

Stock code: 2207



和泰汽車股份有限公司
Hotai Motor Co., Ltd.



Annual Report 2023

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



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

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壹、致股東報告書

Letter to Shareholders



I. Letter to Shareholders

2023 Operational Highlights

In 2023, the global economy was shaped by factors such as monetary policy tightening worldwide, inventory adjustments along the value chain, and geopolitical conflicts, which in turn impacted Taiwan's exports and slowed our economic activities. The annual growth was 1.31% last year, down by 1.14% compared with 2022. However, supported by the improved stability in the automotive supply chain and strong market demand, along with automakers' continuous efforts to fulfill orders with longer lead times and boosted by the launch of key new vehicles in the fourth quarter, the total sales in the automotive market in 2023 were 476,987 units (111% of the volume of 2022), a new high in 18 years.

To keep up with a rapidly changing market, Hotai Motor works closely with our parent company, Toyota Motor Corporation ("TMC"). In 2023, we introduced all-new car models—TOYOTA YARIS CROSS, CROWN, LEXUS RZ, and redesigned, upgraded models—TOYOTA GR 86, ALTIS, PRIUS PHEV, SIENTA, VIOS, ALPHARD, COROLLA CROSS, HILUX, RAV4, SIENNA, and LEXUS NX, LM, IS, LC series. For our commercial vehicle lineup, we introduced a brand new 17-ton Trantechs gull-wing truck and upgraded HIACE and GRANVIA. In 2023, the combined number of registered vehicles from the three brands distributed by Hotai Motor reached 166 thousand units, surpassing 160 thousand units for the first time. This marked the highest sales record in the history of our organization, maintaining our position as the leading automaker in Taiwan for the 22nd consecutive year. Among which, TOYOTA had over 129 thousand units of registered vehicles, which accounted for 27.1% of the market share. In addition, COROLLA CROSS remained the best-selling model on the market for the third consecutive year. RAV4, ALTIS, and TOWN ACE were the top-selling vehicle models in the import vehicle, passenger vehicle, and compact commercial vehicle categories respectively. Among luxury brands, LEXUS registered over 30,000 units in vehicle sales, which accounted for 26.8% of the market and set a new record for annual sales in the luxury vehicles market. Furthermore, LEXUS RX, NX, UX, and ES all achieved impressive results as the best-selling luxury vehicles in the full-size, mid-size, and mid-size to compact SUV categories, and the full-size sedan category respectively. TOYOTA and HINO's commercial vehicles remain highly trusted by consumers. Apart from the remarkable records delivered by TOYOTA HIACE and GRANVIA series—a new high of 1,740 units in vehicle sales, HINO's 3.49-ton trucks and above also recorded 7,245 units in vehicle sales, which accounted for 36.4% of the market share and continued to rank top in the commercial vehicles market for the third year in a row.

Since Hotai Motor was founded, we have accumulated extensive experience in product planning, marketing, customer service and continued to grow steadily and invest in diversified operations. In addition to our core business—vehicle sales and services, we have proactively expanded the value chain to involve other automotive-related ventures, which puts us in a strong position to drive continuous innovation and growth. Some examples are as follows. Hotai Finance Co., Ltd. and its subsidiary's installment undertaking reached over NT\$200 billion last year and remained the top-ranked company in the auto financing market. As for Hotai Connected Co., Ltd., in addition to integrating short-term rentals from Hoing Mobility Service Co., Ltd. under the brand, *iRent*, and shared transportation service, *yoxi*, from Hotai Mobility Service Co., Ltd., it has also collaborated with the market leader in long-term leasing, Hotai Leasing Co., Ltd., to create a comprehensive

I. Letter to Shareholders

mobility service and an inclusive ecosystem for Mobility-as-a-Service (MaaS). The collaboration includes launching a travel planner app, *chicTrip*, that offers connected mobility solutions, and an online shopping platform, *Hotai Go*. Hotai Auto Body Manufacturing Co., Ltd. and Hotai Auto Body Sales Co., Ltd. target the commercial vehicles market, offering streamlined solutions to customers from ordering a car to customizing the auto body, which allows owners to quickly deploy new vehicles in their business operations. Carmax Co., Ltd. (“Carmax”), a professional car accessories provider, was joined by another car accessory company in the network, Toyota Customizing & Development (TCD), to develop internet of vehicles (IoV) solutions and premium car accessories, which generated a record revenue of over NT\$8.8 billion in 2023. The partnership aims to move towards the automation of product research and manufacturing and expand business opportunities, sales channels, and market reach in IoV to achieve a wider range of business domains. On the insurance front, Hotai Insurance Co., Ltd. recovered from losses caused by COVID insurance payouts and returned to profitability, delivering a remarkable record of over NT\$13 billion in premium income in 2023. Their efforts were recognized with the Corporate Social Responsibility Award in the business enterprise category and Best Social Contribution Award in the individual category at the 25th Faith, Hope & Love Award for the Insurance Industry.

Hotai Motor began investing in Toyota China since 1997 and it has been well over 20 years now. Our operation headquarters in China, Hotong Motor Investment Co., Ltd., has established an operational structure that combines resources to reduce the Group’s operating costs and increases the overall competitive advantage of the Group, which helps expand our business presence in China. In 2023, the percentage of total vehicle sales in China represented by new energy vehicles continued to rise, and automakers ramped up sales targets to compensate for the dip in sales during the pandemic. Last year, the total market sales in China reached 30.09 million units, a 12% increase from the year before. Despite moderating economic growth and a highly competitive market, through expanding into the used car market, car accessories, auto detailing, and other peripheral business under TMC’s policy framework, our operations in China remain robust and consistently profitable.

2024 Business Outlook

Despite uncertainties surrounding the global economy and politics as well as monetary policies among central banks worldwide, as production and supply of automakers return to normal levels, the automotive market is projected to achieve over 450,000 units in 2024. As the trend shifts towards net-zero emissions and the transformation of the automotive industry continues, we are steadfast in our pursuit of transformative innovation and diversify our strategies by introducing eco-powered new energy vehicles, such as TOYOTA pure EV BZ4X, plug-in hybrid PRIUS PHEV, and hydrogen-powered electric bus CAETANO. We are also taking proactive steps to invest in the charging station business to offer a wider range of products and services that go beyond customer expectations. Our goal is to maintain our top sales position in the passenger vehicle segment for the 23rd year running and in the commercial vehicles segment for the second consecutive year.

While pursuing sales growth, we are also committed to TMC’s mission of “Producing Happiness for All”, which promotes the idea of creating happiness on a larger scale for society. To that end, we have integrated resources from our core business and developed a variety of corporate sustainability events in the aspects of environment, social, and governance (ESG) that are centered around

I. Letter to Shareholders

“People, Cars and the Environment”. The “Standing by Our Beautiful Island” campaign reflects our commitment to sustainability. We aim to align our community efforts with local needs as we strive to become the benchmark of ESG practices in the automotive industry.

In the face of a global automotive industry transformation and a fast-changing market, our top priority has always been the needs of our customers. By adopting the mindset of “think Amazing”, our goal is to provide consumers with an exceptional customer experience and create a whole new era of mobility service for the Group. Not only do we live up to our promise to “Do Amazing”, but we also strive to “Do the Impossible”. Through ongoing innovation and fulfilling our corporate social responsibility commitments, we are confident that we can strengthen our commanding leadership position in the automotive industry and deliver high profits once again.

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



Chairman

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1.1 Operating Performance in 2023

1.1.1 Operating Performance

Unit: In NT\$ Thousands

Item		2023	2022
Revenues		279,477,274	245,774,663
Income (Loss) Before Tax		29,498,664	(14,634,883)
Net Income (Loss)		26,130,316	(15,745,958)
Net Income	Parent	22,857,675	(19,330,194)
Attributable to:	Non-controlling interest	3,272,641	3,584,236
Earnings (Loss) Per Share Attributable to the Parent		41.03	(34.70)

1.1.2 Profitability Analysis

Item	2023	2022
Net Profit Ratio (%)	11.89%	(8.07%)
Return on Assets (%)	5.95%	(4.12%)
Return on Equity (%)	30.74%	(19.2%)

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

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

Ranking	Company	Brands	2023	Market Share	2022	Market Share
1	Hotai Motor Co., Ltd.	TOYOTA, LEXUS, and HINO	166,414	34.89%	150,252	34.96%
2	China Motor Corporation	MITSUBISHI CMC, MG	53,556	11.23%	45,890	10.68%
3	Honda Taiwan Co., Ltd.	HONDA	30,420	6.38%	27,373	6.37%
4	Mercedes-Benz Taiwan	MERCEDES BENZ	24,794	5.20%	23,861	5.55%
5	Yulon Motors Co., Ltd.	NISSAN INFINITI	23,818	4.99%	25,061	5.83%
6	Hyundai Taiwan	HYUNDAI	22,175	4.65%	15,416	3.59%
7	Ford Lio Ho	FORD	21,496	4.51%	24,675	5.74%
8	BMW Taiwan	BMW	17,725	3.72%	16,718	3.89%
9	Volkswagen Taiwan	VW	16,567	3.47%	12,164	2.83%
10	Mazda Motor Taiwan	MAZDA	13,801	2.89%	15,389	3.58%
Total		-	476,987	100%	429,731	100%

I. Letter to Shareholders

1.2 Outline of 2024 Business Plan

1.2.1 Business Objectives

Navigating headwinds, treading with caution, preparing for the Future, and rising to the challenges

(1) Collaboration between Sales and Service to Establish Competitive Advantages

	TOYOTA	LEXUS	Commercial Vehicle
Vehicles	Continuous innovation to achieve unprecedented sales performance	Achieve a commanding leadership position in the luxury vehicles market for LEXUS	Drive with confidence and lead with innovation
Service	Build adequate service capacity and design an intelligent user experience to create a strong brand image	Introduce LEXUS ONE subscription service as a cultural cornerstone	Get back to the basics and innovate service

(2) Maintain Robust Operations and Create New Market Opportunities

- Hotai Finance: secure the core business, auto financing, and fast-track the planning of new ventures beyond the core operations
- Hotai Leasing: build customer loyalty through service and leverage technology to accelerate the process of developing new products and services
- CarMax: enhance IoV service blueprint and launch a full-scale expansion into overseas markets.
- Chang Yuan Motor: ramp up sales of commercial vehicles and finished vehicles and increase customer stickiness with smart precision service.
- Toyota Material Handling Taiwan: seize business opportunities in automation, expand auto leasing operations, and scale up service capacity.
- Hotong: maintain a robust operation to ensure revenues and expand the value chain to maximize profits.
- Hotai Insurance: approach new businesses with caution, implement risk management, and maintain a robust organizational structure.
- MaaS & Hotai Connected Co., Ltd.: increase market penetration of the subscription services and maximize the value of data.
- Hotai AutoBody Manufacturing Co., Ltd.: complete the commercial auto body lineup and improve production efficiency and quality.

(3) Build a Comprehensive Preparedness Framework and Perfect the Management System

- Develop a robust digital monitoring mechanism to systemically control and enhance the reporting system for the Group's key operational activities.
- Implement cybersecurity policies and improve technical capabilities by cultivating

I. Letter to Shareholders

cybersecurity talents and raising awareness across the organization.

(4) Refine Sustainability Practices and Uphold Commitments to Social Responsibility

- Implement GHG audit and verification in affiliated companies and continue to enhance low-carbon management system and ensure sustainable operations.
- Consolidate existing public interest projects and resources to emphasize impact in areas relevant to the core business.
- Enhance the employer brand image, design innovative employee benefits programs, and build a sustainable culture.

1.2.2 Sales Forecast

(1) Passenger Vehicles Market

Last year, as production and supply of automakers stabilized, and boosted by launches of key redesigned vehicle models, the total sales in the automotive market in 2023 reached 477 thousand units, the highest in 18 years.

Looking ahead, uncertainties continue to surround the global economy due to geopolitical risks and the unclear direction of monetary policies among central banks worldwide. In Taiwan, however, the government's new scrappage policy is still in effect, domestic demand remains strong, and production and supply of automakers are stabilizing. As a result, the automotive market is projected to top 450,000 units in 2024.

This year, the sales targets for TOYOTA, LEXUS, and HINO are 136,500 units, 26,500 units, and 7,000 units. The overall vehicle sales target is 170,000 units, representing a market share of 37.8%.

(2) Commercial Vehicles Market

Last year, demand for commercial vehicles declined due to the economic downturn. The commercial vehicles market size reached 19,887 units, which is 86% of the volume in 2022.

This year, the economy is projected to grow in an upward trajectory, driving the demand for logistics and transportation. The commercial vehicles market sales are projected to be around 21,000 units in 2024, which is 106% of the volume from last year. The sales target for the commercial vehicles under our brands in 2024 is 7,350 units, representing 35% of the market share.

(3) Car Leasing Market

As the automotive chip shortage eased, vehicle supply gradually return to more normal levels, improvement of domestic demand and related industries drove the leasing market to growth. The tension of inflation and rising geopolitical risks remain a global challenge in 2024, causing businesses to scale back on their expansion and curb willingness to invest. However, guided by ESG policies, automakers continue to launch new EV models. And the reduction of vehicle license tax also provides favorable conditions, driving sustained growth in demand. Moreover, the Federal Reserve has signaled interest rate cuts, and businesses are opting for cost-saving measures, indicating a moderate growth in the market.

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(4) Installment Financing Market

In Taiwan, financing options such as installment payment and financing lease have become more prevalent among the general population. From our earlier offerings of installment plans for new vehicles, certified pre-owned vehicles, motorcycles, equipment, and various products, to the emerging renewable energy equipment, we regularly introduce different installment programs to the market. In this day and age where everything can be purchased in installments, we will keep monitoring market trends, update existing products, and introduce new products to meet market needs.

(5) General Insurance Market

In 2024, the general insurance industry is expected to return to profitability. In addition to using the reserves to pay out pandemic-related claims, companies also place great emphasis on the adequacy of product rates and underwriting profitability. As we move into the next year, Hotai Insurance will choose future business and channel partners with the utmost caution and adjust product rates as appropriate based on market changes. In addition, the company will regularly review policy status as part of our product management practices, and improve operating efficiency to cut back expenses. The ultimate goal is to increase profits for the company. We will also work on optimizing our operating processes and implementing digitalization to enhance the customer experience. In 2024, it is projected that the direct premium income of Hotai Insurance will reach NT\$ 13.7 billion.

1.3 Future Development Strategies

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

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

In 2023, the global economy was shaped by factors such as monetary policy tightening worldwide, inventory adjustments along the value chain, and geopolitical conflicts, which in turn impacted Taiwan's exports and slowed our economic activities. The annual growth was 1.31% last year, down by 1.14% compared with 2022. However, supported by the improved stability in the automotive supply chain and strong market demand, along with automakers' continuous efforts to fulfill orders with longer lead times and boosted by the launch of key new vehicles in the fourth quarter, the total sales in the automotive market in 2023 were 476,987 units (111% of the volume of 2022), a new high in 18 years.

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貳、公司簡介

Corporate Overview



II. Corporate Overview

2.1 Incorporation

Date of Incorporation: September 1, 1947.

