

Stock code: 2207



和泰汽車股份有限公司
Hotai Motor Co., Ltd.



和泰集團
與美好台灣同行

Handbook for the 2024 Annual General Meeting of Shareholders

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



May30, 2024

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I. Agenda of the Annual General Shareholders' Meeting

Meeting Time: 9:00 a.m., May 30, 2024 (Thursday)

Meeting Method: Physical meeting

Meeting Place: Auditorium in the Xinzhuang Industrial Park of the Company, located at No.10, Mingzhong St., Xinzhuang Dist., New Taipei City.

1. Chairman's Address

2. Reports:

- (1) 2023 Business Report
- (2) 2023 Audit Committee Report
- (3) 2023 Distribution of Profits with Cash Dividends
- (4) 2023 Distribution of Employees and Directors Remunerations
- (5) Anti-Bribery and Ethical Management Practice Principles Amended Report

3. Ratifications:

- (1) Ratification of 2023 Business Report and Financial Statements
- (2) Ratification of Proposed Distribution of 2023 Profits

4. Discussion

- (1) Proposal for Amending the Articles of Incorporation
- (2) Release of Director's Non-Compete Restrictions

5. Extemporaneous Motions

6. Adjournment

II. Reports

Item No.1 — 2023 Business Report

Explanation: Please see Appendix 1 for the Company's 2023 Business Report (Pages 8-10).

Item No.2 — 2023 Audit Committee Report

Explanation:

- (1) The Company's 2023 Business Report, Financial Statements, Proposed Profit Distribution and other important financial documents have been reviewed by the Audit Committee. Based on the review, the Audit Committee has issued a report.
- (2) Please see Appendix 2 for the Audit Committee Report (Page 11).

Item No.3 — Distribution of 2023 Profits

Explanation:

- (1) The distribution shall be declared and made in accordance with Article 240, Paragraph 5 of the *Company Act* and Article 35 of the Company's *Articles of Incorporation*.
- (2) According to Article 35 of the Company's *Articles of Incorporation*, the decision to distribute all or part of the dividends and/or bonuses in cash shall be adopted by a resolution of the majority of the Board of Directors in a meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.
- (3) The Company's 2023 profit was resolved by the 21st term of the Board of Directors at the 16th meeting to approve a dividend of NT\$20 per share, and a total of NT\$11,142,055,360 in cash dividends will be paid to shareholders; the Chairman of the Board will be authorized to decide on the ex-dividend and payment dates for cash dividends distribution and other relevant matters.

Item No.4 — 2023 Distribution of Employee and Director's Remuneration

Explanation:

- (1) The distribution shall be declared and made in accordance with Article 235-1 of the *Company Act* and Article 34 of the Company's *Articles of Incorporation*.
- (2) According to Article 34 of the Company's *Articles of Incorporation*, to the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration; provided, however, independent directors are not eligible to participate in the profit distribution of the Company. Any accumulated losses of the Company shall first be offset.¹
- (3) The Company's annual profits in 2023 are NT\$23,650,547,714

¹ Note: The accumulated undistributed earnings as of December 31, 2021 were NT\$35,390,000,000. After deducting the net loss and earnings distribution of 2022, the accumulated undistributed earnings as of December 31, 2022 were NT\$14,960,000,000.

(pre-tax profits prior to employee and director's remuneration deductions), 1% of which has been set aside for employee remuneration (totaling NT\$ 236,505,478), and 2% of which has been set aside for director remuneration (totaling NT\$ 473,010,954).

Item No.5 — Anti-Bribery and Ethical Management Practice Principles Amended Report.

Explanation:

- (1) The Company has established the “Anti-Bribery and Integrity Management Code” since 2014, and it has been nearly 10 years. To check the Company’s integrity image and implementation status, we commissioned Dentsu Taiwan Sustainability Team to conduct four interviews (corporate governance, media, society, human resources) and one Hotai TOP (department head) integrity workshop, to collect external perspectives and internal consensus.
- (2) The external perspectives regard the company as an integrity enterprise, and the integrity standards are all complete. However, they still suggest revising them pursuant to the current “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” to improve integrity standards. Accordingly, this revision is based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” and integrates the internal consensus, to complete the ethical management practice principles that conform to the business characteristics of Hotai.
- (3) For the comparison table of the revised articles, please refer to Appendix 5 (Pages 39-49).

III. Ratifications

Item No.1 — Proposed by Board of Directors: Ratification of 2023 Business Report and Financial Statements

Explanation:

- (1) The Company's 2023 Business Report and Financial Statements have been adopted by the resolution of the 21st term of the Board of Directors at the 16th meeting, audited and certified by PricewaterhouseCoopers Taiwan, and reviewed by the Audit Committee.
- (2) Please refer to Appendix 1 (Pages 8-10) and Appendix 3 (Pages 12-37) for the Company's 2023 Business Report and Financial Statements.

Resolution:

Item No.2 — Proposed by Board of Directors: Ratification of Proposed Distribution of 2023 Profits

Explanation:

- (1) After setting aside 10% of the 2023 profits as legal reserve, the Company, pursuant to the resolution of the 21th term of the Board of Directors at the 16th meeting, intends to distribute a cash dividend of NT\$ 20 per share.
- (2) Please refer to Appendix 4 for the Table of 2023 Profit Distribution (Page 38).

Resolution:

IV. Discussion

Item No.1 — Proposed by the Board of Directors: Proposal to amend the Company's Articles of Incorporation.

Explanation:

- (1) Our Company introduced GRANVIA to Taiwan for sales in 2019, and the 6/8/9-seater passenger vehicles were well received by customers. However, in the special ambulance market, due to the inability to exempt from customs duties, GRANVIA modified ambulance lost its price advantage. Therefore, we initiated the application for GRANVIA special ambulance overseas modification business in 2023, and successfully obtained the GRANVIA ambulance vehicle safety inspection certificate in November.
- (2) Originally, Hotai sold empty vehicles to the ambulance modification factory and then sold them to customers, which was in line with the original business registration. However, the overseas modified ambulance had to change the vehicle to a basic ambulance style before leaving the customs. The modification content included medical equipment, so it was necessary to add "medical equipment wholesale" and "medical equipment retail" to the business items in the Company's Articles of Incorporation and submit them to the shareholders' meeting for approval before proceeding with the change of registration.
- (3) In addition, according to Article 18 of the Company Act, "For a company which has already been registered, and the category of business conducted by it is registered with descriptive words, then, such descriptive words shall be replaced with the applicable Category Code as assigned in the foregoing Table, while applying for alteration of the entries of existing company registration record." Therefore, the current Company's Articles of Incorporation business items need to be supplemented with codes.
- (4) Please refer to Appendix 6 (Pages 50-52) for the Comparison of Current and Amended Articles of Incorporation of the Company.

Resolution:

Item No.2 — Proposed by the Board of Directors: Proposal to release the directors from non-compete restrictions.

Explanation:

- (1) In the event that a director of the Company engages in any acts specified in Article 209 of the Company Act, it is the Company's intention to release such directors and his or her appointed representatives from non-compete restrictions on holding concurrent positions in businesses similar to those listed in the Company's scope of business (to the extent that such positions are held out of business needs), and provided that doing so will not harm the interests of the Company.
- (2) The Board proposed to submit to the annual general meeting of the shareholders the proposal to release the directors from non-compete restrictions. Details of the Concurrent Positions held by Directors of the Company Subject to the Release Granted can be found in Appendix 7 (Page 53).

Resolution:

VII. Extemporaneous Motions

VIII. Adjournment

2023 Business Report

【Taiwan's Automotive Market】

The global economy in 2023 was affected by various events, such as the monetary tightening policies of different countries, the inventory adjustment of industrial chains, and the geopolitical conflicts, which impacted Taiwan's exports and slowed down the economic growth performance. The annual economic growth rate was 1.31%, down 1.14 percentage points from 2022. However, benefiting from the stabilization of the automotive market supply chain and the strong market demand, under the continuous long-term orders by various brands and the launch of key new models in the fourth quarter, the total market registration number for the year was 476,987 units, breaking the record high of the past 18 years, and growing by 11% from the previous year.

