

HOTAI MOTOR CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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

HOTAI MOTOR CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
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INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

PWCR230004973

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to "*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 at December 31, 2023 and 2022, 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 Hotai 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, Hotai 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 Hotai 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 Hotai 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 (including those prior to and after reinsurance) 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 unreported and unsettled claims reserve using assumption adopted by Hotai Insurance Co., Ltd. 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\$ 8,193,785 thousand and NT\$ 6,686,519 thousand, constituting 8.00% and 7.99% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income amounted to 709,946 thousand and NT\$ 531,866 thousand, constituting 2.78% and (2.51)% 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.

Hsiao, Chun-Yuan

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

HOTAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,104,125	8	\$ 4,354,075	5
1110	Financial assets at fair value through profit or loss - current	6(2)	889,842	1	537,173	1
1150	Notes receivable, net	6(4)	2,518	-	3,362	-
1170	Accounts receivable, net	6(4)	24,837	-	25,103	-
1180	Accounts receivable - related parties, net	6(4) and 7	3,376,485	3	2,849,190	3
1200	Other receivables	7	805,216	1	662,186	1
130X	Inventories, net	6(5)	6,874,519	7	4,454,796	5
1410	Prepayments		386,695	-	431,250	1
11XX	Total current assets		<u>20,464,237</u>	<u>20</u>	<u>13,317,135</u>	<u>16</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	500,000	-	500,000	1
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	10,482,055	10	7,845,447	9
1550	Investments accounted for under equity method	6(6)	63,452,333	63	54,894,149	66
1600	Property, plant and equipment	6(7)	3,546,283	3	3,455,224	4
1755	Right-of-use assets, net	6(8)	1,412	-	7,247	-
1760	Investment property, net	6(10)	2,502,382	2	2,533,485	3
1780	Intangible assets		45,800	-	23,800	-
1840	Deferred income tax assets	6(26)	816,993	1	633,703	1
1900	Other non-current assets		579,958	1	483,001	-
15XX	Total non-current assets		<u>81,927,216</u>	<u>80</u>	<u>70,376,056</u>	<u>84</u>
1XXX	Total assets		<u>\$ 102,391,453</u>	<u>100</u>	<u>\$ 83,693,191</u>	<u>100</u>

(Continued)

HOTAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(11)	\$ 883,436	1	\$ 14,021,254	17
2120	Financial liabilities at fair value through profit or loss - current	6(2)	407,727	-	161,205	-
2150	Notes payable		-	-	7,682	-
2170	Accounts payable	6(12)	3,002,202	3	3,244,078	4
2180	Accounts payable - related parties	6(12) and 7	7,395,634	7	5,490,599	6
2200	Other payables	6(13) and 7	3,129,780	3	2,349,530	3
2230	Current income tax liabilities		317,995	-	96,262	-
2250	Provisions for liabilities - current	6(16)	694,276	1	663,209	1
2280	Current lease liabilities		1,438	-	5,846	-
2300	Other current liabilities		37,726	-	72,379	-
21XX	Total current liabilities		<u>15,870,214</u>	<u>15</u>	<u>26,112,044</u>	<u>31</u>
Non-current liabilities						
2540	Long-term loans	6(14)	15,000,000	15	8,000,000	10
2550	Provisions for liabilities - non-current	6(16)	3,599,964	3	2,834,078	3
2570	Deferred income tax liabilities	6(26)	1,693,469	2	1,776,894	2
2580	Non-current lease liabilities		-	-	1,471	-
2600	Other non-current liabilities		1,322	-	3,203,717	4
25XX	Total non-current liabilities		<u>20,294,755</u>	<u>20</u>	<u>15,816,160</u>	<u>19</u>
2XXX	Total liabilities		<u>36,164,969</u>	<u>35</u>	<u>41,928,204</u>	<u>50</u>
Equity						
Share capital						
3110	Common stock	6(17)	5,571,028	5	5,461,792	7
Capital surplus						
3200	Capital surplus	6(18)	2,897,372	3	2,898,044	3
Retained earnings						
3310	Legal reserve	6(19)	15,553,282	15	15,553,282	19
3320	Special reserve		381,843	-	381,843	-
3350	Unappropriated earnings		37,794,757	37	16,165,239	19
Other equity						
3400	Other equity		4,028,202	4	1,304,787	2
3XXX	Total equity		<u>66,226,484</u>	<u>65</u>	<u>41,764,987</u>	<u>50</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 102,391,453</u>	<u>100</u>	<u>\$ 83,693,191</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 161,317,924	100	\$ 130,393,188	100
5000	Operating costs	6(5) and 7	(145,792,244)	(91)	(117,076,863)	(90)
5900	Gross profit before realized (unrealized) profit from sales to subsidiaries and associates		15,525,680	9	13,316,325	10
5910	Unrealized profit from sales		(434,201)	-	(192,945)	-
5920	Realized profit from sales		192,945	-	178,613	-
5950	Gross profit		15,284,424	9	13,301,993	10
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		(2,662,104)	(2)	(2,537,298)	(2)
6200	General and administrative expenses		(1,992,008)	(1)	(1,007,429)	(1)
6000	Total operating expenses		(4,654,112)	(3)	(3,544,727)	(3)
6900	Operating profit		10,630,312	6	9,757,266	7
	Non-operating income and expenses					
7100	Interest income	6(21) and 7	111,969	-	79,577	-
7010	Other income	6(22) and 7	1,252,843	1	1,224,335	1
7020	Other gains and losses	6(23)	595,368	-	252,811	-
7050	Finance costs		(376,579)	-	(91,074)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	10,727,118	7	(30,423,061)	(23)
7000	Total non-operating income and expenses		12,310,719	8	(28,957,412)	(22)
7900	Profit (loss) before income tax		22,941,031	14	(19,200,146)	(15)
7950	Income tax expense	6(26)	(83,356)	-	(130,048)	-
8200	Profit (loss) for the year		\$ 22,857,675	14	(\$ 19,330,194)	(15)
	Other comprehensive income (loss) for the year, net of tax					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 2,636,608	2	(\$ 1,482,013)	(1)
8330	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method		(12,363)	-	80,053	-
8310	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss		2,624,245	2	(1,401,960)	(1)
	Components of other comprehensive (loss) income that may be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(262,260)	-	158,165	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		334,867	-	(598,858)	-
8360	Total components of other comprehensive income (loss) that may be reclassified to profit or loss		72,607	-	(440,693)	-
8300	Other comprehensive income (loss) for the year, net of tax		\$ 2,696,852	2	(\$ 1,842,653)	(1)
8500	Total comprehensive income (loss) for the year		\$ 25,554,527	16	(\$ 21,172,847)	(16)
	Basic earnings (losses) per share	6(27)				
9750	Total basic earnings (losses) per share		\$ 41.03		(\$ 34.70)	
	Diluted earnings (losses) per share	6(27)				
9850	Total diluted earnings (losses) per share		\$ 41.00		(\$ 34.70)	

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

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

	Notes	Retained earnings					Other equity			Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Gains (loss) on hedging instruments	
<u>For the year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,828,885	(\$ 23,819)	\$ 73,770,851
Loss of 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		-	-	-	-	(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)
Changes in ownership interests in subsidiaries	6(6)	-	(27,638)	-	-	-	-	-	-	(27,638)
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount		-	119,102	-	-	-	-	-	-	119,102
Reorganization		-	(897)	-	-	-	-	-	-	(897)
Balance at December 31, 2022		\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552)	\$ 1,559,256	\$ 69,083	\$ 41,764,987
<u>For the year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552)	\$ 1,559,256	\$ 69,083	\$ 41,764,987
Profit of the year		-	-	-	-	22,857,675	-	-	-	22,857,675
Other comprehensive income (loss) for the year		-	-	-	-	(26,563)	(349,975)	3,152,307	(78,917)	2,696,852
Total comprehensive income		-	-	-	-	22,831,112	(349,975)	3,152,307	(78,917)	25,554,527
Appropriation and distribution of retained earnings:	6(19)									
Cash dividends		-	-	-	-	(1,092,358)	-	-	-	(1,092,358)
Stock dividends		109,236	-	-	-	(109,236)	-	-	-	-
Changes in ownership interests in subsidiaries		-	(1,221)	-	-	-	-	-	-	(1,221)
Other changes in capital surplus		-	549	-	-	-	-	-	-	549
Balance at December 31, 2023		\$ 5,571,028	\$ 2,897,372	\$ 15,553,282	\$ 381,843	\$ 37,794,757	(\$ 673,527)	\$ 4,711,563	(\$ 9,834)	\$ 66,226,484

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

HOTAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>Cash flows from operating activities</u>			
Profit (loss) before income tax		\$ 22,941,031	(\$ 19,200,146)
Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(24)	102,992	105,932
Net loss on financial instruments at fair value through profit or loss	6(23)		159,405
Interest expense		87,100	91,074
Interest income	6(21)	(111,969)	(79,577)
Dividend income		(278,618)	(253,282)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)		30,423,061
Net gain on disposal of property plant, and equipment	6(23)	(938)	(699)
Loss on abandonment property, plant, and equipment	6(23)	5,029	41
Unrealized profit from sales		434,201	192,945
Realized profit from sales		(192,945)	(178,613)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial instruments at fair value through profit or loss		(193,247)	(156,378)
Notes receivable		845	(689)
Accounts receivable		(527,030)	(853,372)
Other receivables		(143,030)	94,885
Inventories, net		(2,419,723)	(63,908)
Prepayments		44,555	(128,179)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,655,477	1,616,686
Other payables		789,048	(505,297)
Other current liabilities		(34,653)	(3,419)
Other non-current liabilities		797,456	(24,796)
Cash inflow generated from operations		12,605,042	11,235,674
Interest received		111,969	78,860
Cash dividends received		3,874,972	4,378,283
Interest paid		(385,379)	(73,946)
Income tax paid		(128,338)	(2,323,894)
Net cash provided by operating activities		<u>16,078,266</u>	<u>13,294,977</u>
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		-	(68,571)
Acquisition of investments accounted for using equity method	6(6)	(4,812,000)	(26,223,500)
Proceeds from disposal of investments accounted for using equity method	6(6)	-	338,661
Acquisition of property, plant and equipment	6(7)	(164,847)	(49,437)
Proceeds from disposal of property, plant and equipment	6(7)	3,481	2,720
Acquisition of intangible assets		(22,000)	-
Increase in other non-current assets		(96,957)	(16,278)
Net cash flows used in investing activities		<u>(5,092,323)</u>	<u>(26,016,405)</u>
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(28)	(13,137,818)	10,876,291
Proceeds from long-term loans	6(28)	7,000,000	8,000,000
Repayments of principal portion of lease liability	6(28)	(5,717)	(5,782)
Cash dividends paid	6(19)(28)	(1,092,358)	(10,923,584)
Net cash flows (used in) provided by financing activities		<u>(7,235,893)</u>	<u>7,946,925</u>
Net increase (decrease) in cash and cash equivalents		3,750,050	(4,774,503)
Cash and cash equivalents at beginning of year		4,354,075	9,128,578
Cash and cash equivalents at end of year		<u>\$ 8,104,125</u>	<u>\$ 4,354,075</u>

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

HOTAI MOTOR CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

1. History and Organization

Hotai 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 Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial Application of IFRS 17 and IFRS 9—Comparative Information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements 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 transactions 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 and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 and financial assets at amortized cost including account receivables, 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) Leasing arrangement (lessor) – lease receivable/operating leases

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. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- K. 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

A. 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.

B. Other intangible assets

The Company's travel platform is stated at cost and amortized on a straight-line basis over 5 years.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where

there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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. Intangible assets with indefinite useful lives are regularly estimated for their recoverable amount. When the recoverable amount is lower than its book value, an impairment loss is 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 specified in the contract is either discharged or cancelled or expires.

(23) Provisions

Provisions (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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(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. Detail of Significant Accounts

(1) Cash and cash equivalents

	December 31,	
	2023	2022
Cash on hand and revolving funds	\$ 330	\$ 330
Checking accounts and demand deposits	1,564,886	868,057
Cash equivalents		
Short-term notes and bills	5,938,909	3,485,688
Time deposits	600,000	-
	<u>\$ 8,104,125</u>	<u>\$ 4,354,075</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.

