,500,000	100.00%
Kuozui Motors, Ltd.	103,800,000	30.00%	224,900,000	65.00%	328,700,000	95.00%
Toyota Material Handling Taiwan Ltd.	79,578,810	100.00%	0	0	79,578,810	100.00%
Hotai Insurance Co., Ltd.	2,600,000,000	92.86%	199,605,310	7.13%	2,799,605,310	99.99%
Taipei Toyota Motor Co., Ltd.	25,438,987	34.81%	2,000	0.003%	25,440,987	34.81%
Ho Tai Development Co., Ltd.	24,710,856	45.01%	0	0	24,710,856	45.01%
Kau Du Automobile Co., Ltd.	22,161,150	20.00%	0	0	22,161,150	20.00%
Eastern Motor Co., Ltd.	41,715,847	100.00%	0	0	41,715,847	100.00%
Kuotu Motor Co., Ltd.	17,553,761	20.18%	0	0	17,553,761	20.18%
Tau Miao Motor Co., Ltd.	15,153,573	20.00%	0	0	15,153,573	20.00%
Central Motor Co., Ltd.	15,000,000	20.00%	0	0	15,000,000	20.00%
Nan Du Motor Co., Ltd.	14,806,073	23.67%	0	0	14,806,073	23.67%
Carmax Co., Ltd.	22,950,000	51.00%	0	0	22,950,000	51.00%
Lang Yang Toyota Motor Co., Ltd.	2,000,000	20.00%	0	0	2,000,000	20.00%
Formosa Flexible Packaging Corp.	1,295,108	44.44%	0	0	1,295,108	44.44%
Shi-Ho Screw Industrial Co., Ltd.	211,433	21.14%	0	0	211,433	21.14%
Yokohama Tire Taiwan Co., Ltd.	3,000	25.00%	0	0	3,000	25.00%
Smart Design Technology Co., Ltd.	960,961	20.00%	2,968,016	61.77%	3,928,977	81.77%
Hotai Connected Co., Ltd.	79,100,000	70.00%	565,000	0.50%	79,665,000	70.50%
Che-Chun Technology Co., Ltd.	1,650,000	15.00%	3,850,000	35.00%	5,500,000	50.00%
Hotai AutoBody Manufacturing Co., Ltd.	50,000,000	50.00%	20,000,000	20.00%	70,000,000	70.00%
Hotai AutoBody Sales Co., Ltd.	4,000,000	100.00%	0	0	4,000,000	100.00%
He Jun Energy Co., Ltd.	18,000,000	18.00%	80,000,000	80.00%	98,000,000	98.00%
gochabar Co., Ltd.	1,200,000	10.00%	3,600,000	30.00%	4,800,000	40.00%

Note: Affiliates accounted for using the equity method

## 肆、募資情形

### *Capital Overview*



## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Sources of Capital

##### (1) Capitalization

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital increased by Assets Other than Cash	Other
August 1991	10	94,011,840	940,118,400	94,011,840	940,118,400	Capital increased by Earnings: NT\$156,686,400	N/A	Approved by FSC letter (80) Tai Cai Zheng I No.01537 dated July 16, 1991
August 1992	10	122,215,391	1,222,153,910	122,215,391	1,222,153,910	Capital increased by Earnings: NT\$216,227,230; Capital Surplus Transferred to Share Capital: NT\$65,808,280	N/A	Approved by FSC letter (81) Tai Cai Zheng I No.01669 dated July 20, 1992
August 1993	10	146,658,469	1,466,584,690	146,658,469	1,466,584,690	Capital increased by Earnings: NT\$158,880,010; Capital Surplus Transferred to Share Capital: NT\$85,550,770	N/A	Approved by FSC letter (82) Tai Cai Zheng I No.30058 dated July 14, 1993
November 1994	10	197,990,163	1,979,901,630	197,990,163	1,979,901,630	Capital increased by Earnings: NT\$234,653,550; Capital Surplus Transferred to Share Capital NT\$58,663,390; Issuance of Common Stocks: NT\$220,000,000	N/A	Approved by FSC letter (83) Tai Cai Zheng I No.31768 dated August 5, 1994

## IV. Capital Overview

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital increased by Assets Other than Cash	Other
August 1995	10	330,000,000	3,300,000,000	277,186,229	2,771,862,290	Capital increased by Earnings: NT\$395,980,330; Capital Surplus Transferred to Share Capital: NT\$395,980,330	N/A	Approved by FSC letter (84) Tai Cai Zheng I No.37776 dated June 29, 1995
October 1995	10	330,000,000	3,300,000,000	321,780,129	3,217,801,290	Issuance of Common Stocks: NT\$445,939,000	N/A	Approved by FSC letter (84) Tai Cai Zheng I No.49820 dated September 16, 1995
October 1996	10	420,000,000	4,200,000,000	410,269,665	4,102,696,650	Capital increased by Earnings: NT\$241,335,100; Capital Surplus Transferred to Share Capital: NT\$643,560,260	N/A	Approved by FSC letter (85) Tai Cai Zheng I No.53446 dated August 30, 1996
August 1997	10	440,000,000	4,400,000,000	430,783,148	4,307,831,480	Capital Surplus Transferred to Share Capital: NT\$205,134,830	N/A	Approved by FSC letter (86) Tai Cai Zheng I No.46559 dated June 10, 1997
August 1998	10	600,000,000	6,000,000,000	495,400,620	4,954,006,200	Capital increased by Earnings: NT\$215,391,570; Capital Surplus Transferred to Share Capital: NT\$430,783,150	N/A	Approved by FSC letter (87) Tai Cai Zheng I No.50882 dated June 10, 1998



## IV. Capital Overview

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital increased by Assets Other than Cash	Other
September 1999	10	600,000,000	6,000,000,000	520,170,651	5,201,706,510	Capital Surplus Transferred to Share Capital: NT\$247,700,310	N/A	Approved by FSC letter (88) Tai Cai Zheng I No.61520 dated July 6, 1999
September 2000	10	600,000,000	6,000,000,000	546,179,184	5,461,791,840	Capital Surplus Transferred to Share Capital: NT\$260,085,330	N/A	Approved by FSC letter (89) Tai Cai Zheng I No.60392 dated July 12, 2000

### (2) Type of Stock

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Common Stock	546,179,184	53,820,816	600,000,000	Shares Listed on the Taiwan Stock Exchange ("TWSE")

### (3) Shelf Registration: None

## IV. Capital Overview

### 4.1.2 Shareholders Structure

As of April 29, 2023

Shareholders Structure Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Chinese Institutional Investors	Total
Number of Shareholders	1	0	142	6,968	606	0	7,717
Share Ownership	131,000	0	364,395,692	42,223,256	139,429,236	0	546,179,184
Percentage	0.024%	0%	66.717%	7.731%	25.528%	0	100%

### 4.1.3 Distribution of Share Ownership

As of April 29, 2023

Share Ownership by Range (Unit: Shares)	Number of Shareholders	Share Ownership	Percentage
1 - 999	5,579	512,205	0.094%
1,000 - 5,000	1,301	2,260,537	0.414%
5,001 - 10,000	173	1,328,494	0.243%
10,001 - 15,000	69	863,884	0.158%
15,001 - 20,000	47	843,545	0.154%
20,001 - 30,000	71	1,728,699	0.317%
30,001 - 40,000	53	1,868,038	0.342%
40,001 - 50,000	41	1,821,722	0.334%
50,001 - 100,000	108	7,855,482	1.438%
100,001 - 200,000	71	10,197,702	1.867%
200,001 - 400,000	60	16,904,223	3.095%
400,001 - 600,000	50	24,481,581	4.482%
600,001 - 800,000	20	13,622,665	2.494%
800,001 - 1,000,000	13	11,811,443	2.163%
1,000,001 or above	61	450,078,964	82.405%
Total	7,717	546,179,184	100.00%

## IV. Capital Overview

### 4.1.4 Major Shareholders

As of April 29, 2023

Shareholders	Share Ownership	Percentage
Hoyu Investment Co., Ltd.	48,267,625	8.84%
Toyota Motor Corporation	44,406,112	8.13%
Li Gang Enterprise Co., Ltd.	40,569,353	7.43%
Jin Yuan Shan Investment Co., Ltd.	36,071,520	6.60%
Cheng Sun Trading Co., Ltd.	24,572,088	4.50%
Shen Rong Investment Co., Ltd.	17,007,066	3.11%
Yuan Tuo Investment Co., Ltd.	14,663,894	2.68%
Jin Ji Investment Enterprise Co., Ltd.	13,647,776	2.50%
Zhi Geng Development Co., Ltd.	13,283,682	2.43%
Tai Chang Investment Co., Ltd.	12,500,459	2.29%

### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item			2021	2022	As of April 30, 2023 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		669.00	660.00	668.00
	Lowest Market Price		515.00	540.00	574.00
	Average Market Price		595.70	596.99	629.21
Net Worth per Share (Note 2)	Before Distribution		135.07	76.47	84.72
	After Distribution		115.07	(Note 9)	(Note 9)
Earnings (Loss) per Share (Note 3)	Weighted Average Shares		546,179,184	546,179,184	(Note 9)
	Earnings (Loss) per Share (Note 3)	Unadjusted	29.68	(35.39)	(Note 9)
		Adjusted	29.68	(Note 9)	(Note 9)
Dividends per Share	Cash Dividends		NT\$20 per share	NT\$2 per share	—
	Stock Dividends	From Retained Earnings	—	(Note 9)	—
		From Capital Surplus	—	—	—
	Accumulated Undistributed Dividends (Note 4)		—	—	—
Return on Investment	Price/Earnings Ratio (Note 5)		20.07	(16.87)	—
	Price/Dividend Ratio (Note 6)		29.79	(298.50)	—
	Cash Dividend Yield (Note 7)		3.36%	0.34%	—

\* If the profits and capital surplus are transferred to share capital for share issuance, the Company shall disclose the fair value and cash dividends adjusted retrospectively based on the number of shares issued.

Note 1: List the highest and lowest market price of common shares each year, and the average market price calculated

## IV. Capital Overview

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based on annual trading value and volume.

Note 2: Based on the number of issued and outstanding shares at the end of the year and in accordance with the distribution approved by the board of directors meeting or shareholders' meeting in the following year.

Note 3: If retrospective adjustment is necessary due to stock dividend distribution, the earnings per share before and after the adjustment shall also be included.

Note 4: If the terms of issue of equity securities provide that any undistributed dividends may be carried forward until the Company has profits, the accumulated undistributed dividends as of the end of such fiscal year shall be disclosed respectively.

Note 5: Price/Earnings Ratio = Average Market Price/ Earnings per Share

Note 6: Price/Dividend Ratio = Average Market Price/ Cash Dividends per Share

Note 7: Cash Dividend Yield = Cash Dividends per Share/ Average Market Price

Note 8: Figures of net worth per share and earnings per share are data from the financial statements as of the most recent quarter audited or reviewed by the auditor; other figures reflect data from the current fiscal year and as of the date of this Annual Report.

Note 9: The proposed earnings of 2022 is pending the resolution of the annual shareholders meeting of 2023.

## IV. Capital Overview

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### 4.1.6 Dividend Policy and Implementation Status

#### (1) Dividend Policy

As a mature company in the constantly changing automotive industry, our dividend policy considers the following factors: our future working capital needs, long-term financial planning, and cash inflow to deliver value to our shareholders. If the Company has any pre-tax profit at the end of a fiscal year, it shall first set aside an amount to pay business income tax and offset losses from previous years, appropriate 10% from the balance as legal reserve, and shall, pursuant to applicable laws and regulation, set aside a portion of the after-tax profits as special reserve. To the extent that there is any balance of the after-tax profits remaining, the shareholder dividends declared shall be no less than 50% of the distributable profits, from which the cash dividends shall be no lower than 10% of the total dividends declared.

The Board of Directors shall propose a profit distribution plan, including the percentage and form of payment, based on the profitability and available funds of the Company each year, and submit to the shareholders' meeting for approval.

The decision to distribute all or part of the dividends and/or bonuses in cash shall be adopted by a resolution of the majority of the Board of Directors in a meeting attended by over two-thirds of the directors and reported to the shareholders' meeting; the requirement to obtain shareholders' approval in the preceding paragraph does not apply.

#### (2) Proposed Distribution of Profit

On March 14, 2023, the 21<sup>st</sup> Board of Directors in the 8<sup>th</sup> meeting resolved to allocate NT\$1,201,594,208 from the Company's earnings as shareholder dividends, which is to be paid at NT\$2 per share as cash dividends (a total of NT\$1,092,358,368) and NT\$0.2 per share as stock dividends (a total of NT\$109,235,840). The decision will be reported to the shareholders at the annual general meeting on June 27, 2023.

### 4.1.7 Impact of the Proposed Stock Dividends Distribution on the Business Performance and Earnings per Share of the Company

Not applicable since the Company doesn't have any public financial forecast for FY2023.

### 4.1.8 Employee Remuneration and Directors' Remuneration

#### (1) Employee Remuneration and Directors' Remuneration under the *Articles of Incorporation*

According to Article 34 of the *Articles of Incorporation* of the Company, to the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration; provided, however, independent directors are not eligible to participate in the profit distribution of the Company. Any accumulated losses of the Company shall first be offset. Employee remuneration may be paid in the form of stocks or cash and shall be approved by over half of the directors present at a Board meeting attended by at least two-thirds of the directors; in addition thereto, such distribution shall be reported at the shareholders'

## IV. Capital Overview

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meeting.

- (2) The Basis for the Estimate of Accrued Employee Remuneration and Directors' Remuneration, and the Basis for Calculating the Number of Shares where Stock Dividends are Distributed.

Based on what's stated in the Articles of Incorporation, the Company has not generated profits from its operations in FY2022. Therefore, we did not allocate any employee remuneration or directors' remuneration.

- (3) Proposed Distribution of Employee Remuneration by the Board of Directors

- (a) Distribution of employee remuneration in the form of cash or stocks and directors' remuneration:

On March 14, 2023, the 21<sup>st</sup> Board of Directors in the 8<sup>th</sup> meeting made the decision to not distribute employee remuneration and director's remuneration pursuant to Article 34 of the Articles of Incorporation of the Company given that our operation in FY2022 has generated no profits.

- (b) Distribution of employee remuneration in the form of stocks, and the distribution in percentage of total pre-tax profits in the parent company only or separate financial statements and total employee remuneration:

No employee remuneration will be distributed for FY2022.

- (4) Distribution of Employee Remuneration and Directors' Remuneration in the Previous Year (including Number of Shares, Amount and Share Price), and the Difference in Value as well as Reason for Deviation and Accounting Treatment where the Actual Distributed Amount for Employee Remuneration and Directors' Remuneration is Different from the Accrued Amount

In FY2022, the actual amounts distributed as employee remuneration and directors' remuneration for FY2021 were NT\$192,880,443 and NT\$385,760,886 respectively, which were consistent with the proposed amount of distribution approved by the Board of Directors.

4.1.9 Repurchase of Shares: Hotai did not buy back any of its own shares

4.2 Corporate Bonds: Hotai did not issue any corporate bonds

4.3 Preferred Stocks: Hotai did not issue any preferred stocks

4.4 Global Depository Receipts: Hotai did not issue any global depository receipts

4.5 Employee Stock Options: Hotai did not issue any employee stock options.

4.6 Employee Restricted Stocks: Hotai did not issue any employee restricted stocks

4.7 Issuance of New Shares in Connection with Mergers and Acquisitions or in Exchange for the Shares of another Company: none

4.8 Financing Plans and Implementation: Hotai currently has no financing plans and has not acquired any funds through the issue of securities or a private placement.

## 伍、營運概況

### *Operational Highlights*



## V. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope

##### (1) Main Areas of Business Operations

- (a) Manufacturing, assembling and sales of all types of vehicles (including chassis and car body) and parts, as well as export and import business
- (b) Manufacturing and maintenance of special vehicles (e.g., trailers, garbage trucks, vacuum trucks, cranes, concrete mixing transport trucks, and tanker trucks)
- (c) Manufacturing, assembling and sales of all types of industrial vehicles (e.g., tractors, loaders, and forklifts) and parts, as well as export and import business
- (d) Car repair and maintenance
- (e) Leasing business
- (f) General insurance

##### (2) Revenues by Product Category

Product Category	Amount (NT\$ Thousands)	In % of Total Revenues
Toyota and Hino Distribution	124,791,594	50.63
Installment Business	15,273,082	6.20
Leasing Business	27,591,033	11.19
Property Insurance	10,480,917	4.25
Overseas Vehicle Dealerships	22,298,775	9.05
Other	46,046,438	18.68
Total	246,481,839	100.00

##### (3) Core Products and New Products Development

##### (a) Core Products

Product Category			Models
General Vehicles	Small Vehicles	LEXUS Luxury Vehicles	<b>Imported:</b> LS, ES, IS, RX, NX, UX, LC, RCF, LM
		TOYOTA Passenger Vehicles and Light Commercial Vehicles	<b>Imported passenger vehicles:</b> RAV4 (includes HEV), CAMRY (includes HEV), ALPHARD HEV, SIENNA HEV, PRIUS PHV, C-HR, COROLLA SP, HILUX, PRADO, GR 86, GR SUPRA, GR YARIS, and bZ4X <b>Domestically made passenger vehicles:</b> COROLLA CROSS (includes HEV), ALTIS (includes HEV), VIOS, YARIS, and SIENTA <b>Domestically made light commercial vehicles:</b> TOWN ACE (PU, VAN)
	Commercial Vehicles	TOYOTA Commercial Vehicles	<b>Imported:</b> diesel minibus COASTER, GRANVIA, and HIACE
		HINO Commercial Vehicles	<b>Domestically made:</b> diesel buses, heavy trucks and minivans



## V. Operational Highlights

Leasing Business	Leasing of Toyota, Lexus, Hino and other car brands
Installment Business	Installment sales of Toyota, Lexus, Hino and other car brands
General Insurance Business	Fire insurance, motor insurance, marine cargo insurance, construction insurance, liability insurance, personal accident insurance, and health insurance
Air Conditioning	Air conditioning made by DENSO for passenger cars and trucks
Parts and Accessories	Components and accessories for the above vehicle models and series

### (b) New Products Development

- TOYOTA: introduction of the new CROWN and PRIUS PHEV
- LEXUS: introduction of all-new electric vehicle RZ450e
- HINO: introduction of the new 700 Series tractor unit and heavy-duty truck with 12-speed manual transmission, light-duty electric truck and bus.
- General insurance: offer insurance products that will best fit the development strategies of the Group's operations and optimize operating models.

### 5.1.2 Industry Overview

#### (1) Current Status and Future Development

Shaped by factors such as COVID variants, Russia-Ukraine war, peaking inflation, and climate change, the global economy in 2022 was stuck in a low-growth trap. Countries across the globe implemented policies to raise interest rates to tackle inflation, which in turn slowed global economic activity, impacting our international trade and capital investment. The annual growth rate hit 2.43% last year, down by 4.02 percentage points compared to 6.45% in 2021. While demand for vehicles in Taiwan's automotive market remained strong, stifled by low vehicle production due to the automotive chip shortage, there continued to be a mismatch between supply and demand in the market. In 2022, the total sales in the automotive market were 429,731 units, which reached 95.5% of the volume of 2021.

When we consider vehicle sales by brand, TOYOTA, LEXUS, and HINO are ranked top in market share. The top four players in the automotive industry are all Japanese car brands, accounting for a total of 57.5% of the market share.

Ranking	1	2	3	4	5	6
Brands	TOYOTA LEXUS HINO	MITSUBISHI CMC	HONDA	NISSAN INFINITI	FORD	MERCEDES BENZ
Sales	150,252	44,613	27,381	25,061	24,675	23,861
Market Share	34.96%	10.38%	6.37%	5.83%	5.74%	5.55%

#### (2) Relationship with Upstream, Midstream and Downstream Companies

## V. Operational Highlights

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In Taiwan, products in the automotive industry are sourced through the authorization of international automobile companies (parent companies of the brands) by either providing parts and production technology for their assembly lines in Taiwan or importing whole vehicles. The Taiwanese distributors then sell and provide pre-sales and after-sales services and vehicle repair and maintenance via their dealerships.

In addition to Kuozui Motors, Ltd. (“Kuozui Motors”) (TOYOTA small vehicles and HINO large vehicles), other major domestic car manufacturers include China-Motor (Mitsubishi small vehicles and Fuso large vehicles), Yulon Motors (Nissan and Luxgen small vehicles), Ford Lio Ho (Ford small vehicles), Sanyang Motor Co., Ltd (Hyundai small vehicles), and Taiwan Honda (Honda small vehicles).

We distribute vehicles from brands in the industry that are known for their excellent quality, attentive after-sales service, and outstanding marketing and planning ability. Together with our growing competitive advantages, we have been able to maintain our position as market leader in the automotive industry for many years.

### (3) Product Development Trends and Competition

In recent years, an increasing number of international automakers terminated distribution rights and set up subsidiaries in Taiwan. These subsidiaries actively introduce new products and offer more competitive pricing, and as a result, the market has been largely occupied by import vehicles. However, due to global chip shortage, low supply of import cars, and shipping container shortage, market share of import vehicles in Taiwan’s automotive market slid to 46.1% last year. In terms of vehicle sales volume, SUVs remain a hit among consumers. As multiple automakers began to offer different crossover models, SUV sales accounted for 47.9% of total vehicle sales in 2022. TOYOTA COROLLA CROSS became a bestseller among SUVs and domestic vehicles, while RAV4 remained the bestselling import vehicle for the 15<sup>th</sup> consecutive year.

Faced with a fast-changing auto industry, our top priority has always been the needs of our customers. Through our vision—think Amazing, do Amazing, as well as ongoing partnership with TMC and our affiliates to create group synergy, we are well-positioned to deliver consumers with premium mobility products and services.

### 5.1.3 Technology and R&D

- (1) Our Product Strategy Department works closely with Kuozui Motors and TMC in continuously analyzing the needs and preferences of Taiwan automotive consumers to launch new vehicle models that respond to market demands. Currently, the models available include COROLLA CROSS, RAV4, CAMRY, ALTIS, TOWN ACE, VIOS, YARIS, and SIENTA, which are all bestselling vehicles on the market. Notably, ALTIS was the No.1 bestselling domestic single car model for 19 years from 2001 to 2019 until RAV4 and COROLLA CROSS took its place in 2020 and 2021 to 2021 respectively. Going forward, we will also continue to introduce eco-friendly and fuel-efficient models to meet consumer needs, which is expected to positively impact our sales revenue.

## V. Operational Highlights

- (2) As a vehicle distributor, we specialize in product planning and sales, while the manufacturing, research and development are the responsibilities of TMC and Kuozui Motors.

### 5.1.4 Short-term and Long-term Development Plans

#### Long-term Business Development Plans

- (1) Corporate Vision: **think Amazing, do Amazing**
- (2) Mid to Long-term Strategies
  - (a) Apply new generation of sales thinking to actively increase market share
  - (b) Cater to customers' everyday life by combining smart service with social media platforms
  - (c) Leverage strategic transformation for competitive advantage to optimize value chain
  - (d) Enhance synergy in resource utilization to expand Group operations
  - (e) Fulfill social responsibility commitments and work towards achieving carbon neutrality

#### Short-term Business Development Plans

**Rising from setbacks, staying vigilant, transcending circumstances, and regaining commanding leadership position.**

#### **(1) Sales Thinking: Ultimate Edge; Smart Service: Ultimate Satisfaction**

	Vehicle	Service
TOYOTA	Secure a leading spot across segments and deliver unprecedented sales growth	Create smart services and uphold our brand's commitment to prioritize customers
LEXUS	Spearhead the electrification of vehicles in powering the future	Smart safety solutions for the ultimate experience
Commercial Vehicle	Drive the future forward and revolutionize strategies	Digital innovation to seize new opportunities

#### **(2) Strategic Transformation: Ultimate All-in-One Solution; Strategic Advantage: Ultimate Progressivity**

- Hotai Finance: diversify and expand installment business and closely monitor cost of capital and control lending risks.
- Hotai Leasing: develop new products and services, increase customer stickiness, and achieve a larger lead in the leasing/CPO market.
- CarMax: enhance product quality and optimize product development efficiency, expand sales channels and market reach to increase profit margin.
- Chang Yuan Motor: ramp up sales of finished vehicles and implement customer classification and smart services to scale up the business and service capacity.
- Toyota Material Handling Taiwan: actively transform its business model to increase profits by expanding CPO and warehousing operations and increasing the proportion of its electric vehicles and leasing business.
- Hotong: amid the challenges, strive to progress at a steady pace and pursue new business ventures.
- Hotai Insurance: refine organizational structure and risk management and develop the most strategic insurance product portfolio.

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- MaaS & Hotai Connected: increase visibility of *yoxi*, *iRent*, *Hotai Go*, and the rewards program to enhance the overall benefits of subscription economy.
- Hotai AutoBody Manufacturing Co., Ltd.: complete the commercial auto body lineup and revolutionize production efficiency and quality.
- Renewable energy business: continue the strategic planning of consolidating PV and energy storage and move towards a low-carbon, net-zero future to gain competitive advantages in the renewable energy sector.

### **(3) Operations Control: Ultimate Caution; Management System: Ultimate Readiness**

- Enhance risk response by establishing a group-wide risk management system and optimize affiliate management and oversight procedures.
- Develop a comprehensive human resources structure and training system and strengthen talent attraction and employee identification with the company.
- Upgrade cloud/cybersecurity infrastructure, create robust technological development and cybersecurity teams, and build up a personal data protection framework.

### **(4) Corporate Governance: Ultimate Resilience; Sustainable Operations: Ultimate Reliability**

- Build the brand around sustainability by implementing low-carbon management system and carbon neutral goals.
- Amplify the Group's public interest impact and increase brand favorability of our mobility service.
- Facilitate the sustainable development of the Group by actively engaging in ESG initiatives and fostering a culture of compliance.

## 5.2 Market and Sales Overview

As a professional distributor for automotive sales and services, we strive to deliver the best services that exceed customer expectation in both pre-sales and after-sales services. In addition, we continuously provide customers with the best products and services by innovative practices to ensure product quality and enhance customer satisfaction.

### 5.2.1 Market Analysis

#### (1) TOYOTA Passenger Vehicles

##### (a) Sales Region

In 2022, TOYOTA had over 123 thousand units of registered vehicles, representing 28.7% of the market share, which is 97.9% of the volume of 2021. In spite of inventory shortage, TOYOTA maintained its leading position in the automotive market. Among which, COROLLA CROSS continued to be the bestselling vehicle in the market for the second consecutive year with a sales record of close to 40,000 units. On the other hand, our Japanese-made RAV4 registered over 17,000 units last year despite production cut by TMC and continued to be the bestselling import vehicle model for the 15<sup>th</sup> consecutive year.

##### (b) Market Share

Looking ahead, despite concerns over a downturn in domestic economic growth and ongoing supply chain issues, factors such as the easing of global automotive chip shortage, recovery of consumer purchasing as pandemic restrictions are lifted, and

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high volumes of vehicle orders awaiting to be fulfilled by automakers have led to a projection of around 450,000 units of vehicles sales in 2023, a 4.7% growth from the year before.

### (c) Future Supply and Demand, Market Growth, Competitive Advantages, Favorable and Unfavorable Factors of Development Prospect

#### Favorable Factors

- The government's excise tax rebate policy under the vehicle scrappage program has been extended for five years until early 2026; new policies such as the *Vehicle Scrappage Subsidy Scheme to Reduce Air Pollutants* and *Vehicle Scrappage Incentive Scheme to Reduce GHG Emissions* have also been introduced. Both of which are conducive to a consistent demand for new vehicles.
- Following the footsteps of TMC while also considering the regulatory, policy trends and infrastructure in Taiwan, once the first EV model bZ4X launched, we will periodically evaluate the market and work towards introducing a lineup of EV models (BEV, HEV, PHEV) and multiple new vehicle models that meet the requirements of Taiwan's automotive market, which has been an ongoing conversation with TMC.

#### Unfavorable Factors

- In 2022, demand for automotive chips spiked due to development trends of vehicle electrification and intelligence, and factors including the pandemic, Russia-Ukraine war, and lockdown in China have also caused the costs of automotive chip per vehicle to rise at the rate of around 8% to 10%, which ultimately led to soaring raw materials prices and is likely to continue driving up the vehicle manufacturing costs.
- The shift in the government's policy towards coexisting with the virus has boosted consumer spending. However, there remain uncertainties around the timeline for reopening borders and the inflation crisis.

### (d) Countermeasures

- Ongoing review with TMC on product planning to introduce products that best fit the market and meet the regulations.
- Expand market reach to the younger generation by sponsoring basketball leagues across high school, college, and professional levels, increasing application of NFT, collaborating with famous singers and influencers to boost our brand awareness, and partnering with the gaming industry to refresh our brand image for younger audiences.
- Optimize sales and operational efficiency by continually improving first-line sales capabilities and refining business operations from all fronts.
- Increase closing rate of CPO vehicle sales and inventory to create new profits along the value chain.

#### 【Toyota Key Performance Indicators】

Toyota	Industry Assessment Index	Data Source	Final Figures
Sales	Number of Registered Vehicles	Ministry of Transportation and Communications	123,434 units
	Market Share		28.7%
Remarks	No.1 in the automotive market for 21 consecutive years		

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### (2) LEXUS Vehicles

#### (a) Sales Region

The core products are imported from Japan, including sedan models, LS, ES, IS, SUV models, RX, NX, and UX, coupe model, LC and RCF, and our flagship model, MPV LM. We create a full coverage sales network through our 8 dealers and 26 sales branches.

#### (b) Market Share (as of December 31, 2022)

In 2022, the total number of luxury vehicle registrations was 94,149 units, up by 0.8% from a year before. LEXUS had 19,327 units of vehicle registrations, accounting for 20.5% of the market share, and sat in the second place in luxury vehicles market.

#### (c) Future Supply and Demand, Market Growth, Competitive Advantages, Favorable and Unfavorable Factors of Development Prospect

##### Favorable Factors

- In 2023, global automotive chip shortage is likely to ease. And as countries around the world lift pandemic restrictions and consumer purchasing recovers, coupled with political incentives such as government-promoted excise tax reduction and electrification of public transport, all these factors will continue to stimulate vehicle purchases in Taiwan.
- With technologies of self-driving, IoV, and EVs maturing, it is predicted that automakers will introduce more practical services and features to take the driving experience one step further for consumers.

##### Unfavorable Factors

- The growing enthusiasm for battery electric vehicles (BEV) has turned it into the main arena for automakers to showcase their technological capabilities, and competitors are constantly putting out new BEVs to gain market advantage.

#### (d) Countermeasures

- Continue our efforts in developing a diversified portfolio of alternative fuel vehicles through incorporating sales and marketing incentives and flexible strategic manufacturing to achieve our annual sales target.
- Introduce all-new full electric model, RZ, to showcase the brand's technology solutions and the joy of driving as we enter a new era of electrification.
- Increase our competitiveness in BEVs by building a comprehensive BEV network and upgrade our BEV services and technological capabilities.
- Win at mindshare by increasing the application of LEXUS LINK and providing exclusive customer relations services.

#### 【Lexus Key Performance Indicators】

Lexus	Industry Assessment Index	Data Source	Final Figures
Sales	Number of Registered Vehicles	Ministry of Transportation and Communications	19,327 units
	Market Share		20.5%
Remarks	Currently ranks 2 <sup>nd</sup> in the luxury vehicles market		

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### (3) Commercial Vehicles

#### (a) Main Sales and Supply Region

- Main sales region: Taiwan
- Main supply region: Japan and Taiwan

#### (b) Market Share (as of December 31, 2022)

Due to early reactions in the market as a result of new emission and safety standards implemented for Class 6 diesel trucks, some of the demand in the commercial vehicles market in 2022 has been reflected last year. In 2022, the commercial vehicle market size reached 23,130 units, which is 81.5% of the volume of 2021. Under our brands, we had a total of 7,491 units of vehicle registrations, which accounted for 32.4% of the market share and continued to rank top in the commercial vehicles market.

- The overall large commercial vehicle registrations reached 14,270 units, which was 93.3% of the volume from the previous year; vehicle registrations under our brands were 4,230 units, which accounted for 29.6% of the market share as we maintain a dominating position in the large commercial vehicles market for 13 consecutive years.
- The overall light commercial vehicle registrations (3.49-ton and 5-ton) reached 8,860 units, which was 67.7% of the volume from the previous year; vehicle registrations under our brands were 3,261 units, which accounted for 36.8% of the market share.

#### (c) Favorable and Unfavorable Factors of Future Market Development

##### Favorable Factors

- The stay-at-home economy leads to steady growth for logistics demand.
- As borders reopen, tourism sees an upturn and demand for buses is expected to rise.
- Companies in the technology industry are bringing manufacturing and investments back to Taiwan, which drives the inelastic demand of factory constructions and increases the demand for heavy duty vehicles.
- The Environmental Protection Administration has extended the new-vehicle registration period under the scrappage program of large diesel trucks until the end of 2023.

##### Unfavorable Factors

- Ongoing shortage of certain components and parts continue to impact the supply of vehicles.
- High inflation and exchange rate fluctuations are causing car prices to go up, which deters customers' willingness to purchase.

#### (d) Countermeasures

- Assess vehicle supply chain and stock up on models that are at risk of low inventory.
- Work with Hotai Coachwork to craft a diverse process of car body construction to maximize commercial vehicle value chain.
- Regularly launch new products
  - Introduce all-new 700 series tractor unit with 12-speed manual transmission and heavy-duty trucks with air suspension to effectively increase cargo transportation efficiency and integrity.
  - Introduce fuel cell buses to adapt to the global low-carbon, sustainability transition.

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- Promote the new telematics system and accelerate the introduction of management framework for large-scale logistics.

### (4) Car Leasing

#### (a) Service Areas

Currently, we have 12 business locations to provide long-term leasing, 47 business locations to provide short-term rental, and 1,890 *iRent* locations across the country.

#### (b) Market Share (as of December 31, 2022)

The new car leasing market recorded a total of 47,774 units in 2022 (accounted for 11.1% of the automotive market's new vehicles sales), and 12,617 units came from our rental and leasing business which ranks number one in the market for 21 consecutive years (with a 26.4% market share).

#### (c) Future Supply and Demand and Market Growth

Looking ahead, uncertainties surrounding inflation, interest rate hike, and chip shortage will continue to impact the leasing market. On the upside, as the pandemic fades, the government has gradually lifted restrictions which led to improvement of domestic demand and related industries. With our complete product lines, diversified operations, and existing products and services of our brands, we are able to further increase demand of our fleet customers and consumers and the opportunities to continue serving them. And by enhancing channel management and increasing market penetration of our leasing products, we expect sales to peak and set new highs in the car leasing market this year.

#### (d) Favorable and Unfavorable Factors of Future Market Development

##### Favorable Factors

- Market shares of our brands hit a new high, and the launch of new and redesigned vehicle models will improve vehicle supply structure and boost the leasing business.
- The extension of relevant subsidy and tax reduction programs is likely to encourage consumers' willingness to purchase.

##### Unfavorable Factors

- Severe chip shortage and slower than expected supply chain recovery directly impact vehicle delivery timelines.
- Low-price competitors in the industry and interest rate increase by banks are likely to drive up operational costs.

#### (e) Countermeasures

- Create additional sources of revenue by expanding the service scope through reinvented cross-industry service and meeting customers' needs in every scenario.
- Utilize digital transformation to create new service experience and optimize interactive interface to gain new opportunities.
- Improve after-sales customer satisfaction and enhance channel management to achieve higher market penetration, customer retention, and referral rate.

### (5) Installment Financing

#### (a) Service Region

We have representatives at 22 business locations across Taiwan to provide vehicle installment financing services.

#### (b) Market Share (as of December 31, 2022)



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The total amount of auto loans approved was NT\$102.1 billion, which outperforms competitors and ranks top in the industry.

(c) Future Supply and Demand and Market Growth

As automakers found ways to overcome an unstable supply chain posed by the challenges of the pandemic, war, and chip shortage, new vehicle production capacity is set to increase in 2023. Along with the delayed orders from last year, sales volume this year is projected to be higher than 2022. Additionally, we have some new products coming off the production lines, including new EV models, and will continue to design various installment programs to meet the needs of consumers, thereby gaining competitive advantages in the market and driving growth.

(d) Favorable and Unfavorable Factors of Future Market Development

Favorable Factors

- As countries around the world are slowly coming out of the pandemic, the market should see a more consistent supply of new vehicles.
- Increasing channel partners and introducing new products will help us expand the business scale.

Unfavorable Factors

- Competitors in the industry and banks are competing with low prices, impacting our vehicle and equipment installment financing business.
- The rise of shared economy could potentially influence purchase intentions of the younger customer base.
- Inflation leads to global interest rate hikes.

(e) Countermeasures

- Enhance operations management, develop distribution channels of our own brands and other car brands to increase our reign in installment financing and leasing.
- Design installment programs tailored to individual customer bases and upgrade our installment financing operations to increase willingness to purchase.
- Develop a roadmap for the leasing of equipment with high added value, such as medical equipment, machine tools, and construction equipment.

(6) General Insurance

(a) Service Region: Services are provided through 5 subsidiaries, 24 service locations, and 5 satellite offices in Taiwan.

(b) Market Forecast

In the first half of 2022, COVID insurance sales soared, increasing the insurance industry policy premium base period. It is projected that in 2023, growth rate of the property insurance industry will be around 5% or a flat growth. Some of the insurance products that are driving growth are car insurance, fire insurance, and liability insurance. In 2022, raw material supply shortage and chip shortage indirectly impacted the car insurance market. On the other hand, due to the bulk of natural disasters leading to rising losses in the reinsurance market, we have reexamined the rate adequacy of premiums for our fire insurance and property insurance policies. In 2023, we predict that property insurance industry will return to profitability.

(c) Business Target

The company continues to rank 6<sup>th</sup> in written premium in 2022. As we adopt a more

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cautious approach in identifying and selecting business opportunities to pursue higher underwriting profits, it is estimated that the company's written premium income will reach NT\$ 12 billion this year.

### (d) Key Policies

- Transform business model and manage different insurance products with the goal to maximize profits.
- Balance expenses, eliminate overspending, and improve management effectiveness.
- Amplify collaborations and increase communications from within the Group to achieve value chain synergy.
- Reinforce risk management practices and develop employees' knowledge and awareness of compliance.
- Invest in talent development and build a robust management team.
- Forge a positive business culture, ensure fair treatment of customers, and implement principles of sustainable development.

### 5.2.2 Production Process of Core Products

#### (1) Core Products and Primary Uses

Product Category		Primary Uses
Toyota	Passenger Car	Means of transportation instead of walking, or used for leisure, commuting, business travel or for business use of companies, and for rental and taxi industries to carry passengers.
	Commercial Vehicle	For companies to carry passengers or commodities, or for passenger transportation and sightseeing bus industries, organizations, schools and groups to carry passengers.
Hino	3.49-ton and 5-ton Light Truck	For companies or logistic companies to transport commodities.
	Truck	For companies or logistic companies to transport commodities.
	Bus	For passenger transportation and sightseeing bus industries, organizations, schools and groups to carry passengers.

(2) Production Procedures of Core Products: we do not operate a production business, thus there is no production procedure.

### 5.2.3 Supply of Main Raw Materials

Product Category		Primary Suppliers
TOYOTA	Passenger Car, Commercial Vehicle and Parts	Imported: TMC and TMAP Domestically made: Kuozui Motors
HINO	Truck and Bus	Imported: Hino Motors, Ltd. Domestically made: Kuozui Motors

### 5.2.4 Suppliers (Customers) Accounted for More than 10% of the Total Purchase (Sales) in any Given Year for the Last Two Years

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### (1) Customers Accounted for Over 10% of the Total Sales for the Last Two Years

Customer Name	2021			2022			As of Q1 2023		
	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai
Central Motor Co., Ltd.	27,635,662	14	Investee Company Accounted for Using Equity Method	26,399,143	14	Investee Company Accounted for Using Equity Method	7,677,432	14	Investee Company Accounted for Using Equity Method
Tau Miao Motor Co., Ltd.	25,312,390	12	Investee Company Accounted for Using Equity Method	24,014,444	12	Investee Company Accounted for Using Equity Method	7,012,918	13	Investee Company Accounted for Using Equity Method
Taipei Toyota Motor Co., Ltd.	19,809,896	10	Investee Company Accounted for Using Equity Method	18,060,496	9	Investee Company Accounted for Using Equity Method	5,704,487	11	Investee Company Accounted for Using Equity Method
Kau Du Automobile Co., Ltd.	18,715,536	9	Investee Company Accounted for Using Equity Method	18,059,342	9	Investee Company Accounted for Using Equity Method	5,287,062	10	Investee Company Accounted for Using Equity Method
Kuotu Motor Co., Ltd.	17,943,998	9	Investee Company Accounted for Using Equity Method	15,789,361	8	Investee Company Accounted for Using Equity Method	5,252,630	10	Investee Company Accounted for Using Equity Method

### (2) Suppliers Accounted for Over 10% of the Total Purchase for the Last Two Years

Company Name	2021			2022			As of Q1 2023		
	Net Purchase (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Purchase (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Purchase (NT\$ Thousands)	Percentage (%)	Relation with Hotai
Kuozui Motors, Ltd.	60,309,556	27	Investee Company Accounted for Using Equity Method	60,903,916	29	Investee Company Accounted for Using Equity Method	17,455,350	27	Investee Company Accounted for Using Equity Method
Toyota Motor Corporation	42,368,272	19	Director of Hotai	37,759,395	18	Director of Hotai	16,720,054	26	Director of Hotai

#### 5.2.5 Production Volume and Amount for the Last Two Years: N/A

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### 5.2.6 Sales Volume and Amount for the Last Two Years

Division	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)
Toyota and Hino	131,438	133,489,557	-	-	120,972	124,791,594	-	-
Installment Business	-	11,522,435	-	-	-	15,273,082	-	-
Leasing Business	-	20,602,647	-	3,422,812	-	23,508,990	-	4,082,043
Property Insurance	-	10,152,267	-	-	-	10,480,917	-	-
Overseas Vehicle Dealerships	-	-	19,198	26,214,187	-	-	17,723	22,298,775
Other	13,947	41,221,466	-	291,664	13,042	45,830,804	-	215,634
Total	145,385	216,988,372	19,198	29,928,663	134,014	219,885,387	17,723	26,596,452

Note 1: Sales volume refers to the number of new vehicles sold.

### 5.3 Key Statistics of Group Employees for the Last Two Years and as of the Date of the Annual Report

Year		2021	2022	As of March 31, 2023
Number of Employees	Direct Personnel (Sales representatives)	4,039	4,170	4,101
	Indirect Personnel (Support / management department)	3,774	4,225	4,197
	Total	7,813	8,395	8,298
Average Age		37.60	32.69	33.05
Average Length of Service		6.31	6.07	6.26
Highest Level of Education (%)	Ph.D.	0.09%	0.04%	0.04%
	Master's Degree	11.74%	12.88%	13.61%
	Bachelor's Degree	65.76%	66.67%	62.53%
	Senior High School Diploma	19.22%	16.16%	21.82%
	Below Senior High School	3.19%	4.25%	2.00%
Total		100%	100%	100%

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### 5.4 Environmental Costs

List the losses caused by environmental pollution in the most recent fiscal year and up to the date of this annual report (including restitutions, items indicated in the environmental audit results that are in violation of environmental laws and regulations, the date on which the penalty is imposed, case number, laws and regulations violated, and details of the penalty), and the estimated amount and corresponding measures that may occur in the present and future shall be disclosed. If the amount cannot be reasonably estimated, the circumstances that render it impossible to be reasonably estimated shall be described: None

### 5.5 Labor Relations

5.5.1 Our employee welfare, education, training, retirement system and its implementation, as well as Labor-Management agreement and measures for the protection of employee rights are as follows:

#### (1) Employee Welfare

- (a) Family day event, year-end banquet and raffles
- (b) Holiday gifts (i.e., Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival), as well as birthday, wedding, childbirth, and retirement gifts
- (c) A fixed amount of travel allowance for employees and their spouses and children
- (d) Subsidy and consolation payment for hospitalized employees, consolation payment and support for employees who have lost family members (also available to spouses and children of the employees)
- (e) Group term life insurance and injury insurance coverage
- (f) Scholarship, loan and financial aid for employees and their children
- (g) Partnership with authorized stores under a contract to provide employee discount
- (h) Partial coverage for physical examination once a year and regular onsite health clinics
- (i) Sponsored club activities
- (j) Employee discount for car purchases

#### (2) Retirement System

The retirement system of the Company is in compliance with relevant laws. We have also adopted the employee retirement regulations as follows:

- (a) Employees who came onboard on or after July 1, 2005 shall be subject to the Labor Pension Act.
- (b) All the employees who came onboard before July 1, 2005 have received compensation for their prior seniority under the old pension system as of November 1, 2009 and opted for the new labor pension system, which is governed by the rules under the Labor Pension Act.
- (c) Employees who meet any of the following conditions may request for retirement:
  - Continuous service of 15 years or more and have reached the age of 55
  - Continuous service of 25 years or more
  - Continuous service of 10 years or more and have reached the age of 60

#### (3) Training Programs

At Hotai, we see employees as our greatest asset. As a result, we have invested considerable efforts in the development and training of talents. Each year, we design education and training programs which include a variety of courses on competency,

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professional skills, and employability tailored to employees at different ranks. In 2021, we introduced the E-learning Plus online platform so that employee can access the resources without the limit of time and location. The programs are aimed to increase employee competitiveness in the business environment and promote sustainable operations by improving the competency and quality of the employees. In 2022, we received the Talent Development Champion Award at the National Sustainable Development Awards and the Learning Superstar Award from CommonWealth Learning.

Our employee training programs consist of the following two categories:

- (a) Internal training courses: The education and training unit is responsible for preparing the annual budget and educational goals, and invite guest lecturers, management personnel or employees who have been trained to be lecturers to teach the courses. The trainings are aimed to cultivate positive work attitudes and personal values, enhance work skills, competency and technical skills of employees, and promote the latest industry trends and knowledge-sharing.
- (b) External training courses: The courses are designed mainly to supplement the internal training. Each year, we create a budget that allows our employees to receive language education (English/Japanese) outside the workplace, and we also send our employees to business consultancy firms, professional institutions, and locations overseas for training based on their professional capacities.
- (c) Training Statistics in 2022

Course Type	Attendance	Expenses	Total Expenses
Internal Training	9,574	NT\$8,477,627	NT\$8,638,425
External Training	16	NT\$160,798	

- (4) Labor-Management Agreements and Measures for the Protection of Employee Rights  
We strive to adhere to the management principles that respect employees and foster harmonious labor relations. Employees are encouraged to freely express their opinions and concerns through a quarterly labor-management meeting or a less formal channel (such as employee suggestion box), and to which we will provide responses and appropriate solutions. The information in relation to our measures to enhance effective communication is shown in the table below:

Companies	Commentary on the Measures
Hotai Motor Co., Ltd.	Organize quarterly labor-management meeting and set up employee suggestion box.
Hoton Motor Investment Co., Ltd and its 4S Store	Management personnel shall be the point of contact to receive employee suggestions.
Chang Yuan Motor Co., Ltd.	Organize quarterly labor-management meeting; employees can make suggestions through a HR supervisor.
Toyota Material Handling Taiwan Ltd.	Set up an e-mail account to exclusively receive employee feedbacks and suggestions.

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Companies	Commentary on the Measures
Eastern Motor Co., Ltd.	The head of the customer relations department shall collect employee suggestions during store inspection and share those feedbacks at the weekly management meetings.
Formosa Flexible Packaging Corp.	Hold quarterly labor-management meetings and appoint dedicated staff from the general administration department to be responsible for collecting employee suggestions and providing responses.
CarMax Co., Ltd./ CarMax Autotech (Shanghai) Co., Ltd.	Hold quarterly labor-management meetings; employees can make suggestions through a HR supervisor.
Hotai Finance Co., Ltd./Hotai Leasing Co., Ltd. and Affiliates	Organize quarterly labor-management meeting and set up employee suggestion box.
Ho Tai Development Co., Ltd.	(1) Management personnel shall be the point of contact to receive employee suggestions and feedbacks and share them at the weekly management meetings.
	(2) Employees can submit suggestions and feedbacks through the electronic reporting system.

5.5.2 List the loss incurred due to labor disputes in the most recent fiscal year and as of the date of this annual report (including violations of the *Labor Standards Act* found during any labor inspection, the date on which the penalty is imposed, case number, regulations violated, description of the regulations violated, and details of the penalty), and disclosure of the estimated amount of current and potential loss and countermeasures. If the amount cannot be reasonably estimated, the circumstances that render it impossible to be reasonably estimated shall be described:

- (1) Due to our comprehensive system and people-centric management approach, we have been able to maintain a harmonious relationship with our employees and work together to achieve a sustainable business. There has never been any significant labor dispute since Hotai was founded. Going forward, we believe that the possibility of losses incurred due to labor disputes in the future is extremely low given our culture of respect and harmonious interaction between Hotai and our employees.

(2) Employee Code of Conduct/Ethics

In August 2009, we adopted and promulgated Hotai's *Employee Code of Conduct* with the aim to achieve the following:

- (a) To establish consistent ethical standards and enhance employee self-discipline in the workplace in order to improve Hotai's corporate governance practices and internal control.
- (b) To strengthen a corporate culture that promotes public welfare and environmental sustainability and work together with our employees to make social contributions, so as to enhance corporate image.

Depending on the parties involved, the rules under the *Employee Code of Conduct* which employees are subject to can be divided into the following three categories:

(a) Company Related

- Employees shall follow the *Employee Code of Conduct* and perform their duties with integrity.
- The Company shall work together with the employees and utilize their skills to

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continuously improve business performance of the Company.

(b) Business Activity Related

- Employees shall comply with the law, be conscientious and have a strong sense of responsibility.
- Employees are encouraged to resolve issues arising from the growing needs of customers and expansion of the Company. For example, to establish an appropriate purchase and supply network, meet environmental and safety standards, and improve customer satisfaction.

(c) Society Related

- Employees are expected to support the Company in becoming a trusted corporate citizen, communicate with stakeholders in an impartial and transparent manner, participate in activities promoting sustainable development of the society, and maintain humility, honesty and integrity.
- Employees should have a basic understanding of legal knowledge and social norms, and be able to identify behaviors that are against the law or social norms and take prompt and proper countermeasures.

To address employee conduct and workplace ethics, Eastern Motor Co., Ltd., CarMax Co. Ltd., Ho Tai Development Co., Ltd., Toyota Material Handling Taiwan Ltd., Ho Tai Cyber Connection Co., Ltd., and Chang Yuan Motor Co., Ltd. require employees to sign an affidavit on their onboard dates, which states that employees will comply with all the company rules and regulation. Other group companies also promote employee conduct and business ethics through their intranet and awareness campaigns. We place great emphasis on discipline and compliance and have adopted a set of general regulations on human resources management to establish the expectations of proper attitude and behaviors of employees in the workplace. In addition, our commitment to gender equality prompts us to adopt the *Hotai Motor Workplace Sexual Harassment Prevention Measures, Grievance Procedures, and Penalties*, the details of which are described below:

- The guideline is adopted in compliance with Article 13, Paragraph 1 of the *Act of Gender Equality in Employment*, and *Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace*, and Article 7, Paragraphs 1 and 2 of the *Sexual Harassment Prevention Act* promulgated by the Ministry of Labor.
- The Sexual Harassment Committee has five members, which consists of representatives of the employees and management. At least one expert or scholar can be appointed to the committee as deemed necessary.
- Members of the Sexual Harassment Committee shall consist of at least 50% female and either gender shall make up at least one third of the committee.
- In addition to awareness campaigns and posters, we have also established a dedicated webpage on our intranet for the purpose of providing information and promoting awareness.
- The dedicated webpage should include preventive measures, resources for educating on gender equality, and company policies and regulations.



## V. Operational Highlights

### 5.6 Information Security Management

5.6.1 Describe the information security risk management framework, information security policy, management approaches, and resources invested in information security management.

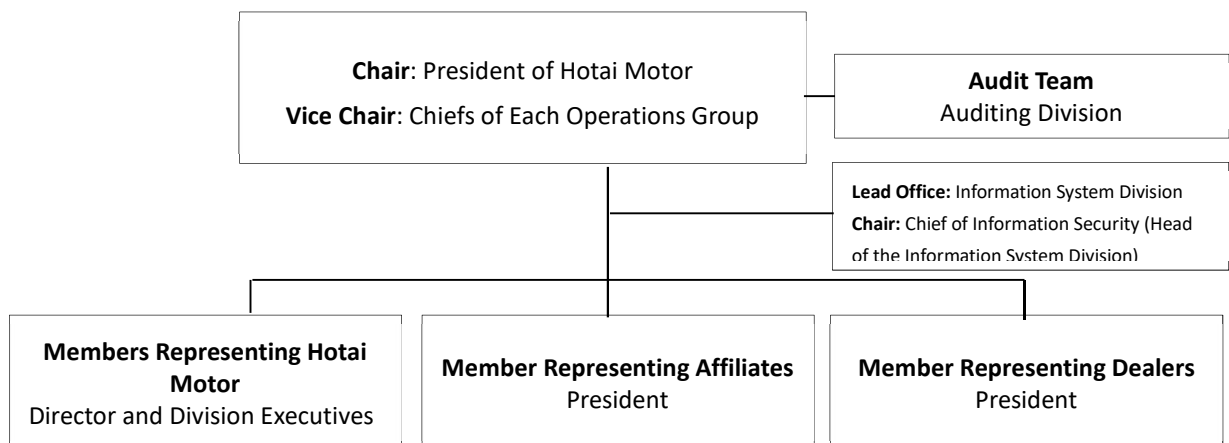
#### (1) Information Security Risk Management Framework

##### (a) Information Security Governance Structure

To fulfill our commitment to “Zero Defects Information Security” and deliver high quality service:

- In 2007, Hotai Motor established an Information Security Committee as the highest governing authority of the Group’s information security practices. The committee is led by the President as the chair of the committee and meets once every year. Members of the committee are charged with reviewing information security policies and overseeing the operations of the information security management system.
- As part of the efforts to build the most robust information security defense, a lead office was added under the information security governance structure in 2022, with the Chief of Information Security of Hotai Motor as the chair. The Lead Office meets monthly to review the scope and integrity of the information security policies based on the requirements of internal and external environment and regulations and revise the policies as needed and assess the implementation and outcome of the Group’s information security policies to ensure that they comply with the Group’s information security requirements. In the event of a material information security or personal data breach, the lead office should handle and report to the chair of the committee.

##### (b) Hotai Motor’s Information Security Committee Structure



#### (2) Information Security Policies

##### (a) Information Security Management Strategies and Framework

Our information security policies are created around three key aspects: information security defense, regulatory compliance, and technology application. By defining organizational structure and functions from a business strategic perspective, we ensure that all the data and assets within the information security management system are adequately safeguarded. In the face of rapidly evolving information

## V. Operational Highlights

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technology environment, Hotai Motor worked with eight dealers to promote ISO 27001 certification, an international standard for information security management, and became the first company in Taiwan's automotive industry to have dealers and every single supplier in the upstream and downstream certified to ISO 27001 standards. To this day, we continue to adopt the latest version of internationally recognized information security standards as part of our efforts to reinforce Hotai Motor's information security management capability and establish a secure data operating environment.

Through regular meetings, the Lead Office uses the PDCA (Plan-Do-Check-Act) approach to review the adequacy of our information security policies and safeguarding measures, assess the potential impact on our information security prior to the implementation of any new technology or new information and communications system projects, and regularly brief the Information Security Committee on the implementation outcomes to maintain the confidentiality, integrity, and availability of the data. This mechanism enables us to meet the required data service risk assessment and personal data protection and be fully prepared for network security threats.

- Plan (P)—design and establish: pursue ISO/IEC27001 certification, an international standard to manage information security, and conduct annual audits to continually upgrade Hotai Motor's information security management systems; minimize information security threats to the organization from a management, procedural, systemic, and technological perspective to ensure that customer data is adequately safeguarded.
- Do (D)—develop and implement: build a layered information security defense using AI and automated solutions and introducing multiple control mechanisms and security measures to combat internal and external cybersecurity threats; incorporate our global threat intelligence and systematically monitor network security to increase efficiency in detecting and responding to information security incidents; enhance information security and cybersecurity defense capabilities to quickly respond to complex and ever-changing threats to protect Hotai Motor's key assets.
- Check (C)—monitor and review: regularly monitor indicators and effectiveness of information security management; conduct a third-party review annually on the above management system and engage professional information security vendors to conduct system security testing to ensure that our information security management and defense capabilities are up to the standard.
- Act (A)—maintain and adjust: regularly review and continually improve information security defense measures and conduct company-wide information security training to increase awareness.

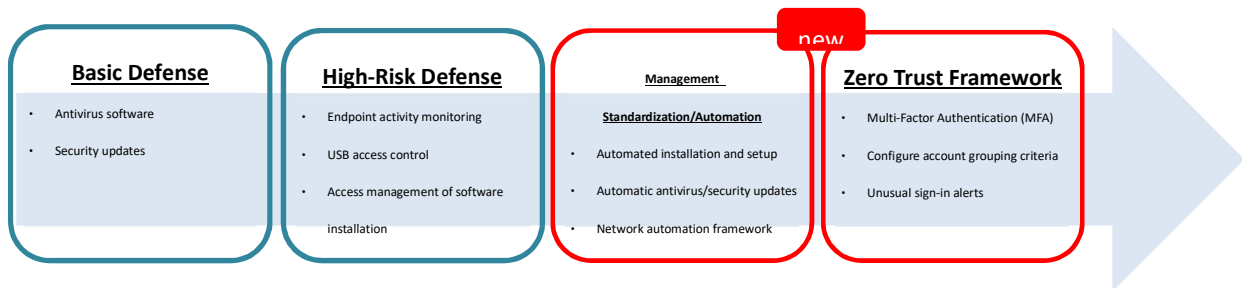
(b) Management Approach

To achieve information security policies and objectives and implement a comprehensive information security defense system, we have adopted the following management topics and action plans:

## V. Operational Highlights

- Reinforcing endpoint protection and account security: in response to the post-pandemic era, adopt the zero trust model in designing computer and network frameworks, synchronize operating standards and procedures for company computers and accounts, enhance infrastructure security and control capabilities, implement new information security features, and improve user authentication and data security to enhance workplace cybersecurity in the new normal.