2.2 Company Timeline

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

II. Corporate Overview

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

II. Corporate Overview

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

II. Corporate Overview

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

II. Corporate Overview

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

II. Corporate Overview

		LEXUS RX remains the best-selling luxury SUV; HINO ranks top in the full-size commercial vehicle category in 8 consecutive years.
		Hotai Motor is the biggest winner among the Top YouTube Videos in Taiwan in 2017! Three out of the top five are short films produced by Hotai, including: LEXUS 《影藏》 at No. 1, TOYOTA 《我的幸福里程樹》 at No. 3, and TOYOTA 《人生轉運站》 at No. 5. In addition, the LEXUS short film, 《影藏》, also ranks No. 1 on the Asia-Pacific YouTube Ads Leaderboard in October.
		Hotai donates the 8 th Hotai mobile blood bus, reaching the goal of having at least one mobile blood bus at each of the top five blood donor centers in Taiwan, serving numerous communities.
2018	January	Hotai Group incorporates Hoing Mobility Service Co., Ltd.
	February	TMC, Hino Motors Ltd., Hotai and Kuozui Group make a donation to the Hualien Earthquake Relief.
	April	TOYOTA's One Tree for Every Toyota campaign participates in the Zhoushui River Dust Control Project run by the Executive Yuan, contributing to the planting of over 110,000 trees to date.
		Hotai Leasing Co., Ltd. receives the Gold Award for Best Business Model in the 2018 Future Commerce Awards.
	May	Hotai Motor once again ranks in the top 5% among TWSE listed companies in the Corporate Governance Evaluation results released.
		TOYOTA COROLLA named Best Small Sedan at the 2018 Middle East Car of the Year Awards.
	June	Hotai Yangmei Logistic Center installs over 33,000 square meters of solar panels.
		Hotai invests NT\$6 billion in the shares of TMC.
	July	Hotai Leasing Co., Ltd. receives the Best Business Award and Best Innovation Award at the Golden Torch Awards.
		Hotai honored with the Gold Award in the 2018 Best Service in Taiwan by <i>Commercial Times</i> .
	September	Hotai celebrates its 70 th anniversary.
	October	Hotai ranks No. 1 in <i>Next Magazine's</i> Top Service Awards for the 10 th time.
		Hotai Finance Co., Ltd. becomes a listed company on the Taipei Exchange.
	November	Hotai receives the 2018 National Talent Development Award, Taiwan Corporate Sustainability Award, and BSI Sustainability Excellence Award.
	December	Kuozui Motors Ltd. receives the Gold Medal and Honorable Mention at the 27 th Enterprise Environmental Protection Awards.
		TOYOTA remains the top auto brand in Taiwan in 17 consecutive years, recording a total of 120,766 TOYOTA and LEXUS vehicle sales in 2018; Lexus ranks No. 2 in luxury car brands; HINO ranks top in the full-size commercial vehicle category for the 9 th consecutive year.
2019	January	Hotai Motor is committed to promoting blood donation and has donated 9 mobile blood buses which collected over 200 million c.c. of blood supply.

II. Corporate Overview

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

II. Corporate Overview

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

II. Corporate Overview

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

II. Corporate Overview

	June	Hotai Group hosts an island-wide blood donation event on World Blood Donor's Day.
		Hotai Group starts a wildlife conservation program to protect leopard cats, a species that is native to Taiwan.
	August	TOYOTA sets up exhibit booth that highlights the brand's efforts towards carbon neutrality.
		TOYOTA launches all-new GR86 and releases the first NFT in the automotive industry, GaRage 86.
		Kuozui's AFC smart energy storage installation begins operation.
		Hotai Group incorporates Ho Yong Travel Agency Co., Ltd.
	September	Hotai Motor's Crossing Guard Equipment Donation Program has run for 12 consecutive years and a cumulative of over 120,000 sets of crossing guard equipment has been donated through the program.
		Hotai Motor kicks off a public interest campaign, Dream Team Indigenous.
		TOYOTA TOWN ACE receives honors in the YouTube Works Awards and Best Media Synergy Award.
		Hotai Motor receives the Business Transformation Award in the Large Enterprise Category in the Digital Transformation Ding-Ge Award held by <i>Harvard Business Review Taiwan</i> .
		Hotai Group invites weightlifter Kuo Hsing-Chun to our corporate tree-planting event.
	October	All-new manual GR SUPRA debuts.
		<i>iRent</i> receives the Best Product Award in the 19 th National Brand Yushan Awards.
		Hotai Leasing receives the Outstanding Enterprise Award—Top Prize in the 19 th National Brand Yushan Awards.
	November	Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 7 consecutive years.
		All-new LEXUS RX launches.
		LEXUS celebrates 25 years in Taiwan with a cumulative of over 250,000 units in sales.
		<i>iRent</i> is recognized at the 31 st Taiwan Excellence Award.
		Hotai Motor's campaign, Free Mobility Service With <i>yoxi</i> , branches out to Taichung.
	December	Hotai Motor is honored with the National Sustainable Development Award by the National Development Council under the Executive Yuan.
		TOYOTA launches the first automated smart customer service in the industry.
		All-new TOYOTA TOWN ACE van debuts.
		Hotai Motor remains the top auto brand in Taiwan in 21 consecutive years, recording a total of 150,000 units of TOYOTA, LEXUS and HINO vehicle sales in 2022. TOYOTA COROLLA CROSS continues to be the bestselling model for the second year, and HINO ranks top in sales in the commercial vehicle category for the second consecutive year.
2023	January	The new HINO 300 series with PCS pre-warning protection system launches.

II. Corporate Overview

		Hotai Group invests in the establishment of Gochabar Technology Co., Ltd.
February		The TOYOTA GR86 10th Anniversary Collector's Edition launches with limited availability.
		The "Taiwan Indigenous Wildlife Conservation Program" collaborates with the sustainable agriculture ESG project of the Ministry of Agricultural, Executive Yuan to protect Taiwan's precious indigenous wildlife: the Formosan leopard cat.
		The all new HINO 700 series commercial vehicles launches.
March		Hotai AutoBody Manufacturing Co., Ltd.'s commercial autobody manufacturing business is completed.
		Hotai Motor introduces "TOYOTA MIRAI", the latest hydrogen-powered electric vehicle.
		The all new TOYOTA CROWN launches.
April		Hotai Group launches "Beach Cleaning and Plastic Reduction Across Taiwan" event.
		The all new TOYOTA PRIUS PHEV launches.
May		The all new LEXUS RZ450e launches.
		Hotai Group's "Taiwan Indigenous Wildlife Conservation Program" receives the TWBA Taiwan Biodiversity Award.
June		Hotai Group's World Blood Donor's Day – island-wide Blood Donation Event
		ALPHARD with major remodeling launches.
		"Free Mobility Service" donates a thousand yoxi rides and volunteer service in support of the Ronald McDonald House.
July		For the 9 th consecutive year, Hotai is honored with the Gold Award in The Best Service in Taiwan by <i>Commercial Times</i> .
		Jiaxing Elementary School sponsored by Hotai Group's the "Dream Team Indigenous" wins the "Double Gold Quality Award" at the "12th World Choir Games" in South Korea. Taoshan Elementary School receives the "Gold Quality Award" at the "7th Singapore International Choir Festival".
		The "Free Mobility Service with yoxi" expands its services to Kaohsiung.
		The "Taiwan Indigenous Wildlife Conservation Program" mother nature film wins the "Best Annual Sustainable Micro Movie" and "Platinum Award" at the 2023 Taipei Golden Eagle Micro Movie Festival.
August		Hotai Group launches the travel planning app "chicTrip".
		The all-new LEXUS LM launches.
September		Hotai Motor's Crossing Guard Equipment Donation Program has run for 13 consecutive years.
		The all-new YARIS CROSS launches.
October		Hotai Group hosts the 6th volunteer tree-planting event, contributing to the conservation of Taiwan's coastline.
		The LEXUS flagship GT sports car LC and LC Convertible Limited Edition launches with limited availabilities.
		Hotai Motor Taiwan's General Manager, Mr. Justine Su, wins the 2023 "IDC Future Enterprise CEO of the Year Award."

II. Corporate Overview

	November	The new TOYOTA GR86 launches with automatic transmission and Brembo class manual transmission options.
		The all-new TOYOTA GRANVIA welcab launches.
		TOYOTA Customer Service Center is awarded the Gold Award from 2003 “Taiwan Customer Service Center Evaluation”.
		Hotai Motor receives the Taiwan Enterprise Sustainability Award from the Taiwan Enterprise Sustainability Training Center (TCSA) for 8 consecutive years.
	December	The “Free Mobility Service with yoxi” expands its services to Tainan.
		Hotai Motor remains the top auto brand in Taiwan in 22 consecutive years, recording a total of 166,000 units of TOYOTA, LEXUS and HINO vehicle sales in 2023. TOYOTA COROLLA CROSS continues to be the bestselling model for the third year, and HINO ranks top in sales in the commercial vehicle category for the third consecutive year.

參、公司治理報告

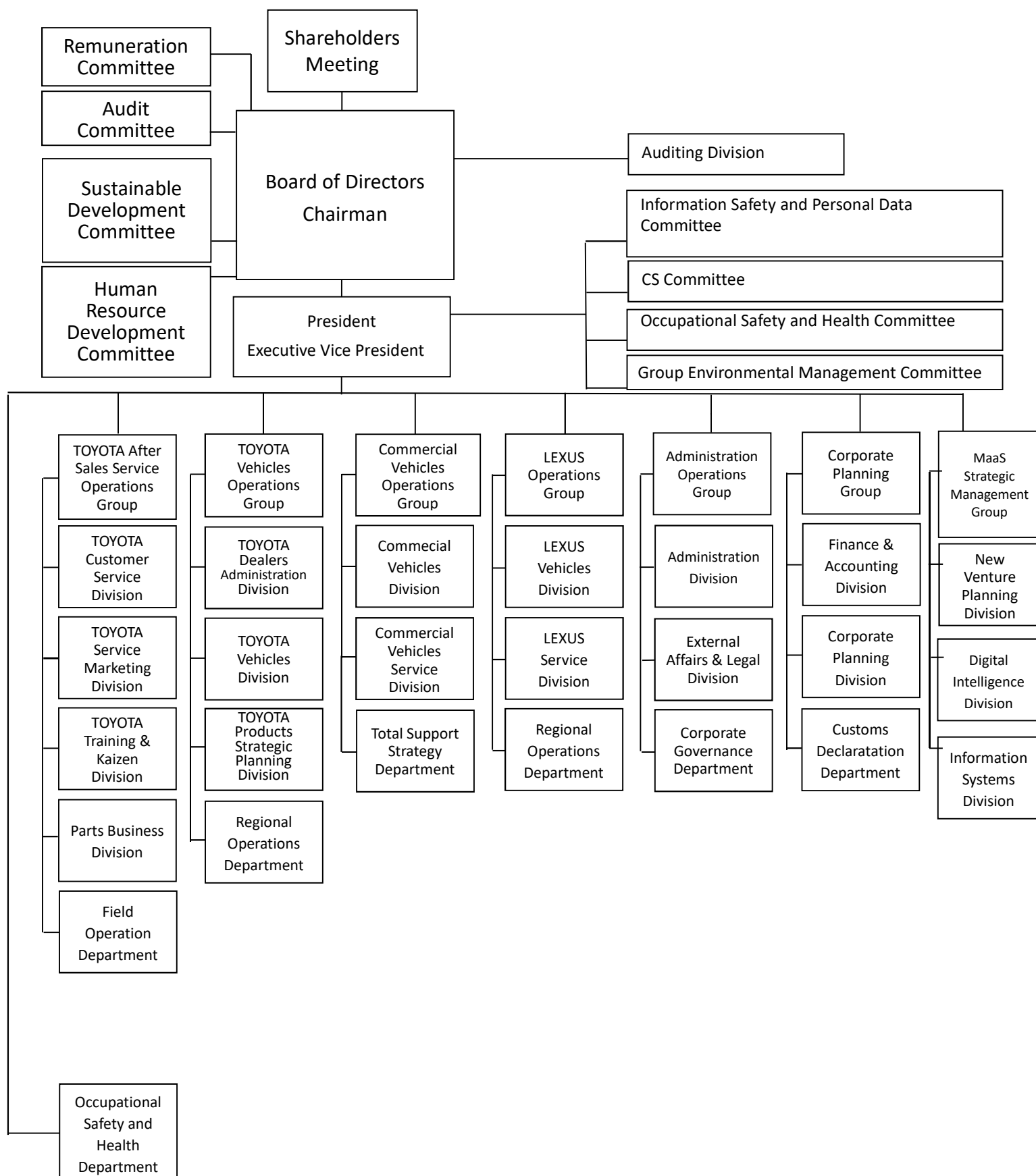
Corporate Governance Report



III. Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart (As of March 31, 2024)



III. Corporate Governance

3.1.2 Primary Business Functions

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

III. Corporate Governance

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

III. Corporate Governance

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

3.2.1 Directors

April 29, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relationship	
Chairman	Taiwan	Chun Yung Investment Co, Ltd., represented by Huang, Nan-Kuang	Male 76 years old	June 21, 2022	3 years	May 22, 1992	174,000	0.03%	177,480	0.03%	0	0.0%	0	0.0%	Department of Chemistry, Fu Jen University	Chairman, Kuotu Motor Co., Ltd. Chairman, Hotong Motor Investment Co., Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Hozan Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Taipei Toyota Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Denso Taiwan Corp. Supervisor, Carmax Co., Ltd.	Director	Lin, Li-Hua	Sister-in-law	N/A
	Taiwan						0	0.0%	0	0.0%	0	0.0%	0	0.0%						
Director	Japan	Toyota Motor Corporation, represented by Kazuo Naganuma	Male 59 years old	June 21, 2022	3 years	January 1, 2019	44,406,112	8.13%	45,294,234	8.13%	0	0.0%	0	0.0%	School of Commerce, Waseda University	Chairman, Kuozui Motors Co., Ltd. Director, CarMax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service, Co., Ltd.	N/A	N/A	N/A	N/A
	Japan						0	0.0%	0	0.0%	0	0.0%	0	0.0%						
Director	Taiwan	Yong Hui Development Co., Ltd. represented by Su, Yi-Chung	Male 83 years old	June 21, 2022	3 years	May 10, 1981	10,000	0.001%	10,200	0.001%	0	0.0%	0	0.0%	MBA, St. Mary's University	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Director, Hozao Enterprise Co., Ltd.	Director	Mr. Leon Soo	Son	N/A
	Taiwan						0	0.0%	0	0.0%	0	0.0%	0	0.0%						
Director	Taiwan	Chun Yung Investment Co., Ltd., represented by Lin, Li-Hua	Female 76 years old	June 21, 2022	3 years	July 17, 2001	174,000	0.03%	177,480	0.03%	0	0.0%	0	0.0%	Department of Money and Banking, National Chengchi University	Chairman, Hoyu Investment Co., Ltd.	Chairman	Huang, Nan-Kuang	Brother-in-law	N/A
	Taiwan						83,740	0.01%	85,414	0.01%	0	0.0%	0	0.0%						

III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Chun Yung Investment Co., Ltd., represented by Huang, Chih-Cheng	Male 66 years old	June 21, 2022	3 years	April 1, 2000	174,000	0.03%	177,480	0.03%	0	0.0%	0	0.0%	School of Management, University of California	Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp. Chairman, Taicheng Information Co., Ltd. Chairman, Shanghai Ho Tai Toyota Forklifts, Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Carmax Autotech (Shanghai) Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director Nanjing HoZhan Motor Sales and Service Co., LTD. Director, Shanghai Fengyi Construction Decoration Co., Ltd Director, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Supervisor, Kuotu Motor Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						121,165	0.02%	123,588	0.02%	0	0.0%	0	0.0%						