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

Items	December 31,	
	2023	2022
Financial assets at fair value through profit or loss		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 744,250	\$ 538,065
Valuation adjustment	145,592	(53,024)
Derivative instruments	-	52,132
	<u>\$ 889,842</u>	<u>\$ 537,173</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Financial liabilities at fair value through profit or loss

Current items:

Financial liabilities held for trading

Derivative instruments	<u>\$ 407,727</u>	<u>\$ 161,205</u>
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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,	
	2023	2022
Financial instruments mandatorily measured at fair value		
Derivative instruments	(\$ 298,654)	(\$ 92,338)
Corporate bonds	12,938	17,250
Foreign stocks	198,616	(84,317)
	<u>(\$ 87,100)</u>	<u>(\$ 159,405)</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:

Derivative instruments	December 31, 2023	
	Contract amount (Notional principal) (in thousand)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 383,850</u>	2023/8/23~2024/6/6

<u>Derivative instruments</u>	<u>December 31, 2022</u>	
	Contract amount	
	(Notional principal)	
	<u>(in thousand)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 423,402</u>	2022/7/20~2023/6/8

The Company entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of import proceeds and overseas investment. 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>2023</u>	<u>2022</u>
Equity instruments		
Listed stocks and unlisted stocks	\$ 6,482,452	\$ 6,482,452
Valuation adjustment	<u>3,999,603</u>	<u>1,362,995</u>
	<u>\$ 10,482,055</u>	<u>\$ 7,845,447</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 \$10,482,055 and \$7,845,447, respectively, as of December 31, 2023 and 2022.

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>2023</u>	<u>2022</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>\$ 2,636,608</u>	<u>(\$ 1,482,013)</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,	
	2023	2022
Notes receivable	\$ 2,518	\$ 3,362
Accounts receivable	3,401,322	2,874,293
	<u>\$ 3,403,840</u>	<u>\$ 2,877,655</u>

A. The Company has no past due accounts receivable during December 31, 2023 and 2022 .

B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$3,403,840, \$2,877,655, and \$2,023,594, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 3,763,939	\$ -	\$ 3,763,939
Parts	808,500	(96,772)	711,728
Inventory in transit	2,398,852	-	2,398,852
	<u>\$ 6,971,291</u>	<u>(\$ 96,772)</u>	<u>\$ 6,874,519</u>

	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>

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

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

Items	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 145,774,253	\$ 117,065,385
Loss on market value decline of inventories	2,202	4,769
	<u>\$ 145,776,455</u>	<u>\$ 117,070,154</u>

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method are as follows:

	Years ended December 31,	
	2023	2022
Subsidiary:		
Hozan Investment Co., Ltd.	\$ 19,048,149	\$ 15,195,879
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	9,003,570	9,620,120
Chang Yuan Motor Co., Ltd.	4,495,922	4,625,700
Ho Tai Development Co., Ltd.	3,755,007	3,784,423
Hotai Insurance Co., Ltd.	3,375,180	-
Carmax Co., Ltd.	1,962,607	1,779,875
Toyota Material Handling Taiwan Ltd.	1,158,299	1,144,871
Hotai Connected Co., Ltd.	694,427	577,732
Others	1,322,652	1,255,750
	<u>44,815,813</u>	<u>37,984,350</u>
Associates:		
Kuozui Motors, Ltd.	6,782,034	5,970,350
Central Motor Co., Ltd.	2,905,564	2,754,483
Tau Miao Motor Co., Ltd.	2,004,989	1,811,818
Kau Du Automobile Co., Ltd.	1,544,248	1,464,963
Kuotu Motor Co., Ltd.	1,626,315	1,450,904
Taipei Toyota Motor Co.,Ltd.	1,467,836	1,297,293
Nan Du Motor Co., Ltd.	1,318,219	1,208,004
Others	987,315	951,984
	<u>18,636,520</u>	<u>16,909,799</u>
	<u>\$ 63,452,333</u>	<u>\$ 54,894,149</u>

B. Negative balance of investments accounted for using equity method (shown as other non-current liabilities) are listed below:

	<u>December 31, 2022</u>
Hotai Insurance Co.,Ltd.	<u>\$ 3,202,898</u>

C. Please refer to Note 4(3) of the 2023 and 2022 consolidated financial statements for related information about subsidiaries of the Company.

D. Hotai Finance Co., Ltd. has quoted market price. As of December 31, 2023 and 2022, the fair value of Hotai Finance Co., Ltd. was \$32,916,720 and \$23,845,849, respectively.

E. The share of profit of investments accounted for using the equity method associates, and joint ventures were \$10,727,118 and (\$30,423,061), which were valued based on the investees' financial statements audited by auditors for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 amounted to \$18,636,520 and \$16,909,799, respectively.

	Years ended December 31,	
	2023	2022
Comprehensive income for the year	\$ 12,700,669	\$ 8,780,757

G. On January 20, 2022, the Company sold 30% of its stake in the Company's subsidiary Hotai Connected Co., Ltd to the Company's subsidiary Eastern Motor Co., Ltd. and associates Kuotu Motor Co., Ltd. and nine other associates for an amount of \$339,000. The Company incurred changes in capital surplus amounting to \$119,102.

H. 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.

I. 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).

J. On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. without following the shareholding ratio, 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).

K. 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%.

L. On May 11, 2023, the Company participated in the capital increase of the Company's subsidiary, Hozan Investment Co., Ltd. amounting to \$4,800,000. However, the shareholding ratio is still 100% after the capital increase.

M. On June 9, 2023 and June 13, 2023, the Company's subsidiaries Hotai Insurance Co., Ltd. and Hozan Investment Co., Ltd. reduced their capital to cover for losses of \$4,500,000 and \$10,076,934, respectively.

N. On June 14, 2023, the Company's subsidiary Hozan Investment Co., Ltd. participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. without following the shareholding ratio, amounting to \$4,500,000. The Company did not participate in the capital increase. Therefore, the shareholding ratio dropped to 77.93%, and incurred changes in capital surplus amounting to (\$599).

(7) Property, plant and equipment

			Utility equipment					
	Land	Buildings and structures	Owner- occupied	Lease	Office Equipment	Others	Construction in progress	Total
<u>At January 1, 2023</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>
<u>2023</u>								
Opening net book amount as at January 1	\$ 2,865,115	\$ 475,898	\$ 3,490	\$ 140	\$ 105,829	\$ 4,352	\$ 400	\$ 3,455,224
Additions	-	8,573	133	-	26,586	1,332	128,223	164,847
Disposals	-	(5,018)	-	-	(2,553)	-	-	(7,571)
Reclassifications	-	4,492	-	-	-	-	(2,667)	1,825
Depreciation charge	-	(35,878)	(563)	(44)	(29,695)	(1,862)	-	(68,042)
Closing net book amount as at December 31	<u>\$ 2,865,115</u>	<u>\$ 448,067</u>	<u>\$ 3,060</u>	<u>\$ 96</u>	<u>\$ 100,167</u>	<u>\$ 3,822</u>	<u>\$ 125,956</u>	<u>\$ 3,546,283</u>
<u>At December 31, 2023</u>								
Cost	\$ 2,891,965	\$ 1,384,626	\$ 117,706	\$ 78,612	\$ 554,528	\$ 15,609	\$ 125,956	\$ 5,169,002
Accumulated depreciation and impairment	(26,850)	(936,559)	(114,646)	(78,516)	(454,361)	(11,787)	-	(1,622,719)
	<u>\$ 2,865,115</u>	<u>\$ 448,067</u>	<u>\$ 3,060</u>	<u>\$ 96</u>	<u>\$ 100,167</u>	<u>\$ 3,822</u>	<u>\$ 125,956</u>	<u>\$ 3,546,283</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Utility equipment</u>		<u>Office Equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
			<u>Owner- occupied</u>	<u>Lease</u>				
<u>At January 1, 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 at 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 charge	-	(36,890)	(569)	(45)	(30,557)	(1,937)	-	(69,998)
Closing net book amount as at 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>

(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, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,330	\$ 6,827
Buildings	82	420
	<u>\$ 1,412</u>	<u>\$ 7,247</u>

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,345	\$ 5,461
Buildings	328	337
	<u>\$ 5,673</u>	<u>\$ 5,798</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 72	\$ 115
Expense on short-term lease contracts and leases of low-value assets	63,878	69,984

D. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for lease amounted to \$69,667 and \$75,881, respectively.

E. For the years ended December 31, 2023 and 2022, the Company had no increase in right-of-use assets.

(9) Leasing arrangements - lessor

A. The Company 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, 2023 and 2022, the Company recognized rent income in the amount of \$226,779 and \$229,578, 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,	
	2023	2022
Less than 1 year	\$ 234,984	\$ 231,269
Between 1 and 2 years	161,927	102,980
Between 2 and 3 years	161,927	33,852
Between 3 to 4 years	917	33,852
Between 4 to 5 years	917	917
More than 6 years	10,779	13,095
	<u>\$ 571,451</u>	<u>\$ 415,965</u>

(10) Investment property

	Land	Buildings and Structures	Total
<u>At January 1, 2023</u>			
Cost	\$ 1,681,005	\$ 1,397,230	\$ 3,078,235
Accumulated depreciation	-	(544,750)	(544,750)
	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>
<u>2023</u>			
Opening net book amount as at January 1	\$ 1,681,005	\$ 852,480	\$ 2,533,485
Disposals	-	(1)	(1)
Reclassifications	-	(1,825)	(1,825)
Depreciation charge	-	(29,277)	(29,277)
Closing net book amount as at December 31	<u>\$ 1,681,005</u>	<u>\$ 821,377</u>	<u>\$ 2,502,382</u>
<u>At December 31, 2023</u>			
Cost	\$ 1,681,005	\$ 1,389,045	\$ 3,070,050
Accumulated depreciation	-	(567,668)	(567,668)
	<u>\$ 1,681,005</u>	<u>\$ 821,377</u>	<u>\$ 2,502,382</u>

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	-	(573,172)	(573,172)
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 1,681,005	\$ 917,595	\$ 2,598,600
Reclassifications	-	(34,979)	(34,979)
Depreciation charge	-	(30,136)	(30,136)
Closing net book amount as at 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	-	(544,750)	(544,750)
	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</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>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 226,779</u>	<u>\$ 229,578</u>
Direct operating expenses arising from the investment property that generated rental income during the year (including depreciation charge)	<u>\$ 29,277</u>	<u>\$ 30,136</u>

B. The fair value of the investment property held by the Company was \$4,654,718 and \$4,664,497 as at December 31, 2023 and 2022, 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 borrowings

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Bank borrowings		
Unsecured borrowings	<u>\$ 883,436</u>	<u>\$ 14,021,254</u>
Interest rate range	<u>5.93%</u>	<u>1.46%~5.15%</u>

Interest expense recognised in profit or loss amounted to \$188,341 and \$44,366 for the years ended December 31, 2023 and 2022, respectively.

(12) Accounts payable (including related parties)

	December 31,	
	2023	2022
Accounts payable	\$ 5,165,945	\$ 4,747,922
Accounts payable - foreign currencies	5,459,828	3,912,554
	10,625,773	8,660,476
Valuation adjustment	(227,937)	74,201
	<u>\$ 10,397,836</u>	<u>\$ 8,734,677</u>

(13) Other payables

	December 31,	
	2023	2022
Year-end bonus payable	\$ 934,733	\$ 750,051
Dealer premium bonus payable	347,438	420,688
Advertisement expense payable	345,360	315,432
Remuneration payable to directors	473,011	-
Remuneration payable to employees	236,505	-
Others	792,733	863,359
	<u>\$ 3,129,780</u>	<u>\$ 2,349,530</u>

(14) Long-term borrowings

Nature of loan	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023	December 31, 2022
Long-term bank borrowings					
Syndicated contract	From May 15, 2023 to May 14, 2026, and pay interest monthly	1.863%	None	\$ 15,000,000	\$ -
Unsecured borrowings	From October 11, 2022 to October 11, 2023, and pay interest monthly	1.64%~1.89%	None	-	8,000,000
				<u>\$ 15,000,000</u>	<u>\$ 8,000,000</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, 2023 and 2022 were \$33,878 and \$33,239, respectively.