### Computer and Network Defense Framework



- Enhancing information security management of suppliers and vendors: we adopted Hotai Motor's *Information Security Policy* based on the elements of supplier and vendor service process control and common information security risks. Employees are required to include the *Information Security Policy* as part of the clauses when executing a supplier or vendors agreement so that it's also binding on the suppliers and vendors. The purpose is for them to fully acknowledge and comply with our *Information Security Policy* in safeguarding important assets of the company.

Interoperability Requirements	Security Requirements for Software Development and System Operation and Maintenance
1. Ensure service and files provided do not contain malware	1. Follow information security regulations of the Group (e.g., corporate website, apps)
2. Audit can be performed on vendors and deficiencies are to be improved within a timeframe	2. Ensure that components used are secure
3. Prompt reporting of information security breach of vendors	5. Provide system files
4. Return of assets and removal of access upon termination of service	3. Ensure that external links are not directed to malicious websites
	6. Access control of software code required
	4. System vulnerabilities are required to be corrected within a timeframe
	7. Database access control and account password manager required

#### (c) Resources Invested in Information Security Management

Information security being one of the key issues of our operations, the corresponding elements of information security and resource plans invested are as follows:

- Dedicated unit:** set up a lead office under the Information Security Committee and appoint a Chief of Information Security to oversee and direct the implementation of information security policies and resource allocation, and monitor execution progress and results to maintain and refine our information security practices.
- International certification:** our information security system became ISO 27001 certified, and no major deficiencies were found during the information security audit.

## V. Operational Highlights

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- Information security awareness: despite our information security measures, it is impossible to eliminate risks completely in this area and it is imperative that each of our employees has the proper awareness to ensure success. With new hacking techniques emerging constantly, it is important for us to continue building employees' information security awareness through diverse training and communication strategies to raise the overall awareness of the organization.
  - New employees: to ensure that each new employee receives information security training immediately after onboarding and to promote proper knowledge of information security that reflects real workplace scenarios, each new employee will receive an email containing information security training materials on their first day of work. The materials include videos and animations demonstrating various real workplace scenarios, social engineering, and common hacking techniques. A test will then be given to employees to measure learning outcomes to reduce the likelihood of information security incidents or data leaks occurring due to the lack of knowledge of relevant regulations.
  - All employees: in addition to conducting information security training for all employees each year, we also send information security newsletters regularly to share relevant news and knowledge, using it as an opportunity to promote awareness and communicate Hotai Motor's latest regulations and guidelines with employees so that they are fully aware of information security risks and the importance of data protection.

5.6.2 Disclose any loss, potential impact, and countermeasures of any major information security events occurred in the most recent year and as of the date of this annual report. If the amount of loss cannot be reasonably estimated, the circumstances that render it impossible to be reasonably estimated shall be described: N/A

## V. Operational Highlights

### 5.7 Material Agreements

As of December 31, 2022

Type of Agreement	Parties Involved	Term	Summary	Restrictive Clauses
<b>Hotai</b>				
Distributor Agreement	Toyota Motor Corporation	January 1, 2022 to December 31, 2024 (for TOYOTA and LEXUS)	Sales of imported and domestic models, parts and accessories of Toyota and Hino in Taiwan.	None
	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (for HINO)		
Agreement for the Sale and Purchase of Kuozui Products	Kuozui Motors, Ltd.	Except for reasons stated in the termination clause, the contract remains effective from July 1, 1995 (for HINO vehicles) and from January 1, 2022 (for Toyota vehicles).	Kuozui Motors, Ltd. agrees to provide vehicles, parts and accessories, which are manufactured under license, to the Company for the purpose of sales and distribution in Taiwan.	None
Product Dealership Agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2021 to May 14, 2024	To authorize dealers to sell vehicles, parts and automobile products provided by the Company within the distribution region.	None
Contracted Operating Contracts	<ul style="list-style-type: none"> <li>·Kuotu Motor Co., Ltd.</li> <li>·Kuozui Motors, Ltd.</li> <li>·Chang Yuan Motor Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>·Starting from July 1, 2009</li> <li>·Starting from June 1, 2002</li> <li>·Starting from January 1, 2003</li> </ul> Unless otherwise terminated in writing and signed by both parties, the contracts remain effective.	The Company is designated to conduct affairs such as sales, supply chain management, pre-sales services, after-sales services and management of promotion and marketing.	None
<b>Chang Yuan Motor Co., Ltd.</b>				
Trading Contracts	Kuozui Motors, Ltd.	Starting from January 1, 2003. Unless otherwise terminated in writing and signed by both parties, the contracts remain effective.	Kuozui Motors, Ltd. agrees to provide vehicles and parts, which are manufactured under license, to the Company for the purpose of sales and distribution in Taiwan.	None
<b>Toyota Material Handling Taiwan Ltd.</b>				
Distributor Agreement	Toyota Industries Corporation	From April 1, 2020 to March 31, 2023	Sales of imported Toyota vehicles and parts for construction and industry use in Taiwan.	None

陸、財務概況

*Financial Information*



## VI. Financial Overview

### 6.1 Condensed Balance Sheet and Statement of Comprehensive Income for the Last Five Years

#### 6.1.1 Condensed Balance Sheet (Consolidated) - Based on IFRS

Unit: in thousand NT\$

<div>Year</div> <div>Item</div>		Financial Data for The Last Five Years (Note 1)					As of March 31, 2023 (Note 3)
		2018	2019	2020	2021	2022	
Current Assets		156,256,037	172,608,940	200,795,705	249,589,847	289,428,506	305,565,879
Property, Plant and Equipment		41,852,407	45,743,695	48,726,030	53,619,235	60,555,510	61,408,253
Intangible Assets		1,224,857	1,232,870	1,211,245	1,297,739	184,656	210,223
Other Assets		30,052,404	35,948,550	39,757,552	45,105,963	56,392,465	59,306,718
Total Assets		229,385,705	255,534,055	290,490,532	349,612,784	406,561,137	426,491,073
Current Liabilities	Before Distribution	150,298,633	159,822,615	184,960,142	228,379,527	301,581,096	317,875,797
	After Distribution (Note 2)	156,852,783	167,469,124	194,245,188	239,303,111	Note 2	Note 2
Non-Current Liabilities		20,851,114	20,102,813	21,645,048	26,767,292	35,407,978	34,733,200
Total Liabilities	Before Distribution	171,149,747	179,925,428	206,605,190	255,146,819	336,989,074	352,608,997
	After Distribution (Note 2)	177,703,897	187,571,937	215,890,236	266,070,403	Note 2	Note 2
Equity Attributable to Shareholders of the Parent		49,335,726	58,586,436	65,477,704	73,770,851	41,764,987	46,270,034
Share Capital		5,461,792	5,461,792	5,461,792	5,461,792	5,461,792	5,461,792
Capital Surplus		292,159	2,816,734	2,818,336	2,807,477	2,898,044	2,898,044
Retained Earnings	Before Distribution	43,713,877	49,094,707	55,264,500	62,252,639	32,100,364	36,071,411
	After Distribution (Note 2)	37,159,727	41,448,198	45,979,454	51,329,055	Note 2	Note 2
Other Equity Interest		(132,102)	1,213,203	1,933,076	3,248,943	1,304,787	1,838,787
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interest		8,900,232	17,022,191	18,407,638	20,695,114	27,807,076	27,612,042

## VI. Financial Overview

	Before Distribution	58,235,958	75,608,627	83,885,342	94,465,965	69,572,063	73,882,076
Total Equity	After Distribution (Note 2)	51,681,808	67,962,118	74,600,296	83,542,381	Note 2	Note 2

Note 1: The financial data from 2018 to 2022 has been audited and certified by CPAs.

Note 2: The proposed dividend distribution of 2022 is pending the resolution of the annual shareholders meeting.

Note 3: The financial data for the first quarter of 2023 has been reviewed by CPAs.



## VI. Financial Overview

### 6.1.2 Condensed Statement of Comprehensive Income (Consolidated) – Based on IFRS

Unit: in thousand NT\$

Year Item	Financial Data for the Last Five Years (Note 1)					As of March 31, 2023 (Note 2/Note 3)
	2018 (Note 2)	2019 (Note 2)	2020 (Note 2)	2021 (Note 2)	2022 (Note 2)	
Operating Revenue	187,027,586	213,879,953	231,813,269	246,917,035	246,481,839	67,970,595
Gross Profit	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-
Non-Operating Income and Expenses	-	-	-	-	-	-
Profit (Loss) Before Income Tax	15,195,274	17,372,986	21,124,885	24,970,659	(14,634,883)	7,332,099
Income Tax Expense	(3,595,444)	(3,788,087)	(4,589,675)	(5,412,569)	(1,111,075)	(1,407,198)
Profit (Loss) for the Year	11,599,830	13,584,899	16,535,210	19,558,090	(15,745,958)	5,924,901
Other Comprehensive Income (Loss) for the Year, Net of Tax	(853,915)	1,464,276	725,303	1,334,038	(1,686,699)	493,864
Total Comprehensive Income for the Year	10,745,915	15,049,175	17,260,513	20,892,128	(17,432,657)	6,418,765
Profit Attributable to Owners of Parent	10,025,535	11,768,815	13,848,870	16,210,758	(19,330,194)	5,063,405
Profit Attributable to Non-Controlling Interests	1,574,295	1,816,084	2,686,340	3,347,332	3,584,236	861,496
Comprehensive Income (Loss) Attributable to Owners of Parent	9,205,476	13,280,285	14,536,175	17,589,052	(21,172,847)	5,597,405
Comprehensive Income Attributable to Non-Controlling Interests	1,540,439	1,768,890	2,724,338	3,303,076	3,740,190	821,360
Earnings (Loss) Per Share (in New Taiwan dollars)	18.36	21.55	25.36	29.68	(35.39)	9.27

## VI. Financial Overview

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Note 1: The financial data from 2018 to 2022 has been audited and certified by CPAs.

Note 2: On January 17, 2017, we acquired 99.80% of the equities in Zurich Insurance (Taiwan) Ltd. (which was renamed as Hotai Insurance Co., Ltd.). Since Hotai Insurance Co., Ltd. is considered a consolidated business from a different industry, the 2018 to 2023 Q1 comprehensive income statements are issued in a single-step format. Therefore, there are no figures available on gross profit, operating profit, and non-operating income and expenses.

Note 3: The financial report for the first quarter of 2023 has been reviewed by CPAs.

## VI. Financial Overview

### 6.1.3 Condensed Balance Sheet (Individual) – Based on IFRS

Unit: in thousand NT\$

Year Item		Financial Data for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		9,159,173	11,474,768	13,315,428	17,009,128	13,317,135
Property, Plant and Equipment		3,758,640	4,023,217	3,655,402	3,442,868	3,455,224
Intangible Assets		-	-	-	23,800	23,800
Other Assets		53,214,496	60,971,973	66,748,944	74,090,028	66,897,032
Total Assets		66,132,309	76,469,958	83,719,774	94,565,824	83,693,191
Current Liabilities	Before Distribution	14,660,107	14,922,066	14,491,086	16,274,297	26,112,044
	After Distribution (Note 2)	21,214,257	22,568,575	23,776,132	27,197,881	Note 2
Non-Current Liabilities		2,136,476	2,961,456	3,750,984	4,520,676	15,816,160
Total Liabilities	Before Distribution	16,796,583	17,883,522	18,242,070	20,794,973	41,928,204
	After Distribution (Note 2)	23,350,733	25,530,031	27,527,116	31,718,557	Note 2
Share Capital		5,461,792	5,461,792	5,461,792	5,461,792	5,461,792
Capital Surplus		292,159	2,816,734	2,818,336	2,807,477	2,898,044
Retained Earnings	Before Distribution	43,713,877	49,094,707	55,264,500	62,252,639	32,100,364
	After Distribution (Note 2)	37,159,727	41,448,198	45,979,454	51,329,055	Note 2
Other Equity Interest		(132,102)	1,213,203	1,933,076	3,248,943	1,304,787
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	49,335,726	58,586,436	65,477,704	73,770,851	41,764,987
	After Distribution (Note 2)	42,781,576	50,939,927	56,192,658	62,847,267	Note 2

## VI. Financial Overview

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Note 1: The financial data from 2018 to 2022 has been audited and certified by CPAs.

Note 2: The proposed dividend distribution of 2022 is pending the resolution of the annual shareholders meeting.

## VI. Financial Overview

### 6.1.4 Condensed Statement of Comprehensive Income (Individual) – Based on IFRS

Unit: in thousand NT\$

Item \ Year	Financial Data for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	109,034,011	126,892,633	136,052,443	138,872,240	130,393,188
Gross Profit	9,571,323	10,737,805	12,096,532	12,713,663	13,301,993
Operating Profit	6,124,435	6,889,079	8,228,028	8,545,817	9,757,266
Non-Operating Income and Expenses	5,808,161	6,848,237	7,973,590	10,163,586	(28,957,412)
Profit (Loss) Before Income Tax	11,932,596	13,737,316	16,201,618	18,709,403	(19,200,146)
Income Tax Expense	(1,907,061)	(1,968,501)	(2,352,748)	(2,498,645)	(130,048)
Profit (Loss) for the Year	10,025,535	11,768,815	13,848,870	16,210,758	(19,330,194)
Other Comprehensive Income (Loss), Net	(820,059)	1,511,470	687,305	1,378,294	(1,842,653)
Total Comprehensive Income for the Year	9,205,476	13,280,285	14,536,175	17,589,052	(21,172,847)
Earnings (Loss) Per Share (in New Taiwan dollars)	18.36	21.55	25.36	29.68	(35.39)

Note 1: The financial data from 2018 to 2022 has been audited and certified by CPAs.

## VI. Financial Overview

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### 6.1.5 Names and Opinions of Auditors for the Last Five Years

Year	CPA	Audit Opinion
2018	Hsiao, Chin-Mu Wang, Fang-Yu	Unqualified and Other Matter Paragraphs
2019	Hsiao, Chin-Mu Wang, Fang-Yu	Unqualified and Other Matter Paragraphs
2020	Wu, Yu-Lung Wang, Fang-Yu	Unqualified and Other Matter Paragraphs
2021	Wu, Yu-Lung Wang, Fang-Yu	Unqualified and Other Matter Paragraphs
2022	Wang, Fang-Yu Hsu, Sheng-Chung	Unqualified and Other Matter Paragraphs
2023 Q1	Hsiao, Chun-Yuan Hsu, Sheng-Chung	Qualified Conclusion

## VI. Financial Overview

### 6.2 Financial Analysis for the Last Five Years

#### 6.2.1 Consolidated Financial Analysis – Based on IFRS

Item (Note) \ Year		Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt Ratio	74.61	70.41	71.12	72.98	82.89	82.68
	Ratio of Long-Term Capital to Property, Plant and Equipment	188.97	209.23	216.58	226.10	173.36	176.87
Solvency (%)	Current Ratio	103.96	108.00	108.56	109.29	95.97	96.13
	Quick Ratio	92.96	95.38	97.68	101.21	88.61	87.23
	Interest Earned Ratio (times)	223.71	118.02	187.83	203.02	(69.96)	51.54
Operating Performance	Accounts Receivable Turnover (times)	1.24	1.28	1.22	1.05	0.80	0.77
	Average Collection Period	294	285	299	348	456	474
	Inventory Turnover (times)	15.45	13.46	13.44	15.71	14.09	11.35
	Accounts Payable Turnover (times)	12.85	14.47	15.35	17.04	15.62	13.62
	Average Days' Sales in Inventory	24	27	27	23	26	32
	Property, Plant and Equipment Turnover (times)	4.12	4.13	4.13	3.97	3.42	3.53
	Total Assets Turnover (times)	0.73	0.75	0.71	0.64	0.52	0.52
Profitability	Return on Total Assets (%)	5.35	5.65	6.09	6.14	(4.12)	5.80
	Return On Equity (%)	20.51	20.30	20.73	21.93	(19.20)	33.04
	Pre-Tax Income to Paid-In Capital (%)	278.21	318.08	386.78	457.19	(267.95)	536.97
	Profit Ratio (%)	7.33	7.50	8.49	9.62	(8.07)	11.02
	Earnings (Loss) Per Share (NT\$)	18.36	21.55	25.36	29.68	(35.39)	9.27
Cash Flow	Cash Flow Ratio (%)	5.78	10.31	7.39	(Note 1)	(Note 1)	(Note 1)
	Cash Flow Adequacy Ratio (%)	56.51	64.23	58.49	43.46	26.94	23.49
	Cash Reinvestment Ratio (%)	2.44	9.69	5.30	(Note 1)	(Note 1)	(Note 1)

## VI. Financial Overview

Leverage	Operating Leverage	1.29	1.33	1.28	1.28	0.46	1.24
	Financial Leverage	1.00	1.01	1.01	1.00	0.98	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Ratio of long-term capital to property, plant and equipment decreased by 23% mainly due to lower total equity.
2. Changes in interest earned ratio are primarily due to lower profit before income tax.
3. Accounts receivable turnover reduced by 24% and average collection period increased by 31% primarily attributable to increased average balance of accounts receivable.
4. Changes in return on total assets, return on equity, pre-tax income to paid-in capital, profit ratio, and earnings (loss) per share are mainly due to lower profit before income tax.
5. Cash flow adequacy ratio decreased by 38% mainly due to lower net cash flows from operating activities.
6. Operating leverage went down by 64% primarily due to higher variable operating costs and expenses.

Note 1: Not applicable as there were only net cash outflows from operating activities in 2022.

### 6.2.2 Individual Financial Analysis-Based on IFRS

Year Item(Note)		Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt Ratio	25.40	23.39	21.79	21.99	50.1	N/A
	Ratio of Long-Term Capital to Property, Plant And Equipment	1369.44	1529.82	1893.87	2274.02	1666.50	
Solvency (%)	Current Ratio	62.48	76.90	91.89	104.52	51.00	
	Quick Ratio	24.55	25.94	40.62	75.67	32.29	
	Interest Earned Ratio (times)	275.49	308.03	704.32	891.25	(209.82)	
Operating Performance	Accounts Receivable Turnover (times)	39.89	51.28	86.00	94.65	53.21	
	Average Collection Period	9	7	4	4	7	
	Inventory Turnover (times)	23.28	18.42	17.38	22.02	25.93	
	Accounts Payable Turnover (times)	12.32	13.96	14.84	16.26	14.77	
	Average Days' Sales in Inventory	16	20	21	17	14	



## VI. Financial Overview

	Property, Plant and Equipment Turnover (times)	29.20	32.61	35.44	39.13	37.81
	Total Assets Turnover (times)	1.71	1.78	1.70	1.56	1.46
Profitability	Return on Total Assets (%)	15.82	16.56	17.31	18.20	(21.61)
	Return on Equity (%)	20.89	21.81	22.33	23.28	(33.46)
	Pre-Tax Income to Paid-In Capital (%)	218.47	251.52	296.64	342.55	(351.54)
	Profit Ratio (%)	9.19	9.27	10.18	11.67	(14.82)
	Earnings (Loss) Per Share (NT\$)	18.36	21.55	25.36	29.68	(35.39)
Cash Flow	Cash Flow Ratio (%)	46.06	57.15	86.36	81.50	50.92
	Cash Flow Adequacy Ratio (%)	84.42	90.66	92.25	106.70	73.00
	Cash Reinvestment Ratio (%)	0.43	3.61	7.83	5.68	4.66
Leverage	Operating Leverage	1.22	1.21	1.21	1.24	1.10
	Financial Leverage	1.01	1.01	1.00	1.00	1.01
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <ol style="list-style-type: none"> <li>Debt ratio went up by 128% mainly due to increased total liabilities.</li> <li>Ratio of long-term capital to property, plant and equipment decreased by 27% mainly due to lower total equity.</li> <li>Current ratio decreased by 51% and quick ratio by 57% primarily as a result of higher current liabilities.</li> <li>Changes in interest earned ratio are primarily due to lower profit before income tax.</li> <li>Accounts receivable turnover reduced by 44% and average collection period increased by 75% primarily due to increased average balance of accounts receivable.</li> <li>Changes in return on total assets, return on equity, pre-tax income to paid-in capital, profit ratio, and earnings (loss) per share are mainly because of lower profit before income tax.</li> <li>Cash flow ratio went down by 38% mainly due to increased current liabilities.</li> <li>Cash flow adequacy ratio decreased by 32% primarily attributable to increased long-term investments.</li> </ol>						

Note: The IFRS formulas for calculating the financial ratios are as follows:

### 1. Financial Structure

(1) Debt Ratio = total liabilities/total assets

(2) Ratio of Long-Term Capital to Property, Plant and Equipment = (total equity + non-current

## VI. Financial Overview

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liabilities)/net property, plant and equipment

### 2. Solvency

(1) Current Ratio = current assets/current liabilities

(2) Quick Ratio = (current assets – inventory – prepaid expenses)/current liabilities

(3) Interest Earned Ratio = net income before tax and interest expenses/interest expenses

### 3. Operating Performance

(1) Accounts Receivable Turnover (including accounts receivable and notes receivable generated from business operations) = net sales/average balance of accounts receivable (including accounts receivable and notes receivable generated from business operations)

(2) Average Collection Period = 365/accounts receivable turnover

(3) Inventory Turnover = cost of goods sold/average inventory

(4) Accounts Payable Turnover (including accounts payable and notes payable generated from business operations) = cost of goods sold/average balance of accounts payable (including accounts payable and notes payable generated from business operations)

(5) Average days' sales in inventory = 365/inventory turnover

(6) Property, Plant and Equipment Turnover = net sales/average net property, plant and equipment

(7) Total Assets Turnover = net sales/average total assets

### 4. Profitability

(1) Return on Total Assets = [profit after tax + interest expenses \*(1-effective tax rate)]/average total assets

(2) Return on Equity = profit after tax/average total equity

(3) Profit Ratio = profit after tax/net sales

(4) Earning Per Share = (equity attributable to shareholders of parent - preferred stock dividend)/weighted average of issued shares

### 5. Cash Flow

(1) Cash Flow Ratio = net cash flow from operating activities/current liabilities

(2) Cash Flow Adequacy Ratio = (net cash flow from operating activities for the last five years/(capital expenditure + increase in inventory + cash dividend) for the last five years

(3) Cash Reinvestment Ratio = (net cash flow from operating activities - cash dividend)/(gross property, plant and equipment + long-term investments + other non-current assets + working capital)

### 6. Leverage:

(1) Operating Leverage = (net operating revenue - variable operating costs and expenses)/operating income

(2) Financial Leverage = operating income/(operating income - interest expenses)

## VI. Financial Overview

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### 6.3 The Audit Committee Report regarding the most recent annual financial report

#### **Audit Committee Report**

To: The 2023 Annual General Shareholders' Meeting of Hotai Motor Co., Ltd.

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2022 Financial Statements (including the Consolidated Financial Statements), Business Report, and proposal for the allocation of profits. The 2022 Financial Statements (including the Consolidated Financial Statements) were audited by CPAs Hsu, Sheng-Chung and Wang, Fang-Yu from PricewaterhouseCoopers Taiwan, who then issued an audit report based on their review.

We have reviewed the Company's 2022 Financial Statements (including the Consolidated Financial Statements), Business Report, and proposal for the allocation of profits and found the contents to be consistent with the information shared with us. We hereby present this report pursuant to Article 219 of the Company Act of Taiwan.

Members of the Audit Committee

**Li, Chao-Sen**  
Independent Director

**Wu, Shih-Hao**  
Independent Director

**Su, Chin-Huo**  
Independent Director

March 14, 2023

#### 6.4. Consolidated financial statement and report of independent accounts

##### HO TAI MOTOR CO., LTD. AND SUBSIDIARIES

##### Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Ho Tai Motor Co., Ltd.

Representative: Huang, Nan-Kuang  
March 14, 2023

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### **Opinion**

We have audited the accompanying consolidated balance sheets of Ho Tai Motor Co., Ltd. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

**Evaluation of provision for impairment of accounts receivable in Hotai Finance Co., Ltd., the subsidiary**

**Description**

Refer to Note 4(11) for accounting policies on allowance for uncollectible accounts receivable, Note 5(2)C for the critical accounting estimates and assumptions on the policies of allowance for uncollectible accounts receivable and Note 6(5) for the details of accounts receivable.

Hotai Finance Co., Ltd. ("Hotai Finance"), a subsidiary of Ho Tai Motor Co., Ltd., is primarily engaged in the installment sales and leases 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**

Refer to Note 4(31) for accounting policies on warranty liabilities provision, Note 5(2)B for the critical accounting estimates and assumptions on the policies of warranty liabilities provision and Note 6(24) for the details of accounting policies applied on warranty liabilities provision.

In order to enhance customer's confidence on product quality, Ho Tai Motor Co., Ltd. provides a warranty for cars. 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 that met the warranty items offered by Ho Tai Motor Co., Ltd., such as 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 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 the subsidiary, Hotai Insurance Co., Ltd.**

### **Description**

Refer to Note 4(38) for accounting policies on claims reserve (including ceded), Note 5(2)D for the critical accounting estimates and assumptions on the policies of claims reserve (including ceded) and Note 6(9) for the details of accounting policies applied on claims reserve and ceded claims reserve.

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. (“Hotai Insurance”), the subsidiary of Ho Tai Motor Co., Ltd., is derived from 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 and the reasonableness of the epidemic prevention insurance products for the reserves.
4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claim amount.

#### **Other matter – Reference to the reports of other auditors**

We did not audit the financial statements of certain subsidiary and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far



as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The assets of these companies amounted to NT\$6,939,623 thousand and NT\$6,351,398 thousand, constituting 1.71% and 1.82% of the consolidated total assets as at December 31, 2022 and 2021, respectively, the revenue of this subsidiary amounted to NT\$3,667 thousand and NT\$ 0, constituting 0.001% and 0.00% of the consolidated total revenue for the years then ended, respectively and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$532,310 thousand and NT\$442,368 thousand, constituting (3.05%) and 2.12% of the consolidated total comprehensive income for the years then ended, respectively.

### **Other matter – Parent company only financial statements**

We have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of the Group as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

## **Auditors' responsibilities for the audit of the consolidated financial statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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Wang, Fang-Yu

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Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 15,629,561	4	\$ 25,813,580	7
1120	Financial assets at fair value through profit or loss-current	6(2)	4,590,529	1	7,759,202	2
1125	Financial assets at fair value through other comprehensive income-current	6(3)	216,321	-	322,124	-
1150	Derivative financial assets for hedging	6(4)	504,827	-	-	-
1190	Other financial assets-current	6(1) and 8	3,229,892	1	2,794,794	1
1195	Contract assets-current	6(29)	57,021	-	29,094	-
1201	Notes receivable	6(5), 7 and 8	11,928,468	3	10,731,037	3
1202	Accounts receivable	6(5), 7 and 8	226,000,165	56	179,803,972	52
1203	Other receivables	7	1,831,274	-	1,492,994	1
1270	Inventories	6(7)	13,280,667	3	10,014,885	3
1280	Prepayments	6(8)	8,911,626	2	8,431,594	2
1290	Assets held for sale		283,710	-	-	-
1310	Reinsurance contract assets, net	6(9)	2,964,445	1	2,396,571	1
Total current assets			289,428,506	71	249,589,847	72
Non-current assets						
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,011,039	-	1,035,718	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	8,411,794	2	10,592,876	3
1470	Investments accounted for using the equity method	6(10)	18,759,486	5	17,336,071	5
1480	Other financial assets-non-current	6(1)	196,388	-	143,910	-
1500	Property, plant and equipment, net	6(11)	60,555,510	15	53,619,235	15
1595	Right-of-use assets, net	6(12)	3,629,696	1	3,436,960	1
1600	Investment property, net	6(14)	2,900,924	1	2,531,683	1
1700	Intangible assets, net	6(15)	184,656	-	1,297,739	-
1800	Deferred income tax assets, net	6(34)	4,099,616	1	1,975,833	1
1900	Other assets	6(5)(9)(17)	17,383,522	4	8,052,912	2
Total non-current assets			117,132,631	29	100,022,937	28
1XXX	Total Assets		\$ 406,561,137	100	\$ 349,612,784	100

(Continued)

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current Liabilities</b>						
2110	Short-term loans	6(18)	\$ 105,333,597	26	\$ 66,766,240	19
2120	Short-term notes and bills payable	6(19)	114,640,213	28	104,861,342	30
2140	Financial liabilities at fair value through profit or loss-current	6(2)	162,608	-	27,780	-
2150	Derivative financial liabilities for hedging	6(4)	586,935	-	578,276	-
2165	Contract liabilities-current	6(29)	1,518,147	-	1,371,251	-
2201	Notes payable		870,114	-	783,316	-
2202	Accounts payable	7	11,384,815	3	8,794,001	3
2203	Accrued expenses	6(22) and 7	6,623,281	2	6,957,640	2
2204	Other payables	7	1,665,754	1	1,407,173	1
2250	Commissions payable	7	493,435	-	545,799	-
2260	Due to reinsurance and ceding companies		814,508	-	586,589	-
2270	Claims payable		313,586	-	41,741	-
2310	Current income tax liabilities		1,446,987	-	3,671,592	1
2320	Advance receipts		237,772	-	252,312	-
2330	Long-term liabilities-current portion	6(20)(21)	24,305,569	6	13,579,045	4
2335	Current lease liabilities	7	573,266	-	422,689	-
2350	Other current liabilities	6(9)(24)(25)	30,610,509	8	17,732,741	5
<b>Total current liabilities</b>			<u>301,581,096</u>	<u>74</u>	<u>228,379,527</u>	<u>65</u>
<b>Non-current liabilities</b>						
2550	Long-term loans	6(21)	12,399,285	3	4,736,583	1
2600	Provisions	6(9)(24)	8,716,614	2	8,221,857	2
2620	Guarantee deposits received	6(25)	8,254,408	2	8,284,297	3
2625	Non-current lease liabilities	7	1,807,561	1	1,702,444	1
2630	Deferred income tax liabilities	6(34)	4,230,074	1	3,822,039	1
2660	Other liabilities		36	-	72	-
<b>Total non-current liabilities</b>			<u>35,407,978</u>	<u>9</u>	<u>26,767,292</u>	<u>8</u>
2XXX	<b>Total Liabilities</b>		<u>336,989,074</u>	<u>83</u>	<u>255,146,819</u>	<u>73</u>
Equity attributable to shareholders of the parent						
	Share capital	6(26)				
3110	Common stock		5,461,792	1	5,461,792	1
	Capital surplus	6(27)				
3200	Capital surplus		2,898,044	1	2,807,477	1
	Retained earnings	6(28)				
3310	Legal reserve		15,553,282	4	13,925,963	4
3320	Special reserve		381,843	-	381,843	-
3330	Unappropriated earnings		16,165,239	4	47,944,833	14
	Other equity					
3400	Other equity		1,304,787	-	3,248,943	1
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>41,764,987</u>	<u>10</u>	<u>73,770,851</u>	<u>21</u>
32XX	<b>Non-controlling interest</b>		<u>27,807,076</u>	<u>7</u>	<u>20,695,114</u>	<u>6</u>
3XXX	<b>Total equity</b>		<u>69,572,063</u>	<u>17</u>	<u>94,465,965</u>	<u>27</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
<b>Total liabilities and equity</b>			\$ 406,561,137	100	\$ 349,612,784	100

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

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Years ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
Revenues					
4010	Interest income	6(3)(30)	\$ 16,457,155	7	\$ 12,392,244
4020	Premiums revenue	6(31)	9,335,184	4	8,540,632
4040	Reinsurance commission revenue		580,925	-	516,439
4050	Fee income		11,030	-	11,361
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)	2,243,159	1	2,007,473
4090	Gain on financial assets and liabilities at fair value through profit or loss	6(2)	-	-	1,044,814
4105	Realized gains (losses) on financial assets at fair value through other comprehensive income		343,831	-	368,838
4160	Net sales revenue	6(29) and 7			
4161	Sales revenue		200,625,647	81	208,609,408
4162	Sales returns		( 1,366,450)	- (	( 1,023,885)
4163	Sales discounts and allowances		( 4,158,084)	( 2)	( 4,319,525)
4170	Rental revenue		17,332,880	7	15,130,969
4180	Service revenue	6(29) and 7	2,266,603	1	1,986,692
4210	Gains on disposals of property, plant and equipment		8,390	-	20,069
4220	Gains on disposals of assets held for sale		14,704	-	-
4230	Income from investment property	6(14)	177,681	-	165,574
4260	Foreign exchange gains		439,526	-	586,123
4270	Other income		1,441,007	1	1,118,226
4245	Gains (losses) on using overlay approach of investment	6(2)	706,971	- (	216,514)
4280	Unrealized profit from sales		( 44,701)	- (	( 66,381)
4290	Realized profit from sales		66,381	-	44,478
	Total revenues		246,481,839	100	246,917,035
Expenses					
5010	Interest expense		( 3,195,346)	( 1)	( 1,930,041)
5030	Underwriting expenses		( 1,247)	- (	( 610)
5040	Commission expenses	7	( 5,723,918)	( 2)	( 5,023,853)
5050	Claims payment		( 34,267,410)	( 14)	( 3,909,800)
5070	Net changes in other insurance liabilities	6(9)	( 10,866,379)	( 4)	( 900,398)
5110	Loss on financial assets and liabilities at fair value through profit or loss	6(2)	( 1,270,855)	( 1)	-
5190	Cost of sales	6(7) and 7	( 170,525,663)	( 69)	( 178,774,358)
5200	Cost of rental revenue		( 13,899,128)	( 6)	( 12,460,045)
5210	Cost of services		( 2,171,892)	( 1)	( 1,542,654)
5230	Operating expenses	6(32)(33) and 7			
5231	Selling expenses		( 10,043,679)	( 4)	( 9,151,095)
5232	General and administrative expenses		( 5,962,755)	( 2)	( 6,865,883)
5233	Research and development expenses		( 122,665)	- (	( 110,888)
5286	Expected credit impairment loss of investment		( 205)	- (	( 11)
5287	Expected credit impairment loss of non-investment	12(2)	( 1,858,003)	( 1)	( 1,138,349)
5270	Expenses and losses from investment property	6(14)	( 37,803)	- (	( 34,485)
5280	Impairment losses	6(16)	( 1,092,475)	( 1)	-
5320	Other expenses		( 77,299)	- (	( 103,906)
	Total expenses		( 261,116,722)	( 106)	( 221,946,376)
6100	(Loss) Income before income tax from continuing operations		( 14,634,883)	( 6)	24,970,659
6200	Income tax expense	6(34)	( 1,111,075)	-	( 5,412,569)
6500	(Loss) Profit for the year		( \$ 15,745,958)	( 6)	\$ 19,558,090

(Continued)

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Years ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss) for the period</b>					
<b>Components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>					
6617 (Loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 1,481,541)	( 1)	\$ 1,210,657	-
6625 Share of other comprehensive income of associates and joint ventures accounted for using equity method-components of other comprehensive income		79,718	-	72,921	-
6610 Total components of other comprehensive (loss) income that may not be reclassified to profit or loss		( 1,401,823)	( 1)	1,283,578	-
6650 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
6651 Financial statement translation differences of foreign operations		228,809	-	( 79,964)	-
6659 Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	( 75,086)	-	( 31,406)	-
6661 Gain (loss) on hedging instrument	6(4)	266,365	-	( 89,303)	-
6675 Other comprehensive (loss) income reclassified by using overlay approach	6(2)	( 706,971)	-	216,514	-
6665 Share of other comprehensive income of associates and joint ventures accounted for using the equity method-components of other comprehensive income		44,954	-	12,780	-
6689 Income tax related to components of other comprehensive income	6(34)	( 42,947)	-	21,839	-
Total components of other comprehensive income that will be reclassified to profit or loss		( 284,876)	-	50,460	-
6600 <b>Other comprehensive (loss) income for the year</b>		(\$ 1,686,699)	( 1)	\$ 1,334,038	-
6700 <b>Total comprehensive (loss) income for the year</b>		(\$ 17,432,657)	( 7)	\$ 20,892,128	8
Profit (loss) attributable to:					
6810 Owners of parent		(\$ 19,330,194)	( 8)	\$ 16,210,758	7
6820 Non-controlling interests		3,584,236	2	3,347,332	1
		(\$ 15,745,958)	( 6)	\$ 19,558,090	8
Comprehensive income (loss) attributable to:					
6910 Owners of parent		(\$ 21,172,847)	( 9)	\$ 17,589,052	7
6920 Non-controlling interests		3,740,190	2	3,303,076	1
		(\$ 17,432,657)	( 7)	\$ 20,892,128	8
Basic (loss) earnings per share	6(35)	(\$ 35.39)		\$ 29.68	
Diluted (loss) earnings per share	6(35)	(\$ 35.39)		\$ 29.66	

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

**HOTAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent											
	Share capital common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Other equity interest				Total	Non-controlling interests	Total equity
						Financial statement translation differences of foreign operations	Unrealized gains on financial assets at fair value through other comprehensive income	Other comprehensive income(loss) reclassified by using overlay approach	Gain (loss) on hedging instruments			
For the year ended December 31, 2021												
	\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	(\$ 496,286)	\$ 2,069,100	\$ 349,885	\$ 10,377	\$ 65,477,704	\$ 83,885,342	
Balance at January 1, 2021	-	-	-	-	16,210,758	-	-	-	-	16,210,758	3,347,332	19,558,090
Profit for the year	-	-	-	-	62,427	(59,837)	1,196,005	213,896	(34,197)	1,378,294	(44,256)	1,334,038
Other comprehensive(loss) income for the year	-	-	-	-	16,273,185	(59,837)	1,196,005	213,896	(34,197)	17,589,052	3,303,076	20,892,128
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of retained earnings:	6(28)	-	-	-	(1,381,630)	-	-	-	-	-	-	-
Legal reserve	-	-	1,381,630	-	(1,381,630)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,285,046)	-	-	-	-	(9,285,046)	(1,650,738)	(10,935,784)
Changes in equity of associates and joint ventures accounted for using equity method	-	(721)	-	-	-	-	-	-	-	(721)	-	(721)
Changes in ownership interests in subsidiaries	-	7,116	-	-	-	-	-	-	-	7,116	(7,116)	-
Reorganisation	-	(17,254)	-	-	-	-	-	-	-	(17,254)	17,254	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	625,000	625,000
Balance at December 31, 2021	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,265,105	\$ 563,781	(\$ 23,820)	\$ 73,770,851	\$ 20,695,114	\$ 94,465,965
For the year ended December 31, 2022												
Balance at January 1, 2022	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,265,105	\$ 563,781	\$ 23,820	\$ 73,770,851	\$ 20,695,114	\$ 94,465,965
Profit(loss) for the year	-	-	-	-	(19,330,194)	-	-	-	-	(19,330,194)	3,584,236	(15,745,958)
Other comprehensive(loss) income for the year	-	-	-	-	101,503	232,571	(1,565,761)	(703,869)	92,903	(1,842,653)	155,954	(1,686,699)
Total comprehensive income	-	-	-	-	(19,228,691)	232,571	(1,565,761)	(703,869)	92,903	(21,172,847)	3,740,190	(17,432,657)
Appropriation and distribution of retained earnings:	6(28)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,627,319	-	(1,627,319)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(10,923,584)	-	-	-	-	(10,923,584)	(1,992,722)	(12,916,306)
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount	6(36)	119,102	-	-	-	-	-	-	-	119,102	(120,102)	(1,000)
Changes in ownership interests in subsidiaries	-	(27,638)	-	-	-	-	-	-	-	(27,638)	37,656	10,018
Reorganization	-	(897)	-	-	-	-	-	-	-	(897)	897	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,446,043	5,446,043
Balance at December 31, 2022	\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552)	\$ 1,699,344	(\$ 140,088)	\$ 69,083	\$ 41,764,987	\$ 27,807,076	\$ 69,572,063

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



HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Notes	Year ended December 31	
		2022	2021
<u>Cash flows from operating activities</u>			
Consolidated (loss) profit before income tax		( \$ 14,634,883 )	\$ 24,970,659
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(11)(12)(14)(32)	11,906,847	10,628,663
Amortization	6(32)	125,903	124,275
Excepted credit loss and financial guarantee expense		23,556	45,410
Expected credit impairment loss (gain on reversal) of investment		205	11
Expected credit impairment loss of non-investment		1,858,003	1,138,349
Profit or loss reclassified by applying overlay approach		( 706,971 )	216,514
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	6(2)	( 1,270,855 )	( 1,044,814 )
Interest income	6(30)	( 16,457,155 )	( 12,392,244 )
Dividend income		( 366,156 )	( 369,313 )
Interest expense		3,195,346	1,930,041
Compensation cost of share-based payments		10,150	-
Share of profit of associates accounted for using the equity method	6(10)	( 2,243,159 )	( 2,007,473 )
Net gain on disposal of property, plant and equipment		( 8,390 )	( 20,069 )
Net gain on disposal of assets held for sale		( 14,704 )	-
Impairment loss	6(16)	1,092,475	-
Impairment loss (reversal gain) of rental assets	6(11)	( 4,236 )	10,521
Unrealized profit from sales		44,701	66,381
Realized profit from sales		( 66,381 )	( 44,478 )
Exchange gain (loss)		( 73,044 )	( 37,796 )
Profit from lease modification	6(12)	( 2,342 )	( 2,133 )
Changes in operating assets and liabilities relating to operating activities			
Net changes in operating assets relating to operating activities			
Financial assets at fair value through profit or loss		1,922,497	( 885,265 )
Contract assets		( 27,927 )	( 5,433 )
Notes and accounts receivable		49,275,183	41,088,846
Other receivables		( 310,698 )	( 20,163 )
Inventories		2,364,051	7,028,067
Prepayments		( 433,944 )	( 142,430 )
Reinsurance contract assets		( 1,040,338 )	( 970,115 )
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss		134,828	( 34,391 )
Contract liabilities		146,896	( 71,722 )
Notes and accounts payable		2,677,612	1,831,052
Accrued expenses		( 544,183 )	801,070
Other payables		258,581	184,973
Commission payable		( 52,364 )	110,434
Due to reinsurance and ceding companies		227,919	90,907
Claims payable		271,845	22,198
Advance receipts		( 14,540 )	8,902
Other current liabilities		11,401,892	1,693,350
Provisions		494,757	1,370,752
Other liabilities		( 36 )	( 36 )
Cash outflow generated from operations		( 46,847,715 )	( 10,526,296 )
Interest received		16,429,573	12,418,354
Cash dividends received		1,350,741	1,414,582
Interest paid		( 3,031,610 )	( 1,937,333 )
Income tax paid		( 5,094,375 )	( 3,869,239 )
Net cash flows used in operating activities		( 37,193,386 )	( 2,499,932 )

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2022	2021
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		\$ -	( \$ 16,232 )
Decrease in financial assets at fair value through other comprehensive income		730,053	-
Acquisition of investments accounted for using the equity method	6(10)	( 31,850 )	-
Acquisition of property, plant and equipment	6(11)	( 24,764,385 )	( 20,975,415 )
Proceeds from disposal of property, plant and equipment		299,900	455,604
Acquisition of investment properties	6(14)	( 299 )	( 227,805 )
Acquisition of intangible assets	6(15)	( 53,172 )	( 174,791 )
Increase in other financial assets		( 487,576 )	( 339,769 )
Increase in other assets		( 8,970,519 )	( 2,035,778 )
Proceeds from the capital reduction of investments accounted for using the equity method		13,229	-
Disposal of assets held for sale		30,147	-
Acquisition of subsidiaries		( 13,228 )	-
Net cash flows used in investing activities		( 33,247,700 )	( 23,314,186 )
<u>Cash flows from financing activities</u>			
Proceeds from issuance of bonds	6(20)	10,000,000	5,200,000
Repayment of bonds	6(37)	-	( 2,400,000 )
Increase in short-term loans	6(37)	38,382,291	18,643,001
Increase in short-term notes and bills payable	6(37)	9,778,871	20,839,467
Proceeds from long-term loans	6(37)	9,964,568	3,134,051
Repayments of long-term loans	6(37)	( 1,590,000 )	( 3,001,727 )
Increase in guarantee deposits received	6(37)	1,445,987	1,667,452
Cash dividends paid	6(28)	( 10,923,584 )	( 9,285,046 )
Repayment of principal portion of lease liability	6(37)	( 478,387 )	( 627,468 )
Cash dividends paid from subsidiaries to non-controlling interests		( 1,992,722 )	( 1,650,738 )
Preference share issued by subsidiaries		5,000,000	-
Proceeds from disposal of ownership interests in subsidiaries (without losing control)	4(3)	332,350	-
Change in non-controlling interests		112,695	625,000
Net cash flows from financing activities		60,032,069	33,143,992
Net effect of changes in foreign currency exchange rates		224,998	( 42,285 )
Net (decrease) increase in cash and cash equivalents		( 10,184,019 )	7,287,589
Cash and cash equivalents at beginning of year		25,813,580	18,525,991
Cash and cash equivalents at end of year		\$ 15,629,561	\$ 25,813,580

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

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

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.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in import, trading, selling and repairing of vehicles and their parts, as well as installment sales and leases of vehicles, and sales of used vehicles and business of property insurance.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became into 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

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

<u>New and revised Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board</u>
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 Group's financial condition and financial performance based on the Group'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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial Application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with contracts'	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall disaggregate a portfolio into three groups of contracts at initial recognition: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement

is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. Entities are required to separately present insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

**B. Amendments to IFRS 17, 'Insurance contracts'**

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

**C. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'**

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

**4. Summary of Significant Accounting Policies**

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

**(1) Compliance statement**

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

**(2) Basis of preparation**

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (d) The insurance liabilities and reinsurance reserve assets recognized in accordance with

specific statutory requirements and regulations relevant to insurance enterprises.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(f) The consolidated financial statements are prepared based on the valuation and disclosures of the entities' financial statements audited by the independent auditors.

**B. Subsidiaries included in the consolidated financial statements:**

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Note
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Equity investments in Mainland China (trading and repairing of vehicles and their parts)	100	100	
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	General investment	100	100	
Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	92.86	-	Note 23
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100	100	
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	Sales of vehicles and parts for industry use	100	100	
Ho Tai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	Agent for sales of air conditioning system and contracting of air conditioning construction	45.01	45.01	Note 2
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Trading of vehicle products/accessories	51	51	
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100	100	
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	20	20	Note 1
Ho Tai Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	70	100	Note 3,13
Ho Tai Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	Assembly of vehicle bodies	50	50	Note 1, 6
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	18	-	Note 1, 14
Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Sales of vehicle bodies	100	-	Note 17
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	Equity investments in Mainland China, trading and repairing of vehicles and their parts	70	70	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Hotong Motor Investment Co., Ltd.	Operation decision making, capital and financial management, information services, employee trainings and other services	100	100	
Tienjin Ho Yu Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	75	75	
Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Note
Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100	100	
Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting services	100	100	
Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100	100	
Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., LTD.	Sales and repairing of vehicles	70	70	
Hotong Motor Investment Co., Ltd.	Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	70	70	
Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	100	100	
Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sale Service Co., Ltd	Sales and repairing of vehicles	70	-	Note 12
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Zaozhuang Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	25	25	Note 1
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1, 5
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Advertisement design and production	100	100	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1, 15
Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100	100	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Sales of imported cars	100	100	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	40	40	Note 1, 10, 20
Shanghai Hozhan Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1, 5
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30	30	Note 1, 10, 20
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30	30	Note 1, 10, 20
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Leasing of vehicles	66.04	66.04	
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Installment trading and leasing of various vehicles	45.39	45.39	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	7.13	99.8	Note 1, 23
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	41.1	41.1	Note 1, 7
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	27.4	27.4	Note 1, 7



Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Note
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd	Taxi service	100	100	
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd	Taxi service	100	100	
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.5	50.5	
Hotai Leasing Co., Ltd.	Hoyun International Limited	General investment	49.5	49.5	Note 1
Hotai Finance Co., Ltd.	HOING MOBILITY SERVICE CORPORATION	Leasing of vehicles	50.82	50.82	
Hotai Connected Co., Ltd	HOING MOBILITY SERVICE CORPORATION	Leasing of vehicles	49.18	49.18	Note 1, 4
Hotai Connected Co., Ltd	Ho Young Travel Agency Co., Ltd.	Tourism industry	100	-	Note 16
Hotai Finance Co., Ltd.	HE JING CO., LTD.	Installment trading of various vehicles	81	81	Note 10
Hotai Finance Co., Ltd	He Jun Energy Co., Ltd	Solar power	80	-	Note 14
He Jun Energy Co., Ltd	Wei Tien Energy Storage Co., Ltd	Energy storage	100	-	Note 18
He Jun Energy Co., Ltd	Chaoyang Energy Co., Ltd.	Solar power	90	-	Note 22
He Jun Energy Co., Ltd	Guang Yang Energy Co., Ltd.	Solar power	90	-	Note 22
He Jun Energy Co., Ltd	XianYao Energy Co., Ltd.	Solar power	90	-	Note 22
Hoyun International Limited	Hoyun International Lease Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100	100	Note 19
Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	100	100	
Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	100	100	Note 8
Hoyun International Lease Co., Ltd	Hangzhou Yiyao Network Technology Co., Ltd.	Leasing business	100	-	Note 15
Hoyun International Lease Co., Ltd	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100	-	Note 15
Hoyun International Lease Co., Ltd	Homei Consulting (Suzhou) Company Limited	Consulting services	100	-	Note 16
Ho Tai Development Co., Ltd.	Ichiban International Co., Ltd.	General investment	-	100	Note 21
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	General investment	100	-	Note 21
Toyota Material Handling Taiwan Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	100	100	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Repairing of air conditioning equipment and trading of their parts	100	100	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Trading of air conditioning equipment and their peripherals	100	100	
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Freight forwarders	51	51	
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Freight forwarders	100	100	
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Freight forwarders	100	100	
Ichiban International Co., Ltd.	Air Master International Co., Ltd.	General investment	-	100	Note 21
Air Master International Co., Ltd.	He Zhan Development Co., Ltd.	Trading of air conditioning equipment	100	100	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	100	100	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Note
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	61.77	61.77	
Eastern Motor Co., Ltd.	Doroman Autoparts Co., Ltd.	Wholesale and retail of vehicles parts and accessories	100	100	
Eastern Motor Co., Ltd.	DALEON AUTO PARTS AND ACCESSORIES CORPORATION	Wholesale and retail of vehicles parts and accessories	100	100	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	0.68	0.68	Note 1, 7
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	0.5	-	Note 1, 13
Chang Yuan Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	Assembly of vehicle bodies	20	20	Note 6
Hotai AutoBody Manufacturing Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	Sales of vehicle bodies	-	100	Note 9, 17

Note 1: The Group holds more than 50% shareholding in the subsidiary.

Note 2: The abovementioned investees whose equity were held directly or indirectly by the Group not exceeding 50%, were regarded as subsidiaries and consolidated in the Company's financial statements, since the Company could control over a half of voting rights in the Board of Directors.

Note 3: On January 21, 2021, the Company increased investment in Hotai Connected Co., Ltd. in the amount of \$300,000 and acquired 30,000,000 shares.

Note 4: On January 28, 2021, the Company's subsidiary, Hotai Leasing Co., Ltd., disposed of all its shares of Hoing Mobility Service Co., Ltd. to Hotai Connected Co., Ltd. for \$360,000; as a result, its shareholding ratio decreased to 0%. However, Hotai Connected Co., Ltd. increased its shareholding ratio to 49.18%.

Note 5: 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%.

Note 6: 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.

Note 7: 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.

Note 8: The subsidiary was established in the first quarter of 2021.

Note 9: The subsidiary was established in the third quarter of 2021.

Note 10: The subsidiary was established in the fourth quarter of 2021.

Note 11: The Board of Directors of subsidiaries, Hotai Innovation Marketing Corporation and Hotai Connected Co., Ltd., resolved to merge. The effective date was set on December 31, 2021. After the merger, Hotai Connected Co., Ltd. was the surviving company while Hotai Innovation Marketing Corporation was the dissolved company.

Note 12: Qingdao Heling Lexus Automobile Sale Service Co., Ltd. was newly invested and established by Hotong Motor Investment Co., Ltd. in December 2021. The investment amounted to RMB \$21 million and the Company's shareholding ratio was 70%.

Note 13: On January 20, 2022, the Company disposed of 30% of the shares of Hotai Connected Co., Ltd. at the consideration of \$337,983 (net of transfer tax), and the Company's subsidiary, Eastern Motor Co., Ltd. participated in subscribing shares and the shareholding ratio was increased from 0% to 0.5%.

Note 14: On February 22, 2022, the Company and the Company's subsidiary, Hotai Finance Co., Ltd. participated in the capital increase of He Jun Energy Co., Ltd. amounting to \$180,000 and \$800,000, and the shareholding ratio was 18% and 80%, respectively

Note 15: The subsidiary was acquired in May, 2022.

Note 16: The subsidiary was established in June, 2022.

Note 17: On August 4, 2022, the Company's subsidiary, Hotai Auto Body Manufacturing Co., Ltd. disposed of 100% of the shares of Hotai Auto Body Sales Co., Ltd. to the Company at the consideration of \$40,000.

Note 18: The subsidiary was acquired in September, 2022.

Note 19: Hoyun International Lease Co., Ltd. was renamed as Hoyun International Lease Co., Ltd. in September, 2022.

Note 20: Shanghai Hekang Equipment Leasing Co., Ltd. was renamed as Tianjin Hekang Finance Leasing Co., Ltd. in September, 2022.

Note 21: Ichiban International Co., Ltd. and Air Master International Co., Ltd. resolved to merge, and Air Master International Co., Ltd. was the surviving company.

Note 22: The subsidiary was acquired in the fourth quarter of 2022.

Note 23: On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. amounting to \$20,000,000 and \$6,000,000, respectively. As a result, its shareholding ratio would be 92.86% after the capital increase. As subsidiaries, Hozan Investment Co., Ltd. did not participate in the capital increase, their shareholding ratio of Hotai Insurance Co., Ltd. decreased to 7.13% from 99.8%.

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

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

E. Significant restrictions: None.

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

As of December 2022 and 2021, the non-controlling interest amounted to \$27,807,076, \$20,695,114, respectively. The information of non-controlling interest that are material to the Group and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd.	Taiwan	\$ 18,369,237	54.61% (note)	\$ 12,426,650	54.61%
Hotai Leasing Co., Ltd.	Taiwan	1,807,397	33.96%	1,633,775	33.96%

Note: The shareholding percentage calculation does not include the non-voting Class A special shares issued by the subsidiary.

Summarized financial information of the subsidiaries:

Balance sheets

	Hotai Finance Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 236,804,466	\$ 188,826,138
Non-current assets	18,560,622	12,733,058
Current liabilities	( 221,376,661)	( 175,220,568)
Non-current liabilities	( 1,095,413)	( 844,949)
Total net assets	<u>\$ 32,893,014</u>	<u>\$ 25,493,679</u>

	Hotai Leasing Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 4,225,639	\$ 3,779,647
Non-current assets	40,116,388	35,248,653
Current liabilities	( 24,857,667)	( 20,097,307)
Non-current liabilities	( 14,161,911)	( 14,119,829)
Total net assets	<u>\$ 5,322,449</u>	<u>\$ 4,811,164</u>

Statements of comprehensive income

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2022	2021
Revenue	\$ 22,787,250	\$ 17,957,948
Profit before income tax	5,356,518	4,663,609
Income tax expense	( 1,286,934)	( 1,133,417)
Profit for the period	4,069,584	3,530,192
Other comprehensive (loss) income for the period, net of tax	281,385	( 90,494)
Total comprehensive income for the year	<u>\$ 4,350,969</u>	<u>\$ 3,439,698</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 2,118,260</u>	<u>\$ 1,670,932</u>

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2022	2021
Revenue	\$ 20,098,181	\$ 17,935,280
Profit before income tax	1,411,036	1,282,509
Income tax expense	( 330,639)	( 288,682)
Profit for the period	1,080,397	993,827
Other comprehensive (loss) income for the period, net of tax	26,047	( 8,560)
Total comprehensive income for the year	\$ 1,106,444	\$ 985,267
Comprehensive income attributable to non-controlling interests	\$ 375,726	\$ 334,577

#### Statements of cash flows

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2022	2021
Net cash used in operating activities	( 44,038,878)	( 34,518,927)
Net cash used in investing activities	( 2,547,415)	( 3,470,781)
Net cash provided by financing activities	47,820,744	38,673,525
Net effect of changes in foreign currency exchange rates	89,751	( 15,664)
Increase in cash and cash equivalents	1,324,202	668,153
Cash and cash equivalents, beginning of year	1,058,573	390,420
Cash and cash equivalents, end of year	\$ 2,382,775	\$ 1,058,573

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2022	2021
Net cash provided by operating activities	\$ 15,868,242	\$ 13,703,941
Net cash used in investing activities	( 19,025,092)	( 15,757,326)
Net cash provided by financing activities	3,167,346	2,076,099
Increase in cash and cash equivalents	10,496	22,714
Cash and cash equivalents, beginning of year	109,655	86,941
Cash and cash equivalents, end of year	\$ 120,151	\$ 109,655

#### (4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

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

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

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

(6) 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 and short-term notes and bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. The Group's subsidiary could designate financial assets at fair value through profit or loss using overlay approach when financial assets meet the following conditions:
  - (a) It is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39; and
  - (b) It is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.
- 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 Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures the financial assets at fair value with any gain or loss recognized in profit or loss.
- D. The Group recognizes the dividend income when the right to receive dividends is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- E. The group reclassifies between profit or loss and other comprehensive income an amount for the designated financial assets applying overlay approach. Accordingly, the amount reclassified is equal to the difference between:
  - (a) The amount reported in profit or loss for the designated financial assets applying overlay approach if IFRS 9 had been applied ; and
  - (b) The amount that would have been reported in profit or loss for the designated financial assets applying overlay approach if IAS 39 had been applied.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

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

(10) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(11) Impairment of financial assets

- A. For financial assets at fair value through other comprehensive income, receivables, and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.
- B. The Group will perform the following procedure when the financial assets are assessed as having a significant increase in credit risk after initial recognition:
  - (a) Financial assets at fair value through other comprehensive income
    - Reclassify the amount of credit loss which originally are unrealized gains (losses) of accumulated losses of other comprehensive income as profit or loss.