III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Li Gang Enterprise Co., represented by Su, Chwen-Shing	Male 58 years old	June 21, 2022	3 years	June 13, 1995	40,569,353	7.42%	41,380,740	7.42%	0	0.0%	0	0.0%	MBA, Massachusetts Institute of Technology	Chairman, Hozan Investment Co., Ltd. Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Denso Taiwan Corp. Supervisor, Chia Chun Investment Co., Ltd.	Director	Su, Jean	Sister	N/A
	Taiwan						0	0%	0	0%	102,000	0.02%	0	0.0%						
Director	Taiwan	Li Gang Enterprise Co., Ltd. represented by Su, Jean	Female 71 years old	June 21, 2022	3 years	June 22, 2010	40,569,353	7.42%	41,380,740	7.42%	0	0%	0	0%	Master's in finance, University of Southern California	Chairman, Cheng Sun Trading Co., Ltd. Chairman, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hoyu Investment Co., Ltd. Director, Shiho Screw Industrial Co., Ltd. Director, Formosa Flexible Packaging Corp.	Director	Su, Chwen Shing	Brother	N/A
	Taiwan						0	0%	0	0%	0	0%	0	0%						
Director	Taiwan	Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	Male 86 years old	June 21, 2022	3 years	May 23, 2011	14,657,894	2.68%	14,966,744	2.68%	0	0%	0	0%	The Affiliated Industrial Vocational High School of National Changhua University of Education	Chairman, Chang Yuan Motor Co., Ltd. Chairman, Hotai AutoBody Manufacturing Co., Ltd. Chairman, Yuan Tuo Investment Co., Ltd. Chairman, Sun Union Trading Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd. Director, Kitahara Industrial Co., Ltd. Supervisor, Yong Chi Trading Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						37,000	0.006%	48,000	0.008%	0	0%	0	0%						
Director	Taiwan	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	Male 58 years old	June 21, 2022	3 years	June 18, 2004	5,126,000	0.93%	5,228,520	0.93%	0	0%	0	0%	School of Economics, Konan University	Managing Director, Hoyu Investment Co., Ltd.	N/A	N/A	N/A	N/A
	Taiwan						0	0%	0	0%	1,092,348	0.2%	0	0%						

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(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Director	Taiwan	Chun Yung Investment Co., Ltd., represented by Huang, Wen-Jui	Male 54 years old	June 21, 2022	3 years	June 22, 2010	174,000	0.03%	177,480	0.03%	0	0%	0	0%	Department of Electrical Engineering, National Central University Master's in Business Intelligence, Tokyo University of Information Sciences	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp. Director, eTreego Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan Taiwan	Yong Hui Development Co., Ltd. represented by Mr. Leon Soo	Male 52 years old	June 21, 2022	3 years	June 13, 2007	10,000	0.001%	10,200	0.001%	0	0%	0	0%	The Wharton School of the University of Pennsylvania	Chairman, Shanghai Fengyi Construction Decoration Co., Ltd Director, Shanghai Hede Used Cars Operation Co., Ltd. Vice Chairman, Hoyu Investment Co., Ltd. Vice Chairman, Hotong Motor Investment Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Formosa Flexible Packaging Corp. Director, Kuozui Motors Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Managing Director and President, Shanghai Guangxin Culture Media Co., Ltd. Managing Director and President, Shanghai Ho Mian Motor Technology Co., Ltd Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd Managing Director, Shanghai Zhongxin Means of Transportation Engineering Co., Ltd. Managing Director, Shanghai HoChen Motor Technology Co., Ltd. Director, Hoyun International Lease Co., Ltd. Chairman, Golden Orange Corporation. Director, Yong Hui Development Co., Ltd.	Director	Su, Yi-Chung	Father	N/A
Independent Director	Taiwan	Li, Chao-Sen	Male 69 years old	June 21, 2022	3 years	June 21, 2022	0	0.0%	0	0.0%	62	0.0%	0	0.0%	Master's in Mechanical Engineering, National Taiwan University EMBA, National Central University	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd. CEO, Jingjin Tps Co., Ltd.	N/A	N/A	N/A	N/A

III. Corporate Governance

(Continued)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held in other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note)
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation ship	
Independent Director	Taiwan	Su, Chin-Huo	Male 73 years old	June 21, 2022	3 years	June 21, 2016	0	0%	0	0%	0	0.0%	0	0.0%	Master's in Industrial Systems Engineering and Management, Asian Institute of Technology	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Wu, Shih-Hao	Male 69 years old	June 21, 2022	3 years	June 21, 2016	0	0%	0	0%	0	0.0%	0	0.0%	PhD in Business Administration , National Taipei University	Member of the Remuneration Committee, Hotai Motor Co., Ltd. Member of the Audit Committee, Hotai Motor Co., Ltd. Independent Director, Taiyen Biotech Co., Ltd.	N/A	N/A	N/A	N/A

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

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

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

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

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

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

Board Independence and Diversity

In 2023, we have a total of 14 directors, three of them are independent directors, accounting for 21.4% of the Board. Two of the directors, President Su, Chwen-Shing and Executive Vice President Kazuo Naganuma, are also employees of the Company. Each director candidate has

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

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

In terms of age demographics, five are in between the age of 51 to 65, and nine are 66 or older. Our directors have expertise in various areas, such as management, business administration, and finance. The two female directors in particular are highly specialized in the field of finance and accounting. In the selection of directors, we not only consider their professional abilities and practical experience, but also place great importance on their personal reputation in terms of ethical behavior and leadership. When selecting our directors, we consider the professional skills and experience of the directors by considering whether they possess complementary skills that are transferrable across industries (including basic composition such as age, gender, and nationality), and also whether they have industry experience and other expertise (e.g., financial insurance and information technology). See Note 1 for the Company's implementation of diversity policies.

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

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

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

As of April 1, 2024

Company Name of Institutional shareholder	Major Shareholders
Chun Yung Investment Co., Ltd.	Tuo De Investment Co., Ltd. (18.87%), Zhong Yi Investment Co., Ltd. (14.07%), IRT Corporation (12.4%), Hong Yuan Investment Co., Ltd. (10.02%), Chang Hong Bai Sheng Investment Co., Ltd. (9.7%), Hui Min Investment Co., Ltd. (5.89%), Sheng Gao Enterprise Co., Ltd. (5.83%), Yi Hong Investment Co., Ltd. (5.83%), Hotai Capital Ltd. (5.82%), and Shang Yao Investment Co., Ltd. (5.48%)
Toyota Motor Corporation	The Master Trust Bank of Japan, Ltd. (11.68%), Toyota Industries Corporation (7.31%), Custody Bank of Japan, Ltd. (5.57%), Nippon Life Insurance Company (3.88%), JP Morgan Chase Bank, N.A. (3.28%), DENSO CORPORATION (2.76%), State Street Bank and Trust Company (2.06%), The Bank of New York Mellon (1.79%), Mitsui Sumitomo Insurance Co., Ltd. (1.74%), and Tokio Marine & Nichido Fire Insurance Co., Ltd. (1.56%)
Li Gang Enterprise Co., Ltd.	Jia Hui Ltd. (15%), Jia Chu Ltd. (15%), Jia Chuan Ltd. (10%), Jing Jing Development Ltd. (10%), Li Teng Enterprise Ltd. (10%), Li En Investment Ltd. (10%), Li Yung Investment Ltd. (10%), Yi He International Investment Co., Ltd. (10%), and Yi Chuan Investment Co., Ltd. (10%)
Yong Hui Development Ltd.	Soo, Leon (100%)
Gui Long Investment Co., Ltd.	SK Harvest Holdings (BVI) Ltd. (79.02%), Chen, Li-Chun (10.99%), and Wangfu Investment Co., Ltd. (9.99%).
Yuan Tuo Investment Co., Ltd.	Ko, Wen-Hsiang (10%), Ko, Wen-Ping (10%), Ko Wang, Wen-Liang (9.5%), Ko, Ying-Cheng (6%), Ko, Su-Hui (5.25%), Ko, Su-Min (5.25%), Ko, Ying-Ho (5%), Kang Yu Investment Co., Ltd. (5%), Ko, Wen-Sheng (4.63%), and Ko, Wang-zhong (4.63%)

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

As of April 1, 2024

Company Name	Major Shareholders
Tuo De Investment Co, Ltd.	Haiken Social Welfare Foundation (19.92%), Jiayi Social Welfare Foundation (19.84%), Sunrise Education Foundation (19.68%), and, Jiayi Progressive Enterprises Ltd. (10.16%), Tsai, Yueh-Chuan (8%), Tsai, Yueh-Lin (8%), Chen, Yu-Ting (8%), Chuang Ying Investment Co., Ltd. (6.4%)
Zhong Yi Investment Co., Ltd.	Huang, Wen-Jui (50%) and Huang, Tao-Tien (50%)
IRT Corporation	Eagle Sharp Global Limited (50%), Huang, Chih-Lin (25%), Chang, Pei-Yao (23.55%), Chang, Feng-Wen (1.45%)
Hong Yuan Investment Co., Ltd.	Hanling Investment Co., Ltd. (100%)
Chang Hong Bai Sheng Investment Co., Ltd.	Huang Hsu, Cheng-Pao (99.8%) and Lin, Dao-yuan (0.2%)
Hui Min Investment Co., Ltd.	Huang, Shu-Hui (95%) and Tsai, Sung-Po (5%)
Sheng Gao Enterprise Co., Ltd.	Good Sense Limited (94.54%), Huang Shih, Hsuan-Chi (4.64%), and Huang, Chih-Cheng (0.81%)
Yi Hong Investment Co., Ltd.	Sheng Gao Enterprise Co., Ltd. (69%), Cheng Hsuan Social Welfare Foundation (19%), G&R Brothers' Investment Co., Ltd. (10.34%), and Huang, Si-Chia (2%)
Hotai Capital Ltd.	Huang, Si-Yuan (45%), Huang, Si-Bo (45%), Chen, Wen-Kui (5%), and Chang, Chih-Hao (5%)

III. Corporate Governance

Company Name	Major Shareholders
Shang Yao Investment Co., Ltd.	Li, Ching-Fen (25.98%), Li, Ching-Chao (21.20%), Sheng Jie Investment Co., Ltd. (19.57%), Ming Light Co., Ltd (14.57%), Huang, Chuan-Chuan(13.90%), Wang, Chuan-Bo (2.39%), and Wang, Chuan-Fu (2.39%)
Jia Hui Ltd.	Lin, Chih-Han (100%)
Jia Chu Ltd.	Lin, Chih-Han (100%)
Jia Chuan Ltd.	Lin, Chih-Han (100%)
Jing Jing Development Ltd.	Li, Chun-Jen (100%)
Li Teng Enterprise Ltd.	Li, Chun-Jen (100%)
Li En Investment Ltd.	Li Kang international Ltd. (100%)
Li Yung Investment Ltd.	Li Kang international Ltd. (100%)
Yi He International Investment Co., Ltd.	Su, Se-I (99.97%), Wei, Yu-Chung (0.03%)
Yi Chuan Investment Co., Ltd.	Su, Se-I (99.97%), Wei, Yu-Chung (0.03%)
SK Harvest Holdings (BVI) Ltd.	Jennifer Chen (100%)
Wangfu Investment Co., Ltd.	Chang, Hung Ying (58.59%), Li Feng Global Co., Ltd. (41.28%) and Gui Long Investment Co., Ltd. (0.13%)
Kang Yu Investment Co., Ltd.	Ko, Wen-Hui (25%), Ko, Wen-Hua (25%), Ko, Wang-Jen (25%), and Ko, Wang-Te (25%)

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

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

April 1, 2024

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
President	Taiwan	Su, Chwen-Shing	Male	June 22, 2010	0	0.0%	102,000	0.02%	0	0.0%	MBA, Massachusetts Institute of Technology	Chairman, Hozan Investment Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd. Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Denso Taiwan Corp. Supervisor, Chia Chun Investment Co., Ltd.	N/A	N/A	N/A	N/A

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

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

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Executive Vice President	Japan	KAZUO NAGANUMA	Male	January 1, 2019	0	0.0%	0	0.0%	0	0.0%	School of Commerce, Waseda University	Chairman, Kuozui Motor Co., Ltd. Director, Carmax Co., Ltd. Director, Kuotu Motor, Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Chen, Chien-Chou	Male	July 1, 2017	87	0.00002%	0	0.0%	0	0.0%	Department of Economics, Fu Jen Catholic University	Chairman, Hotai Mobility Service Co., Ltd. Chairman, Shanghai Hoyu Toyota Motor Service Co., Ltd. Chairman, Shanghai Hozhan Motor Service Co., Ltd. Chairman, Shanghai Heling Motor Service Co., Ltd. Chairman, Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Shanghai Jiading Heling Lexus Motor Service Co., Ltd. Chairman, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Tangshan Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Nanchang Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Zaozhuang Hoyu Toyota Motor Sales and Service Co., Ltd. Chairman, Tianjin Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Tianjin Hozhan Motor Service Co., Ltd. Chairman, Tianjin Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Chairman, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Nanjing HoZhan Motor Sales and Service Co., LTD. Chairman, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Director, Hotai Insurance Co., Ltd. Director, Central Motor Co., Ltd Director, Shanghai Fengyi Construction Decoration Co., Ltd Supervisor, Yi Tai Transport Co., Ltd. Supervisor, Kuai Shun Storage and Transport Co., Ltd. Supervisor, Shanghai Ho Tai Toyota Forklifts, Ltd.	N/A	N/A	N/A	N/A

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

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

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Vice President	Taiwan	Huang, Ming-Hsien (Please refer to Note 1)	Male	July 1, 2019	0	0.0%	0	0.0%	0	0.0%	EMBA, Soochow University	Chairman, Innovation Auto Parts Co., Ltd. Chairman, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Linyi Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Beijing Hoyu Toyota Motor Sales & Service Co., Ltd. Chairman, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Director and President, Kuotu Motor Co., Ltd. Director, Innovative Auto Parts and Accessories Co., Ltd. Supervisor, Ho-An Insurance Agency Co., Ltd. Director, Beijing Ho-Yu (BVI) Investment Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Fred Hsieh (Please refer to Note 1)	Male	July 1, 2020	0	0.0%	0	0.0%	0	0.0%	MBA, National Taiwan University	Chairman, Hoing Mobility Service, Co., Ltd. Director and President, Hotai Leasing Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Taiwan	Wu, Chia-Yen	Male	July 1, 2020	0	0.0%	0	0.0%	0	0.0%	Master's in Automotive Engineering Technology, Indiana State University	Director, Toyota Material Handling Taiwan Ltd. Director, He Jun Energy Co., Ltd. Director, Smart Design Technology Co., Ltd. Director, Yokohama Tire Taiwan Co., Ltd. Director, Ho-An Insurance Agency Co., Ltd. Director, Kuai Shun Storage and Transport Co., Ltd. Supervisor, Hochuan Insurance Agent Co., Ltd	N/A	N/A	N/A	N/A
Vice President	Taiwan	Liu, Chuan-Hung (Please refer to Note 1)	Male	July 1, 2023	0	0.0%	0	0.0%	0	0.0%	EMBA, National Taipei University	Director, Hotai Connected Co., Ltd. Director and President, Carmax Co., Ltd. Chairman, Smart Design Technology Co., Ltd. Chairman, Che-Chun Technology Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Liu, Sung-Shan	Male	July 1, 2015	220	0.00004%	0	0.0%	0	0.0%	Master's in Public Policy, National Chung Hsing University	Director, Eastern Motor Co., Ltd. Supervisor, Taipei Toyota Motor Co., Ltd. Supervisor, Heng Yun Investment Co., Ltd. Supervisor, Formosa Container Transportation Company Limited Supervisor, Hua Tai Transport Co., Ltd. Supervisor, Hotai Coachwork Manufacturing Co., Ltd.	N/A	N/A	N/A	N/A

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

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Wu, Pin-Tsung	Male	July 1, 2016	0	0.0%	0	0.0%	0	0.0%	Master's in Industrial Management, National Cheng Kung University	Chairman, Ho Young Travel Agency Co., Ltd. Director and President, Hotai Connected Co., Ltd Director, Hochuan Insurance Agent Co., Ltd Director, Hotai Mobility Service, Co., Ltd. Supervisor, Eastern Motor Co., Ltd. Supervisor, Che-Chun Technology Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Yeh, Chia-Han	Male	July 1, 2017	612	0.0001%	0	0.0%	0	0.0%	Department of Aerospace Engineering, Tamkang University	Chairman, Hotai Auto Body Sales Co., Ltd Director, Chang Yuan Motor Co., Ltd. Director, Hotai Coachwork Manufacturing Co., Ltd. Director, Yi Tai Tong Yun Co., Ltd.	N/A	N/A	N/A	N/A