【Operational Review】

Faced with a rapidly changing market, Hotai cooperated closely with Toyota and Hino, the parent companies, and introduced new models of TOYOTA YARIS CROSS, CROWN and LEXUS RZ in 2023, as well as launching upgraded and enhanced models of TOYOTA GR 86, ALTIS, PRIUS PHEV, SIENNA, VIOS, ALPHARD, COROLLA CROSS, HILUX, RAV4, SIENNA and LEXUS NX, LM, IS, LC series. We also introduced a new 17-ton Trantechs wing van completed vehicle for commercial vehicles, and strengthened the products of HIACE and GRANVIA. The total registrations of the three brands we represent exceeded 166,000 units, breaking the 160,000 mark for the first time, setting a record high for the group's history, and retaining the title of Taiwan's car market champion for 22 consecutive years, dominating the market leader. Among them, TOYOTA registered more than 129,000 units, with a market share of 27.1%; COROLLA CROSS ranked first in the whole market for three consecutive years, and RAV4, ALTIS, TOWN ACE achieved No.1 results in the main segments of imported cars, sedans and small commercial vehicles. In the luxury car market, LEXUS registered more than 30,000 units, with a market share of 26.8%, setting a record high for the annual sales of a single brand in the luxury car market; LEXUS RX, NX, UX, ES respectively won the sales championship in the luxury mid-large, mid, mid-small SUV and luxury mid-large sedan segments, showing impressive performance. TOYOTA and HINO commercial vehicles were also recognized by consumers, in addition to the TOYOTA HIACE and GRANVIA series registering 1,740 units, a new high, the commercial vehicle market of 3.49 tons (inclusive) and above registered 7,245 units, with a market share of 36.4%, reigning the total commercial vehicle sales market for three consecutive years.

Since the establishment of the Company, it has accumulated extensive experience in product planning, marketing and customer service, and has continued to grow

steadily and invested in diversified operations. In addition to our core business—vehicle sales and services, the Company has proactively expanded the value chain to involve other automobile-related businesses, which puts us in a strong position to drive continuous innovation and growth. For example, Hotai Finance Co., Ltd. has handled over 200 billion dollars in installment payments a year, securing its continued lead in the automotive financing industry. In addition to integrating Hoing Mobility Services Co. Ltd.'s iRent short term car lease business and Hotai Mobility Service Co., Ltd.'s yoxi ridesharing service, Hotai Connected Co., Ltd. also joined long term car lease leader Hotai Leasing Corporation to utilize organizational resources to offer a comprehensive mobility service. Moreover, it launched the travel planning app “chicTrip” that connects travel, HOTAI shopping mall and other services, creating a complete ecosystem of MaaS (Mobility as a Service). Hotai Automotive Manufacturing Co., Ltd. targets the commercial vehicle market, offering customers streamlined service from placing an order to body manufacturing, so owners can quickly utilize their new vehicles. Carmax Co., Ltd. (“Carmax”), a professional car accessories provider, was joined by TCD (Toyota Customizing & Development), a subsidiary of Toyota of Japan, to develop the car networking business and create high-quality automotive products. The revenue for 2023 was over 8.8 billion and continued to hit a new high. In the future, it will move towards product development autonomy, expand the opportunities, channels, and markets for network connectivity, and actively expand its business space. “Hotai Insurance” has overcome the loss of epidemic insurance claims and returned to normal profitability. The premium income of 2023 exceeded 13 billion, and it won two awards in the 25th Faith, Hope & Love Awards of Insurance: the “Best Social Responsibility Award” in the company category and the “Best Social Contribution Award” in the individual category.

The Group began investing in Toyota China since 1997 and has been rooted in the Chinese market for more than 20 years now. The Company's China operation headquarters, Hotong Motor Investment Co., Ltd., through establishing local operation systems, has integrated resources, reduced the Group's operating costs, increased the overall competitive advantage of the Group, and continues to expand the business scope in China. The automotive market in China for 2023 was a total of 30.09 million units, an increase of 12% from 2022. Although China's overall economic growth has slowed down and the market competition is fierce, our Company still cooperates with the manufacturers' policies, operates prudently and continues to profit.

【Financial Performance】

In 2023, the Group's consolidated revenue totaled NT\$279.477 billion, the consolidated profit before tax was NT\$29.499 billion, and the consolidated net profit was NT\$26.13 billion; NT\$22.858 billion of the net profit was attributed to the parent company, Hotai Motor. The earnings per share was NT\$41.03.

【Management and Corporate Development】

Although the global economic and political situation and the monetary policies of various countries are still full of uncertainty in 2024, the Company estimated that the annual market would still reach a level of over 450,000 units under the stabilization of production and supply by various car manufacturers. As we continue to pursue innovation and transformation, cooperate with the parent company's policy, in providing products and services above and beyond customers' expectations, we will also reinforce the Group's value in order to achieve a new sales record in the passenger car market for the 23rd consecutive year and continue to lead in the commercial vehicle segments.

While pursuing sales growth, the Company is also actively promoting the spirit of its parent Toyota's "Producing Happiness for All" and proposing to "mass-produce happiness" for society. Combining our core business resources, we actively engage in ESG (Environment, Social, Governance), and integrate the development of three major public welfare areas: "people, cars, and environment." Moreover, we take "walking with beautiful Taiwan" as our commitment to sustainability, and pay attention to the local needs of our homeland, becoming a benchmark enterprise for CSR in the automobile industry.

In response to a fast-changing auto industry, our business strategies will consistently put customers' needs as its top priority, and embrace the mindset of "think Amazing," bringing consumers the most perfect customer experience, and creating a new era of Group mobility services. We not only aim to achieve "Do Amazing" but also "Do Impossible." At the same time, we will continue to innovate, fulfill our corporate social responsibility, and hope to expand our leading position in the automotive industry, and reach new heights of profitability.

Huang, Nan-Kuang

Chairman of the Board

Su, Chwen-Shing

Executive Officer

Chen, Ting-Ju

Chief Accounting Officer

Hotai Motor Co., Ltd.
Audit Committee Report

DATE: March 13, 2024

To: The 2024 Annual General Shareholders' Meeting of Hotai Motor Company Limited (the "Company")

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2023 Financial Statements (including the Consolidated Financial Statements), Business Report, and proposal for allocation of profit. The 2023 Financial Statements (including the Consolidated Financial Statements) were audited by CPAs Xu, Sheng-Zhong and Wang, Fang-Yu from PricewaterhouseCoopers Taiwan, who then issued an audit report based on their review.

We have reviewed the Company's 2023 Financial Statements (including Consolidated Financial Statements), Business Report, and proposal for allocation of profit and found the contents to be consistent with the information shared with us. We hereby issue this report pursuant to Article 219 of the Company Act of the Republic of China.

The Audit Committee

Independent Director: _____
Li, Chao-Sen

Independent Director: _____
Wu, Shih-Hao

Independent Director: _____
Su, Chin-Huo

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

PWCR23005037

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we

do not provide a separate opinion on these matters.

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

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

Description

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

Hotai Finance Co., Ltd. ("Hotai Finance"), a subsidiary of Hotai Motor Co., Ltd., is primarily engaged in the installment sales and leases of vehicles. In the supply chain of motor vehicles, the role of Hotai Finance is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

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

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

How our audit addressed the matter

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

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report.
2. For those accounts past due over 30 days, Hotai Finance will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past

years and based on Hotai Finance’s policy. In order to evaluate the reasonableness of the provision for impairment policy, we understood and assessed the occurrence percentage of actual impairment losses compared to the overdue accounts receivable over the past years, and other forward-looking information. In addition, we sampled and examined the expected credit losses report, and checked system information to ensure the consistency.

3. Sampled and examined the supporting documents of individual evaluation made by the management to evaluate the reasonableness of the expected credit loss recognized.

Valuation of the provisions for warranty

Description

Please refer to Note 4(31) for accounting policies on provisions of warranty, Note 5(2)B for the critical accounting estimates and assumptions of provisions for warranty and Note 6(24) for the 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 the subsidiary, Hotai Insurance Co., Ltd.

Description

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

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. (“Hotai Insurance”), the

subsidiary of Hotai Motor Co., Ltd., is derived from the reasonable amount of ultimate claims prior and after reinsurance based on the actuarial department's historical claims development trend and experience.