(b) Financial assets at amortized cost

Decrease its carrying amount through an allowance account. When financial assets at amortized cost are assessed as no longer recoverable, write-off the allowance accounts. For proceeds that were previously written-off and subsequently recovered, credit the allowance account. Except for financial assets at amortized cost that are assessed as no longer recoverable and written-off allowance accounts, the carrying amount of allowance accounts are recognized in profit or loss.

(12) Loss allowance of the subsidiary, Hotai Insurance Co., Ltd.

The Group's subsidiary, Hotai Insurance Co., Ltd., provisioned for an appropriate allowance loss under IFRS 9 and IFRS 4 for receivables, financial assets measured at amortized cost and reinsurance contract assets.

(13) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained the control of the financial asset.

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

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
  - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.
  - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
  - (c) Lease payments (excluding costs for services) relating to the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Inventories

Inventories are stated at the lower of cost and net realizable value. Except for the cost of inventories of Ho Tai Development Co., Ltd. which is determined using the weighted-average method, the cost of inventories of all other entities in the group is determined using the moving average method. 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 estimated costs necessary to make the sale.

(16) Assets held for sale

Assets that are highly probable to be sold in the future rather than recovering their carrying

amount through sustaining use are classified as assets held for sale by the Company's subsidiary which was measured at the lower of its carrying amount or fair value less costs to sell.

(17) Investments accounted for using the equity method/associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for 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 Group'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.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(18) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss

during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each 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	5 ~ 10 years
Office equipment	1 ~ 20 years
Machinery and equipment	1 ~ 15 years
Leasehold improvements	1 ~ 35 years

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease. Lease payments are fixed payments, less any lease incentives receivable.  
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is 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.

(20) Investment property

- A. An investment property is stated initially at its cost and measured subsequently using the cost model.
- B. The significant improvements, additions and betterments of an item of investment property shall

be recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. General repairs and maintenance are charged to current expenses.

- C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain and loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain and loss on investment property under net investment income (loss). Except for land, property (including accessory equipment) is depreciated on a straight-line basis over its estimated useful life of 2~60 years. Each part of an item of investment property with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.
- D. Investment property of the Group's subsidiary including the office building and land rented in the form of an operating lease are to generate rental income or capital increase or both. Investment property is recognized initially at cost plus transaction costs incurred and subsequently applies cost model measuring at cost net of accumulated depreciation and impairment. Part of the property may be held by the Group and another part generates rental income or capital increase. If the property held by the Group can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

(21) Intangible assets

A. Computer software

Intangible assets held by the Group pertain to computer software which are stated at cost and subsequently measured using the cost model. The computer software has a finite useful life and is amortized on a straight-line basis over its estimated economic useful life of 3~5 years.

B. Goodwill

Goodwill arises from business combination accounted for using the acquisition method. Goodwill acquired in business combination shall be tested for impairment at least once a year. Impairment loss is recognized when the goodwill is impaired. Impairment loss of goodwill that has been recognized shall not be reversed.

C. Client relationship

Arising from business combination, and amortized on a straight-line basis over 30 years.

D. Trademark right

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.

(22) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(23) 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.

(24) 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.

(25) 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 Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures the financial liabilities at fair value with any gain or loss recognized in profit or loss.

(26) 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.

(27) Ordinary corporate bonds

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(28) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(29) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(30) Hedge accounting

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

B. The Group designates the hedging relationship as follows:

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

(b) Fair value hedge: a hedge of recognized assets or liabilities, or unrecognized firm commitments against risk of changes in fair value.

C. Cash flow hedges

- (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
  - i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
  - ii. The cumulative change in fair value of the hedged item from inception of the hedge.
- (b) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.
- (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with item (a) is accounted for as follows:
  - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
  - ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
  - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

#### D. Fair value hedges

- (a) The fair value change on hedging instruments is recognized in profit or loss.
- (b) For the gain or loss on hedged item, adjust the book value of the hedged item and recognize it in profit or loss. When the hedged item is an unrecognized firm commitment, the accumulated changes in the fair value of the hedged item after designation are recognized as assets or liabilities, and the corresponding changes are recognized in profit or loss.

#### (31) Provisions

Provisions (provision for warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably

estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses. For details of provisions for other insurance liabilities, please refer to Note 4(38).

(32) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. 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.

(33) Classification of insurance contracts

The insurance and reinsurance businesses of the subsidiary, Hotai Insurance Co., Ltd. for insurance contracts newly issued or undertaken are accounted for in accordance with IFRS 4. They are tested in accordance with the subsidiary's internal control procedures to classify newly issued insurance products. Currently, insurance policies sold by Hotai Insurance Co., Ltd. are all insurance contracts. Insurance contract is a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held. The definition of significant transferred risks employed by Hotai Insurance Co., Ltd. refers to an occurrence of any event or incident that leads to Hotai Insurance Co., Ltd.'s additional significant payment.

(34) Direct insurance income and expenses

A. Direct premiums are recognized in the year the insurance policies are issued without regard to the effective dates of the policies except premiums related to open cover policies which are



recognized in the year they are earned. Premiums adjustments, including policy cancellations, are recorded in the year they occur.

B. Claims are accrued after the claim letters are received.

C. Commission expenses are accrued after the policies are issued.

(35) Reinsurance contract

Reinsurance premiums ceded and reinsurance premiums are recognized on the date the bills are received. A sufficient and reasonable method should be adopted to estimate reinsurance premiums ceded. Relevant revenues and expenses (such as reinsurance commission expenses and revenues, handling fee expenses and revenues, reinsurance claims recovery, etc.) shall all be recognized.

With the classification of reinsurance contracts, Hotai Insurance Co., Ltd. assesses whether significant insurance risk transferred to the reinsurer. If the significant insurance risks of reinsurance contracts are not transferred to reinsurer, the subsidiary should treat reinsurance contracts as deposit accounting.

Hotai Insurance Co., Ltd. evaluates the impairment losses and unrecoverable amounts of reinsurance reserve assets, claims recoverable from reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies. When there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer, the cedant reduces the carrying amount accordingly and recognizes the provision for impairment loss. Allowance for doubtful debts of recoverable from the reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies is recognized when the cedant may not receive all amounts.

(36) Salvage and subrogation

Salvage legally assumed from the claim procedure by direct underwriting business and subrogation legally acquired for the rights of the subject matter and relevant claims expenses are recognized when the actual recovery is definite and the amount can be reliably measured.

(37) Underwriting pools and coinsurance

Hotai Insurance Co., Ltd. has participated in the coinsurance of compulsory automobile liability insurance, residential earthquake fund, engineering insurance association, injury insurance for acts of terrorism co-insurance organizations and Nuclear Energy Insurance Federation of the Republic of China. The Company recognizes coinsurance premiums based on its participation share.

(38) Insurance liabilities

All reserves of insurance contracts that Hotai Insurance Co., Ltd. recognized are based on “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, “Regulations Governing the Setting Aside and for Management of the Reserves of Compulsory Automobile Liability Insurance”, “Regulations Governing the Setting Aside of Nuclear Reserve by Property Insurance Enterprises”, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance”, “Notes for Strengthening Reserve of Pool Members Residential Earthquake”, “Regulations Governing Various Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance by Property Insurance Enterprises” and “Notes for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, and shall be certified by actuary authorized by the Financial Supervisory Commission. Provision for reserve is also applicable for assumed reinsurance and ceded reinsurance business, but is not applicable for special reserve and liability

adequacy reserve.

Except for the reserves for one-year group accident insurance which is provided based on the higher of actual insurance premium or insurance premium calculated in accordance with the Letter No. Tai-Cai-Bao-Zi-852367814, the provision for other insurance liabilities is based on the following:

A. Unearned premium reserve

Unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period based on unexpired risks of effective and unexpired contracts or covered risks.

B. Claims reserve

Claims reserve with a coverage period are provided based on claim experience and expenses of various insurance types and are calculated based on actuarial principles. Besides, reserves are provided for “claims reported but not paid” and “claims incurred but not reported”. For “claims reported but not paid”, a reserve has been provided on an individual claim basis for each type of insurance.

C. Special reserve

Special reserves includes “catastrophe reserve” and “risk claim reserve”. Except for compulsory automobile liability insurance, nuclear insurance, residential earthquake insurance and commercial earthquake and typhoon flood insurance which are covered by other regulations requiring reserves for them to be recognized under liability, the additional provision for special reserve less income tax should be recognized as special reserve under equity after annual closing. The release of special reserve shall be made through special reserve under equity based on its net value after tax.

D. Premium deficiency reserve

Potential claims and expenses are estimated for effective contracts yet to mature and injury insurance contracts with a coverage period. If the assessed amount is more than unearned premium reserve and expected premium income, the insufficient amount is recognized as premium deficiency reserve by product types.

E. Liability adequacy reserve

In accordance with IFRS 4, ‘Insurance Contracts’ and the regulations of The Actuarial Institute of the Republic of China, the subsidiary’s liability adequacy test is performed using the gross premium valuation method based on all contracts of the subsidiary. At the end of each reporting period, the test is performed by comparing the carrying amount of insurance liabilities less related deferred acquisition costs and related intangible assets with current estimates of future cash flows under its insurance contracts. If the carrying amount is insufficient, the provision for liability adequacy reserve for the entire deficiency is recognized in profit or loss in the period.

F. Unqualified ceded reserve

Unqualified reinsurance ceded reserve under “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, should be disclosed in financial statements.

Among the reserves above, except for unearned premium reserve for long-term fire insurance which was calculated at a rate of 7.8% based on the coefficient table of unearned premium reserve for long-term fire insurance, the other reserves were not calculated by discounting.

(39) 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 and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is 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. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. 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.

(40) Employee share-based payment

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

that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(41) 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.

(42) Dividends

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

(43) Revenue recognition

A. Sales of goods

- (a) The Group sells vehicles 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 Group 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 Group'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.
- (e) The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.
- (f) Installment sales for vehicles - the subsidiary, Hotai Finance Co., Ltd. engages in installment sales which mainly aims to receive interest income rather than gross profit. There is no gross

profit from such transactions. The accounting treatment is to recognize future proceeds from loans receivable and not to recognize sales revenue and cost of sales when the transaction occurs. When the amount of installment payment exceeds the price of cash sale, the difference is recognized as unrealized interest income and listed as a deduction to installment notes and accounts receivable, and interest is recognized using interest method annually over the installment period.

**B. Service revenue**

The Group provides services related to vehicles and air conditioners for vehicles. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the proportion of contract costs incurred for services performed as of the financial reporting date to the estimated total costs for the service contract. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

**C. Recognition of premium revenue and deferred acquisition cost of the insurance business of Hotai Insurance Co., Ltd. were as follows:**

(a) For the revenue recognition policies on insurance and reinsurance contracts, please refer to Notes 4(34) and (35).

(b) Commission revenue is recognized on the accrual basis of the service period.

**D. Financing components**

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or one operating period. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

**(44) Operating segments**

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

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

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

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

None.

**(2) Critical accounting estimates and assumptions**

**A. Revenue recognition**

The Group estimates sales discounts and returns refund liabilities for sales returns 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 Group reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(29) for

the information of sales of goods.

**B. Provisions for warranty**

In order to enhance customers' confidence on the quality of products, 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(24) "Provisions" for more information.

**C. Evaluation of allowance for uncollectible accounts**

The subsidiary, Hotai Finance Co., Ltd., provides loss allowance for uncollectible accounts based on the forecast factors such as past due days and future economic conditions to assess the default possibility of accounts receivable. The subsidiary recognizes loss allowance individually after the management assesses the customers' financial condition or payment situation which indicate that the accounts receivable may not be recovered. Given the evaluation process involves estimates and predictions of the past events, current conditions and future overall economic situation, changes might arise due to the difference between the actual results and estimates. Please refer to Note 6(5) for the information of evaluation of allowance for uncollectible accounts.

**D. Insurance liabilities**

The estimates and significant assumptions of Hotai Insurance Co., Ltd.'s insurance contracts are used for claim reserve liabilities and claim reserve assets ceded.

The claim reserve liabilities are estimated through adoption of internationally accepted actuarial methods, nature or location of insurance risks, claim payment development module, experience data, and etc., which resulted in a reasonable ultimate claims paid amount and expected loss ratio. The calculation for reported but not paid claims are based on the experience of claim handling experts by each case and the remaining shall be incurred but not reported reserve.

For claim reserve assets ceded, the amounts recoverable from reinsurers for reported but not paid claims are estimated by each insurance case, and the amounts recoverable from reinsurers for incurred but not reported claims are estimated based on the difference between the reserve for incurred but not reported claims and the reserve for incurred but not reported claims for retention business.

Hotai Insurance Co., Ltd.'s significant assumptions for claims reserve include:

- (a) Loss development factors: properly chosen loss development factors based on experience over the past few years.
- (b) Expected loss ratio for each insurance line of business and accident year: the expected loss ratio is selected based on the historical loss trends of each insurance line of business and accident years.

The above mentioned assumptions exclude earthquake insurances, compulsory automobile insurances and nuclear insurances, while their reserves are provided in accordance with the regulatory requirements.

Analysis of insurance risk sensitivity is provided in Note 12(7) B.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 15,799	\$ 15,980
Checking accounts and demand deposits	10,454,929	12,272,486
Cash equivalents		
Time deposits	595,460	1,944,899
Short-term notes and bills	4,563,373	11,580,215
	<u>\$ 15,629,561</u>	<u>\$ 25,813,580</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2022 and 2021, the Group presented its long-term time deposits of \$2,690,156 and \$1,828,223, respectively, under other financial assets-current and non-current.
- C. Of the short-term notes held by the Company's subsidiary, Hotai Insurance Co., Ltd., investments in notes issued under reverse repurchase agreements have obtained notes as collateral. The maximum exposure amount after receiving financial collateral is the net amount after offsetting. For related explanations, please refer to Note 6(6).

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at fair value through profit or loss		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic and foreign beneficiary certificates	\$ 1,546,818	\$ 2,947,462
Derivative instruments	57,587	12,587
Financial instruments	703,187	683,213
Listed stocks	1,180,507	1,810,312
Listed preference share	59,980	59,980
Exchange Traded Funds	1,172,594	1,598,055
Valuation adjustment	( 130,144)	647,593
	<u>\$ 4,590,529</u>	<u>\$ 7,759,202</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 1,011,039</u>	<u>\$ 1,035,718</u>
Financial liabilities at fair value through profit or loss		
Current items:		
Financial liabilities held for trading		
Derivative instruments	<u>\$ 162,608</u>	<u>\$ 27,780</u>

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

Items	Years ended December 31,	
	2022	2021
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 168,589)	\$ 45,454
Domestic and foreign beneficiary certificates	( 161,029)	89,721
Financial instruments	1,608	( 827)
Listed stocks	( 577,356)	668,521
Listed preference share	( 4,342)	906
Exchange Traded Funds	( 370,968)	222,211
Corporate bonds	9,821	18,828
	<u>(\$ 1,270,855)</u>	<u>\$ 1,044,814</u>

- B. The Group entered into contracts relating to derivative instruments which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	December 31, 2022	
	Contract amount (Notional principal)	Contract period
	(in thousands)	
Current items:		
Forward foreign exchange contracts	<u>USD 423,402</u>	2022.07.20~2023.06.08
Foreign exchange swap contracts	<u>USD 21,490</u>	2022.10.07~2023.03.29
Derivative instruments	December 31, 2021	
	Contract amount (Notional principal)	Contract period
	(in thousands)	
Current items:		
Forward foreign exchange contracts	<u>USD 421,750</u>	2021.08.25~2022.04.14
Foreign exchange swap contracts	<u>USD 25,010</u>	2021.10.04~2022.03.31

The Group entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of import proceeds and foreign investments. In addition, Hotai Insurance Co., Ltd. entered into foreign exchange swap contracts to hedge exchange rate risk of foreign investments. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. On December 31, 2022 and 2021, such financial assets designated using overlay approach are as follows:



Items	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss designated using overlay approach		
Listed stocks	\$ 642,442	\$ 1,445,876
Listed preference shares	59,980	59,980
Exchange Traded Funds	1,172,594	1,598,055
Beneficiary certificates	310,000	1,182,000
Foreign beneficiary certificates	152,730	404,245
Corporate bonds	500,000	500,000
Valuation adjustment	( 70,758)	636,213
	<u>\$ 2,766,988</u>	<u>\$ 5,826,369</u>

For the years ended December 31, 2022 and 2021, the reclassifications between profit or loss and other comprehensive income of such financial assets designated using overlay approach are as follows:

	Years ended December 31,	
	2022	2021
Gains recognized in profit or loss under IFRS 9	(\$ 936,568)	\$ 1,059,371
Less: Gains recognized in profit or loss under IAS 39	( 229,597)	842,857
Loss reclassified under overlay approach	(\$ 706,971)	\$ 216,514
Effect from change in tax	(\$ 1,649)	\$ 2,195

F. In accordance with IFRS 12 'Disclosure of interests in other entities', information on equity of the structured entities which were not controlled by the Group is as follows:

(a)

Type of structured entities	Book value at December 31, 2022	Book value at December 31, 2021	Description
Infrastructure fund	\$ -	\$ 330,683	Note
Real estate private placement fund	\$ 177,738	\$ 106,812	Note

Note: Investment fund is set for raising capital, and investors acquire long-term capital gains through investing in restricted fund.

(b) The intention of the Group for holding these structured entities is for earning investment income.

(c) The Group recognized equity of the structured entities which were not consolidated into the financial statements under financial assets at fair value through profit or loss. The maximum exposed risk of such entities is the carrying amount of held assets, and the related risk exposure of the investment position is restricted by contract terms and issuance terms. Please refer to Note 12 for more information.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Debt instrument		
Government bonds	\$ 250,562	\$ -
Financial bonds	-	200,418
Foreign financial bonds	169,012	119,319
	419,574	319,737
Valuation adjustment (including loss allowance)	( 1,153)	2,387
Less: Operation bonds	( 202,100)	-
	<u>\$ 216,321</u>	<u>\$ 322,124</u>
Non-current items:		
Debt instrument		
Government bonds	\$ 405,004	\$ 363,789
Corporate bonds	-	302,895
Financial bonds	-	304,846
Foreign corporate and financial bonds	560,161	594,669
	965,165	1,566,199
Valuation adjustment (including loss allowance)	( 44,031)	27,466
Less: Operation bonds	( 398,200)	( 300,300)
	522,934	1,293,365
Equity instruments		
Listed stocks and unlisted stocks	6,511,139	6,440,249
Valuation adjustment	1,377,721	2,859,262
	7,888,860	9,299,511
	<u>\$ 8,411,794</u>	<u>\$ 10,592,876</u>

- A. The Group 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 \$7,888,860 and \$9,299,511, respectively, as at December 31, 2022 and 2021.
- B. Under the Insurance Law of the Republic of China, Hotai Insurance Co., Ltd. is required to deposit 15% of its registered operating capital with the Central Bank of Republic of China. As of December 31, 2022, government bonds with par value of \$600,300 and cash of \$3,600,000 were deposited. And as of December 31, 2021, government bonds with par value of \$300,300 were deposited.

C. 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:

Items	Years ended December 31,	
	2022	2021
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	(\$ 97,362)	(\$ 31,900)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	( 49)	19
Reclassified due to derecognition	22,325	475
	(\$ 75,086)	(\$ 31,406)
Interest income recognized in profit or loss	\$ 33,908	\$ 35,024

Items	Years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	(\$ 1,481,541)	\$ 1,210,657

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

(4) Hedging financial assets and liabilities

	December 31, 2022		December 31, 2021	
	Current assets	Current liabilities	Current assets	Current liabilities
Cash flow hedges				
<u>Exchange rate risk and interest rate risk</u>				
Cross currency swaps	\$ 504,807	(\$ 586,800)	\$ -	(\$ 578,276)
Fair value hedges				
<u>Exchange rate risk</u>				
Forward exchange contracts	\$ -	(\$ 135)	\$ -	\$ -

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

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

Hedging instruments	December 31, 2022					Year ended December 31, 2022			
	Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss	
Cash flow hedges :									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps transactions	USD	69,050	2022/1/12~ 2025/1/13	\$ 162,926	\$ -	-	6.33~6.55	4.108~5.30	\$ -
	JPY	58,800,000	2020/8/15~ 2024/9/9	182,211	( 586,800)	-	0.23~0.28	0.83~2.24	-
	USD	75,000	2022/9/12~ 2024/9/12	159,690	-	-	30.60	2.04	-
Forward exchange contracts	USD	943	2022/12/12~ 2023/5/5	-	( 135)	-	36.88	-	-

Hedged items	December 31, 2022			
	Assets carrying amount	Valuation on liabilities' carrying amount due to fair value hedges	Assets carrying amount	Valuation on assets' carrying amount due to fair value hedges
Cash flow hedges				
<u>Exchange rates risk and interest</u>				
<u>rate risk</u>				
Short-term borrowings	\$ -	\$ -	\$ 18,495,220	(\$ 282,796)
Fair value hedges				
<u>Exchange rates risk</u>				
Accounts payable in GBP	\$ 135	\$ 135	\$ -	\$ -

Hedging instruments	December 31, 2021					Year ended December 31, 2021			
	Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss	
Cash flow hedges :									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps transactions	JPY	33,800,000	2020/8/5~ 2024/9/9	\$ -	(\$ 578,276)	\$ -	0.25~0.28	0.83~1.08	\$ -

Hedged items	December 31, 2021	
	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
Cash flow hedges		
<u>Exchange rates risk and interest</u>		
<u>rate risk</u>		
Short-term borrowings	\$ 8,635,200	(\$ 512,680)

### C. Cash flow hedges

	Years ended December 31,	
	2022	2021
<u>Cash flow hedge reserve</u>		
At January 1	(\$ 52,476)	\$ 16,894
Less: Losses on hedge effectiveness-amount recognized	324,887 (	81,209)
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	( 58,522) (	6,399)
Add: Income tax relating to the hedge effectiveness- amount recognized in other comprehensive	( 57,232)	18,238
At December 31	<u>\$ 156,657</u>	<u>(\$ 52,476)</u>

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

### D. Fair value hedges

#### Exchange rate risk

To hedge exposed exchange rate risk arising from accounts payable in GBP, the Group entered into a forward pre-purchase British pound contract with a hedge ratio of 1:1. The change in the fair value of the hedging instrument is based on the exchange gains and losses of British pound accounts payable. The recognition is also recognized in exchange profit or loss to offset the impact of exchange rate on profit or loss.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 2,400,961	\$ 2,063,891
Installment notes receivable	9,279,605	8,333,934
Accounts receivable	6,745,500	5,266,711
Installment accounts receivable	234,142,170	178,995,777
Lease payments and notes receivable	29,614,771	24,394,947
Premiums receivable	651,590	751,027
Overdue receivable	<u>21,806</u>	<u>37,523</u>
	282,856,403	219,843,810
Less: Unrealized interest income	( 28,830,021)	( 19,093,881)
Unearned finance income	( 2,853,897)	( 2,349,549)
Allowance for doubtful accounts	( 47,780,044)	( 3,782,588)
Notes and accounts receivable, net	<u>\$ 203,392,441</u>	<u>\$ 194,617,792</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	<u>\$ 237,928,633</u>	<u>\$ 190,535,009</u>
Non-current (shown as other assets)	<u>\$ 8,463,808</u>	<u>\$ 4,082,783</u>

A. As of December 31, 2022 and 2021, the subsidiary - Hotai Finance Co., Ltd.'s notes receivable were pledged as collateral for loans and issuance of commercial papers to banks amounted to \$9,419,216 and \$5,349,850, respectively. Information on the Group's notes and accounts receivable pledged as collateral is provided in Note 8.

B. The aging analysis of receivables that were past due but not impaired is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Receivables</u>	<u>Receivables</u>
Not past due	\$ 279,767,763	\$ 218,003,316
Up to 30 days	373,922	221,315
31 to ~ 90 days	1,527,579	813,949
91 to ~ 180 days	878,628	444,285
Over 180 days	<u>306,511</u>	<u>360,945</u>
	<u>\$ 282,854,403</u>	<u>\$ 219,843,810</u>

The above aging analysis was based on past due date.

C. As of December 31, 2022 and 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$8,930,815 and \$7,394,968, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Up to 12 months	\$ 80,119,355	\$ 63,970,842
Over 12 months	<u>163,302,420</u>	<u>123,358,869</u>
	<u>\$ 243,421,775</u>	<u>\$ 187,329,711</u>

E. Lease payments receivable

Refer to Note 6(13) for more details.

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

(6) Offsetting financial assets and financial liabilities

A. The derivatives and reverse repurchase agreement held by the Group do not conform to the offsetting requirements under paragraph 42 of IAS 32. However, the subsidiary has entered into enforceable master netting arrangements or similar agreements with counterparties. Upon the event of a delinquency (default, insolvency or bankruptcy) of a party, the counterparties may set-off the netting arrangement or pursue legal action against the collateral. The related amount of the collateral received (paid) is its fair value. However, the offsetting amount is limited to recognized financial assets (liabilities).

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

December 31, 2022						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		
				Financial instruments (d)	Collateral received (e)	Net amount (f)=(c)-(d)-(e)
Derivative instruments	\$ 5,455	\$ -	\$ 5,455	\$ 1,403	\$ -	\$ 4,052
Reverse repurchase agreement	320,649	-	320,649	-	287,664	32,985
	<u>\$ 326,104</u>	<u>\$ -</u>	<u>\$ 326,104</u>	<u>\$ 1,403</u>	<u>\$ 287,664</u>	<u>\$ 37,037</u>
Financial liabilities						
Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		
				Financial instruments (d)	Collateral received (e)	Net amount (f)=(c)-(d)-(e)
Derivative instruments	\$ 1,403	\$ -	\$ 1,403	\$ 1,403	\$ -	\$ -

December 31, 2021						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)-(e)
				Financial instruments (d)	Collateral received (e)	
Derivative instruments	\$ 1,599	\$ -	\$ 1,599	\$ 58	\$ -	\$ 1,541
Reverse repurchase agreement	3,170,484	-	3,170,484	-	3,156,708	13,776
	<u>\$ 3,172,083</u>	<u>\$ -</u>	<u>\$ 3,172,083</u>	<u>\$ 58</u>	<u>\$ 3,156,708</u>	<u>\$ 15,317</u>
Financial liabilities						
Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)-(e)
				Financial instruments (d)	Collateral received (e)	
Derivative instruments	\$ 58	\$ -	\$ 58	\$ 58	\$ -	\$ -

(7) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 7,309,864	(\$ 122,123)	\$ 7,187,741
Air conditioners and parts	3,422,269	( 353,975)	3,068,294
Other goods	302,446	( 6,091)	296,355
Inventory in transit	2,728,277	-	2,728,277
	<u>\$ 13,762,856</u>	<u>(\$ 482,189)</u>	<u>\$ 13,280,667</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 6,221,969	(\$ 110,743)	\$ 6,111,226
Air conditioners and parts	2,423,046	( 316,741)	2,106,305
Other goods	268,512	( 7,455)	261,057
Inventory in transit	1,536,297	-	1,536,297
	<u>\$ 10,449,824</u>	<u>(\$ 434,939)</u>	<u>\$ 10,014,885</u>

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



B. The cost of inventories recognized as expense for the period:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 170,478,413	\$ 178,789,321
(Gain on reversal of) loss on market value decline of inventories	47,250	( 14,963)
	<u>\$ 170,525,663</u>	<u>\$ 178,774,358</u>

The Group reversed a previous inventory write-down and recognised as decrease in cost of goods sold because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group for the year ended December 31, 2021.

(8) Prepayments

	December 31, 2022	December 31, 2021
Prepayments to commissions	\$ 2,879,378	\$ 3,219,604
Prepayments to suppliers	3,697,687	3,289,417
Offset against business tax payable	278,118	532,498
Prepaid insurance premiums	641,196	565,330
Other prepayments	1,415,247	824,745
	<u>\$ 8,911,626</u>	<u>\$ 8,431,594</u>

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	December 31, 2022	December 31, 2021
Claims recoverable from reinsurers	\$ 206,706	\$ 153,876
Due from reinsurance and ceding companies	180,747	127,160
Reinsurance reserve assets		
-Ceded unearned premium reserve	1,290,493	1,183,255
-Ceded claims reserve	2,489,734	1,661,846
Due from reinsurance and ceding companies -overdue	12,660	12,532
	4,180,340	3,138,669
Less: Loss allowance	( 14,099)	( 12,767)
	<u>\$ 4,166,241</u>	<u>\$ 3,125,902</u>
	December 31, 2022	December 31, 2021
Current	<u>\$ 2,964,445</u>	<u>\$ 2,396,571</u>
Non-current (shown as other assets)	<u>\$ 1,201,796</u>	<u>\$ 729,331</u>

For the credit risk of reinsurance contract assets, please refer to Note 12(6).

B. Movements of loss allowance/allowance for bad debts of reinsurance contract assets are as follows:

	2022	2021
At January 1	\$ 12,767	\$ 16,792
(Reversal of) provision during the year	1,332	( 4,025)
At December 31	<u>\$ 14,099</u>	<u>\$ 12,767</u>

C. Details of insurance liabilities are as follows:

	December 31, 2022	December 31, 2021
Unearned premium reserve	\$ 6,390,579	\$ 6,127,570
Claims reserve	11,379,006	5,309,570
Special reserve	1,647,788	1,921,235
Premium deficiency reserve	5,898,278	-
	<u>\$ 25,315,651</u>	<u>\$ 13,358,375</u>

	December 31, 2022	December 31, 2021
Current (shown as other current liabilities)	\$ 20,486,863	\$ 8,902,416
Non-current (shown as provisions)	<u>\$ 4,828,788</u>	<u>\$ 4,455,959</u>

D. Movements of ceded unearned premium reserve and unearned premium reserve are as follows:

	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 6,127,570	\$ 1,183,255	\$ 4,944,315
Provision during the year	6,390,579	1,290,493	5,100,086
Recovery during the year	( 6,127,570)	( 1,183,255)	( 4,944,315)
At December 31	<u>\$ 6,390,579</u>	<u>\$ 1,290,493</u>	<u>\$ 5,100,086</u>

	2021		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,483,854	\$ 1,070,363	\$ 4,413,491
Provision during the year	6,127,570	1,183,255	4,944,315
Recovery during the year	( 5,483,854)	( 1,070,363)	( 4,413,491)
At December 31	<u>\$ 6,127,570</u>	<u>\$ 1,183,255</u>	<u>\$ 4,944,315</u>

E. Details of claims reserve and movements of ceded claims reserve and claims reserve are as follows:

(a) As of December 31, 2022 and 2021, details of claims reserve and ceded claims reserve are as follows:

	2022		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 6,334,023	\$ 1,436,202	\$ 4,897,821
Incurred but not reported	5,044,983	1,053,532	3,991,451
	<u>\$ 11,379,006</u>	<u>\$ 2,489,734</u>	<u>\$ 8,889,272</u>
	2021		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 2,620,679	\$ 849,535	\$ 1,771,144
Incurred but not reported	2,688,891	812,311	1,876,580
	<u>\$ 5,309,570</u>	<u>\$ 1,661,846</u>	<u>\$ 3,647,724</u>

(b) Movements of claims reserve and ceded claims reserve are as follows:

	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,309,570	\$ 1,661,846	\$ 3,647,724
Provision during the year	11,379,006	2,489,734	8,889,272
Recovery during the year	( 5,309,570)	( 1,661,846)	( 3,647,724)
At December 31	<u>\$ 11,379,006</u>	<u>\$ 2,489,734</u>	<u>\$ 8,889,272</u>
	2021		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 3,655,621	\$ 900,591	\$ 2,755,030
Provision during the year	5,309,570	1,661,846	3,647,724
Recovery during the year	( 3,655,621)	( 900,591)	( 2,755,030)
At December 31	<u>\$ 5,309,570</u>	<u>\$ 1,661,846</u>	<u>\$ 3,647,724</u>

F. Movement of ceded unearned premium reserve and unearned premium reserve are as follows:

	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ -	\$ -	\$ -
Provision during the year	5,898,278	-	5,898,278
Recovery during the year	-	-	-
At December 31	<u>\$ 5,898,278</u>	<u>\$ -</u>	<u>\$ 5,898,278</u>

G. Movement of special reserve is as follows:

	2022	2021
At January 1	\$ 1,921,235	\$ 1,913,531
Provision during the year	72,493	9,297
Recovery during the year	( 345,940)	( 1,593)
At December 31	<u>\$ 1,647,788</u>	<u>\$ 1,921,235</u>

For Hotai Insurance Co., Ltd., the insurance types of the special reserve include compulsory automobile liability insurance, nuclear insurance, policy earthquake insurance and typhoon and flood insurance.

- H. Pursuant to Jin-Guan-Pao-Tsai Letter No. 11101405951, “Guidelines for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, special reserve recognized under liabilities shall first be used to make up required catastrophe reserve and risk claim reserve for commercial earthquake insurance and typhoon flood insurance. The remaining, net of income tax, shall be recognized as special reserve under stockholders’ equity in accordance with IAS 12. If the above is not taken into consideration, the effects on liabilities, equity, profit and earnings per share to Hotai Insurance Co., Ltd. are as follows:

	December 31, 2022	December 31, 2021
Decrease in special reserve under liability	\$ 33,450	\$ 379,390
Increase in special reserve under retained earnings	38,334	315,086

	Years ended December 31,	
	2022	2021
Increase in net loss / decrease in net income before tax	\$ 345,940	\$ 1,593
Increase in loss / decrease in earnings per share before tax	0.510	0.008

- I. Pursuant to Jin-Guan-Pao-Chan Letter No. 10102531541, “Guidelines for Strengthening Reserve of Pool Members Residential Earthquake” and Jin-Guan-Pao-Tsai Letter No. 10102517091, “Regulations Governing the Setting Aside of Nuclear Reserve by Property Insurance Enterprises”, Hotai Insurance Co., Ltd. maintains a special reserve for the residential earthquake insurance and nuclear insurance provisioned under insurance liabilities as of December 31, 2022 and 2021.

If the above is not taken into consideration, the effects on liabilities, equity and profit to Hotai Insurance Co., Ltd. are as follows:

	December 31, 2022	December 31, 2021
Decrease in special reserve under liability	\$ 223,894	\$ 223,894
Increase in special reserve under retained earnings	185,832	185,832

Both special reserve of the residential earthquake insurance and nuclear insurance have no provision or recovery and have no effect on net income before tax and earnings per share before tax for the years ended December 31, 2022 and 2021.

(10) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Kuozui Motors, Ltd.	\$ 5,970,350	\$ 5,242,021
Central Motor Co., Ltd.	2,754,483	2,649,211
Tau Miao Motor Co., Ltd.	1,811,818	1,673,305
Kau Du Automobile Co., Ltd.	1,464,963	1,408,476
Kuotu Motor Co., Ltd.	1,450,904	1,315,675
Taipei Toyota Motor Co., Ltd.	1,297,418	1,197,429
Nan Du Motor Co., Ltd.	1,208,004	1,130,250
Lang Yang Toyota Motor Co., Ltd.	307,402	301,184
Formosa Flexible Packaging Corp.	398,926	394,678
Shi-Ho Screw Industrial Co., Ltd.	126,581	126,413
Yokohama Tire Taiwan Co., Ltd., etc.	1,968,637	1,897,429
	<u>\$ 18,759,486</u>	<u>\$ 17,336,071</u>

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the financial performance are summarized as follows:

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$18,759,486 and \$17,336,071, respectively.

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Comprehensive income for the year	<u>\$ 2,367,831</u>	<u>\$ 2,075,438</u>

B. The Group's investments have no quoted market price. The share of profit of investments accounted for using the equity method amounted to \$2,243,159 and \$2,007,473 for the years ended December 31, 2022 and 2021, respectively, and were valued based on the investees' financial statements that were audited by independent auditors.

(11) Property, plant and equipment

2022

	2022									
	Utility equipment			Office equipment			Machinery and equipment			Construction in progress and prepayment for real estate
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)	Leasehold improvements	
<u>At January 1,</u>										
Cost	\$ 11,271,633	\$ 5,953,827	\$ 145,534	\$ 59,990	\$ 2,139,272	\$ 903,840	\$ 629,226	\$ 52,094,036	\$ 777,137	\$ 1,197,249
Accumulated depreciation and impairment	( 26,850)	( 2,398,014)	( 137,803)	( 59,806)	( 1,316,912)	( 466,636)	( 373,677)	( 16,182,619)	( 590,192)	-
	<u>\$ 11,244,783</u>	<u>\$ 3,555,813</u>	<u>\$ 7,731</u>	<u>\$ 184</u>	<u>\$ 822,360</u>	<u>\$ 437,204</u>	<u>\$ 255,549</u>	<u>\$ 35,911,417</u>	<u>\$ 186,945</u>	<u>\$ 1,197,249</u>
Opening net book amount as of January 1	\$ 11,244,783	\$ 3,555,813	\$ 7,731	\$ 184	\$ 822,360	\$ 437,204	\$ 255,549	\$ 35,911,417	\$ 186,945	\$ 1,197,249
Additions	1,556,059	187,969	1,023	-	733,288	110,450	57,520	20,745,093	53,142	1,140,858
Acquired by business combination	-	19,122	-	-	159,861	-	-	-	-	-
Disposals	-	( 41)	-	-	( 73,869)	( 3,187)	( 555)	( 211,852)	( 2,006)	-
Reclassifications	( 230,961)	26,119	-	-	9,292	9,898	( 72,221)	( 5,639,731)	4,397	( 210,055)
Reclassified as assets for sale	( 114,195)	( 11,397)	-	-	-	-	-	-	-	-
Depreciation	-	( 284,269)	( 1,528)	( 44)	( 285,859)	( 196,606)	( 43,555)	( 10,478,375)	( 49,195)	-
Impairment loss	-	-	-	-	-	4,236	-	-	-	-
Net exchange differences	-	27,174	52	-	5,945	908	2,803	( 9,551)	116	2
Closing net book amount as of December 31	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>
<u>At December 31,</u>										
Cost	\$ 12,482,536	\$ 6,096,113	\$ 137,843	\$ 59,990	\$ 2,895,848	\$ 764,199	\$ 573,027	\$ 58,670,085	\$ 779,793	\$ 2,128,054
Accumulated depreciation and impairment	( 26,850)	( 2,575,623)	( 130,565)	( 59,850)	( 1,524,830)	( 401,296)	( 373,486)	( 18,353,084)	( 586,394)	-
	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>

Note: Rental assets are exclusively for leasing business by Hotai Leasing Co., Ltd., Hotai Finance Co., Ltd. and other subsidiaries. The rental assets for disposal should be reclassified to inventories at their carrying value when the assets are no longer leased and are ready to be sold. Proceeds from disposal are reclassified as sales revenue and the related cost of sales should be recognized.

2021

	Utility equipment			Office equipment			Machinery and equipment			Construction in progress and prepayment for real estate		
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)	Leasehold improvements		Total	
At January 1,												
Cost	\$ 10,702,956	\$ 5,443,538	\$ 143,189	\$ 59,990	\$ 1,981,655	\$ 936,359	\$ 603,464	\$ 46,444,953	\$ 740,015	\$ 707,569	\$ 67,763,688	
Accumulated depreciation and impairment	( 26,850)	( 2,230,846)	( 136,240)	( 59,761)	( 1,204,802)	( 435,509)	( 348,504)	( 14,050,466)	( 544,680)	-	( 19,037,658)	
	<u>\$ 10,676,106</u>	<u>\$ 3,212,692</u>	<u>\$ 6,949</u>	<u>\$ 229</u>	<u>\$ 776,853</u>	<u>\$ 500,850</u>	<u>\$ 254,960</u>	<u>\$ 32,394,487</u>	<u>\$ 195,335</u>	<u>\$ 707,569</u>	<u>\$ 48,726,030</u>	
Opening net book amount as of January 1	\$ 10,676,106	\$ 3,212,692	\$ 6,949	\$ 229	\$ 776,853	\$ 500,850	\$ 254,960	\$ 32,394,487	\$ 195,335	\$ 707,569	\$ 48,726,030	
Additions	568,677	518,519	1,221	-	381,548	158,775	49,273	18,428,956	56,290	812,156	20,975,415	
Disposals	-	( 1,287)	-	-	( 96,594)	( 1,824)	( 1,805)	( 332,134)	( 1,891)	-	( 435,535)	
Reclassifications	-	( 59,704)	1,156	-	6,902	( 8,921)	826	( 5,177,878)	( 3,353)	( 321,187)	( 5,562,159)	
Depreciation	-	( 106,457)	( 1,575)	( 45)	( 244,459)	( 219,966)	( 46,888)	( 9,383,065)	( 59,391)	-	( 10,061,846)	
Impairment loss	-	-	-	-	-	8,533	-	( 19,054)	-	-	( 10,521)	
Net exchange differences	-	( 7,950)	( 20)	-	( 1,890)	( 243)	( 817)	105	( 45)	( 1,289)	( 12,149)	
Closing net book amount as of December 31	<u>\$ 11,244,783</u>	<u>\$ 3,555,813</u>	<u>\$ 7,731</u>	<u>\$ 184</u>	<u>\$ 822,360</u>	<u>\$ 437,204</u>	<u>\$ 255,549</u>	<u>\$ 35,911,417</u>	<u>\$ 186,945</u>	<u>\$ 1,197,249</u>	<u>\$ 53,619,235</u>	
At December 31,												
Cost	\$ 11,271,633	\$ 5,953,827	\$ 145,534	\$ 59,990	\$ 2,139,272	\$ 903,840	\$ 629,226	\$ 52,094,036	\$ 777,137	\$ 1,197,249	\$ 75,171,744	
Accumulated depreciation and impairment	( 26,850)	( 2,398,014)	( 137,803)	( 59,806)	( 1,316,912)	( 466,636)	( 373,677)	( 16,182,619)	( 590,192)	-	( 21,552,509)	
	<u>\$ 11,244,783</u>	<u>\$ 3,555,813</u>	<u>\$ 7,731</u>	<u>\$ 184</u>	<u>\$ 822,360</u>	<u>\$ 437,204</u>	<u>\$ 255,549</u>	<u>\$ 35,911,417</u>	<u>\$ 186,945</u>	<u>\$ 1,197,249</u>	<u>\$ 53,619,235</u>	

Note : Rental assets are exclusively for leasing business by Hotai Leasing Co., Ltd., Hotai Finance Co., Ltd. and other subsidiaries. The rental assets for disposal should be reclassified to inventories at carrying value when the assets are no longer leased and are ready to be sold. Proceeds from disposal are reclassified as sales revenue and the related cost of sales should be recognized.

(12) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings and structures and office equipment. Rental contracts are typically made for periods of 1 to 20 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 and superficial have usage restrictions.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carry amount</u>	<u>Carry amount</u>
Land( (including superficies)	\$ 1,967,934	\$ 1,799,940
Buildings and structures	1,651,330	1,633,380
Machinery and equipment	2,192	3,288
Office equipment	8,240	352
	<u>\$ 3,629,696</u>	<u>\$ 3,436,960</u>
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 140,036	\$ 142,278
Buildings and structures	403,159	403,818
Machinery and equipment	1,096	1,096
Office equipment	2,619	1,566
	<u>\$ 546,910</u>	<u>\$ 548,758</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$720,811 and \$913,549, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 45,925	\$ 45,673
Expense on short-term lease contracts and leases of low-value assets	102,938	47,416
Gain on lease modification	2,342	2,133

- E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for lease amounted to \$627,250 and \$720,557, respectively.

(13) Leasing arrangements - lessor

- A. The Group leases various assets including land, buildings, machinery and equipment, business vehicles and multifunction printers. 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. The Group leases machinery and equipment, business vehicles and so on under a finance lease. Based on the terms of the lease contract, the ownership of assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:



	Years ended December 31,	
	2022	2021
Finance income from the net investment in the finance lease	\$ 2,816,052	\$ 2,414,023
C. The maturity analysis of the undiscounted lease payment receivable in the finance lease is as follows:		
	December 31, 2022	December 31, 2021
Less than 1 year	\$ 19,416,404	\$ 15,925,217
Between 1 and 2 years	7,697,693	5,993,010
Between 2 and 3 years	1,915,978	1,346,121
Between 3 to 4 years	344,384	127,207
Between 4 to 5 years	220,731	36,844
More than 6 years	9,329	790
	<u>\$ 29,604,519</u>	<u>\$ 23,429,189</u>
D. Reconciliation of the undiscounted lease payments receivable and the net investment in the finance lease is provided as follows:		
	December 31, 2022	December 31, 2021
Undiscounted lease payments	\$ 29,596,703	\$ 23,429,189
Unearned finance income	( 2,853,897)	( 2,349,549)
Net investment in the lease	<u>\$ 26,742,806</u>	<u>\$ 21,079,640</u>
E. For the years ended December 31, 2022 and 2021, the Group recognized rent income in the amount of \$17,332,880 and 15,130,969, respectively, based on the operating lease agreement, which does not include variable lease payments.		
F. The maturity analysis of the undiscounted lease payments receivable under the operating leases is as follows:		
	December 31, 2022	December 31, 2021
Less than 1 year	\$ 12,445,073	\$ 11,207,708
Between 1 and 2 years	7,788,280	6,915,809
Between 2 and 3 years	3,701,177	3,172,160
Between 3 to 4 years	1,255,538	998,909
Between 4 to 5 years	478,076	336,628
More than 6 years	17,814	16,030
	<u>\$ 25,685,958</u>	<u>\$ 22,647,244</u>

(14) Investment property

	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,740,187	\$ 1,115,203	\$ 2,855,390
Accumulated depreciation	-	( 323,707)	( 323,707)
	<u>\$ 1,740,187</u>	<u>\$ 791,496</u>	<u>\$ 2,531,683</u>
Opening net book amount as of January 1	\$ 1,740,187	\$ 791,496	\$ 2,531,683
Additions	-	299	299
Reclassifications	231,623	332,136	563,759
Reclassified as assets for sale	( 146,550)	( 27,011)	( 173,561)
Depreciation	-	( 20,506)	( 20,506)
Net exchange differences	-	( 750)	( 750)
Closing net book amount as of December 31	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>
Cost	\$ 1,825,260	\$ 1,408,890	\$ 3,234,150
Accumulated depreciation	-	( 333,226)	( 333,226)
	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>
	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,542,311	\$ 1,131,642	\$ 2,673,953
Accumulated depreciation	-	( 311,391)	( 311,391)
	<u>\$ 1,542,311</u>	<u>\$ 820,251</u>	<u>\$ 2,362,562</u>
Opening net book amount as of January 1	\$ 1,542,311	\$ 820,251	\$ 2,362,562
Additions	197,876	29,928	227,804
Reclassifications	-	( 40,624)	( 40,624)
Depreciation	-	( 18,059)	( 18,059)
Closing net book amount as of December 31	<u>\$ 1,740,187</u>	<u>\$ 791,496</u>	<u>\$ 2,531,683</u>
Cost	\$ 1,740,187	\$ 1,115,203	\$ 2,855,390
Accumulated depreciation	-	( 323,707)	( 323,707)
	<u>\$ 1,740,187</u>	<u>\$ 791,496</u>	<u>\$ 2,531,683</u>

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

	Years ended December 31,	
	2022	2021
Rental income from investment property	\$ 177,681	\$ 165,574
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	\$ 37,803	\$ 34,485

B. The fair value of the investment property held by the Group was \$3,332,268 and \$3,309,155 as of December 31, 2022 and 2021, respectively, based on the market value method, except for Hotai Insurance Co., Ltd., who appoints external independent appraisers to calculate and estimate the price of investment property every three years using at least two appraisal techniques among income approach, comparison method and cost approach, basing on observable price in an active market as well as according to the nature, location and situation of individual asset under “Regulations on Real Estate Appraisal”. It also prepares an internal assessment every year, and if a significant difference has been identified, the Company will engage an external independent appraiser revaluing the fair values of investment property under “Regulations on Real Estate Appraisal” and take the result as the basis of the adjustments for financial statement disclosures. The valuations based on the aforementioned method were categorized within Level 3 in the fair value hierarchy as assessed and its main input was capitalization rate.

(15) Intangible assets

	2022			
	Goodwill	Client relationship	Other intangible assets	Total
<u>At January 1</u>				
Cost	\$ 662,323	\$ 527,106	\$ 428,664	\$1,618,093
Accumulated amortization and impairment	-	( 87,119)	( 233,235)	( 320,354)
	<u>\$ 662,323</u>	<u>\$ 439,987</u>	<u>\$ 195,429</u>	<u>\$1,297,739</u>
Opening net book amount as of January 1	\$ 662,323	\$ 439,987	\$ 195,429	\$1,297,739
Additions-acquired separately	-	-	53,172	53,172
Amortization	-	( 9,835)	( 63,504)	( 73,339)
Impairment loss	( 662,323)	( 430,152)	-	( 1,092,475)
Net change differences	-	-	( 441)	( 441)
Closing net book amount as of December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>
<u>December 31,</u>				
Cost	\$ 662,323	\$ 527,106	\$ 475,624	\$1,665,053
Accumulated amortization and impairment	( 662,323)	( 527,106)	( 290,968)	( 1,480,397)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>

	2021			
	Goodwill	Client relationship	Other intangible assets	Total
<u>At January 1</u>				
Cost	\$ 662,323	\$ 527,106	\$ 262,241	\$1,451,670
Accumulated amortization and impairment	-	( 69,550)	( 170,875)	( 240,425)
	<u>\$ 662,323</u>	<u>\$ 457,556</u>	<u>\$ 91,366</u>	<u>\$1,211,245</u>
Opening net book amount as of January 1	\$ 662,323	\$ 457,556	\$ 91,366	\$1,211,245
Additions-acquired separately	-	-	174,791	174,791
Amortization	-	( 17,569)	( 70,476)	( 88,045)
Net change differences	-	-	( 252)	( 252)
Closing net book amount as of December 31	<u>\$ 662,323</u>	<u>\$ 439,987</u>	<u>\$ 195,429</u>	<u>\$1,297,739</u>
December 31,				
Cost	\$ 662,323	\$ 527,106	\$ 428,664	\$1,618,093
Accumulated amortization and impairment	-	( 87,119)	( 233,235)	( 320,354)
	<u>\$ 662,323</u>	<u>\$ 439,987</u>	<u>\$ 195,429</u>	<u>\$1,297,739</u>

Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2022	2021
Administrative expenses	\$ 73,339	\$ 88,045

(16) Impairment of non-financial assets

A. The Group recognized impairment loss for the year ended December 31, 2022 amounting to \$1,092,475. Details of such loss are as follows:

	Year ended December 31, 2022	
	Recognized in profit or loss	Recognised in other comprehensive income
Impairment loss - goodwill	\$ 662,323	\$ -
Impairment loss - customer relationships (shown as intangible assets)	430,152	-
	<u>\$ 1,092,475</u>	<u>\$ -</u>

B. The impairment loss reported by operating segments is as follows:

	Year ended December 31, 2022	
	Recognized in profit or loss	Recognised in other comprehensive income
Taiwan – other segments	\$ 1,092,475	\$ -

C. For the year ended December 31, 2022, as the Group's subsidiary, Hotai Insurance Co., Ltd., sold the severe and special infectious pneumonia related epidemic prevention insurance products whose claim settlement of the epidemic prevention policy has increased the catastrophe risk of the subsidiary, resulting in an impairment in the Group's goodwill and customer relationship.

Accordingly, the Group recognised an impairment loss of \$1,092,475.

- D. The recoverable amounts of goodwill and customer relationship were determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. For the year ended December 31, 2022, the key assumptions used for value-in-use calculations are: gross margin of 30.2%, perpetual growth rate of 2.0% and discount rate of 8.4%.

(17) Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term accounts receivable (Including long-term notes and accounts receivable)	\$ 9,393,146	\$ 4,700,927
Reinsurance contract assets	1,201,796	729,332
Operation bonds	4,200,300	300,300
Guarantee deposits paid	571,701	516,843
Prepayments for business facilities	267,094	184,433
Others	1,749,485	1,621,077
	<u>\$ 17,383,522</u>	<u>\$ 8,052,912</u>

In 2022, Hotai Insurance Co., Ltd. handled a capital increase of \$26,000,000 in cash, and increased operating bonds of \$3,900,000 in business deposits. Please refer to Note 6 (3) B for details.

(18) Short-term loans

<u>Type of loans</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loans		
Unsecured loans	\$ 72,785,881	\$ 51,812,383
Mortgage loans	7,500,000	5,600,000
Mid-term syndicated loans for working capital	25,047,716	9,353,857
	<u>\$ 105,333,597</u>	<u>\$ 66,766,240</u>
Annual interest rate	<u>0.55%~5.59%</u>	<u>0.52%~4.75%</u>

As of December 31, 2022 and 2021, the details of loans are as follows:

- A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross currency swap, the rate range of short-term loans were 0.83%~4.60% and 0.52%~4.75%, respectively.
- B. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of \$14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfil its working capital. The duration is 36 months (from the first time of being drawn), the loan can be drawn several times. The loan hasn't been drawn as of December 31, 2022.
- C. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 12 months (from December 6, 2022 to December 6, 2023). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.
- D. The subsidiary, HOTAI FINANCE CO., has entered into a mid-term syndicated contract for a credit line of \$15,000,000 with 18 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from June 29, 2022 to June 27, 2025). The loan can be drawn several times. Of the total loan, \$7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining

amount of \$7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.

- E. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from September 9, 2021 to September 9, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amounts at the maturity date.
- F. The subsidiary, Hoyun International Lease Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 500 million with 6 financial institutions including CTBC Bank Co., Ltd., in order to fulfil its working capital. The duration is 36 months (from March 31, 2021 to March 29, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- G. The subsidiary, Hoyun International Lease Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 980 million with 12 financial institutions including Mizuho Bank, in order to fulfil its working capital. Within six months from the contract signing date (from July 26, 2022 to January 26, 2023), the loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.
- H. Financial commitments of the Group made for the abovementioned syndicated loans and partial loans from other financial institutions require the Group to maintain specific current ratio, ratio of self-owned capital, interest coverage ratio, net value, debt/equity ratio and non-performing loans ratio during the contract periods.

(19) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 114,773,400	\$ 104,950,000
Less: Unamortized discount	( 133,187)	( 88,658)
	<u>\$ 114,640,213</u>	<u>\$ 104,861,342</u>
Annual interest rate	<u>0.49%~1.99%</u>	<u>0.39%~1.04%</u>

(20) Bonds payable (Recorded as 'long-term liabilities current portion')

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	<u>\$ 22,200,000</u>	<u>\$ 12,200,000</u>

The information on corporate bonds issued by the Group's subsidiary, Hotai Finance Co., Ltd. that has been approved by the Competent Authority are as follows:

- A. The second secured ordinary corporate bonds was issued in 2022. The total amount was \$7,000,000, the coupon rate was 1.50% with a 3-year period, the outstanding period was from June 6, 2022 to June 6, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date. °
- B. The first secured ordinary corporate bonds was issued in 2022. The total amount was \$3,000,000, the coupon rate was 0.57% with a 3-year period, the outstanding period was from January 13, 2022 to January 13, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- C. The second unsecured ordinary corporate bonds was issued in 2021. The total amount was \$3,000,000, the coupon rate was 0.56% with a 5-year period, the outstanding period was from July 22, 2021 to July 22, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.

- D. The first unsecured ordinary corporate bonds was issued in 2021. The total amount was \$2,200,000, the coupon rate was 0.55% with a 5-year period, the outstanding period was from April 15, 2021 to April 15, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- E. The first unsecured ordinary corporate bonds was issued in 2020. The total amount was \$7,000,000, the coupon rate was 0.70% with a 5-year period, the outstanding period was from April 22, 2020 to April 22, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- F. The first unsecured ordinary corporate bonds was issued in 2020. The total amount was \$7,000,000, the coupon rate was 0.70% with a 5-year period, the outstanding period was from April 22, 2020 to April 22, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- G. The first unsecured ordinary corporate bonds was issued in 2018. The total amount was \$2,400,000, the coupon rate was 0.73% with a 3-year period, the outstanding period was from July 6, 2018 to July 6, 2021, and the bonds would be repaid at face value in a lump sum with cash on the due date. The bonds were fully repaid at maturity date.

(21) Long-term loans

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022	December 31, 2021
Long-term bank borrowings					
Credit borrowings	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20%~1.31%	None	\$ 147,558	\$ 132,902
	From October 2022 to June 2024; interest is repayable quarterly	1.52%~1.81%	None	8,000,000	-
	From August 2022 to December 2025; interest is repayable quarterly	1.58%~2%	None	250,000	-
Mortgage	From December 2019 to December 2024; interest is repayable monthly	1.20%	Land (please refer to Note 8)	-	40,000
	From January 2019 to January 2022; interest is repayable monthly	1.18%	Notes receivable for lease payments (please refer to Note 8)	-	150,000
Secured borrowings	From August 2022 to August 2027; interest and principal is repayable monthly	2.67%	Property, plant and equipment	23,918	-
	From September 2022 to August 2029; interest and principal is repayable monthly	2.64%	Property, plant and equipment	30,564	-
	From October 2022 to October 2027; interest and principal is repayable monthly	1.96%	Property, plant and equipment	4,187	-
	From June 2022 to June 2029; interest and principal is repayable monthly	2.64%	Property, plant and equipment	36,160	-
	From September 2022 to June 2029; interest and principal is repayable monthly	2.64%	Property, plant and equipment	20,336	-
Commercial papers payable	From February 2021 to March 2025	0.65%~1.945%	Notes receivable for lease payments (please refer to Note 8)	5,992,131	-
	From April 2019 to November 2024	0.65%~1.06%	Notes receivable for lease payments (please refer to Note 8)	-	5,792,726
				14,504,854	6,115,628
Less: long-term liabilities, current portion				( 2,105,569)	( 1,379,045)
				\$ 12,399,285	\$ 4,736,583
Interest rate range				0.65%~3%	0.65%~1.51%

As of December 31, 2022, the maturities of long-term loans are as follows:

<u>Duration of maturity</u>	<u>Loan amount</u>
Up to 1 year	\$ 2,107,891
1 to 2 years	11,555,449
2 to 3 years	757,891
over 3 years	91,492
	<u>\$ 14,512,723</u>

(22) Accrued expenses

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries payable	\$ 2,633,453	\$ 2,761,874
Dealer bonus payable	420,688	271,415
Remuneration payable to employees	654,661	919,070
Remuneration payable to directors	-	385,761
Interest payable	352,565	142,741
Others	2,561,914	2,476,779
	<u>\$ 6,623,281</u>	<u>\$ 6,957,640</u>

(23) Pensions

Defined contribution pension plan

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (“PRC”) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the mainland China subsidiaries have no further obligations.
- C. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$459,889 and \$347,353, respectively.