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

(Continued)

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

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

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

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Lai, Chih-Wei (Please refer to Note 1)	Male	July 1, 2019	765	0.0001%	0	0.0%	0	0.0%	Graduate division of Business School, University of New South Wales	Director, Che-Chun Technology Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Smart Design Technology Co., Ltd. Executive Vice President, CarMax Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Lai, Kuang Hsiung	Male	July 1, 2019	2,652	0.0005%	0	0.0%	0	0.0%	Graduate institute of Vehicle Engineering, National Taipei University of Technology	Director, Eastern Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Formosa Container Transportation Company Limited Director, Hua Tai Transport Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Lu, Li-Yin (Please refer to Note 1)	Male	July 1, 2020	0	0%	0	0.0%	0	0.0%	Department of Mechanical Engineering, National Taiwan University of Science and Technology	Director and President, Chang Yuan Motor Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Japan	Kei Mizuguchi (Please refer to Note 1)	Male	April 6, 2021	0	0%	0	0.0%	0	0.0%	Nagoya University	Vice President, Carmax Co., Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Han, Chih-Kang	Male	July 1, 2021	0	0%	0	0.0%	0	0.0%	Graduate Institute of Management Sciences, Tamkang University	N/A	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Weng, Ming-Lun	Male	July 1, 2021	0	0%	0	0.0%	0	0.0%	Graduate Institute of Management Sciences, Tamkang University	N/A	N/A	N/A	N/A	N/A

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

(Continued)

Title	Nationality	Name	Gender	Date Appointed	Shareholding		Shareholding of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Education and Experience	Current Positions Held at other Companies	Spouse or Familial Relationship within the Second Degree of Consanguinity also holding Management, Directorial, or Supervisory Positions			Remarks (Note 2)
					Number	%	Number	%	Number	%			Title	Name	Relationship	
Chief Officer	Taiwan	Huang, I-Jan (Please refer to Note 1)	Male	February 1, 2022	0	0.0%	6,321	0.001%	0	0.0%	Kellogg School of Management at Northwestern University, Hong Kong	Vice Chairman, Hoyun International Lease Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Hochuan Insurance Agent Co., Ltd Director, Ho-An Insurance Agency Co., Ltd Director, Hotong Motor Investment Co., Ltd. Director, Shanghai Fengyi Construction Decoration Co., Ltd Director, Shanghai Hede Used Vehicle Co., Ltd. Director, Tianjin Heyi International Trading Co., Ltd. Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd. Supervisor, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Supervisor, Triples Co., Ltd. Supervisor, San Xing (Shanghai) Business Management Consulting Co., Ltd. Supervisor, Guangzhou GAC Business Changhe Automobile Technology Co., Ltd. Supervisor, Linyi Hoyu Toyota Motor Sales & Service Co., Ltd. Supervisor, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Supervisor, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Supervisor, Jinzhong Central Toyota Motor Sales & Service Co., Ltd. Supervisor, Tianjin Binhai New Area Heling Lexus Motor Service Co., Ltd. Supervisor, Nanjing HoZhan Motor Sales and Service Co., LTD. Supervisor, Qingdao Heling Lexus Automobile Sale Service Co., Ltd Supervisor, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Director, Taizhou Zhong Du Lexus Motor Sales & Service Co., Ltd. Director, Taiyuan Zhong Du Heling Lexus Motor Sales & Service Co., Ltd. Director, Tianjin Hekang Finance Leasing Co., Ltd. Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co. Ltd.	N/A	N/A	N/A	N/A
Chief Officer	Taiwan	Yu, Chun-Chien	Male	July 1, 2022	0	0.0%	0	0.0%	0	0.0%	Master's in Financial Management, Pace University	N/A	N/A	N/A	N/A	N/A

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

III. Corporate Governance

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

Unit: NT\$ thousands																						
Title	Name	Remuneration of Directors								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 7)		Compensation Received by a Director Who is an Employee of the Company and/or any Consolidated Entities								Total Compensation (A+B+C+D+E+F+G) and as % of Net Income (Note 7)		Compensation Paid to Directors from Non-consolidated Affiliates or parent company (Note 8)
		Base Compensation (A)(Note 1)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D) (Note 3)				Salary, Bonuses, and Allowances (E)(Note 4)		Severance Pay and Pensions (F)		Profit Sharing- Employee Remuneration (G) (Note 5)						
		From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai	From All Consolidated Entities (Note 6)	From Hotai		From All Consolidated Entities (Note 6)		From Hotai	From All Consolidated Entities (Note 6)	
																Cash	Stock	Cash	Stock			
Chairman/Director	Chun Yung Investment Co, Ltd.	7,920	7,920	0	0	236,505.5	236,505.5	80	80	244,505.5 1.06%	244,505.5 1.06%	0	0	0	0	0	0	0	0	244,505.5 1.06%	244,505.5 1.06%	0
Director	Gui Long Investment Co., Ltd.	720	720	0	0	33,786.5	33,786.5	40	40	34,546.5 0.15%	34,546.5 0.15%	0	0	0	0	0	0	0	0	34,546.5 0.15%	34,546.5 0.15%	0
Director	Yuan Tuo Investment Co., Ltd.	0	0	0	0	33,786.5	33,786.5	0	0	33,786.5 0.15%	33,786.5 0.15%	0	0	0	0	0	0	0	0	33,786.5 0.15%	33,786.5 0.15%	0
Director	Li Gang Enterprise Co., Ltd.	0	0	0	0	67,573	67,573	0	0	67,573 0.30%	67,573 0.30%	0	0	0	0	0	0	0	0	67,573 0.30%	67,573 0.30%	0
Director	Yong Hui Development Co., Ltd.	0	0	0	0	67,573	67,573	80	80	67,653 0.30%	67,653 0.30%	0	0	0	0	0	0	0	0	67,653 0.30%	67,653 0.30%	0
Director	Toyota Motor Corporation	0	0	0	0	33,786.5	33,786.5	0	0	33,786.5 0.15%	33,786.5 0.15%	0	0	0	0	0	0	0	0	33,786.5 0.15%	33,786.5 0.15%	0
Chairman	Huang, Nan-Kuang (Authorized representative of Chun Yung Investment Co., Ltd.)	4,320	12,458	0	0	0	0	1,475	2,268	5,795 0.02%	14,726 0.06%	19,423	19,423	0	0	4,741	0	4,741	0	29,959 0.13%	38,890 0.17%	3,546
Director	Lin, Li-Hua (Authorized representative of Chun Yung Investment Co., Ltd.)																					
Director	Huang, Wen-Jui (Authorized representative of Chun Yung Investment Co., Ltd.)																					
Director	Huang, Chih-Cheng (Authorized representative of Chun Yung Investment Co., Ltd.)																					
Director	Su, Jean (Authorized representative of Li Gang Enterprise co., Ltd.)																					
Director	Su, Yi-Chung (Authorized representative of Yong Hui Development Co., Ltd.)																					
Director/President	Su, Chwen-Shing (Authorized representative of Li Gang Enterprise co., Ltd.)																					
Director/Chief Officer	Soo, Leon (Authorized representative of Yong Hui Development Co., Ltd.)																					
Director	Ko, Junn-Yuan (Authorized representative of Yuan Tuo Investment Co., Ltd.)																					
Director	Chang, Shih-Yieng (Authorized representative of Gui Long Investment Co., Ltd.)																					
Director/Executive Vice President	Naganuma, Kazuo (Authorized representative of Toyota Motor Corporation)																					
Independent Director	Li, Chao-Sen	2,160	2,160	0	0	0	0	345	345	2,505 0.01%	2,505 0.01%	0	0	0	0	0	0	0	0	2,505 0.01%	2,505 0.01%	0
	Su, Chin-Huo																					
	Wu, Shih-Hao																					
1. Please state the policy, system, standards, and structure of remuneration of independent directors, and describe the relevance between the amount of remuneration paid and their responsibilities, risks taken, and time invested: Remuneration of independent directors is determined pursuant to Hotai's <i>Articles of Incorporation</i> and is regularly reviewed by the Remuneration Committee based on their annual and long-term performance goals, as well as remuneration policies, systems, standards, and structures.																						
2. Remuneration received by any director of Hotai for the services provided in a non-employee capacity (e.g., as an advisor) to any consolidated entities in Hotai's latest financial report except as otherwise disclosed herein: none.																						

III. Corporate Governance

Director Remuneration by Range				
Remuneration Paid to Directors	Names of Directors			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From Hotai (Note 9)	From All Consolidated Entities (Note 10)	From Hotai (Note 9)	From All Consolidated Entities (Note 10)
NT\$ 0 – NT\$ 1,000,000	Lin, Li-Hua; Huang, Wen-Jui; Huang, Chih-Cheng; Su, Jean; Su, Yi-Chung; Su, Chwen-Shing; Soo, Leon; Ko, Junn-Yuan; Chang, Shih-Yieng; Naganuma Kazuo; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Lin, Li-Hua; Huang, Wen-Jui; Su, Jean; Chang, Shih-Yieng; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Lin, Li-Hua; Huang, Wen-Jui; Huang, Chih-Cheng; Su, Jean; Su, Yi-Chung; Soo, Leon; Ko, Junn-Yuan; Chang, Shih-Yieng; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	Lin, Li-Hua; Huang, Wen-Jui; Su, Jean; Chang, Shih-Yieng; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao
NT\$1,000,000 –NT\$2,000,000	Huang, Nan-Kuang	Huang, Nan-Kuang; Su, Chwen-Shing; Huang, Chih-Cheng; Soo, Leon; Naganuma Kazuo	Huang, Nan-Kuang	Huang, Nan-Kuang; Huang, Chih-Cheng; Soo, Leon
NT\$2,000,000 –NT\$3,500,000	–	Su, Yi-Chung; Ko, Junn-Yuan	–	Su, Yi-Chung; Ko, Junn-Yuan
NT\$3,500,000 –NT\$5,000,000	–	–	–	–
NT\$5,000,000 – NT\$10,000,000	–	–	Naganuma Kazuo	Naganuma Kazuo
NT\$10,000,000 –NT\$15,000,000	–	–	–	–
NT\$15,000,000 – NT\$30,000,000	–	–	Su, Chwen-Shing	Su, Chwen-Shing
NT\$30,000,000 – NT\$50,000,000	Yuan Tuo Investment Co., Ltd.; Gui Long Investment Co., Ltd.; Toyota Motor Corporation	Yuan Tuo Investment Co., Ltd.; Gui Long Investment Co., Ltd.; Toyota Motor Corporation	Yuan Tuo Investment Co., Ltd.; Gui Long Investment Co., Ltd.; Toyota Motor Corporation	Yuan Tuo Investment Co., Ltd.; Gui Long Investment Co., Ltd.; Toyota Motor Corporation
NT\$50,000,000 – NT\$100,000,000	Li Gang Enterprise Co., Ltd.; Yong Hui Development Co., Ltd.	Li Gang Enterprise Co., Ltd.; Yong Hui Development Co., Ltd.	Li Gang Enterprise Co., Ltd.; Yong Hui Development Co., Ltd.	Li Gang Enterprise Co., Ltd.; Yong Hui Development Co., Ltd.
Over NT\$100,000,000	Chun Yung Investment Co, Ltd.	Chun Yung Investment Co, Ltd.	Chun Yung Investment Co, Ltd.	Chun Yung Investment Co, Ltd.
Total	20	20	20	20

Note 1 : Remuneration paid to directors in 2023, including salary, allowance, severance, all types of bonuses, and performance bonus.

Note 2 : Compensation paid to directors in 2023 approved by the Board of Directors.

Note 3 : Business expenses incurred by directors in carrying out their duties in 2023, including travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars. There is a total of NT\$716 thousand paid to the company drivers as compensation that's not included in the amount of allowances shown herein.

Note 4 : Compensation received by a director who is an employee (whether serving concurrently in the position of president, vice president, executive officer, or employee) of Hotai and/or any consolidated entities in 2023, which includes salary, allowance, severance, all types of bonuses, performance bonus, travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars. There is a total of NT\$1,764 thousand paid to the company drivers as compensation that's not included in the amount of allowances shown herein.

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

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

Note 7 : Net income provided in the parent company only or separate financial statements of the last fiscal year; net profit of Hotai as of December 31, 2023 was NT\$22,857,675 thousand.

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

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

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

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(2) Compensation Paid to President and Vice Presidents

NT\$ in Thousands														
Title	Name	Salary (A) (Note 1)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 2)		Employee Profit Sharing (D) (Note 3)				Total Compensation (A+B+C+D) and in % of Net Income (Note 5)		Compensation Received from Non- consolidated Affiliates or parent company (Note 6)
		From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai	From All Consolidated Entities (Note 4)	From Hotai		From All Consolidated Entities (Note 4)		From Hotai	From All Consolidated Entities (Note 4)	
								Cash	Stock	Cash	Stock			
President	Su, Chwen-Shing	28,857	33,534	0	0	54,099	54,664	18,859	0	18,859	0	101,535	107,057	2,226
Executive Vice President	Kazuo Naganuma													
Executive Vice President	Liu, Yuan-Sen (Note 9)													
Vice President	Chen, Chien- Chou													
Vice President	Huang, Ming- Hsien (Note 9)													
Vice President	Fred Hsieh (Note 9)													
Vice President	Wu, Chia-Yen													
Vice President	Liu, Chuan-Hung													

President and Vice President Compensation by Range

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

Note 1: Salary, allowance and severance paid to president and vice presidents in 2023.

Note 2: All types of bonuses, performance bonus, travel allowance, special allowance, other allowance, accommodation, and fringe benefits such as company cars paid or provided to president and vice president in 2023. There is a total of NT\$1,764 thousand paid to the company drivers as compensation that’s not included in the amount of allowances shown herein.

Note 3: Compensation paid to president and vice presidents in 2023 approved by the Board of Directors.

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

Note 5: Net income provided in the parent company only or separate financial statements in the last fiscal year; net profit of Hotai as of December 31, 2023 was NT\$22,857,675 thousand.

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

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

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

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

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(3) Employee Profit Sharing Granted to the Management Team

Title		Name	Cash (NT\$) (Note 1)	Total (NT\$)	Total Amount in % of Net Profit
Executive Officers (Note 2)	President	Su, Chwen-Shing	39,969,826	39,969,826	0.17%
	Executive Vice President	Kazuo Naganuma			
	Executive Vice President	Liu, Yuan-Sen (Note 3)			
	Vice President	Chen, Chien-Chou			
	Vice President	Huang, Ming-Hsien			
	Vice President	Fred Hsieh			
	Vice President	Wu, Chia-Yen			
	Vice President	Liu, Chuan-Hung (Note 3)			
	Chief Officer	Wang, Shih-Hao			
	Chief Officer	Kei Mizuguchi			
	Chief Officer	Liu, Sung-Shan			
	Chief Officer	Wu, Pin-Tsung			
	Chief Officer	Yeh, Chia-Han			
	Chief Officer	Lai, Chih-Wei			
	Chief Officer	Lai, Kuang-Hsiung			
	Chief Officer	Lu, Li-Yin			
	Chief Officer	Weng, Ming-Lun			
	Chief Officer	Han, Chih-Kang			
	Chief Officer	Huang, I-Jun (Note 3)			
	Chief Officer/Financial Officer	Yu, Chun-Chien			
	Corporate Governance Officer	Tai, Heng-Hu			
	Accounting Officer	Chen, Ting-Ju			

Note 1: Employee profit sharing granted to the management team approved by the Board of Director in 2023.