(16) Provisions

	<u>Warranty</u>
At January 1, 2023	\$ 3,497,287
Additional provisions	1,497,496
Restored during the year	(9,122)
Used during the year	(691,421)
At December 31, 2023	<u>\$ 4,294,240</u>

	<u>Warranty</u>
At January 1, 2022	\$ 3,522,084
Additional provisions	1,121,853
Restored during the year	(543,597)
Used during the year	(603,053)
At December 31, 2022	<u>\$ 3,497,287</u>

Analysis of total provisions:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current	<u>\$ 694,276</u>	<u>\$ 663,209</u>
Non-current	<u>\$ 3,599,964</u>	<u>\$ 2,834,078</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

A. As of December 31, 2023, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,571,028 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of Company's ordinary shares outstanding are as follows:

	<u>2023</u>	<u>2022</u>
At January 1,	546,179,184	546,179,184
Capital surplus transferred to common shares	<u>10,923,584</u>	-
At December 31,	<u>557,102,768</u>	<u>546,179,184</u>

C. On June 27, 2023, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of \$109,236. This involved issuing 10,923,584 new shares with a par value of \$10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on August 9, 2023.

(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 Order No. Financial-Supervisory-Securities-Corporate-1090150022 dated March 31, 2021, 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, the stockholders resolved those total dividends for the distribution of earnings for the year of 2021 was \$10,923,584 (\$20 in dollars per share).

E. On June 27, 2023, the stockholders resolved those total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 in dollars of cash dividend and \$0.2 in dollars of stock dividend per share.

F. On March 13, 2024, the Board of Directors resolved those total dividends for the distribution of earnings for the year of 2023 was \$11,142,055 consisting of \$20 in dollars of cash dividend per share.

(20) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sales revenue	\$ 159,690,132	\$ 128,605,369
Service revenue	1,627,792	1,787,819
	<u>\$ 161,317,924</u>	<u>\$ 130,393,188</u>

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

(21) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 21,213	\$ 5,948
Interest from short-term notes	15,101	21,633
Other interest income	75,655	51,996
	<u>\$ 111,969</u>	<u>\$ 79,577</u>

(22) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 226,779	\$ 229,578
Others	1,026,064	994,757
	<u>\$ 1,252,843</u>	<u>\$ 1,224,335</u>

(23) Other gains and losses

	Years ended December 31,	
	2023	2022
Net loss on financial assets at fair value through profit or loss	(\$ 87,100)	(\$ 159,405)
Gain on disposal of property, plant and equipment	938	699
Loss on abandonment of property, plant and equipment	(5,029)	(41)
Net currency exchange gain	715,881	441,738
Miscellaneous disbursements	(29,322)	(30,180)
	<u>\$ 595,368</u>	<u>\$ 252,811</u>

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

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 2,494,675	\$ 1,573,441
Depreciation charge	102,992	105,932
	<u>\$ 2,597,667</u>	<u>\$ 1,679,373</u>

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

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,767,823	\$ 1,339,766
Labor and health insurance fees	73,660	79,142
Pension costs	33,878	33,239
Directors' remuneration	490,151	17,215
Other personnel expenses	129,163	104,079
	<u>\$ 2,494,675</u>	<u>\$ 1,573,441</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, 2023 and 2022, employees' remuneration was accrued at \$236,505 and \$0, respectively; while directors' remuneration was accrued at \$473,011 and \$0, respectively. The aforementioned amounts were recognized in salary expenses.

For the year 2023, a provision of 1% and 2% was made based on the profit situation up to the current period. On March 13, 2024, the employees' remuneration and directors' remuneration that were resolved at the meeting of Board of Directors amounted to \$236,505 and \$473,011, respectively. The employees' remuneration will be distributed in the form of cash.

Information about employees' remuneration 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

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax expense recognized in the current year	\$ 347,722	\$ 120,613
Prior year income tax under estimation	2,349	1,087
Total current tax	<u>350,071</u>	<u>121,700</u>
Deferred tax:		
Origination and reversal of temporary differences	(266,715)	8,348
Total deferred tax	<u>(266,715)</u>	<u>8,348</u>
Income tax expense	<u>\$ 83,356</u>	<u>\$ 130,048</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Income tax expense at the statutory rate	\$ 4,588,206	(\$ 3,840,029)
Effects from adjustments based on regulation	(2,171,079)	6,168,990
Realized investment losses	(2,336,120)	(2,200,000)
Prior year income tax under estimation	2,349	1,087
Income tax expense	<u>\$ 83,356</u>	<u>\$ 130,048</u>

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

	2023		
	January 1	Recognized in Profit or loss	December 31
<u>Deferred tax assets:</u>			
Allowance for inventory obsolescence	\$ 18,914	\$ 441	\$ 19,355
Warranty provision	533,577	138,819	672,396
Unrealized gain on inter-affiliate accounts	65,213	48,251	113,464
Others	15,999	(4,221)	11,778
	<u>633,703</u>	<u>183,290</u>	<u>816,993</u>
<u>Deferred tax liabilities:</u>			
Gain on investment accounted for using equity method	(1,237,687)	83,955	(1,153,732)
Land value increment tax	(509,365)	-	(509,365)
Others	(29,842)	(530)	(30,372)
	<u>(1,776,894)</u>	<u>83,425</u>	<u>(1,693,469)</u>
	<u>(\$ 1,143,191)</u>	<u>\$ 266,715</u>	<u>(\$ 876,476)</u>

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	2022		
	January 1	Recognized in Profit or loss	December 31
<u>Deferred tax assets:</u>			
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>
<u>Deferred tax liabilities:</u>			
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>

- D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.
- E. On December 22, 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.
- F. Subsidiaries, Hotai Insurance Co., Ltd., and Hozan Investment Co., Ltd., carried out capital reduction to offset losses on June 9, 2023, and June 13, 2023, respectively. As a result, the company recognized income tax benefits of \$2,336,120.

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(27) Earnings (losses) per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstand (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 22,857,675</u>	<u>557,103</u>	<u>\$ 41.03</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	22,857,675	557,103	
Assumed conversion of all dilutive potential ordinary shares employees' bonus	-	334	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 22,857,675</u>	<u>557,437</u>	<u>\$ 41.00</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstand (shares in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	<u>(\$ 19,330,194)</u>	<u>557,103</u>	<u>(\$ 34.70)</u>
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,330,194)	557,103	
Assumed conversion of all dilutive potential ordinary shares employees' bonus	-	-	
Loss attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>(\$ 19,330,194)</u>	<u>557,103</u>	<u>(\$ 34.70)</u>

For the years ended December 31, 2023 and 2022, the adjustment of the number of shares in circulation outside the company is retroactively adjusted based on the capital increase ratio in 2023.

(28) Changes in liabilities from financing activities

	Short-term borrowings	Dividend payable	Lease liabilities	Long-term borrowings	Liabilities from financing activities-gross
January 1, 2023	\$ 14,021,254	\$ 6,262	\$ 7,317	\$ 8,000,000	\$ 22,034,833
Changes in cash flow from financing activities	(13,137,818)	(1,092,358)	(5,717)	7,000,000	(7,235,893)
Changes in other non-cash items	-	1,079,895	(162)	-	1,079,733
December 31, 2023	<u>\$ 883,436</u>	<u>(\$ 6,201)</u>	<u>\$ 1,438</u>	<u>\$ 15,000,000</u>	<u>\$ 15,878,673</u>

	Short-term borrowings	Dividend payable	Lease liabilities	Long-term borrowings	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)	(5,782)	8,000,000	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>\$ 7,317</u>	<u>\$ 8,000,000</u>	<u>\$ 22,034,833</u>

7. Related Party Transaction

(1) Names of related parties and relationship

<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(TME)	"
Toyota-Motor-Sales-USA(TMS)	"
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.	"
Triple S Digital Co.,Ltd.	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Subsidiary
Toyota Material Handling Taiwan Ltd.	"
Carmax Co., Ltd. (Carmax)	"
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 Co., Ltd.	"
Hotai Leasing Co., Ltd.	"
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.	"

Names of related parties	Relationship with the Company
Ho Tai Parts & Accessories Co., Ltd.	Subsidiary
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.	"
Hotai Auto Body Manufacturing Co., Ltd. (Hotai Auto Body Manufacturing)	"
Hotai Auto Body Sales Co., Ltd. (Hotai Auto Body Sales)	"
YuCheng Transport Co., Ltd.	"
ChyuanAn Transport Co., Ltd.	"
He Jun Energy Co., Ltd.	"
Ho Young Travel Agency Co., Ltd.	"
Doroman Autoparts Corporation	"
Wei Tien Energy Storage Co., Ltd.	"
Formosa Flexible Packaging Corp.	Associate
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.(Fan Tai)	"
Yi Tai Transportation Co., Ltd.(Yi Tai)	"
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.	"
Zhongyang Motor Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"
Wang Fu Co., Ltd.	"
Kao Jin Co., Ltd.	"

(2) Significant related party transactions

A. Operating revenue

(a) Sales of merchandise _____

	Years ended December 31,	
	2023	2022
-Associates		
Central Motor	\$ 32,091,102	\$ 26,333,323
Tau Miao	29,318,977	23,949,420
Taipei Motor	23,075,919	18,016,069
Kau Du	21,894,090	18,012,052
Kuotu	21,292,906	15,715,194
Nan Du	19,445,318	16,211,847
Others	3,182,111	2,709,738
-Subsidiaries	8,560,268	7,227,634
	<u>\$ 158,860,691</u>	<u>\$ 128,175,277</u>

Sales from the Company 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 (g) of Note 13(A) significant transactions information.

(b) Service revenue:

	Years ended December 31,	
	2023	2022
Service sales:		
-Associates	\$ 3,388	\$ 3,257
-Subsidiaries		
Chang Yuan	1,598,360	1,760,027
Others	48	41
Contracted operating revenue:		
-Associates	25,996	24,494
	<u>\$ 1,627,792</u>	<u>\$ 1,787,819</u>

(c) Interest income:

	Years ended December 31,	
	2023	2022
-Associates		
Central Motor	\$ 15,471	\$ 10,858
Tau Miao	14,147	9,880
Taipei Motor	11,115	7,439
Kau Du	10,568	7,436
Kuotu	10,292	6,474
Nan Du	9,387	6,700
Others	1,521	1,106
-Subsidiaries	3,250	2,286
	<u>\$ 75,751</u>	<u>\$ 52,179</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 2023 and 2022 were 2.775% and 2.65%, respectively.

(d) Rental revenue:

	Years ended December 31,	
	2023	2022
-Associates		
Kuotu	\$ 110,109	\$ 112,494
Others	33,548	34,628
-Subsidiaries		
Chang Yuan	84,527	82,282
Others	23,322	25,805
-Entities controlled by key management	3,439	2,630
	<u>\$ 254,945</u>	<u>\$ 257,839</u>

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

(e) Warranty revenue (shown as deductions to warranty costs):

	Years ended December 31,	
	2023	2022
-Associates		
Kuozui	\$ 159,414	\$ 126,366
-Subsidiaries	41,060	40,162
-Entities controlled by key management		
TMAP	315,074	310,711
Others	19	-
	<u>\$ 515,567</u>	<u>\$ 477,239</u>

(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):

	Years ended December 31,	
	2023	2022
-Associates		
Kuotu	\$ 242,543	\$ 219,820
Others	148,638	134,189
-Subsidiaries	10,433	7,855
-Entities controlled by key management		
TMC	27,935	47,925
Others	846	1,026
	<u>\$ 430,395</u>	<u>\$ 410,815</u>

(g) Miscellaneous income:

	Years ended December 31,	
	2023	2022
-Associates		
Kuotu	\$ 140,256	\$ 131,388
Kuozui	85,730	73,643
Others	110,766	104,326
-Subsidiaries		
Chang Yuan	57,920	73,539
Others	176,040	179,151
-Entities controlled by key management	32,841	32,304
	<u>\$ 603,553</u>	<u>\$ 594,351</u>

B. Expenditures

(a) Interest expense:

	Years ended December 31,	
	2023	2022
-Associates		
Kuozui	<u>\$ 19,385</u>	<u>\$ 14,762</u>

The interest expense is paid for interest arising from purchases between transaction dates and payment dates. The annual interest rates for 2023 and 2022 were 2.375% and 2.25%, respectively.

(b) Purchase of goods:

	Years ended December 31,	
	2023	2022
-Associates		
Kuozui	\$ 52,055,892	\$ 48,293,126
Others	1,145,976	1,046,970
-Subsidiaries	2,263,880	1,943,757
-Entities controlled by key management		
TMC	55,739,072	37,759,395
Others	5,915,619	6,446,822
	<u>\$ 117,120,439</u>	<u>\$ 95,490,070</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”), Toyota Motor Europe-Nv/Sa (“TME”) and Toyota Motor Sales USA (“TMS”). Payment terms are provided in item g of Note 13(A) significant transactions information.