(24) Provisions

	<u>2022</u>	<u>2021</u>
At January 1	\$ 4,838,945	\$ 4,141,106
Additional provisions during the year	1,799,280	1,769,899
Used during the year	( 1,113,633)	( 935,000)
Unused amounts reversed	( 596,043)	( 137,060)
At December 31	<u>\$ 4,928,549</u>	<u>\$ 4,838,945</u>



Analysis of provision for warranty is as follows:

	December 31, 2022	December 31, 2021
Current (shown as other current liabilities)	\$ 1,040,723	\$ 1,073,047
Non-current	\$ 3,887,826	\$ 3,765,898

The Group provides warranties on vehicles and air conditioners sold. Provision for warranty is estimated based on historical warranty data of vehicles, air conditioners and related products.

(25) Guarantee deposits received

	2022	2021
Deposits received for car rentals	\$ 16,849,384	\$ 15,386,885
Others	91,766	108,278
	\$ 16,941,150	\$ 15,495,163

Analysis of guarantee deposits received for warranty is as follows:

	December 31, 2022	December 31, 2021
Current (shown as other current liabilities)	\$ 8,686,742	\$ 7,210,866
Non-current	\$ 8,254,408	\$ 8,284,297

(26) Share capital

As of December 31, 2022, 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, 2022 and December 31, 2022 was both 546,179,184 shares.

(27) 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.

(28) 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. On June 21, 2022 and August 12, 2021, the stockholders resolved that total dividends for the distribution of earnings for the years of 2021 and 2020 were \$10,923,584 (\$20 per share) and \$9,285,046 (\$17 per share), respectively.
- E. On March 14, 2023, the Board of Directors resolved that total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 cash dividend and \$0.2 stock dividend per share.
- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(33).

(29) Revenue from contracts with customers

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2022

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$130,393,189	\$ 1,783,311	\$ 7,286,621	\$ 75,430,085	\$ 214,893,206
Inter segments	( 8,987,702)	( 3,337)	( 315,150)	( 8,219,301)	( 17,525,490)
Revenue from external customer contracts	<u>\$121,405,487</u>	<u>\$ 1,779,974</u>	<u>\$ 6,971,471</u>	<u>\$ 67,210,784</u>	<u>\$ 197,367,716</u>
Timing of revenue recognition					
At a point in time	\$121,405,487	\$ 1,500,554	\$ 6,807,068	\$ 65,217,656	\$ 194,930,765
Over time	-	279,420	164,403	1,993,128	2,436,951
	<u>\$121,405,487</u>	<u>\$ 1,779,974</u>	<u>\$ 6,971,471</u>	<u>\$ 67,210,784</u>	<u>\$ 197,367,716</u>

Year ended December 31, 2021

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$138,872,240	\$ 1,564,583	\$ 6,639,811	\$ 75,663,898	\$ 222,740,532
Inter segments	( 7,644,115)	( 154)	( 779,852)	( 9,063,721)	( 17,487,842)
Revenue from external customer contracts	<u>\$131,228,125</u>	<u>\$ 1,564,429</u>	<u>\$ 5,859,959</u>	<u>\$ 66,600,177</u>	<u>\$ 205,252,690</u>
Timing of revenue recognition					
At a point in time	\$131,228,124	\$ 1,196,986	\$ 5,859,959	\$ 64,980,929	\$ 203,265,998
Over time	-	367,443	-	1,619,249	1,986,692
	<u>\$131,228,124</u>	<u>\$ 1,564,429</u>	<u>\$ 5,859,959</u>	<u>\$ 66,600,178</u>	<u>\$ 205,252,690</u>

B. Contract assets and liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract assets:		
Contract assets - construction contracts	<u>\$ 57,021</u>	<u>\$ 29,094</u>
Contract liabilities:		
Contract liabilities - sales of goods	\$ 1,516,504	\$ 1,367,624
Contract liabilities -customer loyalty programs	<u>1,643</u>	<u>3,627</u>
	<u>\$ 1,518,147</u>	<u>\$ 1,371,251</u>

For the years ended December 31, 2022 and 2021, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$1,161,549 and \$1,173,950 and, respectively.

(30) Interest income

	Years ended December 31,	
	2022	2021
Installment revenue	\$ 13,319,933	\$ 9,744,857
Finance leasing revenue	2,816,052	2,414,023
Interest from deposits and short-term notes	256,105	162,612
Other interest income	65,065	70,752
	<u>\$ 16,457,155</u>	<u>\$ 12,392,244</u>

(31) Premium

Details of premium are as follows:

	Years ended December 31,	
	2022	2021
Written premium	\$ 11,940,306	\$ 11,088,970
Reinsurance premium	434,689	427,685
Less: Reinsurance expense	( 2,884,041)	( 2,445,200)
Net change in unearned premiums reserve	( 155,770)	( 530,823)
	<u>\$ 9,335,184</u>	<u>\$ 8,540,632</u>

(32) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 11,058,009	\$ 10,243,976
Depreciation	11,906,847	10,628,663
Amortization	125,903	124,275
	<u>\$ 23,090,759</u>	<u>\$ 20,996,914</u>

(33) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 9,299,183	\$ 8,740,813
Labor and health insurance fees	709,949	657,628
Pension costs	459,889	347,353
Other personnel expenses	588,988	498,182
	<u>\$ 11,058,009</u>	<u>\$ 10,243,976</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, 2022 and 2021, employees' remuneration were accrued at \$0 and \$192,880, respectively; while directors' remuneration were accrued at \$0 and \$385,761, respectively. The aforementioned amounts were recognized in salary expenses.

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.

(34) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax expense recognized in the current year	\$ 2,800,975	\$ 4,819,804
Tax on undistributed surplus earnings	103,708	232,835
Prior year income tax (overestimation) underestimation	( 34,913)	( 51,991)
Total current tax	<u>2,869,770</u>	<u>5,000,648</u>
Deferred tax:		
Origination and reversal of temporary differences	( 1,758,695)	411,921
Total deferred tax	<u>( 1,758,695)</u>	<u>411,921</u>
Income tax expense	<u>\$ 1,111,075</u>	<u>\$ 5,412,569</u>

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

	Years ended December 31,	
	2022	2021
Cash flow hedges	<u>\$ 57,232</u>	<u>(\$ 16,856)</u>
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 12,636)</u>	<u>(\$ 7,178)</u>
Changes in fair value of financial assets designated	<u>(\$ 1,649)</u>	<u>(\$ 2,195)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Income tax expense at the statutory rate (Note)	(\$ 8,805,043)	\$ 7,295,964
Effects from adjustments based on regulation	12,047,323	( 2,064,239)
Realized investment losses	( 2,200,000)	-
Additional 5% surtax on undistributed earnings	103,708	232,835
Prior year income tax under (overestimation)	( 34,913)	( 51,991)
Income tax expense	<u>\$ 1,111,075</u>	<u>\$ 5,412,569</u>

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

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

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory obsolescence	\$ 96,884	\$ 9,416	\$ -	\$ 106,300
Provision for warranty	732,968	11,584	-	744,552
Bad debt expense	661,549	139,843	-	801,392
Provision of allowance for loss on rental assets	101,425	4,164	-	105,589
Loss carryforward	71,072	1,964,196	-	2,035,268
Others	311,935	(1,322)	(4,098)	306,515
	<u>1,975,833</u>	<u>2,127,881</u>	<u>(4,098)</u>	<u>4,099,616</u>
-Deferred tax liabilities:				
Land value increment tax	( 709,097)	-	-	( 709,097)
Gain on investments accounted for using equity method	( 1,762,197)	( 221,199)	-	( 1,983,396)
Difference between finance and tax due to depreciation	( 1,319,723)	( 142,749)	-	( 1,462,472)
Others	( 31,022)	( 5,238)	( 38,849)	( 75,109)
	<u>( 3,822,039)</u>	<u>( 369,186)</u>	<u>( 38,849)</u>	<u>( 4,230,074)</u>
	<u>(\$ 1,846,206)</u>	<u>\$ 1,758,695</u>	<u>(\$ 42,947)</u>	<u>(\$ 130,458)</u>
	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory obsolescence	\$ 100,337	(\$ 3,453)	\$ -	\$ 96,884
Provision for warranty	604,934	128,034	-	732,968
Bad debt expense	656,659	4,890	-	661,549
Provision of allowance for loss on rental assets	99,320	2,105	-	101,425
Loss carryforward	71,072	-	-	71,072
Others	273,406	26,791	11,738	311,935
	<u>1,805,728</u>	<u>158,367</u>	<u>11,738</u>	<u>1,975,833</u>
-Deferred tax liabilities:				
Land value increment tax	( 709,097)	-	-	( 709,097)
Gain on investments accounted for using equity method	( 1,320,479)	( 441,718)	-	( 1,762,197)
Difference between finance and tax due to depreciation	( 1,192,824)	( 126,899)	-	( 1,319,723)
Others	( 39,452)	( 1,671)	10,101	( 31,022)
	<u>( 3,261,852)</u>	<u>( 570,288)</u>	<u>10,101</u>	<u>( 3,822,039)</u>
	<u>(\$ 1,456,124)</u>	<u>(\$ 411,921)</u>	<u>\$ 21,839</u>	<u>(\$ 1,846,206)</u>

D. Expiration dates of unused loss carryforward amounts of unrecognized deferred tax assets of the Group's subsidiaries are as follows:

Decembder 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2016	\$ 359,487	\$ 227,182	\$ -	2026
2017	127,576	127,576	4,167	2027
2018	186,170	4,664	4,664	2028
2019	100,754	100,754	100,754	2029
2020	79,043	79,043	79,043	2030
2021	114,757	114,757	114,757	2031
2022	38,591,684	38,591,684	28,436,156	2032

Decembder 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2016	\$ 359,487	\$ 227,182	\$ -	2026
2017	127,576	127,576	4,167	2027
2018	186,170	90,814	90,814	2028
2019	100,754	100,754	100,754	2029
2020	79,043	79,043	79,043	2030
2021	114,757	114,757	114,757	2031

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

F. On December 22, 2022, the Company's subsidiary Hozan Investment Co.,Ltd. reduced its capital to write off accumulated losses. Thus, the Company recognized a tax benefit of \$2,200,000.

(35) (Loss) earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to common shareholders of the parent	(\$19,330,194)	546,179	(\$ 35.39)
<u>Diluted loss per share</u>			
Loss attributable to common shareholders of the parent	(\$19,330,194)	546,179	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	-	
Loss attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common	(\$19,330,194)	546,179	(\$ 35.39)
	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 16,210,758	546,179	\$ 29.68
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 16,210,758	546,179	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	381	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common	\$ 16,210,758	546,560	\$ 29.66

(36) Transactions with non-controlling interest

A. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

- (a) On January 20, 2022, the Company disposed of 30% of the shares of Hotai Connected Co., Ltd. at the consideration of \$337,983 (net of transfer tax) and the Company's share ownership of Hotai Connected Co., Ltd. decreased to 70%. The difference between the consideration received and the carrying amount resulted in a decrease in the non-controlling interest by \$120,102 and an increase in the equity attributable to owners of the parent by \$119,102.
- (b) Subsidiary, Hotai Leasing Co., Ltd., of the Group disposed of 49.18% of shares of Hoing Mobility Service Co., Ltd. to Hotai Connected Co., Ltd. on January 28, 2021. This transaction resulted in an increase in the non-controlling interest by \$17,254 and a decrease in the equity attributable to owners of the parent by \$17,254.

B. Preference share issued by subsidiaries

On September 21, 2022, the Group's subsidiary, Hotai Finance Co., Ltd. increased capital by issuing Class A preference shares which the Group waived to subscribe, and the subscription was



made by the specific person contacted by the subsidiary. This transaction resulted in an increase in the non-controlling interest by \$5,000,000.

C. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. amounting to \$20,000,000 and \$6,000,000, respectively. As a result, the Group's shareholding ratio would be 99.99% after the capital increase. This transaction resulted in an increase in the non-controlling interest by \$32,113 and a decrease in the equity attributable to owners of the parent by \$32,113.

(37) Changes in liabilities from financing activities

	2022			
	Short-term loans	Short-term notes and bills payable	Long-term liabilities-current portion	Long-term loans
January 1	\$ 66,766,240	\$ 104,861,342	\$ 13,579,045	\$ 4,736,583
Changes in cash flow from financing activities	38,382,291	9,778,871	10,000,000	8,374,568
Impact of changes in foreign exchange rate (	44,737)	-	14,658	-
Changes in other non-cash items	229,803	-	711,866	( 711,866)
December 31	<u>\$ 105,333,597</u>	<u>\$ 114,640,213</u>	<u>\$ 24,305,569</u>	<u>\$ 12,399,285</u>
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1	\$ 15,495,163	\$ 2,125,133	\$ 7,159	\$ 207,570,665
Changes in cash flow from financing activities	1,445,987	( 478,387)	( 10,923,584)	56,579,746
Impact of changes in foreign exchange rate	-	15,612	-	( 14,467)
Changes in other non-cash items	-	718,469	10,923,570	11,871,842
December 31	<u>\$ 16,941,150</u>	<u>\$ 2,380,827</u>	<u>\$ 7,145</u>	<u>\$ 276,007,786</u>
	2021			
	Short-term loans	Short-term notes and bills payable	Long-term liabilities-current portion	Long-term loans
January 1	\$ 48,292,510	\$ 84,021,875	\$ 12,249,530	\$ 3,136,165
Changes in cash flow from financing activities	18,643,001	20,839,467	2,800,000	132,324
Impact of changes in foreign exchange rate (	35,349)	-	( 2,391)	-
Changes in other non-cash items	( 133,922)	-	( 1,468,094)	1,468,094
December 31	<u>\$ 66,766,240</u>	<u>\$ 104,861,342</u>	<u>\$ 13,579,045</u>	<u>\$ 4,736,583</u>
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1	\$ 13,646,358	\$ 1,767,701	\$ 7,212	\$ 163,121,351
Changes in cash flow from financing activities	1,667,452	( 627,468)	( 9,285,046)	34,169,730
Impact of changes in foreign exchange rate	-	( 5,571)	-	( 43,311)
Changes in other non-cash items	-	990,471	9,284,993	10,141,542
December 31	<u>\$ 15,313,810</u>	<u>\$ 2,125,133</u>	<u>\$ 7,159</u>	<u>\$ 207,389,312</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship with the Group (Significant counterparties only)

Names of related parties	Relationship with the Group
Toyota Industries Corporation	Entities controlled by key management
Toyota Motor Asia Pacific Pte Ltd. (TMAP)	"
Toyota South Africa Motors (Pty) Ltd.	"
Toyota-Motor-Europe-Nv/Sa(TME)	"
Toyota-Motor-Sales-USA(TMS)	"
Toyota Daihatsu Engineering & Manufacturing Co., Ltd.	"
San Xing (Shanghai) Business Management Consulting Co., Ltd.	"
Triple S Digital Co.,Ltd.	"
Hino Motors, Ltd. (Hino)	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd. (Ho An)	"
Ho Yu Investment Co., Ltd. (Ho Yu)	"
Toyota Motor (China) Investment Co., Ltd. (TMCI)	"
Formosa Flexible Packaging Corp.	Associates
Zhongyang Motor Co., Ltd.	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd. (Beijing Heling)	"
Beijing Hoyu Toyota Motor Sales and Service Co., Ltd.	"
Kashiwabara Hotai Taiwan Co., Ltd.	"
Yokohama Tire Taiwan Co., Ltd.	"
Shi-Ho Screw Industrial Co., Ltd.	"
Kuai Shun Transportation Co., Ltd.	"
Wang Fu Co., Ltd.	"
Nan I Motor Co., Ltd.	"
Chang Guan Logistics Co., Ltd.	"
ChongQing Yudu Toyota Automobile Sales and Service Co., Ltd.	"
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"
ChongQing Taikang Heling Lexus Motor Sales & Service Co, Ltd. (ChongQing Taikang Heling)	"

Names of related parties	Relationship with the Group
Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	Associates
Jinzhong Central Toyota Motor Sale Service Co., Ltd.	"
Taizhou Zhongdu Lexus Motor Sale & Service Co., Ltd.	"
Tung Tai Asset Management Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"
Innovation Auto Parts Co., Ltd	"
Guangzhou Gac Changho Autotech Corporation	"
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	"
Nitto Precision Screw Industrial (Zhejiang) Co., Ltd.	"
Tianjin Yongda Communication Technology Co., Ltd.	"
Zheng-Ren Energy Co.,Ltd	"
Linyi Ho-Yu Toyota Motor Sales And Service Co., Ltd.	"
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd. (Tianjin Binhai Heling)	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"
Central Motor Co ., Ltd. (Central Motor)	"
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Ho Cheng Auto Parts Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Heng Yun Investment Co., Ltd.	"
Fan Tai Transportation Co., Ltd. (Fan Tai)	"
Yi Tai Transportation Co., Ltd. (Yi Tai)	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
Guangguan Machinery CO., Ltd.	"
Kao Jin Co., Ltd.	"
Tau Jin Enterprise Co., Ltd.	"

Names of related parties	Relationship with the Group
Nantian Technology Co., Ltd.	"
He Ru Co, Ltd.	Associates
Innvocation Acto Parts Co., Ltd.	"
Shye Shing Enterprise Co., Ltd.	"
Zhonghao Automobile Co., Ltd.	"
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

	Years ended December 31,	
	2022	2021
(a) Sales revenue:		
-Associates		
Central Motor	\$ 26,399,143	\$ 27,635,662
Tau Miao	24,014,444	25,312,390
Taipei Motor	18,060,496	19,809,896
Kuotu	15,789,361	17,943,998
Others	39,741,974	41,520,909
-Entities controlled by key management	92,267	114,218
	<u>\$ 124,097,685</u>	<u>\$ 132,337,073</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 shown in table 6 of Note 13(1) significant transactions information.

	Years ended December 31,	
	2022	2021
(b) Rental revenue:		
-Associates	\$ 153,023	\$ 148,783
-Entities controlled by key management	10,747	9,725
	<u>\$ 163,770</u>	<u>\$ 158,508</u>

The Company and subsidiaries entered into rental contracts based on normal conditions with related parties and collect rents monthly based on the contracts.

	Years ended December 31,	
	2022	2021
(c) Service revenue:		
Service sales:		
-Associates	\$ 71,109	\$ 39,336
-Entities controlled by key management	35,779	17,780
Contracted operating revenue:		
-Associates	24,494	23,932
	<u>\$ 131,382</u>	<u>\$ 81,048</u>

	Years ended December 31,	
	2022	2021
(d) Subsidy income for price difference from		
-Associates	\$ 251,633	\$ 209,510
	Years ended December 31,	
	2022	2021
(e) Warranty revenue		
(shown as deductions to cost of sales):		
-Associates		
Kuozui	\$ 126,366	\$ 131,735
-Entities controlled by key management		
TMAP	310,711	355,300
Others	640	958
	\$ 437,717	\$ 487,993
	Years ended December 31,	
	2022	2021
(f) Advertisement subsidy and sales promotion		
revenue (shown as deductions to		
advertisement expense):		
-Associates		
Kuotu	\$ 219,815	\$ 143,218
Others	133,711	126,800
-Entities controlled by key management	44,668	61,111
	\$ 398,194	\$ 331,129
	Years ended December 31,	
	2022	2021
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 132,138	\$ 130,543
Others	197,507	193,013
-Entities controlled by key management	88,590	95,287
	\$ 418,235	\$ 418,843

## B. Expenditures

	Years ended December 31,	
	2022	2021
(a) Purchases of goods:		
-Associates		
Kuozui	\$ 60,903,916	\$ 60,309,556
Others	2,704,897	2,471,203
-Entities controlled by key management		
TMC	37,759,395	42,368,272
Others	18,815,966	20,616,338
	<u>\$ 120,184,174</u>	<u>\$ 125,765,369</u>

The Company and subsidiaries sold domestic cars which were purchased from Kuozui and imported cars and parts which were purchased from TMC, HINO, Toyota Motor (China) Investment Co., Ltd. ("TMCI"), TMAP, TMS and TME. Payment terms are shown in table 6 of Note 13(1) Significant transactions information.

	Years ended December 31,	
	2022	2021
(b) Warranty cost:		
-Associates		
Central Motor	\$ 118,787	\$ 124,542
Kuotu	126,425	137,951
Tau Miao	106,540	107,511
Kau Du	73,805	79,836
Nan Du	75,171	82,703
Taipei Motor	74,097	77,691
Others	14,810	21,175
-Entities controlled by key management	3,949	4,886
	<u>\$ 593,584</u>	<u>\$ 636,295</u>

	Years ended December 31,	
	2022	2021
(c) Freight:		
-Associates		
Fan Tai	\$ 182,115	\$ 193,506
Yi Tai	174,786	145,967
Others	2,921	2,870
-Entities controlled by key management	-	1
	<u>\$ 359,822</u>	<u>\$ 342,344</u>

		Years ended December 31,	
		2022	2021
(d) Commission expense:			
-Entities controlled by key management			
Ho An	\$	1,084,841	\$ 1,057,844
		Years ended December 31,	
		2022	2021
(e) Others:			
-Associates			
Kuotu	\$	6,400,391	\$ 7,535,289
Kau Du		4,683,949	5,570,457
Taipei Motor		3,535,440	4,247,682
Central Motor		628,921	5,186,111
Tau Miao		3,706,139	5,212,906
Nan Du		70,097	3,081,781
Others		1,026	274,398
	\$	19,025,963	\$ 31,108,624

As described in Note 4(43), Hotai Finance Co., Ltd. receives only interest income rather than gross profit from the installment sales with related parties. Therefore, sales revenue and cost of sales are presented in net amount and movable properties arising from the transaction are all pledged as collateral. Terms of purchases from related parties are in agreement with third parties. Terms are shown in table 6 of Note 13(1) significant transactions information.

Starting from 2022, part of the installment business is carried out in cooperation with related parties by signing a debt assignment agreement with consumers, so it is not listed in the above table.

C. Receivables from (payables to) related parties

		December 31, 2022	December 31, 2021
(a) Receivables from related parties:			
-Associates			
	\$	3,024,554	\$ 2,022,437
-Entities controlled by key management			
		22,826	21,414
	\$	3,047,380	\$ 2,043,851
		December 31, 2022	December 31, 2021
(b) Other receivables from related parties:			
-Associates			
	\$	182,418	\$ 160,044
-Entities controlled by key management			
		7,874	6,722
	\$	190,292	\$ 166,766

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(c) Accounts payable:		
-Associates		
Kuozui	\$ 1,260,947	\$ 757,970
Others	988,002	470,070
-Entities controlled by key management		
TMC	3,499,835	3,008,307
Others	550,312	557,089
	<u>\$ 6,299,096</u>	<u>\$ 4,793,436</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(d) Accrued expenses and other payables:		
-Associates	\$ 419,783	\$ 221,742
-Entities controlled by key management	5,405	1,336
	<u>\$ 425,188</u>	<u>\$ 223,078</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(e) Commissions payable:		
-Entities controlled by key management		
Ho An	\$ 72,945	\$ 93,342
D. <u>Prepayments to suppliers</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
-Entities controlled by key management	<u>\$ 43,708</u>	<u>\$ 296,912</u>
E. <u>Property transactions</u>		
Acquisition of rental assets and equipment		
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
-Associates		
Kuotu	\$ 3,717,016	\$ 2,990,413
Taipei Motor	1,703,860	1,436,256
Central Motor	1,450,904	1,289,855
Tau Miao	938,096	962,672
Others	1,350,630	1,381,044
-Entities controlled by key management	10,850	30,939
	<u>\$ 9,171,356</u>	<u>\$ 8,091,179</u>

F. Leasing arrangements - lessee

The Company and subsidiaries entered into the lease agreement with related parties based on the market price and the rent is paid on a monthly basis according to the agreement.



	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities:		
- Entities controlled by key management		
Ho Yu	\$ 66,373	\$ 83,197
- Associates	9,186	17,768
	<u>\$ 75,559</u>	<u>\$ 100,965</u>

G. Loans to related parties:

Loans to related parties

Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
-Associates		
Chongqing Taikang Heling	\$ 132,418	\$ 130,281
Tianjin Binhai Heling	-	43,427
Beijing Heling	-	86,854
Others	-	21,714
	<u>\$ 132,418</u>	<u>\$ 282,276</u>

(3) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 85,383	\$ 522,136

8. Pledged Assets

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

<u>Pledged asset</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Notes and accounts receivable (Note 1)	\$ 9,419,216	\$ 5,349,850	Short-term borrowings and commercial papers payable
Financial assets at fair value through other comprehensive income (Note 2)	600,300	300,300	Operation bonds
Restricted assets (Note 3)			
-Demand and time deposits	4,908,721	510,548	Short-term borrowings, performance guarantee and issuance of L/C (Note 4)
-Property, plant and equipment	724,936	543,133	Long-term borrowings
	<u>\$ 15,653,173</u>	<u>\$ 6,703,831</u>	

Note1: As of December 31, 2022, guarantee notes receivables were pledged as collaterals for short-term borrowings and commercial paper payable to banks amounting to \$9,419,216.

Note 2: Shown as 'other assets'.

Note 3: Shown as 'other financial assets -current' 、 'other financial assets-non-current' and 'other assets'.

Note 4: As of December 31, 2022 and 2021, the certificates of deposit amounting to \$11,025 and \$9,913, respectively, were pledged to a financial institution to issue the letter of credit required by the unexpired insurance policies worldwide underwritten by the subsidiary, Hotai Insurance Co., Ltd.

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Significant contracts signed by the Group with related parties and non-related parties as of December 31, 2022 are summarized as follows:

Type of contracts	Party involved	Contract period	Main contents
<u>A.The Company</u>			
Distributor agreement	Toyota Motor Corporation	January 1, 2022 to December 31, 2024	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.
Distributor agreement	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (Hino)	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.
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, 2022 (Toyota).	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. Kuozui Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from July 1, 2009 Starting from June 1, 2002 Starting from January 1, 2003  Except for termination signed by both parties, contracts remain effective.	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
<u>B.Chang Yuan Motor Co., Ltd.</u>			
Trading contracts	Kuozui Motors, Ltd.	Starting from January 1, 2003, except for termination signed by both parties or breach of contract, contracts remain effective.	Kuozui Motors, Ltd. agrees to provide vehicles and parts, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
<u>C.Toyota Material Handling Taiwan Ltd.</u>			
Distributor agreement	Toyota Industries Corporation	April 1, 2020 to March 31, 2023	Sales of imported Toyota vehicles and parts for industrial and industry use in Taiwan.

## 10. Significant Disaster Loss

None.

#### 11. Significant Events after the Balance Sheet Date

- (1) For the appropriation of retained earnings of 2022, please refer to Note 6(28).
- (2) On January 9, 2023, the Company entered into a medium term syndicated loan contract for a credit line with 10 financial institutions including CTBC. The credit limit was \$30,000,000, of which \$15,000,000 could be drawn several times within six months from the first drawdown date but is non-revolving. The credit limit not used after six months from the first use date would be automatically canceled. The remaining \$15,000,000 could be used in a revolving manner within three years from the first use date.

#### 12. Others

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders. Information on the capital management policy that the Group's subsidiary, Hotai Insurance Co., Ltd., made based on the Insurance Law of the Republic of China is provided in Note 12(13).

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</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	\$ 5,601,568	\$ 8,794,920
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	7,888,860	9,299,511
Qualifying equity instrument	739,255	1,615,489
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	15,629,561	25,813,580
Notes receivable	11,928,468	10,731,037
Accounts receivable	226,000,165	179,803,972
Long-term notes and accounts receivable	8,463,808	4,082,783
Other receivables	1,831,274	1,492,994
Guarantee deposits paid	4,772,001	817,143
Other financial assets	3,426,280	2,938,704
Derivative financial assets for hedging	504,827	-
	<u>\$ 286,786,067</u>	<u>\$ 245,390,133</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 162,608	\$ 27,780
Financial liabilities at amortized cost		
Short-term loans	105,333,597	66,766,240
Short-term notes and bills payable	114,640,213	104,861,342
Notes payable	870,114	783,316
Accounts payable	11,384,815	8,794,001
Accrued expenses	6,623,281	6,957,640
Other payables	1,665,754	1,407,173
Commission payable	493,435	545,799
Corporate bonds payable (including current portion)	22,200,000	12,200,000
Long-term borrowings (including current portion)	14,504,854	6,115,628
Guarantee deposits received	16,941,150	15,495,163
Other financial liabilities	39,598	53,707
Lease liabilities	2,380,827	2,125,133
Derivative financial liabilities for hedging	586,935	578,276
	<u>\$ 297,827,181</u>	<u>\$ 226,711,198</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and cross currency swap contracts are used to fix variable future cash flows.
- (b) Risk management is carried out by finance departments of companies within the Group under policies approved by the Board of Directors. Finance departments identify, evaluate and

hedge financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (c) Information on the additional risk management policy of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(5).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange rate arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2) and Note 6(4). Moreover, the Group enters into cross currency swap contracts to hedge the foreign exchange risk arising from foreign currency loan underwritten by financial institutions, shown as derivative financial assets and liabilities for hedging. The information is provided in Note 6(4).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). After taking into consideration the use of cross currency swap contracts, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency		Book value	Foreign currency		Book value
	amount (In thousands)	Exchange rate		amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 57,655	30.7100	\$1,770,585	USD 86,187	27.6800	\$2,385,656
JPY:NTD	JPY 517,516	0.2324	120,271	JPY 695,429	0.2405	167,251
RMB:NTD	CNY 8,465	4.4138	37,363	CNY 9,711	4.3427	42,172
USD:RMB (Note)	USD -	-	-	USD 76	6.3739	2,104
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 213,142	30.7100	\$6,545,591	USD 246,681	27.6800	\$6,828,130
JPY:NTD	JPY 170,164	0.2324	39,546	JPY 176,564	0.2405	42,464
RMB:NTD	CNY 13,039	4.4138	57,552	CNY 15,181	4.3427	65,927
USD:RMB (Note)	USD -	-	-	USD 4,800	6.3739	132,864

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

- v. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$439,526 and \$586,123, respectively.
- vi. The Group took the use of cross currency swap contracts into account and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Sensitivity analysis			Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	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%	\$ 17,706	\$ -	1%	\$ 23,857	\$ -
JPY:NTD	1%	1,203	-	1%	1,673	-
RMB:NTD	1%	374	-	1%	422	-
USD:RMB (Note)	1%	-	-	1%	21	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 65,456	\$ -	1%	\$ 68,281	\$ -
JPY:NTD	1%	395	-	1%	425	-
RMB:NTD	1%	576	-	1%	659	-
USD:RMB (Note)	1%	-	-	1%	1,329	-

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

#### Price risk and interest rate risk

- i. The Company's and the subsidiaries' financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are domestic quasi money market fund and listed stocks which are influenced by fluctuation in market price.
- ii. The subsidiary's, Hotai Finance Co., Ltd., main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk.
- iii. The subsidiary, Hotai Finance Co., Ltd., assessed the market risk of cross currency swap by using PVBP (Present Value of Basis Point). However, the contracted notional principal equal to the amount of hedged liabilities, and the duration, resetting date, date of receiving and paying of interest and principal and the index of measuring interest were both the same, which can use to offset the market risk, thus, the Group did not expect significant market risk.
- iv. The subsidiary, Hotai Finance Co., Ltd., is not exposed to the risk arising from variations in the market interest rates as the debt products the subsidiary issued are all fixed rate liabilities.
- v. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant and considering the use of cross currency swap contracts, profit after tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$475,073 and \$10,506, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the

- clients or counterparties of financial instruments on the contract obligations. 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 Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of 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 subsidiary, Hotai Finance Co., Ltd. (HFC), entered into agreements with banks for handling financing through pledging new and used vehicles. In accordance with the agreements, HFC is responsible for expansion of client lists, assisting expansion of installment loans for cars and unsecured loans. If borrowers are late for payment, HFC shall repay on behalf of the borrowers, and request claims of the borrowings and mortgage of vehicles. As of December 31, 2022 and 2021, HFC has financial instruments with off-balance-sheet credit risk amounting to \$3,779,139 and \$5,211,354, respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$71,213 and \$90,436, respectively. HFC assesses financial guarantee contract liabilities which may arise from rendering the above services based on historical experience, and recognizes financial guarantee expense which is shown as 'other current liabilities'.
  - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
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.  
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.
  - v. For the subsidiaries, Hotai Finance Co., Ltd. and Hoyun International Lease Co., Ltd., the default occurs when the contract payments are past due over 150 days. Additionally, when the contract payments are past due over 90 days and are not expected to be recovered, the default has occurred.
  - vi. The Group classified accounts receivable and contract assets based on customers' default and used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. Not including the subsidiaries, Hotai Finance Co., Ltd., Hoyun International Lease Co., Ltd. and Hotai Insurance Co., Ltd., estimated loss allowance arising from accounts receivable and contract assets amounted to \$55,851.
  - vii. Hotai Finance Co., Ltd. and its subsidiaries used forecastability such as historical experience and the prediction of future economic situation to establish loss rate for estimating loss allowance for instalment and lease payments accounts and notes receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

		Later than	Later than	Later than	Later than	Over	
December 31, 2022	Not past due	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 days	Total
Total book value	\$ 268,604,715	\$ 794,048	\$ 458,572	\$ 303,456	\$ 305,658	\$ 490,612	\$ 270,957,061
Loss allowance	\$ 2,989,387	\$ 349,790	\$ 352,836	\$ 255,453	\$ 279,151	\$ 482,267	\$ 4,708,884

		Later than	Later than	Later than	Later than	Over	
December 31, 2021	Not past due	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 days	Total
Total book value	\$ 208,270,199	\$ 471,249	\$ 253,201	\$ 187,611	\$ 127,510	\$ 410,656	\$ 209,720,426
Loss allowance	\$ 2,646,064	\$ 211,861	\$ 186,550	\$ 158,100	\$ 116,987	\$ 402,644	\$ 3,722,206

viii. Credit risk information of subsidiary, Hotai Insurance Co., Ltd., as of December 31, 2022 and 2021 is provided in Note 12(6)A.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance are as follows (Note):

	2022	2021
	Receivables	Receivables
At January 1	\$ 3,782,588	\$ 3,414,181
Provision for impairment	2,679,470	1,731,188
Write-offs	( 1,708,803)	( 1,353,819)
Others	26,789	( 8,962)
At December 31	\$ 4,780,044	\$ 3,782,588

Note : Including all the Group's consolidated entities.

For the years ended December 31, 2022 and 2021, gain on recoverable bad debts amounted to \$821,467 and \$592,839, respectively, presented as a deduction item to expected credit loss.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance departments of companies within the Group. Finance departments of companies within the Group monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. As of December 31, 2022 and 2021, the Group's unused credit line amounted to \$140,840,395 and \$86,372,762, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



Non-derivative financial liabilities:

December 31, 2022	Up to 1 year	1 to 2 years	Over 2 years
Short-term loans	\$ 87,839,816	\$ 12,362,302	\$ 12,713,306
Short-term notes and bills payable	90,712,225	10,989,108	12,938,880
Notes payable	870,114	-	-
Accounts payable	11,384,815	-	-
Accrued expenses	6,623,281	-	-
Other payables	1,665,754	-	-
Commission payable	493,435	-	-
Lease liabilities	347,434	252,344	1,337,248
Bonds payable	209,000	209,000	22,303,427
Long-term loans (including current portion)	2,107,891	11,555,449	849,383

Non-derivative financial liabilities:

December 31, 2021	Up to 1 year	1 to 2 years	Over 2 years
Short-term loans	\$ 56,460,349	\$ 3,235,302	\$ 7,582,358
Short-term notes and bills payable	85,334,241	16,844,594	3,000,976
Notes payable	783,316	-	-
Accounts payable	8,794,001	-	-
Accrued expenses	6,957,640	-	-
Other payables	1,407,173	-	-
Commission payable	545,799	-	-
Lease liabilities	469,489	394,007	1,520,751
Bonds payable	77,900	77,900	12,334,873
Long-term loans (including current portion)	1,512,902	2,310,000	2,300,000

Derivative financial liabilities:

December 31, 2022	Up to 1 year	1 to 2 years	Over 2 years
Cross currency swaps	\$ 174,433	\$ 412,502	\$ -
Forward exchange contracts	162,743	-	-

Derivative financial liabilities:

December 31, 2021	Up to 1 year	1 to 2 years	Over 2 years
Cross currency swaps	\$ -	\$ -	\$ 578,276
Forward exchange contracts	27,780	-	-

- iv. Information on insurance contracts risk of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(6).

(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 Group'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 Group's investment in derivative instruments is included in Level 2.

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

B. Fair value information of investment property at cost is provided in Note 6(14).

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, notes payable, accounts payable, accrued expenses, other payables, commission payables and bonds payable 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:

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 1,359,072	\$ -	\$ 177,738	\$ 1,536,810
Forward exchange contracts	-	52,132	-	52,132
Foreign exchange swap contracts	-	5,455	-	5,455
Bond investment	-	1,011,039	-	1,011,039
Equity securities	1,186,861	-	-	1,186,861
Exchange traded funds	1,104,396	-	-	1,104,396
Financial instruments	-	704,875	-	704,875
Derivative financial assets for hedging	-	504,827	-	504,827
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,339,555	-	1,339,555
Equity securities	<u>7,496,985</u>	<u>-</u>	<u>391,875</u>	<u>7,888,860</u>
	<u>\$11,147,314</u>	<u>\$ 3,617,883</u>	<u>\$ 569,613</u>	<u>\$15,334,810</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	161,205	\$ -	161,205
Foreign exchange swap contracts	-	1,403	-	1,403
Derivative financial liabilities for hedging	-	<u>586,935</u>	-	<u>586,935</u>
	<u>\$ -</u>	<u>\$ 749,543</u>	<u>\$ -</u>	<u>\$ 749,543</u>

Note: Including operation bonds.

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 2,636,248	\$ -	\$ 437,495	\$ 3,073,743
Forward exchange contracts	-	10,987	-	10,987
Foreign exchange swap contracts	-	1,600	-	1,600
Bond investment	-	1,035,718	-	1,035,718
Equity securities	2,056,154	-	-	2,056,154
Exchange traded funds	1,933,425	-	-	1,933,425
Financial instruments	-	683,293	-	683,293
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,915,788	-	1,915,788
Equity securities	<u>8,932,741</u>	<u>-</u>	<u>366,770</u>	<u>9,299,511</u>
	<u>\$15,558,568</u>	<u>\$ 3,647,386</u>	<u>\$ 804,265</u>	<u>\$20,010,219</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	27,722	\$ -	27,722
Foreign exchange swap contracts	-	58	-	58
Derivative financial liabilities for hedging	<u>-</u>	<u>578,276</u>	<u>-</u>	<u>578,276</u>
	<u>\$ -</u>	<u>\$ 606,056</u>	<u>\$ -</u>	<u>\$ 606,056</u>

Note: Including operation bonds.

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

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

	<u>Listed stocks</u>	<u>Beneficiary certificates</u>	<u>Open-end fund</u>	<u>Exchange traded funds</u>
Market quoted price	Closing price	Closing price	Net asset value	Closing price

- ii. Except for financial instruments with active markets, domestic investments of the Company's subsidiary, Hotai Insurance Co., Ltd., take the quoted price of Taipei Exchange while foreign investments take the quoted price of the Swiss Exchange's financial information system as the fair value aside from infrastructure fund and real estate private placement fund that are assessed by balance sheet approach. The fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. 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 Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward foreign currency contracts are generally assessed using forward exchange rates.

- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	
	Beneficiary certificates	Equity securities
At January 1	\$ 437,495	\$ 366,770
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	25,105
Recorded as gains on financial assets at fair value through profit or loss	( 8,243)	-
Acquired during the year	( 251,514)	-
At December 31	<u>\$ 177,738</u>	<u>\$ 391,875</u>

	2021	
	Beneficiary certificates	Equity securities
At January 1	\$ 383,543	\$ 346,148
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	20,622
Recorded as gains on financial assets at fair value through profit or loss	10,973	-
Acquired during the year	42,979	-
At December 31	<u>\$ 437,495</u>	<u>\$ 366,770</u>

- F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1, Level 2, and Level 3.
- G. Treasury department 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.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant observable inputs	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 391,875	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
Infrastructure fund and real estate private placement fund	177,738	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2021	Valuation technique	Significant observable inputs	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 366,770	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
Infrastructure fund and real estate private placement fund	437,495	Net assets value	Not applicable	Not applicable	Not applicable

- I. The Group 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, 2022 and 2021.

(4) Other matters

The Group's operation was not affected by the Covid-19 outbreak and various preventive measures which were imposed by the government.

(5) The nature and range of contract risk governance of the subsidiary, Hotai Insurance Co., Ltd.

A. The objectives, policies, procedures and methods of risk governance on insurance contracts:

(a) Risk Governance Structure and Responsibilities

The subsidiary, Hotai Insurance Co., Ltd. has set up the Risk & Control Committee (RCC) under the Board of Directors as well as an independent risk management department in order to effectively plan, advocate and monitor risk management matters.

The subsidiary's goals in managing its risks are to:

- i. Protect the subsidiary's capital by not taking risks beyond the subsidiary's risk tolerance.
- ii. Enhance value creation and achieve an optimal risk-return profile by efficiently deploying capital.
- iii. Support decision making processes by providing consistent, reliable and timely risk information.
- iv. Protect the subsidiary's brand and reputation by fostering the subsidiary's core values and promoting a sound culture of risk awareness.

The "three lines of defense" approach runs through the subsidiary's risk governance structure, so that risks are clearly identified, owned, and managed:

1st line: Business management takes risks and is responsible for day-to-day risk management.

2nd line: The risk management function oversees the overall risk management framework, and helps manage risk. Other governance and control functions (e.g. legal and compliance,

finance, technical underwriting review, claims QA) are responsible for and help control specific types of risks.

3rd line: The audit function provides independent assurance regarding the effectiveness of the ERM framework and risk controls.

In accordance with "Risk Management Practice Rules for Insurance Industry", the subsidiary has established "Risk Management Policy" which is approved by the subsidiary's Board of Directors, to establish its corporate risk management framework.

(b) Risk Reporting and Measurement System

i. Risk Reporting

Each department branch periodically delivers risk information to the risk management department for monitoring purpose. The mitigating actions and response plans are required while breaching the risk-type limits.

Risk management department consolidates risk information, reviews and follows up improvement actions. In the quarterly RCC meeting, Integrated Assessment and Assurance Reporting will be presented in accordance with the meeting agenda. After the CEO signs off quarterly RCC meeting minutes as a formal risk report, the report will be submitted to RCC and the Board of Directors for monitoring and verifying the soundness of the risk management framework.

ii. Measurement System

Pursuant to the regulatory authority's requirement, the subsidiary has performed sensitivity analysis, scenario analysis and stress test to understand the related risks which have quantitative influence on the subsidiary's performance.

(c) Insurance Risk and Underwriting Guidelines

Insurance risk management includes product development, pricing, underwriting, reinsurance, natural/man-made catastrophes, claims and reserve related risks. All of these risks are managed by the front-line responsible functions, such as underwriting, claims, technical management, product development and actuarial departments. According to the "Risk Management Policy," related functional policies and procedures, and local regulations, the Risk management framework and mechanism are designed and embedded into day-to-day operations, which includes authorization, operational process and risk-type limit monitoring, etc. The Risk Policy adherence self-assessment checklist and Risk Management Practice Rules for Insurance Industry checklist should be filled in by risk-type owners annually, in order to comply with the requirements of "Risk Management Policy" and "Risk Management Practice Rules for Insurance Industry".

(d) Total Risk Profiling and Insurance Risk Management

The subsidiary adopts the Total Risk Profiling (TRP) methodology to identify, assess, response and document its overall risks (incl. Business and Strategic Risk, Insurance Risk, Operational Risk, ALM / Investment / Credit Risk, and Financial Reporting Risk that can have an impact on the sustainability of Earnings, Capital and Reputation) systematically across the subsidiary. The risk management department coordinates the TRP efforts and provides quality assurance with all departments within their areas of responsibilities. The implementation status of improvement actions will be reviewed quarterly according to the fall TRP results in the previous year. The insurance risks (incl. product development, pricing, underwriting, reinsurance, natural / man-made catastrophes, claims, reserve and so on) are covered in the TRP process as well.

(e) Concentration Exposures on Insurance Risk

The subsidiary, Hotai Insurance Co., Ltd. has established the related risk control mechanism and developed risk management plan to run retention and ceded/assumed businesses based on reinsurance capacity by following the "Regulations Governing Insurance Enterprises

Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”. The net retention limit per risk for each line of business is listed below:

Line of Business	December 31, 2022	December 31, 2021
Fire insurance	\$ 50,000	\$ 50,000
Fire & A.P. insurance	50,000	50,000
Long-term residential fire insurance	50,000	50,000
Residential fire insurance	50,000	50,000
Marine cargo insurance	20,000	20,000
Inland marine insurance	20,000	20,000
Automobile insurance	Nil	Nil
General liability insurance	\$ 50,000	\$ 50,000
Engineering insurance	50,000	50,000
Fidelity insurance	60,000	60,000
Other property insurance	50,000	50,000
Personal accident insurance	50,000	50,000

In addition to control the own-retention limit per risk/catastrophe for confining risk exposures, the subsidiary, in accordance with the characteristics of each line of insurance business and to align with operational strategies, arranges reinsurance contracts or arranges facultative reinsurance to appropriately spread the subsidiary’s endured risk. For the credit risk of main reinsurers, the subsidiary considers their credit rating, financial status, and location to ensure that the subsidiary has a stable and appropriate reinsurance coverage.

(f) Asset/Liability Management

The Asset/Liability Management Investment Committee (ALMIC) meeting is held on a quarterly basis to monitor the subsidiary’s asset/liability matching duration and evaluate liquidity risk by ensuring the fulfillment of due liabilities and future claims provisions. In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, in addition to establishing the related financial liquidity contingency plans, the subsidiary, Hotai Insurance Co., Ltd., also requested the Board of Directors to authorize the Chairman of the company to handle the bank financing.

(g) Capital Adequacy Management

In accordance with the “Regulations Governing Capital Adequacy of Insurance Companies”, the subsidiary has established the capital solvency management mechanism, which includes a risk-based capital ratio review on a regular basis. Also, the RBC Ratio Report is prepared and filed semiannually to monitor and implement regulatory capital adequacy requirements. Currently, the subsidiary’s RBC ratio is lower than the requirement of 200% because of the selling of severe and special infectious pneumonia related to epidemic prevention insurance products, and they will optimize the situation in accordance with the 2022 epidemic prevention insurance financial improvement plan. Please refer to Note 12(13) for further details.

(6) Credit risk, liquidity risk and market risk of insurance contract

The insurance contracts of the subsidiary, Hotai Insurance Co., Ltd. are all short-term policies and the reserves are not discounted; therefore, there is no significant impact in the interest rate risk.

A. Credit risk

(a) 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 and other financial assets based on the agreed terms, and the contract cash flows of debt instruments stated at fair value

- through other comprehensive income.
- (b) Except for using historical loss rate as a basis and forecastable macroeconomic information to estimate expected credit loss in line with IAS, the subsidiary, Hotai Insurance Co., Ltd. also provisioned allowance for loss in line with “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts” and related procedures.
- (c) The subsidiary, Hotai Insurance Co., Ltd., adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk since initial recognition:
- 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.
  - For bonds or banks that issue non-short-term certificates of deposit, if any external credit rating agency rates these bonds and banks as investment grade, the credit risk of these financial assets is low. However, if the rating of these bonds and banks are degraded to non-investment grade, the credit risk of these financial assets was significantly increased.
- (d) The subsidiary, Hotai Insurance Co., Ltd., adopts IFRS 9 to presume the following assumptions that financial assets have been impaired:
- If the contract payments were past due over 90 days based on the terms, there has been an impairment and default on that instrument since initial recognition.
  - If companies that issue bonds or banks that issue non-short-term certificates of deposit experience significant financial difficulties and enter into bankruptcy or financial reorganization, the credit of the financial assets would be considered impaired.
  - If the Company actively clears these financial assets in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”, and the financial assets could no longer be recovered, the financial assets should be written-off after it is reported to the Board of Directors. However, the Company will continue executing the recourse procedures to secure their rights.
- (e) The subsidiary, Hotai Insurance Co., Ltd., refers to the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”. For the years ended December 31, 2022 and 2021, the movements of allowance for loss are as follows :

2022					
	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”	Total
At January 1	\$ -	\$ -	\$ 160	\$ 26,115	\$ 26,275
Provisions during the period	-	-	-	( 1,730)	( 1,730)
At December 31	\$ -	\$ -	\$ 160	\$ 24,385	\$ 24,545



	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the "Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts"	Total
At January 1	\$ -	\$ -	\$ 160	\$ 12,712	\$ 12,872
Provisions during the period	-	-	-	13,403	13,403
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 26,115</u>	<u>\$ 26,275</u>

As of December 31, 2022 and 2021, the allowance for loss of abovementioned financial assets was \$24,545 and \$26,275, respectively, and the maximum exposure to credit risk was \$945,389 and \$993,253, respectively.

- (f) As of December 31, 2022 and 2021, the subsidiary, Hotai Insurance Co., Ltd., has financial assets at fair value through other comprehensive income (including operating bonds), interest receivables from bonds, non-short term time deposits (excluding valuation adjustment) and interest receivables from time deposits amounting to \$2,353,879 and \$3,639,966, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

<u>Credit risk rating</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
tw AAA	\$ 797,023	\$ 877,651
tw AA+	176,899	433,262
tw AA	134,294	495,366
tw AA-	132,511	922,900
tw A+	222,298	336,112
tw A	889,064	470,990
tw A-	1,790	103,685
	<u>\$ 2,353,879</u>	<u>\$ 3,639,966</u>

The probable expected loss rates of abovementioned financial assets within 12 months were 0%~0.06% and 0%~0.07%, respectively, the amounts of allowance for loss were \$797 and \$592 respectively, and the maximum exposure amounts were \$2,353,082 and \$3,639,374, respectively. Aforementioned amounts of allowance for loss were using the forecastability of Standard & Poor's research report to adjust historical and timely information to assess the expected loss rate. For the years ended December 31, 2022 and 2021, the movements of allowance for loss are as follows:

	<u>2022</u>	<u>2021</u>
At January 1	\$ 592	\$ 581
Provisions (amounts reversed) during the year	<u>205</u>	<u>11</u>
At December 31	<u>\$ 797</u>	<u>\$ 592</u>

(g) Reinsurance Credit Risk

The counterparties of the subsidiary, Hotai Insurance Co., Ltd. in conducting reinsurance transactions are companies with good credit ratings. Also, the subsidiary, Hotai Insurance Co., Ltd. transacts with numerous counterparties to diversify credit risk. The possibility of expected defaults is remote. In addition, the reinsurer list that the subsidiaries transacts with has been reviewed and approved by the subsidiary, Hotai Insurance Co., Ltd., and all are qualified reinsurance ceded companies. Policy underwriting units also non-routinely check on the newest approved reinsurance list. For the years ended December 31, 2022 and 2021,

the reinsurance companies reinsurance premiums ceded and credit rating levels are as follows (if the reinsurance companies' reinsurance transactions is through reinsurance brokers, then the credit rating levels as follows is based on the reinsurance broker):

Year ended December 31, 2022

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 334	0.01
AA	412,976	16.08
AA-	87,300	3.40
A+	1,103,233	42.95
A	119,005	4.63
A-	7,840	0.31
BBB+	53,236	2.07
Unrated	784,777	30.55
Total	<u>\$ 2,568,701</u>	<u>100.00</u>

Year ended December 31, 2021

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 2,449	0.12
AA	442,803	20.52
AA-	64,765	3.00
A++	358	0.02
A+	940,386	43.58
A	126,092	5.84
A-	9,705	0.45
BBB+	32,655	1.51
Unrated	538,525	24.96
Total	<u>\$ 2,157,738</u>	<u>100.00</u>

Note: Compulsory automobile insurance and residential earthquake insurance are excluded.

#### B. Liquidity risk management

Liquidity risk is the risk that the subsidiary, Hotai Insurance Co., Ltd. may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. The subsidiary is not exposed to liquidity risk as there is no need for the subsidiary to hold adequate current assets to fulfill the financial liabilities as they become due or use higher costs to settle relevant financial liabilities.

##### (a) Cash flow control and hedging strategy

With the following controls and hedge strategies, the working capital of the subsidiary, Hotai Insurance Co., Ltd. is sufficient to meet insurance services and operational needs, and no liquidity risk is expected.

- i. The investment in debt instruments and equity instruments are mostly traded in the active market and can be expected to be disposed at the price close to fair value.
- ii. To make sure liquidity fund fulfill the liabilities when they fall due or capital requirements, the subsidiary manages liquidity through bank deposits and money market instruments.
- iii. To make sure the effectiveness of liquidity risk management, cash flow analysis is employed, the subsidiary generates yearly and monthly net cash flow forecast according

to annual plan of operating income and expenses. Based on the cash flow forecast, the subsidiary periodically monitors the actual income and expenses to execute cash management activities.

(b) Liquidity risk management

To effectively manage liquidity risk, except for holding a considerable portion of current assets, the subsidiary also limits the proportion of investment amount and reviews current assets and liabilities on a regular basis to ensure that above requirement is fully supported.

(c) Indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products

In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, Hotai Insurance Co., Ltd., established the related financial liquidity contingency plans. Please refer to Note 12(15) for further details.

The table below analyses the insurance liabilities and non-derivative financial liabilities of the subsidiary, Hotai Insurance Co., Ltd., based on the remaining period at the balance sheet date to the contractual maturity date.

i. Non-derivative financial liabilities

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2022</u>				
Insurance liabilities	\$ 20,486,863	\$ 2,993,006	\$ 187,066	\$ 1,648,716
Payables	1,673,583	-	-	-
Deposits-in	2,703	2,085	-	-
Lease liabilities	56,640	21,350	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2021</u>				
Insurance liabilities	\$ 8,902,416	\$ 2,350,482	\$ 183,219	\$ 1,922,258
Payables	1,445,680	-	-	-
Deposits-in	2,125	2,186	-	-
Lease liabilities	54,789	65,277	-	-

ii. Derivatives

On December 31, 2022, the subsidiary, Hotai Insurance Co., Ltd., has derivative instruments at net settlement whose duration are all within 3 months from reporting period-end to the due date of contract.

C. Market risk

Market risk refers to the risk of changes in values or cash flows of accounts on the subsidiary, Hotai Insurance Co., Ltd.'s financial statements due to changes in financial markets. Major risk factors are as follows:

- Equity market prices
- Interest rate and credit spreads
- Currency exchange rates

The subsidiary, Hotai Insurance Co., Ltd., defines its risk tolerance and regularly measures and reviews this risk by adoption of "assets allocation strategy". In compliance with the subsidiary's "Risk Management Policy", the subsidiary's "Investment Policy Statement", and regulations of the competent authority, the subsidiary imposes investment limit on individual investment targets, restricts investments in assets with low liquidity, and manages the difference between the interest

rate sensitive assets and the interest rate sensitive liabilities. To ensure effective market risk management, the subsidiary, Hotai Insurance Co., Ltd. also implements relevant stress tests in compliance with requirement by the competent authority. The table below further describes the subsidiary, Hotai Insurance Co., Ltd.'s current risk management mechanism in terms of individual risk factor:

(a) Price risk

The price risk is arising from the uncertainty of the prices of beneficiary certificates. However, the subsidiary Hotai Insurance Co., Ltd. has appropriately spread the price risk through diversified portfolio to decrease the risk of investments centralised in any specific industry or issuance institution.

With other conditions unchanged, the reasonable sensitivity analysis on stock price change is shown below:

	December 31, 2022		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 225,595
	Decrease in price	10%	( 225,595)
	December 31, 2021		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 529,065
	Decrease in price	10%	( 529,065)

(b) Interest rate risk

Interest rate risk refers to the risk from market interest rate change which results in change of fair value of financial instruments. The major investment for the subsidiary, Hotai Insurance Co., Ltd., is fixed interest rate debt investment. Increase in interest rate will result in decrease in fair value. However, due to focus on long-term stability and predictable income, the short-term interest rate change would have insignificant impact to the subsidiary. Thus, no major interest rate risk is expected.

With other conditions unchanged, the reasonable sensitivity analysis on interest rate change is shown below:

	December 31, 2022		
	Change of variables		Change in fair value
Fixed-income investments	Increase in interest rate	100 basis point	(\$ 64,830)
	Decrease in interest rate	100 basis point	64,830
	December 31, 2021		
	Change of variables		Change in fair value
Fixed-income investments	Increase in interest rate	100 basis point	(\$ 89,211)
	Decrease in interest rate	100 basis point	89,211

(c) Foreign exchange risk

Foreign exchange risk refers to the risk from fluctuations in fair value of assets or future cash flow due to foreign exchange volatility.

The major foreign exchange risk of the subsidiary, Hotai Insurance Co., Ltd., results from US dollar position. The US dollar foreign exchange rate is shown below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Foreign exchange rate	30.73	27.66

The US dollar assets and liabilities are shown as below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
USD Assets	USD 29,879 thousand	USD 48,984 thousand
USD Liabilities	USD 635 thousand	USD 890 thousand

Foreign exchange risk will affect the subsidiary, Hotai Insurance Co., Ltd.'s foreign currency denominated assets and liabilities. All foreign currency denominated investment assets held by the subsidiary has been commissioned by investors for hedging, using the foreign exchange swap contracts to effectively control the risk.