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

How our audit addressed the matter

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

1. Understood and assessed Hotai Insurance's policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve (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 assist 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 claim amount.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain subsidiary and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The assets (including investments accounted for using equity method) of these companies amounted to NT\$ 8,675,047 thousand and NT\$6,939,623 thousand, constituting 1.79% and 1.71% of

the consolidated total assets as at December 31, 2023 and 2022, respectively, the revenue of this subsidiary amounted to NT\$ 67,152 thousand and NT\$ 3,667 thousand, constituting 0.024% and 0.001% of the consolidated total revenue for the years then ended, respectively and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$ 706,378 thousand and NT\$532,310 thousand, constituting 2.47% and (3.05)% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of the Group as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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)	\$ 23,142,893	5	\$ 15,629,561	4
1120	Financial assets at fair value through profit or loss-current	6(2)	6,324,510	1	4,590,529	1
1125	Financial assets at fair value through other comprehensive income-current	6(3)	-	-	216,321	-
1150	Derivative financial assets for hedging	6(4)	570,885	-	504,827	-
1190	Other financial assets-current	6(1) and 8	3,236,271	1	3,229,892	1
1195	Contract assets-current	6(29)	106,655	-	57,021	-
1201	Notes receivable	6(5), 7 and 8	13,949,300	3	11,928,468	3
1202	Accounts receivable	6(5), 7 and 8	272,178,742	56	226,000,165	56
1203	Other receivables	7	2,382,482	1	1,831,274	-
1270	Inventories	6(7)	16,979,700	3	13,280,667	3
1280	Prepayments	6(8)	8,955,709	2	8,911,626	2
1290	Assets held for sale		276,351	-	283,710	-
1310	Reinsurance contract assets, net	6(9)	4,312,902	1	2,964,445	1
	Total current assets		<u>352,416,400</u>	<u>73</u>	<u>289,428,506</u>	<u>71</u>
Non-current assets						
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,011,886	-	1,011,039	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	10,850,980	2	8,411,794	2
1470	Investments accounted for using the equity method	6(10)	21,506,912	4	18,759,486	5
1480	Other financial assets-non-current	6(1) and 8	81,131	-	196,388	-
1500	Property, plant and equipment, net	6(11) and 8	66,017,903	14	60,555,510	15
1595	Right-of-use assets, net	6(12)	3,473,684	1	3,629,696	1
1600	Investment property, net	6(14)	2,340,699	-	2,900,924	1
1700	Intangible assets, net	6(15)	672,864	-	184,656	-
1800	Deferred income tax assets, net	6(34)	3,847,420	1	4,099,616	1
1900	Other assets	6(5)(9)(17)	23,660,471	5	17,383,522	4
	Total non-current assets		<u>133,463,950</u>	<u>27</u>	<u>117,132,631</u>	<u>29</u>
1XXX	Total assets		<u>\$ 485,880,350</u>	<u>100</u>	<u>\$ 406,561,137</u>	<u>100</u>

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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						
2110	Short-term loans	6(18)	\$ 101,464,701	21	\$ 105,333,597	26
2120	Short-term notes and bills payable	6(19)	148,116,089	31	114,640,213	28
2140	Financial liabilities at fair value through profit or loss-current	6(2)	407,727	-	162,608	-
2150	Derivative financial liabilities for hedging	6(4)	1,087,983	-	586,935	-
2165	Contract liabilities-current	6(29)	1,449,575	-	1,518,147	-
2201	Notes payable		1,635,144	-	870,114	-
2202	Accounts payable	7	13,466,699	3	11,384,815	3
2203	Accrued expenses	6(22) and 7	7,612,447	2	6,623,281	2
2204	Other payables	7	2,261,442	1	1,665,754	1
2250	Commissions payable	7	260,926	-	493,435	-
2260	Due to reinsurance and ceding companies		1,567,746	-	814,508	-
2270	Claims payable		33,352	-	313,586	-
2310	Current income tax liabilities		1,561,696	-	1,446,987	-
2320	Advance receipts		198,279	-	237,772	-
2330	Long-term liabilities-current portion	6(20)(21)	35,392,090	7	24,305,569	6
2335	Current lease liabilities	7	464,216	-	573,266	-
2350	Other current liabilities	6(9)(24)(25)	22,264,785	5	30,610,509	8
	Total current liabilities		<u>339,244,897</u>	<u>70</u>	<u>301,581,096</u>	<u>74</u>
Non-current liabilities						
2550	Long-term loans	6(21)	20,436,199	4	12,399,285	3
2600	Provisions	6(9)(24)	10,187,144	2	8,716,614	2
2620	Guarantee deposits received	6(25)	9,431,626	2	8,254,408	2
2625	Non-current lease liabilities	7	1,742,742	-	1,807,561	1
2630	Deferred income tax liabilities	6(34)	4,398,174	1	4,230,074	1
2660	Other liabilities		1,221	-	36	-
	Total non-current liabilities		<u>46,197,106</u>	<u>9</u>	<u>35,407,978</u>	<u>9</u>
2XXX	Total liabilities		<u>385,442,003</u>	<u>79</u>	<u>336,989,074</u>	<u>83</u>
Equity attributable to shareholders of the parent						
	Share capital	6(26)				
3110	Common stock		5,571,028	1	5,461,792	1
	Capital surplus	6(27)				
3200	Capital surplus		2,897,372	1	2,898,044	1
	Retained earnings	6(28)				
3310	Legal reserve		15,553,282	3	15,553,282	4
3320	Special reserve		381,843	-	381,843	-
3330	Unappropriated earnings		37,794,757	8	16,165,239	4
	Other equity					
3400	Other equity		4,028,202	1	1,304,787	-
31XX	Total equity attributable to shareholders of the parent		<u>66,226,484</u>	<u>14</u>	<u>41,764,987</u>	<u>10</u>
32XX	Non-controlling interest		<u>34,211,863</u>	<u>7</u>	<u>27,807,076</u>	<u>7</u>
3XXX	Total equity		<u>100,438,347</u>	<u>21</u>	<u>69,572,063</u>	<u>17</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
	Total liabilities and equity		<u>\$ 485,880,350</u>	<u>100</u>	<u>\$ 406,561,137</u>	<u>100</u>

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Year ended December 31

Items	Notes	2023		2022		
		AMOUNT	%	AMOUNT	%	
Revenues						
4010	Interest income	6(3)6(30) and 7	\$ 21,189,475	8	\$ 16,457,155	7
4020	Premiums revenue	6(31) and 7	8,659,215	3	9,335,184	4
4040	Reinsurance commission revenue		1,195,468	-	580,925	-
4050	Fee income		10,713	-	11,030	-
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)	3,441,562	1	2,243,159	1
4090	Gains on financial assets and liabilities at fair value through profit or loss	6(2)	687,646	-	-	-
4105	Realized gains on financial assets at fair value through other comprehensive income		324,792	-	343,831	-
4160	Net sales revenue	6(29) and 7				
4161	Sales revenue		225,218,604	81	200,625,647	81
4162	Sales returns	(2,354,421)	(1)	(1,366,450)	(-)
4163	Sales discounts and allowances	(3,137,517)	(1)	(4,158,084)	(2)
4170	Rental revenue		19,248,403	7	17,332,880	7
4180	Service revenue	6(29) and 7	2,639,544	1	2,266,603	1
4210	Gains on disposals of property, plant and equipment		186,725	-	23,094	-
4230	Income from investment property		141,975	-	177,681	-
4260	Foreign exchange gains		711,750	-	439,526	-
4270	Other income		1,337,734	1	1,441,007	1
4256	Reversal gains (losses) on expected credit of investment		228	-	(205)	-
4280	Unrealized profits from sales	(69,323)	(-)	(44,701)	(-)
4290	Realized profits from sales		44,701	-	66,381	-
	Total revenues		<u>279,477,274</u>	<u>100</u>	<u>245,774,663</u>	<u>100</u>
Expenses						
5010	Interest expenses	7	(5,741,114)	(2)	(3,195,346)	(1)
5030	Underwriting expenses		(1,988)	(-)	(1,247)	(-)
5040	Commission expenses	7	(5,064,721)	(2)	(5,723,918)	(2)
5050	Claims payment		(12,625,235)	(5)	(34,267,410)	(14)
5070	Net changes in other insurance liabilities		9,413,910	3	(10,866,379)	(4)
5110	Losses on financial assets and liabilities at fair value through profit or loss	6(2)	-	(-)	(1,270,855)	(1)
5190	Cost of sales	6(7) and 7	(195,695,955)	(70)	(170,525,663)	(69)
5200	Cost of rental revenue		(15,039,053)	(5)	(13,899,128)	(6)
5210	Cost of services		(2,345,501)	(1)	(2,171,892)	(1)
5230	Operating expenses	6(32)(33) and 7				
5231	Selling expenses		(10,819,870)	(4)	(10,043,679)	(4)
5232	General and administrative expenses		(7,740,115)	(3)	(5,962,755)	(2)
5233	Research and development expenses		(136,125)	(-)	(122,665)	(-)
5287	Expected credit impairment losses of non-investment	12(2)	(3,446,413)	(1)	(1,858,003)	(1)
5270	Expenses and losses from investment property	6(14)	(23,874)	(-)	(37,803)	(-)
5275	Losses on reclassification under the overlay approach	6(2)	(465,757)	(-)	(706,971)	(-)
5280	Impairment losses	6(16)	-	(-)	(1,092,475)	(1)
5320	Other expenses		(246,799)	(-)	(77,299)	(-)
	Total expenses		<u>(249,978,610)</u>	<u>(90)</u>	<u>(260,409,546)</u>	<u>(106)</u>
6100	Income before income tax from continuing operations		29,498,664	10	(14,634,883)	(6)
6200	Income tax expense	6(34)	(3,368,348)	(1)	(1,111,075)	(-)
6500	Profit for the year		<u>\$ 26,130,316</u>	<u>9</u>	<u>(\$ 15,745,958)</u>	<u>(6)</u>