(c) Warranty cost:

	Years ended December 31,	
	2023	2022
-Associates		
Central Motor	\$ 140,402	\$ 118,790
Tau Miao	125,361	106,586
Kuotu	135,003	126,429
Kau Du	90,537	73,805
Taipei Motor	83,983	74,097
Nan Du	81,591	75,173
Others	15,875	14,791
-Subsidiaries		
Chang Yuan	169,137	120,721
Others	13,269	12,436
	<u>\$ 855,158</u>	<u>\$ 722,828</u>

(d) Advertisement expense:

	Years ended December 31,	
	2023	2022
-Associates	\$ 38,963	\$ 55,882
-Subsidiaries		
Hotai Connected	340,963	291,067
Others	70,425	51,258
-Entities controlled by key management	5,503	4,298
	<u>\$ 455,854</u>	<u>\$ 402,505</u>

(e) Freight:

	Years ended December 31,	
	2023	2022
-Associates		
Fan Tai	\$ 216,811	\$ 181,929
Yi Tai	108,936	95,805
Others	2,654	2,874
-Subsidiaries	1,488	1,657
	<u>\$ 329,889</u>	<u>\$ 282,265</u>

C. Receivables from (payables to) related parties

(a) Receivables from related parties:

	December 31,	
	2023	2022
-Associates		
Central Motor	\$ 677,885	\$ 508,745
Tau Miao	634,161	455,771
Taipei Motor	475,474	376,920
Kau Du	457,784	322,999
Nan Du	436,780	318,258
Kuotu	289,455	365,864
Others	74,773	50,717
-Subsidiaries		
Chang Yuan	182,364	303,740
Others	147,809	146,176
	<u>\$ 3,376,485</u>	<u>\$ 2,849,190</u>

(b) Other receivables from related parties:

	December 31,	
	2023	2022
-Associates		
Kuotu	\$ 78,753	\$ 68,984
Others	92,371	91,158
-Subsidiaries	50,880	53,521
-Entities controlled by key management	472	452
	<u>\$ 222,476</u>	<u>\$ 214,115</u>

(c) Payables to related parties:

	December 31,	
	2023	2022
-Associates		
Kuozui	\$ 1,518,411	\$ 924,946
Others	113,977	115,717
-Subsidiaries	482,448	430,484
-Entities controlled by key management		
TMC	4,812,353	3,499,835
Others	468,445	519,617
	<u>\$ 7,395,634</u>	<u>\$ 5,490,599</u>

(d) Other payables

	December 31,	
	2023	2022
-Associates	\$ 185,022	\$ 242,676
-Subsidiaries	276,804	206,807
-Entities controlled by key management	293	351
	<u>\$ 462,119</u>	<u>\$ 449,834</u>

D. Property transactions(There were no such transactions in 2023)

(a) Acquisition of financial assets

			2022
	Account items	Number of shares Traded	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

		Number of shares	Object of	2022
	Account items	Traded	transaction	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	Investment accounted for using equity method	4,520 thousand shares	Hotai Connected	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	"	5,650
				<u>\$ 339,000</u>

(3) Endorsements and guarantees provided to related parties:

	December 31, 2023	December 31, 2022
-Subsidiaries		
Hotai Insurance	\$ 2,000,000	\$ 5,000,000
Others	400,000	400,000
	<u>\$ 2,400,000</u>	<u>\$ 5,400,000</u>

(4) Key management remuneration

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	<u>\$ 558,568</u>	<u>\$ 75,231</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, 2023 are summarized as follows:

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Distributor agreement	Toyota Motor Corporation	January 1, 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	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
		Except for termination signed by both parties, contracts remain effective.	

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

For the appropriation of retained earnings of 2023, please refer to Note 6(19).

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,	
	2023	2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,389,842	\$ 1,037,173
Financial assets at fair value through other comprehensive income		
Equity instrument	10,482,055	7,845,447
Financial assets at amortized cost		
Cash and cash equivalents	8,104,125	4,354,075
Notes receivable (including related parties)	2,518	3,362
Accounts receivable (including related parties)	3,401,322	2,874,293
Other receivables	805,216	662,186
Guarantee deposits paid (shown as “other non-current assets”)	89,586	65,595
	<u>\$ 24,274,664</u>	<u>\$ 16,842,131</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	\$ 407,727	\$ 161,205
Financial liabilities at amortized cost		
Short-term borrowings	883,436	14,021,254
Notes payable	-	7,682
Accounts payable (including related parties)	10,397,836	8,734,677
Other payables	3,129,780	2,349,530
Long-term borrowings	15,000,000	8,000,000
Guarantee deposits received (shown as “other non-current liabilities”)	1,322	819
	<u>\$ 29,820,101</u>	<u>\$ 33,275,167</u>
Lease liability	<u>\$ 1,438</u>	<u>\$ 7,317</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. The Company 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.
- ii. 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.
- iii. 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, 2023		
	Foreign currency		
	amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 890	30.7050	\$ 27,321
JPY:NTD	JPY 107,754	0.2172	23,404
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 198,670	30.7050	\$ 6,100,171
JPY:NTD	JPY 77,455	0.2172	16,823

December 31, 2022				
Foreign currency				
	amount		Exchange	Book value
	(In thousands)		rate	(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

- iv. 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, 2023 and 2022, amounted to \$715,881 and \$441,738, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023				
Sensitivity analysis				
	Degree		Effect on	Effect on other
	of variation		profit or loss	comprehensive
				income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	273	-
JPY:NTD	1%		234	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	61,002	-
JPY:NTD	1%		168	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 260	\$ -
JPY:NTD	1%	355	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 62,054	\$ -
JPY:NTD	1%	43	-

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.

Interest rate risk

- A. The Company's borrowings are measured at amortized cost, and the borrowings will be re-priced because of the interest rates according to the contract. Therefore, the Company is exposed to the risk of future changes in market interest rates.
- B. When the borrowing interest rate rises or falls by 0.1%, and all other factors remain unchanged. The net profit after tax of 2023 and 2022 will decrease or increase by \$12,000 and \$6,400 respectively. This is mainly due to floating interest rate borrowings causing the interest expense to change accordingly.

(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.

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

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

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

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

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

(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, 2023 and 2022, the Company's undrawn committed borrowing facilities amounted to \$30,712,364 and \$4,275,166, 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.

	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
<u>December 31, 2023</u>			
Short-term borrowings	\$ 883,436	\$ -	\$ -
Accounts payable	10,397,836	-	-
Other payables	3,129,780	-	-
Long term borrowings	-	15,000,000	-
Lease liability	1,438	-	-
 <u>Non-derivative financial liabilities:</u>			
<u>December 31, 2022</u>			
Short-term borrowings	\$ 14,021,254	\$ -	\$ -
Accounts payable	8,734,677	-	-
Other payables	2,349,530	-	-
Long term borrowings	-	8,000,000	-
Lease liability	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 stocks and beneficiary 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 corporate bonds and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's equity investments with no active markets is 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 borrowings, accounts payable, and other payables, are approximate to their fair values.

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	-	-	-
Equity securities	889,842	-	-	889,842
Financial assets at fair value through other comprehensive income				
Equity securities	<u>10,071,971</u>	<u>-</u>	<u>410,084</u>	<u>10,482,055</u>
	<u>\$ 10,961,813</u>	<u>\$ 500,000</u>	<u>\$ 410,084</u>	<u>\$ 11,871,897</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 407,727</u>	<u>\$ -</u>	<u>\$ 407,727</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<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>
<u>Liabilities</u>				
<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>

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, 2023 and 2022, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 350,597	\$ 328,256
Current period purchases	-	68,571
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>59,487</u>	<u>(46,230)</u>
At December 31	<u>\$ 410,084</u>	<u>\$ 350,597</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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 410,084	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, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 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.

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, 2023 and 2022.

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 exceeding \$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: Please refer to table 6.
- (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 7.

(h) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.

(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, 2023:

Company Name	Derivative Instruments	Contract Amount (in thousands)	Maturity Date	Book Value	Fair Value
Hotai Motor Co., Ltd.	Forward exchange contracts	USD 383,850	2024/1/10~2024/6/6	(\$ 407,727)	(\$407,727)
Hotai Finance Co., Ltd.	Cross currency swaps	JPY 66,100,000	2024/9/9~2025/5/2	(927,803)	(927,803)
Hotai Finance Co., Ltd.	Cross currency swaps	EUR 75,000	2024/9/12	256,677	256,677
Hotai Finance Co., Ltd.	Cross currency swaps	USD 30,000	2024/9/6	(30,648)	(30,648)
Hoyun International Leasing Co., Ltd.	Cross currency swaps	JPY 4,000,000	2023/10/23~2026/10/23	(14,557)	(14,557)
Hoyun International Leasing Co., Ltd.	Cross currency swaps	USD 62,750	2024/8/30~2025/1/13	190,054	190,054
Hoyun(Shanghai) Commercial Factoring Co., Ltd.	Cross currency swaps	USD 4,800	2024/10/18	9,179	9,179

(j) Significant inter-company transactions during the reporting periods: Please refer to table 9.

B. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

C. Information on investments in Mainland China

(a) Basic information: Please refer to table 11.

(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.

Hotai Motor Co., Ltd.
Loans to others
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 1

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Shanghai Heling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$ 578,024	\$ 540,299	\$ -	2.15%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 829,111	\$ 1,658,222	Note 1
2	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	266,780	216,120	-	2.15%	"	-	"	-	"	-	343,333	686,667	"
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	133,390	108,060	-	2.15%	"	-	"	-	"	-	133,851	267,703	"
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	444,634	302,568	41,409	2.15%	"	-	"	-	"	-	553,788	1,107,577	"
5	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	564,685	432,240	136,933	2.15%	"	-	"	-	"	-	980,766	1,961,532	"
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	8,895	8,645	-	2.15%	"	-	"	-	"	-	11,830	23,661	"
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	17,789	17,290	15,517	2.15%	"	-	"	-	"	-	30,027	60,055	"
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	168,961	151,284	-	2.15%	"	-	"	-	"	-	273,962	547,924	"
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	222,367	216,120	57,877	2.15%	"	-	"	-	"	-	325,541	651,082	"
10	Shanghai Hotai Toyota Forklift Co., Ltd. (Original name: Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.)	Hotong Motor Investment Co., Ltd.	"	Y	155,657	151,284	82,860	2.15%	"	-	"	-	"	-	202,476	404,952	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	400,170	302,568	-	2.15%	"	-	"	-	"	-	373,530	747,061	"
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	355,707	302,568	161,269	2.15%	"	-	"	-	"	-	425,688	851,375	"
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	244,604	237,732	-	2.15%	"	-	"	-	"	-	288,736	577,472	"
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	88,947	86,448	37,000	2.15%	"	-	"	-	"	-	128,594	257,188	"
15	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	289,012	259,344	156,946	2.15%	"	-	"	-	"	-	295,036	590,072	"
16	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	333,475	302,568	73,913	2.15%	"	-	"	-	"	-	364,154	728,308	"
17	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	155,657	151,284	-	2.15%	"	-	"	-	"	-	250,061	500,122	"
18	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	"	Y	35,579	34,579	34,579	2.15%	"	-	"	-	"	-	48,945	97,890	"
19	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,237	21,612	8,645	2.15%	"	-	"	-	"	-	33,948	67,897	"
20	Tianjin Ho-Yu Toyota Motor Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,237	21,612	-	2.15%	"	-	"	-	"	-	39,133	78,267	Note 3
21	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	26,684	25,934	25,934	2.15%	"	-	"	-	"	-	52,108	104,216	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Y	644,864	626,747	511,330	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	"	Y	200,085	172,896	64,663	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y	266,840	259,344	239,753	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	266,840	259,344	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	"	Y	88,927	43,224	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y	8,895	8,645	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	"	Y	13,342	12,967	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
22	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Other receivables	Y	\$ 222,317	\$ 172,896	\$ 115,883	2.65%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 8,912,824	17,825,648	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y	177,894	172,896	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd. (Original name: Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.)	"	Y	44,473	43,224	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	400,170	259,344	73,135	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	333,475	216,120	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y	133,420	129,672	26,194	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y	222,317	172,896	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	"	Y	667,101	648,359	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	333,475	259,344	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	222,367	216,120	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y	155,657	151,284	45,817	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	"	Y	44,473	43,224	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	"	Y	133,390	43,224	-	2.65%	"	-	"	-	"	-	8,912,824	17,825,648	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	"	Y	155,657	151,284	60,643	2.65%	"	-	"	-	"	-	1,782,565	3,565,130	Note 4
22	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	"	Y	133,420	129,672	117,310	2.65%	"	-	"	-	"	-	1,782,565	3,565,130	"
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	"	Y	133,420	129,672	2,334	2.65%	"	-	"	-	"	-	1,782,565	3,565,130	"
22	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co., Ltd.	"	Y	889,468	864,479	864,479	3.15%	"	-	"	-	"	-	1,782,565	3,565,130	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y	133,420	129,672	129,672	2.95%	"	-	"	-	"	-	1,782,565	3,565,130	"
23	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	Y	864,479	864,479	259,344	3.9%-4.1%	"	-	"	-	"	-	5,619,343	11,238,686	Note 5
23	Hoyun International Leasing Co. Ltd.	Homei International Trade (Suzhou) Co., Ltd.	"	Y	221,416	216,120	4,322	3.9%-4.0%	"	-	"	-	"	-	5,619,343	11,238,686	"
24	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y	2,000,000	-	-	1.73%	"	-	"	-	"	-	3,609,761	7,219,522	Note 6
24	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Y	2,000,000	-	-	1.73%	"	-	"	-	"	-	3,609,761	7,219,522	"
25	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	Y	30,000	-	-	2.44%	"	-	"	-	"	-	91,587	183,175	Note 7
25	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	Y	40,000	-	-	2.44%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	Y	30,000	-	-	2.44%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co.,Ltd.	"	Y	10,000	10,000	3,000	2.49%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	"	Y	30,000	30,000	-	1.73%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	"	Y	10,000	10,000	-	1.73%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	"	Y	45,000	45,000	-	1.73%	"	-	"	-	"	-	91,587	183,175	"
25	He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	"	Y	20,000	20,000	-	1.73%	"	-	"	-	"	-	91,587	183,175	"