Under the circumstance that other variables remain unchanged and after deducting the nominal principal of hedge items, the sensitivity analysis for reasonable fluctuations in exchange rates is as follows:

	<u>December 31, 2022</u>	
	<u>Change on variable</u>	<u>Impact on net (loss) income</u>
USD assets, net	Appreciate 5% against NTD (\$	14,181)
	Depreciate 5% against NTD	14,181
	<u>December 31, 2021</u>	
	<u>Change on variable</u>	<u>Impact on net (loss) income</u>
USD assets, net	Appreciate 5% against NTD (\$	31,032)
	Depreciate 5% against NTD	31,032

#### (7) Insurance risk information

##### A. Insurance risk concentration

Insurance businesses undertaken by the subsidiary, Hotai Insurance Co., Ltd., comprise fire insurance, engineering insurance, accident insurance, transportation insurance, automobile insurance, and personal accident insurance.

Among them, as the subject matters of transportation insurance, automobile insurance, and personal accident insurance have mobility, the level of risk is deemed relatively dispersed. The subject matter of accident insurance has legality, and the risks in relation to accident insurance and aforesaid insurances are all dispersed through coverage limit control.

Besides, as the subject matters of fire insurance and engineering insurance do not have mobility, the level of risk is deemed relatively concentrated. The subsidiary, Hotai Insurance Co., Ltd., disperses the risks mainly through reinsurance ceding. For the years ended December 31, 2022 and 2021, the insurance risk concentration degree of premiums income and self-retained premiums from effective insurance contracts of fire insurance and engineering insurance are listed below:

<u>Line of Business</u>	<u>Year ended December 31, 2022</u>	
	<u>Premiums revenue</u>	<u>Retention premiums</u>
Fire insurance	\$ 1,717,647	\$ 621,417
Engineering insurance	191,816	46,377

Line of Business	Year ended December 31, 2021	
	Premiums revenue	Retention premiums
Fire insurance	\$ 1,521,650	\$ 614,537
Engineering insurance	145,627	46,524

The subsidiary, Hotai Insurance Co., Ltd., has established catastrophe claims system to record losses of various line of insurance businesses and risks assumed by the subsidiary, including earthquake, typhoon, fire accident, air crash, and man-made catastrophes. The system also provides information for reinsurance brokers to implement catastrophe measurement models and perform analysis on expected occurrence years such as 10 years, 50 years, 100 years, and 250 years. The model covers fire insurance, engineering insurance, marine insurance, automobile insurance, as well as earthquake and typhoon risks. The model provides monthly report of cumulative risk assessment for the purpose of monitoring the risk. With strict reinsurance strategies and arrangements, as well as system monitoring cumulative risk, the subsidiary, Hotai Insurance Co., Ltd., can appropriately and effectively prevent high risk concentration to achieve a goal of risk dispersion.

#### B. Analysis of insurance risk sensitivity

The subsidiary, Hotai Insurance Co., Ltd., estimates claims reserve fund mainly through a series of development modules and various estimated loss ratios. With concern of unexpected factors, such as external environmental change (change of regulation or judicial order), trend or different ways of claims paid, these could change the loss development and expected loss ratio and therefore influence the estimated result of claims reserve. Therefore, the subsidiary, Hotai Insurance Co., Ltd., conducted a sensitivity test for the years ended December 31, 2022 and 2021 and the result is shown below:

Line of Business	Year ended December 31, 2022			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 216,750	\$ 186,787	\$ 216,750	\$ 186,787
Automobile third party liability insurance	116,891	103,255	116,891	103,255
Personal property insurance	3,508	3,135	3,508	3,135
Commercial property insurance	74,369	26,270	74,369	26,270
Liability insurance	65,087	50,429	65,087	50,429
Marine cargo insurance	13,575	9,848	13,575	9,848
Engineering insurance	10,618	2,788	10,618	2,788
Personal accident insurance	52,684	51,076	52,684	51,076
Health insurance	25,661	25,304	25,661	25,304
Foreign inward reinsurance	834	477	834	477

Line of Business	Year ended December 31, 2021			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 206,101	\$ 177,968	\$ 206,101	\$ 177,968
Automobile third party liability insurance	100,528	89,485	100,528	89,485
Personal property insurance	4,226	3,341	4,226	3,341
Commercial property insurance	64,117	24,974	64,117	24,974
Liability insurance	50,898	39,760	50,898	39,760
Marine cargo insurance	11,449	8,656	11,449	8,656
Engineering insurance	7,309	2,123	7,309	2,123
Personal accident insurance	53,404	51,726	53,404	51,726
Health insurance	10,381	9,533	10,381	9,533
Foreign inward reinsurance	342	307	342	307

Sensitivity test determines the impact on profit and loss based on before-reinsurance and after-reinsurance calculation from the increase or decrease by 5% in the expected loss ratio for the years ended December 31, 2022 and 2021.

#### C. Loss development pattern

As of December 31, 2022 and 2021, the loss development pattern of the subsidiary, Hotai Insurance Co., Ltd., are as follows:

##### (a) Direct business

December 31, 2022	Accident Year					
	≤2018	2019	2020	2021	2022	Total
Development Year						
End of underwriting year	\$ 27,880,901	\$ 3,732,983	\$ 4,699,953	\$ 5,811,398	\$ 41,300,575	
One year after underwriting year	27,532,055	3,730,672	4,769,156	5,807,080	-	
Two years after underwriting year	27,247,411	3,690,308	4,606,421	-	-	
Three years after underwriting year	27,111,389	3,554,412	-	-	-	
Four years after underwriting year	26,957,435	-	-	-	-	
Estimated ultimate losses	26,957,435	3,554,412	4,606,421	5,807,080	41,300,575	
Paid losses	( 26,362,593)	( 3,211,790)	( 3,945,587)	( 4,437,959)	( 33,427,786)	
Total reserve	<u>\$ 594,842</u>	<u>\$ 342,622</u>	<u>\$ 660,834</u>	<u>\$ 1,369,121</u>	<u>\$ 7,872,789</u>	\$ 10,840,208
Adjustment item (Note)						<u>538,798</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 11,379,006</u>

December 31, 2021	Accident Year					Total
	≤2017	2018	2019	2020	2021	
Development Year						
End of underwriting year	\$ 25,453,700	\$ 2,584,648	\$ 3,732,983	\$ 4,699,953	\$ 5,811,398	
One year after underwriting year	25,296,252	2,563,399	3,730,672	4,769,156	-	
Two years after underwriting year	24,968,656	2,510,423	3,690,307	-	-	
Three years after underwriting year	24,736,988	2,427,157	-	-	-	
Four years after underwriting year	24,684,232	-	-	-	-	
Estimated ultimate losses	24,684,232	2,427,157	3,690,307	4,769,156	5,811,398	
Paid losses	( 24,115,950)	( 2,207,836)	( 3,155,441)	( 3,937,503)	( 3,109,276)	
Total reserve	<u>\$ 568,282</u>	<u>\$ 219,321</u>	<u>\$ 534,866</u>	<u>\$ 831,653</u>	<u>\$ 2,702,122</u>	\$ 4,856,244
Adjustment item (Note)						<u>453,326</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 5,309,570</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

(b) Retention business

December 31, 2022	Accident Year					
Development Year	≤ 2018	2019	2020	2021	2022	Total
End of underwriting year	\$ 18,897,808	\$ 3,215,297	\$ 4,058,783	\$ 4,559,471	\$ 39,536,977	
One year after underwriting year	18,702,131	3,224,195	4,130,722	4,551,010	-	
Two years after underwriting year	18,465,817	3,193,907	3,991,743	-	-	
Three years after underwriting year	18,413,564	3,067,559	-	-	-	
Four years after underwriting year	18,367,442	-	-	-	-	
Estimated ultimate losses	18,367,442	3,067,559	3,991,743	4,551,010	39,536,977	
Paid losses	( 17,915,061)	( 2,861,564)	( 3,519,725)	( 3,831,320)	( 32,897,564)	
Total reserve	<u>\$ 452,381</u>	<u>\$ 205,995</u>	<u>\$ 472,018</u>	<u>\$ 719,690</u>	<u>\$ 6,639,413</u>	\$ 8,489,497
Adjustment item (Note)						399,775
						<u>\$ 8,889,272</u>

December 31, 2021	Accident Year					
Development Year	≤ 2017	2018	2019	2020	2021	Total
End of underwriting year	\$ 16,695,227	\$ 2,301,559	\$ 3,215,297	\$ 4,058,783	\$ 4,559,471	
One year after underwriting year	16,596,248	2,293,058	3,224,195	4,130,722	-	
Two years after underwriting year	16,409,073	2,237,166	3,193,907	-	-	
Three years after underwriting year	16,228,651	2,167,503	-	-	-	
Four years after underwriting year	16,246,061	-	-	-	-	
Estimated ultimate losses	16,246,061	2,167,503	3,193,907	4,130,722	4,559,471	
Paid losses	( 15,882,867)	( 2,006,557)	( 2,820,197)	( 3,517,360)	( 2,722,061)	
Total reserve	<u>\$ 363,194</u>	<u>\$ 160,946</u>	<u>\$ 373,710</u>	<u>\$ 613,362</u>	<u>\$ 1,837,410</u>	\$ 3,348,622
Adjustment item (Note)						299,102
						<u>\$ 3,647,724</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

Based on the table above, the estimated cumulative loss amount of each accident year is estimated based on the current available information, however, the actual amounts may be deviated from the estimation due to the loss development in the following years.



(8) The subsidiary-Hotai Insurance Co., Ltd. assets and liabilities recoverable or payable within or over 12 months after the balance sheet date are as follows:

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>December 31, 2022</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 1,617,596	\$ 1,617,596	\$ -
Receivables	870,446	870,446	-
Assets held for sale	283,710	283,710	-
Current income tax assets	5,627	-	5,627
Financial assets at fair value through profit or loss	2,772,443	2,261,404	511,039
Financial assets at fair value through other comprehensive income	739,255	216,321	522,934
Other financial assets	1,666,176	1,666,176	-
Right-of-use assets	76,697	-	76,697
Investment property	398,747	-	398,747
Reinsurance contract assets	4,166,241	2,964,445	1,201,796
Property and equipment	3,612,574	-	3,612,574
Intangible assets	115,634	-	115,634
Deferred income tax assets	2,049,015	-	2,049,015
Other assets	4,660,176	537,836	4,122,340
<u>Liabilities</u>			
Payables	\$ 1,673,583	\$ 1,673,583	\$ -
Financial liabilities at fair value through profit or loss	1,403	1,403	-
Insurance liabilities	25,315,651	20,486,863	4,828,788
Lease liabilities	77,250	56,640	20,610
Deferred income tax liabilities	129,950	-	129,950
Other liabilities	245,210	243,125	2,085

	Book value	Within 12 months	Over 12 months
<u>December 31, 2021</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 4,601,617	\$ 4,601,617	\$ -
Receivables	918,846	918,846	-
Financial assets at fair value through profit or loss	5,827,968	5,292,250	535,718
Financial assets at fair value through other comprehensive income	1,615,489	322,124	1,293,365
Other financial assets	1,679,537	1,569,219	110,318
Right-of-use assets	118,045	-	118,045
Investment property	575,527	-	575,527
Reinsurance contract assets	3,125,902	2,396,571	729,331
Property and equipment	3,173,583	-	3,173,583
Intangible assets	135,332	-	135,332
Other assets	650,943	220,898	430,045
<u>Liabilities</u>			
Payables	\$ 1,445,680	\$ 1,445,680	\$ -
Current income tax liabilities	95,167	95,167	-
Financial liabilities at fair value through profit or loss	58	58	-
Insurance liabilities	13,358,375	8,902,416	4,455,959
Lease liabilities	118,752	54,789	63,963
Other liabilities	97,410	95,224	2,186

(9) The subsidiary-Hotai Insurance Co., Ltd.'s related information on commissioned investments

- A. Beginning on December 12, 2018, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with Uni-President Assets Management Corp. to commission Uni-President Assets Management Corp. to manage the investment in domestic listed companies' stocks and short-term notes and bills totaling \$600,000. The Company adjusted the commissioned investment amounts in Uni-President Assets Management Corp. to \$860,000 in July 2020, to \$920,000 in December 2020, to \$1,050,000 in March 2021, to \$1,200,000 in June 2021 and to \$900,000 in May 2022. As of July 27, 2022, the company terminated the discretionary investment management contract with Uni-President Assets Management Corp.
- B. Beginning on March 24, 2021, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with Cathay Securities Investment Trust to commission Cathay Securities Investment Trust to manage the investment in domestic listed companies' stocks and short-term notes and bills totaling \$800,000. The company adjusted the commissioned investment amounts in Cathay Securities Investment Trust to \$400,000 in September 2022.
- C. Beginning on April 6, 2021, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with JIH SUN SECURITIES CO.,LTD. to commission JIH SUN SECURITIES CO.,LTD. to manage the investment in domestic listed companies' stocks and short-term notes and bills totaling \$600,000. The company adjusted the commissioned investment amounts in JIH SUN SECURITIES CO., LTD. To \$900,000 in May 2022.

- D. In 2015, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary commission investment contract with JPMorgan Asset Management (Taiwan) Limited (“JPMorgan”), commissioning JPMorgan to conduct and manage domestic and foreign investments in various bonds on behalf of the subsidiary. The ceiling of this commissioned contract is based on the limit stipulated in the regulations. In July 2022, the company terminated the commissioning of the domestic investments in various bonds.

(10) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention earned premiums is shown below:

	Year ended December 31, 2022					
	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 508,383	\$ 179,757	\$ 206,450	\$ 481,690	\$ 16,780	\$ 464,910
Elective insurance	11,785,531	254,933	2,677,590	9,362,874	138,991	9,223,883
	12,293,914	434,690	2,884,040	9,844,564	155,771	9,688,793
Discount	( 7)	-	-	( 7)	-	( 7)
	<u>\$ 12,293,907</u>	<u>\$ 434,690</u>	<u>\$ 2,884,040</u>	<u>\$ 9,844,557</u>	<u>\$ 155,771</u>	<u>\$ 9,688,786</u>
	Year ended December 31, 2021					
	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 437,267	\$ 168,098	\$ 174,016	\$ 431,349	\$ 12,521	\$ 418,828
Elective insurance	10,722,382	259,588	2,271,184	8,710,786	518,303	8,192,483
	11,159,649	427,686	2,445,200	9,142,135	530,824	8,611,311
Discount	6	-	-	6	-	6
	<u>\$ 11,159,655</u>	<u>\$ 427,686</u>	<u>\$ 2,445,200</u>	<u>\$ 9,142,141</u>	<u>\$ 530,824</u>	<u>\$ 8,611,317</u>

(11) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention claim expenditures is shown below:

	Year ended December 31, 2022			
<u>Category of insurance</u>	<u>Claim expenditures</u> (1)	<u>Reinsurance claim expenditures</u> (2)	<u>Reinsurance claims</u> (3)	<u>Retention claim expenditures</u> (4)=(1)+(2)-(3)
Compulsory insurance	\$ 246,475	\$ 154,571	\$ 147,506	\$ 253,540
Elective insurance	34,820,495	53,003	798,916	34,074,582
	<u>\$ 35,066,970</u>	<u>\$ 207,574</u>	<u>\$ 946,422</u>	<u>\$ 34,328,122</u>

	Year ended December 31, 2021			
<u>Category of insurance</u>	<u>Claim expenditures</u> (1)	<u>Reinsurance claim expenditures</u> (2)	<u>Reinsurance claims</u> (3)	<u>Retention claim expenditures</u> (4)=(1)+(2)-(3)
Compulsory insurance	\$ 278,632	\$ 130,811	\$ 164,930	\$ 244,513
Elective insurance	4,109,024	16,717	434,479	3,691,262
	<u>\$ 4,387,656</u>	<u>\$ 147,528</u>	<u>\$ 599,409</u>	<u>\$ 3,935,775</u>

(12) Financial information of compulsory automobile insurance:

The subsidiary, Hotai Insurance Co., Ltd., sets independent accounting for its compulsory automobile liability insurance in accordance with Compulsory Automobile Liability Insurance Act, recording the insurance' business and financial condition.

A. Balance sheets for compulsory automobile liability insurance are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Cash and cash equivalents	\$ 1,765,189	\$ 1,669,184
Notes receivable	6,902	5,815
Premiums receivable	10,572	7,135
Claims recoverable from reinsurers	19,076	19,416
Due from reinsurance and ceding companies	14,901	15,742
Ceded unearned premium reserve	106,984	90,900
Ceded claim reserve	140,743	141,825
Temporary payments and suspense accounts	-	63
Total assets	<u>\$ 2,064,367</u>	<u>\$ 1,950,080</u>
Liabilities		
Claims payable	\$ 800	\$ 10,490
Due to reinsurance and ceding companies	32,715	17,025
Unearned premium reserve	277,606	244,742
Claims reserve	360,388	359,828
Special reserve	1,390,444	1,317,951
Temporary payments and suspense accounts	2,414	44
Total liabilities	<u>\$ 2,064,367</u>	<u>\$ 1,950,080</u>

As of December 31, 2022 and 2021, the subsidiary, Hotai Insurance Co., Ltd., has long-term time deposits amounting to \$1,666,707 and \$1,553,013, respectively, shown as other financial assets in the balance sheets.

B. Details of revenues and costs for compulsory automobile liability insurance are as follows:

	Year ended December 31,	
	2022	2021
Operating revenues		
Written premiums	\$ 344,079	\$ 290,022
Reinsurance premiums	179,757	168,098
Less: Reinsurance premiums ceded	( 206,450)	( 174,016)
Net change in unearned premium reserve	( 16,780)	( 12,521)
Retention earned premiums	300,606	271,583
Interest income	14,221	9,880
	<u>\$ 314,827</u>	<u>\$ 281,463</u>
Operating costs		
Claim expenditures	\$ 246,475	\$ 278,632
Reinsurance claim expenditures	154,571	130,811
Less: Reinsurance claims recovery	( 147,506)	( 164,930)
Retention claim expenditures	253,540	244,513
Net change in claims reserve	1,642	36,825
Net change in special reserve	72,493	9,297
	<u>\$ 327,675</u>	<u>\$ 290,635</u>

(13) Capital management- Hotai Insurance Co., Ltd.

The primary objectives of the subsidiary, Hotai Insurance Co., Ltd., when managing capital are to safeguard capital adequacy and solvency of the subsidiary in order to support the subsidiary's sustainable development and continuously create interests for shareholder.

Taiwan insurance enterprises usually measure whether the capital is adequate in accordance with the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. The subsidiary, Hotai Insurance Co., Ltd. calculates the capital adequacy ratio once every half year in accordance with "Regulations Governing Capital Adequacy of Insurance Enterprises" to ensure that it can continuously meet the statutory capital requirement. In addition, net worth ratio will be included in the monitor indicators of capital adequacy ratio.

Capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. The subsidiary, Hotai Insurance Co., Ltd. calculates capital adequacy ratio in accordance with "Regulations Governing Capital Adequacy of Insurance Companies". Currently, the RBC ratio is lower than the requirement of 200% because of the selling of severe and special infectious pneumonia related to epidemic prevention insurance products. To comply with the regulations of the "Regulations Governing Capital Adequacy of Insurance Enterprises", the

Company prepared a financial plan for epidemic prevention and insurance for 2022, and submitted it to the Competent Authorities for approval on June 7, 2022 along with applying for the capital increase. Please refer to Note 4(3) for further details. In order to strengthen the capital and comply with the requirement of “Regulations Governing Capital Adequacy of Insurance Enterprises”, the Company will propose and execute the financial plans in the first half of 2023.

Under Article 15 of “Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance”, the net worth ratios of the subsidiary, Hotai Insurance Co., Ltd., as of December 31, 2022 and 2021 were (19.14%) and 32.28%, respectively.

- (14) The total amount of current assets and liabilities of the subsidiary, Hotai Finance Co., Ltd., that are expected to be recovered and repaid within or over 12 months

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



<u>December 31, 2021</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,058,573	\$ 1,058,573	\$ -
Accounts and notes receivable, net	180,626,267	67,839,669	112,786,598
Other receivables	69,294	69,294	-
Inventories	2,976	2,976	-
Prepayments	6,629,871	4,348,752	2,281,119
Other current financial assets	439,157	409,157	30,000
<u>Liabilities</u>			
Short-term borrowings	57,098,277	46,454,154	10,644,123
Short-term notes and bills payable	96,914,188	77,130,606	19,783,582
Current financial liabilities for hedging	578,276	-	578,276
Notes payable	685,111	685,111	-
Accounts payable (including related parties)	313,806	313,806	-
Other payables	2,960,046	2,960,046	-
Current income tax liabilities	512,634	512,634	-
Lease liabilities-current	136,059	136,059	-
Bonds payable	12,200,000	-	12,200,000
Financial guarantee liabilities-current	53,707	53,707	-
Guarantee deposits received-current	3,707,171	1,549,677	2,157,494
Other current liabilities, others	61,293	61,293	-

(15) Other Information - Hotai Insurance Co., Ltd.

In response to the impact of the COVID-19 epidemic, the subsidiary, Hotai Insurance Co., Ltd., has been selling the related insurance products since 2021. Due to the COVID-19 outbreak in mid-April 2022, the number of infected had gradually increased, and the demand for epidemic prevention insurance policies has significantly increased. After the Company considered the risks, in addition to the medical expenses, health insurance and vaccine insurance products for migrant workers infected with COVID-19, other products related to epidemic prevention insurance have been suspended on April 18, 2022. As of the date of the audit report, the claim settlement of the epidemic prevention policy has increased the catastrophe risk of the Company. The Company has carefully assessed the impact on major issues such as surplus, capital adequacy, provision for deposits and liquidity, and has made appropriate provision for indemnity and provision for insufficient premiums. The Company will continue to formulate appropriate measures in accordance with the government's epidemic prevention policies and the follow-up development of the epidemic, as well as the policy claims status, and respond appropriately, including capital adequacy and liquidity countermeasures, in order to take into account the Company's financial structure and protection of policyholders' rights and interests. The countermeasures of the subsidiary, Hotai Insurance Co., Ltd., included: disposal of property, applying for external borrowing and conducting a capital increase.

### 13. Supplementary Disclosures

Related information of significant transactions are as follows:

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost 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, 2022:

<u>Company Name</u>	<u>Derivative Instruments</u>	<u>Contract Amount (in thousands)</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Fair Value</u>
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD 423,402	2023/1/13~ 2023/6/8	(\$ 107,073)	(\$107,073)
Hotai Insurance Co., Ltd.	Foreign exchange swap contracts	USD 21,490	2023/1/10~ 2023/3/29	4,052	4,052
Hotai Finance Co., Ltd.	Cross currency swaps	JPY 58,800,000	2023/8/7~ 2024/9/9	( 404,589)	( 404,589)
Hotai Finance Co., Ltd.	Cross currency swaps	EUR 75,000	2024/9/12	159,690	159,690
Hoyun International Lease Co., Ltd.	Cross currency swaps	USD 64,250	2024/8/30~ 2025/1/13	158,367	158,367
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Cross currency swaps	USD 4,800	2024/10/18	4,559	4,559
Ho Tai Development Co., Ltd.	Forward exchange contracts	GBP 943	2023/5/5~ 2023/5/26	( 135)	( 135)

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

#### (2) Information on investees

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

#### (3) 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:

- (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- (c) The amount of property transactions and the amount of the resulting gains or losses: None.
- (d) 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.
- (e) 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.
- (f) 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.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Company considers the business from an operating perspective, and the reportable operating segments are as follows:

- A. Distributor of Toyota and Hino products segments: distributor for sale of Toyota and Hino vehicles, parts and other products to dealers. This segment refers to Ho Tai Motor Co., Ltd. As of December 31, 2022, the Company's self-owned capital ratio was 50%.
- B. Installment trading segments: trading various vehicles in installments.
- C. Leasing segments: leasing of various vehicles in installments.
- D. Property insurance segments: engaging in various property insurance.
- E. Overseas sales agent segment: Sales agent in the mainland Chinese market.
- F. Other segments: business activities and operating segments not included above.

(2) Measurement of segment information

- A. The accounting policies of operating segments are in agreement with the significant accounting policies summarized in Note 4.
- B. The pre-tax net income is used to measure the Company's operating segment profit (loss) and performance of the operating segments.

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

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

Items	Year ended December 31, 2022			
	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 124,791,594	\$ 15,273,082	\$ 27,591,033	\$ 10,480,917
Inter-segment revenue (Note)	( 23,248,840)	676,496	1,230,712	353,602
Total segment revenue	<u>\$ 101,542,754</u>	<u>\$ 15,949,578</u>	<u>\$ 28,821,745</u>	<u>\$ 10,834,519</u>
Segment income (loss) (Note)	<u>(\$ 19,200,146)</u>	<u>\$ 4,540,553</u>	<u>\$ 2,685,518</u>	<u>(\$ 38,893,373)</u>
Depreciation and amortization	<u>\$ 105,932</u>	<u>\$ 197,635</u>	<u>\$ 10,762,952</u>	<u>\$ 168,668</u>
Income expense	<u>\$ 130,048</u>	<u>\$ 978,113</u>	<u>\$ 633,038</u>	<u>(\$ 1,986,233)</u>
Gain on investments accounted for using equity method	<u>(\$ 30,423,061)</u>	<u>\$ 388,907</u>	<u>\$ 491,273</u>	<u>\$ -</u>
Segment assets	<u>\$ 83,693,191</u>	<u>\$ 224,091,648</u>	<u>\$ 79,091,964</u>	<u>\$ 23,034,337</u>
Segment liabilities	<u>\$ 41,928,204</u>	<u>\$ 193,683,095</u>	<u>\$ 67,033,519</u>	<u>\$ 27,443,047</u>

Items	Year ended December 31, 2022			
	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 22,298,775	\$ 46,046,438	\$ -	\$ 246,481,839
Inter-segment revenue (Note)	3,572,900	( 13,802,715)	31,217,845	-
Total segment revenue	<u>\$ 25,871,675</u>	<u>\$ 32,243,723</u>	<u>\$ 31,217,845</u>	<u>\$ 246,481,839</u>
Segment income (loss) (Note)	<u>\$ 2,919,083</u>	<u>(\$ 15,873,716)</u>	<u>\$ 49,187,198</u>	<u>(\$ 14,634,883)</u>
Depreciation and amortization	<u>\$ 243,951</u>	<u>\$ 632,984</u>	<u>(\$ 79,372)</u>	<u>\$ 12,032,750</u>
Income expense	<u>\$ 390,343</u>	<u>\$ 965,766</u>	<u>\$ -</u>	<u>\$ 1,111,075</u>
Gain on investments accounted for using equity method	<u>\$ 1,962,278</u>	<u>(\$ 20,492,989)</u>	<u>\$ 50,316,751</u>	<u>\$ 2,243,159</u>
Segment assets	<u>\$ 30,819,614</u>	<u>\$ 57,580,432</u>	<u>(\$ 91,750,049)</u>	<u>\$ 406,561,137</u>
Segment liabilities	<u>\$ 3,421,742</u>	<u>\$ 12,748,627</u>	<u>(\$ 9,269,160)</u>	<u>\$ 336,989,074</u>

Note: Inter-segment revenue is revenue from goods sold and services rendered between segments. Sales and transfers between consolidated entities are deemed as transactions with third parties and are measured at present market price.

Year ended December 31, 2021				
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 133,489,557	\$ 11,522,435	\$ 24,025,459	\$ 10,152,267
Inter-segment revenue (Note)	15,556,959	685,537	1,154,494	70,840
Total segment revenue	\$ 149,046,516	\$ 12,207,972	\$ 25,179,953	\$ 10,223,107
Segment income (loss) (Note)	\$ 18,709,403	\$ 3,954,393	\$ 2,390,731	\$ 1,080,595
Depreciation and amortization	\$ 104,054	\$ 227,608	\$ 9,630,630	\$ 180,836
Income expense	\$ 2,498,645	\$ 824,750	\$ 595,047	\$ 112,521
Gain on investments accounted for using equity method	\$ 8,286,264	\$ 371,092	\$ 412,417	\$ -
Segment assets	\$ 94,565,824	\$ 175,872,557	\$ 68,436,852	\$ 22,511,781
Segment liabilities	\$ 20,794,973	\$ 152,129,093	\$ 57,931,570	\$ 15,245,579
Year ended December 31, 2021				
Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 26,214,187	\$ 41,513,130	\$ -	\$ 246,917,035
Inter-segment revenue (Note)	4,498,248	11,162,173	( 33,128,251)	-
Total segment revenue	\$ 30,712,435	\$ 52,675,303	(\$ 33,128,251)	\$ 246,917,035
Segment income (loss) (Note)	\$ 4,758,047	\$ 8,417,806	(\$ 14,340,316)	\$ 24,970,659
Depreciation and amortization	\$ 291,738	\$ 522,107	(\$ 204,035)	\$ 10,752,938
Income expense	\$ 468,978	\$ 912,628	\$ -	\$ 5,412,569
Gain on investments accounted for using equity method	\$ 2,949,450	\$ 4,258,746	(\$ 14,270,496)	\$ 2,007,473
Segment assets	\$ 31,912,335	\$ 58,902,992	(\$ 102,589,557)	\$ 349,612,784
Segment liabilities	\$ 5,064,765	\$ 9,420,184	(\$ 5,439,345)	\$ 255,146,819

Note: Inter-segment revenue is revenue from goods sold and services rendered between segments.

Sales and transfers between consolidated entities are deemed as transactions with third parties and are measured at present market price.

(4) Reconciliation for segment income (loss)

- A. The Company's Chief Operating Decision-Maker assesses performance of operating segments and allocates resources based on pre-tax net income, thus, reconciliation is not needed.
- B. The total assets reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the Company's financial statements.

(5) Information on products and services

Revenue from external customers is primarily derived from the exclusive agent of Toyota and Hino products segment and leasing segment.

Details of revenue balance are as follows:

	Years ended December 31,	
	2022	2021
Sales revenue	\$ 195,101,113	\$ 203,265,998
Rental revenue	17,510,561	15,296,543
Interest revenue	16,457,155	12,392,244
Premium	9,335,184	8,540,632
Others	8,077,826	7,421,618
	<u>\$ 246,481,839</u>	<u>\$ 246,917,035</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 220,065,663	\$ 79,883,207	\$ 216,988,383	\$ 81,400,319
Mainland China	26,416,176	6,468,967	29,928,652	4,874,280
	<u>\$ 246,481,839</u>	<u>\$ 86,352,174</u>	<u>\$ 246,917,035</u>	<u>\$ 86,274,599</u>

Note: Revenue is categorized based on the locations of customers.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
A	\$ 26,399,143	Distributor of Toyota and Hino	\$ 27,635,662	Distributor of Toyota and Hino
B	24,014,444	"	25,312,390	"
C	18,060,496	"	19,809,896	"
D	15,789,361	"	18,715,536	"

Ho Tai Motor Co., Ltd.

Loans to others

Year ended December 31, 2022

(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		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, 2022	December 31, 2022							Item	Value	\$	\$			\$	\$
1	Shanghai Helling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$ 580,129	\$ 573,812	\$ 9,711	2.15%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 1,029,279	\$ 2,058,557	Note 1			
2	Shanghai Hoyu Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	270,558	264,837	22,070	2.15%	"	-	"	-	"	-	414,325	828,649	"			
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	135,279	132,418	-	2.15%	"	-	"	-	"	-	161,230	322,459	"			
4	Shanghai Yangpu Helling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	446,253	441,394	158,019	2.15%	"	-	"	-	"	-	643,099	1,286,198	"			
5	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	566,741	560,571	100,638	2.15%	"	-	"	-	"	-	995,040	1,990,080	"			
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	8,117	7,945	-	2.15%	"	-	"	-	"	-	11,321	22,642	"			
7	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	7,586	7,504	7,062	2.15%	"	-	"	-	"	-	22,573	45,146	"			
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	180,372	167,730	-	2.15%	"	-	"	-	"	-	287,521	575,042	"			
9	Shanghai Jiading Helling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	180,372	176,558	86,955	2.15%	"	-	"	-	"	-	331,117	662,234	"			
10	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	133,876	132,418	85,630	2.15%	"	-	"	-	"	-	196,154	392,308	"			
11	Chongqing Helling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	401,628	397,255	79,010	2.15%	"	-	"	-	"	-	460,810	921,620	"			
11	Chongqing Helling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Helling Lexus Motor Sales & Service Co., Ltd.	"	Y	45,093	-	-	3.35%	"	-	"	-	"	-	92,162	184,324	Note 5			
12	Tianjin Helling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	360,744	353,115	88,720	2.15%	"	-	"	-	"	-	497,889	995,777	Note 1			
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	245,439	242,767	121,383	2.15%	"	-	"	-	"	-	321,606	643,212	"			
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	89,251	88,279	-	2.15%	"	-	"	-	"	-	123,613	247,225	"			
15	Tangshan Helling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	290,064	286,906	163,316	2.15%	"	-	"	-	"	-	331,298	662,596	"			
16	Nanchang Helling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	334,690	331,046	98,872	2.15%	"	-	"	-	"	-	428,382	856,763	"			
17	ZaoZhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	156,189	154,488	-	2.15%	"	-	"	-	"	-	258,031	516,063	"			
18	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd	Hotong Motor Investment Co., Ltd.	"	Y	36,074	35,312	22,070	2.15%	"	-	"	-	"	-	49,718	99,437	"			
19	Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	11,156	11,035	-	2.15%	"	-	"	-	"	-	30,218	60,437	"			
20	Tianjin Ho-Yu Toyota Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,313	22,070	-	2.15%	"	-	"	-	"	-	44,890	89,779	Note 3			
21	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	26,775	26,484	-	2.15%	"	-	"	-	"	-	53,357	106,714	"			
22	Hotong Motor Investment Co., Ltd.	Shanghai Helling Motor Service Co., Ltd.	"	Y	563,662	529,673	259,837	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	Note 2			
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Yu Motor Service Co., Ltd.	"	Y	225,465	198,627	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"			
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y	178,501	176,558	134,168	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"			

Maximum  
outstanding  
balance during  
the year ended

Number	Creditor	Borrower	General ledger account	Related party	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, 2022	December 31, 2022							Item	Value			
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangru Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	\$ 293,104	\$ 264,837	-	2.70%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 9,427,990	\$ 18,855,979	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	"	Y	90,186	88,279	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y	9,019	8,828	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	"	Y	13,528	13,242	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	"	Y	225,465	220,697	129,682	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y	180,372	176,558	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	"	Y	45,093	44,139	-	3.20%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	473,476	397,255	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	360,744	331,046	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y	135,279	132,418	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y	225,465	220,697	27,587	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	360,744	331,046	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	225,465	220,697	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y	180,372	154,488	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	"	Y	45,093	44,139	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.	"	Y	133,876	132,418	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	Y	180,372	154,488	12,668	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	Note 4
22	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., LTD.	"	Y	133,876	132,418	28,073	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	89,251	88,279	7,636	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	"	Y	892,506	882,788	441,394	3.20%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	135,279	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	135,279	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	133,876	132,418	132,418	3.20%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	"	Y	90,186	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Taiyuan Zhonggu Heling LEXUS Motor Sales & Service Co., Ltd.	"	Y	67,639	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
23	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	Y	225,465	-	-	4.10%	"	-	"	-	"	-	5,471,827	10,943,654	Note 6
24	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.28%	"	-	"	-	"	-	2,948,130	5,896,260	Note 7
24	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.48%	"	-	"	-	"	-	2,948,130	5,896,260	"
25	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	Y	30,000	30,000	30,000	2.06%	"	-	"	-	"	-	97,122	194,244	Note 8



Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	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			
25	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Other receivables	Y	\$ 40,000	\$ 40,000	\$ 40,000	2.06%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 97,122	\$ 194,244	Note 8
25	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	Y	30,000	30,000	30,000	2.06%	"	-	"	-	"	-	97,122	194,244	"
26	He Jing Co., Ltd.	A Co., Ltd.	Receivables	N	20,000	20,000	-	5.00%	"	-	"	-	Stock	23,090	92,725	185,450	Note 9
26	He Jing Co., Ltd.	B Co., Ltd.	"	N	30,000	30,000	-	5.00%	"	-	"	-	"	36,000	92,725	185,450	"

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 creditor (Tianjin Ho-Yu Motor Sales and Service Co., Ltd. and Shanghai Fengyi Construction Decoration Co., Ltd.) and borrower (Hotong Motor Investment 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 creditor (HOTONG MOTOR INVESTMENT CO., LTD.) and borrower (Tianjin Ho-Yu Motor Sales and Service Co., Ltd., Tianjin Binhai Heling LEXUS Motor Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., 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., Taiyuan Zhonggu 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 5: The limit on total loans to the creditor (Chongqing Heling Lexus Motor Sales & Service Co., Ltd.) and borrower (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 6: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders' equity.

Note 7: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower (He Jing Co., Ltd. and He Jun Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 8: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower (Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Note 9: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (A and B) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Ho Tai Motor Co., Ltd.

Provision of endorsements and guarantees to others

Year ended December 31, 2022

(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, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	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.	Hotai Insurance Co., Ltd.	Note 4.b	\$ 12,529,496	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	11.97%	\$ 20,882,494	Y	N	N	Note 2
0	Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	12,529,496	400,000	400,000	90,000		0.96%	20,882,494	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	Note 4.a	29,481,299	2,254,647	2,206,971	1,069,855	-	7.49%	29,481,299	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hotai (Shanghai) Commercial Factoring Co., Ltd.	"	29,481,299	515,934	506,666	384,625	-	1.72%	29,481,299	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	29,481,299	2,000,000	2,000,000	-	-	6.78%	29,481,299	Y	N	N	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	29,481,299	10,500,000	10,500,000	7,200,000	-	35.62%	29,481,299	Y	N	N	"

Note 1 : The numbers are classified as follows:

a. The issuer is numbered "0".

b. The Investees are numbered starting from "1".

Note 2 : Limit on the Company's accumulated endorsement/guarantee is 50% of the Company's stockholders' equity; limit on endorsement/guarantee to a single party is 30% of the Company's stockholders' equity.

Note 3 : 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. The net asset value is based on the latest financial statements reviewed by auditors.

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, 2022  
(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	As of December 31, 2022				Footnote
			General ledger account	Number of shares	Book value	Ownership (%)	
Ho Tai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	21,132,585	\$ 641,374	0.15%	\$ 641,374
	- Toyota Motor Corporation	-	"	15,956,000	6,721,066	0.10%	6,721,066
	- Shihlin Electric & Engineering Corporation Etc.	None	"	-	132,410	0.00%~0.42%	132,410
	Taian Insurance Co., Ltd. Etc.	-	"	-	350,597	0.42%~9.27%	350,597
			Total		\$ 7,845,447		\$ 7,845,447
Hozan Investment Co., Ltd.	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	1,151,500	538,065	0.01%	485,041
			Valuation adjustment of financial assets		( 53,024)		-
			Total		\$ 985,041		\$ 985,041
Carmax Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519
	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	952,327	\$ 10,000	-	\$ 10,002
			Valuation adjustment of financial assets		2		-
			Total		\$ 10,002		\$ 10,002
Ho Tai Development Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,611	0.06%~0.50%	\$ 3,611
	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	35,338,389	\$ 370,000	-	\$ 371,148
			Valuation adjustment of financial assets		1,148		-
			Total		\$ 371,148		\$ 371,148
Ho Tai Service & Marketing Co., Ltd	Stock - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 2,135	-	\$ 2,135
	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	3,611	0.06%~0.50%	3,611
			Total		\$ 5,746		\$ 5,746
	PSC DSU 100% Principle Guaranteed (USD)	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 303,187	-	\$ 304,875
Ho Tai Service & Marketing Co., Ltd	PSC DSU 100% Principle Guaranteed (TWD)	Not applicable	Valuation adjustment of financial assets	-	400,000	-	400,000
			Total		\$ 1,688		-
	Beneficiary certificates - BOT Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,853,787	\$ 22,000	-	\$ 22,536
			Valuation adjustment of financial assets		536		-
			Total		\$ 22,536		\$ 22,536

Securities held by	Type and name of securities	Relationship with the securities issuer	As of December 31, 2022					Footnote
			General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519	
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519	
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	-	\$ 23,499	10.48%	\$ 23,499	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable Not applicable	Financial assets at fair value through profit or loss - current "	9,550,095 6,300,502	\$ 100,000 80,000	- -	\$ 100,302 80,305	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund Beneficiary certificates - Mega Diamond Money Market Fund Beneficiary certificates - CTBC Hwa-win Money Market Fund	Not applicable Not applicable Not applicable	Valuation adjustment of financial assets Total Financial assets at fair value through profit or loss - current " "	607 9,550,916 4,725,823 1,531,716	\$ 180,607 100,000 60,000 17,061	- - - -	\$ - 180,607 100,310 60,235 17,122	
ChyuanAn Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Valuation adjustment of financial assets Total Financial assets at fair value through profit or loss - current	606 900,181	\$ 177,667 10,027	-	\$ 177,667 10,063	
YuCheng Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Valuation adjustment of financial assets Total Financial assets at fair value through profit or loss - current	36 1,346,680	\$ 10,063 15,000	-	\$ 10,063 15,054	
He Jing Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Not applicable	Valuation adjustment of financial assets Total Financial assets at fair value through profit or loss - current Valuation adjustment of financial assets Total	54 21,794,089	\$ 15,054 300,000	-	\$ 15,054 300,000	
			Financial assets at fair value through profit or loss - current Valuation adjustment of financial assets Total	- 300,000	\$ - 300,000	-	\$ - 300,000	

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, 2022

(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, 2022			Addition			Disposal			Balance as at December 31, 2022			Footnote
					Number of shares	Amount	\$	Number of shares	Amount	\$	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	\$	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Investments accounted for using equity method	He Jun Energy Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	Note 2
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Investments accounted for using equity method	Hoyu Investment Co., Ltd. Etc.	Associates/Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	Note 3
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Investments accounted for using equity method	Hotai Insurance Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	Note 4
Carmax Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	35,665,722	370,000		35,338,389	370,000		373,420	370,000	3,420	35,338,389	371,148		
Toyota Material Handling Taiwan Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	49,471,383	506,728		-	-		517,881	506,728	11,153	-	-		
Hotai Finance Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		107,163,492	1,700,000		1,700,315	1,700,000	315	-	-		
Hotai Finance Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		327,937,006	4,500,000		4,501,577	4,500,000	1,577	-	-		
Hotai Finance Co., Ltd.	ESITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		116,031,997	1,800,000		1,800,310	1,800,000	310	-	-		
Hotai Finance Co., Ltd.	Taishin Tas-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		34,704,147	500,000		500,108	500,000	108	-	-		
Hotai Finance Co., Ltd.	Hua Nan Kirm Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		246,937,969	3,000,000		3,000,445	3,000,000	445	-	-		
Hotong Motor Investment Co., Ltd.	Structured deposit-Cathay United Bank	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	217,136		-	450,929		675,169	666,029	9,140	-	-		
He Jing Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		18,178,788	300,000		300,106	300,000	106	-	-		
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		69,064,445	950,000		650,260	650,000	260	21,794,089	300,000		
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (USD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		-	612,974		311,498	309,787	1,711	-	304,875		
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (TWD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-		-	800,000		401,464	400,000	1,464	-	400,000		
Hotai Connected Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	3,325,555	34,602		24,849,790	260,000		194,982	194,602	380	9,550,095	100,302		

Note 1: Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.

Note 2: In February, 2022, the Company's subsidiary, Hotai Finance Co., Ltd. participated in the capital increase of He Jun Energy Co., Ltd. Please refer to Note 9 for details.

Note 3: In January, 2022, the Company disposed 30% of the shares of Hotai Connected Co., Ltd. to Ho Yu Investment Co., Ltd., Kuotai Motor Co., Ltd., Taipei Toyota Motor Co., Ltd., Taai Motor Co., Ltd., Nan Du Motor Co., Ltd., Kuu Du Automobile Co., Ltd.,

Lang Yang Toyota Motor Co., Ltd. and Eastern Motor Co., Ltd.

Note 4: In October and November, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. Please refer to Note 9 for details.

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, 2022

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

Table 5

Last transaction of the real estate is disclosed below:									
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty		Reason for acquisition of real estate and status of the real estate
							Relationship between the original owner and the acquirer	Date of the original transaction	
Hotai Insurance Co., Ltd.	14 parking spaces and second floor in No.150 and No.152 Section 4,Chengde Road, Shilin Dist.,Taipei City	June 15, 2022	\$ 404,809	Paid in full	Fresh Nature International Co., Ltd.	Non-related party	-	-	Valuations by professional appraisers
									Future operation demand
Chang Yuan Motor Co., Ltd.	No. 82-5, Sec. 2, Lingang E. Rd., Longjing Dist., Taichung City	July 26, 2022	\$ 446,000	Paid in full	Shan Feng Foods Industrial Co., Ltd.	Non-related party	-	-	Valuations by professional appraisers
									Future operation demand
									None
									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.

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, 2022

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

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Balance	
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	\$ 26,333,323	20%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	\$ 508,745	17%
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	23,949,420	19%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	455,771	15%
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	18,016,069	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	376,920	12%
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	18,012,052	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	322,999	11%
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	15,715,194	12%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	365,864	12%
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	16,211,847	13%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	318,258	10%
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	3,340,289	3%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	495,498	9%
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	"	2,691,601	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	49,809	2%
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	"	2,658,084	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	55,369	2%
Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	1,117,954	1%	Collection at sight	"	66,700	2%
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	"	133,899	-	Collection at sight	"	13,640	-
Ho Tai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	37,759,395	32%	Closes its accounts 15 days after the end of each month	Not applicable	( 3,499,835)	40%
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	48,293,126	41%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	( 924,946)	11%
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	"	1,938,421	2%	Closes its accounts 16 days after the end of each month	"	( 428,842)	5%
Ho Tai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	"	4,279,240	4%	Closes its accounts 15 days after the end of each month	"	( 483,221)	6%
Ho Tai Motor Co., Ltd.	Hino Motors, Ltd.	"	"	323,829	-	Closes its accounts 15 days after the end of each month	"	( 4,373)	-
Ho Tai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	"	"	924,034	1%	Closes its accounts 15 days after the end of each month	"	( 1,049)	-

Transaction										Differences in transaction terms compared to third party transactions	Notes/accounts receivable (payable)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	\$ 1,037,747	1%	Closes its accounts 16 days after the end of each month	Not applicable	Normal	(\$ 113,884)	1%	
Ho Tai Motor Co., Ltd.	TOYOTA-MOTOR-SALES-USA	Entity controlled by the Company's key management	"	864,264	1%	Closes its accounts 15 days after the end of each month	"	"	( 1,300)	-	
Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	Subsidiary	Sales	664,789	3%	Collection at sight	Normal	"	58,905	2%	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	"	475,406	2%	Collection at sight	"	"	36,574	2%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	165,991	1%	Closes its accounts on the next Monday and Wednesday after the end of each week	"	"	16,356	1%	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Purchases	;	68%	Closes its accounts on the next Monday and Wednesday after the end of each week	Not applicable	Not applicable	( 336,001)	40%	
Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	3,340,289	15%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 495,498)	9%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	"	506,855	72%	Closes its accounts 15 days after the end of each month	"	"	( 30,042)	37%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	616,059	90%	Closes its accounts 10 days after the end of each month	Normal	Normal	55,985	-	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,938,421	30%	Closes its accounts 16 days after the end of each month	"	"	428,842	5%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	1,223,409	16%	Closes its accounts 10 days after the end of each month	"	"	262,009	18%	
Carmax Co., Ltd.	Tau Jing Motor Co., Ltd.	"	"	150,134	2%	Closes its accounts 10 days after the end of each month	"	"	27,696	18%	
Carmax Co., Ltd.	Zhonghao Motor Co., Ltd.	"	"	150,646	2%	Closes its accounts 10 days after the end of each month	"	"	38,075	3%	
Carmax Co., Ltd.	Innovation AUTO Parts Co., Ltd.	"	"	105,595	1%	Closes its accounts 25 days after the end of each month	"	"	11,887	1%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	"	"	136,644	2%	Closes its accounts 35 days after the end of each month	"	"	27,547	2%	
Carmax Co., Ltd.	Zhongyang Motor Co., Ltd.	"	"	133,614	2%	Closes its accounts 35 days after the end of each month	"	"	33,536	2%	
Carmax Co., Ltd.	Gao Zhi Motor Co., Ltd.	"	"	103,305	1%	Closes its accounts 10 days after the end of each month	"	"	10,977	1%	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	133,899	2%	Closes its accounts 16 days after the end of each month	"	"	( 13,640)	1%	
Carmax Co., Ltd.	AIM Technology Co., Ltd.	Associates	"	1,428,006	24%	Closes its accounts 21 days after the end of each month	"	"	108,664	13%	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	"	616,059	10%	Closes its accounts 10 days after the end of each month	"	"	( 55,985)	-	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	"	"	246,943	4%	Closes its accounts 30 days after the end of each month	"	"	( 56,094)	-	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	"	3,360,900	34%	Payment at sight	"	"	( 6,116)	4%	Note
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	1,450,012	12%	Payment at sight	"	"	( 80,068)	18%	"
Hotai Leasing Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,117,954	12%	Payment at sight	"	"	( 66,700)	-	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	"	1,134,283	12%	Payment at sight	"	"	( 6,443)	4%	"
Hotai Leasing Co., Ltd.	Tau Miau Motor Co., Ltd.	"	"	849,652	9%	Payment at sight	"	"	( 14,940)	3%	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	716,029	8%	Payment at sight	"	"	( 37,711)	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	"	"	475,406	5%	Payment at sight	"	"	( 36,574)	-	"
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	465,427	5%	Payment at sight	"	"	-	-	"
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	112,376	1%	Payment at sight	"	"	-	-	"



Transaction					Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (\$)	Percentage of total notes/accounts receivable (payable)	Footnote
Eastern Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	\$ 2,658,084	91%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	55,369	82%	
He Jing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	664,789	100%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 58,905)	-	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	"	435,805	4%	Closes its accounts 26 days after the end of each month	"	"	( 43,718)	-	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	"	267,654	2%	Closes its accounts 60 days after the end of each month	"	"	( 20,688)	-	
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	267,654	34%	Closes its accounts 60 days after the end of each month	"	"	20,688	61%	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	435,805	94%	Closes its accounts 26 days after the end of each month	"	"	43,718	100%	
Hotai Transport Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	145,508	100%	Closes its accounts 26 days after the end of each month	"	"	14,454	100%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Subsidiary	"	153,572	72%	Closes its accounts 26 days after the end of each month	"	"	-	-	
Carmax Auto Tech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	"	161,524	35%	Closes its accounts 30 days after the end of each month	"	"	10,131	15%	
Carmax Auto Tech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	"	246,943	53%	Closes its accounts 30 days after the end of each month	"	"	56,094	70%	
Shanghai Heling Motor Service Co., Ltd.	Heyun International Lease Co., Ltd.	Associates	"	143,613	4%	Collection at sight	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Subsidiary	"	142,510	9%	Collection in advance	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	132,679	7%	Payment in advance	"	"	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,002,934	100%	Payment in advance	"	"	-	-	
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,792,661	95%	Payment in advance	"	"	-	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,449,686	97%	Payment in advance	"	"	-	-	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,185,115	95%	Payment in advance	"	"	-	-	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,778,928	84%	Payment in advance	"	"	-	-	
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,473,884	90%	Payment in advance	"	"	-	-	
Shanghai Jiading Heling Lexus MOTOR Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	923,124	89%	Payment in advance	"	"	-	-	
Tianjin Heyi International Trading Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Parent company	"	142,510	27%	Payment in advance	"	"	-	-	
Heyun International Lease Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Associates	"	143,613	88%	Payment in advance	"	"	-	-	
Hotong Motor Investment Co., Ltd.	Carmax Auto Tech (Shanghai) Co., Ltd.	"	"	161,524	92%	Closes its accounts 30 days after the end of each month	"	"	-	-	

Note: Hotai Leasing Co., Ltd., Hong Mobility Service Corporation and Heyun 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, 2022

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

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022		Overdue receivables			Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
				\$	Turnover rate	Amount	Action taken		
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable	508,745	62.16	\$	-	\$ 508,745	\$ -
			Other receivables	12,403			-	12,403	-
Ho Tai Motor Co., Ltd.	Tau Mian Motor Co., Ltd.	"	Accounts receivable	455,771	61.74		-	455,771	-
			Other receivables	11,103			-	11,103	-
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable	495,498	12.20		-	495,498	-
			Other receivables	24,123			-	24,123	-
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable	376,920	59.34		-	376,920	-
			Other receivables	2,917			-	2,917	-
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable	318,258	56.92		-	318,258	-
			Other receivables	7,933			-	7,933	-
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable	322,999	60.86		-	322,999	-
			Other receivables	8,588			-	8,588	-
Ho Tai Motor Co., Ltd.	Kuotai Motor Co., Ltd.	"	Accounts receivable	365,864	69.95		-	365,864	-
			Other receivables	68,984			-	68,984	-
Carmax Co., Ltd.	Kuozui Motor Co., Ltd.	"	Accounts receivable	262,009	4.65		-	262,009	-
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Accounts receivable	428,842	4.37		-	428,842	-

Ho Tai Motor Co., Ltd.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

(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	\$ 3,340,289	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	Service revenue	1,760,027	Closes its accounts 16 days after the end of following two months	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	495,498	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	81,101		-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,658,084	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.	Eastern Motor Co., Ltd.	1	Accounts receivable	55,369	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.	Carmax Co., Ltd.	1	Accounts payable	428,842	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	133,899	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,117,954	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	66,700		-
0	Ho Tai Motor Co., Ltd.	Hoing Mobility Service Corporation	1	Sales revenue	54,279	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Finance Co., Ltd.	1	Sales discounts and allowances	167,625	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	YuCheng Transport Co.,Ltd	1	Sales revenue	53,799		-
1	Chang Yuan Motor Co., Ltd.	Eastern Motor Co., Ltd.	3	Sales revenue	86,328	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	475,406	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Accounts receivable	36,574		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Sales revenue	664,789		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Accounts receivable	58,905		-
1	Chang Yuan Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Accounts payable	33,367		-
2	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	218,674		-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Sales revenue	246,943	Closes its accounts 30 days after the end of each month	-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Accounts receivable	56,094		-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	88,720	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Other payables	121,383	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	158,019	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	27,505	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	\$ 98,872	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	46,604	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	129,682	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	3	Other payables	85,630	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Other receivables	441,394	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	134,168	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	3	Other payables	100,638	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Jiuding Heling Lexus Motor Service Co., Ltd.	3	Other payables	86,955	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	259,837	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	52,070	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Other receivables	27,587	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	79,010	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	35,995	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	3	Other receivables	28,073	Closes its accounts 30 days after the end of each month	-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Sales revenue	301,553		-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Accounts receivable	43,010		-
6	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	74,079		-
7	Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	143,613		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	34,119		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	47,882		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	29,325		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	46,860		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	85,878		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	37,963		-
10	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Rental income	27,518		-
11	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	27,770		-
12	Nanjing HoZhan Motor Sales and Service Co.,LTD.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	45,036		-
13	Tianjin Ho-Yu Toyota Sales & Service Co.,Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	3	Sales revenue	35,965		-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		
				General ledger account	Amount	Percentage of total operating revenues or total assets
13	Tianjin Ho-Yu Toyota Sales & Service Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd	3	Sales revenue	\$ 29,969	-
14	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	33,262	-
15	Shanghai Hoyu Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	87,877	-
16	Shanghai Heling Motor Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	66,618	-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Rental income	95,503	-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Other payables	41,648	-
18	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	267,654	-
				Closes its accounts 60 days after the end of each month		
19	Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	3	Accounts payable	43,718	-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	616,059	-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Accounts receivable	55,985	-
				Closes its accounts 10 days after the end of each month		
20	Smart Design Technology Co., Ltd.	Hoing Mobility Service Co., Ltd.	3	Sales revenue	28,177	-
21	Long Day Moving House & Portage Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	27,620	-
22	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,737	-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	445,513	-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Accounts receivable	43,765	-
24	3A Express Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	42,095	-
25	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	145,508	-
26	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,718	-
26	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	153,572	-
27	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	3	Property, plant and equipment, other non-current assets	138,002	-
27	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Management fee income	42,074	-
28	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Car Leasing Co., Ltd.	3	Rental income	25,577	-
29	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	3	Other receivables	30,000	-
29	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	3	Other receivables	40,000	-
29	He Jun Energy Co., Ltd.	Xian Yao Energy Co., Ltd.	3	Other receivables	30,000	-

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, 2022

(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, 2022		Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022		Footnote
				Balance at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)		Book value		
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 7,204,622	\$ 7,201,122	527,947,384	100.00	\$ 15,195,879	\$ 21,674,734	\$ 21,674,734	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	5,970,350	3,398,122	1,013,050	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Hoiui Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	-	2,600,000,000	92.86	( 3,202,898)	( 36,907,140)	( 13,861,926)	Sub-subsidiary
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,344,238	3,344,238	108,897,360	100.00	9,620,120	809,524	809,524	"
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	4,625,700	716,151	716,151	"
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,754,483	1,070,899	211,105	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	3,784,423	1,266,605	569,712	Subsidiary
Ho Tai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,811,818	1,083,062	211,939	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	1,464,963	601,957	114,188	"
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,779,875	1,120,206	571,305	Subsidiary
Ho Tai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,792	6,474	971	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	1,297,293	529,770	184,413	"
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,450,904	905,179	182,665	"
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,208,004	775,070	183,459	"
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	"	50,000	50,000	79,578,810	100.00	1,144,871	165,835	165,835	Subsidiary
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	"	80,000	80,000	41,715,847	100.00	499,962	53,716	53,716	"
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	307,402	94,120	18,142	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	398,926	10,298	4,576	"
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	126,581	28,008	5,921	"
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	101,283	69,002	17,251	"
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	34,391	28,091	5,618	Subsidiary
Ho Tai Motor Co., Ltd.	Hoiui Connected Co., Ltd	"	E-commerce platform services	615,342	879,060	79,100,000	70.00	577,732	98,409	71,720	"
Ho Tai Motor Co., Ltd.	Hoiui AutoBody Manufacturing Co., Ltd.	"	Car assembly business	500,000	500,000	500,000	50.00	508,922	13,744	6,872	"
Ho Tai Motor Co., Ltd.	Hoiui AutoBody Sales Co., Ltd.	"	Car sales business	37,010	-	4,000,000	100.00	37,656	166	646	"
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power related business	180,000	-	18,000,000	18.00	174,820	( 28,775)	( 5,180)	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tiejin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	107,485	107,485	3,500,000	70.00	157,114	( 9,946)	-	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	36,852	36,852	1,200,000	40.00	-	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hoiui Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,003	62,003	233,782,831	45.39	11,133,370	3,623,387	-	Sub-subsidiary
Hozan Investment Co., Ltd.	Hoiui Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	83,629,381	66.04	3,535,624	1,080,397	-	"

Investor	Investee	Location	Initial investment amount		Shares held as at December 31, 2022		Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
			Balance at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value		
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	"	\$ 34,756	\$ 34,756	3,823,128	18.29	\$ 426,028	\$ 97,243	-
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	77	77	2,000	-	125	529,770	-
Hozan Investment Co., Ltd.	Hoiui Insurance Co., Ltd	Taiwan	6,831,887	6,831,887	19,960,531	7.13	( 245,892)	36,907,140)	-
Hozan Investment Co., Ltd.	Hong Yun Investment Co., Ltd.	"	298,864	298,864	20,470,156	40.00	338,449	124,339	-
Hoiui Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	1,240,684	1,240,684	40,400,000	50.50	2,763,900	884,368	-
Hoiui Finance Co., Ltd.	Hoiing Mobility Service Co., Ltd.	Taiwan	310,000	310,000	31,000,000	50.82	342,634	52,515	-
Hoiui Finance Co., Ltd.	Hoiui Mobility Service Co., Ltd.	"	120,000	120,000	12,000,000	27.40	91,148	43,801	-
Hoiui Finance Co., Ltd.	He Jing Co., Ltd.	"	810,000	810,000	81,000,000	81.00	751,075	60,947)	-
Hoiui Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	800,000	-	80,000,000	80.00	776,980	28,775)	-
He Jun Energy Co., Ltd.	Weifen Energy Storage Technology Co., Ltd.	"	22,000	-	2,200,000	100.00	21,539	461)	-
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co.,Ltd	"	31,850	-	3,185,000	35.00	24,354	21,507)	-
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	9,781	-	900,000	90.00	9,625	1,212	-
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	116	-	9,000	90.00	106	453	-
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd	"	1,066	-	9,000	90.00	718	522	-
Hoiui Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	1,216,116	1,216,116	39,600,000	49.50	2,708,330	884,368	-
Hoiui Connected Co., Ltd	Hoiing Mobility Service Co., Ltd.	Taiwan	300,000	300,000	30,000,000	49.18	331,577	52,514	-
Hoiui Connected Co., Ltd	Hoiui Mobility Service Co., Ltd.	"	180,000	180,000	18,000	41.10	134,654	43,801)	-
Hoiui Connected Co., Ltd	Ho Young Travel Agency Co., Ltd.	"	10,000	-	1,000,000	100.00	10,742	742	-
Hoiui Mobility Service Co., Ltd.	ClyunAa Transport Co.,Ltd	"	9,748	9,748	3,400,000	100.00	35,727	293	-
Hoiui Mobility Service Co., Ltd.	YuCheng Transport Co.,Ltd	"	39,225	39,225	7,000,000	100.00	98,178	1,111	-
Chang Yuan Motor Co., Ltd.	Hoiui AutoBody Manufacturing Co., Ltd.	"	200,000	200,000	20,000,000	20.00	13,744	203,563	-
Carmux Co., Ltd.	Smart Design Technology Co., Ltd.	"	33,242	33,242	2,968,016	61.77	107,705	29,345	-
Carmux Co., Ltd.	AIM Technology Corp.	"	38,500	38,500	3,850,000	35.00	41,515	6,474	-
Ho Tai Development Co., Ltd.	Air Master International Co.,Ltd.	Samoa	92,130	92,130	3,000,000	100.00	106,080	2,820)	-
Ho Tai Development Co., Ltd.	Kashwabara Hoiui Taiwan Co., Ltd.	Taiwan	26,820	26,820	882,000	24.50	697	2,458	-
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	100,000	100,000	27,190,239	100.00	864,674	87,185	-
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	50,000	50,000	5,000,000	100.00	111,194	15,429	-
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	51,000	51,000	5,100,000	51.00	119,134	70,005	-
Ho Tai Service & Marketing Co., Ltd.	Kashwabara Hoiui Taiwan Co., Ltd.	"	8,820	8,820	882,000	24.50	697	2,458	-
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	10,000	10,000	1,000,000	100.00	24,180	11,940	-
3A Express Co., Ltd.	Ho Tai Transportation Co.,Ltd.	"	25,000	25,000	2,500,000	100.00	71,202	43,082	-
Eastern Motor Co., Ltd.	Doroman AutoParts Co., Ltd.	"	500	500	138,718	100.00	10,359	4,277	-
Eastern Motor Co., Ltd.	Daleon Auto Parts And Accessories Corporation	"	500	500	50,000	100.00	982	456	-
Eastern Motor Co., Ltd.	Hoiui Connected Co., Ltd	"	5,650	-	565,000	0.50	5,650	98,409	-
Eastern Motor Co., Ltd.	Hoiui Mobility Service Co., Ltd.	"	3,000	3,000	300,000	0.68	3,000	43,801)	-
Hoiui AutoBody Manufacturing Co., Ltd.	Hoiui AutoBody Sales Co., Ltd.	"	-	40,000	-	-	-	166	-

Ho Tui Motor Co., Ltd.