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Year ended December 31

Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss) for the year					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
6617	Gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 2,638,546	1	(\$ 1,481,541) (1)
6625	Share of other comprehensive income of associates and joint ventures accounted for using equity method-components of other comprehensive income that will not be reclassified to profit or loss		(50,092)	-	79,718 -
6610	Total components of other comprehensive income that will not be reclassified to profit or loss		2,588,454	1	(1,401,823) (1)
6650	Components of other comprehensive (loss) income that may be reclassified to profit or loss				
6651	Financial statement translation differences of foreign operations		(419,383)	-	228,809 -
6659	Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	73,422	-	(75,086) -
6661	(Loss) gain on hedging instrument	6(4)	(204,858)	-	266,365 -
6675	Other comprehensive income (loss) reclassified by using overlay approach	6(2)	465,757	-	(706,971) -
6665	Share of other comprehensive income of associates and joint ventures accounted for using the equity method-components of other comprehensive income that may be reclassified to profit or loss		(18,422)	-	44,954 -
6689	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	6(34)	35,208	-	(42,947) -
	Total components of other comprehensive income that may be reclassified to profit or loss		(68,276)	-	(284,876) -
6600	Other comprehensive income (loss) for the year, net of tax				
6700	Total comprehensive income (loss) for the year				
	Profit (loss) attributable to:		\$ 28,650,494	10	(\$ 17,432,657) (7)
6810	Owners of parent		\$ 22,857,675	8	(\$ 19,330,194) (8)
6820	Non-controlling interests		3,272,641	1	3,584,236 2
			\$ 26,130,316	9	(\$ 15,745,958) (6)
	Comprehensive income (loss) attributable to:				
6910	Owners of parent		\$ 25,554,527	9	(\$ 21,172,847) (9)
6920	Non-controlling interests		3,095,967	1	3,740,190 2
			\$ 28,650,494	10	(\$ 17,432,657) (7)
	Basic earnings (losses) per share	6(35)	\$ 41.03		(\$ 34.70)
	Diluted earnings (losses) per share	6(35)	\$ 41.00		(\$ 34.70)

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

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

	Equity attributable to owners of the parent										Notes	
	Retained Earnings					Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other comprehensive income/(loss) reclassified by using overlay approach	Gain (loss) on hedging instruments	Total		Non-controlling interests
For the year ended December 31, 2022												
Balance at January 1, 2022	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	\$ 556,123	\$ 3,265,105	\$ 563,781	\$ 23,820	\$ 73,770,851	\$ 20,695,114	\$ 94,465,965
Profit (loss) for the year	-	-	-	-	(19,330,194)	-	-	-	-	(19,330,194)	3,584,236	(15,745,958)
Other comprehensive income (loss) for the year	-	-	-	-	101,503	232,571	(1,565,761)	(703,869)	92,903	(1,842,633)	155,954	(1,686,699)
Total comprehensive (loss) income	-	-	-	-	(19,228,691)	232,571	(1,565,761)	(703,869)	92,903	(21,172,847)	3,740,190	(17,432,657)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	1,627,319	-	(1,627,319)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(10,923,584)	-	-	-	-	(10,923,584)	(1,992,722)	(12,916,306)
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount	-	119,102	-	-	-	-	-	-	-	119,102	(120,102)	(1,000)
Changes in ownership interests in subsidiaries	-	(27,638)	-	-	-	-	-	-	-	(27,638)	37,656	10,018
Reorganization	-	(897)	-	-	-	-	-	-	-	(897)	897	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,446,043	5,446,043
Balance at December 31, 2022	\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	\$ 323,552	\$ 1,699,344	\$ 140,088	\$ 69,083	\$ 41,764,987	\$ 27,807,076	\$ 69,572,063
For the year ended December 31, 2023												
Balance at January 1, 2023	\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	\$ 323,552	\$ 1,699,344	\$ 140,088	\$ 69,083	\$ 41,764,987	\$ 27,807,076	\$ 69,572,063
Profit for the year	-	-	-	-	22,857,675	(349,975)	-	-	-	22,857,675	3,272,641	26,130,316
Other comprehensive (loss) income for the year	-	-	-	-	(26,563)	349,975	2,678,663	473,644	(78,917)	2,696,852	(176,674)	2,520,178
Total comprehensive income (loss)	-	-	-	-	22,831,112	(349,975)	2,678,663	473,644	(78,917)	25,554,527	3,095,967	28,650,494
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	(1,092,358)	-	-	-	-	(1,092,358)	(1,872,226)	(2,964,584)
Stock dividends	109,236	-	-	-	(109,236)	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(1,221)	-	-	-	-	-	-	-	(1,221)	586	(635)
Other changes in capital surplus	-	549	-	-	-	-	-	-	-	549	-	549
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,180,460	5,180,460
Balance at December 31, 2023	\$ 5,571,028	\$ 2,897,372	\$ 15,553,282	\$ 381,843	\$ 37,794,757	\$ 673,527	\$ 4,378,007	\$ 333,556	\$ 9,834	\$ 66,226,484	\$ 34,211,863	\$ 100,438,347

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

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

	Notes	Year ended December 31	
		2023	2022
Cash flows from operating activities			
Profit (loss) before income tax		\$ 29,498,664	(\$ 14,634,883)
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(11)(12)(14)(32)	12,930,496	11,906,847
Amortization	6(32)	140,939	125,903
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	6(2)	(687,646)	1,270,855
Financial guarantee expense		25,806	23,556
Expected credit losses (or reversal of expected credit losses) of investment		(228)	205
Expected credit impairment loss of non-investment		3,446,413	1,858,003
Profit or loss reclassified by applying overlay approach		465,757	(706,971)
Impairment reversal gain of rental assets	6(11)	(24,224)	(4,236)
Interest expense		5,741,113	3,195,346
Interest income	6(30)	(21,189,475)	(16,457,155)
Dividend income		(359,695)	(366,156)
Compensation cost of share-based payments		908	10,150
Share of profit of associates accounted for using the equity method	6(10)	(3,441,562)	(2,243,159)
Net gain on disposal of property, plant and equipment		(186,725)	(23,094)
Impairment loss on non-financial assets	6(16)	-	1,092,475
Unrealized profit from sales		69,323	44,701
Realized profit from sales		(44,701)	(66,381)
Profit from lease modification	6(12)	(1,131)	(2,342)
Exchange gain (loss)		(44,080)	(73,044)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(1,047,182)	1,922,497
Contract assets		(49,634)	(27,927)
Notes and accounts receivable		(56,871,082)	(53,967,402)
Other receivables		(553,804)	(310,698)
Inventories		2,930,844	2,364,051
Prepayments		13,325	(433,944)
Reinsurance contract assets		(1,954,323)	(1,040,338)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		245,119	134,828
Contract liabilities		(68,572)	146,896
Notes and accounts payable		2,846,914	2,677,612
Accrued expenses		931,750	(544,183)
Other payables		596,633	258,581
Commission payable		(232,509)	(52,364)
Provisions		1,470,530	494,757
Due to reinsurance and ceding companies		753,238	227,919
Claims payable		(280,234)	271,845
Advance receipts		(39,493)	(14,540)
Other current liabilities		(8,734,577)	11,401,892
Other liabilities		1,185	(36)
Cash outflow generated from operations		(33,701,920)	(51,539,934)
Interest received		21,189,071	16,429,573
Cash dividends received		1,997,372	1,350,741
Interest paid		(5,734,520)	(3,031,610)
Income tax paid		(2,920,907)	(5,094,375)
Net cash flows used in operating activities		(19,170,904)	(41,885,605)