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
26	He Jing Co., Ltd.	A	Accounts receivable	N	20,000	\$ -	\$ -	5.00%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 302,209	\$ 604,417	Note 8
26	He Jing Co., Ltd.	B	"	N	30,000	30,000	26,997	5.00%	"	-	"	-	Stock	24,000	302,209	604,417	"
26	He Jing Co., Ltd.	C	"	N	85,000	85,000	83,079	6.25%~10%	"	-	"	-	Property	68,000	302,209	604,417	"
26	He Jing Co., Ltd.	D	"	N	70,000	70,000	64,240	6%~10%	"	-	"	-	"	82,810	302,209	604,417	"
26	He Jing Co., Ltd.	E	"	N	30,000	30,000	-	5.00%	"	-	"	-	Stock	24,000	302,209	604,417	"

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 Toyota 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 Toyota Motor Sales and Service Co., Ltd., Nanjing HoZhan Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Hoyun International Leasing Co., Ltd., Chongqing Taikang 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: 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 6: 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 7: 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., XianYao Energy Co., Ltd., Wei Tien Energy Storage Co., Ltd., Tung Ching Green Energy Co., Ltd., Billion Sunpower Co., Ltd., Cheng Yo Technology Co., Ltd. and Hon Yang Energy Co., Ltd.) for working capital needs, ceiling on total 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 Jing Co., Ltd.) to the borrower (A, B, C, D and E) 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".

Hotai Motor Co., Ltd.
Provision of endorsements and guarantees to others
For the year ended December 31, 2023
(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 balance during the year ended December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Note 4	\$ 19,867,945	\$ 5,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	3.02%	\$ 33,113,242	Y	N	N	Note 2
0	Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Note 4	\$ 19,867,945	400,000	400,000	298,000	-	0.60%	33,113,242	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	Note 4	36,097,609	2,223,669	2,161,198	324,797	-	5.99%	36,097,609	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	Note 4	36,097,609	516,390	499,317	467,403	-	1.38%	36,097,609	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Note 4	36,097,609	2,000,000	1,500,000	500,000	-	4.16%	36,097,609	Y	N	N	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Note 4	36,097,609	10,500,000	500,000	-	-	1.39%	36,097,609	Y	N	N	"

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

1. The Company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: 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: The Company owns directly or indirectly more than 50% of the voting shares.

Hotai Motor Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 3

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote	
				Number of shares	outstanding	Ownership (%)	Fair value		
Hotai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	21,301,645	\$ 835,024	0.15%	\$ 835,024		
	- Toyota Motor Corporation	-	"	15,956,000	8,977,749	0.10%	8,977,749		
	- Shihlin Electric & Engineering Corporation Etc.	None	"	-	259,198	0.42%	259,198		
	Taian Insurance Co., Ltd. Etc.	-	"	-	410,084	0.42%~7.06%	410,084		
				Total		<u>\$ 10,482,055</u>		<u>\$ 10,482,055</u>	
		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	1,581,500	744,250	0.01%	889,841	
				Valuation adjustment of financial assets		145,592		-	
				Total		<u>\$ 1,389,841</u>		<u>\$ 1,389,841</u>	
	Hozan Investment Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,920	0.50%	\$ 3,920	
Beneficiary certificates		Not applicable	Financial assets at fair value through profit or loss - current	45,879,413	\$ 485,000	-	\$ 487,515		
- Franklin Templeton Sinoam Money Market Fund									
- CTBC Hua Win Money Market Fund		Not applicable	"	99,561,136	1,120,440	-	1,126,554		
			Valuation adjustment of financial assets		8,628		-		
			Total		<u>\$ 1,614,069</u>		<u>\$ 1,614,069</u>		
Carmax Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	Not applicable	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,090	0.06%~0.50%	\$ 4,090		
Ho Tai Development Co., Ltd.	Stock - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 2,178	-	\$ 2,178		
	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	4,090	0.06%~0.5%	4,090		
			Total		<u>\$ 6,267</u>		<u>\$ 6,267</u>		
		PSC DSU 100% Principal Guaranteed (USD)	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 34,327	-	\$ 34,479	
				Valuation adjustment of financial assets		151		-	
				Total		<u>\$ 34,479</u>		<u>\$ 34,479</u>	
		PSC DSU 100% Principal Guaranteed (TWD)	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 700,000	-	\$ 700,000	
				Valuation adjustment of financial assets		-		-	
			Total		<u>\$ 700,000</u>		<u>\$ 700,000</u>		
Ho Tai Service & Marketing Co., Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	1,853,787	\$ 22,000	-	\$ 22,802		
	- BOT Money Market Fund								
			Valuation adjustment of financial assets		802		-		
			Total		<u>\$ 22,802</u>		<u>\$ 22,802</u>		
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,920	0.50%	\$ 3,920		
He Jun Energy Co., Ltd.	Perpetual New Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,600,000	\$ 15,737	8.00%	\$ 15,737		
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,920	0.50%	\$ 3,920		

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	outstanding	Ownership (%)	Fair value	
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	-	\$ 23,495	10.48%	\$ 23,495	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund - Mega Diamond Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	9,550,095	\$ 100,000	-	\$ 101,479	
			"	18,015,334	230,000	-	232,389	
			Valuation adjustment of financial assets		3,868		-	
			Total		\$ 333,868		\$ 333,868	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund - Mega Diamond Money Market Fund - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	2,340,746	\$ 24,508	-	\$ 24,873	
			"	7,855,322	100,000	-	101,330	
			"	458,630	5,108	-	5,189	
			Valuation adjustment of financial assets		1,775		-	
			Total		\$ 131,392		\$ 131,392	
ChyuanAn Transport Co.,Ltd	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,186	
					159		-	
			Total		\$ 10,186		\$ 10,186	
YuCheng Transport Co.,Ltd	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,238	
					238		-	
			Total		\$ 15,238		\$ 15,238	

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

Hotai 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
For the year ended December 31, 2023
(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, 2023		Addition		Disposal			Balance as at December 31, 2023		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Investments accounted for using equity method	Hozan Investment Co., Ltd.	Subsidiary	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Investments accounted for using equity method	Hotai Insurance Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Investments accounted for using equity method	He Jing Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	"
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Investments accounted for using equity method	Ly Hour Leasing PLC	Associate	-	-	-	-	-	-	-	-	-	-	Note 3
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Investments accounted for using equity method	Heng Fong Energy Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-	-	"
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Investments accounted for using equity method	Cheng Yo Technology Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	"
Carmax Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	35,338,389	371,148	-	-	35,338,389	373,541	370,000	3,541	-	-	
Hozan Investment Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	952,327	10,002	44,927,087	475,000	-	-	-	-	45,879,413	487,515	
Hozan Investment Co., Ltd.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	144,052,642	1,620,000	44,491,507	500,000	499,560	440	99,561,136	1,126,554	
Hozan Investment Co., Ltd.	PGIM Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	37,183,476	600,000	37,183,476	600,532	600,000	532	-	-	
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	-	304,875	-	632,274	-	908,961	901,133	7,827	-	34,479	
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	-	400,000	-	2,200,000	-	1,903,489	1,900,000	3,489	-	700,000	
Hotai Finance Co., Ltd.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	113,615,255	1,900,000	113,615,255	1,900,382	1,900,000	382	-	-	
Hotai Finance Co., Ltd.	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	328,695,977	4,050,000	328,695,977	4,051,212	4,050,000	1,212	-	-	
Hotai Finance Co., Ltd.	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	109,550,678	1,700,000	109,550,678	1,700,261	1,700,000	261	-	-	
Hotai Finance Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	25,146,525	350,000	25,146,525	350,079	350,000	79	-	-	
Hotai Finance Co., Ltd.	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	130,319,999	1,900,000	130,319,999	1,900,597	1,900,000	597	-	-	
Hotai Finance Co., Ltd.	SinoPac TWD Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	20,993,996	300,000	20,993,996	300,084	300,000	84	-	-	
Hotai Finance Co., Ltd.	FUBON CHI-HSIANG MONEY MARKET FUND	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,513,726	1,100,000	68,513,726	1,100,448	1,100,000	448	-	-	
Hotai Finance Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	347,690,301	5,800,000	347,690,301	5,802,628	5,800,000	2,628	-	-	
Hotai Finance Co., Ltd.	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	97,769,367	1,200,000	97,769,367	1,200,207	1,200,000	207	-	-	
Hotai Finance Co., Ltd.	Shin Kong Chi-Shin Money-Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	31,465,341	500,000	31,465,341	500,312	500,000	312	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	21,794,089	300,000	-	-	21,794,089	300,041	300,000	41	-	-	

Note 1: Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.

Note 2: Please refer to Note 10 for details.

Note 3: Refers to obtain from natural person.

Hotai Motor Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	outstanding Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Hotai Finance Co., Ltd.	5th floor, Units ABC and 6th floor, Units ABCD in Land Lot No. 28~30, 34~39, Zhongxing section, Sanchong Dist., New Taipei City	2023.5.4	\$ 922,360	\$ 138,330	Kuo Yang Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Valuations by professional appraisers (Note 1)	Future operation demand	None
Carmax Co., Ltd.	No. 8, Fuxing 3rd Rd., Guishan Dist., Taoyuan City	2023.4.30	621,140	Paid	Xu Yuan Construction Engineering Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	"	"
Hotai Auto Body Manufacturing Co., Ltd.	No. 51, Junyong Rd., Xizhou Township, Changhua County	2023.5.23	322,802	Paid	Xi Ye Construction Co., Ltd.	Non-related party	-	-	-	-	"	"	"

Note 1: Based on the appraisal report and market conditions provided by Bond Real Estate Appraisal Firm (appraised value of \$926,388) and Chinese Credit Real Estate Appraisal Firm (appraised value of \$940,904).

Note 2: In May, 2023, Hotai Finance Co., Ltd. signed a real estate purchase and sale agreement with a non-related party for the purchase of land and buildings in the Zhongxing section, Sanchong District, New Taipei City.

As the ownership has not been transferred yet, it is recorded under "Other Non-current Assets - Others".

Note 3: Date of the event referred to herein is the date of contract signing date, 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.

Hotai Motor Co., Ltd.
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Maximum outstanding balance during the year ended December 31, 2023	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the counterparty	Reason for disposal	Basis or reference used in setting the price	Other commitments
Ho Tai Service & Marketing Co., Ltd.	Land Lot No. 24, 34, 34-1, Pei-Po section, Tucheng District, New Taipei City	2023.6.27	2019.10.2	\$ 557,827	\$ 644,023	Completed	\$ 86,196	Hai Cheng Construction Co., Ltd.	Non-related party	Future operation demand	Valuations by professional appraisers (Note 1)	None
Hotai Insurance Co., Ltd.	No. 39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City	2023.08.02	1962.06.27 1971.04.07	283,710	1,327,000 (Note3)	Completed	\$963,971 (Note4)	Frank C. Chen Cultural Foundation	Non-related party	Financial improvement plan for epidemic prevention insurance	Valuations by professional appraisers (Note 2)	None

Note 1: Based on the appraisal report and market conditions provided by Rui Pu International Real Estate Appraisal Firm (appraised value of \$650,000).