Information on investments in Mainland China-Basic information

Year ended December 31, 2022

(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)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022				Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to		Remitted back to							
					Mainland China	Taiwan	Mainland China	Taiwan						
		\$	Note 2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,932,262	Note 2	\$ 1,887,130	-	\$ 663,016	\$ 1,224,114	\$ 880,997	100.00	\$ 880,997	\$ 9,427,989	\$ 671,371	Note 2.3	
Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	103,493	"	103,493	-	-	103,493	97,894	100.00	97,894	414,325	-	"	
ChongQing Yuou Toyota Automobile Sales & Service Co., Ltd.	"	132,417	"	11,286	-	-	11,286	-	10.48	-	11,286	-	"	
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	"	92,130	"	30,710	-	-	30,710	-	40.00	-	-	-	"	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	184,260	"	184,260	-	-	184,260	140,280	100.00	140,280	460,810	-	"	
Shanghai Hozhan Motor Service Co	"	92,130	"	92,130	-	-	92,130	31,044	100.00	31,044	161,230	-	"	
Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	153,550	"	107,485	-	-	107,485 (	9,946)	70.00 (	6,962)	157,114	-	"	
Shanghai Heling Motor Service Co.	"	107,485	Note 3	80,614	-	-	80,614	348,719	100.00	348,719	1,029,278	-	"	
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"	132,417	Note 2	12,092	-	-	12,092	-	10.48	-	12,092	26,106	"	
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	184,260	"	184,260	-	-	184,260	12,029	100.00	12,029	193,233	-	"	
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	419,192	"	285,603	-	-	285,603 (	5,552)	100.00 (	5,552)	258,031	-	"	
Zaozhung Ho-Wan Motor Sales & Service Co., Ltd.	"	44,139	Note 3	-	-	-	-	938	100.00	938	49,718	-	"	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	178,118	Note 2	178,118	-	-	178,118	68,290	100.00	68,290	331,298	-	"	
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	"	199,615	"	199,615	-	-	199,615	155,956	100.00	155,956	428,382	-	"	
Hoyun International Lease Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,456,800	"	2,456,800	-	-	2,456,800	884,368	55.61	491,821	3,043,170	-	Note 2.1	
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	220,696	Note 3	-	-	-	-	18,311	55.61	10,183	149,746	-	Note 2.3	
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	662,091	"	-	-	-	-	35,200	55.61	19,576	323,207	-	"	
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	92,130	Note 2	92,130	-	-	92,130 (	2,820)	45.01 (	1,269)	47,744	-	"	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	368,520	Note 3	-	-	-	-	113,140	100.00	113,140	497,889	-	"	
Tianjin Hozhan Motor Service Co., Ltd.	"	302,794	"	-	-	-	-	15,412	100.00	15,412	321,606	-	"	
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	- (	18,741)	35.00 (	6,559)	53,405	-	"	
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	40,844	Note 1	40,844	-	-	40,844	45,152	51.00	23,028	180,816	-	"	
Guangzhou Gac Changho Autotech Corporation	"	98,067	"	44,130	-	-	44,130	52,002	22.95	11,934	44,005	131,149	"	



Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan						
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 307,100	Note 3	-	-	\$ -	\$ 42,936	\$ 35.00	\$ 15,028	\$ 160,233	-	Note 2.3
Taizhou Zhonggu Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	460,650	"	-	-	-	40,514	35.00	14,180	219,610	-	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	36,350	35.00	12,723	213,759	-	"
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	429,940	Note 3	-	-	-	28,140	35.00	9,849	42,230	-	"
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,538	"	-	-	-	479	71.43	342	1,115	-	"
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,414	"	-	-	-	527	100.00	527	11,321	-	"
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	471,849	"	-	-	-	126,185	100.00	121,989	704,477	-	"
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	1,015,197	"	-	-	-	2,370	100.00	2,370	995,040	-	"
Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting service and property management	13,242	"	-	-	-	589	100.00	589	22,573	-	"
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	88,278	"	-	-	-	11,980	100.00	11,980	123,613	-	"
Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	44,139	"	-	-	-	25,955	50.00	12,978	11,954	-	"
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	307,100	"	-	-	-	8,802	100.00	8,802	287,521	-	"
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	322,455	"	-	-	-	23,058	100.00	23,058	331,117	-	"
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	Sales and repairing of vehicles	132,417	"	-	-	-	1,248	35.00	437	42,440	-	"
Tianjin Yongda Communication Technology Co., LTD.	Trading of vehicle products / accessories and property management	259,449	"	-	-	-	704	35.00	3,523	167,566	-	"
Nanjing HoZhan Motor Sales and Service Co., LTD.	Sales and repairing of vehicles	132,417	"	-	-	-	911	70.00	638	91,771	-	"
Shanxi Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	132,053	"	-	-	-	6	35.00	2	42,835	-	"
Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	22,070	"	-	-	-	9,884	100.00	3,498	485,087	-	"
Shanghai Fengyi Construction Decoration Co., Ltd.	"	247,178	"	-	-	-	2,113	70.00	15,603	633,979	-	"
Tianjin Hekang Equipment Leasing Co., Ltd.	Leasing business	750,363	"	-	-	-	1,732	100.00	1,732	751,968	-	"
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	308,973	"	-	-	-	13,935	70.00	9,754	206,555	-	"
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	441	"	-	-	-	-	55.61	-	3,596	-	"

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, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022		Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	January 1, 2022	December 31, 2022	December 31, 2022	December 31, 2022						
				\$	\$	\$	\$	\$	\$						

Note 1: The investments 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, 2022 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, 2022		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.		3,188,462		6,436,465		41,743,237

Ho Tai Motor Co., Ltd.  
Major shareholders information  
Year ended December 31, 2022

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%

## 6.5. Parent company only financial statement and report of independent accounts

### INDEPENDENT AUDITORS' REPORT (TRANSLATED FROM CHINESE)

PWCR22004356

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 “Ho Tai Motor”) as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public 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(16) 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. 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 that met the warranty items offered by Ho Tai Motor Co., Ltd., such as 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 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 claims) 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 and the reasonableness of the epidemic prevention insurance products 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\$ 6,686,519 thousand and NT\$ 6,351,398 thousand, constituting 7.99% and 6.72% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income amounted to 531,866 thousand and NT\$ 442,368 thousand, constituting (2.51)% and 2.52% 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial reporting users.



As part of an audit in accordance with the Standards on Auditing of 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.

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Fang-Yu, Wang

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Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

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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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 4,354,075	5	\$ 9,128,578	10
1110	Financial assets at fair value through profit or loss – current	6(2)	537,173	1	406,717	-
1150	Notes receivable, net	6(4)	3,362	-	2,673	-
1170	Accounts receivable, net	6(4)	25,103	-	168,358	-
1180	Accounts receivable – related parties, net	6(4) and 7	2,849,190	3	1,852,563	2
1200	Other receivables	7	662,186	1	756,354	1
130X	Inventories, net	6(5)	4,454,796	5	4,390,888	5
1410	Prepayments		431,250	1	302,997	-
11XX	Total current assets		13,317,135	16	17,009,128	18
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	500,000	1	500,000	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	7,845,447	9	9,258,889	10
1550	Investments accounted for using equity method	6(6)	54,894,149	66	60,638,879	64
1600	Property, plant and equipment	6(7)	3,455,224	4	3,442,868	4
1755	Right-of-use assets, net	6(8)	7,247	-	13,045	-
1760	Investment property, net	6(10)	2,533,485	3	2,598,600	3
1780	Intangible assets		23,800	-	23,800	-
1840	Deferred income tax assets	6(26)	633,703	1	613,892	1
1900	Other non-current assets		483,001	-	466,723	-
15XX	Total non-current assets		70,376,056	84	77,556,696	82
1XXX	Total Assets		\$ 83,693,191	100	\$ 94,565,824	100

(Continued)

**HO TAI MOTOR CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(11)	\$ 14,021,254	17	\$ 3,144,963	3
2120	Financial liabilities at fair value through profit or loss-current	6(2)	161,205	-	27,722	-
2150	Notes payable		7,682	-	7,459	-
2170	Accounts payable	6(12)	3,244,078	4	2,356,306	3
2180	Accounts payable – related parties	6(12) and 7	5,490,599	6	4,761,908	5
2200	Other payables	6(14) and 7	2,349,530	3	2,837,624	3
2230	Current income tax liabilities		96,262	-	2,298,457	2
2250	Provisions-current	6(16)	663,209	1	758,278	1
2280	Current lease liabilities		5,846	-	5,782	-
2300	Other current liabilities		72,379	-	75,798	-
21XX	Total current liabilities		26,112,044	31	16,274,297	17
Non-current liabilities						
2540	Long-term loans	6(13)	8,000,000	10	-	-
2550	Provisions-non-current	6(16)	2,834,078	3	2,763,806	3
2570	Deferred income tax liabilities	6(26)	1,776,894	2	1,748,735	2
2580	Non-current lease liabilities		1,471	-	7,317	-
2600	Other non-current liabilities	6(6)	3,203,717	4	818	-
25XX	Total non-current liabilities		15,816,160	19	4,520,676	5
2XXX	Total liabilities		41,928,204	50	20,794,973	22
Equity						
Share capital						
3110	Common stock	6(17)	5,461,792	7	5,461,792	6
Capital surplus						
3200	Capital surplus	6(18)	2,898,044	3	2,807,477	3
Retained earnings						
3310	Legal reserve	6(19)	15,553,282	19	13,925,963	15
3320	Special reserve		381,843	-	381,843	-
3350	Unappropriated earnings		16,165,239	19	47,944,833	51
Other equity						
3400	Other equity		1,304,787	2	3,248,943	3
3XXX	Total equity		41,764,987	50	73,770,851	78
Significant contingent liabilities and unrecognized contract commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		\$ 83,693,191	100	\$ 94,565,824	100

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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	<b>Operating revenue</b>	6(20) and 7	\$ 130,393,188	100	\$ 138,872,240	100
5000	<b>Operating costs</b>	6(5) and 7	( 117,076,863)	( 90)	( 126,116,513)	( 91)
5900	<b>Gross profit before realized (unrealized) profit from sales to subsidiaries and associates</b>		13,316,325	10	12,755,727	9
5910	Unrealized profit from sales		( 192,945)	-	( 178,613)	-
5920	Realized profit from sales		178,613	-	136,549	-
5950	<b>Gross profit</b>		13,301,993	10	12,713,663	9
	<b>Operating expenses</b>	6(24)(25) and 7				
6100	Selling expenses		( 2,537,298)	( 2)	( 2,119,205)	( 2)
6200	General and administrative expenses		( 1,007,429)	( 1)	( 2,048,641)	( 1)
6000	<b>Total operating expenses</b>		( 3,544,727)	( 3)	( 4,167,846)	( 3)
6900	<b>Operating profit</b>		9,757,266	7	8,545,817	6
	<b>Non-operating income and expenses</b>					
7100	Interest income	6(21) and 7	79,577	-	56,391	-
7010	Other income	6(22) and 7	1,224,335	1	1,276,264	1
7020	Other gains and losses	6(23)	252,811	-	565,683	1
7050	Finance costs		( 91,074)	-	( 21,016)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 30,423,061)	( 23)	8,286,264	6
7000	<b>Total non-operating income and expenses</b>		( 28,957,412)	( 22)	10,163,586	8
7900	<b>Profit before income tax</b>		( 19,200,146)	( 15)	18,709,403	14
7950	Income tax expense	6(26)	( 130,048)	-	( 2,498,645)	( 2)
8200	<b>(Loss) profit for the year</b>		<u>(\$ 19,330,194)</u>	<u>( 15)</u>	<u>\$ 16,210,758</u>	<u>12</u>
	<b>Other comprehensive income (loss) for the year, net of tax</b>					
	<b>Components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>					
8316	Unrealized gain loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 1,482,013)	( 1)	\$ 1,208,837	1
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		80,053	-	73,769	-
8310	<b>Total components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>		( 1,401,960)	( 1)	1,282,606	1
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statement translation differences of foreign operations		158,165	-	( 45,735)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		( 598,858)	-	141,423	-
8360	<b>Total components of other comprehensive (loss) income that will be reclassified to profit or loss</b>		( 440,693)	-	95,688	-
8300	<b>Other comprehensive (loss) income for the year, net of tax</b>		(\$ 1,842,653)	( 1)	\$ 1,378,294	1
8500	<b>Total comprehensive (loss) income for the year</b>		<u>(\$ 21,172,847)</u>	<u>( 16)</u>	<u>\$ 17,589,052</u>	<u>13</u>
	<b>(Losses) Earnings per share (in dollars)</b>					
9750	<b>Basic (losses) earnings per share</b>	6(27)	(\$ 35.39)		\$ 29.68	
9850	<b>Diluted (losses) earnings per share</b>	6(27)	(\$ 35.39)		\$ 29.66	

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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan Dollars)

	Notes	Retained earnings				Other equity				Total equity
		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		
For the year ended December 31, 2021										
Balance at January 1, 2021		\$ 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(19)										
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		7,116	-	-	-	-	-	-	7,116	
Reorganization	6(6)	( 17,254 )	-	-	-	-	-	-	( 17,254 )	
Balance at December 31, 2021		\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123 )	\$ 3,828,885	(\$ 23,819 )	\$ 73,770,851	
For the year ended December 31, 2022										
Balance at January 1, 2022		\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123 )	\$ 3,828,885	(\$ 23,819 )	\$ 73,770,851	
Loss for the year		-	-	-	( 19,330,194 )	-	-	-	( 19,330,194 )	
Other comprehensive income (loss) for the year		-	-	-	101,503	232,571	( 2,269,629 )	92,902	( 1,842,653 )	
Total comprehensive income (loss)		-	-	-	( 19,228,691 )	232,571	( 2,269,629 )	92,902	( 21,172,847 )	
Appropriation and distribution of retained earnings: 6(19)										
Legal reserve		-	1,627,319	-	( 1,627,319 )	-	-	-	-	
Cash dividends		-	-	-	( 10,923,584 )	-	-	-	( 10,923,584 )	
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount	6(6)	-	-	-	-	-	-	-	119,102	
Changes in ownership interests in subsidiaries	6(6)	( 27,638 )	-	-	-	-	-	-	( 27,638 )	
Reorganization	6(6)	( 897 )	-	-	-	-	-	-	( 897 )	
Balance at December 31, 2022		\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552 )	\$ 1,559,256	\$ 69,083	\$ 41,764,987	

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, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
<b>Cash flows from operating activities</b>			
(Loss) profit before income tax		( \$ 19,200,146 )	\$ 18,709,403
Adjustments to reconcile (loss)profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(24)	105,932	104,054
Net loss(gain) on financial assets and liabilities at fair value through profit or loss	6(23)	159,405	( 68,250 )
Interest expense		91,074	21,016
Interest income	6(21)	( 79,577 )	( 56,391 )
Dividend income		( 253,282 )	( 258,398 )
Share of loss (profit) of associates accounted for using equity method	6(6)	30,423,061	( 8,286,264 )
Net gain on disposal of property, plant and equipment	6(23)	( 699 )	( 812 )
Loss on abandonment of property, plant and equipment	6(23)	41	33
Unrealized profit from sales		192,945	178,613
Realized profit from sales		( 178,613 )	( 136,549 )
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		( 156,378 )	( 251,785 )
Notes receivable		( 689 )	( 2,479 )
Accounts receivable		( 853,372 )	( 1,110,244 )
Other receivables		94,885	122,524
Inventories		( 63,908 )	2,501,823
Prepayments		( 128,179 )	232,909
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,616,686	( 1,271,480 )
Other payables		( 505,297 )	154,842
Other current liabilities		( 3,419 )	( 28,089 )
Other non-current liabilities		( 24,796 )	503,680
Cash inflow generated from operations		11,235,674	11,058,156
Interest received		78,860	55,679
Cash dividends received		4,378,283	3,485,593
Interest paid		( 73,946 )	( 20,355 )
Income tax paid		( 2,323,894 )	( 1,315,108 )
Net cash provided by operating activities		13,294,977	13,263,965
<b>Cash flows from investing activities</b>			
Increase in financial assets at fair value through other comprehensive income		( 68,571 )	-
Acquisition of investments accounted for using equity method	6(6)	( 26,223,500 )	( 800,000 )
Proceeds from disposal of investments accounted for using equity method	6(6)	338,661	-
Acquisition of property, plant and equipment	6(7)	( 49,437 )	( 38,724 )
Proceeds from disposal of property, plant and equipment	6(7)	2,720	6,655
Acquisition of intangible assets		-	( 23,800 )
Acquisition of investment property	6(10)	-	( 235 )
Increase in other non-current assets		( 16,278 )	( 8,983 )
Net cash used in investing activities		( 26,016,405 )	( 865,087 )
<b>Cash flows from financing activities</b>			
Increase in short-term loans	6(28)	10,876,291	1,940,807
Proceeds from long-term loans	6(28)	8,000,000	-
Repayments of principal portion of lease liability	6(28)	( 5,782 )	( 5,766 )
Cash dividends paid	6(19)(28)	( 10,923,584 )	( 9,285,046 )
Net cash provided by (used in) financing activities		7,946,925	( 7,350,005 )
(Decrease) increase in cash and cash equivalents		( 4,774,503 )	5,048,873
Cash and cash equivalents at beginning of year		9,128,578	4,079,705
Cash and cash equivalents at end of year		\$ 4,354,075	\$ 9,128,578

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, 2022 AND 2021

(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 14, 2023

**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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)**

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 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.

**(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company**

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



<u>New and revised Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024
Amendments to IAS 1, 'Non-current liabilities with contracts'	January 1, 2024

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

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 that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise

its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the 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	7 ~ 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(20) 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(16) "Provisions" for more information.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31,	
	2022	2021
Cash on hand and revolving funds	\$ 330	\$ 330
Checking accounts and demand deposits	868,057	1,743,177
Cash equivalents		
Short-term notes and bills	3,485,688	6,085,071
Time deposits	-	1,300,000
	<u>\$ 4,354,075</u>	<u>\$ 9,128,578</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>2022</u>	<u>2021</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	\$ 538,065	\$ 364,437
Derivative instruments	52,132	10,987
Valuation adjustment	( 53,024)	31,293
	<u>\$ 537,173</u>	<u>\$ 406,717</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>
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Financial liabilities at fair value through profit or loss

Current items:

Financial liabilities held for trading

Derivative instruments	<u>\$ 161,205</u>	<u>\$ 27,722</u>
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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>2022</u>	<u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 92,338)	\$ 37,089
Foreign stocks	( 84,317)	13,911
Corporate bonds	17,250	17,250
	<u>(\$ 159,405)</u>	<u>\$ 68,250</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, 2022</u>	
	<u>Contract amount (Notional principal) (in thousands)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 423,402</u>	2022.7.20~2023.6.8

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

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)C.

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

<u>Items</u>	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current items:		
Equity instruments		
Listed stocks and unlisted stocks	\$ 6,482,452	\$ 6,413,881
Valuation adjustment	<u>1,362,995</u>	<u>2,845,008</u>
	<u>\$ 7,845,447</u>	<u>\$ 9,258,889</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 \$7,845,447 and \$9,258,889, respectively, as of December 31, 2022 and 2021.

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>Items</u>	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>(\$ 1,482,013)</u>	<u>\$ 1,208,837</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)C.

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

	December 31,	
	2022	2021
Notes receivable	\$ 3,362	\$ 2,673
Accounts receivable	2,874,293	2,020,921
	<u>\$ 2,877,655</u>	<u>\$ 2,023,594</u>

A. The Company has no past due accounts receivable.

B. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,877,655, \$2,023,594 and \$910,871, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 1,925,234	\$ -	\$ 1,925,234
Parts	715,009	( 94,570)	620,439
Inventory in transit	1,909,123	-	1,909,123
	<u>\$ 4,549,366</u>	<u>(\$ 94,570)</u>	<u>\$ 4,454,796</u>

	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>

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,	
	2022	2021
Cost of goods sold	\$ 117,065,385	\$ 126,104,475
Loss on market value decline of inventories	4,769	7,677
	<u>\$ 117,070,154</u>	<u>\$ 126,112,152</u>

(6) Investments accounted for using equity method

A. Investments accounted for using equity method

	Years ended December 31,	
	2022	2021
Subsidiary:		
Hozan Investment Co., Ltd.	\$ 15,195,879	\$ 23,596,865
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	9,620,120	9,256,665
Chang Yuan Motor Co., Ltd.	4,625,700	4,494,197
Ho Tai Development Co., Ltd.	3,784,423	3,411,607
Carmax Co., Ltd.	1,779,875	1,573,014
Toyota Material Handling Taiwan Ltd.	1,144,871	1,030,626
Hotai Connected Co., Ltd.	577,732	722,874
Others	<u>1,255,750</u>	<u>983,003</u>
	37,984,350	45,068,851
Associate:		
Kuozui Motors, Ltd.	5,970,350	5,242,021
Central Motor Co., Ltd.	2,754,483	2,649,211
Tau Miao Motor Co., Ltd.	1,811,818	1,673,305
Kau Du Automobile Co., Ltd.	1,464,963	1,408,476
Kuotu Motor Co., Ltd.	1,450,904	1,315,675
Taipei Toyota Motor Co., Ltd.	1,297,293	1,197,311
Nan Du Motor Co., Ltd.	1,208,004	1,130,250
Others	<u>951,984</u>	<u>953,779</u>
	<u>16,909,799</u>	<u>15,570,028</u>
	<u>\$ 54,894,149</u>	<u>\$ 60,638,879</u>

B. Negative balance of investments accounted for using equity method (shown as other non-current liabilities) are listed below:

December 31, 2022

Subsidiary:	
Hotai Insurance Co., Ltd.	<u>\$ 3,202,898</u>

C. Please refer to Note 4(3) of the 2022 and 2021 consolidated financial statements for related information about subsidiaries of the Company.

D. Hotai Finance Co., Ltd. has quoted market price. As of December 31, 2022 and 2021, the fair value of Hotai Finance Co., Ltd. was \$23,845,849 and \$21,554,777, respectively.

E. The share of profit of investments accounted for using the equity method associates, and joint ventures were (\$30,423,061) and \$8,286,264, which were valued based on the investees' financial statements audited by auditors for the years ended December 31, 2022 and 2021, respectively.

F. 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, 2022 and 2021 amounted to \$16,909,799 and \$15,570,028, respectively.

	Years ended December 31,	
	2022	2021
Comprehensive income for the year	<u>\$ 8,780,757</u>	<u>\$ 7,378,651</u>

- G. 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.
- H. 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.
- I. 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.
- J. On April 29, 2021, the Company's subsidiary, Eastern Motor Co., Ltd. participated in the capital increase of Hotai Mobility Service Co., Ltd. which did not acquire shares proportionally to its interest. The amount of investment and shareholding ratio are \$3,000 and 0.68%, respectively. The Company incurred changes in capital surplus amounting to \$7,116.
- K. On January 20, 2022, the Company sold for an amount of \$339,000 interest in Hotai Connected Co., Ltd to the Company's associates Kuoto Motor Co., Ltd. and nine other associates, its shareholding ratio decreased from 30% to 0%. The Company incurred changes in capital surplus amounting to \$119,102.
- L. On February 22, 2022, the Company participated in the capital increase of He Jun Energy Co., Ltd. The amount of investment and shareholding ratio are \$180,000 and 18%, respectively.
- M. On August 4, 2022, the Company acquired 100% shareholding of Hotai Auto Body Sales Co., Ltd. from Hotai Auto Body Manufacturing Co., Ltd. amounting to \$40,000. The Company incurred changes in capital surplus amounting to (\$897).
- N. On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. amounting to \$20,000,000 and \$6,000,000, respectively. As a result, its shareholding ratio would be 92.86% after the capital increase. The Company incurred changes in capital surplus amounting to (\$32,113).
- O. On December 22, 2022, the Company's subsidiary Hozan Investment Co., Ltd. successively reduced its capital to cover for losses of \$11,000,000 and increased its capital by \$3,500 in cash. The Company fully subscribed to the capital increase, and the shareholding ratio remained 100%.

(7) Property, plant and equipment

	Land	Buildings and structures	Utility equipment		Office Equipment	Others	Construction in progress	Total
			Owner- occupied	Lease				
<u>At January 1, 2022</u>								
Cost	\$ 2,891,965	\$ 1,286,124	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,987,232
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>
<u>2022</u>								
Opening net book amount as of January 1	\$ 2,865,115	\$ 460,516	\$ 3,870	\$ 185	\$ 102,703	\$ 5,988	\$ 4,491	\$ 3,442,868
Additions	-	4,168	189	-	30,404	301	14,375	49,437
Disposals	-	( 41)	-	-	( 2,021)	-	-	( 2,062)
Reclassifications	-	48,145	-	-	5,300	-	( 18,466)	34,979
Depreciation	-	( 36,890)	( 569)	( 45)	( 30,557)	( 1,937)	-	( 69,998)
Closing net book amount as of December 31	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>
<u>At December 31, 2022</u>								
Cost	\$ 2,891,965	\$ 1,396,394	\$ 128,239	\$ 78,612	\$ 595,055	\$ 15,135	\$ 400	\$ 5,105,800
Accumulated depreciation and impairment	( 26,850)	( 920,496)	( 124,749)	( 78,472)	( 489,226)	( 10,783)	-	( 1,650,576)
	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>



	Utility equipment							
	Land	Buildings and structures	Owner-occupied	Lease	Office Equipment	Others	Construction in progress	Total
At January 1, 2021								
Cost	\$ 3,074,807	\$ 1,269,612	\$ 130,946	\$ 78,612	\$ 560,999	\$ 15,005	\$ 5,474	\$ 5,135,455
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>
2021								
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>
At December 31, 2021								
Cost	\$ 2,891,965	\$ 1,286,124	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,987,232
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>

(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, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 6,827	\$ 12,288
Buildings	420	757
	<u>\$ 7,247</u>	<u>\$ 13,045</u>

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,461	\$ 5,477
Buildings	337	332
	<u>\$ 5,798</u>	<u>\$ 5,809</u>

C. For the years ended December 31, 2022 and 2021, the Company's addition of right-of-use assets was \$0 and \$17,393, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 115	\$ 130
Expense on short-term lease contracts and leases of low-value assets	69,984	44,503

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for lease amounted to \$75,881 and \$50,399, 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, 2022 and 2021, the Company recognized rent income in the amount of \$229,578 and \$236,822, 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,	
	2022	2021
Less than 1 year	\$ 231,269	\$ 230,906
Between 1 and 2 years	102,980	229,197
Between 2 and 3 years	33,852	106,153
Between 3 to 4 years	33,852	37,004
Between 4 to 5 years	917	37,004
More than 6 years	13,095	9,652
	<u>\$ 415,965</u>	<u>\$ 649,916</u>

(10) Investment property

	Land	Buildings and Structures	Total
<u>At January 1, 2022</u>			
Cost	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	<u>-</u>	<u>( 573,172)</u>	<u>( 573,172)</u>
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>2022</u>			
Opening net book amount as of January 1	\$ 1,681,005	\$ 917,595	\$ 2,598,600
Reclassifications	-	( 34,979)	( 34,979)
Depreciation	<u>-</u>	<u>( 30,136)</u>	<u>( 30,136)</u>
Closing net book amount as of December 31	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>
<u>At December 31, 2022</u>			
Cost	\$ 1,681,005	\$ 1,397,230	\$ 3,078,235
Accumulated depreciation	<u>-</u>	<u>( 544,750)</u>	<u>( 544,750)</u>
	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 1,498,163	\$ 1,499,909	\$ 2,998,072
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>
<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	<u>-</u>	<u>( 32,073)</u>	<u>( 32,073)</u>
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	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	<u>-</u>	<u>( 573,172)</u>	<u>( 573,172)</u>
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</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>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 229,578</u>	<u>\$ 236,822</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 30,136</u>	<u>\$ 32,073</u>

B. The fair value of the investment property held by the Company was \$4,664,497 and \$4,291,994 as of December 31, 2022 and 2021, respectively. These values were determined using the comparative method by considering recent transaction prices of similar targets in the areas where each investment property is located, adjusted for individual factors such as location, scale and use. The appraisal belonged to the third level of fair value.

(11) Short-term loans

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Bank loans		
Unsecured loans	<u>\$ 14,021,254</u>	<u>\$ 3,144,963</u>
Annual interest rate	<u>1.46% ~ 5.15%</u>	<u>0.65%~0.68%</u>

Interest expense recognised in profit or loss amounted to \$44,366 and \$7,493 for the years ended December 31, 2022 and 2021, respectively.

(12) Accounts payable (including related parties)

	December 31,	
	2022	2021
Accounts payable	\$ 4,747,922	\$ 3,596,303
Accounts payable - foreign currencies	<u>3,912,554</u>	<u>3,500,749</u>
	8,660,476	7,097,052
Valuation adjustment	<u>74,201</u>	<u>21,162</u>
	<u>\$ 8,734,677</u>	<u>\$ 7,118,214</u>

(13) Long-term loans

	<u>Loan period and way of</u> <u>repayment</u>	<u>Annual interest rate</u>	<u>Security</u>	<u>December 31, 2022</u>
Long-term Bank loans	From October 11, 2022 to	1.52%~1.81%	None	<u>\$8,000,000</u>
Unsecured loans	June 28,2024, and pay interest monthly			

The Company did not have this transaction in 2021.

(14) Other payables

	December 31,	
	2022	2021
Year-end bonus payable	\$ 750,051	\$ 899,365
Dealer premium bonus payable	420,688	271,415
Advertisement expense payable	315,432	378,037
Remuneration payable to directors	-	385,761
Remuneration payable to employees	-	192,880
Others	<u>863,359</u>	<u>710,166</u>
	<u>\$ 2,349,530</u>	<u>\$ 2,837,624</u>

(15) 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, 2022 and 2021 were \$33,239 and \$28,409, respectively.

(16) Provisions

	<u>Warranty</u>
At January 1, 2022	\$ 3,522,084
Additional provisions during the year	1,121,853
Restored during the year	( 543,597)
Used during the year	( 603,053)
At December 31, 2022	<u>\$ 3,497,287</u>

	<u>Warranty</u>
At January 1, 2021	\$ 3,018,403
Additional provisions during the year	1,141,939
Restored during the year	( 123,725)
Used during the year	( 514,533)
At December 31, 2021	<u>\$ 3,522,084</u>

Analysis of total provision:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current	<u>\$ 663,209</u>	<u>\$ 758,278</u>
Non-current	<u>\$ 2,834,078</u>	<u>\$ 2,763,806</u>

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.

(17) Share capital

As of December 31, 2022, 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, 2022 and December 31, 2022 was both 546,179,184 shares.

(18) 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.

(19) 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 \$10,923,584 (\$2 0.0 per share) and 9,285,046 (\$17.0 per share) for the years 2021 and 2020, respectively.
- E. On March 14, 2023, the Board of Directors resolved that total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 cash dividend and \$0.2 stock dividend per share.

(20) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers - Sales revenue	\$ 128,605,369	\$ 137,225,462
Revenue from contracts with customers - Service revenue	1,787,819	1,646,778
	<u>\$ 130,393,188</u>	<u>\$ 138,872,240</u>

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

(21) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 5,948	\$ 835
Interest from short-term notes	21,633	8,183
Other interest income	51,996	47,373
	<u>\$ 79,577</u>	<u>\$ 56,391</u>

(22) Other income

	Years ended December 31,	
	2022	2021
Rental income	\$ 229,578	\$ 236,822
Others	994,757	1,039,442
	<u>\$ 1,224,335</u>	<u>\$ 1,276,264</u>

(23) Other gains and losses

	Years ended December 31,	
	2022	2021
Net currency exchange gain	\$ 441,738	\$ 527,937
Gain on disposal of property, plant and equipment	699	812
Loss on abandonment of property, plant and equipment	( 41)	( 33)
Net (loss) gain on financial assets at fair value through profit or loss	( 159,405)	68,250
Miscellaneous disbursements	( 30,180)	( 31,283)
	<u>\$ 252,811</u>	<u>\$ 565,683</u>

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

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 1,573,441	\$ 2,237,748
Depreciation	105,932	104,054
	<u>\$ 1,679,373</u>	<u>\$ 2,341,802</u>

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

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 1,339,766	\$ 1,629,449
Labor and health insurance fees	79,142	73,153
Pension costs	33,239	28,409
Directors' remuneration	17,215	402,588
Other personnel expenses	104,079	104,149
	<u>\$ 1,573,441</u>	<u>\$ 2,237,748</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, 2022 and 2021, employees' remuneration was accrued at \$0 and \$192,880, respectively; while directors' remuneration was accrued at \$0 and \$385,761, respectively. The aforementioned amounts were recognized in salary expenses.



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.

(26) Income tax

A. Income tax expense

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax expense recognized in the current year	\$ 120,613	\$ 2,165,919
Tax on undistributed surplus earnings	-	157,481
Effect from investment tax credits	-	( 1,614)
Prior year income tax under estimation	<u>1,087</u>	<u>( 1,350)</u>
Total current tax	<u>121,700</u>	<u>2,320,436</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>8,348</u>	<u>178,209</u>
Total deferred tax	<u>8,348</u>	<u>178,209</u>
Income tax expense	<u>\$ 130,048</u>	<u>\$ 2,498,645</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income tax expense at the statutory rate	(\$ 3,840,029)	\$ 3,741,882
Effects from adjustments based on regulation	6,168,990	( 1,397,754)
Realized investment losses	( 2,200,000)	-
Tax on undistributed surplus earnings	-	157,481
Effect from investment tax credits	-	( 1,614)
Prior year income tax (over) under estimation	<u>1,087</u>	<u>( 1,350)</u>
Income tax expense	<u>\$ 130,048</u>	<u>\$ 2,498,645</u>

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

Year ended December 31, 2022			
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for inventory obsolescence	\$ 17,960	\$ 954	\$ 18,914
Warranty provision	532,911	666	533,577
Unrealized gain on inter-affiliate accounts	62,347	2,866	65,213
Others	674	15,325	15,999
	<u>613,892</u>	<u>19,811</u>	<u>633,703</u>
-Deferred tax liabilities:			
Gain on investment accounted for using equity method	( 1,210,057)	( 27,630)	( 1,237,687)
Land value increment tax	( 509,365)	-	( 509,365)
Others	( 29,313)	( 529)	( 29,842)
	<u>( 1,748,735)</u>	<u>( 28,159)</u>	<u>( 1,776,894)</u>
	<u>(\$ 1,134,843)</u>	<u>(\$ 8,348)</u>	<u>(\$ 1,143,191)</u>

Year ended December 31, 2021			
	January 1	Recognized in profit or loss	December 31
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	14,571	( 13,897)	674
	<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	( 29,313)	-	( 29,313)
	<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>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

E. In December 2022, the Company's subsidiary Hozan Investment Co., Ltd. reduced its capital to write off accumulated losses. Thus, the Company recognized tax benefit of \$2,200,000.

(27) (Losses) earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,330,194)	546,179	(\$ 35.39)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,330,194)	546,179	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	-	
Loss attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	(\$ 19,330,194)	546,179	(\$ 35.39)
	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 16,210,758	546,179	\$ 29.68
<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	-	381	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 16,210,758	546,560	\$ 29.66

(28) Changes in liabilities from financing activities

	Short-term loans	Dividend payable	Long-term loans	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	\$ 3,144,963	\$ 6,277	\$ -	\$ 13,099	\$ 3,164,339
Changes in cash flow from financing activities	10,876,291	( 10,923,584)	8,000,000	( 5,782)	7,946,925
Changes in other non-cash items	-	10,923,569	-	-	10,923,569
December 31, 2022	<u>\$14,021,254</u>	<u>\$ 6,262</u>	<u>\$ 8,000,000</u>	<u>\$ 7,317</u>	<u>\$ 22,034,833</u>

	Short-term loans	Dividend payable	Lease liabilities	Liabilities from financing activities-gross
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	-	9,284,993	17,393	9,302,386
December 31, 2021	<u>\$ 3,144,963</u>	<u>\$ 6,277</u>	<u>\$ 13,099</u>	<u>\$ 3,164,339</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.	≈
Toyota-Motor-Europe-Nv/Sa	"
Toyota-Motor-Sales-USA	"
Toyota Auto Body Co.,Ltd	"
Toyota Daihatsu Engineering & Manufacturing Co.,Ltd	"
Hino Motors, Ltd.	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd.	"
Ho Yu Investment Co., Ltd.	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Subsidiary
Toyota Material Handling Taiwan Ltd.	"
Carmax Co., Ltd. (Carmax)	"
Hotai Innovation Marketing Co.	"
HE JING CO., Ltd.	"
Hozan Investment Co., Ltd. (Hozan)	"
Ho Tai Service & Marketing Co., Ltd.	"
Hotai Insurance Co., Ltd. (Hotai Insurance)	"
Ho Tai Development Co., Ltd.	"
Hotai Connected Co., Ltd. (Hotai connected)	"
Hotong Motor Investment Co., Ltd.	"
Hoing Mobility Service Corporation	"
Hotai Leasing Co., Ltd. (Hotai Leasing)	"
Hotai Finance Co., Ltd.	"
Eastern Motor Co., Ltd.	"
Chang Yuan Motor Co., Ltd. (Chang Yuan)	"
Smart Design Technology Co., Ltd.	"
Hotai Mobility Service Co., Ltd.	"
Ho Tai Parts & Accessories Co., Ltd.	"
Ho Tai Crane Engineering Co., Ltd.	"
Ho Tai Transportation Co., Ltd.	"
Long Ho Crane Engineering Co., Ltd.	"
Long Hao Crane Engineering Co., Ltd.	"
Long Hao Removal Transport Services Co., Ltd.	"

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hotai Auto Body Sales Co., Ltd. (Hotai Auto Body Sales)	"
Hotai Auto Body Manufacturing Co., Ltd. (Hotai Auto Body Manufacturing)	Subsidiary
YuCheng Transport Co., Ltd	"
He Jun Energy Co.,Ltd.	"
Ho Young Travel Agency Co.,Ltd.	"
ChyuanAn Transport Co.,Ltd	"
Wei Tien Energy Storage Co.,Ltd	"
Triple S Digital Co.,Ltd	Associate
Formosa Flexible Packaging Corp.	"
Yokohama Tire Taiwan Co., Ltd.	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"
Central Motor Co., Ltd. (Central Motor)	"
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Fan Tai Transportation Co., Ltd.	"
Yi Tai Transportation Co., Ltd.	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
New Auto Parts Co., Ltd.	"
Innovation Auto Parts Co.,Ltd.	"
Heng Yun Investment Co.,Ltd.	"
Shi-Ho Screw Industrial Co.,Ltd.	"

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(a) Sales of merchandise		
-Associates		
Central Motor	\$ 26,333,323	\$ 27,554,308
Tau Miao	23,949,420	25,239,273
Taipei Motor	18,016,069	19,740,676
Kuotu	15,715,194	17,852,228
Kau Du	18,012,052	18,663,004
Nan Du	16,211,847	16,678,745
Others	2,709,738	2,906,267
-Subsidiaries	<u>7,227,634</u>	<u>7,101,879</u>
	<u>\$ 128,175,277</u>	<u>\$ 135,736,380</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>2022</u>	<u>2021</u>
(b) Service revenue:		
Service sales:		
-Associates	\$ 3,257	\$ 3,313
-Subsidiaries		
Chang Yuan	1,760,027	1,619,498
Others	41	36
Contracted operating revenue:		
-Associates	<u>24,494</u>	<u>23,932</u>
	<u>\$ 1,787,819</u>	<u>\$ 1,646,779</u>

	Years ended December 31,	
	2022	2021
(c) Interest income:		
-Associates		
Central Motor	\$ 10,858	\$ 9,764
Tau Miao	9,880	8,961
Taipei Motor	7,439	6,968
Kau Du	7,436	6,616
Kuotu	6,474	6,270
Nan Du	6,700	5,913
Others	1,106	1,022
-Subsidiaries	<u>2,286</u>	<u>1,741</u>
	<u>\$ 52,179</u>	<u>\$ 47,255</u>

Interest income is interest between transaction dates and collection dates due to the collection of sales transaction is based on agreed collection period. The annual interest rates for 2022 and 2021 were 2.65% and 2.025%, respectively.

	Years ended December 31,	
	2022	2021
(d) Rental revenue:		
-Associates		
Kuotu	\$ 112,494	\$ 109,763
Others	34,628	35,451
-Subsidiaries		
Chang Yuan	82,282	83,013
Others	25,805	36,899
-Entities controlled by key management	<u>2,630</u>	<u>2,270</u>
	<u>\$ 257,839</u>	<u>\$ 267,396</u>

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

		Years ended December 31,	
		2022	2021
(e) Warranty revenue (shown as deductions to warranty costs):			
-Associates			
Kuozei	\$	126,366	\$ 131,735
-Subsidiaries		40,162	30,365
-Entities controlled by key management			
TMAP		310,711	355,300
		<u>\$ 477,239</u>	<u>\$ 517,400</u>
		Years ended December 31,	
		2022	2021
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):			
-Associates			
Kuotu	\$	219,820	\$ 158,216
Others		134,189	129,191
-Subsidiaries		7,855	8,167
-Entities controlled by key management			
TMC		47,925	60,239
Others		1,026	2,341
		<u>\$ 410,815</u>	<u>\$ 358,154</u>
		Years ended December 31,	
		2022	2021
(g) Miscellaneous income:			
-Associates			
Kuotu	\$	131,388	\$ 130,252
Kuozei		73,643	76,756
Others		104,362	96,518
-Subsidiaries			
Chang Yuan		73,539	139,512
Others		179,151	174,649
-Entities controlled by key management		32,304	29,274
		<u>\$ 594,351</u>	<u>\$ 646,961</u>



B. Expenditures

	Years ended December 31,	
	2022	2021
(a) Interest expense:		
-Associates		
Kuozui	\$ 14,762	\$ 12,352

The interest expense is paid for interest arising from purchases between transaction dates and payment dates. The annual interest rates for 2022 and 2021 were 2.25% and 1.625%, respectively.

	Years ended December 31,	
	2022	2021
(b) Purchase of goods:		
-Associates		
Kuozui	\$ 48,293,126	\$ 48,030,779
Others	1,046,970	894,264
-Subsidiaries	1,943,757	2,286,198
-Entities controlled by key management		
TMC	37,759,395	42,368,272
Others	6,446,822	6,116,638
	<u>\$ 95,490,070</u>	<u>\$ 99,696,151</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.

	Years ended December 31,	
	2022	2021
(c) Warranty cost:		
-Associates		
Kuotu	\$ 126,429	\$ 137,961
Central Motor	118,790	124,542
Tau Miao	106,586	107,519
Nan Du	75,173	82,709
Kau Du	73,805	79,840
Taipei Motor	74,097	77,763
Others	14,791	14,504
-Subsidiaries		
Chang Yuan	120,721	96,284
Others	12,436	9,822
-Entities controlled by key management	-	1,148
	<u>\$ 722,828</u>	<u>\$ 732,092</u>

	Years ended December 31,	
	2022	2021
(d) Advertisement expense:		
-Associates	\$ 55,882	\$ 37,834
-Subsidiaries		
Hotai Connected Co., Ltd.	291,067	273,484
Others	51,258	30,461
-Entities controlled by key management	4,298	3,998
	<u>\$ 402,505</u>	<u>\$ 345,777</u>

	Years ended December 31,	
	2022	2021
(e) Freight:		
-Associates		
Fan Tai	\$ 181,929	\$ 193,199
Yi Tai	95,805	75,845
Others	2,874	2,552
-Subsidiaries	1,657	1,490
	<u>\$ 282,265</u>	<u>\$ 273,086</u>

C. Receivables from (payables to) related parties

		<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
(a) Receivables from related parties:			
-Associates			
Central Motor	\$	508,745	\$ 338,492
Tau Miao		455,771	319,982
Taipei Motor		376,920	230,338
Kau Du		322,999	268,932
Nan Du		318,258	251,405
Kuotu		365,864	83,459
Others		50,717	26,859
-Subsidiaries			
Chang Yuan		303,740	243,890
Others		146,176	89,206
	\$	<u>2,849,190</u>	<u>\$ 1,852,563</u>
		<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
(b) Other receivables from related parties:			
-Associates			
Kuotu	\$	68,984	\$ 56,468
Others		91,158	81,497
-Subsidiaries		53,521	60,637
-Entities controlled by key management		452	596
	\$	<u>214,115</u>	<u>\$ 199,198</u>
		<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
(c) Dividends receivable:			
-Subsidiaries			
Hozan Investment Co., Ltd.	\$	-	\$ 103,000
		<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
(d) Payables to related parties:			
-Associates			
Kuozui	\$	924,946	\$ 649,479
Others		115,717	91,701
-Subsidiaries		430,484	458,552
-Entities controlled by key management			
TMC		3,499,835	3,008,307
Others		519,617	553,869
	\$	<u>5,490,599</u>	<u>\$ 4,761,908</u>

	December 31,	
	2022	2021
(e) Other payables		
-Associates	\$ 242,676	\$ 165,795
-Subsidiaries	206,807	241,564
-Entities controlled by key management	351	18
	<u>\$ 449,834</u>	<u>\$ 407,377</u>

D. Property transactions(There were no such transactions in 2021)

(a) Acquisition of financial assets

	Account items	Number of shares Traded	Object of transaction	2022 Acquisition price
Subsidiary				
Hotai Auto Body Manufacturing	Investment accounted for using equity method	4,000 thousand shares	Hotai Auto Body Sales.	<u>\$40,000</u>

(b) Disposal of financial assets

	Account items	Number of shares Traded	Object of transaction	2022 Acquisition price
Entities controlled by key management				
Ho Yu Investment Co.,Ltd.	Investment accounted for using equity method	5,650 thousand shares	Hotai Connected	\$56,500
Subsidiary	=	565 thousand shares	=	5,650
Associate				
Kuotu	=	4,520 thousand shares	=	45,200
Tau Miao	//	=	=	45,200
Central Motor	//	=	=	45,200
Nan Du	//	=	=	45,200
Kau Du	//	=	=	45,200
Taipei Motor	//	=	=	45,200
Others	//	565 thousand shares	=	<u>5,650</u>
				<u>\$339,000</u>

(3) Endorsements and guarantees provided to related parties:

	<u>December 31, 2022</u>
-Subsidiaries	
Hotai Insurance	\$ 5,000,000
Others	<u>400,000</u>
	<u>\$ 5,400,000</u>

There was no such situation on December 31, 2021.

(4) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	<u>\$ 75,231</u>	<u>\$ 465,986</u>

8. PLEDGED ASSETS

None.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Details of operating lease agreements are shown in Note 6(9).

(2) Significant contracts signed by the Company as of December 31, 2022 are summarized as follows:

Type of contracts	Party involved	Contract period	Main contents
Distributor agreement	Toyota Motor Corporation	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, 2022 (Toyota).	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. Kuozui Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from July 1, 2009 Starting from June 1, 2002 Starting from January 1, 2003  Except for termination signed by both parties, contracts remain effective.	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) For the appropriation of retained earnings of 2022, please refer to Note 6(19).

(2) On January 9, 2023, the Company has entered into a medium-term syndicated contract for a credit line with 10 financial institutions including CTBC Bank Co.,Ltd. The credit limit was \$30,000,000, of which \$15,000,000 could be drawn several times within six months from the first drawdown date but is non-revolving. The credit limit not drawdown after six months from the first drawdown date would be automatically canceled. The remaining \$15,000,000 could be drawdown in a revolving manner within three years from the first drawdown date.

## 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

	December 31,	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,037,173	\$ 906,717
Financial assets at fair value through other comprehensive income		
Equity instrument	7,845,447	9,258,889
Financial assets at amortized cost		
Cash and cash equivalents	4,354,075	9,128,578
Notes receivable (including related parties)	3,362	2,673
Accounts receivable (including related parties)	2,874,293	2,020,921
Other receivables	662,186	756,354
Guarantee deposits paid (shown as “other non-current assets”)	65,595	26,926
	<u>\$ 16,842,131</u>	<u>\$ 22,101,058</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	\$ 161,205	\$ 27,722
Financial liabilities at amortized cost		
Short-term loans	14,021,254	3,144,963
Notes payable	7,682	7,459
Accounts payable (including related parties)	8,734,677	7,118,214
Other payables	2,349,530	2,837,624
Long-term loans	8,000,000	-
Guarantee deposits received (shown as “other non-current liabilities”)	819	818
	<u>\$ 33,275,167</u>	<u>\$ 13,136,800</u>
Lease liability	<u>\$ 7,317</u>	<u>\$ 13,099</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:

December 31, 2022				
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	846	30.7100	\$ 25,995
JPY:NTD	JPY	152,697	0.2324	35,487
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	202,065	30.7100	\$ 6,205,409
JPY:NTD	JPY	18,510	0.2324	4,302



December 31, 2021				
		Foreign currency amount (In thousands)	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

- iii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$441,738 and \$527,937 respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022				
Sensitivity analysis				
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	260	\$ -
JPY:NTD	1%		355	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	62,054	-
JPY:NTD	1%		43	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<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	-

#### Price risk

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income 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. As of December 31, 2022 and 2021, the Company's undrawn committed borrowing facilities amounted to \$4,275,166 and \$5,098,749, respectively.
- iii. 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, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 14,021,254	\$ -	\$ -
Accounts payable	8,734,677	-	-
Other payables	2,349,530	-	-
Long term loans	-	8,000,000	-
Lease liability	5,897	1,474	-

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 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

(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, 2022</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	-	52,132	-	52,132
Equity securities	485,041	-	-	485,041
Financial assets at fair value through other comprehensive income				
Equity securities	<u>7,494,850</u>	<u>-</u>	<u>350,597</u>	<u>7,845,447</u>
	<u>\$ 7,979,891</u>	<u>\$ 552,132</u>	<u>\$ 350,597</u>	<u>\$ 8,882,620</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 161,205</u>	<u>\$ -</u>	<u>\$ 161,205</u>

<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>

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, 2022 and 2021, 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, 2022 and 2021:

	Years ended December 31,	
	2022	2021
	Equity securities	Equity securities
At January 1	\$ 328,256	\$ 308,514
Current period purchases	68,571	-
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 46,230)	19,742
At December 31	<u>\$ 350,597</u>	<u>\$ 328,256</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:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 350,597	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.
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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.

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, 2022 and 2021.