(Continued)

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

	Notes	Year ended December 31	
		2023	2022
<u>Cash flows from investing activities</u>			
Decrease in financial assets at fair value through other comprehensive income		\$ 482,695	\$ 730,053
Acquisition of investments accounted for using the equity method		(1,058,461)	(31,850)
Acquisition of property, plant and equipment	6(11)	(25,249,016)	(24,764,385)
Proceeds from disposal of property, plant and equipment		1,145,600	299,900
Proceeds from disposal of assets held for sale		1,172,080	30,147
Acquisition of investment properties	6(14)	(37,229)	(299)
Acquisition of intangible assets	6(15)	(107,530)	(53,172)
Decrease (increase) in other financial assets		108,878	(487,576)
Increase in other assets		(496,234)	(4,278,300)
Proceeds from the capital reduction of investments accounted for using the equity method		-	13,229
Net cash flow from acquisition of subsidiaries		(600,756)	(13,228)
Net cash flows used in investing activities		(24,639,973)	(28,555,481)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(37)	(3,594,285)	38,382,291
Increase in short-term notes and bills payable	6(37)	33,475,876	9,778,871
Proceeds from issuance of bonds	6(37)	9,000,000	10,000,000
Proceeds from long-term loans	6(37)	20,835,346	9,964,568
Repayments of long-term loans	6(37)	(11,200,062)	(1,590,000)
Increase in guarantee deposits received	6(37)	1,566,071	1,445,987
Cash dividends paid	6(28)(37)	(1,092,358)	(10,923,584)
Repayment of principal portion of lease liability	6(37)	(625,969)	(478,387)
Cash dividends paid from subsidiaries to non-controlling interests		(1,872,226)	(1,992,722)
Preference share issued by subsidiaries		4,800,000	5,000,000
Proceeds from disposal of ownership interests in subsidiaries (without losing control)	6(37)	-	332,350
Change in non-controlling interests		380,460	112,695
Net cash flows from financing activities		51,672,853	60,032,069
Net effect of changes in foreign currency exchange rates		(348,644)	224,998
Net increase (decrease) in cash and cash equivalents		7,513,332	(10,184,019)
Cash and cash equivalents at beginning of year		15,629,561	25,813,580
Cash and cash equivalents at end of year		\$ 23,142,893	\$ 15,629,561

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

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	Inventory, 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	6(17)				
3110	Common stock		5,571,028	5	5,461,792	7
	Capital surplus	6(18)				
3200	Capital surplus		2,897,372	3	2,898,044	3
	Retained earnings	6(19)				
3310	Legal reserve		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	9				
	Significant events after balance sheet date	11				
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
For the year ended December 31, 2022										
Balance at January 1, 2022		\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,828,885	(\$ 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
For the year ended December 31, 2023										
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
Cash flows from operating activities			
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)	(10,727,118)	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
Inventory, 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>
Cash flows from investing activities			
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>
Cash flows from financing activities			
(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.
Table of Distribution of 2023 Profits

Item	Subtotal	Total
		Unit: NT\$
Unappropriated earnings from previous period		14,963,644,572
Earnings before income tax of current year	22,941,031,283	
Less: Income tax	83,356,271	
Plus: Net income after tax of current year (EPS after income tax=41.03)		22,857,675,012
Plus: 2023 retained earnings adjustment		(26,563,240)
Net income after tax for the period and other items other than net income after tax for the period		22,831,111,772
Less: 10% of the legal reserve		2,283,111,177
Accumulated distributable earnings		20,548,000,595
Distributable Items		
Cash dividends (NT\$20.0 per share)		11,142,055,360
Unappropriated earnings at the end of period		24,369,589,807

Huang, Nan-Kuang
Chairman of the Board

Su, Chwen-Shing
Executive Officer

Chen, Ting-Ju
Chief Accounting Officer

Hotai Motor Co., Ltd.

Comparison of the Current and Amended Provisions of the Anti-Corruption Ethnical Management Principles

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
Article 1 (Purpose)	Hotai Motor Co., Ltd. ("Company") shall abide by the operational philosophies of honesty, transparency and responsibility, <u>strive to ensure product quality, customer safety and health</u> , and strengthen a corporate culture of ethical management and the operational environment for sustainable development. Therefore, it refers to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the "TMC's Anti-Bribery Guidelines" and relevant laws and regulations and establishes this principle for compliance.	Hotai Motor Co., Ltd. ("Company") shall abide by the operational philosophies of honesty, transparency and responsibility, and strengthen a corporate culture of ethical management and the operational environment for sustainable development. Therefore, it refers to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the "TMC's Anti-Bribery Guidelines" and relevant laws and regulations and establishes this principle for compliance.	<ol style="list-style-type: none"> <li data-bbox="1624 539 2114 740">1. The purpose is to formalize the consensus of the ethical management Workshop of the TOP (headquarters director) of our Company. <li data-bbox="1624 767 2136 1401">2. The "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" will expand the scope of application to group enterprises, but in response to the different business attributes of each company in the group, and not all group enterprises are listed companies, it is therefore to provide the Hotai version for reference to the group enterprises, and the group enterprises shall formulate their own ethical management

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
			principle that suits their company culture.
Article 2 (Definitions)	Section 1 Company personnel: refers to the directors, managers, employees (including regular and irregular employees, dispatched workers, workers seconded to this company and workers seconded to other companies), and mandataries of the Company or persons having substantial control over such Companies. When engaging in commercial activities, the persons mentioned above shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor	Section 1 Company personnel: refers to the directors, managers, employees (including regular and irregular employees, dispatched workers, workers seconded to this company and workers seconded to other companies), and mandataries of the Company. Section 2 "Benefits" in these principles means any valuable things, including money, endowments, commissions, facilitation fee, positions, services, preferential	<ol style="list-style-type: none"> 1. To comply with the revision of Article 2 and Article 3 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." 2. In response to the business needs of the Company, the detailed names of benefits that were originally formulated according to the "TMC's Anti-Bribery Guidelines" have been adjusted to judge whether each case affects specific rights and

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p>commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Section 2</p> <p>"Benefits" in these principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. <u>Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.</u></p> <p>Section 3</p> <p>(Omitted.)</p>	<p>treatment, rebates, voucher, stock, financing, guarantee, supply, entertainment of watching games, performances, travel, donation, contribution, sponsorship fee, gratitude, promotion fee, educational opportunity, medical opportunity, or improper sexual relationship of any type or in any name.</p> <p>Section 3</p> <p>(Omitted.)</p>	<p>obligations, rather than identifying benefits by their names.</p>
<p>Article 4 (Policy)</p>	<p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for</p>	<p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>This principle was established after being approved by the board of directors, so it is revised in accordance with Article 5 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p>