Note 2: Refer to appraisal reports and market conditions provided by G-Beam Real Estate Appraisers Firm and CCIS Real Estate Appraisers Joint Firm.

Note 3: Transaction amount is the total contract price.

Note 4: The gain or loss on disposal is calculated by deducting the book value from the transaction amount, and deducting land value increment tax of \$137,810 thousand, land value increment tax reserve of (\$77,585) thousand, and other necessary transaction costs totaling \$19,094 thousand.

Note 5: 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 6: 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.

Hotai Motor Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

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(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hotai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	\$ 55,739,072	38%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 4,812,353)	46%	
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	52,055,892	35%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Major supplier of domestic cars, so it is not applicable.	Normal	(1,518,411)	15%	
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	32,091,102	20%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	677,885	20%	
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Sales	29,318,977	18%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	634,161	19%	
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Sales	23,075,919	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	475,474	14%	
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Sales	21,894,090	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	457,784	13%	
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Sales	21,292,906	13%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	289,455	9%	
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Sales	19,445,318	12%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	436,780	13%	
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Sales	4,199,948	3%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Importation of vehicles and parts is sold to the company, so it is not applicable	Normal	182,364	5%	
Hotai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	Purchases	4,149,553	3%	Pays its accounts 15 days after the end of each month	Major supplier of parts, so it is not applicable.	Normal	(260,682)	3%	
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	3,153,689	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	67,558	2%	
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	Sales	3,034,988	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	73,275	2%	
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	Purchases	2,260,542	2%	Pays its accounts 16 days after the end of each month	Major supplier of parts for small cars, so it is not applicable.	Normal	(472,242)	5%	
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	1,136,756	1%	Pays its accounts 16 days after the end of each month	Major supplier of vehicle tires, so it is not applicable.	Normal	(112,200)	1%	
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Sales	926,900	1%	Collection at sight	Normal	Normal	35,184	1%	
Hotai Motor Co., Ltd.	TOYOTA-MOTOR-SALES-USA	Entity controlled by the Company's key management	Purchases	783,487	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(152,053)	-	
Hotai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	Entity controlled by the Company's key management	Purchases	550,430	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	-	-	

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(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hotai Motor Co., Ltd.	Hino Motors, Ltd.	Entity controlled by the Company's key management	Purchases	\$ 371,817	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 17,027)	-	
Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	Subsidiary	Sales	306,295	-	Collection at sight	Normal	Normal	27,693	1%	
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	Sales	139,293	-	Pays its accounts 16 days after the end of each month	Normal	Normal	10,381	-	
Hotong Motor Investment Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Associates	Purchases	104,794	92%	Pays its accounts 30 days after the end of each month	Normal	Normal	(13,122)	100%	
Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Subsidiary	Sales	39,838	12%	Collects its accounts 30 days after the end of each month	Normal	Normal	-	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	886,100	92%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	154,288	8%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Hoyi International Trading Co., Ltd.	Subsidiary	Sales	143,659	7%	Collection in advance	Normal	Normal	-	-	
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	2,265,824	90%	Payment in advance	Normal	Normal	-	-	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Service Co., Ltd.	Subsidiary	Sales	158,824	5%	Collection in advance	Normal	Normal	-	-	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Service Co., Ltd.	Subsidiary	Purchases	163,442	7%	Payment in advance	Normal	Normal	-	-	
Shanghai Yangpu Heling Lexus Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,112,071	72%	Payment in advance	Normal	Normal	-	-	
Shanghai Yangpu Heling Lexus Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Parent company	Purchases	158,824	10%	Payment in advance	Normal	Normal	-	-	
Shanghai Yangpu Heling Lexus Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Parent company	Sales	163,442	9%	Collection in advance	Normal	Normal	-	-	
Tianjin Hoyi International Trading Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Parent company	Purchases	143,659	35%	Payment in advance	Normal	Normal	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,505,258	95%	Payment in advance	Normal	Normal	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	Associates	Purchases	16,830	-	Pays its accounts 30 days after the end of each month	Normal	Normal	-	-	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	930,767	92%	Payment in advance	Normal	Normal	-	-	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,465,932	82%	Payment in advance	Normal	Normal	-	-	
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	894,230	83%	Payment in advance	Normal	Normal	-	-	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	11,574,959	71%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Major supplier of domestic cars, so it is not applicable.	Not applicable	(42,644)	11%	

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(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chang Yuan Motor Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	\$ 4,199,948	26%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Not applicable	(\$ 182,364)	46%	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	622,135	3%	Collection at sight	Normal	Normal	77,715	4%	
Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	Associates	Sales	450,572	2%	Collection at sight	Normal	Normal	24,809	1%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	157,418	1%	Collects its accounts on the next Monday and Wednesday after the end of each week	Normal	Normal	8,999	-	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	Purchases	374,443	61%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, not applicable	Not applicable	(51,458)	19%	
Eastern Motor Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	3,034,988	95%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	(73,275)	86%	
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Sales	2,260,542	25%	Collects its accounts 16 days after the end of each month	Normal	Normal	472,242	31%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Sales	1,436,148	17%	Collects its accounts 10 days after the end of each month	Normal	Normal	326,534	21%	
Carmax Co., Ltd.	AIM Technology Corp.	Associates	Purchases	1,311,623	20%	Pays its accounts 21 days after the end of each month	Normal	Normal	(141,075)	14%	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	Purchases	790,831	12%	Pays its accounts 10 days after the end of each month	Normal	Normal	(93,153)	9%	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co.,Ltd.	Subsidiary	Purchases	341,921	5%	Pays its accounts 30 days after the end of each month	Normal	Normal	(78,282)	8%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	Associates	Sales	156,221	2%	Collects its accounts 35 days after the end of next month	Normal	Normal	26,531	2%	
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	139,293	2%	Pays its accounts 16 days after the end of each month	Normal	Normal	(10,381)	1%	
Carmax Co., Ltd.	Zhongyang Motor Co., Ltd.	Associates	Sales	125,575	1%	Collects its accounts 35 days after the end of next month	Normal	Normal	29,200	2%	
Carmax Co., Ltd.	Taogin Enterprise Co., Ltd.	Associates	Sales	119,000	1%	Collects its accounts 10 days after the end of each month	Normal	Normal	19,386	1%	
Carmax Co., Ltd.	Innovation Auto Parts Co., Ltd.	Associates	Sales	116,981	1%	Collects its accounts 25 days after the end of each month	Normal	Normal	12,353	1%	
Carmax Co., Ltd.	Zhonghao Automobile Co., Ltd.	Associates	Sales	113,853	1%	Collects its accounts 10 days after the end of each month	Normal	Normal	24,776	2%	
Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	341,921	69%	Collects its accounts 30 days after the end of each month	Normal	Normal	78,282	76%	
Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	Sales	104,794	21%	Collects its accounts 30 days after the end of each month	Normal	Normal	13,122	13%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	790,831	93%	Collects its accounts 10 days after the end of each month	Normal	Normal	93,153	61%	
Hoing Mobility Service Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	306,295	52%	Payment at sight	Normal	Normal	(27,693)	10%	Note
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Purchases	3,763,328	19%	Payment at sight	Normal	Normal	(141,461)	28%	"

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(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Purchases	\$ 1,554,302	8%	Payment at sight	Normal	Normal	(\$ 89,718)	18%	Note
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	Purchases	1,466,172	7%	Payment at sight	Normal	Normal	(1,614)	-	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Purchases	1,149,558	6%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Purchases	1,055,097	5%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	926,900	5%	Payment at sight	Normal	Normal	(35,184)	-	"
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Purchases	671,015	3%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Associates	Purchases	622,135	3%	Payment at sight	Normal	Normal	(77,715)	-	"
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Purchases	157,684	1%	Payment at sight	Normal	Normal	-	-	"
He Jing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Associates	Purchases	450,572	100%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	(24,809)	100%	
Ho Tai Development Co., Ltd.	Ho Tai Transportation Co., Ltd.	Subsidiary	Purchases	153,689	2%	Pays its accounts 26 days after the end of next month	Normal	Normal	(14,483)	14%	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Subsidiary	Purchases	277,806	3%	Pays its accounts 30 days after the end of each month	Normal	Normal	(21,430)	20%	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Subsidiary	Purchases	202,637	2%	Pays its accounts 60 days after the end of each month	Normal	Normal	(15,515)	15%	
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	202,637	27%	Collects its accounts 60 days after the end of next month	Normal	Normal	15,515	29%	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	277,806	94%	Collects its accounts 26 days after the end of next month	Normal	Normal	21,430	98%	
Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	153,689	100%	Collects its accounts 26 days after the end of next month	Normal	Normal	14,483	99%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Associates	Sales	260,495	81%	Collects its accounts 26 days after the end of next month	Normal	Normal	-	-	
Hotai Auto Body Sales Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Associates	Purchases	260,495	37%	Pays its accounts 26 days after the end of next month	Normal	Normal	-	-	

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

Hotai Motor Co., Ltd.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	maximum outstanding balance during the year ended December 31,	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Accounts receivable \$ 289,455	64.98	\$ -	—	\$ 289,455	\$ -
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable 436,780	51.51	-	—	436,780	-
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Accounts receivable 475,474	54.14	-	—	475,474	-
Hotai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	"	Accounts receivable 634,161	53.80	-	—	634,161	-
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable 457,784	56.08	-	—	457,784	-
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	"	Accounts receivable 677,885	54.09	-	—	677,885	-
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable 182,364	12.39	-	—	182,364	-
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Accounts receivable 326,534	29.98	-	—	326,534	-
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Accounts receivable 472,242	19.58	-	—	472,242	-
Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	"	Accounts receivable 104,602	0.61	-	—	104,602	-

Hotai Motor Co., Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Sales revenue	\$ 4,199,948	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	2%
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	1,598,360	Closes its accounts 16 days after the end of following two months	1%
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	182,364	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	3,034,988	"	1%
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	472,242	Closes its accounts 16 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	139,293	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	926,900	"	-
0	Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	1	Sales revenue	306,295	"	-
1	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	147,307	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	239,753	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	511,330	"	-
1	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	113,722	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	3	Other payables	132,265	"	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	115,883	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,Ltd.	3	Other receivables	117,310	"	-
1	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co., Ltd.	3	Other receivables	864,479	"	-
2	Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Hoyi International Trading Co., Ltd.	3	Sales revenue	143,659		-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
3	Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	\$ 158,824		-
4	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	3	Other receivables	136,933		-
5	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	622,135	Collection at sight	-
5	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Sales revenue	450,572		-
6	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Sales revenue	2,260,542		1%
6	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	257,094		-
7	Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	3	Sales revenue	104,794		-
7	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	341,921	Collects its accounts 30 days after the end of each month	-
8	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	790,831		-
9	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	3	Other receivables	259,344	Receivable on loan financing	-
10	Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	231,559		-
10	Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	2	Accounts receivable	104,602		-
11	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	202,637	Collects its accounts 60 days after the end of each month	-
12	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	277,806		-
13	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	153,689		-
14	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	260,495		-

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, just indicate the type. (If it is the same transaction between the parent company and its subsidiaries or among the subsidiaries, it is not necessary to disclose it repeatedly. For instance: a transaction the parent company to a subsidiary, if the parent company has disclosed it, then the subsidiary does not need to disclose it again; a transaction between subsidiaries, if one subsidiary has disclosed it, then the other subsidiary does not need to disclose it again):

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

Note 3 : Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Hotai Motor Co., Ltd.