### 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, 2022:

Company Name	Derivative Instruments	Contract Amount (in thousands)	Maturity Date	Book Value	Fair Value
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD 423,402	2023/1/13~2023/6/8	(\$ 107,073)	(\$ 109,073)
Hotai Insurance Co., Ltd.	Foreign exchange swap contracts	USD 21,490	2023/1/10~2023/3/29	4,052	4,052
Hotai Finance Co., Ltd	Cross currency swaps	JPY 58,800,000	2023/8/7~2024/9/9	( 404,589)	( 404,589)
Hotai Finance Co., Ltd	Cross currency swaps	EUR 75,000	2024/9/12	159,690	159,690
Hoyun International Lease Co., Ltd.	Cross currency swaps	USD 64,250	2024/8/30~2025/1/13	158,367	158,367
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Cross currency swaps	USD 4,800	2024/10/18	4,559	4,559
Ho Tai Development Co., Ltd.	Forward exchange contracts	GBP 943	2023/5/5~2023/5/26	(135)	(135)

- (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, 2022

(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		Balance at December 31, 2022	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, 2022	December 31, 2022								Item	Value					
1	Shanghai Heling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$	580,129	\$	573,812	\$	9,711	2.15%	Short-term financing	\$	-	Operations	\$	1,029,279	\$	2,058,557	Note 1
2	Shanghai Hoyu Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		270,558		264,837		22,070	2.15%	"	-	-	"		414,325		828,649	"
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		135,279		132,418		-	2.15%	"	-	-	"		161,230		322,459	"
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		446,253		441,394		158,019	2.15%	"	-	-	"		643,099		1,286,198	"
5	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		566,741		560,571		100,638	2.15%	"	-	-	"		995,040		1,990,080	"
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		8,117		7,945		-	2.15%	"	-	-	"		11,321		22,642	"
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		7,586		7,504		7,062	2.15%	"	-	-	"		22,573		45,146	"
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		180,372		167,730		-	2.15%	"	-	-	"		287,521		575,042	"
9	Shanghai Jinding Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		180,372		176,558		86,955	2.15%	"	-	-	"		331,117		662,234	"
10	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		133,876		132,418		85,630	2.15%	"	-	-	"		196,154		392,308	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		401,628		397,255		79,010	2.15%	"	-	-	"		460,810		921,620	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y		45,093		-		-	3.35%	"	-	-	"		92,162		184,324	Note 5
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		360,744		353,115		88,720	2.15%	"	-	-	"		497,889		995,777	Note 1
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		245,439		242,767		121,383	2.15%	"	-	-	"		321,606		643,212	"
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		89,251		88,279		-	2.15%	"	-	-	"		123,613		247,225	"
15	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		290,064		286,906		163,316	2.15%	"	-	-	"		331,298		662,596	"
16	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		334,690		331,046		98,872	2.15%	"	-	-	"		428,382		856,763	"
17	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		156,189		154,488		-	2.15%	"	-	-	"		258,031		516,063	"
18	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	"	Y		36,074		35,312		22,070	2.15%	"	-	-	"		49,718		99,437	"
19	Shanghai Zhongxin Traffic Facility Engineering Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		11,156		11,035		-	2.15%	"	-	-	"		30,218		60,437	"
20	Tianjin Ho-Yu Toyota Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		22,313		22,070		-	2.15%	"	-	-	"		44,890		89,779	Note 3
21	Shanghai Fengyi Construction Decoration Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y		26,775		26,484		-	2.15%	"	-	-	"		53,357		106,714	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Y		563,662		529,673		259,837	2.70%	"	-	-	"		9,427,990		18,855,979	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Yu Motor Service Co., Ltd.	"	Y		225,465		198,627		-	2.70%	"	-	-	"		9,427,990		18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y		178,501		176,558		134,168	2.70%	"	-	-	"		9,427,990		18,855,979	"

Maximum  
outstanding  
balance during  
the year ended

Number	Creditor	Borrower	account	party	2022		drawn down	rate	loan	the borrower	financing		accounts	Item		single party	loans granted	Footnote	
					\$	2022					\$	Operations		\$	-				Value
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	\$	293,104	\$	264,837	-	2.70%	Short-term financing	\$	-	None	\$	9,427,990	\$	18,855,979	Note 2
22	Hotong Motor Investment Co., Ltd	Shanghai Ho-Mian Motor Technology Co., Ltd.	"	Y		90,186		88,279	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y		9,019		8,828	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.Ltd.	"	Y		13,528		13,242	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd	Shanghai HoChen Motor Technology Co., Ltd.	"	Y		225,465		220,697	129,682	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y		180,372		176,558	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	"	Y		45,093		44,139	-	3.20%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		473,476		397,255	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		360,744		331,046	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y		135,279		132,418	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y		225,465		220,697	27,587	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		360,744		331,046	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		225,465		220,697	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y		180,372		154,488	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd	ZaoZhuang Ho-Wan Motor Sales & Service Co.Ltd	"	Y		45,093		44,139	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Traffic Facility Engineering Co.,Ltd.	"	Y		133,876		132,418	-	2.70%	"	"	-	"	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	Y		180,372		154,488	12,668	2.70%	"	"	-	"	"	-	1,885,598	3,771,196	Note 4
22	Hotong Motor Investment Co., Ltd	Nanjing Hozhan Motor Sales and Service Co.,LTD.	"	Y		133,876		132,418	28,073	2.70%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y		89,251		88,279	7,636	2.70%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	HoYun International Lease Co., Ltd.	"	Y		892,506		882,788	441,394	3.20%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Beijing Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y		135,279		-	-	3.35%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		135,279		-	-	3.35%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y		133,876		132,418	132,418	3.20%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Binhai Heling LEXUS Motor Service Co.,Ltd.	"	Y		90,186		-	-	3.35%	"	"	-	"	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	Y		67,639		-	-	3.35%	"	"	-	"	"	-	1,885,598	3,771,196	"
23	HoYun International Lease Co., Ltd.	HoYun (Shanghai) Commercial Factoring Co., Ltd.	"	Y		225,465		-	-	4.10%	"	"	-	"	"	-	5,471,827	10,943,654	Note 6
24	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y		2,000,000		2,000,000	-	1.28%	"	"	-	"	"	-	2,948,130	5,896,260	Note 7
24	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Y		2,000,000		2,000,000	-	1.48%	"	"	-	"	"	-	2,948,130	5,896,260	"
25	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	Y		30,000		30,000	30,000	2.06%	"	"	-	"	"	-	97,122	194,244	Note 8

Number	Creditor	Borrower	General ledger		Related party	Maximum outstanding balance during the year ended		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
			account	party		December 31, 2022	December 31, 2022							Item	Value			
25	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Other receivables	Y		\$ 40,000	\$ 40,000	\$ 40,000	2.06%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 97,122	\$ 194,244	Note 8
25	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	Y		30,000	30,000	30,000	2.06%	"	-	"	-	"	-	97,122	194,244	"
26	He Jing Co., Ltd.	A Co., Ltd.	Receivables	N		20,000	20,000	20,000	- 5.00%	"	-	"	-	Stock	23,090	92,725	185,450	Note 9
26	He Jing Co., Ltd.	B Co., Ltd.	"	N		30,000	30,000	30,000	- 5.00%	"	-	"	-	"	36,000	92,725	185,450	"

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 creditor (Tianjin Ho-Yu Motor Sales and Service Co., Ltd. and Shanghai Fengyi Construction Decoration Co., Ltd.) and borrower (Hotong Motor Investment 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 creditor (HOTONG MOTOR INVESTMENT CO., LTD.) and borrower (Tianjin Ho-Yu Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., 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 Heling LEXUS Motor Service Co., Ltd., Tianyuan Zhonggu 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 5: The limit on total loans to the creditor (Chongqing Heling Lexus Motor Sales & Service Co., Ltd.) and borrower (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 6: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders' equity.

Note 7: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower (He Jing Co., Ltd. and He Jun Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 8: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower (Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Note 9: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (A and B) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Ho Tai Motor Co., Ltd.  
Provision of endorsements and guarantees to others  
Year ended December 31, 2022

(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, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	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.	Hotai Insurance Co., Ltd.	Note 4 b	\$ 12,529,496	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	11.97%	\$ 20,882,494	Y	N	N	Note 2
0	Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	12,529,496	400,000	400,000	90,000		0.96%	20,882,494	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	Note 4 a	29,481,299	2,254,647	2,206,971	1,069,855	-	7.49%	29,481,299	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	29,481,299	515,934	506,666	384,625	-	1.72%	29,481,299	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	29,481,299	2,000,000	2,000,000	-	-	6.78%	29,481,299	Y	N	N	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	29,481,299	10,500,000	10,500,000	7,200,000	-	35.62%	29,481,299	Y	N	N	"

Note 1 : The numbers are classified as follows:

a. The issuer is numbered "0".

b. The investees are numbered starting from "1".

Note 2 : Limit on the Company's accumulated endorsement/guarantee is 50% of the Company's stockholders' equity; limit on endorsement/guarantee to a single party is 30% of the Company's stockholders' equity.

Note 3 : 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. The net asset value is based on the latest financial statements reviewed by auditors.

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, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 3

Securities held by Ho Tai Motor Co., Ltd.	Type and name of securities	Relationship with the securities issuer	As of December 31, 2022				Footnote
			Number of shares	Book value	Ownership (%)	Fair value	
Ho Tai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	21,132,585	\$ 641,374	0.15%	\$ 641,374	
	- Toyota Motor Corporation	-	15,956,000	6,721,066	0.10%	6,721,066	
	- Shihlin Electric & Engineering Corporation Etc.	None	-	132,410	0.00% ~ 0.42%	132,410	
	Taian Insurance Co., Ltd. Etc.	-	-	350,597	0.42% ~ 9.27%	350,597	
	Total			\$ 7,845,447		\$ 7,845,447	
Hozan Investment Co., Ltd.	Nan Shan Life Insurance Perpetual Subordinated Bonds	None	-	\$ 500,000	-	\$ 500,000	
	Stock - Toyota Motor Corporation	-	1,151,500	538,065	0.01%	485,041	
	Valuation adjustment of financial assets		(	53,024)		-	
	Total			\$ 985,041		\$ 985,041	
	Financial assets at fair value through other comprehensive income - non-current		-	\$ 3,519	0.50%	\$ 3,519	
Carnax Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	952,327	\$ 10,000	-	\$ 10,002	
	Valuation adjustment of financial assets		2	10,002		-	
	Total			\$ 10,002		\$ 10,002	
	Financial assets at fair value through other comprehensive income - non-current	-	-	\$ 3,611	0.06% ~ 0.50%	\$ 3,611	
	Financial assets at fair value through profit or loss - current		35,338,389	\$ 370,000	-	\$ 371,148	
Ho Tai Development Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable		1,148		-	
	Valuation adjustment of financial assets			371,148		\$ 371,148	
	Total			\$ 371,148		\$ 371,148	
	Financial assets at fair value through other comprehensive income - non-current	-	-	\$ 2,135	-	\$ 2,135	
	Financial assets at fair value through profit or loss - current		-	3,611	0.06% ~ 0.50%	3,611	
Ho Tai Service & Marketing Co., Ltd.	Valuation adjustment of financial assets		-	5,746		\$ 5,746	
	Total			\$ 303,187		\$ 304,875	
	Financial assets at fair value through profit or loss - current	Not applicable	-	\$ 303,187	-	\$ 304,875	
	Financial assets at fair value through profit or loss - current		-	400,000	-	400,000	
	Valuation adjustment of financial assets		-	1,688		-	
Ho Tai Service & Marketing Co., Ltd.	Total			\$ 704,875		\$ 704,875	
	Financial assets at fair value through profit or loss - current	Not applicable	1,853,787	\$ 22,000	-	\$ 22,536	
	Valuation adjustment of financial assets			536		-	
	Total			\$ 22,536		\$ 22,536	
	Financial assets at fair value through profit or loss - current						

Securities held by	Type and name of securities	Relationship with the securities issuer	As of December 31, 2022					Footnote
			General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519	
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519	
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	-	\$ 23,499	10.48%	\$ 23,499	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable Not applicable	Financial assets at fair value through profit or loss - current "	9,550,095 6,300,502	\$ 100,000 80,000	- -	\$ 100,302 80,305	
			Valuation adjustment of financial assets Total		607 180,607		- \$ 180,607	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund Beneficiary certificates - Mega Diamond Money Market Fund Beneficiary certificates - CTBC Hwa-win Money Market Fund	Not applicable Not applicable Not applicable	Financial assets at fair value through profit or loss - current " "	9,550,916 4,725,823 1,531,716	\$ 100,000 60,000 17,061	- - -	\$ 100,310 60,235 17,122	
			Valuation adjustment of financial assets Total		606 177,667		- \$ 177,667	
ChyuanAn Transport Co., Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,063	
			Valuation adjustment of financial assets Total		36 10,063		- \$ 10,063	
YuCheng Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,054	
			Valuation adjustment of financial assets Total		54 15,054		- \$ 15,054	
He Jing Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	21,794,089	\$ 300,000	-	\$ 300,000	
			Valuation adjustment of financial assets Total		- 300,000		- \$ 300,000	

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, 2022

(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, 2022			Addition			Disposal			Balance as at December 31, 2022			Footnote
					Number of shares	Amount		Number of shares	Amount		Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount		
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Investments accounted for using equity method	He Jun Energy Co., Ltd.	Subsidiaries	-	\$	-	-	\$	-	\$	-	\$	-	\$	-	Note 2
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Investments accounted for using equity method	Hoyu Investment Co., Ltd.	Associates/Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	Note 3
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Investments accounted for using equity method	Hotai Insurance Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	Note 4
Carmax Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	35,665,722	370,000	35,338,389	370,000	370,000	373,420	370,000	370,000	3,420	35,338,389	371,148		
Toyota Material Handling Taiwan Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	49,471,383	506,728	-	49,471,383	-	517,881	506,728	506,728	11,153	-	-	-	
Hotai Finance Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	107,163,492	1,700,000	1,700,000	1,700,315	1,700,000	1,700,000	315	-	-	-	
Hotai Finance Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	327,937,006	4,500,000	4,500,000	4,501,577	4,500,000	4,500,000	1,577	-	-	-	
Hotai Finance Co., Ltd.	ESITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	116,031,997	1,800,000	1,800,000	1,800,310	1,800,000	1,800,000	310	-	-	-	
Hotai Finance Co., Ltd.	Taishin Tas-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	34,704,147	500,000	500,000	500,108	500,000	500,000	108	-	-	-	
Hotai Finance Co., Ltd.	Hua Nan Kirm Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	246,937,969	3,000,000	3,000,000	3,000,445	3,000,000	3,000,000	445	-	-	-	
Hotong Motor Investment Co., Ltd.	Structured deposit-Cathay United Bank	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	217,136	-	450,929	-	675,169	666,029	666,029	9,140	-	-	-	
He Jing Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	18,178,788	300,000	300,000	300,106	300,000	300,000	106	-	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	69,064,445	950,000	950,000	650,260	650,000	650,000	260	21,794,089	300,000		
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (USD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	-	612,974	-	311,498	309,787	309,787	1,711	-	304,875		
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (TWD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	-	800,000	-	401,464	400,000	400,000	1,464	-	400,000		
Hotai Connected Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	3,325,555	34,602	24,849,790	260,000	260,000	194,982	194,602	194,602	380	9,550,095	100,302		

Note 1: Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.

Note 2: In February, 2022, the Company's subsidiary, Hotai Finance Co., Ltd. participated in the capital increase of He Jun Energy Co., Ltd. Please refer to Note 9 for details.

Note 3: In January, 2022, the Company disposed 30% of the shares of Hotai Connected Co., Ltd. to Ho Yu Investment Co., Ltd., Kuotai Motor Co., Ltd., Taipei Toyota Motor Co., Ltd., Taai Motor Co., Ltd., Central Motor Co., Ltd., Nan Du Motor Co., Ltd., Kuu Du Automobile Co., Ltd.,

Lang Yang Toyota Motor Co., Ltd. and Eastern Motor Co., Ltd.

Note 4: In October and November, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. Please refer to Note 9 for details.

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, 2022

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

Table 5

last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty		Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Relationship between the original owner and the acquirer						
Hotai Insurance Co., Ltd.	14 parking spaces and second floor in No.150 and No.152 Section 4, Chengde Road, Shilin Dist., Taipei City	June 15, 2022	\$ 404,809	Paid in full	Fresh Nature International Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	Future operation demand	None
	No. 82-5, Sec. 2, Lingang E. Rd., Longjing Dist., Taichung City	July 26, 2022	\$ 446,000	Paid in full	Shan Feng Foods Industrial 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.



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, 2022

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

Table 6

Transaction				compared to third party transactions			receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Footnote	Percentage of total notes/accounts receivable (payable)
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	\$ 26,333,323	20%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	\$ 508,745		17%
Ho Tai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	"	"	23,949,420	19%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	455,771		15%
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	18,016,069	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	376,920		12%
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	18,012,052	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	322,999		11%
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	15,715,194	12%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	365,864		12%
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	16,211,847	13%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	318,258		10%
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	3,340,289	3%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	"	495,498		9%
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	"	2,691,601	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	"	49,809		2%
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	"	2,658,084	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	55,369		2%
Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	1,117,954	1%	Collection at sight	"	"	66,700		2%
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	"	133,899	-	Collection at sight	"	"	13,640		-
Ho Tai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	37,759,395	32%	Closes its accounts 15 days after the end of each month	Not applicable	"	( 3,499,835)		40%
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	48,293,126	41%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 924,946)		11%
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	"	1,938,421	2%	Closes its accounts 16 days after the end of each month	"	"	( 428,842)		5%
Ho Tai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	"	4,279,240	4%	Closes its accounts 15 days after the end of each month	"	"	( 483,221)		6%
Ho Tai Motor Co., Ltd.	Hino Motors, Ltd.	"	"	323,829	-	Closes its accounts 15 days after the end of each month	"	"	( 4,373)		-
Ho Tai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	"	"	924,034	1%	Closes its accounts 15 days after the end of each month	"	"	( 1,049)		-

Transaction										Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote		
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	\$ 1,037,747	1%	Closes its accounts 16 days after the end of each month	Not applicable	Normal	( \$ 113,884)	1%			
Ho Tai Motor Co., Ltd.	TOYOTA-MOTOR-SALES-USA	Entity controlled by the Company's key management	"	864,264	1%	Closes its accounts 15 days after the end of each month	"	"	( 1,300)	-			
Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	Subsidiary	Sales	664,789	3%	Collection at sight	Normal	"	58,905	2%			
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	"	475,406	2%	Collection at sight	"	"	36,574	2%			
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	165,991	1%	Closes its accounts on the next Monday and Wednesday after the end of each week	"	"	16,356	1%			
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Purchases	;	68%	Closes its accounts on the next Monday and Wednesday after the end of each week	Not applicable	Not applicable	( 336,001)	40%			
Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	3,340,289	15%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 495,498)	9%			
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	"	506,855	72%	Closes its accounts 15 days after the end of each month	"	"	( 30,042)	37%			
Smart Design Technology Co., Ltd.	Carnax Co., Ltd.	Parent company	Sales	616,059	90%	Closes its accounts 10 days after the end of each month	Normal	Normal	55,985	-			
Carnax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,938,421	30%	Closes its accounts 16 days after the end of each month	"	"	428,842	5%			
Carnax Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	1,223,409	16%	Closes its accounts 10 days after the end of each month	"	"	262,009	18%			
Carnax Co., Ltd.	Tau Jing Motor Co., Ltd.	"	"	150,134	2%	Closes its accounts 10 days after the end of each month	"	"	27,696	18%			
Carnax Co., Ltd.	Zhonghao Motor Co., Ltd.	"	"	150,646	2%	Closes its accounts 10 days after the end of each month	"	"	38,075	3%			
Carnax Co., Ltd.	Innovation AUTO Parts Co., Ltd.	"	"	105,595	1%	Closes its accounts 25 days after the end of each month	"	"	11,887	1%			
Carnax Co., Ltd.	Wang Fu Co., Ltd.	"	"	136,644	2%	Closes its accounts 35 days after the end of each month	"	"	27,547	2%			
Carnax Co., Ltd.	Zhongyang Motor Co., Ltd.	"	"	133,614	2%	Closes its accounts 35 days after the end of each month	"	"	33,536	2%			
Carnax Co., Ltd.	Gao Zhi Motor Co., Ltd.	"	"	103,305	1%	Closes its accounts 10 days after the end of each month	"	"	10,977	1%			
Carnax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	133,899	2%	Closes its accounts 16 days after the end of each month	"	"	( 13,640)	1%			
Carnax Co., Ltd.	AIM Technology Co., Ltd.	Associates	"	1,428,006	24%	Closes its accounts 21 days after the end of each month	"	"	108,664	13%			
Carnax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	"	616,059	10%	Closes its accounts 10 days after the end of each month	"	"	( 55,985)	-			
Carnax Co., Ltd.	Carnax Autotech (Shanghai) Co., Ltd.	"	"	246,943	4%	Closes its accounts 30 days after the end of each month	"	"	( 56,094)	-			
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	"	3,360,900	34%	Payment at sight	"	"	( 6,116)	4%	Note		
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	1,450,012	12%	Payment at sight	"	"	( 80,068)	18%			
Hotai Leasing Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,117,954	12%	Payment at sight	"	"	( 66,700)	-			
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	"	1,134,283	12%	Payment at sight	"	"	( 6,443)	4%			
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	849,652	9%	Payment at sight	"	"	( 14,940)	3%			
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	716,029	8%	Payment at sight	"	"	( 37,711)	-			
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	"	"	475,406	5%	Payment at sight	"	"	( 36,574)	-			
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	465,427	5%	Payment at sight	"	"	-	-			
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	112,376	1%	Payment at sight	"	"	-	-			

Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term		Footnote	
						Unit price	Credit term		
Eastern Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	\$ 2,658,084	91%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	\$ 55,369	82%
He Jing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	664,789	100%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	( 58,905)	-
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	"	435,805	4%	Closes its accounts 26 days after the end of each month	"	( 43,718)	-
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	"	267,654	2%	Closes its accounts 60 days after the end of each month	"	( 20,688)	-
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	267,654	34%	Closes its accounts 60 days after the end of each month	"	20,688	61%
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	435,805	94%	Closes its accounts 26 days after the end of each month	"	43,718	100%
Hotai Transport Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	145,508	100%	Closes its accounts 26 days after the end of each month	"	14,454	100%
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Subsidiary	"	153,572	72%	Closes its accounts 26 days after the end of each month	"	-	-
Camax Auto Tech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	"	161,524	35%	Closes its accounts 30 days after the end of each month	"	10,131	15%
Camax Auto Tech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	"	246,943	53%	Closes its accounts 30 days after the end of each month	"	56,094	70%
Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	Associates	"	143,613	4%	Collection at sight	"	-	-
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Subsidiary	"	142,510	9%	Collection in advance	"	-	-
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	132,679	7%	Payment in advance	"	-	-
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,002,934	100%	Payment in advance	"	-	-
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,792,661	95%	Payment in advance	"	-	-
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,449,686	97%	Payment in advance	"	-	-
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,185,115	95%	Payment in advance	"	-	-
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,778,928	84%	Payment in advance	"	-	-
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,473,884	90%	Payment in advance	"	-	-
Shanghai Jiading Heling Lexus MOTOR Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	923,124	89%	Payment in advance	"	-	-
Tianjin Heyi International Trading Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Parent company	"	142,510	27%	Payment in advance	"	-	-
Hoyun International Lease Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Associates	"	143,613	88%	Payment in advance	"	-	-
Hotong Motor Investment Co., Ltd.	Carmax Auto Tech (Shanghai) Co., Ltd.	"	"	161,524	92%	Closes its accounts 30 days after the end of each month	"	-	-

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, 2022

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

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Overdue receivables			Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
				Turnover rate	Amount	Action taken		
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable \$ 508,745	62.16	\$ -	-	\$ 508,745	\$ -
Ho Tai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	"	Other receivables 12,403 Accounts receivable 455,771 Other receivables 11,103	61.74	-	-	12,403 455,771 11,103	-
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable 495,498 Other receivables 24,123	12.20	-	-	495,498 24,123	-
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable 376,920 Other receivables 2,917	59.34	-	-	376,920 2,917	-
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable 318,258 Other receivables 7,933	56.92	-	-	318,258 7,933	-
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable 322,999 Other receivables 8,588	60.86	-	-	322,999 8,588	-
Ho Tai Motor Co., Ltd.	Kuon Motor Co., Ltd.	"	Accounts receivable 365,864 Other receivables 68,984	69.95	-	-	365,864 68,984	-
Carnax Co., Ltd.	Kuozui Motor Co., Ltd.	"	Accounts receivable 262,009	4.65	-	-	262,009	-
Carnax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Accounts receivable 428,842	4.37	-	-	428,842	-

Ho Tai Motor Co., Ltd.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

(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	\$ 3,340,289	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	Service revenue	1,760,027	Closes its accounts 16 days after the end of following two months	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	495,498	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	81,101		-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,658,084	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.	Eastern Motor Co., Ltd.	1	Accounts receivable	55,369	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.	Carmax Co., Ltd.	1	Accounts payable	428,842	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	133,899	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,117,954	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	66,700		-
0	Ho Tai Motor Co., Ltd.	Hoing Mobility Service Corporation	1	Sales revenue	54,279	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Finance Co., Ltd.	1	Sales discounts and allowances	167,625	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	YuCheng Transport Co., Ltd	1	Sales revenue	53,799		-
1	Chang Yuan Motor Co., Ltd.	Eastern Motor Co., Ltd.	3	Sales revenue	86,328	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	475,406	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Accounts receivable	36,574		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Sales revenue	664,789		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Accounts receivable	58,905		-
1	Chang Yuan Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Accounts payable	33,367		-
2	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	218,674		-
3	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	246,943	Closes its accounts 30 days after the end of each month	-
3	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Accounts receivable	56,094		-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	88,720	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Other payables	121,383	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	158,019	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	27,505	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	\$ 98,872	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	46,604	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	129,682	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	3	Other payables	85,630	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Other receivables	441,394	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	134,168	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	3	Other payables	100,638	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Other payables	86,955	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	259,837	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	52,070	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Other receivables	27,587	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	79,010	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	35,995	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	3	Other receivables	28,073	Closes its accounts 30 days after the end of each month	-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Sales revenue	301,553		-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Accounts receivable	43,010		-
6	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	74,079		-
7	Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	143,613		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	34,119		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	47,882		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	29,325		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	46,860		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	85,878		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	37,963		-
10	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Rental income	27,518		-
11	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	27,770		-
12	Nanjing HoZhan Motor Sales and Service Co.,LTD.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	45,036		-
13	Tianjin Ho-Yu Toyota Sales & Service Co.,Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	3	Sales revenue	35,965		-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		
				General ledger account	Amount	Percentage of total operating revenues or total assets
13	Tianjin Ho-Yu Toyota Sales & Service Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd	3	Sales revenue	\$ 29,969	-
14	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	33,262	-
15	Shanghai Hoyu Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	87,877	-
16	Shanghai Heling Motor Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	66,618	-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Rental income	95,503	-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Other payables	41,648	-
18	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	267,654	-
				Closes its accounts 60 days after the end of each month		
19	Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	3	Accounts payable	43,718	-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	616,059	-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Accounts receivable	55,985	-
				Closes its accounts 10 days after the end of each month		
20	Smart Design Technology Co., Ltd.	Hoing Mobility Service Co., Ltd.	3	Sales revenue	28,177	-
21	Long Day Moving House & Portage Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	27,620	-
22	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,737	-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	445,513	-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Accounts receivable	43,765	-
24	3A Express Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	42,095	-
25	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	145,508	-
26	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,718	-
26	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	153,572	-
27	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	3	Property, plant and equipment, other non-current assets	138,002	-
27	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Management fee income	42,074	-
28	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Car Leasing Co., Ltd.	3	Rental income	25,577	-
29	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	3	Other receivables	30,000	-
29	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	3	Other receivables	40,000	-
29	He Jun Energy Co., Ltd.	Xian Yao Energy Co., Ltd.	3	Other receivables	30,000	-

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, 2022  
(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, 2022		Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Book value		
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 7,204,622	\$ 7,201,122	527,947,384	100.00	\$ 15,195,879	\$ 21,674,734	Subsidiary
Ho Tai Motor Co., Ltd.	Kuozei Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	5,970,350	1,013,050	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Hwai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	-	2,600,000,000	92.86	( 3,202,898)	( 13,861,926)	Subsidiary
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,344,238	3,344,238	108,897,360	100.00	9,620,120	809,524	"
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	4,625,700	716,151	"
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,754,483	1,070,899	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	3,784,423	1,266,605	Subsidiary
Ho Tai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,811,818	1,083,062	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	1,464,963	601,957	"
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,779,875	1,120,206	Subsidiary
Ho Tai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,792	6,474	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	1,297,293	529,770	"
Ho Tai Motor Co., Ltd.	Kiouti Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,450,904	905,179	"
Ho Tai Motor Co., Ltd.	Nun Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,208,004	775,070	"
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	"	50,000	50,000	79,578,810	100.00	1,144,871	165,835	Subsidiary
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	"	80,000	80,000	41,715,847	100.00	499,962	53,716	"
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	307,402	94,120	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	398,926	10,298	"
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	126,581	28,008	"
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	101,283	69,002	"
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	34,391	28,091	Subsidiary
Ho Tai Motor Co., Ltd.	Hoiat Connected Co., Ltd.	"	E-commerce platform services	615,342	879,060	79,100,000	70.00	577,732	98,409	"
Ho Tai Motor Co., Ltd.	Hoiat AutoBody Manufacturing Co., Ltd.	"	Car assembly business	500,000	500,000	50,000,000	50.00	508,922	13,744	"
Ho Tai Motor Co., Ltd.	Hoiat AutoBody Sales Co., Ltd.	"	Car sales business	37,010	-	4,000,000	100.00	37,656	166	"
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power related business	180,000	-	18,000,000	18.00	174,820	( 28,775)	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tianjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	107,485	107,485	3,500,000	70.00	157,114	( 9,946)	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	36,852	36,852	1,200,000	40.00	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hoiat Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,003	62,003	233,782,831	45.39	11,133,370	3,623,387	Subsidiary
Hozan Investment Co., Ltd.	Hoiat Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	83,629,381	66.04	3,535,624	1,080,397	"



Investor	Investee	Location	Main business activities	Initial investment amount			Shares held as at December 31, 2022		Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Book value			
Hozan Investment Co., Ltd.	Hozan Enterprise Co., Ltd.	"	Installment trading of various vehicles	\$ 34,756	\$ 34,756	3,823,128	18.29	\$ 426,028	\$ 97,243	\$ -	Investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	77	77	2,000	-	125	529,770	-	Sub-subsidiary
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Taiwan	Property and casualty insurance services	6,831,887	6,831,887	19,960,531	7.13	( 245,892)	( 36,907,140)	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	"	General investment	298,864	298,864	20,470,156	40.00	338,449	124,339	-	Sub-subsidiary
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	"	1,240,684	1,240,684	40,400,000	50.50	2,763,900	884,368	-	"
Hotai Finance Co., Ltd.	Hong Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	310,000	310,000	31,000,000	50.82	342,634	52,515	-	"
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	120,000	120,000	12,000,000	27.40	91,148	( 43,801)	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Installment trading of various vehicles	810,000	810,000	81,000,000	81.00	751,075	( 60,947)	-	"
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power related business	800,000	-	80,000,000	80.00	776,980	( 28,775)	-	"
He Jun Energy Co., Ltd.	Weiten Energy Storage Technology Co., Ltd.	"	Energy storage related business	22,000	-	2,200,000	100.00	21,539	( 461)	-	"
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co., Ltd.	"	Solar power related business	31,850	-	3,185,000	35.00	24,354	( 21,507)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	"	9,781	-	900,000	90.00	9,625	1,212	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	"	116	-	9,000	90.00	106	453	-	"
He Jun Energy Co., Ltd.	Xian Yao Energy Co., Ltd.	"	"	1,066	-	9,000	90.00	718	522	-	"
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,216,116	1,216,116	39,600,000	49.50	2,708,330	884,368	-	"
Hotai Connected Co., Ltd.	Hong Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	30,000,000	49.18	331,577	52,514	-	"
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	180,000	180,000	18,000	41.10	134,654	( 43,801)	-	"
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	"	Travel agency	10,000	-	1,000,000	100.00	10,742	742	-	"
Hotai Mobility Service Co., Ltd.	ChyuanAi Transport Co., Ltd.	"	Taxi service	9,748	9,748	3,400,000	100.00	35,727	293	-	"
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	"	"	39,225	39,225	7,000,000	100.00	98,178	1,111	-	"
Chang Yuan Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	"	Car assembly business	200,000	200,000	20,000,000	20.00	203,563	13,744	-	Subsidiary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	107,705	29,345	-	"
Carmax Co., Ltd.	AIM Technology Corp.	"	Trading of vehicle products and accessories	38,500	38,500	3,850,000	35.00	41,515	6,474	-	Investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	92,130	92,130	3,000,000	100.00	106,080	( 2,820)	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Kashiwabara Hotai Taiwan Co., Ltd.	Taiwan	Wholesale and retail of paints and coating	26,820	26,820	882,000	24.50	697	2,458	-	Subsidiary's investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	Repairing of air conditioning equipment and trading of their parts	100,000	100,000	27,190,239	100.00	864,674	87,185	-	Sub-subsidiary
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	111,194	15,429	-	"
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	Freight forwarders	51,000	51,000	5,100,000	51.00	119,134	70,005	-	"
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	697	2,458	-	Subsidiary's investee company accounted for using the equity method
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	Freight forwarders	10,000	10,000	1,000,000	100.00	24,180	11,940	-	Sub-subsidiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	"	"	25,000	25,000	2,500,000	100.00	71,202	43,082	-	"
Eastern Motor Co., Ltd.	Doroman Autoparts Co., Ltd.	"	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	10,359	4,277	-	"
Eastern Motor Co., Ltd.	Daleon Auto Parts And Accessories Corporation	"	"	500	500	50,000	100.00	982	456	-	"
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	"	E-commerce transaction platform service	5,650	-	565,000	0.50	5,650	98,409	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	( 43,801)	-	Sub-subsidiary
Hotai AutoBody Manufacturing Co., Ltd.	Hotai AutoBody Sales Co., Ltd.	"	Sales of vehicle bodies	-	40,000	-	-	-	166	-	Subsidiary

Ho Tai Motor Co., Ltd.  
Information on investments in Mainland China-Basic information  
Year ended December 31, 2022  
(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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Footnote		
				Investment method	Mainland China	Taiwan		Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022			Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,932,262	Note 2	\$ 1,887,130	\$ -	\$ 663,016	\$ 1,224,114	\$ 880,997	100.00	\$ 880,997	\$ 9,427,989	\$ 671,371	Note 2.3	
Shanghai Hoyo Motor Service Co., Ltd.	Sales and repairing of vehicles	103,493	"	103,493	-	-	103,493	97,894	100.00	97,894	414,325	-	"	
ChongQing Yuou Toyota Automobile Sales & Service Co., Ltd.	"	132,417	"	11,286	-	-	11,286	-	10.48	-	11,286	-	"	
Beijing Hoyo Toyota Motor Sales & Service Co., Ltd.	"	92,130	"	30,710	-	-	30,710	-	40.00	-	-	-	"	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	184,260	"	184,260	-	-	184,260	140,280	100.00	140,280	460,810	-	"	
Shanghai Hozhan Motor Service Co., Ltd.	"	92,130	"	92,130	-	-	92,130	31,044	100.00	31,044	161,230	-	"	
Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	153,550	"	107,485	-	-	107,485	9,946	70.00	6,962	157,114	-	"	
Shanghai Heling Motor Service Co., Ltd.	"	107,485	Note 3	80,614	-	-	80,614	348,719	100.00	348,719	1,029,278	-	"	
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"	132,417	Note 2	12,092	-	-	12,092	-	10.48	-	12,092	26,106	"	
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	184,260	"	184,260	-	-	184,260	12,029	100.00	12,029	193,233	-	"	
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	419,192	"	285,603	-	-	285,603	5,552	100.00	5,552	258,031	-	"	
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	"	44,139	Note 3	-	-	-	-	938	100.00	938	49,718	-	"	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	178,118	Note 2	178,118	-	-	178,118	68,290	100.00	68,290	331,298	-	"	
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	"	199,615	"	199,615	-	-	199,615	155,956	100.00	155,956	428,382	-	"	
Hoyun International Lease Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,456,800	"	2,456,800	-	-	2,456,800	884,368	55.61	491,821	3,043,170	-	Note 2.1	
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	220,696	Note 3	-	-	-	-	18,311	55.61	10,183	149,746	-	Note 2.3	
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	662,091	"	-	-	-	-	35,200	55.61	19,576	323,207	-	"	
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	92,130	Note 2	92,130	-	-	92,130	2,820	45.01	1,269	47,744	-	"	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	368,520	Note 3	-	-	-	-	113,140	100.00	113,140	497,889	-	"	
Tianjin Hozhan Motor Service Co., Ltd.	"	302,794	"	-	-	-	-	15,412	100.00	15,412	321,606	-	"	
Linyi Hoyo Toyota Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	-	18,741	35.00	6,559	53,405	-	"	
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	40,844	Note 1	40,844	-	-	40,844	45,152	51.00	23,028	180,816	-	"	
Guangzhou Gac Changho Autotech Corporation	"	98,067	"	44,130	-	-	44,130	52,002	22.95	11,934	44,005	131,149	"	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022				Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to		Remitted back to								
					Mainland China	Taiwan	Mainland China	Taiwan							
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 307,100	Note 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	35.00	\$ 15,028	\$ 160,233	\$ -	Note 2,3	
Taizhou Zhongdu Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	460,650	"	-	-	-	-	-	-	35.00	14,180	219,610	-	"	
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	-	-	-	35.00	12,723	213,759	-	"	
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	429,940	Note 3	-	-	-	-	-	-	35.00	9,849	42,230	-	"	
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,538	"	-	-	-	-	-	-	71.43	342	1,115	-	"	
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,414	"	-	-	-	-	-	-	100.00	527	11,321	-	"	
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	471,849	"	-	-	-	-	-	-	100.00	121,989	704,477	-	"	
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	1,015,197	"	-	-	-	-	-	-	100.00	2,370	995,040	-	"	
Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting service and property management	13,242	"	-	-	-	-	-	-	100.00	589	22,573	-	"	
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	88,278	"	-	-	-	-	-	-	100.00	11,980	123,613	-	"	
Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	44,139	"	-	-	-	-	-	-	50.00	12,978	11,954	-	"	
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	307,100	"	-	-	-	-	-	-	100.00	8,802	287,521	-	"	
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	322,455	"	-	-	-	-	-	-	100.00	23,058	331,117	-	"	
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	Sales and repairing of vehicles	132,417	"	-	-	-	-	-	-	35.00	437	42,440	-	"	
Tianjin Yongda Communication Technology Co., LTD.	Trading of vehicle products / accessories and property management	259,449	"	-	-	-	-	-	-	35.00	3,523	167,566	-	"	
Nanjing HoZhan Motor Sales and Service Co., LTD.	Sales and repairing of vehicles	132,417	"	-	-	-	-	-	-	70.00	638	91,771	-	"	
Shanxi Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	132,053	"	-	-	-	-	-	-	35.00	2	42,835	-	"	
Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	22,070	"	-	-	-	-	-	-	100.00	3,498	485,087	-	"	
Shanghai Fengyi Construction Decoration Co., Ltd.	"	247,178	"	-	-	-	-	-	-	70.00	15,603	633,979	-	"	
Tianjin Hekang Equipment Leasing Co., Ltd.	Leasing business	750,363	"	-	-	-	-	-	-	100.00	1,732	751,968	-	"	
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	308,973	"	-	-	-	-	-	-	70.00	9,754	206,555	-	"	
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	441	"	-	-	-	-	-	-	55.61	-	3,596	-	"	

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, 2022					Accumulated amount of investment income recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022						
				Investment method (Note 1)	January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	Net income of investee for the year ended December 31, 2022				
Investee in Mainland China	Main business activities	Paid-in capital	(Note 1)	January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Hangzhou Youyou Technology Co., Ltd.	Leasing business	\$ 441	Note 3	\$ -	-	\$ -	-	-	\$ 55.61	\$ -	\$ 1,043	Note 2.3
Hemet (Suzhou) Management Advisory Services Co., Ltd.	Advisory service	441	"	-	-	-	-	-	55.61	245	-	"

Hangzhou Youyou Technology Co., Ltd.	Leasing business	\$ 441	Note 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Note 2.3
Hemet (Suzhou) Management Advisory Services Co., Ltd.	Advisory service	441	"	-	-	-	-	-	245	"

Note 1: The investments 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, 2022 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, 2022	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.	\$ 3,188,462	\$ 6,436,465	\$ 41,743,237
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Ho Tai Motor Co., Ltd.  
Major shareholders information  
Year ended December 31, 2022

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, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Items	Description	Amount
Petty cash		\$ 330
Checking accounts		18,985
Demand deposits		
-NTD		787,590
-USD	USD 846 thousand, conversion rate 30.7100	25,995
-JPY	JPY 152,697 thousand, conversion rate 0.2324	35,487
Cash equivalents-short-term notes and bills		3,485,688
		<u>\$ 4,354,075</u>

HO TAI MOTOR CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Items	Amount		Footnote
	Cost	Net realizable value	
Vehicles	\$ 1,925,234	\$ 1,925,234	
Parts	715,009	620,439	
Inventory in transit	<u>1,909,123</u>	<u>1,909,123</u>	
	4,549,366	<u>\$ 4,454,796</u>	
Less: Allowance for inventory obsolescence	( 94,570)		
	<u>\$ 4,454,796</u>		

**HO TAI MOTOR CO., LTD.**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**  
**YEAR ENDED DECEMBER 31, 2022**  
(Expressed in thousands of New Taiwan dollars)

**STATEMENT 3**

Investee	Balance at January 1, 2022			Additions			Deductions			Balance at December 31, 2022			Net equity value		Collateral pledged
	Shares	Amount		Shares	Amount		Shares	Amount		Shares	Amount		Unit price (In dollars)	Total amount	
Hozan Investment Co., Ltd.	103,800,000	-	\$ 23,596,865	3,500,000	\$ 15,343,340		-	\$ 23,744,326		527,947,384	\$ 15,195,879	\$ 29	\$	15,206,696	None
Kuoziui Motors, Ltd.			5,242,021	-	1,146,218		-	417,889		103,800,000	30,000%	58		5,990,643	"
Chang Yuan Motor Co., Ltd.	313,500,000		4,494,197	-	821,846		-	690,343		313,500,000	100.000%	15		4,625,700	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	108,897,360		9,256,665	-	967,688		-	604,233		108,897,360	100.000%	88		9,620,120	"
Central Motor Co., Ltd.	15,000,000		2,649,211	-	226,532		-	121,260		15,000,000	20.000%	128		1,912,996	"
Ho Tai Development Co., Ltd.	24,710,856		3,411,607	-	570,503		-	197,687		24,710,856	45.01%	155		3,819,525	"
Tau Miau Motor Co., Ltd.	15,153,573		1,673,305	-	222,436		-	83,923		15,153,573	20.000%	92		1,390,124	"
Kau Du Automobile Co., Ltd.	22,161,150		1,408,476	-	122,760		-	66,273		22,161,150	20.000%	45		993,819	"
Carnax Co., Ltd.	22,950,000		1,573,014	-	574,071		-	367,210		22,950,000	51.000%	77		1,766,896	"
Taipei Toyota Motor Co., Ltd.	25,438,987		1,197,311	-	213,223		-	113,241		25,438,987	34.81%	59		1,510,356	"
Kuotu Motor Co., Ltd.	17,553,761		1,315,675	-	193,175		-	57,946		17,553,761	20.18%	83		1,459,526	"
Nan Du Motor Co., Ltd.	14,806,073		1,130,250	-	192,096		-	114,342		14,806,073	23.67%	82		1,214,610	"
Toyota Material Handling Taiwan Ltd.	70,597,690		1,030,626	8,981,120	168,774		-	54,529		79,578,810	100.000%	14		1,144,871	"
Eastern Motor Co., Ltd.	39,268,179		447,486	2,447,668	60,850		-	8,375		41,715,847	100.000%	13		508,336	"
Lang Yang Toyota Motor Co., Ltd.	2,000,000		301,184	-	19,629		-	13,411		2,000,000	20.000%	90		179,442	"
Formosa Flexible Packaging Corp.	1,295,108		394,678	-	6,939		-	2,690		1,295,108	44.44%	318		412,340	"
Shi-Ho Screw Industrial Co., Ltd.	211,433		126,413	-	6,659		-	6,491		211,433	21.14%	581		122,802	"
Yokohama Tire Taiwan Co., Ltd.	3,000		114,033	-	17,251		-	30,000		3,000	25.00%	35,001		105,003	"
AIM Technology Corp.	1,650,000		17,471	-	971		-	650		1,650,000	15.00%	11		17,792	"
Hotai Connected Co., Ltd.	113,000,000		722,874	-	71,720	(	33,900,000)	(	216,862)	79,100,000	70.00%	7		574,898	"
Smart Design Technology Co., Ltd.	960,961		34,961	-	5,618		-	6,189		960,961	20.00%	36		34,252	"
Hotai Auto Body Manufacturing Co.,Ltd	50,000,000		500,556	-	8,365		-	-		50,000,000	50.00%	10		509,118	"
Hotai Auto Body Sales Co.,Ltd	-		-	4,000,000	37,656		-	-		4,000,000	100.00%	9		37,656	"
He Jun Energy Co., Ltd.	-		-	18,000,000	180,000		(	5,180		18,000,000	18.00%	10		174,820	"
			60,638,879		21,178,320		(	26,923,050			54,894,149				
Hotai Insurance Co., Ltd. (Note)	-		-	2,600,000,000	10,659,027		(	13,861,925		2,600,000,000	92.86%	21	(	4,093,801)	None
		\$	60,638,879		\$ 31,837,347		(\$	40,784,975)			\$ 51,691,251				

Note: The investments accounted for using the equity method has gone into a negative balance, so it was reported under "other non-current liabilities".



HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Items	Balance as of January 1, 2022	Additions	Deductions	Reclassifications	Balance as of December 31, 2022	Guaranteed or Pledged as collateral
Land						None
Cost	\$ 2,891,965	\$ -	\$ -	\$ -	\$ 2,891,965	
Less: Accumulated impairment	( 26,850)	-	-	-	( 26,850)	
Subtotal	2,865,115			-	2,865,115	
Buildings and structures	1,286,124	4,168	( 600)	106,702	1,396,394	None
Utility equipment	133,087	189	( 5,037)	-	128,239	"
Office equipment	578,119	30,404	( 18,768)	5,300	595,055	"
Others	14,834	301	-	-	15,135	"
Rental assets	78,612	-	-	-	78,612	"
Construction in progress	4,491	14,375	-	( 18,466)	400	"
	\$ 4,960,382	\$ 49,437	\$ 24,405	( \$ 93,536)	\$ 5,078,950	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – ACCUMULATED DEPRECIATION  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5	Items	Balance as of		Additions	Deductions	Reclassifications	Balance as of		Footnote
		January 1, 2022					December 31, 2022		
	Buildings and structures	\$ 825,608	\$	36,890 (\$	559)	\$ 58,557	\$	920,496	
	Utility equipment	129,217		569 (	5,037)	-		124,749	
	Office equipment	475,416		30,557 (	16,747)	-		489,226	
	Others	8,846		1,937	-	-		10,783	
	Rental assets	78,427		45	-	-		78,472	
		\$ 1,517,514	\$	69,998 (\$	22,343)	\$ 58,557	\$	1,623,726	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 6

Items	Balance as of January 1, 2022	Additions	Deductions	Reclassifications	Balance as of December 31, 2022	Guaranteed or Pledged as collateral
Land	\$ 1,681,005	\$ -	\$ -	\$ -	1,681,005	None
Buildings and structures	1,490,767	-	-	( 93,537)	1,397,230	"
	\$ 3,171,772	\$ -	\$ -	\$ (93,537)	\$ 3,078,235	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – ACCUMULATED DEPRECIATION  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 7

<u>Items</u>	<u>Balance as of January 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance as of December 31, 2022</u>	<u>Footnote</u>
Buildings and structures	<u>\$ 573,172</u>	<u>\$ 30,136</u>	<u>\$ -</u>	<u>(\$ 58,558)</u>	<u>\$ 544,750</u>	

**HO TAI MOTOR CO., LTD.**  
**STATEMENT OF SHORT-TERM LOANS**  
December 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

Type	Description	Balance as of December 31, 2022	Contract period	Range of interest rate (%)(Note1)	Loans Commitments (in thousands)	Pledges or collaterals	Note
Unsecured borrowings							
	CTBC Bank Co., Ltd., Chengdong Branch	\$ 4,000,000	2022/12/14~2023/3/31	1.70%	\$ 14,500,000	None	Note2
	CTBC Bank Co., Ltd., Chengdong Branch	6,500,000	2022/12/30~2023/3/31	1.75%	14,500,000	"	Note2
	Citibank Taiwan Ltd., Business Department	400,000	2022/11/15~2023/2/13	1.46%	USD 32,000	"	
	MUFG Bank, Ltd., Taipei Branch (foreign currency)	900,000	2022/12/16~2023/1/16	1.53%	USD 90,000	"	Note2
	MUFG Bank, Ltd., Taipei Branch (foreign currency)	1,852,734	2022/12/15~2023/1/03	5.15%	USD 90,000	"	Note2
	HSBC Bank (Taiwan) Ltd., Taipei Branch (foreign currency)	368,520	2022/12/15~2023/1/03	5.125%	USD 25,000	"	
		<u>\$ 14,021,254</u>					

Note1: Interest rate between 1.46%~5.15%

Note2: Multiple loans under the same facility shared by the same lending bank.

HO TAI MOTOR CO., LTD.  
STATEMENT OF LONG-TERM LOANS  
December 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 9

Type	Description	Balance as of December 31, 2022	Contract period	Range of interest rate (%)	Pledges or collaterals
Unsecured borrowings	Mizuho Bank, Ltd.	\$ 8,000,000	2022/10/11~2024/6/28	1.52%~1.81%	None

HO TAI MOTOR CO., LTD.  
STATEMENT OF OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 10

Items	Quantity	Amount	Footnote
Revenue from contracts with customers:			
Sales revenue of vehicles			
Sedan	123,732 cars	\$ 113,377,392	
Others	1,487 cars	2,245,648	
Sales revenue of parts		14,150,489	
Others		<u>1,849,743</u>	
Subtotal		131,623,272	
Sales returns and allowance		( <u>1,230,084</u> )	
		<u>\$ 130,393,188</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF OPERATING COSTS  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 11

Items	Description	Amount	Footnote
Initial inventories		\$ 4,480,689	
Add: Merchandise purchase		116,827,308	
Inventory Valuation Losses		4,769	
Others		326,979	
Less: Ending inventories		( 4,549,366)	
Others		( 13,516)	
Operating costs		<u>\$ 117,076,863</u>	



HO TAI MOTOR CO., LTD.  
STATEMENT OF SELLING EXPENSES  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 12

Items	Description	Amount	Footnote
Wages and salaries		\$ 697,222	Including pension costs
Advertisement expense		830,054	
Freight		311,519	
Others		698,503	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 2,537,298</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 13

Items	Description	Amount	Footnote
Wages and salaries		\$ 675,783	Including pension costs
Directors' remuneration		17,215	
Miscellaneous disbursements		68,854	
Others		245,577	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 1,007,429</u>	

**HO TAI MOTOR CO., LTD.**  
**SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 14		Years ended December 31,					
By function		2022			2021		
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
By nature							
Employee benefit expense							
Wages and salaries		\$ -	\$ 1,339,766	\$ 1,339,766	\$ -	\$ 1,629,449	\$ 1,629,449
Labour and health insurance fees		-	79,142	79,142	-	73,153	73,153
Pension costs		-	33,239	33,239	-	28,409	28,409
Directors' remuneration		-	17,215	17,215	-	402,588	402,588
Other employee benefit expenses		-	104,079	104,079	-	104,149	104,149
Subtotal		-	1,573,441	1,573,441	-	2,237,748	2,237,748
Depreciation		-	105,932	105,932	-	104,054	104,054
Amortization		-	-	-	-	-	-

Note:

A. As at December 31, 2022 and 2021, the Company had 575 and 575 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 \$2,764 ((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 \$3,260 ((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 \$2,380 (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 \$2,894 (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 -17.76% ((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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 14

- (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.

## VI. Financial Overview

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- 6.6 If the Company or any of its affiliates has experienced financial or cash flow difficulties within the latest fiscal year or as of the date of this Annual Report, describe the financial impact of such events on the Company: N/A

柒、財務狀況及財務績效之檢討分析與風險事項

*Financial Conditions, Operating Results and Risk  
Management*



## VII. Financial Status, Operating Results and Risk Management

### 7.1 Financial Condition

Unit: in thousand NT\$

Item \ Year	2022	2021	Change	
			+(-) Amount	%
Current Assets	289,428,506	249,589,847	39,838,659	16
Non-current assets	117,132,631	100,022,937	17,109,694	17
Total Assets	406,561,137	349,612,784	56,948,353	16
Current Liabilities	301,581,096	228,379,527	73,201,569	32
Non-current liabilities	35,407,978	26,767,292	8,640,686	32
Total Liabilities	336,989,074	255,146,819	81,842,255	32
Share Capital	5,461,792	5,461,792	-	-
Capital Surplus	2,898,044	2,807,477	90,567	3
Retained Earnings	32,100,364	62,252,639	(30,152,275)	(48)
Other Equity Interest	1,304,787	3,248,943	(1,944,156)	(60)
Non-controlling Interest	27,807,076	20,695,114	7,111,962	34
Total Equity	69,572,063	94,465,965	(24,893,902)	(26)
<p>Analysis of percentage changes:</p> <ul style="list-style-type: none"> <li>Current assets: higher figures of current assets are primarily due to increased short-term borrowings, short-term notes payables, and long-term liabilities payable in 2022.</li> <li>Non-current liabilities: higher non-current liabilities are mainly attributable to increased long-term borrowings in 2022.</li> <li>Retained Earnings: lower retained earnings are mainly due to loss after income tax.</li> <li>Other equity interest: lower figures of other equity interest were mainly attributable to decreased unrealized gains on financial assets at fair value through other comprehensive income in 2022.</li> </ul>				

## VII. Financial Status, Operating Results and Risk Management

### 7.2 Financial Performance

#### 7.2.1 Analysis of Financial Performance

Unit: in thousand NT\$

Item \ Year	2022	2021	Change	
			+(-) Amount	%
Total Income	246,481,839	246,917,035	(435,196)	-
Total Expenses	261,116,722	221,946,376	39,170,346	18
Profit (Loss) Before Income Tax	(14,634,883)	24,970,659	(39,605,542)	-
Income Tax Expense	(1,111,075)	(5,412,569)	4,301,494	-
Profit (Loss) for the Year	(15,745,958)	19,558,090	(35,304,048)	-
Other Comprehensive Income (Loss), Net of Tax	(1,686,699)	1,334,038	(3,020,737)	-
Comprehensive Income (Loss)	(17,432,657)	20,892,128	(38,324,785)	-
Profit (Loss) Attributable to Owners of Parent	(19,330,194)	16,210,758	(35,540,952)	-
Profit Attributable to Non-controlling Interest	3,584,236	3,347,332	236,904	7
Comprehensive Income (Loss) Attributable to Owners of Parent	(21,172,847)	17,589,052	(38,761,899)	-
Comprehensive Income Attributable to Non-controlling Interest	3,740,190	3,303,076	437,114	13

1. Analysis of percentage changes:

- Changes in profit (loss) for the year is mainly due to COVID insurance payouts which increased our expenses in 2022.
- Other comprehensive income (loss), net of tax, is negative primarily attributable to increased expenses due to COVID insurance payouts.

2. The Company's core business has not changed.

3. For more information regarding forecasted sales in the coming year and assumptions, as well as factors that may affect the Company's projections of continued growth or decline in sales, see "2023 Business Outlook" on page 3 of this Annual Report.

Note: Since Hotai Insurance Co., Ltd., being one of the consolidated entities of the Group, is considered a consolidated business from a different industry, the comprehensive income statements for 2021 and 2022 are prepared in a single-step format. Therefore, there are no figures available on gross profit, operating profit (loss), and non-operating income and expenses.



## VII. Financial Status, Operating Results and Risk Management

### 7.2.2 Analysis of Changes in Gross Profit: N/A

## 7.3 Cash Flows

### 7.3.1 Liquidity Analysis

	December 31, 2022	December 31, 2021	+(-)%
Cash Flow Ratio	-	-	-
Cash Flow Adequacy Ratio	26.94%	43.46%	(16.52%)
Cash Reinvestment Ratio	-	-	-
Analysis of ratio changes: <ul style="list-style-type: none"> <li>Cash flow adequacy ratio decreased primarily due to higher net cash outflow from operating activities.</li> </ul>			

### 7.3.2 Projection of FY2023 Cash Flows and Liquidity Analysis

Unit: in thousand NT\$

Cash and Cash Equivalents at Beginning of Year (1)	Projected Net Cash from Operating Activities (2)	Projected Net Cash from Investing and Financing Activities (3)	Projected Surplus (Deficit) of Cash and Cash Equivalents at End of Year (1)+(2)-(3)	Measures for Managing Cash Deficit	
				Investment Plans	Financing Plans
15,629,561	(26,992,888)	20,840,794	9,477,467	-	-
1. Analysis of projected cash flows: <ul style="list-style-type: none"> <li>From operating activities: the Company expects steady business growth in 2023. However, due to business expansion of Hotai Finance Group, accounts receivables will increase and result in cash outflow from operating activities.</li> <li>From investing and financing activities: the net cash flow primarily comes from financing activities and issuance of corporate bonds of Hotai Finance Group to support its business expansion.</li> </ul> 2. Measures for managing potential cash deficit and liquidity analysis: N/A					

## VII. Financial Status, Operating Results and Risk Management

### 7.4 Major Capital Expenditures and Impact on Financial Condition

#### 7.4.1 Major Capital Expenditures and Source of Capital

Unit: in thousand NT\$

Planned Capital Expenditure	Expected or Final Source of Capital	Estimated or Actual Time of Completion	Funds Required	Estimated or Actual Amount	
				2021	2022
Making additional capital contributions in cash to Hotai Insurance Co., Ltd.	Owned funds and short/long-term borrowing	December 14, 2022	26,000,000	-	26,000,000

#### 7.4.2 Expected Benefits

As a measure to counter the losses due to COVID insurance payouts, we have increased the working capital and capital adequacy of Hotai Insurance, thereby strengthening its capital structure to ensure the rights of policyholders.

## VII. Financial Status, Operating Results and Risk Management

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### 7.5 Investment Policy of the Latest Fiscal Year, Reasons for Gains or Losses, Improvements and Investment Plan for the Coming Year

#### 7.5.1 Investment Policy

The investments we have made are primarily in the automotive industry. The Company focuses on developing distribution channels for convertibles, commercial and industrial vehicles while building up its portfolio by investing in automotive related businesses, including CPO cars, auto accessories, installment sales, rental and leasing, auto insurance, and TOYOTA dealerships in China. Going forward, we will continue to combine existing group resources to expand the Company's already diversified portfolio and move towards investments in Mobility-as-a-Service (MaaS), sharing economy, and renewable energy.

#### 7.5.2 Profitability

Gains from our investments in affiliates and joint ventures recognized using the equity method was NT\$2.243 billion in the 2022 consolidated financial statements, while losses from our investments in subsidiaries, affiliates and joint ventures recognized using the equity method was NT\$30.423 billion in the 2022 individual financial statements. The gains were mainly attributed to investments in Kuozui Motors Ltd. ("Kuozui Motors") and our dealers, while the losses were mainly from the losses incurred by Hotai Insurance due to COVID insurance payouts.

#### 7.5.3 Improvement Plans

Despite strong performances from our core and peripheral businesses last year, Hotai Motor suffered a major setback in terms of its profitability due to the large amount of COVID insurance claims the company had to settle. As a key subsidiary of Hotai Motor, Hotai Insurance has been consistently growing in its revenues over the last few years, and these losses as a result of COVID insurance payouts was a one-time event. Going forward, Hotai Insurance will approach new lines of business with caution and manage different insurance products with the goal to maximize profits, while reinforcing risk management practices, balancing expenses, improving management effectiveness, developing talent, and forging a positive business culture as the company moves towards robust growth.

#### 7.5.4 2023 Investment Plans

In January 2023, the Company and its subsidiary He Jun Energy Co., Ltd ("He Jun Energy"). invested NT\$12 million and NT\$36 million respectively in establishing gochabar Co., Ltd., in which the Company and He Jun Energy collectively hold 40% of the shares.