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	sustainable development.		
<p>Article 6 (Scope of the prevention program)</p>	<p>Section 1 The Company <u>shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u></p> <p>Section 2 It is advisable for the Company to <u>refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs</u>, which shall include preventive measures against the following:</p> <p>(1) Offering and acceptance of bribes. (2) Illegal political donations. (3) Improper charitable donations or sponsorship. (4) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. (5) Misappropriation of trade secrets and</p>	<p>Section 1 When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</p> <p>Section 2 The prevention programs adopted by the Company shall include preventive measures against the following:</p> <p>(1) Offering and acceptance of bribes. (2) Illegal political donations. (3) Improper charitable donations or sponsorship. (4) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. (5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. (6) Engaging in unfair competitive</p>	<p>1. To comply with the revision of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>2. Scheduled to establish an ethical risk management assessment mechanism in 2024, based on the TGRS-SOP, and refer to the current practices, where each department conducts identification and evaluation of the probability and impact of risks according to the risk categories and levels, and formulates relevant countermeasures.</p>

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p>infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>(6) Engaging in unfair competitive practices.</p> <p>(7) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>practices.</p> <p>(7) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
<p>Article 7 (Commitment and Performance)</p>	<p>Section 1 The Company <u>shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>Section 2 The Company <u>shall clearly specify in its rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and</u></p>	<p>The Company and the Company personnel shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<ol style="list-style-type: none"> 1. To comply with the revision of Article 8 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." 2. The "Director's Statement" to be signed at the time of the election of the 22nd board of directors and the "Employee's Statement of Compliance with Company Regulations" for new employees starting from 2024 require adherence to the ethical policy; senior management sign a commitment statement in the

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p><u>thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</u></p> <p>Section 3</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>		<p>education and training sessions.</p> <p>3. In response to the division of labor of the Company's business, relevant documents are kept by the Corporate Governance Promotion Office and the Administration Department.</p>
<p>Article 16 (Organization and Responsibility)</p>	<p>Section 1 (Omitted)</p> <p>Section 2</p> <p>To achieve sound ethical corporate management, the Company shall establish a legal office and <u>avail itself of adequate resources and staff itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The legal office shall be in charge of the following matters, and <u>the audit unit shall report to the board of directors on a regular basis (at least once</u></p>	<p>Section 1 (Omitted)</p> <p>Section 2</p> <p>To achieve sound ethical corporate management, the Company shall establish the legal office and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The legal office shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <p>(1) Assisting in incorporating ethics and moral values into the Company's</p>	<p>1. To comply with the revision of Article 17 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>2. The reporting unit for the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" is the "dedicated unit that is under the board of directors." The current situation related to the whistleblowing is reported by the audit unit to the board of directors. Therefore, the revision stipulates that the legal office is</p>

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p><u>a year</u>):</p> <p>(1) Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>(2) <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly</u> programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.</p> <p>(3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>(4) Promoting and coordinating</p>	<p>business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>(2) Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</p> <p>(3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>(4) Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>(5) Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>(6) Assisting the board of directors and</p>	<p>responsible for formulating the ethical policy and prevention program, while the audit office supervises the implementation and reports to the board of directors, in accordance with the current situation.</p>

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p>awareness and educational activities with respect to ethics policy.</p> <p>(5) Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>(6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the assessment of compliance with ethical management in operating procedures.</p>	<p>management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 19 (Accounting and Internal Control)</p>	<p>Section 1 (Omitted)</p> <p>Section 2</p> <p>The internal audit unit of the Company shall, based on the results of assessment of <u>the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u> The internal audit unit may engage a certified public</p>	<p>Section 1 (Omitted)</p> <p>Section 2</p> <p>The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<ol style="list-style-type: none"> <li data-bbox="1621 820 2130 991">1. To comply with the revision of Article 20 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." <li data-bbox="1621 1023 2130 1262">2. The Company plans to establish an ethical risk management assessment mechanism in 2024, and then the audit unit will formulate relevant audit plans based on it.

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p>accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>Section 3</p> <p>The results of examination in the preceding paragraph shall be reported to senior management and the legal office and put down in writing in the form of an audit report to be submitted to the board of directors.</p>		
<p>Article 22 (Whistle-blowing System)</p>	<p>Section 1</p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <p>(1) An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports.</p> <p>(2) Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or <u>senior management</u> shall be reported to the</p>	<p>Section 1</p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <p>(1) An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow Company insiders and outsiders to submit reports.</p> <p>(2) Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories</p>	<ol style="list-style-type: none"> 1. To comply with the revision of Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." 2. The "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" allows anonymous whistleblowing. The audit practice of our Company also registers and manages anonymous whistleblowers, so we revise it to reflect the current situation.

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
	<p>independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>(3) <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>(4) Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>(5) Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>(6) Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>(7) Whistle-blowing incentive measures.</p> <p>Section 2 (Omitted)</p>	<p>of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>(3) Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>(4) Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>(5) Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>(6) Whistle-blowing incentive measures.</p> <p>Section 2 (Omitted)</p>	

Article	Amended Provisions	Current Provisions (June 2016)	Commentary
<p>Article 26 (Implement)</p>	<p>Section 1 The "Anti-Corruption Ethnical Management Principles" shall be implemented after the board of directors grants the approval, and shall be sent to the audit committee and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>Section 2 When the Company submits its ethical corporate management best practice principles to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	<p>The "Anti-Corruption Ethnical Management Principles" shall be implemented after the board of directors grants the approval, and its amendments are authorized by the board of directors to be implemented after being approved by the chairman.</p>	<p>To comply with the revision of Article 27 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p>

Hotai Motor Co., Ltd.

Comparison of the Current and Amended Provisions of the Company's Articles of Incorporation

Article	Amended Provisions	Current Provisions (June 21, 2022)	Commentary
Article 2	<p><u>The scope of business of the Company shall be as follows:</u></p> <p><u>1. CC01070 Telecommunication Equipment and Apparatus Manufacturing.</u></p> <p><u>2. CC01100 Telecommunications Radio-Frequency Devices and Materials Manufacturing.</u></p> <p><u>3. CD01030 Motor Vehicles and Parts Manufacturing.</u></p> <p><u>4. CD01990 Other Transport Equipment and Parts Manufacturing.</u></p> <p><u>5. CE01010 General Instrument Manufacturing.</u></p> <p><u>6. F108031 Wholesale of Medical Devices.</u></p> <p><u>7. F113020 Wholesale of Household Appliance.</u></p> <p><u>8. F113070 Wholesale of</u></p>	<p>The scope of business of the Company shall be as follows:</p> <p>1. Manufacture, assemble and sell all kinds of Motors (include chassis and car body) and components.</p> <p>2. Import and export all kinds of Motor Vehicles (include chassis and car body) and components.</p> <p>3. Manufacture and maintain Special Vehicles (trailers, rubbish trucks, sewage vacuum trucks, cranes, cement mixing vehicles, tankers and etc.)</p> <p>4. Manufacture, assemble and sell all kinds of Industry Vehicles (tractors, bucket cars and hand lift cars) and components.</p> <p>5. Car repair and Maintenance.</p> <p>6. Import, export, and sell automotive measurement of Motor Vehicles.</p> <p>7. Agency Business for all countries.</p>	<p>1. Because of selling modified ambulances from abroad, it is necessary to comply with the business items, so the Company's articles of association added "F108031 Wholesale of Medical Devices" and "F208031 Retail Sale of Medical Apparatus" to the scope of business.</p> <p>2. In accordance with Clause 3 of Article 18 of the Company Act, "For a company which has already been registered, and the category of business conducted by it is registered with descriptive words, then, such descriptive words shall be replaced with the applicable Category Code as assigned in the foregoing Table, while applying for alteration of the entries of existing company registration record."</p>

Article	Amended Provisions	Current Provisions (June 21, 2022)	Commentary
	<u>Telecommunication Apparatus.</u> 9. <u>F114010 Wholesale of Automobiles.</u> 10. <u>F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.</u> 11. <u>F114050 Wholesale of Tires.</u> 12. <u>F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof.</u> 13. <u>F208031 Retail Sale of Medical Apparatus.</u> 14. <u>F213010 Retail Sale of Household Appliance.</u> 15. <u>F213060 Retail Sale of Telecommunication Apparatus.</u> 16. <u>F214010 Retail Sale of Motor Vehicles.</u> 17. <u>F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.</u> 18. <u>F214050 Retail Sale of Tires.</u> 19. <u>F214990 Retail Sale of Other Transport Equipment and Parts.</u> 20. <u>F401010 International Trade.</u> 21. <u>G801010 Warehousing.</u> 22. <u>JA01010 Automobile Repair.</u>	8. Broker Business. 9. Import and Export business. 10. Manufacture, assemble and sell air conditioners and heaters for Motor Vehicles and the components. 11. Import and export air conditioners and heaters for Motor Vehicles and the components. 12. Manufacture, assemble, sell, import and export radio equipment. 13. G801010 Warehousing. 14. In addition to the authorized scope of business, any business not prohibited or restricted by law.	Therefore, the current company Articles of Incorporation need to add codes for the business items.