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2023

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

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 12,004,622	\$ 7,204,622	254,032	100.00	\$ 19,048,149	\$ 2,935,096	\$ 2,935,096	Subsidiary
Hotai 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	6,782,034	5,936,261	1,780,709	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	26,000,000	2,182,142,857	77.93	3,375,181	3,658,817	2,292,980	Subsidiary
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,343,693	3,343,693	108,897,360	100.00	9,003,570	235,008	235,008	"
Hotai 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	4,495,922	730,578	730,578	"
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,905,564	1,380,639	273,054	Investee company accounted for using the equity method
Hotai 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	3,755,007	239,139	107,270	Subsidiary
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	2,004,989	1,390,892	273,505	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,235,931	1,235,931	22,161,150	20.00	1,544,248	844,421	162,681	"
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,962,607	1,385,153	706,428	Subsidiary
Hotai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,782	5,763	864	Investee company accounted for using the equity method
Hotai 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	1,467,836	872,312	303,652	"
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,626,315	1,368,732	276,210	"
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,318,219	1,003,723	237,581	"
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	Sales of vehicles and parts for industry use	50,000	50,000	79,578,810	100.00	1,158,299	166,930	166,930	Subsidiary
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	46,550,242	100.00	558,469	59,320	59,320	"
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	311,454	111,148	21,548	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	401,697	10,388	4,616	"
Hotai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	124,635	21,401	4,525	"

Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Taiwan	Import and export of all kinds of tires and inner tubes	\$ 3,000	\$ 3,000	3,000	25.00	\$ 121,817	\$ 112,133	\$ 28,033	Subsidiary
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	36,518	28,028	5,606	"
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	"	E-commerce platform services	615,342	615,342	79,100,000	70.00	694,427	166,708	116,695	"
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	"	Car assembly business	500,000	500,000	50,000,000	50.00	521,004	24,162	12,081	"
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	Sales of vehicle bodies	37,010	37,010	4,000,000	100.00	41,804	4,149	4,149	"
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar energy business	180,000	180,000	18,000,000	18.00	164,857 (55,168) (9,930)	"
Hotai Motor Co., Ltd.	Gochabar Co., Ltd.	"	Charging system technical service	12,000	-	1,200,000	10.00	9,929 (20,709) (2,071)	Investee company accounted for using the equity method
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	107,468	107,468	3,500,000	70.00	118,064 (51,956)	-	Sub-subsidiary
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	-	36,846	-	-	-	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,010	62,003	257,161,874	45.39	11,893,161	3,689,812	-	Sub-subsidiary
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	105,958,449	66.04	3,808,709	1,113,200	-	"
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	77	77	2,000	-	139	872,312	-	Investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd	"	Property and casualty insurance services	11,331,887	6,831,887	617,525,888	22.05	955,131	3,658,817	-	Subsidiary
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	"	General investment	298,864	298,864	20,470,156	40.00	353,424	150,076	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	"	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	428,901	57,489	-	"
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,240,482	1,240,482	40,400,000	50.50	2,838,396	746,396	-	Sub-subsidiary
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	310,000	310,000	33,401,880	50.82	369,407	52,682	-	"
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	120,000	120,000	12,000,000	27.40	79,151 (43,790)	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Installment trading of various vehicles	2,430,000	810,000	243,000,000	81.00	2,447,890	94,833	-	"

Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Leasing of vehicles	\$ 800,000	\$ 800,000	80,000,000	80.00	\$ 732,635	(\$ 55,168)	\$ -	Subsidiary
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Cambodia	"	521,985	-	5,600,000	35.00	547,724	34,961	-	Subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Taiwan	Energy storage business	22,000	22,000	2,200,000	100.00	20,968	(571)	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Zheng Ren Energy Co., Ltd.	"	Solar power business	86,730	31,850	8,673,000	35.00	72,315	(19,769)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	"	32,781	9,781	3,200,000	96.97	32,199	134	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	"	20,816	116	2,079,000	99.00	20,689	(120)	-	"
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	"	27,706	1,066	2,673,000	99.00	25,359	(1,612)	-	"
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	"	Energy storage business	410,000	-	41,000,000	20.00	405,316	(23,422)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	"	Charging system technical service	36,000	-	3,600,000	30.00	29,787	(20,709)	-	Investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	"	Solar power business	42,227	-	4,000,000	100.00	41,209	936	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	"	Electricity sales related business	1,000	-	100,000	100.00	861	(139)	-	"
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	"	"	88,685	-	9,200,000	100.00	91,065	(967)	-	"
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	"	"	163,017	-	10,000,000	100.00	167,823	9,325	-	"
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	"	"	474,783	-	5,000,000	100.00	473,730	24,238	-	"
He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	"	"	27,037	-	2,000,000	100.00	29,644	8,038	-	"
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,215,918	1,215,918	39,600,000	49.50	2,781,351	746,396	-	"
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	32,324,400	49.18	357,486	52,682	-	"
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	180,000	180,000	18,000,000	41.10	116,657	(43,790)	-	"
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	"	Tourism industry	10,000	10,000	1,000,000	100.00	16,761	6,687	-	"

Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership				
							(%)	Book value			
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taiwan	Taxi service	\$ 9,748	\$ 9,748	3,400,000	100.00	\$ 35,827	\$ 99	\$ -	Sub-subsidiary
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	"	"	39,225	39,225	7,000,000	100.00	97,526	(433)	-	"
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	"	Car assembly business	200,000	200,000	20,000,000	20.00	208,255	23,461	-	"
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	108,279	28,028	-	"
Carmax Co., Ltd.	AIM Technology Corp.	"	Trading of vehicle products/accessories	38,500	38,500	3,850,000	35.00	40,823	5,763	-	Investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	92,115	92,115	3,000,000	100.00	95,817	(8,206)	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Yue Chuan Industrial Co., Ltd. (Original name: Kashiwabara Hotai Taiwan Co., Ltd.)	Taiwan	Wholesale and retail of paints and coating	-	26,820	-	-	-	-	-	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	100,000	100,000	27,190,239	100.00	893,893	105,352	-	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	106,386	8,693	-	"
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	Freight forwarders	51,000	51,000	5,100,000	51.00	140,083	61,077	-	"
Ho Tai Service & Marketing Co., Ltd.	Yue Chuan Industrial Co., Ltd. (Original name: Kashiwabara Hotai Taiwan Co., Ltd.)	"	Wholesale and retail of paints and coating	-	8,820	-	-	-	-	-	Subsidiary's investee company accounted for using the equity method
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	"	Freight forwarders	25,000	25,000	2,500,000	100.00	89,555	57,128	-	Sub-subsidiary
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	"	10,000	10,000	1,000,000	100.00	20,151	6,717	-	"
Eastern Motor Co., Ltd.	Daleon Auto Parts and Accessories Corporation	"	Wholesale and retail of vehicles parts and accessories	500	500	50,000	100.00	755	182	-	"
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	"	"	500	500	138,718	100.00	10,402	4,320	-	"
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	"	E-commerce platform services	5,650	5,650	565,000	0.50	5,650	166,708	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	(43,790)	-	Sub-subsidiary

Hotai Motor Co., Ltd.
Information on investments in Mainland China-Basic information
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 11

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investment in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	outstanding balance during the year ended							
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,931,622	Note(2)	\$ 1,223,901	\$ -	\$ (566,507)	\$ 657,394	\$ 334,575	100.00	\$ 334,575	\$ 8,912,824	\$ 1,326,147	Note 2.3
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	103,476	Note(2)	103,476	-	-	103,476	30,639	100.00	30,639	340,739	-	"
ChongQing Yudu Toyota Automobile Sales & Service Co., Ltd.	Sales and repairing of vehicles	129,672	Note(2)	11,284	-	-	11,284	-	10.48	-	11,284	-	"
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	92,115	Note(2)	30,705	-	-	30,705	-	40.00	-	-	-	"
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	184,230	Note(2)	184,230	-	-	184,230	72,911	100.00	72,911	373,530	-	"
Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	92,115	Note(2)	92,115	-	-	92,115	(700)	100.00	(700)	133,851	-	"
Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	153,525	Note(2)	107,468	-	-	107,468	(24,554)	70.00	(17,188)	136,968	-	"
Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	107,468	Note(3)	80,601	-	-	80,601	160,346	100.00	160,346	826,077	-	"
ChongQing Yurun Toyota Automobile Service Co., Ltd.	Sales and repairing of vehicles	129,672	Note(2)	12,090	-	-	12,090	-	10.48	-	12,090	26,106	"
Shanghai Hotai Toyota Forklift Co., Ltd. (Original name: Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.)	Sales of vehicles and parts for industry use	184,230	Note(2)	184,230	-	-	184,230	10,575	100.00	10,575	202,476	-	"
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	419,123	Note(2)	285,557	-	-	285,557	(2,651)	100.00	(2,651)	250,075	-	"
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	43,224	Note(3)	-	-	-	-	262	100.00	262	48,945	-	"
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	178,089	Note(2)	178,089	-	-	178,089	42,844	100.00	42,844	293,017	-	"
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Sales and repairing of vehicles	199,583	Note(2)	199,583	-	-	199,583	86,608	100.00	86,608	364,160	-	"
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,456,400	Note(2)	2,456,400	-	-	2,456,400	817,129	55.61	454,428	3,125,071	514,959	Note 2.1
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	216,118	Note(3)	-	-	-	-	37,000	55.61	13,450	161,114	-	Note 2.3
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	648,355	Note(3)	-	-	-	-	38,845	55.61	21,603	337,729	-	"
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	92,115	Note(2)	92,115	-	-	92,115	(8,206)	45.01	(3,693)	44,097	-	"
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	368,460	Note(3)	-	-	-	-	33,632	100.00	33,632	425,688	-	"
Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	296,517	Note(3)	-	-	-	(14,368)	(14,368)	100.00	(14,368)	288,736	-	"

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investment in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	outstanding balance during the year ended							
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 368,460	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 6,938)	35.00	(\$ 2,428)	\$ 49,911	\$ -	Note 2.3
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	40,838	Note(1)	40,838	-	-	40,838	46,465	51.00	23,697	200,414	-	"
Guangzhou Gac Changho Autotech Corporation	Trading of vehicle products/accessories	98,051	Note(1)	44,123	-	-	44,123	66,280	22.95	15,211	46,076	131,149	"
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	307,050	Note(3)	-	-	-	-	29,802	35.00	10,431	167,158	-	"
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	460,575	Note(3)	-	-	-	-	9,964	35.00	3,487	218,482	-	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	368,460	Note(3)	-	-	-	-	27,723	35.00	9,703	218,859	-	"
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	429,870	Note(3)	-	-	-	-	(40,214)	35.00	(14,075)	27,526	-	"
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,154	Note(3)	-	-	-	-	302	71.43	216	(1,013)	-	"
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,322	Note(3)	-	-	-	-	757	100.00	757	11,830	-	"
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	462,068	Note(3)	-	-	-	-	25,912	100.00	21,742	609,796	-	"
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	994,152	Note(3)	-	-	-	-	6,477	100.00	6,477	980,766	-	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service and property management	12,967	Note(3)	-	-	-	-	8,063	100.00	8,063	30,027	-	"
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	86,448	Note(3)	-	-	-	-	7,679	100.00	7,679	128,594	-	"
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	43,224	Note(3)	-	-	-	-	(16,018)	50.00	(8,009)	(19,576)	-	"
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	307,050	Note(3)	-	-	-	-	(7,731)	100.00	(7,731)	273,962	-	"
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	322,403	Note(3)	-	-	-	-	10,206	100.00	10,206	325,541	-	"
Tianjin Binhai Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	129,672	Note(3)	-	-	-	-	81	35.00	28	41,588	-	"
Tianjin Yongda Communication Technology Co., Ltd.	Trading of vehicle products / accessories and property management	254,071	Note(3)	-	-	-	-	289	35.00	(3,645)	160,509	-	"
Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	129,672	Note(3)	-	-	-	-	(17,985)	70.00	(12,590)	77,498	-	"
Taiyuan Zhongdu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	132,032	Note(3)	-	-	-	-	(15,864)	35.00	(5,552)	36,491	-	"
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	21,612	Note(3)	-	-	-	-	4,434	100.00	(8,867)	466,314	-	"
Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	242,054	Note(3)	-	-	-	-	(725)	70.00	(14,546)	606,538	-	"
Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	734,808	Note(3)	-	-	-	-	15,779	100.00	15,779	751,878	-	"
Qingdao Heling Lexus Automoiile Sales Service Co., Ltd.	Sales and repairing of vehicles	302,568	Note(3)	-	-	-	-	(15,966)	70.00	(11,176)	191,290	-	"

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investment in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	outstanding balance during the year ended							
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of licence plate	\$ 432	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 9)	55.61	(\$ 5)	\$ 3,516	\$ -	Note 2.3
Hangzhou Wangyou Network Technology Co., Ltd.	Leasing of licence plate	432	Note(3)	-	-	-	-	(2)	55.61	(1)	1,020	-	"
Homei International Trade (Suzhou) Co., Ltd.	Gooding trading business	432	Note(3)	-	-	-	-	(764)	55.61	(425)	(177)	-	"

Note 1: The investmets are classified as follows:

Note(1) Direct investment in Mainland China.