Note 2: According to Jin Guan Zheng Jiao Zi letter No. 1120384295 issued by the FSC on October 4, 2023, executive officers eligible to participate in profit sharing are as follows:

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

Note 3: Vice President, Liu, Yuan-Sen, retired in October 2023. Vice President, Liu, Chuan-Hung took office in July 2023.

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- (4) Analysis of Total Remuneration Received by Directors, Presidents and Vice Presidents from Hotai and all Consolidated Entities in Percentage of Net Income of Parent Company Only and Separate Financial Statements in the Most Recent Two Fiscal Years, and Remuneration Policy for Directors, President, and Vice Presidents.
- (a) Analysis of total remuneration received by the directors, president, and vice presidents from Hotai and all consolidated entities in percentage of net income for the latest two fiscal years

	Hotai (Parent Company Only)		Consolidated Entities		Percentage Changes	
	Total Remuneration in % of Net Income		Total Remuneration in % of Net Income (%)		Hotai	Consolidated Entities
	2023	2022	2023	2022		
Director	2.25%	(0.24%)	2.29%	(0.29%)	2.49%	2.58%
President and Vice Presidents	0.44%	(0.67%)	0.47%	(0.67%)	1.11%	1.14%

Description: The net profit of Hotai was NT\$22,857,675 thousand as of December 31, 2023 and net loss was NT\$19,330,194 thousand as of December 31, 2022.

- (b) Remuneration policy, standard and package, as well as procedures for determining remuneration and relevance to business performance and future risks
- Remuneration Committee regularly reviews the annual and long-term performance goals of directors and officers, as well as the policies, systems, standards, and structure of remuneration, and regularly assesses the achievement of the goals of directors and officers.
 - Remuneration paid to the directors includes base compensation pursuant to Article 28 of the *Articles of Incorporation* of the Company, profit sharing, and allowance. Profit sharing is governed by Article 34 of the *Articles of Incorporation* of the Company that no more than two percent of the profit from the current year shall be allocated as directors’ remuneration; travel allowance is only paid to those who attend the Board meetings.
 - The Company conducts performance evaluations on the overall Board, individual directors, Audit Committee, and Remuneration Committee each year in accordance with the *Rules for Board Performance Evaluations*. Conducted in the fourth quarter of 2023, the results of performance evaluation on the Board and individual directors in 2023 are excellent, indicating that the Company has a well-functioning Board and the results have been reported at the Board meeting on January 25, 2024. In addition to management’s efforts, the directors have also made contributions to the Company’s business performance in carrying out their duties and responsibilities. Therefore, after taking the Company’s overall performance, including revenue, profit, market share, etc., into account, the director remuneration of 2023 is allocated by proportions in accordance with relevant regulations.
 - Remuneration paid to officers includes salary, bonuses, and employee profit sharing, of which salary is paid in accordance with the Company’s *Salary Payment Policy*. On the other hand, payment of bonuses and employee profit sharing are subject to our employee performance evaluation policy, while considering the Company’s overall business performance, future operation risks in the industry, and development trends, as well as achievement rate of individual performance which is linked to officers’ performance rating, bonus payments, and employee profit sharing received. The Remuneration Committee and the Board of Directors review relevant performance evaluations and whether the remuneration is appropriate. In addition, the Company also reviews and revises the remuneration policy from time to time as required by its operations and applicable laws to achieve a proper balance between sustainable operations and risk management for the Company.

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3.4 Corporate Governance

3.4.1 Board of Directors

(1) Board of Directors Meetings: eight (A) meetings were convened in 2023.

The attendance of directors is as follows:

Title	Name (Note 1)	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A)(Note 2)	Remarks
Chairman	Chun Yong Investment Co, Ltd., represented by Huang, Nan-Kuang	8	0	100%	Director representatives of the 21 st Board; term of office began on June 21, 2022 after the election
Director	Chun Yong Investment Co, Ltd., represented by Lin, Li-Hua	8	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Chih-Cheng	8	0	100%	
Director	Chun Yong Investment Co, Ltd., represented by Huang, Wen-Jui	8	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Su, Yi-Chung	8	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Chwen-Shing	8	0	100%	
Director	Li Kung Enterprise Co., Ltd., represented by Su, Jean	8	0	100%	
Director	Yong Hui Development Co., Ltd., represented by Leon Soo	7	1	88%	
Director	Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	8	0	100%	
Director	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	8	0	100%	
Director	Toyota Motor Corporation, represented by Kazuo Naganuma	8	0	100%	
Independent Director	Li, Chao-Sen	8	0	100%	Independent directors of the 21 st Board; term of office began on June 21, 2022 after the election
	Su, Chin-Huo	8	0	100%	
	Wu, Shih-Hao	8	0	100%	

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Title	Name (Note 1)	Number of Meetings Attended in Person (B)	Number of Meetings Attended by Proxy	Rate of Attendance in Person (%) (B/A)(Note 2)	Remarks
<p>Annotations:</p> <ol style="list-style-type: none"> If any of the following event occurs, specify the date and session number of the Board meeting, summary of the proposal, the opinions of independent directors, and actions taken in response by the Company to address the opinions of independent directors: <ol style="list-style-type: none"> Matters specified in Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act does not apply as the Company has already set up the Audit Committee. There are no other resolutions on record or in writing which contain the independent directors dissenting or qualified opinion. Recusal of directors due to conflicts of interest <ol style="list-style-type: none"> The 12th Meeting of the 21st Board was held on September 26, 2023 to discuss the following matters: <ul style="list-style-type: none"> As the discussion of the proposed participation in the cash capital increase of eTreego Co., Ltd. involves the interests of director Mr. Huang, Wen-Jui, the director has recused himself from the discussion and voting when relevant. The 14th Meeting of the 21st Board was held on December 21, 2023 to discuss the following matter: <p>As the decision to appoint the executive vice president pertains to the interest of director Mr. Kazuo Naganuma, the director has recused himself from the discussion and voting on the matter.</p> Objectives of the Company to strengthen the functions of the Board of Directors in 2023 and 2024 (e.g., establishing an audit committee and enhancing information transparency) and assessment of implementation: <ol style="list-style-type: none"> The Board passed a resolution to set up a corporate social responsibility committee on December 27, 2018, delegated directly by the Board. The committee was renamed the Sustainable Development Committee in 2021, charged with the responsibilities to formulate sustainable development strategies of the Company and coordinate and oversee relevant activities. A self-evaluation of Board performance is conducted in Q4 of every year and the most recent self-evaluation of Board performance was done in Q4 of 2023. Based on the results of a comprehensive evaluation, the Board functions very well. Every three years, the evaluation is performed by an external professional independent institution or a team of external experts and scholars. In the latest external evaluation in Q4 2021, we engaged the Taiwan Institute of Ethical Business and Forensics to conduct an evaluation on the Board's performance in 2021. Based on the results of the evaluation, the Company has a well-functioning Board. 					

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

Note 2:

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

(2) If a director or supervisor is re-elected before the end of a fiscal year, the names of the current and former

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

(2) Implementation of Board Evaluation

Frequency of Assessment	Period of Assessment	Scope of Assessment	Methods of Assessment	Items of Assessment
<p>Self-evaluation is conducted once a year.</p> <p>Independent external evaluation is conducted once every three years.</p>	January 1, 2023 to December 31, 2023	Board of Directors	<p>1. Self-evaluation by the Board and members of the Board, the Audit Committee, and the Remuneration Committee.</p> <p>2. The evaluation is carried out every three years by external professional independent institutions or external experts and scholar teams</p>	<p>The Board is assessed for their performance in the following five areas:</p> <p>(1) the level of participation in the Company's operation;</p> <p>(2) the improvement on the quality of decision-making by the Board;</p> <p>(3) the composition and structure of the Board;</p> <p>(4) the selection of directors and their training efforts;</p> <p>(5) internal control.</p>
		Individual Board members		<p>Individual Board members are assessed for their performance in the following six areas:</p> <p>(1) alignment with the objectives and mission of the Company;</p> <p>(2) competencies of the directors;</p> <p>(3) the level of participation in the Company's operation;</p> <p>(4) relationships and communication with other personnel within the Company;</p> <p>(5) the expertise of directors and their training efforts;</p> <p>(6) internal control.</p>

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

3.4.2 Audit Committee

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

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

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

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

The Audit Committee met six (A) times in 2023. The attendance of independent directors is as follows:

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

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Annotations:

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

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

Date/Session No.	Summary of Proposals	Audit Committee Resolution	Actions Taken
January 17, 2023 4 th Meeting of the 3 rd Audit Committee	<ol style="list-style-type: none"> 1. Proposal to change auditors who perform the audits on the FY2023 financial statements 2. Pre-approval of non-audit services provided by PricewaterhouseCoopers Taiwan and its affiliates to the Group. 3. Proposed amount of endorsement and guarantee of obligations for Hotai Insurance Co., Ltd. in FY2023 	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
March 14, 2023 5 th Meeting of the 3 rd Audit Committee	<ol style="list-style-type: none"> 1. FY2022 Statement of Internal Control 2. Amendments to the internal control systems of the Company 3. FY2022 Business Report and Financial Statements of the Company 4. FY2022 profit distribution plan 5. Capitalization of retained earnings through issuance of new shares 6. Proposal to construct a third warehouse at the Yangmei Logistics Center 	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
May 11, 2023 6 th Meeting of the 3 rd Audit Committee	<ol style="list-style-type: none"> 1. FY2023 Q1 consolidated financial statements 2. Proposal to participate in the cash capital increase of subsidiary Hozan 	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently	Approved by the Board

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		Investment Co., Ltd. 3. Proposal to have subsidiary Hozan Investment Co., Ltd. subscribe to new shares issued by Hotai Insurance Co., Ltd. through private placement	submitted to the Board for resolution.	
	August 10, 2023 7 th Meeting of the 3 rd Audit Committee	1. FY2023 Q2 consolidated financial statements 2. Proposed amount of endorsement and guarantee of obligations for Hotai Auto Body Manufacturing Co., Ltd. in FY2023	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
	November 10, 2023 8 th Meeting of the 3 rd Audit Committee	1. FY2024 Annual Audit Plan 2. FY2023 Q3 consolidated financial statements 3. Assessment of the independence of the Company's external auditors 4. Review of audit fees for the engagement of PricewaterhouseCoopers Taiwan to provide services in FY2024	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
	December 21, 2023 9 th Meeting of the 3 rd Audit Committee	1. Adoption to the <i>Risk Management Policies and Procedures</i> 2. Amendments to the <i>Regulations Governing the Safekeeping of Company Seals</i> 3. Proposal to participate in the cash capital increase of EVGallop Mobility System Corporation	The proposals were approved without objection by all members of the Committee upon inquiry by the chairman of the meeting, and subsequently submitted to the Board for resolution.	Approved by the Board
(2) None of the proposals fail to be approved by the Audit Committee and were instead passed by the resolution of more than two thirds of all Board members.				

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

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

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

Date	Discussion Points
March 14, 2023	<ul style="list-style-type: none"> The Company's external auditors provided explanations to the independent directors regarding the audit of the Company's FY2022 Parent-Only Financial Statements and Consolidated Financial Statements and discussed with the independent directors on the results of key areas audited. Discussion and communication between the external auditor and independent directors on the issues raised.
August 10, 2023	<ul style="list-style-type: none"> The Company's external auditors provided explanations to the independent directors regarding the audit of Hotai Group's FY2023 Consolidated Financial Statements and the Company's FY2023 Parent-Only Financial Statements. Discussion and communication between the external auditor and independent directors on the issues raised.

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

Date	Discussion Points
March 14, 2023	FY2022 Q4 internal audit report
May 11, 2023	FY2023 Q1 internal audit report
August 10, 2023	FY2023 Q2 internal audit report
November 10, 2023	FY2023 Q3 internal audit report

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3.4.3 Corporate Governance

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

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Evaluation Item	Implementation Status		Deviation from <i>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	
(4) Has the Company established internal rules prohibiting insider trading on nonpublic information?	V		In an effort to establish a well-functioning system for the processing and disclosure of material nonpublic information, we have adopted the <i>Procedures for Processing Material Nonpublic Information</i> , and formulated some guidelines for the <i>Management of Insider Trading Prevention</i> as part of the management procedures of our internal control which stipulates prohibitions on insider trading.
3. Composition and responsibilities of the Board of Directors			

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

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(2) Other than the remuneration and audit committees which are required by law, has the Company set up other functional committees?	V	<p>In addition to setting up an audit committee and a remuneration committee as required by the law, the Board passed the resolution on December 27, 2018 to establish the Corporate Social Responsibility Committee (CSR Committee, which was renamed as the Sustainable Development Committee in 2021); the Committee is delegated by the Board. On the same day, Hotai adopted the <i>Corporate Social Responsibility Committee Charter</i>, which is now the <i>Sustainable Development Committee Charter</i>.</p> <p>The Sustainable Development Committee consists of 5 members, including independent directors Mr. Su, Chin-Huo, Mr. Wu, Shih-Hao, and Mr. Li, Chao-Sen, and directors Mr. Huang, Wen-Jui and Ms. Su, Jean. Mr. Wu, Shih-Hao is a professor in the Department of Marketing and Distribution Management at National Kaohsiung University of Science and Technology and former vice president of the Commerce Development Research Institute who has extensive experience in public welfare marketing. Mr. Su, Chin-Huo had formerly served as the president of Corporate Synergy Development Center and is committed to counseling the development and transformation of the industry. Independent director Mr. Li, Chao-Sen was previously the president of Kuozui Motors and has extensive experience in the areas of public interest projects and management. All three independent directors have professional capabilities in CSR.</p> <p>The Sustainable Development Committee is charged with formulating sustainable development strategies and implementing and overseeing ESG practices of the Company. Three work groups are set up under the Committee to address various ESG topics concerned by stakeholders and to coordinate with relevant departments of the Company in carrying out the tasks. The Committee meets twice a year to adopt the annual sustainable development policies of the Company and review the implementation of environmental, social, and governance topics. Once a year, the ESG performance of the Company is presented at the Board meeting by the Sustainable Development Committee.</p> <p>The following is a summary of the activities of the</p>	Compliant
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Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation									
	Y	N	Summary										
			<p>Sustainable Development Committee in 2023:</p> <p>(1) The committee met twice in 2023; all five members had an 100% attendance rate.</p> <table border="1"> <tr> <th>Session</th> <th>Date of the Meeting</th> <th>Agenda</th> </tr> <tr> <td>3rd Meeting of the 3rd Term</td> <td>June 28, 2023</td> <td>1. Operational report of the Environmental Protection Group</td> </tr> <tr> <td>4th Meeting of the 3rd Term</td> <td>December 18, 2023</td> <td>2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group</td> </tr> </table> <p>(2) The Sustainable Development Committee gave a report on its operations at the meeting of the Board of Directors on December 21, 2023.</p> <p>Apart from the above, we also have an Occupational Health and Safety Committee, Information Security and Personal Data Committee, Environmental Management Committee, CS Committee, and Human Resources Development Committee in place.</p>	Session	Date of the Meeting	Agenda	3 rd Meeting of the 3 rd Term	June 28, 2023	1. Operational report of the Environmental Protection Group	4 th Meeting of the 3 rd Term	December 18, 2023	2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group	
Session	Date of the Meeting	Agenda											
3 rd Meeting of the 3 rd Term	June 28, 2023	1. Operational report of the Environmental Protection Group											
4 th Meeting of the 3 rd Term	December 18, 2023	2. Operational report of the Social Welfare Group 3. Operational report of the Corporate Governance Group											
(3) Has the Company established rules and methods for evaluating the performance of the Board of Directors on an annual basis and report the results of the performance evaluation to the Board then factor in the results when setting individual director’s remuneration and considering nomination for re-election?	V		<p>We adopted the <i>Rules for Performance Evaluation of the Board of Directors of Hotai Motor</i> in the Board meeting held on December 29, 2016. On November 10, 2022, we amended the rules so that the review and evaluation of the Board in Q4 for each fiscal year include the performance of the Board as a whole, individual directors, Audit Committee, and Remuneration Committee.</p>	Compliant									