Article	Amended Provisions	Current Provisions (June 21, 2022)	Commentary
	<p><u>23. JA01040 Liquefied Petroleum Gas Automobile Refitting.</u></p> <p><u>24. JA01990 Other Automobile Services.</u></p> <p><u>25. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>		
Article 38	These Articles of Incorporation are agreed to and signed on January 1, 1955, and the first Amendment was on.....thirty-eighth Amendment on June 21, 2022, and thirty-ninth Amendment on May 30, 2024.	These Articles of Incorporation are agreed to and signed on January 1, 1955, and the first Amendment was onthirty-eighth Amendment on June 21, 2022.	Added the date of amendment.

List of Position that is Released from Director's Non-compete
Restrictions

Director Candidate	Name	Current Positions at Other Companies
Director	Chun Yung Investment Co., Ltd. represented by Huang, Chih-Cheng	Chairman, Shanghai Ho-Qian Logistics Equipment Trading Co.,Ltd (Original name : Shanghai Hotai Toyota Forklift Co., Ltd.)

VIII. Exhibits

Exhibit 1

HOTAI MOTOR CO., LTD. Articles of Incorporation

June 21, 2022

Section I - General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under Company Act of the Republic of China, and its name is Hotai Motor Company Limited.

Article 2

The scope of business of the Company shall be as follows:

1. Manufacture, assemble and sell all kinds of Motors (include chassis and car body) and components.
2. Import and export all kinds of Motor Vehicles (include chassis and car body) and components.
3. Manufacture and maintain Special Vehicles (trailers, rubbish trucks, sewage vacuum trucks, cranes, cement mixing vehicles, tankers and etc.)
4. Manufacture, assemble and sell all kinds of Industry Vehicles (tractors, bucket cars and hand lift cars) and components.
5. Car repair and Maintenance.
6. Import, export, and sell automotive measurement of Motor Vehicles.
7. Agency Business for all countries.
8. Broker Business.
9. Import and Export business.
10. Manufacture, assemble and sell air conditioners and heaters for Motor Vehicles and the components.
11. Import and export air conditioners and heaters for Motor Vehicles and the components.
12. Manufacture, assemble, sell, import and export radio equipment.
13. G801010 Warehousing.
14. In addition to the authorized scope of business, any business not prohibited or restricted by law.

Article 3

The Company may provide endorsement and guarantee and act as a guarantor.

Article 4

The Company shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of Company Act if the Company is a shareholder with limited liability of another company.

Article 5

The Company has its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon approval of Board of Director to set up, terminate or change representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Company deems it necessary or advisable to carry

out any or all of its activities.

Article 6

Public announcements of the Company shall be made in accordance with Article 28 of Company Act of the Republic of China.

Section II - Capital Stock

Article 7

The total capital stock of the Company shall be in the amount of 6,000,000,000 New Taiwan Dollars, divided into 600,000,000 shares, at ten New Taiwan Dollars each, and may be issued in installments under approval of Board of Directors.

Article 8

The Company could ask for Large Denomination Securities if it is necessary to send the stocks to Taiwan Depository and Clearing Corporation.

Article 9

The share certificates of the Company shall be name-bearing and numbered share certificates signed by or sealed with the chop by the director representing the Company, and issued by a bank legally competent to serve as the attester for the issuance of share certificates in accordance with Company Act and relevant regulations of the Republic of China. The Company may issue shares without printing share certificate, but should ask for logging in from Taiwan Depository and Clearing Corporation.

Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

Article 11

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 12

The Company could charge handling fee whilst a stock certificate needs replacement because it is lost or because of other reasons.

Section III – Shareholders' Meeting

Article 13

Shareholders' meetings of the Company are of two types, namely: (1) regular meeting and (2) special meeting. Regular meeting is held once every year and shall be convened within six months after the close of each fiscal year. Special meeting shall be convened as necessary.

The meeting shall be convened by Board of Directors unless otherwise provided in Company Act of the Republic of China.

The Company's shareholders' meeting can be held by means of video conference or other methods promulgated by the central competent authority.

Article 14

Each share of stock shall be entitled to one vote.

Article 15

Except as otherwise provided in Company Act of the Republic of China, the chairman of shareholders' meeting should follow Article 23 of these Articles of Incorporation.

Article 16

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative by a power of attorney form issued by the Company to attend it, and to exercise, on his/her behalf, under his/her permission for all rights specified in the form at the meeting, in accordance with Article 177 of Company Act of the Republic of China. The way to use proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies unless there are other regulation by Company Act of the Republic of China.

Article 17

Except as otherwise provided in Company Act of the Republic of China, resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting, and shareholders' meetings may be held if attended by shareholders representing more than one half of the total issued and outstanding capital stock of the Company.

Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall record the date, place, chairman's name, the way of resolutions, meeting process and result of shareholders' meeting. Such minutes shall be signed by or sealed with the chop of the chairman of the meeting and delivered to all shareholders within 20 days and kept during the continuance of existence of the Company.

The delivery of such minutes could be a public announcement.

The attendance list and proxies of the meetings shall be filed and kept for at least a year, but if a shareholder raise a suit in accordance with Article 189 of Company Act of the Republic of China, the attendance list and proxies of the meetings shall be filed and kept until the suit is over.

Section IV - Directors and Board of Directors

Article 19

The Company shall have thirteen to fifteen directors. The aforesaid Board of Directors shall have three independent directors, and ten to twelve non-independent directors. Directors shall be elected by adopting candidates nomination system as specified in Company Act of the Republic of China. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.

The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent

directors elected shall be calculated separately. The ones with more votes are the ones being independent or non-independent directors.

Article 20

The directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Company shall elect a Vice Chairman through the same way if necessary.

Article 21

The Chairman of Board of Directors shall have the authority to represent the Company and execute all Company management in compliance with the relevant regulations, Articles of Incorporation, Resolutions of shareholders' meeting and Board of Directors.

Article 22

In the case that vacancies on Board of Directors exceed, for any reason, one third of the total number of the Directors, then Board of Directors shall convene a special shareholders' meeting to elect new Directors to fill such vacancies within 60 days.

Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of Board of Directors.

The Chairman of Board of Directors shall have the authority to represent the Company and shall chair the of shareholders' meeting and Board of Directors' meeting. In case the Chairman of the Board of Directors is on leave or unable to exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman, or the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of Board of Directors shall designate one of the directors to act on his behalf; if the Chairman of Board of Directors has not designated anyone to act on his behalf, the directors shall designate one among themselves. Notices of Board of Directors' meetings could be through writing, fax or electronic.

Article 24

Except as otherwise provided in Company Act of the Republic of China, a meeting of Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 25

A Director shall attend the meetings of Board of Directors in person, if he/she may not attend, he/she shall by written authorization, appoint another Director to attend on his/her behalf the meetings of the Board of Directors, and to vote for him/her on matters presented at such meeting as specified on the authorization, but no Director may act as proxy for more than one other Director.

Article 26

The resolutions of Board meetings shall be recorded in the minutes, and such minutes

shall record the date, place, chairman's name, the way of resolutions, meeting process and result of Board meetings. Such minutes shall be signed by or sealed with the chop of the chairman of the meeting and sent to all directors within 20 days.

The production and delivery of such minutes could be through electronic means.

The minutes, attendance list of the meetings shall be kept during the continuance of existence of the Company.

Article 27

In compliance with regulation, the Company shall establish an Audit Committee, which shall consist of all independent directors.

The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Act, Securities and Exchange Law and other relevant regulations of the Republic of China.

In addition to the establishment of an Audit Committee, the Company's Board of Directors may also establish other functional committees, and their regulations shall be enacted by Board of Directors.

Article 28

Board of Directors is authorized to determine the salary for Directors, the standards of the industry shall be taken into account. The company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy.