Note(2) Investment in Mainland China companies through a company invested and established in a third region.

Note(3) Others.

Note 2: The amount of investment income (loss) recognized for the year ended December 31, 2023 is based on:

(1) The financial statements were audited by R.O.C parent company's CPA.

(2) The financial statements were audited by other independent auditors in PricewaterhouseCoopers, Taiwan.

(3) Others

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, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Motor Co., Ltd.	\$ 2,024,813	\$ 5,241,582	\$ 60,263,008

Hotai Motor Co., Ltd.
Major shareholders information
December 31, 2023

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Ho Yu Investment Co., Ltd.	49,234,677	8.83%
Toyota Motor Corporation	45,294,234	8.13%
Li Gang Enterprise Co., Ltd.	41,380,740	7.42%
Jin Yuan Shan Investment Co., Ltd.	36,792,950	6.60%

HOTAI MOTOR CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Petty cash		\$ 330
Checking accounts		106,784
Demand deposits		
- NTD		1,407,377
- USD	USD 890 thousand, conversion rate 30.705	27,321
- JPY	JPY 107,754 thousand, conversion rate 0.2172	23,404
Time deposits		600,000
Cash equivalents-short-term notes and bills		5,938,909
		<u>\$ 8,104,125</u>

HOTAI MOTOR CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 2

Item	Amount		Footnote
	Cost	Net Realizable Value	
Vehicles	\$ 3,763,939	\$ 3,763,939	
Parts	808,500	711,728	
Inventory in transit	2,398,852	2,398,852	
	6,971,291	\$ 6,874,519	
Less: Allowance for inventory obsolescence	(96,772)		
	\$ 6,874,519		

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Investee	Balance at January 1, 2023		Addition		Deductions		Balance at December 31, 2023			Market Value or Net Assets Value		Collateral pledged
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership (%)	Amount	Unit Price (In dollars)	Total amount	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	108,897,360	\$ 9,620,120	-	\$ 235,008	-	(\$ 851,558)	108,897,360	100.00%	\$ 9,003,570	\$ 2	\$ 266,616	None
Chang Yuan Motor Co., Ltd.	313,500,000	4,625,700	-	872,483	-	(1,002,261)	313,500,000	100.00%	4,495,922	15	4,853,647	"
Toyota Material Handling Taiwan Ltd.	79,578,810	1,144,871	-	166,930	-	(153,502)	79,578,810	100.00%	1,158,299	15	1,158,299	"
Eastern Motor Co., Ltd.	41,715,847	499,961	4,834,395	65,660	-	(7,152)	46,550,242	100.00%	558,469	12	567,656	"
Carmax Co., Ltd.	22,950,000	1,779,875	-	706,428	-	(523,696)	22,950,000	51.00%	1,962,607	85	1,949,628	"
Smart Design Technology Co., Ltd.	960,961	34,391	-	5,606	-	(3,479)	960,961	20.00%	36,518	38	36,379	"
Hozan Investment Co., Ltd.	527,947,384	15,195,879	-	7,851,359	(527,693,352)	(3,999,089)	254,032	100.00%	19,048,149	75,026	19,058,965	"
Hotai Insurance Co., Ltd.	2,600,000,000	(3,202,898)	-	6,579,513	(417,857,143)	(1,434)	2,182,142,857	77.93%	3,375,181	(8)	(18,500,564)	"
Hotai Connected Co., Ltd.	79,100,000	577,732	-	116,695	-	-	79,100,000	70.00%	694,427	9	691,593	"
Ho Tai Development Co., Ltd.	24,710,856	3,784,423	-	107,505	-	(136,921)	24,710,856	45.01%	3,755,007	153	3,790,472	"
Hotai Auto Body Manufacturing Co.,Ltd	50,000,000	508,922	-	12,082	-	-	50,000,000	50.00%	521,004	10	521,567	"
Hotai Auto Body Sales Co.,Ltd	4,000,000	37,656	-	4,148	-	-	4,000,000	100.00%	41,804	10	41,805	"
He Jun Energy Co., Ltd.	18,000,000	174,820	-	14	-	(9,977)	18,000,000	18.00%	164,857	9	164,857	"
Kuotu Motor Co., Ltd.	17,553,761	1,450,904	-	281,495	-	(106,084)	17,553,761	20.18%	1,626,315	93	1,639,364	"
Yokohama Tire Taiwan Co., Ltd.	3,000	101,283	-	28,033	-	(7,499)	3,000	25.00%	121,817	41,845	125,536	"
Nan Du Motor Co., Ltd.	14,806,073	1,208,004	-	244,527	-	(134,312)	14,806,073	23.67%	1,318,219	90	1,326,844	"
Taipei Toyota Motor Co., Ltd.	25,438,987	1,297,293	-	315,138	-	(144,595)	25,438,987	34.81%	1,467,836	66	1,686,077	"
Kuozui Motors, Ltd.	103,800,000	5,970,350	-	1,786,889	-	(975,205)	103,800,000	30.00%	6,782,034	66	6,802,496	"
Shi-Ho Screw Industrial Co., Ltd.	211,433	126,581	-	4,707	-	(6,653)	211,433	21.14%	124,635	571	120,673	"
Lang Yang Toyota Motor Co., Ltd.	2,000,000	307,402	-	22,558	-	(18,506)	2,000,000	20.00%	311,454	92	184,632	"
Tau Miao Motor Co., Ltd.	15,153,573	1,811,818	-	281,126	-	(87,955)	15,153,573	20.00%	2,004,989	105	1,592,590	"
Kau Du Automobile Co., Ltd.	22,161,150	1,464,963	-	167,211	-	(87,926)	22,161,150	20.00%	1,544,248	49	1,082,623	"
Formosa Flexible Packaging Corp.	1,295,108	398,926	-	5,416	-	(2,645)	1,295,108	44.44%	401,697	319	413,241	"
Central Motor Co., Ltd.	15,000,000	2,754,483	-	281,615	-	(130,534)	15,000,000	20.00%	2,905,564	138	2,073,953	"
AIM Technology Corp.	1,650,000	17,792	-	864	-	(874)	1,650,000	15.00%	17,782	11	17,782	"
Gochabar Co., Ltd.	-	-	1,200,000	12,000	-	(2,071)	1,200,000	10.00%	9,929	8	9,929	"
		<u>\$ 51,691,251</u>		<u>\$ 20,155,010</u>		<u>(\$ 8,393,928)</u>			<u>\$ 63,452,333</u>			

Statement 3

HOTAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Balance as of January, 1, 2023	Additions	Deductions	Reclassifications	Balance as of December 31, 2023	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	1,396,394	8,573	(27,723)	7,382	1,384,626	None
Utility equipment	128,239	133	(10,666)	-	117,706	"
Office equipment	595,055	26,586	(67,113)	-	554,528	"
Others	15,135	1,332	(858)	-	15,609	"
Rental assets	78,612	-	-	-	78,612	"
Construction in progress	400	128,223	-	(2,667)	125,956	"
	<u>\$ 5,078,950</u>	<u>\$ 164,847</u>	<u>(\$ 106,360)</u>	<u>\$ 4,715</u>	<u>\$ 5,142,152</u>	

HOTAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance as of January, 1, 2023	Additions	Deductions	Reclassifications	Balance as of December 31, 2023	Footnote
Buildings and structures	\$ 920,496	\$ 35,879	(\$ 22,706)	\$ 2,890	\$ 936,559	
Utility equipment	124,749	563	(10,666)	-	114,646	
Office equipment	489,226	29,694	(64,559)	-	454,361	
Others	10,783	1,862	(858)	-	11,787	
Rental assets	78,472	44	-	-	78,516	
	<u>\$ 1,623,726</u>	<u>\$ 68,042</u>	<u>(\$ 98,789)</u>	<u>\$ 2,890</u>	<u>\$ 1,595,869</u>	

HOTAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Balance as of January, 1, 2023	Additions	Deductions	Reclassifications	Balance as of December 31, 2023	Guaranteed or Pledged as collateral
Land	\$ 1,681,005	\$ -	\$ -	\$ -	\$ 1,681,005	None
Buildings and structures	1,397,230	-	(3,470)	(4,715)	1,389,045	"
	<u>\$ 3,078,235</u>	<u>\$ -</u>	<u>(\$ 3,470)</u>	<u>(\$ 4,715)</u>	<u>\$ 3,070,050</u>	

HOTAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 7

<u>Item</u>	<u>Balance as of January 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance as of December 31, 2023</u>	<u>Footnote</u>
Buildings and structures	\$ 544,750	\$ 29,277	(\$ 3,469)	(\$ 2,890)	\$ 567,668	

HOTAI MOTOR CO., LTD.
STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

Nature	Description	December 31, 2023	Contract Period	Range of Interest Rate(%)	Loans Commitment (in thousand)	Pledges or collaterals
Unsecured borrowings	Citibank Taiwan Ltd., Business Department(foreign currency)	<u>\$ 883,436</u>	2023/12/15~2024/1/10	5.93%	USD 32,000	None

HO TAI MOTOR CO., LTD.
STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 9

Type	Description	Balance as of December 31, 2023	Contract Period	Range of interest rate (%)	Pledges or collaterals
Unsecured borrowings	CTBC Bank Co., Ltd. (agent bank of syndicated loan)	\$ 2,700,000	2023/5/15~2026/5/14	1.86%	None
"	Taiwan Cooperative Bank Co., Ltd. (agent bank of syndicated loan)	2,700,000	"	"	"
"	First Bank Co., Ltd. (agent bank of syndicated loan)	2,700,000	"	"	"
"	Hua Nan Bank Co., Ltd. (agent bank of syndicated loan)	1,800,000	"	"	"
"	Bank of China Co., Ltd., Taipei Branch (agent bank of syndicated loan)	1,350,000	"	"	"
"	First Bank Co., Ltd. (agent bank of syndicated loan)	1,350,000	"	"	"
"	Far Eastern International Bank Co., Ltd. (agent bank of syndicated loan)	900,000	"	"	"
"	Agricultural Bank of Taiwan Co., Ltd. (agent bank of syndicated loan)	750,000	"	"	"
"	Bank of Communications Co., Ltd., Taipei Branch(agent bank of syndicated loan)	500,000	"	"	"
"	KEB Hana Bank Co., Ltd., Taipei Branch(agent bank of syndicated loan)	250,000	"	"	"
		<u>\$ 15,000,000</u>			

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

Statement 10

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Footnote</u>
Revenue from contracts with customers:			
Sales revenue of vehicles			
Sedan	142,080 cars	\$ 142,170,827	
Others	2,049 cars	3,097,290	
Sales revenue of parts			
Others		<u>1,692,917</u>	
Subtotal		162,218,081	
Sales returns and allowance		<u>(900,157)</u>	
		<u>\$ 161,317,924</u>	

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

Statement 11

Items	Description	Amount	Footnote
Initial inventories		\$ 4,549,366	
Add: Merchandise purchase		147,087,802	
Inventory Valuation Losses		2,202	
Others		1,146,649	
Less: Ending inventories		(6,971,291)	
Others		(22,484)	
Operating costs		<u>\$ 145,792,244</u>	

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

Statement 12

Items	Description	Amount	Footnote
Wages and salaries		\$ 689,101	Including pension costs
Advertisement		891,237	
Freight		366,193	
Others		<u>715,573</u>	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 2,662,104</u>	

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

Statement 13

Items	Description	Amount	Footnote
Wages and salaries		\$ 1,112,600	Including pension costs
Directors' remuneration		490,151	
Others		<u>389,257</u>	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 1,992,008</u>	

HO TAI MOTOR CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Statement 14

By function By nature	Years ended December 31,					
	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 1,767,823	\$ 1,767,823	\$ -	\$ 1,339,766	\$ 1,339,766
Labour and health insurance fees	-	73,660	73,660	-	79,142	79,142
Pension costs	-	33,878	33,878	-	33,239	33,239
Directors' remuneration	-	490,151	490,151	-	17,215	17,215
Other employee benefit expenses	-	129,163	129,163	-	104,079	104,079
Subtotal	-	2,494,675	2,494,675	-	1,573,441	1,573,441
Depreciation	-	102,992	102,992	-	105,932	105,932
Amortization	-	-	-	-	-	-

Note:

A. As at December 31, 2023 and 2022, the Company had 579 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 \$3,535 ((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 \$2,764 ((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 \$3,118 (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 \$2,380 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).

HO TAI MOTOR CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Statement 14

- (c) Adjustments of average employee salaries was 31.01% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).
- (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.