III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from <i>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(4) Does the Company regularly evaluate its external auditor's independence?	V		Once a year, the independence of our external auditors is evaluated by the Audit Committee and the Board of Directors. On November 10, 2023, the Audit Committee and the Board of Directors met and reviewed the independence of our external auditors, Hsiao, Chun-Yuan and Hsu, Sheng-Chung of PricewaterhouseCoopers Taiwan. It was confirmed that there is no conflict of interest or business relationship existing between the auditors and the Company other than audit fees paid for the services provided, and no other circumstances were found involving the family members of the auditors or their audit team that could impair their independence (see Note 1).	Compliant

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<p>4. Has the Company established a department or position and appoint the supervisor to be responsible for the corporate governance that is tasked with corporate governance related matters(including but not limited to, providing directors and supervisors with information necessary to carry out their duties, assisting directors and supervisors to abide by laws, coordinating Board meetings and shareholders' meetings pursuant to proper legal procedures, company registration and request for change of registration information, preparing minutes of the Board meetings and shareholders' meetings)?</p>	<p>V</p>	<p>On June 23, 2021, the Company passed a resolution to appoint a corporate governance officer in the 18th meeting of the 20th Board. The corporate governance officer is mainly responsible for the registration and transfer of shares, regulatory compliance relevant to listed companies, operations of shareholders meetings and Board meetings, and to provide information required for the Board of Directors to carry out their duties.</p> <p>Our key developments in 2023 are as follows:</p> <ol style="list-style-type: none"> 1. Arranged 6 hours of onsite training for the members of the Board and offered elective courses on a variety of corporate governance topics monthly. The average training hours of each director in 2023 were 8.3 hours, which exceeds the 6-hour minimum requirement of director training. 2. Provided Board members with the latest regulatory revisions and development related to the business operations and corporate governance of the Company when the directors took office, created a LINE Official Account, <i>Hotai Assistant</i>, to communicate with Board members in real time and provide routine updates. 3. Reviewed the confidentiality level of relevant information and provided Company information required by directors to maintain smooth communication and dialogue between directors and department heads. 4. Evaluated and purchased directors and officer's liability insurance, and presented important information such as the insured value, coverage, and premium rates at Board meetings. 5. Conducted an external Board performance evaluation pursuant to the Company's <i>Rules for Board Performance Evaluations</i> at the end of 2023 and presented the evaluation results at the Board meeting in January 2024. 6. Registered the date of the annual general meeting of the shareholders as required by the law, prepared and filed the meeting notice, handbook, and minutes within the prescribed period, and filed for change of information when the <i>Articles of Incorporation</i> was amended or after an election of the Board of Directors. 	<p>Compliant</p>
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III. Corporate Governance

Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>7. Handled matters related to Board meetings in accordance with the law and prepared and sent minutes.</p> <p>8. Implemented internal audit and control systems and convened meetings with external auditors, independent directors, chief internal audit officer, and chief financial officer at regular intervals.</p>	
5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a stakeholders' section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?	V		<p>We value our relationships with major stakeholders and ensure that we meet their expectations and respond to their needs. We have established various communication channels to collect their suggestions, including a 0800 toll-free number, a "Stakeholders Section" on our corporate website and a social media site to provide timely response to stakeholders. It is the feedbacks of our stakeholders that drive us to surpass ourselves. In addition to the above measures, we are continually improving our communication with stakeholders to meet public expectations and incorporating these conversations into our future business plans.</p> <p>Hotai also discusses economic, social, and environmental issues raised by stakeholders, and reports to the Board at the end of December every year.</p>	Compliant
6. Has the Company appointed a professional stock transfer agent for its shareholders' meetings?	V		We have appointed President Securities Corporation to handle matters relating to our shareholders' meetings.	Compliant
7. Information disclosure (1) Has the Company established a corporate website to disclose its financial, business, and corporate governance information?	V		We have an "Investor Relations" section on our corporate website (www.hotaimotor.com.tw) for the purpose of disclosing financial and business information, which is regularly updated.	Compliant
(2) Does the Company make information disclosures through other channels (e.g., maintaining an English-	V		We maintain a Chinese-language and English-language website. Our External Affairs and Legal Division is responsible for collecting and disclosing the Company's	

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Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
<p>language website, designated personnel to collect and disclose the Company's information, appointed spokesperson, investor conference webcast)?</p> <p>(3) Does the Company publish and file the annual financial report within two months after the end of the fiscal year, and publish and file the Q1, Q2, and Q3 financial reports and monthly operational updates within the prescribed time period?</p>		V	<p>information and regularly updating the information on our website. We have a complete spokesperson system that is regulatory compliant, with Chief Officer Mr. Liu, Sung-Shan being the spokesperson and manager Ms. Hsieh, Chin-Yun as the acting spokesperson. In 2023, the Company organized a total of four road shows after each quarterly financial report was published. Materials of the presentations have been made available on the Company's website and the Market Observation Post System.</p> <p>Hotai has complied with applicable laws in posting a public announcement and filing the annual financial report within 75 days after the close of the fiscal year, as well as the financial statements from Q1 to Q3 and monthly operational updates within the prescribed period.</p>	
<p>8. Has the Company disclosed other information which may facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, director and supervisor training, risk management policy and risk assessment measures, implementation of customer relations policy, and purchasing of directors and officers liability insurance)?</p>	V		<p>(1) Employee rights: we regularly hold labor-management meetings and have an employee suggestion box in place as required by the <i>Labor Standards Act</i> and pursuant to our human resources policies to protect employee rights.</p> <p>(2) Employee wellness: we engage specialists and institutions to provide employee assistance programs, including healthcare consultation, fitness courses, and on-the-job development training.</p> <p>(3) Investor relations: protecting shareholder interests is our top priority, and we treat all shareholders equally. We also promptly disclose important information regarding the Company's finances, operations, and changes in insider ownership on the Market Observation Post System as required by law.</p> <p>(4) Supplier relations: we maintain close working relationships and open communication channels with our suppliers and respect and protect their lawful rights. Together with our suppliers, we strive to provide better products and services to our consumers and establish a value chain with sustainable development</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>capabilities.</p> <p>(5) Stakeholder rights: we value the opinions and suggestions of our stakeholders, whether they are customers, partners, employees, shareholders, investors, or the local community. It is our stakeholders who propel us to continue to improve and excel, thereby creating a virtuous cycle that benefits society as a whole.</p> <p>(6) Director and supervisor training: we provide director and supervisor training in accordance with the <i>Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies</i>. Please refer to the appendix in this chapter for “Training and Continuing Education of Directors and Supervisors”.</p> <p>(7) Risk management policy and risk assessment measures: all the important resolutions of the Company, such as major operation policies, investments, endorsements and guarantees, fund lending, bank financing, are assessed and analyzed by responsible departments and implemented in accordance with the decisions of the Board of Directors. The Auditing Division also adopts annual audit plans based on the results of risk assessment in order to fulfill its oversight functions and monitor implementation of risk management.</p> <p>(8) Implementation of customer relations policies: our objective is to create services that exceed customer expectations. We provide comprehensive customer services through our customer hotline, customer care, vehicle sales, maintenance services, logistics system, information integration system, as well as implementation of “The Toyota Way”, i.e., continuous improvement and respect for people.</p> <p>(9) Directors and officers liability insurance purchased by the Company: we have purchased liability insurance for our directors and key officers.</p>	

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

9. Based on the most recent Corporate Governance Evaluation Results released by the Taiwan Stock Exchange Corporate Governance Center, please provide a description of the areas improved, and priorities and measures to be taken on areas identified for improvement:

Hotai Motor ranked in the top 6-20% in the 10th Corporate Governance Evaluation. Going forward, we will continue to strengthen our corporate governance practices and make improvements in the following areas:

- (1) Prepare and submit the Sustainability Report to the Board of Directors for approval.
- (2) Upload the Annual Report in both Chinese and English versions at least 18 days before the Annual General Meeting.
- (3) Provide links to full video and audio recordings of at least two investor conferences.

Note 1: Evaluation of External Auditor's Independence

Item	Standards of Evaluation	Evaluation Results	Independence
1	Does the auditor or their spouse or children that are minors have any investment or financial interests in the Company?	No	Yes
2	Except in the case that the Company is a financial institution and the loan is obtained through its standard lending procedures, terms, and requirements, does the auditor, their spouse or children that are minors have any loan to or from the Company?	No	Yes
3	Does the auditor or any person on the audit engagement team currently serve or has served within the last two years as a director, officer, or other position at the Company that has significant influence on the audit of the Company?	No	Yes
4	Has the auditor or any person on the audit engagement team promoted or acted as an intermediary for the shares or securities issued by the Company?	No	Yes
5	Has the auditor or any person on the audit engagement team acted as an advocate for the Company in a legal proceeding or dispute against a third party in providing	No	Yes

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	non-audit services other than as permitted by the law?		
6	Does the auditor or any person on the audit engagement team has a familial relationship with a director, officer, or any person holding a position at the Company that has significant influence on the audit of the Company, including spouse, lineal ascendant or descendant, spouse's lineal ascendant or descendant, or blood relative within the second degree of kinship?	No	Yes
7	Has any individual formerly employed by the auditor within the last year been employed by the Company to serve as a director, officer, or other position at the Company that has significant influence on the audit of the Company?	No	Yes
8	Has the auditor or any person on the audit engagement team accepted any gift of significant value or preferential treatment from the Company or any of its directors, officers, or major shareholders?	No	Yes
9	Is the auditor currently employed by the Company to regularly perform services and receive fixed payment, or serving as a director or supervisor of the Company?	No	Yes

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Appendix 1: Training and Continuing Education of Directors

Name	Date	Sponsoring Organization	Course Title	Hours
Huang, Nan-Kuang; Su, Chwen-Shing; Kazuo Naganuma; Su, Yi-Chung; Lin, Li-Hua; Huang, Chih-Cheng; Ko, Junn-Yuan; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Leon, Su; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	May 11, 2023	Taiwan Corporate Governance Association	Directors' Roles in Risk Management and Internal Control Oversight	3
Huang, Nan-Kuang; Su, Chwen-Shing; Kazuo Naganuma; Su, Yi-Chung; Lin, Li-Hua; Huang, Chih-Cheng; Ko, Junn-Yuan; Su, Jean; Huang, Wen-Jui; Chang, Shih-Yieng; Leon, Su; Li, Chao-Sen; Su, Chin-Huo; Wu, Shih-Hao	November 10, 2023	Taiwan Institute of Directors	Global Climate Change Trends and Analysis from an ESG Point of View	3
Su, Chwen-Shing; Leon, Su	May 31, 2023	Taiwan Independent Director Association	Anti-Money Laundering and Counter-Terrorism Financing: Latest Development and Case Studies	3
Huang, Wen-Jui	February 10, 2023	Taiwan Corporate Governance Association	Competition in the Digital Economy and Topics of Consumer Protection	3
	February 23, 2023	Securities & Futures Institute	Third Generation Power Semiconductor Device Technology and Business Applications	3
	March 27, 2023	Taiwan Corporate Governance Association	Enterprise Resilience: Taiwan's Key Strengths	3
	July 6, 2023	Securities & Futures Institute	Technological Advancement of ChatGPT and its Business Applications	3
Li, Chao-Sen; Su, Chin-Huo	August 30, 2023	Taiwan Corporate Governance Association	The Impact of ChatGPT on Industries and Countermeasures	1
Su, Chin-Huo	June 7, 2023	Taiwan Institute of Directors	A New Era of Global Conflicts: Strategic Change & Transformation for Taiwanese Companies	3
	October 2, 2023	The Chinese National Association of	Natural Carbon Sinks and Carbon Trading, as well as Potential Market Opportunities	3

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Name	Date	Sponsoring Organization	Course Title	Hours
		Industry and Commerce, Taiwan		
	October 13, 2023	Securities & Futures Institute	Mechanism of Carbon Trading and its Application in Business Management	3
	October 22, 2023	Taiwan Institute of Directors	Decision-making at the Crossroad	3

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

Name	Date	Sponsoring Organization	Course Title	Hours
Chen, Chien-Chou; Huang, Ming-Hsien; Fred Hsieh; Liu, Sung-Shan; Liu, Chuan-Hung; Wu, Pin-Tsung; Yeh, Chia-Han; Lai, Kuang-Hsiung; Wang, Shih-Hao; Lai, Chih-Wei; Lu, Li-Yin; Wu, Chia-Yen	May 11, 2023	Taiwan Corporate Governance Association	Directors' Roles in Risk Management and Internal Control Oversight	3
Chen, Chien-Chou; Huang, Ming-Hsien; Fred Hsieh; Wu, Chia-Yen; Liu, Sung-Shan; Liu, Chuan-Hung; Wu, Pin-Tsung; Yeh, Chia-Han; Lai, Kuang-Hsiung; Wang, Shih-Hao; Lai, Chih-Wei; Lu, Li-Yin	November 10, 2023	Taiwan Institute of Directors	Global Climate Change Trends and Analysis from an ESG Point of View	3

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3.4.4 Composition and Operations of Remuneration Committee

(1) Remuneration Committee Members

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

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(2) Attendance of Remuneration Committee Members

- (a) The Remuneration Committee consists of three members.
- (b) The Remuneration Committee regularly reviews the annual and long-term performance goals of the directors and executive officers, as well as the remuneration policy, system, standard and structure of the Company, and measure the progress of those performance goals.
- (c) The term of the current members is from June 29, 2022 to June 20, 2025. In 2023, three (A) Remuneration Committee meetings were convened. The attendance of the Remuneration Committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Chair	Li, Chao-Sen	3	0	100%	Elected on June 29, 2022
Member	Wu, Shih-Hao	3	0	100%	Re-elected on June 29, 2022
Member	Su, Chin-Huo	3	0	100%	Re-elected on June 29, 2022
<p>1. Summary of the activities of the Remuneration Committee in 2023</p> <p>(1) The Remuneration Committee convened three meetings in March, May, and August respectively to discuss the following:</p> <ul style="list-style-type: none"> • Allocation of directors and employee remuneration • Executive officer performance-based bonus and employee remuneration • Executive officer merit increase <p>(2) The above items have been reviewed and approved by the Remuneration Committee</p> <p>2. Annotations</p> <p>(1) The Board of Directors declines or revises the recommendations of the Remuneration Committee: none.</p> <p>(2) Dissenting or qualified opinion expressed on record or in writing by a member on the Remuneration Committee's resolutions: none.</p>					

Note:

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

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

Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation									
	Y	N	Summary										
1. Has the Company established a governance framework for sustainability development and a dedicated (ad-hoc) sustainable development organization where the Board of Directors delegates responsibilities to senior management under its oversight?	V		<p>In 2018, the Board passed a resolution to set up a Corporate Social Responsibility (CSR) Committee, which directly reports to the Board. In 2021, the committee is renamed as the Sustainable Development Committee. The Committee is made up of directors and independent directors of the Company and is delegated by the Board to formulate sustainable development strategies, and implement, oversee relevant practices of the Company. Under the Committee, there are three work groups charged with the responsibilities to operate on various topics concerned by interested parties and support tasks run by relevant departments. The Committee meets twice a year, and through regular meetings, the Committee adopts the Company’s annual sustainable development policies and reviews the implementation progress of environmental, social, and governance topics. Once a year, the Committee presents the implementation results to the Board.</p> <p>Our 2024 sustainable development plans are as follows:</p> <table><tr><td rowspan="3">Environmental</td><td>1. Conduct GHG audit of the Group</td></tr><tr><td>2. Implement various environmental management practices</td></tr><tr><td>3. Expand our organization’s influence on sustainability</td></tr><tr><td rowspan="4">Social</td><td>1. Launch road safety awareness campaigns</td></tr><tr><td>2. Promote Hotai Motor’s sustainability blueprint</td></tr><tr><td>3. Enhance the employer-brand image</td></tr><tr><td>4. Launch road safety awareness campaigns</td></tr></table>	Environmental	1. Conduct GHG audit of the Group	2. Implement various environmental management practices	3. Expand our organization’s influence on sustainability	Social	1. Launch road safety awareness campaigns	2. Promote Hotai Motor’s sustainability blueprint	3. Enhance the employer-brand image	4. Launch road safety awareness campaigns	Compliant
Environmental	1. Conduct GHG audit of the Group												
	2. Implement various environmental management practices												
	3. Expand our organization’s influence on sustainability												
Social	1. Launch road safety awareness campaigns												
	2. Promote Hotai Motor’s sustainability blueprint												
	3. Enhance the employer-brand image												
	4. Launch road safety awareness campaigns												

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<div>Governance</div> <div>1. Follow the guidelines of the Financial Supervisory Commission (FSC) when implementing corporate governance requirements.</div> <div>2. Establish an ethical risk management evaluation mechanism.</div>	
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	V		<p>The automotive industry is facing a major once-in-a-century transformation. In order to respond to the changes, we need to make better decisions and increase operational efficiency. Our stakeholders who take particular interests in environmental, social, and governance topics now have higher expectations for the Company's non-financial performance. We work towards incorporating various aspects of these issues into long-term organizational strategies, risks, and opportunities to create value for the primary stakeholders. As part of the preparation of the report, we follow the recommendations of the GRI Standards in the context of sustainability when identifying sustainability topics. Therefore, in addition to using relevant international corporate social responsibility standards and reporting guidelines as references, including GRI, SDGs and ISO 26000, we go beyond existing frameworks to consider topics related to the risks and opportunities of global sustainability development, feedback from our stakeholders, trends specific to the automotive industry and recommendations from external experts.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
			<p>For Hotai Motor, each aspect of risk management is vital to our operations. Across departments, we identify potential risks with the utmost caution and determine the magnitude of impact and frequency of occurrence. We also consider the interrelations between the risk factors and different functions. Based on the policies approved by the Board, the Financial and Accounting Division conducts long-term research, assessment, prevention, and mitigation on the contingent financial risks stemming from interest rate and exchange rate fluctuations, inflation, and deflation.</p> <p>We do not engage in any high-risk, high-leverage investments. Each subsidiary in our Group must develop their own <i>Operating Procedures for Fund Lending and Procedures for Providing Endorsement and Guarantee of Obligations</i> to guide and manage relevant operations. Additionally, every transaction of derivatives should adhere to Hotai Motor's <i>Procedures for Engaging in Derivative Transactions</i>.</p> <p>On December 21, 2023, we used the <i>Risk Management Best Practice Principles for TWSE/TPEx Listed Companies</i> to create the <i>Risk Management Policies and Procedures</i>, which were reviewed and approved by the Audit Committee and the Board of Directors. Starting in 2024, the Board will receive reports annually on the key risk areas and the measures taken for risk management.</p>	
3. Sustainable Environment Development				

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Evaluation Item	Implementation Status			Deviation from the <i>Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(1) Has the Company established a proper environmental management system based on the industry characteristics?	V		<p>1. We use the Toyota Earth Charter as an overarching guiding principle in promoting and implementing environmental principles and initiatives. The Charter outlines four principles and guidelines in order to achieve the six challenges under the TOYOTA Environmental Challenge 2050: (1) New vehicle zero CO2 emissions challenge (2) Life cycle zero CO2 emissions challenge (3) Plant zero CO2 emissions challenge (4) Challenge of minimizing and optimizing water usage (5) Challenge of establishing a recycling-based society and systems (6) Challenge of establishing a future society in harmony with nature.</p> <p>2. In 2001, we established the Environmental Management Committee, and together with TOYOTA dealers and our affiliates, set up the Office of Environmental Committee. The Environmental Management Committee meets internally as well as with TOYOTA dealers every six months. In response to Taiwan's pledge to achieve net zero by 2050, Hotai Group prepares to phase in GHG inventory and audit and become ISO 14064-1 certified in order to take inventory of the emissions produced by each Group company. Based on findings from the GHG inventory, we will identify and prioritize areas for improvement and set emission reduction targets as we move towards a net zero future.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>3. To mitigate the potential negative impact from our sales and vehicle maintenance services and fulfill our commitment to environmental protection and sustainable operations, we have adopted the ISO 14001 standards (see Note 2) in implementing and maintaining the environmental management systems. We conduct internal audit and external review to ensure that the environmental management operations are functioning effectively. Furthermore, we adopt the PDCA cycle to improve and mitigate the environmental impact resulting from our operations. We are committed to supporting our partners' environmental initiatives to ensure that all areas of our operations are being considered for environmental risks. Apart from that, we also fully cooperate with TMC's environmental protection requirements. Based on policy implementation and results of the Group, we will make disclosures to the public and communicate with stakeholders.</p> <p>Note 1: These affiliates include Hotai Finance Co., Ltd., Hotai Insurance Co., Ltd., CarMax Co., Ltd., Ho Tai Development Co., Ltd., Hotai Leasing Co., Ltd., Chang Yuan Motor, Hotai Material Handling Taiwan Ltd., Hoing Mobility Service Corporation, Hotai Connected Co., Ltd, Hotai Mobility Service Co., Ltd., and Hotai Auto Body Manufacturing Co., Ltd.</p> <p>Note 2: Our ISO 14001 certification is valid from November 4, 2022 to November 3, 2025.</p>	
(2) Does the Company endeavor to improve resource efficiency and use renewable materials that have low environmental impact?	V		<p>1. In order to minimize the environmental impact of vehicle maintenance activities, we have acquired and adopted various pollution prevention equipment and process, starting from smaller environmental improvements and energy saving activities. At present, we have come up with solutions to address issues regarding centralized lubrication systems, volatile organic compounds, rebuilt parts, and environmentally hazardous substances, which are also implemented by our dealers and suppliers.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Y	N	Summary	
			<p>2. To prevent refrigerant from emitting to the atmosphere causing ozone depletion and increasing greenhouse gas level, we became the first in the industry in 1991 to invest approximately NT\$50 million to install R12 and R134a refrigerant recovery machines at the service workshops of our dealers in Taiwan. The machines can effectively recycle and store residual refrigerant. Recovered refrigerant can be purified and reclaimed, then be reused on vehicles after repairing or servicing. In 2023, the R134a machines of TOYOTA dealers recovered 21.82 tons of refrigerant, preventing approximately 33,385 tons of CO2 emissions when measured at the global warming rate (GWP) of 1,530.</p> <p>3. Since 2003, we have been working with our partners to install centralized lubrication systems at the dealerships to reduce plastic bottle waste while continuing to implement waste reduction measures. On average, we reduce millions of motor oil bottles each year. As of the end of 2023, we have reduced accumulated bottle waste by 3.3 million, significantly reducing carbon emissions and plastic waste.</p> <p>4. Auto parts recycling represents a key effort as we move towards a more circular economy. Once we collect the original manufacturer's parts from the vehicles, we replace or repair the damage with auto parts from the original manufacturer; we also encourage consumers to use rebuilt parts by offering a lower price. Currently, we offer the following rebuilt parts: automatic transmissions, A/C compressors, power steering systems, A/C compressors, and hybrid batteries.</p>	
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, as well as take measures to address	V		<p>1. We have identified major risks and formulated countermeasures for "Regulations", "Market", "Goodwill", and "Extreme Weather Events".</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
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climate-related issues?			2. Under “Extreme Weather Events”, the main risk is an increase in the frequency or intensity of natural disasters caused by climate change, such as tropical cyclones, heavy rainfall, hail, or snow. These events could lead to delays in products and parts deliveries, impact operating efficiency and on-time delivery rates, and affect market sales performance. We have established a comprehensive inventory distribution and reporting management system to cope with any emergency situation and to minimize the impact of extreme weather events.	
(4) Does the company count the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management measures?	V		<p>1. GHG inventory is measured by CO2 emissions (see Note 1) resulting from the use of electricity, petroleum, diesel, gas, and natural gas at our head office and facilities (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). In 2023, the total CO2 emissions were 1,459 metric tons, with 84% attributed to electricity use. As a result, Scope 2 indirect emissions from energy were the main source of our carbon emissions. When measured by CO2 emissions intensity (metric tons per capita), the emissions intensity in 2023 was 2.58.</p> <p>2. Water consumption data is measured under the same scope as GHG emissions (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). Since we source water from Taiwan Water Corporation, our water use does not create significant impact on any water sources. The wastewater we generate is equivalent to the total water used and is fully discharged into the government’s underground wastewater system. In 2023, Hotai Motor used 16,000 cubic meters of water, which was approximately 3.5% less than the previous year.</p> <p>3. Hotai Motor has no manufacturing activities. Therefore, waste data is collected based on general waste (domestic waste) under the same scope as GHG emissions (including our Taipei headquarters and facilities in Xinzhuang and Yangmei). In 2023, we generated a total of 68.2 tons of waste.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
			<p>4. TMC's Toyota Earth Charter acts as an overarching guiding principle for our vision of environmental sustainability, which incorporates environmental protection and a harmonious society into the core of our operations. Additionally, we conduct medium and long-term planning as Hotai Motor moves to achieve the end goal of protecting planet Earth. Our environmental sustainability policy encompasses four key aspects—government policy, sustainable use of resources, safe working environment, and increased environmental awareness, which propels us to move towards a more sustainable development of our business. Our goals in 2023 were to reduce CO2 emissions by 12% and water/waste by 4% (against a 2019 baseline). A review of all the environmental performance data from last year confirmed that we have met the reduction targets across all categories.</p> <p>Note 1: The source of emission factors is GHG Emission Factors Table version 6.0.4, and the global warming potential (GWP) rate uses IPCC's AR6 values.</p>	
4. Promotion of Social Welfare				
(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<p>In order to fulfill corporate social responsibility and protect the basic human rights of employees and stakeholders, we support and abide by international human rights convention, <i>The Universal Declaration of Human Rights</i>, and uphold human rights recognized by international community. We also follow the labor standards set by the International Labor Organization to protect the legal rights and interests of employees, fully embody the responsibility to respect and protect human rights, treat with dignity, and respect all employees, including salaried personnel and interns. The human rights issues that matter to us and our management policies are as follows:</p>	Compliant

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	Y	N	Summary	
			<p>1. <i>Fair Working Environment & Employee Code of Conduct.</i> We ensure full compliance with applicable labor laws and regulations, encourage, and support the personal development of employees, and create a safe and harmonious working environment by offering equal opportunities to our employees and maintaining fair and stable working conditions. Each employee is expected to uphold and support human rights without any discrimination against gender, age, nationality, race, ethnicity, religion, denomination, physical or mental disability, marital status, or family background. We ensure that there are no violations of human rights, such as forced labor, child labor and harassment. We have a zero-tolerance policy for discrimination and infringement of the rights of another.</p> <p>2. We provide effective protection of labor rights and friendly and harmonious labor relations. We implement fair benefits, training, evaluation, and promotion opportunities and provide an effective and appropriate grievance mechanism to avoid matters that jeopardize employees' rights and interests.</p> <p>3. We have adopted the <i>Guidelines on Workplace Sexual Harassment Prevention Measures, Complaint, and Punishment</i> pursuant to Article 13, Paragraph 1 of the <i>Act of Gender Equality in Employment, Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace</i> promulgated by the Ministry of Labor, and Article 7, Paragraphs 1 and 2 of the <i>Sexual Harassment Prevention Act</i>. We regularly promote sexual harassment awareness and incorporate Workplace Sexual Harassment Prevention courses into the onboarding training. Our group companies also implement relevant measures according to the Guide on Workplace Sexual Harassment Prevention.</p>	

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	Y	N	Summary	
			<p>4. Safe working environment: We attached great importance to the safe and healthy working environment of employees, set up occupational safety and health management organizations, continuously improve the working environment and sanitary conditions, and strive to reduce the risk of occupational disasters and protect the physical and mental health of employees.</p> <p>5. Information security: To ensure the privacy rights of our stakeholders and protect the collection and legal use of personal data, we have established a complete information security management mechanism to control data access and prevent data leakage.</p> <p>We expect all partners to enhance their oversight on human rights issues and promote awareness of international human rights, in line with the spirit and fundamental principles of this policy.</p>	
(2) Has the Company formulated and implemented reasonable employee welfare measures, including compensation, vacations, and other benefits, and appropriately reflect operating performance or results in employee compensation?	V		<p>We adopt our internal rules and policies in compliance with applicable labor laws and regulations. Our efforts in employee development and benefits are as follows:</p> <ol style="list-style-type: none"> 1. Employee Retention. We strengthen employee retention by offering career development opportunities, promoting work-life balance, and developing leadership skills. The average turnover rate in the past three years is below 5%. 2. Employee salaries are paid in accordance with the "Employee Payroll Processing Procedures" and we adjust them based on the salary survey report to ensure that they are in line with market standards. 	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
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			<p>3. Performance Management and Development. The purpose of our performance management and development system is to integrate and improve the performance of individuals as well as the organization, which include the following principles. Each employee shall be responsible for its individual performance; department heads and subordinates shall work together and main open, ongoing communication; performance and career development shall be equally important. In addition, according to Article 34 of the Articles of Incorporation, to the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration. Aside from the above, employee performance bonuses are allocated annually based on the Company's operating performance, and bonuses are paid in June each year based on the employee's individual performance evaluation.</p> <p>4. Employee Development. The cornerstone of our employee development is continual education and training. Our ongoing efforts in talent development enable us to strengthen our competitiveness.</p> <p>5. New Employee Training. In order to equip new employees with a comprehensive understanding of their job duties, colleagues, objectives, and future development, we provide onboarding training, mentoring programs, and department orientation.</p> <p>6. KSAOs (Knowledge, Skills, Abilities, and other Characteristics) Training. Provide KSAOs training to employees according to their job grades.</p> <p>7. Training of Department Heads. We provide management skills training to department heads in accordance with their functions and equip them with the abilities to become future leaders.</p>	