## VII. Financial Status, Operating Results and Risk Management

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### 7.6 Risk Factors Detailing Analysis and Evaluations in the Following Areas Within the Latest Fiscal Year and as of the Date of this Annual Report

#### 7.6.1 Impact of Interest Rate and Foreign Exchange Fluctuations and Inflation on the Gains or Losses of the Company, and Measures for Managing the Risks

Risk management is carried out by the financial division of each group company in accordance with policies approved by the Board of Directors of the Company. The Group's financial divisions, which work closely with the Group's operational divisions, are responsible for identifying, evaluating, and hedging against financial risks. The Board of Directors has established written guidelines for risk management and provided written policies in selected areas of market risks.

##### (1) Interest Rate Risk

- (a) The interest rate risk is mainly attributable to certain floating interest rate loans taken out by the Company's subsidiary, Hotai Finance, which exposes the Group to cash flow interest rate risk.
- (b) Cross currency swap transactions by the Company's subsidiary, Hotai Finance, use present value of a basis point (PVBp) to evaluate market risks. Since the notional amount is equal to the amount of the hedged liabilities, and the duration, reset date, interest and principal payment schedule, and interest rate benchmark are all identical, they should offset market risk exposures. Therefore, the investments are not expected to result in major market risk.
- (c) Debt-based financial instruments issued by the Company's subsidiary, Hotai Finance, are fixed-rate debts/liabilities, which are not subject to interest rate fluctuations in the market.
- (d) As our subsidiary Hotai Insurance mainly invests in bonds with fixed interest rates, the fair market value of the bonds invested will be impacted by the fluctuations of interest rate in the market. If the market interest rate rises, the fair market value of the bonds will decline. However, the investment objectives of Hotai Insurance are long-term robust performance and predictable profitability, which makes it less susceptible to short-term interest rate fluctuations in the market. Therefore, the investments are not expected to result in major interest rate risk.

##### (2) Foreign Exchange Risk

- (a) Hotai Group has operations worldwide and is therefore exposed to changes in foreign currency rates, primarily in U.S. dollars and Renminbi. The foreign exchange risk mainly arises from future business transactions, net assets and liabilities, and net investment in foreign affiliates.
- (b) The management of Hotai Group has established a policy that requires each group company to manage foreign exchange transaction risk arising from functional currency. Through its own financial division, each group company is to hedge its foreign currency exposure. Currently, all the group companies use foreign currency

## VII. Financial Status, Operating Results and Risk Management

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contracts to manage risks arising from future business transactions and net assets and liabilities, except for Hotai Insurance, which fully authorizes investors to hedge foreign exchange investment exposures by using swap agreements. A group company is exposed to foreign exchange transaction risk and translation risk when the future transaction or net assets and liabilities are denominated in non-functional currency of such group company.

- (c) The business conducted by Hotai Group involves several non-functional currencies (the functional currency of the Company and certain subsidiaries is New Taiwan dollars, and Renminbi for other subsidiaries), and is, therefore, exposed to changes in foreign currency rates. For more information regarding foreign currency denominated assets and liabilities that are exposed to major foreign exchange risks, refer to the 2022 Consolidated Financial Statements and Reports of the Independent Registered Public Accounting Firm.

### (3) Inflation Risk

The operations of the Company have not been materially impacted by exposure to inflation within the latest fiscal year and as of the date of this Annual Report.

### 7.6.2 Policies for High-risk Leveraged Investments, Fund Lending to Third Parties, Endorsement and Guarantee of Obligations, Transactions in Financial Derivatives, Reasons for Gains or Losses, and Measures for Managing the Risks

#### (1) High-risk Leveraged Investment

Hotai Group has not made any high-risk leveraged investments.

#### (2) Fund Lending, Endorsement and Guarantee of Obligations

The management of Hotai Group has established a policy that requires each group company to adopt its own Procedures for Fund Lending and Procedures for Providing Endorsement and Guarantee of Obligations for internal control purposes. All fund lending and endorsement and guarantee of obligations that occurred in 2022 were borrowings between subsidiaries in the ordinary course of business and guarantees provided for bank financing. No losses were attributed to fund lending or endorsement and guarantee of obligations in 2022.

#### (3) Transaction in Financial Derivatives

The management of Hotai Group has established a policy that requires each group company to follow the Procedures for Financial Derivative Transactions when entering into transactions in financial derivatives. Some of the derivative financial instruments used by the Company for hedging in 2022 include foreign currency forward contracts in U.S. dollar terms and cross currency swaps.

### 7.6.3 Future R&D Programs and Projected R&D Expenses

As an auto distributor, we dedicate our business exclusively to vehicle sales and marketing, therefore, we have no future R&D programs or projected R&D expenses. TMC and Kuozui Motors are responsible for the manufacturing and research and development of our

## VII. Financial Status, Operating Results and Risk Management

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products.

### 7.6.4 Risks Associated with Government Policy and Regulatory Changes and Impact on Financial Condition and Operations

Hotai Group complies with regulatory updates (e.g., corporate governance rules, the amended *Company Act*, and other applicable laws and regulations) prescribed by the authorities and revises our internal rules accordingly. As of the date of this Annual Report, no such changes would materially impact the financial condition or operations of the Company.

### 7.6.5 Impact of Changes in Technology and Industry on the Company's Financial Condition and Operations and Measures for Managing the Risks

With the progression of the digital environment (e.g., phone apps, online cash flow, and 5G) and the evolution of technologies like electric vehicles and self-driving vehicles, the industry as a whole has gradually shifted from vehicle sales to providing mobility service solutions. In response to these developments and TMC's policy updates, the Company established the MaaS Advanced Strategic Management Group, pursuing persistent innovation in our sales operations to thrive in an ever-changing industry environment.

### 7.6.6 Risks Associated with Brand Image and Impact on Crisis Management

As the leading automaker in the industry, Hotai Motor strives to deliver high quality products and innovative services to our customers. It is our commitment to customers and ability to exceed consumer expectations that have allowed us to remain the leading brand in the automotive industry. Over the years, we have also dedicated our efforts in corporate sustainability and bringing positive changes to all corners of Taiwan. By combining resources from within and outside the Group and working with interested parties, we have launched several public welfare campaigns that incorporate "cars, people, and the environment". To this day, we have established and maintained a positive brand image without any negative events affecting our reputation.

### 7.6.7 Expected Benefits of Mergers and Acquisitions and Risks Associated: N/A

### 7.6.8 Expected Benefits of Capacity Expansion and Risks Associated: N/A

### 7.6.9 Risks Associated with Concentration of Sales and Measures for Managing the Risks

- (1) The parent company, Hotai Motor, distributes all series of TOYOTA and LEXUS vehicles manufactured by TMC and Hino Motors, Ltd., their parts and accessories, as well as vehicles, parts and accessories manufactured by Kuozui Motors. However, despite the fact that vehicle distribution is a highly concentrated industry, through our established long-term partnerships with manufacturers, we are able to limit exposures to the risks associated with supply concentration.
- (2) According to the dealership contracts signed by the Company and our dealers, the dealers are authorized to sell TOYOTA and LEXUS vehicles, auto parts and accessories in their respective sales territories—that being the characteristic of distribution channels. Therefore, the Company is not subject to risks associated with sales concentration.

## VII. Financial Status, Operating Results and Risk Management

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7.6.10 Impact of Transfer of Significant Number of Shares by Directors, Supervisors, and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated: N/A

7.6.11 Impact of Change in Ownership and Risks Associated: N/A

7.6.12 Disclosure of issues in dispute, amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of this Annual Report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, subsidiaries or affiliates are involved in pending litigation, legal proceedings, or administrative proceedings, or a judgement or ruling without prejudice which may have a material adverse effect on the Company's shareholder equity or price of securities: N/A

7.6.13 Other Material Risks: N/A

7.7 Other Material Disclosures: N/A

捌、特別記載事項

*Specific Notes*

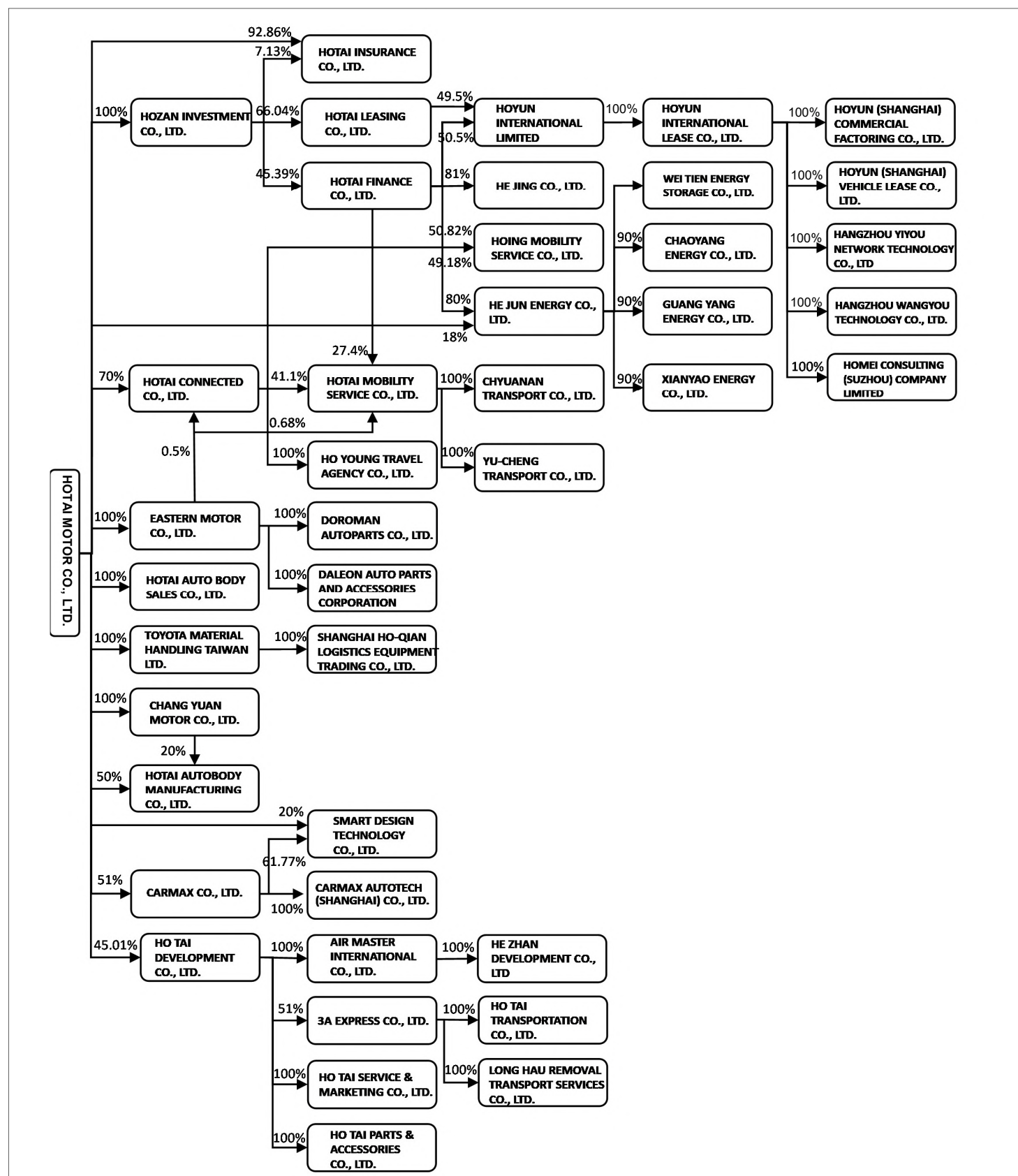




## VIII. Specific Notes

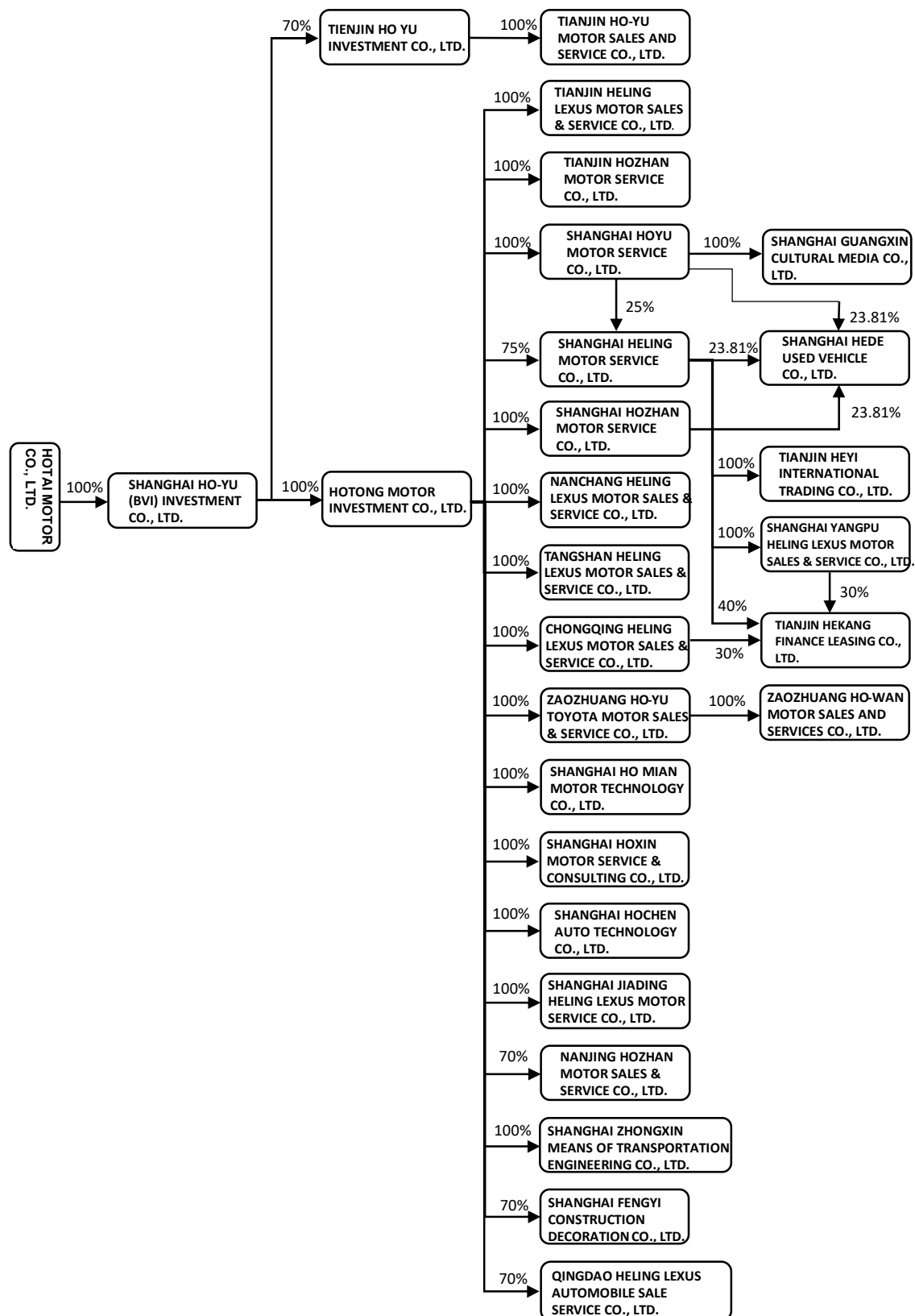
### 8.1 Overview of Group Companies (As of December 31, 2022)

#### 8.1.1 Hotai Group Structure



## VIII. Specific Notes

(Continued)



## VIII. Specific Notes

### 8.1.2 Group Company Profiles

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Chang Yuan Motor Co., Ltd.	September 25, 1998	10F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$3,135,000,000	Sales of vehicles and parts and repairing of vehicles
Hotai Autobody Manufacturing Co., Ltd.	June 10, 2020	No. 646, Sec. 2, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan	NT\$1,000,000,000	Vehicle assembly and installation
Hotai Auto Body Sales Co., Ltd	July 12, 2021	No. 646, Sec. 2, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan	NT\$40,000,000	Sales of vehicles
Toyota Material Handling Taiwan Ltd.	September 10, 2002	12F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$795,788,100	Sales and repairing of vehicles for industry use and logistics service
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	May 20, 2008	No. 515, Caonong Rd., Xinqiaozhen, Songjiang Dist., Shanghai, China	US\$6,000,000	Sales of vehicles and parts for industry use
Eastern Motor Co., Ltd.	April 6, 2009	1F, No.500, Sec. 3, Zhongyang Rd., Ji'an Township, Hualien County, Taiwan	NT\$417,158,470	Sales of vehicles and parts and repairing of vehicles
Doroman Autoparts Co., Ltd.	June 18, 2014	1F, No.500, Sec. 3, Zhongyang Rd., Ji'an Township, Hualien County, Taiwan	NT\$1,387,180	Wholesale and retail of vehicles parts and accessories
Daleon Auto Parts and Accessories Corporation	December 4, 2020	1F, No.500, Sec. 3, Zhongyang Rd., Beichang Village, Ji'an Township, Hualien County, Taiwan	NT\$500,000	Wholesale and retail of vehicles parts and accessories
Carmax Co., Ltd.	September 29, 1987	No.1, Jilin Rd., Zhongli Dist., Taoyuan City, Taiwan	NT\$450,000,000	Trading of vehicle products/accessories
Carmax Autotech (Shanghai) Co., Ltd.	January 18, 2011	Building 1, No. 28, Rongshu Rd., Rongbei Town, Songjiang Dist., Shanghai, China	US\$1,330,000	Trading of vehicle products/accessories
Smart Design Technology Co., Ltd.	August 31, 2006	20F-8, No.5, Sec. 3, New Taipei Blvd., Xinzhuang Dist., New Taipei City, Taiwan	NT\$48,048,050	Electronic parts and components manufacturing
Hotai Connected Co., Ltd.	September 29, 2017	12F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$1,130,000,000	E-Commerce Trading Platform Services
Hotai Mobility Service Co., Ltd.	April 17, 2020	12F, No.433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$438,000,000	Taxi dispatch service
Quan-An Logistics Co., Ltd.	April 22, 1978	12F, No.433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$34,000,000	Taxi service
Yu-Cheng Logistics Co., Ltd.	June 28, 1974	No. 215, Xincheng 1 <sup>st</sup> Rd., Wugu Dist., New Taipei City, Taiwan	NT\$70,000,000	Taxi service

## VIII. Specific Notes

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Ho Young Travel Agency Co., Ltd.	June 24, 2022	4F., No. 433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$10,000,000	Travel Industry
Hozan Investment Co., Ltd.	April 22, 1999	9F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$5,279,473,840	General investment
Hotai Finance Co., Ltd.	May 25, 1999	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$5,650,004,070	Installment trading and leasing of various vehicles
Hoing Mobility Service Co., Ltd	October 24, 2018	5F, No. 99, Sec. 2, Chang'an E. Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$610,000,000	Leasing of light passenger vehicles and other business
He Jing Co., Ltd	October 26, 2021	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$1,000,000,000	Installment trading of vehicles
He Jun Energy Co., Ltd.	February 22, 2022	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$1,000,000,000	Solar energy related business
Wei Tien Energy Storage Co., Ltd.	November 18, 2021	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$22,000,000	Solar energy related business
Chaoyang Energy Co., Ltd.	November 6, 2019	No. 1-150, Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan	NT\$10,000,000	Solar energy related business
Guang Yang Energy Co., Ltd.	August 10, 2020	No. 1-150, Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan	NT\$100,000	Solar energy related business
XianYao Energy Co., Ltd.	April 13, 2021	No. 1-83, Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan	NT\$100,000	Solar energy related business
Hoyun International Limited	January 27, 2006	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$80,000,000	General investment
Hoyun International Lease Co., Ltd.	January 29, 2007	Building D, 9F, No. 427, Nujiang N. Rd., Putuo Dist., Shanghai City, China	US\$80,000,000	Leasing, wholesale, retail of and support service for vehicles
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	August 7, 2014	Room A72, 1F, No. 477, Fute West 1 <sup>st</sup> Rd., Pilot Free Trade Zone, Shanghai, China	RMB\$50,000,000	Factoring services
Hoyun (Shanghai) Motor Lease Co., Ltd.	February 8, 2021	Room 901, 9F, No. 427, Nujiang N. Rd., Putuo Dist., Shanghai City, China	RMB\$150,000,000	Leasing of vehicles
Hangzhou Yiyao Network Technology Co., Ltd.	January 27, 2021	Rm. 2102-1, No., 258, Zhonghe Middle Rd., Shangcheng District, Hangzhou, Zhejiang, China (in care of 20551)	RMB\$100,000	Leasing business

## VIII. Specific Notes

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Hangzhou Wangyou Technology Co., Ltd.	January 28, 2021	Rm. 2102-1, No., 258, Zhonghe Middle Rd., Shangcheng District, Hangzhou, Zhejiang, China (in care of 20550)	RMB\$100,000	Leasing business
Homei Consulting (Suzhou) Company Limited	June 30, 2022	Rm. 2102, Bld. 1, No. 456, Suzhou Blvd. E., Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone, China	RMB\$100,000	Consulting
Hotai Leasing Co., Ltd.	May 24, 1999	15F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$1,266,297,870	Leasing of light passenger vehicles
Hotai Insurance Co., Ltd.	April 26, 1961	13F, No.126, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$28,000,000,000	Property and casualty insurance services
Ho Tai Development Co., Ltd.	October 4, 1963	1-7F, No.18, Ln. 36, Xinhua 1 <sup>st</sup> Rd., Neihu Dist., Taipei City, Taiwan	NT\$549,028,080	Agent for sales of air conditioning system and contracting of air conditioning construction
Air Master International Co., Ltd.	November 11, 2005	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	US\$3,000,000	General investment
He Zhan Development Co., Ltd.	March 12, 2007	Room701, No. 300, Xuanhua Rd., Changning Dist., Shanghai, China	US\$3,000,000	Trading of air conditioning equipment
Ho Tai Service & Marketing Co., Ltd.	October 8, 2007	1-4F, No.18, Ln. 36, Xinhua 1 <sup>st</sup> Rd., Neihu Dist., Taipei City, Taiwan	NT\$271,902,390	Repairing of air conditioning equipment and trading of their parts
Hotai Parts & Accessories Co., Ltd.	January 9, 2020	5F., No. 18, Aly. 36, Xinhua 1st Rd., Neihu Dist., Taipei City, Taiwan	NT\$50,000,000	Trading of air conditioning equipment
3A Express Co., Ltd.	June 4, 2020	No. 11, Aly. 3, Ln. 342, Fude 1 <sup>st</sup> Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$100,000,000	Logistics service
Long-Hao Freight Moving Co., Ltd.	February 3, 2005	No. 11, Aly. 3, Ln. 342, Fude 1 <sup>st</sup> Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$10,000,000	Logistics service
Hotai Logistics Co., Ltd.	April 18, 1978	No. 11, Aly. 3, Ln. 342, Fude 1 <sup>st</sup> Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$25,000,000	Logistics service
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	April 11, 1995	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$108,897,360	Equity investments Mainland China, trading and repairing of vehicles and their parts
Hotong Motor Investment Co., Ltd.	May 20, 2010	Room 1513 and 1514, No.238, Jiangchang 3 <sup>rd</sup> Rd., Jingan Dist., Shanghai, China	US\$128,045,000	Operation decision making, capital using and financial management, information services, employee trainings and other services

## VIII. Specific Notes

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	June 9, 2010	Intersection of Saida 3 <sup>rd</sup> Ave. and Saida 4 <sup>th</sup> Branch Rd., Xiqing Economic Development Area, Tianjin, China	US\$12,000,000	Sales and repairing of vehicles
Tianjin Hozhan Motor Service Co., Ltd.	November 19, 2010	No. 11, Saida 4 <sup>th</sup> Branch Rd., Xiqing Economic Development Area, Tianjin, China	RMB\$68,600,000	Sales and repairing of vehicles
Shanghai Hozhan Motor Service Co., Ltd.	March 20, 2007	No. 2058, Lianhua S. Rd., Minhang Dist., Shanghai, China	US\$3,000,000	Sales and repairing of vehicles
Shanghai Hoyu Toyota Motor Service Co., Ltd.	February 13, 1996	No. 999, Huqingping Hwy, Minhang Dist., Shanghai, China	US\$3,370,000	Sales and repairing of vehicles
Shanghai Hede Used Vehicle Co., Ltd.	January 24, 2014	Room A, Level 1F, Building 1, NO. 999, Huqingping Hwy., Minhang Dist., Shanghai, China	RMB\$4,200,000	Trading of used vehicles
Shanghai Guangxin Cultural Media Co., Ltd.	May 19, 2016	Room 507, Building E, 6F, No. 1000, Zhenchen Rd., Baoshan Dist., Shanghai, China	RMB\$1,000,000	Advertisement design and production
Shanghai Heling Motor Service Co., Ltd.	December 30, 2003	No. 1411, Tongpu Rd., Putuo Dist., Shanghai, China	US\$3,500,000	Sales and repairing of vehicles
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	August 23, 2007	Room 108, Building 1, No. 401, Shiguang Rd., Yangpu Dist., Shanghai, China	RMB\$106,900,794	Sales and repairing of vehicles
Tianjin Ho-Yi International Trading Co., Ltd.	April 19, 2018	No. 1, 100 meters northwest of the intersection of Saidasan Blvd. and Saidasi Bypass, Xiqing Economic-Technological Development Area, Tianjin, China	RMB\$20,000,000	Automotive related business
Tianjin Ho-Kang Equipment Leasing Co., Ltd.	December 2, 2021	20F, No. 072, Binhai Fund Town, Innovative Financial Building, No. 3678, Xinhua Rd., Tianjin Pilot Free Trade Zone, China	RMB\$170,000,000	Financial leasing service
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	April 17, 2006	No. 8 of No. 88, Jinyu Rd., Chongqing Economic and Technological Development Park, New North Zone, Chongqing, China	US\$6,000,000	Sales and repairing of vehicles
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	August 4, 2008	No. 590, Kaiyue Rd., Kaiping Dist., Tangshan, Hebei, China	US\$5,800,000	Sales and repairing of vehicles
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	November 6, 2008	No. 509, Liantang N Ave., Liantang Town, Nanchang County, Jiangxi, China	US\$6,500,000	Sales and repairing of vehicles
Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.	July 23, 2008	No. 1, Fuxing Rd., Zhangfan Town, Zaozhuang Hi-Tech Zone, Zaozhuang City, Shangdong, China	US\$13,650,000	Sales and repairing of vehicles
Zaozhuang Ho-Wan Motor Sales and Services Co., Ltd.	July 25, 2017	Room 101, No. 1, Fuxing Rd., Zhangfan Town, Zaozhuang Hi-Tech Zone, Zaozhuang City, Shangdong, China	RMB\$10,000,000	Sales and repairing of vehicles

## VIII. Specific Notes

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Shanghai Ho Mian Motor Technology Co., Ltd.	November 1, 2017	Room 401, No. 11, Aly. 276, Luding Rd., Putuo Dist., Shanghai, China	RMB\$230,000,000	Automotive retail/property management
Shanghai Hoxin Motor Service and Consulting Co., Ltd.	July 13, 2018	Room 203, Building 1, No. 401, Shiguang Rd., Yangpu Dist., Shanghai, China	RMB\$5,000,000	Automotive technical consulting, services and education
Shanghai Hochen Motor Technology Co., Ltd.	January 24, 2019	Room 403, Building 11, Aly. 276, Yindin Rd., Putao Dist., Shanghai, China	US\$10,000,000	Automotive retail/property management
Shanghai Jiading Heling Lexus Motor Sales and Service Co., Ltd.	June 20, 2019	Building 3, No. 2018, Yongsheng Rd. Jiading Dist., Shanghai, China	US\$10,500,000	Automotive sales and maintenance services
Nanjing Hozhan Motor Service Co., Ltd.	January 3, 2020	No. 48, Eastern City, Xuanwu Dist., Nanjing, China	RMB\$30,000,000	Automotive sales and maintenance services
Shanghai Fengyi Construction Decoration Limited Company	October 14, 1993	5F, Building 3, No. 985, Zhuanxing E Rd., Minhang Dist., Shanghai, China	RMB\$56,000,000	Property management
Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.	May 20, 2004	North of Huicheng S Rd. and east of Yongsheng Rd., Jiading Dist., Shanghai, China	RMB\$5,000,000	Property management
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	December 28, 2021	No. 651, Ningcheng Rd., Chengyang Dist., Qingdao, Shandong, China	RMB\$70,000,000	Automotive sales and maintenance services
Tienjin Ho Yu Investment Co., Ltd.	February 5, 2002	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$5,000,000	Equity investments in Mainland China, trading and repairing of vehicles and their parts
Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	July 31, 2002	No. 299, Weijin S. Rd., Tianjin, China	US\$5,000,000	Sales and repairing of vehicles

8.1.3 Any affiliate or subsidiary whose management of personnel, financial or business operations is directly or indirectly controlled by the Company pursuant to Article 369-2, Paragraph 2 of the Company Act: N/A

8.1.4 Any company which is considered controlled by, subordinated to, or affiliated with the Company pursuant to Article 369-3 of the Company Act: N/A

8.1.5 Industries involved in the Hotai Group companies' business: see "8.1.2 Group Company Profiles"

8.1.6 Directors, Supervisors, and President of our Group Companies

As of December 31, 2022

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Chang Yuan Motor Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Ko, Junn-Yuan, Su, Shih-An, Huang, Nan-Kuang, Su, Chwen-Shing, Chang, Tien-Chun, Yeh, Chia-Han, and Lu, Li-Yin	313,500,000	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Ting, Kan and Roger Huang		
	President	Lu, Li-Yin	—	—

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Hotai Autobody Manufacturing Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Ko, Junn-Yuan and Yeh, Chia-Han	50,000,000	50%
		Ho-Hsin Investment Co., Ltd., represented by Chen, Teng-Tseng	30,000,000	30%
	Supervisor	Chang Yuan Motor Co., Ltd., represented by Liu, Sung-Shan	20,000,000	20%
	President	Shih, Kuo-Hua	—	—
Hotai Auto Body Sales Co., Ltd	Director	Hotai Autobody Manufacturing Co., Ltd., represented by Yeh, Chia-Han	4,000,000	100%
	President	Tsou, Yun-Chuan	—	—
Toyota Material Handling Taiwan Ltd.	Director	Hotai Motor Co., Ltd., represented by Huang, Chih-Cheng, Wu, Chia-Yen, and Huang, Ming-Ren	79,578,810	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Su, Yin		
	President	Huang, Ming-Ren	—	—
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Director	Toyota Material Handling Taiwan Ltd., represented by Huang, Chih-Cheng, Huang, Ming-Ren and Wang, Shih-Hao	US\$6,000,000	100%
	Supervisor	Toyota Material Handling Taiwan Ltd., represented by Chen, Chien-Chou		
	President	Hu, Hai-Ya	—	—
Eastern Motor Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Liu, Chuan-Hung, Lai, Kuang-Hsiung, Liu, Sung-Shan and Huang, Tin-Hwei	41,715,847	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Wu, Pin-Tsung		
	President	Huang, Tin-Hwei	—	—
Doroman Autoparts Co., Ltd.	Director	Eastern Motor Co., Ltd., represented by Huang, Tin-Hwei	138,718	100%
	President	Yang, Chang-Lung	—	—
Daleon Auto Parts and Accessories Corporation	Director	Eastern Motor Co., Ltd., represented by Huang, Tin-Hwei	50,000	100%
Carmax Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Kazuo Naganuma, and Lai, Hung-Ta	22,950,000	51.00%
		Toyota Customizing & Development Co., Ltd., represented by Akihisa Yoshida and Kota Funato	15,030,000	33.40%
	Supervisor	Hoyu Investment Co., Ltd., represented by Huang, Nan-Kuang	7,020,000	15.60%
	President	Lai, Hung-Ta	—	—
Carmax Autotech (Shanghai) Co., Ltd.	Director	Carmax Co., Ltd., represented by Lai, Hung-Ta, Huang, Chih-Cheng, Su, Chwen-	US\$1,330,000	100%



## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
		Shing, Huang, I-Jan, Leon Soo, and Roger Huang		
	Supervisor	Carmax Co., Ltd., represented by Ko, Wang-Te		
	President	Hsu, Wen-Chin	—	—
Smart Design Technology Co., Ltd.	Director	Carmax Co., Ltd., represented by Lai, Hung-Ta and Wu, Chia-Yen	2,968,016	61.77%
		Chen, Yang-Ming	543,495	11.31%
	Supervisor	Hotai Motor Co., Ltd., represented by Lai, Chih-Wei	960,961	20.00%
	President	Chen, Yang-Ming	543,495	11.31%
Hotai Connected Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Huang, Cheng-Yang, Su, Se-I, Liu, Chuan-Hung, and Wu, Pin-Tsung	79,100,000	70%
	Supervisor	Hoyu Investment Co., Ltd., represented by Ko, Wen-Sheng	5,650,000	5%
	President	Wu, Pin-Tsung	-	-
Hotai Mobility Service Co., Ltd.	Director	Hotai Connected Co., Ltd., represented by Chen, Chien-Chou, Liu, Chuan-Hung, and Wu, Pin-Tsung	18,000,000	41.10%
	Supervisor	Hotai Finance Co., Ltd., represented by Lin, Yen-Liang	12,000,000	27.40%
	President	Yeh, Chung-Goo	-	-
Quan-An Logistics Co., Ltd.	Director	Hotai Mobility Service Co., Ltd., represented by Yeh, Chung-Goo	3,400,000	100%
Yu-Cheng Logistics Co., Ltd.	Director	Hotai Mobility Service Co., Ltd., represented by Yeh, Chung-Goo	7,000,000	100%
Ho Young Travel Agency Co., Ltd.	Director	Hotai Connected Co., Ltd., represented by Wu, Pin-Tsung	1,000,000	100%
	President	Lin, Siou-Fang	-	-
Hozan Investment Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Huang, Nan-Kuang and Su, Chwen-Shing	527,947,384	100%
Hotai Finance Co., Ltd.	Director	Hozan Investment Co., Ltd., represented by Liu, Yuan-Sen, Roger Huang, Su, Chwen-Shing, Leon Soo, Huang, I-Jan	233,782,831	45.39% (Note)
		Toyota Financial Services Corporation, represented by Hori Zenkatsu	118,249,872	22.96% (Note)
	Independent Director	Huang, Ming-Yu and Mao, Wei-Lin	-	-
	President	Lin, Yen-Liang	134,000	0.00%
Hoing Mobility Service Co., Ltd.	Director	Ho Tai Connected Co. Ltd., represented by Fred Hsieh, Huang, Nan-Kuang, Su, Chwen-Shing, Leon Soo, Huang, Cheng-Yang, Lin, Yen-Liang, and Hori Zenkatsu	30,000,000	49.18%
	Supervisor	Hotai Finance Co., Ltd., represented by Kazuo Naganuma and Su, Se-I	31,000,000	50.82%

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
	President	Fred Hsieh	-	-
He Jing Co., Ltd	Director	Hotai Finance Co., Ltd., represented by Liu, Yuan-Sen, Lin, Yen-Liang and Liao, Wen-Chung	81,000,000	81%
	Supervisor	Hozao Enterprise Co., Ltd., represented by Leon Soo	19,000,000	19%
	President	Lin, Yen-Liang	-	-
He Jun Energy Co., Ltd.	Director	Hotai Finance Co., Ltd., represented by Liu, Yuan-Sen, Lin, Yen-Liang and Wu, Chia-Yen	80,000,000	80%
	Supervisor	Hotai Motor Co., Ltd., represented by Huang, Yu-Sheng	18,000,000	18%
	President	Lin, Yen-Liang	-	-
Wei Tien Energy Storage Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	2,200,000	100%
Chaoyang Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	900,000	90%
	Supervisor	Yang, Kai-Rong	-	-
Guang Yang Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	9,000	90%
	Supervisor	Yang, Kai-Rong	-	-
XianYao Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	9,000	90%
	Supervisor	Yang, Kai-Rong	-	-
Hoyun International Limited	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$80,000,000	100%
Hoyun International Lease Co., Ltd.	Director	Hoyun International Limited, represented by Lin, Yen-Liang, Su, Chwen-Shing, Huang, I-Jan, Leon Soo, and Hori Zenkatsu	US\$80,000,000	100%
	Supervisor	Hoyun International Limited, represented by Ko, Wang-Te		
	President	Li, Jia-Fong	—	—
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Managing Director	Hoyun International Lease Co., Ltd., represented by Lin, Yen-Liang	RMB\$50,000,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		
Hoyun (Shanghai) Motor Lease Co., Ltd.	Managing Director	Hoyun International Lease Co., Ltd., represented by Lin, Yen-Liang	RMB\$150,000,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		
Hangzhou Yiyao Network Technology Co., Ltd.	Managing Director	Hoyun International Lease Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Jia-Fong	-	-
Hangzhou Wangyou Technology Co., Ltd.	Managing Director	Hoyun International Lease Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
	President	Li, Jia-Fong	-	-
Homei Consulting (Suzhou) Company Limited	Managing Director	Hoyun International Lease Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Jia-Fong	-	-
Hotai Leasing Co., Ltd.	Director	Hozan Investment Co., Ltd., represented by Liu, Yuan-Sen, Huang, Nan-Kuang, Su, Chwen-Shing, Leon Soo, Huang, Cheng-Yang, and Fred Hsieh	83,629,381	66.04%
		Toyota Financial Services Corporation, represented by Hori Zenkatsu	42,294,342	33.40%
	Supervisor	Kazuo Naganuma, Su, Se-I	—	—
	President	Fred Hsieh	—	—
Hotai Insurance Co., Ltd.	Director	Hozan Investment Co., Ltd., represented by Tsai, Po-Lung, Yan, Sih-Ci, Liu, Yuan-Sen, Chen, Chien-Chou, and Tsai, Yen-Hung	199,605,310	7.13%
	Independent Director	Chien, Sung-Chi, Li, Chang-Chou, and Chen, Ji-Jhen	-	-
	President	Yan, Sih-Ci	-	-
Ho Tai Development Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Huang, Chih-Cheng, Su, Yin, Ko, Wang-Chung, Lin, Hung-Chih, Su, Shih-Pang, Huang, I-Jan, and Leon Soo	24,710,856	45.01%
		Hotai Environmental Sustainability Foundation, represented by Su, Yi-Chung	1,000	0.00%
		Yu-Wen Co., Ltd., represented by Chuang, Yu-Jen	100	0.00%
		Daikin Industries, Ltd., represented by Kitawaki Akio	5,490,281	10.00%
	Supervisor	Hozao Enterprise Co., Ltd., represented by Chang, Tien-Chun	9,382,796	17.09%
		Jin Yuan Shan Investment Co., Ltd., represented by Ting, Kan	4,857,882	8.85%
	President	Lin, Hung-Chih	—	—
Air Master International Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Wang, Hsuan-Lang and Chuang, Yu-Jen	US\$3,000,000	100%
He Zhan Development Co., Ltd.	Director	Air Master International Co., Ltd., represented by Lin, Hung-Chih, Chin Sheng Teck, Liu, Yi-Yuan, Chen, Li-Hung, and Liu, Wen-Bin	US\$3,000,000	100%
	Supervisor	Air Master International Co., Ltd., represented by Chuang, Yu-Jen		
	President	Liu, Kuei-Jung	—	—
Ho Tai Service & Marketing Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Wang, Hsuan-Lang, Su, Yi-Chung, Lin, Hung-Chih, Huang, Ting-Yu, Chen, Li-Hong, Chin	27,190,239	100%

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
		Sheng Teck, and Yu, Chi-Hsing		
	Supervisor	Ho Tai Development Co., Ltd., represented by Chuang, Yu-Ren		
	President	Huang, Ting-Yu	—	—
Hotai Parts & Accessories Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Lin, Hung-Chih	5,000,000	100%
3A Express Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Liu, Wen-Bin and Lin, Hung-Chih	5,100,000	51%
		Fang, Sheng-Wen	-	-
	Supervisor	Chuang, Yu-Ren	—	—
Long-Hao Freight Moving Co., Ltd.	Director	3A Express Co., Ltd., represented by Chen, Jui-E	NT\$10,000,000	100%
Hotai Logistics Co., Ltd.	Director	3A Express Co., Ltd., represented by Chen, Jui-E	NT\$25,000,000	100%
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$108,897,360	100%
Hotong Motor Investment Co., Ltd.	Director	Shanghai Ho-Yu (BVI) Investment Co., Ltd., represented by Huang, Nan-Kuang, Leon Soo, Su, Chwen-Shing, Huang, Chih-Cheng, Huang, I-Jan, Ko, Wang-Te, Kazuo Naganuma, and Wang, Shih-Hao	US\$128,045,000	100%
	Supervisor	Shanghai Ho-Yu (BVI) Investment Co., Ltd., represented by Su, Shih-Pang		
	President	Wang, Shih-Hao	—	—
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$12,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Chin-Fu	—	—
Tianjin Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	RMB\$68,600,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Wang, Hsieh	—	—
Shanghai Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$3,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Yu, Chuan-Li	—	—
Shanghai Hoyu Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$3,370,000	100%

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
		Shanghai Hua Tsao Real Estate Development Co., Ltd., represented by Lu, Yung-Te	—	—
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Yi-Yuan	US\$3,370,000	100%
	President	Jhou, Bing	—	—
Shanghai Hede Used Vehicle Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., Shanghai Hoyu Motor Service Co., Ltd., and Shanghai Hozhan Motor Service Co., Ltd., represented by Leon Soo, Huang, I-Jan, Wang, Shih-Hao, Yeh, Chung-Goo and Wu, Chin-Nan	RMB\$3,000,000	71%
		Shanghai Te Shih Tung Used Vehicle Co., Ltd., represented by Liu, Kuo-Chiang, Wu, Ting, and Lu, Hsueh-Ying	RMB\$1,200,000	29%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., Shanghai Hoyu Motor Service Co., Ltd., and Shanghai Hozhan Motor Service Co., Ltd., represented by Lin, Ying-Wen	RMB\$3,000,000	71%
		Shanghai Te Shih Tung Used Vehicle Co., Ltd., represented by Tsao, Hsien-Chiang	RMB\$1,200,000	29%
	President	Yeh, Chung-Goo	—	—
Shanghai Guangxin Cultural Media Co., Ltd.	Managing Director	Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Leon Soo	RMB\$1,000,000	100%
	Supervisor	Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Wang, Shih-Hao		
	President	Leon Soo	—	—
Shanghai Heling Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Roger Huang, and Wang, Shih-Hao	US\$2,625,000	75.00%
		Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Chen, Chien-Chou	US\$875,000	25.00%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te	US\$2,625,000	75.00%
	President	Hsieh, Yung-Ta	—	—
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	RMB\$106,900,794	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., represented by Su, Shang-Yung		
	President	Wu, Ching-Nan	-	-
Tianjin Ho-Yi International Trading Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., represented by Chen, Chih-Chiang, Leon Soo, Wang, Shih-Hao, Huang, I-Jan, Chueh, Chaung-Ying	RMB\$20,000,000	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., represented by Liu, I-Ling		
	President	Hsu, Ching-I	—	—

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Tianjin Ho-Kang Equipment Leasing Co., Ltd.	Managing Director	Shanghai Heling Motor Service Co., Ltd., Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. and Chongqing Heling Lexus Motor Sales & Service Co., Ltd. represented by Chen, Chih-Chiang, Leon Soo, Wang, Shih-Hao, Lu, Jian	RMB\$170,000,000	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. and Chongqing Heling Lexus Motor Sales & Service Co., Ltd. represented by Chueh, Chaung-Ying		
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$6,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Huang, Kuo-Hsin	—	—
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$5,800,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Shang-Yung		
	President	Hsu, An-Chi	—	—
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$6,500,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Shang-Yung		
	President	Hsu, Yu-Po	—	—
Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$13,650,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Yi-Yuan		
	President	Jhang, Di	—	—
Zaozhuang Ho-Wan Motor Sales and Services Co., Ltd.	Director	Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd., represented by Jhang, Di, Leon Soo, Wang, Shih-Hao, Huang, I-Jan, and Chen, Chih-Chiang	RMB\$10,000,000	100%
	Supervisor	Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd., represented by Liu, I-Ling		
	President	Jhang, Di	-	-
Shanghai Ho Mian Motor Technology Co., Ltd.	Managing Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo	RMB\$230,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
	President	Leon Soo	-	-
Shanghai Hoxin Motor Service and Consulting Co., Ltd.	Managing Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chih-Chiang	RMB\$5,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
	President	Sun, Bin	-	-
Shanghai Hochen Motor Technology	Managing Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo	US\$10,000,000	100%

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Co., Ltd.	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao	-	-
Shanghai Jiading Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chih-Chiang, Wang, Shih-Hao and Roger Huang	US\$10,500,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd, represented by Su, Yi-Yuan		
	President	Cai, Wun-Sin	-	-
Nanjing Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd. represented by Chen, Chien-Chou, Wang, Shih-Hao, Huang, Chi-Cheng and Leon Soo	RMB\$21,000,000	70%
		Fu-Lian Automobile Co., Ltd., represented by Tseng, Chao-Chen	RMB\$9,000,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd. represented by Huang, I-Jan	RMB\$21,000,000	70%
		Fu-Lian Automobile Co., Ltd. represented by Lian, Wan-Ling	RMB\$9,000,000	30%
	President	Chu, Wei	-	-
Shanghai Fengyi Construction Decoration Limited Company	Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo, Chen, Chien-Chou, Wang, Shih-Hao and Huang, I-Jan	RMB\$39,200,000	70%
		Ho Yun Investment Co., Ltd. represented by Huang, Chi-Cheng	RMB\$16,800,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te	RMB\$39,200,000	70%
		Ho Yun Investment Co., Ltd. represented by Roger Huang	RMB\$16,800,000	30%
Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented Leon Soo	RMB\$5,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd. represented by Chen, Chien-Chou, Wang, Shih-Hao, Huang, Chi-Cheng and Leon Soo	RMB\$49,000,000	70%
		Fu-Lian Automobile Co., Ltd., represented by Tseng, Chao-Chen	RMB\$21,000,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd. represented by Huang, I-Jan	RMB\$49,000,000	70%
		Fu-Lian Automobile Co., Ltd. represented by Cai, Yong-Ji	RMB\$21,000,000	30%
	President	Sun, Chiang	-	-
Tienjin Ho Yu Investment Co., Ltd.	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$5,000,000	100%
Tianjin Ho-Yu Motor Sales and Service Co., Ltd.	Director	Tienjin Ho Yu Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$5,000,000	100%
	Supervisor	Tienjin Ho Yu Investment Co., Ltd.,		

## VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
		represented by Su, Yi-Yuan		
	President	Cheng, Lung	—	—

Note: The calculation of shareholding percentage does not include preferred shares.



## VIII. Specific Notes

### 8.1.7 Financial Highlights of Group Companies

NT\$ in Thousands								
Company Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenues	Operating Profit (loss)	Net profit or loss for the period	Net Earnings Per Share (NT\$)
HOTAI MOTOR CO., LTD.	5,461,792	83,693,191	41,928,204	41,764,987	130,393,188	9,757,266	(19,330,194)	(35.39)
HOZAN INVESTMENT CO., LTD.	5,279,474	15,454,822	248,126	15,206,696	(21,673,764)	(21,677,027)	(21,674,734)	(41.05)
SHANGHAI HO-YU (BVI) INVESTMENT CO., LTD.	3,344,238	9,612,533	-	9,612,533	-	(166)	809,524	-
CHANG YUAN MOTOR CO., LTD.	3,135,000	7,759,399	2,991,794	4,767,605	20,711,731	895,546	716,151	2.28
HO TAI DEVELOPMENT CO., LTD.	549,028	11,761,822	3,275,497	8,486,325	14,621,267	1,527,258	1,266,605	23.07
CARMAX CO., LTD.	450,000	4,966,352	1,501,850	3,464,502	7,773,424	1,276,853	1,120,206	24.89
SMART DESIGN TECHNOLOGY CO., LTD.	48,048	291,141	119,881	171,260	692,605	39,654	28,091	5.85
TOYOTA MATERIAL HANDLING TAIWAN LTD.	795,788	1,488,641	343,770	1,144,871	1,109,748	177,421	165,835	2.08
EASTERN MOTOR CO., LTD.	417,158	1,034,739	526,403	508,336	3,241,250	26,593	53,716	1.29
TIENTIN HO YU INVESTMENT CO., LTD.	153,550	224,449	-	224,449	-	-	(9,946)	-
HOTAI FINANCE CO., LTD.	5,650,004	212,364,004	182,882,705	29,481,299	15,235,369	4,143,018	3,623,387	7.04
HOTAI LEASING CO., LTD.	1,266,298	44,342,027	39,019,578	5,322,449	20,098,181	2,202,970	1,080,397	8.53
HOYUN INTERNATIONAL LIMITED	2,456,800	5,471,827	-	5,471,827	-	-	884,368	-
HO TAI SERVICE & MARKETING CO., LTD.	271,902	1,032,495	167,821	864,674	779,673	87,111	87,185	3.21
DOROMAN AUTOPARTS CO., LTD.	1,387	16,534	6,175	10,359	25,618	(91)	4,277	30.84
AIR MASTER INTERNATIONAL CO., LTD.	92,130	106,080	-	106,080	-	-	(2,820)	-
HOTAI INSURANCE CO., LTD.	28,000,000	23,034,337	27,443,047	(4,408,710)	10,136,138	(38,910,190)	(36,907,140)	(54.36)
HOTAI CONNECTED CO., LTD.	1,130,000	1,267,486	446,203	821,283	705,312	69,504	98,409	0.87
HOING MOBILITY SERVICE CO., LTD.	610,000	4,910,477	4,236,267	674,210	3,633,448	(29,109)	52,515	0.86
HOTONG MOTOR INVESTMENT CO., LTD.	3,932,262	10,589,464	1,161,474	9,427,990	372,384	(39,775)	880,997	-
SHANGHAI HOYU MOTOR SERVICE CO., LTD.	103,493	534,422	120,098	414,324	1,187,842	9,162	97,894	-
CHONGING HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	184,260	667,051	206,241	460,810	2,354,388	202,144	140,280	-
SHANGHAI HOZHAN MOTOR SERVICE CO., LTD.	92,130	463,792	302,562	161,230	2,072,902	50,571	31,044	-
TIANJIN HO-YU MOTOR SALES AND SERVICE CO., LTD.	153,550	312,742	88,294	224,448	1,174,793	(6,566)	(9,946)	-
ZAOZHUANG HO-WAN MOTOR SALES AND SERVICES CO., LTD.	44,139	51,450	1,731	49,719	63,229	445	938	-
SHANGHAI HELING MOTOR SERVICE CO., LTD.	107,485	1,689,579	660,301	1,029,278	3,308,265	278,956	348,719	-
SHANGHAI HO-QIAN LOGISTICS EQUIPMENT TRADING CO., LTD.	184,260	255,859	59,705	196,154	204,615	12,539	12,029	-
ZAOZHUANG HO-YU TOYOTA MOTOR SALES AND SERVICE CO., LTD.	419,192	307,204	49,173	258,031	924,992	(5,559)	(5,552)	-
TANGSHAN HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	178,118	539,642	206,283	333,359	1,473,001	109,680	68,290	-
NANCHANG HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	199,615	586,113	157,737	428,376	2,487,667	204,860	155,956	-
HOYUN INTERNATIONAL LEASE CO., LTD.	2,456,800	29,187,558	23,715,731	5,471,827	3,519,910	644,947	884,368	-
HOYUN(SHANGHAI) COMMERCIAL FACTORING CO., LTD.	220,696	700,633	431,368	269,265	52,176	27,590	18,311	-
HOYUN(SHANGHAI) MOTOR LEASE CO., LTD.	662,091	641,403	60,228	581,175	108,334	46,923	35,200	-
HANGZHOU YIYOU NETWORK TECHNOLOGY CO., LTD.	441	6,466	-	6,466	-	-	-	-
HANGZHOU WANGYOU TECHNOLOGY CO., LTD.	441	1,876	-	1,876	-	-	-	-
HOMEI CONSULTING (SUZHOU) COMPANY LIMITED	441	441	-	441	-	-	-	-
HE ZHAN DEVELOPMENT CO., LTD	92,130	134,424	28,345	106,079	99,511	(3,301)	(2,820)	-
TIANJIN HELING LEXUS MOTOR SALES & SERVICE CO.,LTD.	368,520	614,981	117,092	497,889	1,750,330	141,677	113,140	-

## VIII. Other Disclosures

Company Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenues	Operating Profit (loss)	Net profit or loss for the period	Net Earnings Per Share (NT\$)
TIANJIN HOZHAN MOTOR SERVICE CO., LTD.	302,794	373,884	52,278	321,606	1,382,398	17,726	15,412	-
CARMAX AUTOTECH (SHANGHAI) CO., LTD.	40,844	400,136	45,593	354,543	462,555	57,472	45,152	-
SHANGHAI HEDE USED VEHICLE CO., LTD.	18,538	812	2,563	(1,751)	-	(212)	(479)	-
SHANGHAI GUANGXIN CULTURAL MEDIA CO., LTD.	4,414	12,914	1,593	11,321	43,612	(67)	527	-
SHANGHAI YANGPU HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	471,849	1,415,439	772,340	643,099	2,244,379	163,437	126,185	-
SHANGHAI HO-MIAN AUTO TECHNOLOGY CO., LTD.	1,015,197	1,031,476	36,436	995,040	43,283	1,323	2,370	-
SHANGHAI HOXIN MOTOR SERVICE AND CONSULTING CO., LTD.	13,242	23,152	579	22,573	7,768	355	589	-
TIANJIN HO-YI INTERNATIONAL TRADING CO., LTD.	88,278	171,954	48,341	123,613	505,624	15,386	11,980	-
SHANGHAI HOCHEN AUTO TECHNOLOGY CO., LTD.	307,100	432,049	144,528	287,521	24,793	(4,495)	(8,802)	-
SHANGHAI JIADING HELING LEXUS MOTOR SERVICE CO., LTD.	322,455	406,960	75,843	331,117	1,162,283	25,316	23,058	-
NANJING HOZHAN MOTOR SERVICE CO., LTD.	132,417	284,311	153,209	131,102	1,054,964	4,564	(911)	-
SHANGHAI ZHONGXIN TRAFFIC FACILITY ENGINEERING CO., LTD.	22,070	33,957	3,739	30,218	16,184	9,949	9,884	-
SHANGHAI FENGYI CONSTRUCTION DECORATION LIMITED COMPANY	247,178	279,773	12,987	266,786	28,430	3,903	(2,113)	-
TIANJIN HEKANG FINANCE LEASING CO., LTD.	750,363	756,329	4,359	751,970	963	(9,448)	1,732	-
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	308,973	311,521	16,442	295,079	179,546	(14,554)	(13,935)	-
HO TAI PARTS & ACCESSORIES CO., LTD.	50,000	172,052	60,859	111,193	473,156	21,386	15,429	3.09
HOTAI MOBILITY SERVICE CO., LTD.	438,000	404,123	76,497	327,626	117,509	(47,790)	(43,801)	(1.00)
QUAN-AN LOGISTICS CO., LTD.	34,000	31,405	799	30,606	1,412	190	293	0.09
YU-CHENG LOGISTICS CO., LTD.	70,000	76,199	5,956	70,243	15,534	1,024	1,111	0.16
3A EXPRESS CO., LTD.	100,000	244,830	11,234	233,596	42,247	21,721	70,005	7.00
Long-Hao Freight Moving Co., Ltd.	10,000	31,143	6,963	24,180	28,518	14,797	11,940	11.94
HOTAI LOGISTICS CO., LTD.	25,000	93,659	22,457	71,202	146,212	52,193	43,082	17.23
DALEON AUTO PARTS AND ACCESSORIES CORPORATION	500	6,341	5,358	983	19,124	566	456	9.12
HOTAI AUTOBODY MANUFACTURING CO., LTD.	1,000,000	1,185,889	167,652	1,018,237	214,554	7,105	13,744	0.14
Hotai Auto Body Sales Co., Ltd.	40,000	265,998	228,343	37,655	231,333	340	166	0.04
He Jing Co., Ltd.	1,000,000	11,727,644	10,800,391	927,253	249,476	158,980	(60,947)	(0.61)
HE JUN ENERGY CO., LTD.	1,000,000	1,178,617	207,393	971,224	11,964	(23,635)	(28,775)	(0.29)
WEI TIEN ENERGY STORAGE CO., LTD.	22,000	21,911	372	21,539	-	(464)	(461)	(0.21)
CHAOYANG ENERGY CO., LTD.	10,000	112,817	102,123	10,694	5,311	1,374	1,212	1.21
GUANG YANG ENERGY CO., LTD.	100	83,961	83,843	118	4,112	413	453	45.30
XianYao Energy Co., Ltd.	100	66,402	65,605	797	3,690	555	522	52.20
Ho Young Travel Agency CO., LTD.	10,000	18,665	7,923	10,742	25,096	909	742	0.74

8.2 Private placement of securities in the last fiscal year and as of the date of this Annual Report: N/A

8.3 Shareholding or disposition of shares of the Company by any subsidiaries in the last fiscal year and as of the date of this Annual Report: N/A

8.4 Other required disclosures:

8.4.1 Any circumstance which has a material effect on shareholder equity or price of the securities stipulated under Article 36, Paragraph 2, Item 2 of the Securities and Exchange Act: N/A

8.4.2 Other required disclosures in the last fiscal year and as of the date of this Annual Report: N/A

## VIII. Other Disclosures

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### 8.4.3 Certification

The following is a summary of the certifications received by personnel who are involved in the financial transparency of the Company:

- (1) Four people are Certified Public Accountants (CPA) in Taiwan
- (2) Three people are Certified Privacy Management Professionals (CPMP) that are certified under the Taiwan Personal Information Protection & Administration System
- (3) One person is a Certified Privacy Internal Auditor (CPIA) that is certified under the Taiwan Personal Information Protection & Administration System
- (4) One person is a Certified Internal Auditor (CIA)



Hotai Motor Co., Ltd.  
和泰汽車股份有限公司



Chairman





## 和泰汽車股份有限公司 Hotai Motor Co., Ltd.

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