Article 29

The total registered shares owned by Directors of the Company shall be in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Section V – Management

Article 30

The Company shall appoint one President, and such other Vice Presidents and Directors.

Article 31

The decision to engage with, terminate and pay for the management shall be held in the meeting of Board of Directors if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Section - VI Account

Article 32

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 33

After the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to the Audit Committee before 30 days of regular shareholders' meeting:

1. Business Report;

2. Financial Statements;
3. The surplus earning distribution or loss offsetting proposals.

Article 34

To the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration; provided, however, independent directors are not eligible to participate in the profit distribution of the Company. Any accumulated losses of the Company shall first be offset.

Employee remuneration may be paid in the form of stocks or cash and shall be approved by over half of the directors present at the Board meeting attended by at least two-thirds of the directors, and shall be reported at the shareholders' meeting. Employee remuneration may be paid in the form of stocks or cash and shall be approved by over half of the directors present at a Board meeting attended by at least two-thirds of the director; in addition thereto, such distribution shall be reported at the shareholders' meeting.

Article 35

The Company is in a constantly evolving industry and has entered into the maturity stage of its life cycle. In order to fulfill the need of shareholders' cash inflow and take the Company's funding requirement and long-term financial plan into consideration, if there are earning surplus after final accounting of the fiscal year, the Company shall, after its losses in previous years have been covered and all applicable taxes and dues have been paid, first set aside 10% as legal reserve, then set aside special reserve pursuant to applicable law or regulation, then combined with the initial undistributed surplus of that period, shall be the accumulated earnings available for distribution to the shareholders. The ratio of dividend shall not be lower than 50% of current year earnings available for distribution; distribution of cash dividend shall not be lower than 10% of total dividend.

The way and ratio of distribution of profits shall take profit status and financial factors into consideration; the proposal shall be prepared by Board of Directors, and then submitted to shareholders' meeting for approval.

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

Section VII Supplementary Provisions

Article 36

The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 37

In regard to all matters not provided for in these Articles of Incorporation, Company Act and other related regulations of the Republic of China shall govern.

Article 38

These Articles of Incorporation are agreed to and signed on January 1, 1955, and the first Amendment was on February 27, 1959, the second Amendment on February 6, 1960, the third Amendment on August 15, 1966, the fourth Amendment on May 12, 1967, the fifth Amendment on October 1, 1967, the sixth Amendment on March 15, 1970, the seventh Amendment on December 5, 1970, and the eighth Amendment on September 30, 1971, the ninth Amendment on February 28, 1974, the tenth Amendment on June 18, 1974, the eleventh Amendment on June 26, 1976, the twelfth Amendment on March 15, 1977, the thirteenth Amendment on March 17, 1978, the fourteenth Amendment on April 25, 1979, the fifteenth Amendment on May 10, 1981, the sixteenth Amendment on September 7, 1982, the seventeenth Amendment on October 27, 1983, the eighteenth Amendment on March 17, 1988, the nineteenth Amendment on May 18, 1990, the twentieth Amendment on April 24, 1991, the twenty-first Amendment on May 22, 1992, the twenty-second Amendment on March 26, 1993, the twenty-third Amendment on May 27, 1994, the twenty-fourth Amendment on June 13, 1995, the twenty-fifth Amendment on May 10, 1996, the twenty-sixth Amendment on May 16, 1997, the twenty-seventh Amendment on May 15, 1998, the twenty-eighth Amendment on May 24, 2000, the twenty-ninth Amendment on May 11, 2001, thirtieth Amendment on June 20, 2002, thirty-first Amendment on June 18, 2004, thirty-second Amendment on June 13, 2007, thirty-third Amendment on June 21, 2012, thirty-fourth Amendment on June 25, 2015, thirty-fifth Amendment on June 21, 2016, thirty-sixth Amendment on June 20, 2019, thirty-seventh Amendment on June 19, 2020, and thirty-eighth Amendment on June 21, 2022.

HOTAI MOTOR CO., LTD.
Rules and Procedures of Shareholders' Meeting

June 23, 2021

Article 1

Shareholders' Meeting of the Company (the Meeting) shall be conducted in Accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

Article 2

The shareholders of this Rules and Procedures mean and equal to shareholders themselves or his/her representative.

Article 3

Shareholders attending the Meeting shall be with attendance certification and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

Article 4

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5

The Chairman of Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of Board of Directors cannot preside at the Meeting, the Vice Chairman of Board of Directors shall preside at the Meeting. If, for any reason, the Vice Chairman of Board of Directors cannot preside at the Meeting, the Chairman shall appoint one of the Directors to represent him/her. If the Chairman of Board of Directors do not appoint one, the managing directors or the Directors should elect one person from amongst themselves.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

If there are more than one person entitled to convene the Meeting, they should elect each other themselves.

Article 6

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear identification cards.

Article 7

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.

Article 8

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of Company Law of Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of Company Law of Republic of China. If during the process of the Meeting the number of outstanding shares Represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of Company Law of Republic of China.

Article 9

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, who is entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

Article 10

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speech by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Article 11

The inquiries related to the report items set forth in the agenda from the

shareholders or their representatives shall only be raised after the chairman or his/her representative finishes the reading or reporting of such report items. Each shareholder shall not, for each discussion item, speak more than once, each time not exceeding 3 minutes. For other items, each shareholder shall not speak more than two times, each time not exceeding 5 minutes.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, inappropriately influence the Meeting, the chairman may stop the speech of such shareholder. The shareholders who disobey the chairman's instruction might be forced to leave the Meeting by disciplinary officers involuntary.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 12

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 13

The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate.

Article 14

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

Article 15

Except otherwise specified in Company Law of Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the effect as if it was voted if no objection is voiced after solicitation by the chairman.

The result of voting shall be announced at the Meeting and placed on record.

The minutes shall be recorded and preserved in accordance with Article 18 of the Articles of Incorporation of the Company.

Article 16

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 17

During the Meeting, the chairman may, at his/her discretion, set time for intermission. In case of incident of force majeure such as Air raid warning,

earthquakes and outbreak of fire, the chairman may decide to temporarily suspend the Meeting until the emergency is being solved for an hour and announce when the Meeting will resume.

Article 18

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose. The shareholders shall obey the chairman and Disciplinary Officers' instructions. The person who intervene or disturb the Meeting and do not obey instructions shall be remove as obstacles by disciplinary officers.

Article 19

Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Law, Securities and Exchange Act and relevant laws and regulations.

Article 20

These Rules and Procedures shall be effective from the date it is approved by the Annual Shareholders' Meeting. The same applies in case of revision.

Shareholdings of Directors

As of April 1, 2024; Unit: Share

Title	Name	Authorized Representative	Shareholding
Chairman	Chun Yung Investment Co., Ltd.	Huang, Nan-Kuang	177,480
Director	Li Gang Enterprise Co., Ltd.	Su, Chwen-Shing	41,380,740
Director	Toyota Motor Corporation	Kazuo Naganuma	45,294,234
Director	Chun Yung Investment Co., Ltd.	Lin, Li-Hua	177,480
Director	Li Gang Enterprise Co., Ltd.	Su, Jean	41,380,740
Director	Chun Yung Investment Co., Ltd.	Huang, Chih-Cheng	177,480
Director	Yong Hui Development Co., Ltd.	Su, Yi-Chung	10,200
Director	Yuan Tuo Investment Co., Ltd.	Ko, Junn-Yuan	14,966,744
Director	Gui Long Investment Co., Ltd.	Chang, Shih-Yieng	5,228,520
Director	Chun Yung Investment Co., Ltd.	Huang, Wen-Jui	177,480
Director	Yong Hui Development Co., Ltd.	Leon Soo	10,200
Independent Director	Li, Chao-Sen	-	0
Independent Director	Su, Chin-Huo	-	0
Independent Director	Wu, Shih-Hao	-	0
Total			107,057,918

Paid-up capital: NT\$5,571,027,680 Total shares issued: 557,102,768 shares.

According to Article 26 of the Securities Exchange Act of the Republic of China, the minimum required percentage of shares held by all directors is as follows:

Share ownership of directors required by law: 17,827,289 shares.

The share ownership of directors has met the minimum legal requirement.

The Audit Committee of the Company will replace the functions of supervisors. Therefore, the minimum legal requirement of supervisor shareholding does not apply.