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	Y	N	Summary	
			<p>8. Diversified Development and Learning Channels. Most employees can access a wide range of learning resources through various channels, including on-the-job development training, job rotation, external training and seminars. (See Page 109)</p> <p>9. Defined Benefit Pension Plan. The employee retirement regulations formulated pursuant to the <i>Labor Standards Act</i> is categorized as a defined benefit pension plan.</p> <p>10. Defined Contribution Pension Plan. The employee retirement regulations formulated pursuant to the <i>Labor Pension Act</i> is categorized as a defined contribution pension plan.</p>	
(3) Does the Company provide a safe and healthy working environment and offer regular training on workplace health and safety for employees?	V		<p>1. Our core competency and value lie in our people. To that end, we dedicate significant efforts in preventing occupational diseases and injuries, ensuring workplace safety and health, and promoting employee well-being by offering a safe, reliable, and enjoyable work environment to achieve the vision of sustainable development and uninterrupted service.</p> <p>2. The president of the Company chairs the Occupational Safety and Health Committee, which supports the implementation of occupational safety and health measures. Decisions regarding the planning and implementation of health and safety measures are made together by the chair and committee members. Additionally, we have a dedicated email to receive and address employee's occupational safety and health concerns.</p> <p>3. To maintain workplace safety and health, our occupational safety and health personnel and onsite occupational health workers routinely inspect the working environment in each service workshop, accompanied by physicians specialized in occupational medicine and department heads, to identify potential hazards and offer suggestions for improvements. Subsequent risk response measures are monitored as part of our effort to continue improving and optimizing processes using the PDCA approach.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
			<p>4. Machineries and equipment that are on the restricted access list are managed by assigned personnel and regularly inspected to ensure that they are functioning properly. Personal protective gears (e.g., respiratory protective equipment, helmets, and safety shoes) are also provided to operators based on the nature of the operation to ensure their safety.</p> <p>5. We routinely conduct air quality assessment in the workplace in order to provide employees with a clean and comfortable working environment.</p> <p>6. In order to provide breastfeeding mothers with a comfortable and safe nursing environment, not only did we set up lactation rooms at the office in compliance with the laws and regulations, but we also took a step further by installing UV sterilizers and air purifiers in the rooms so that we can offer employees a breastfeeding-friendly environment.</p> <p>7. New employees are required to receive occupational health and safety training on the topics of potential hazards in the work environment, hazards prevention in operating machineries, health and safety code of conduct, and occupational safety and health resources during their orientations. The training is aimed to equip new employees with a basic understanding of health and safety in a new work environment and help them understand the potential hazards and rules to follow. We also provide workplace health and safety refresher trainings to current employees on different topics based on the nature of their job duties to enhance their health and safety awareness in the workplace.</p> <p>8. We hold emergency drills regularly to familiarize our employees with the standard procedures in case of emergency to mitigate personal injuries and property damages.</p>	

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			<p>9. Each year, we offer subsidies for employee health checkups. We provide a variety of packages that are tailored to the health condition, age, gender of our employees and based on other common health problems of Taiwanese people published by the authorities for employees to choose from.</p> <p>10. We also design activities and talks that are aimed to promote the overall health of our employees by analyzing their health checkup results, nature of their job duties and suggestions offered by employees.</p> <p>11. We go beyond compliance to offer onsite clinics three times a month and hire occupational health physicians to provide consultation to our employees.</p> <p>12. We test the drinking water at our facilities monthly for total bacteria count and E. coli and regularly have our water dispensers serviced to ensure that our drinking water quality meets regulatory requirements so that employees can safely hydrate at work to stay healthy.</p> <p>13. Our occupation health and safety practices are in line with international standards, and we continue to be ISO 45001 certified (occupational health and safety systems) by international accreditation organizations. Our goal is to mitigate workplace hazards and create a safer and cleaner work environment for our employees through a systematic process and management.</p> <p>14. In 2023, Hotai Motor reported zero workplace accidents, and no employee injury or fatality, which accounted for 0% of all employees. Our subsidiary Chang Yuan Motor reported one workplace accident and one injury or fatality as a result, which accounted for 0.117% of all employees (Chang Yuan Motor has a total of 849 employees). The accident was caused by a pressure washer explosion, which led to an employee suffering a burn. Following the incident, our subsidiary suspended the use of the pressure washer and requested the equipment manufacturer to conduct a review and implement corrective measures.</p>	

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			<p>15. We have developed preventive measures for high fire hazard areas. Some examples include purchasing fire blankets for lithium car battery storage areas, installing heat/smoke detectors and replacing existing ceilings with fire-resistant materials in the electric forklift charging areas. In 2023, Hotai Motor reported no fire incident and no injury or fatality, which accounted for 0% of all employees. There was no corrective action needed. Our subsidiary Chang Yuan Motor reported one fire incident, resulting in one injury or fatality, which accounted for 0.117% of all employees (Chang Yuan Motor has a total of 849 employees). In September 2023, a pressure washer explosion led to a fire at Chang Yuan's Tainan service center. Following the incident, our subsidiary suspended the use of the pressure washer and requested the equipment manufacturer to conduct a review and implement corrective measures.</p> <p>We will continue working towards creating a safe environment and raise employees' health and safety awareness to achieve a zero-accident workplace.</p>	
(4) Does the Company provide effective career development trainings for its employees?	V		Every year, we design annual education and training programs that include career development courses tailored to specific job functions, professional and career skills. Our Career Development Center also regularly performs evaluation on employee job functions.	Compliant
(5) Has the Company followed relevant regulations and international standards and established a consumer/customer protection policy and appeal procedures regarding customer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>Consumer protection policy:</p> <p>Our vision of "Happiness at TOYOTA" is the reason behind why we created a customer service goal of putting customers first. To ensure that the rights of consumers are protected, we emphasize the importance of customer service and listening to the voice of customers (VOC) to our top 8 dealers.</p> <p>1. We provide a transparent and effective consumer appeals process for products and services sold:</p> <p>(1) Customer Service Team</p>	Compliant

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			<p>We value the opinions of our customers. In order to provide a proper channel for customer feedback and responses, we established a 0800 customer service line in 1990 and had our 8 dealers implemented the same since 1991 to provide multiple channels for customer service. Since January 2000, we cancelled the customer service lines of all our dealerships in Taiwan; customer inquiries and complaints are now directed to our Customer Service Center to enhance customer service quality.</p> <p>(2) Each of our dealers also has a Customer Care Department dedicated to processing VOCs and promoting activities to enhance customer satisfaction.</p> <p>(3) In order to provide faster and more convenient services, we were the first in the industry to develop a professional customer service information system since 2005, an interactive platform between Hotai and its dealers which enables us to provide real-time customer service by tracking the progress of complaints and feedback and to ensure that the rights of customers are protected.</p> <p>(4) In 2016, we became the first automaker to be ISO 10002 certified in customer satisfaction and complaints handling.</p> <p>(5) In 2017, we introduced several mechanisms to improve overall customer satisfaction through total process management, including 0800 Post-Call Customer Satisfaction Survey, VOC, and complaint receipt and resolution SMS notification to customers.</p> <p>(6) In 2018, we launched an interactive voice response system and improved the FAQ section on our website, making it more user-friendly for our customers.</p> <p>(7) In 2019, we launched an AI-powered customer service chatbot to provide instant answers to</p>	

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			<p>customer's questions.</p> <p>(8) In 2020, we added a customer service line +886-2-5599-7299 while continuing to improve the customer service chatbot capabilities and quality of the responses from our FAQ database.</p> <p>(9) <i>Mandatory and Prohibited Clauses in a Vehicle Purchase Agreement (The Lemon Law)</i> becomes effective on July 1, 2021. The Company and its dealers and suppliers have an after-sales service system in place which ensures that the new vehicles received by customers are of impeccable quality.</p> <p>(10) In 2022, we added an AI-powered, voice-enabled LINE customer support to offer more convenient customer service.</p> <p>(11) In 2023, we introduced automated customer service to our support line, providing 24-hour customer assistance.</p> <p>2. Consumer appeal procedures:</p> <p>(1) The Customer Service Center receives and handles customer inquiries and complaints through the following channels: customer visits, customer service line, live chat, e-mails, letters, surveys, <i>My Toyota</i> app, and customer service chatbot.</p> <p>(2) A customer service representative shall record VOCs on the service system and notify the dealership involved. The dealership is required to contact the customer within 1.5 hours upon being notified to provide necessary assistance.</p> <p>(3) A dealership shall complete processing a case within the shortest time possible and put it on record. A case can only be closed once it's been reviewed and confirmed by Hotai Motor's Customer Service Center.</p>	

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			(4) If the customer submits the complaint directly to a local government Consumer Protection Officer or Consumer Protection Organization, the dealership will send a customer representative to attend the dispute resolution meeting and propose a solution to reach a consensus with the other party and resolve the dispute in a timely and efficient manner.	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant standards in environmental protection, occupational safety and health, and human rights of workers? How are the policies implemented?	V		<p>We have an agreement with our main supplier, TMC, that we would comply with local, national, and international laws and social regulations, fulfill our corporate social responsibility, and enhance the TOYOTA brand image. We remain committed to creating and maintaining good partnerships. As the leading brand in the automotive industry in Taiwan, we hope to work with suppliers and distributors to build sustainable service value chain. Our supply chain management system takes value creation as the starting point to enhance the sustainability of the value chain, through standardized management (see Note), information sharing, supplier evaluation, supplier audit, and supplier capacity building.</p> <p>Note: We highly encourage suppliers to obtain international certification, such as ISO 14001 and OHSAS 18001. Additionally, supplier portal must also contain detailed information on corporate ethics and environmental protection. We require our suppliers to meet Hotai's corporate social responsibility requirements in the supplier agreement for the pursuit of fulfilling corporate social responsibility and achieving corporate governance best practices. If our supplier violates any of these policies and causes substantial impact on the environment or the society, the supplier agreement will be terminated.</p>	Compliant

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5. Has the Company referred to the international reporting standards or guidelines in preparing the reports that disclose the Company's non-financial information such as sustainability reports? Have the aforementioned reports been assured or guaranteed by a third-party verification agency?	Y		We have been publishing sustainability reports since 2013, and the reports are prepared based on the core options of the Global Reporting Initiative (GRI) Standards. To ensure the credibility of the quality of data and materials, we have engaged British Standards Institution Taiwan to verify the reports; the financial data included in the reports is taken from the financial statements of our annual reports that are audited by PwC Taiwan.	Compliant
<p>6. If the Company has established the sustainability development principles based on the <i>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</i>, please describe any deviation between the <i>Principles</i> and its practices:</p> <p>Hotai Motor amended the <i>Corporate Social Responsibility Best Practice Principles</i> based on the amended version of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies in December 2021</i> and renamed it the <i>Sustainable Development Best Practice Principles</i>. Our sustainable development practices follow the <i>Principles</i> and there's no deviation between the two.</p>				

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7. Other important information to facilitate a better understanding of the Company’s sustainable development practices:				
<p>Since the Company was founded, we have been engaging in social contribution activities as we understand the importance and value of giving back to the community. By combining resources from within and outside the Group and working with stakeholders, we have developed a blueprint for sustainability called MOVE. MOVE integrates mobility, openness, value, and eco to actively promote sustainability-related activities, aiming to have a positive impact on society and drive human progress. The Company’s public welfare programs are as follows:</p>				
<p>(1) Crossing Guard Equipment Donation Program</p> <p>At Hotai Motor, it has been our longtime commitment to promote road safety and create a safer environment for drivers and pedestrians. Over the years, we observed that the crossing guard equipment used by elementary schools around Taiwan was either inconsistent in quality, damaged, or heavily stained. As part of the efforts to improve the safety of crossing guard volunteers on duty, Hotai Group has been making crossing guard equipment donations to public elementary schools in Taiwan since 2011. Each year, we donate crossing guard equipment, including reflective safety vests and handheld flags, to local elementary schools by rotating through different counties and cities. In 13 years, we donated nearly 120,000 sets of crossing guard equipment. In maintaining road safety for volunteers and schoolchildren, we have specifically chosen the same materials that are used for police gear. We also incorporate our mascot, Hu-Li (虎力), which represents leopard cat, a rare species native to Taiwan, to create a more vibrant and youthful energy to the already highly-visible design. In 2021, we began the third round of donation, maintaining road safety for a wider community of crossing guard volunteers and school children.</p>				
<p>(2) Donation of Bloodmobiles and Hotai Group’s One-Day Blood Drive</p> <p>Since 2011, we have been donating bloodmobiles—crafted from full size HINO vehicles that are equipped with the latest blood donation equipment—to numerous blood centers around the island each year. Our goal is to encourage blood donation among citizens and to provide a comfortable and quality environment. To date, we have donated 12 bloodmobiles, which served over 1.36 million blood donors and collected nearly 2.02 million bags of blood (250 c.c. per bag). As the enterprise that has donated the most mobile blood buses, our bloodmobiles currently account for approximately 17% of all the available mobile blood buses in the country. In partnership with our affiliates, Hotai Group has organized over 1,500 blood drives and more than 80,000 donors have donated blood through our events.</p> <p>In celebration of World Blood Donor Day on June 14 and to aid the blood shortage crisis caused by the pandemic, Hotai Group organized a group-wide one-day blood drive by partnering with the Taiwan Blood Services Foundation and mobilized all Hotai bloodmobiles across the island to set up 15 temporary donation centers at multiple TOYOTA dealerships, parks and corporate locations in Taipei City, New Taipei City, Taoyuan, Taichung, Changhua, Chiayi, Tainan, Kaohsiung, Yilan, and Hualian. A total of 1,315 bags of blood was collected through the event to replenish blood inventories and alleviate the blood shortage.</p>				
<p>(3) Free Mobility Service—Producing Happiness for All</p> <p>There are numerous disadvantaged groups in areas of Taiwan that still lack mobility access, and their needs for</p>				

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<p>transportation to move between remote areas, receive medical care and education, and have social workers reach them in emergency situations remain largely unfulfilled. Seeing the needs, Hotai Group has developed the Free Mobility Service Campaign by utilizing the shared mobility service (i.e., <i>yoxi</i> and <i>iRent</i>) provided through our core business and donating vehicles to help improve their lives. The campaign is dedicated to meeting the mobility needs of people from every corner of Taiwan. In 2022, we partnered with the Social Welfare Department of New Taipei City Government, Family Support Center in New Taipei City, and Social Affairs Bureau of the Taichung City Government. And in 2023, we extended our service to Kaohsiung and Tainan. In addition to helping disadvantaged children, we also assist with the transportation for placement and medical care of dependent adults (i.e., individuals that are neither the elderly nor with disabilities), as well as seniors living alone. We have partnered with Ronald McDonald House Charities in Taipei to offer high-quality shuttle services to and from the hospitals through <i>yoxi</i> for children with chronic illnesses in rural communities, reducing transportation costs for disadvantaged families. To date, we have provided 6,000 trips of free shuttle service. In collaboration with the Kaohsiung City government, we released a video documenting our journey of providing free mobility services, “Free Mobility Happiness Project with Hotai Group: Improving Mobility Access for Vulnerable Families”. The video received 800,000 views. The “Uplifting Stories of Mobility Service” shared on social media also had 8 million hits. We aim to bring satisfactory mobility experience using the resources of our core business for individuals from disadvantaged backgrounds who often lack mobility access. Additionally, we strive to raise awareness and educate the public about issues affecting the disadvantaged and vulnerable groups, working together to scale our social impact.</p>				
<p>(4) Public Welfare Dreamer</p> <p>Since our first sponsored Hotai Public Welfare Dreamer in 2019, we have been organizing programs to empower the youth in supporting public interest causes by combining extensive resources from the industry, government, and academia and encouraging collaboration between corporations and young adults. In 2023, the event entered its 5th year. Over the last five years, we have received proposals from 800 teams of young adults and guided 45 teams to implement their public interest projects by offering NT\$8.75 million as public interest funds. The initiative aims to encourage young adults to expand their influence through action and bring positive change to society.</p> <p>Hotai’s 5th Public Welfare Dreamer focuses on three topics—social care, mobility service, and environmental protection—which drew over 170 teams of students from 79 colleges and high schools across the country to enter the contest. Among which, ten teams were selected to receive NT\$200,000 each as public interest funds. We invited the Youth Development Administration to fill the advisory role and partnered with non-governmental organization, City Wanderer, to support students in living out their public interest blueprint. An exhibition showcasing students’ projects was held at Huashan Creative Park where they shared their experiences and achievements in putting public solutions into action, attracting the attendance of over 600 people. Apart from that, we have also organized self-discovery seminars on sustainability topics for young adults. Through the seminars, experts offered their insights and helped young dreamers build self-worth, while also increasing public understanding and awareness of sustainability.</p>				
<p>(5) Dream Team Indigenous</p> <p>Hotai Group launched the <i>Dream Team Indigenous</i> program in 2022, calling on our affiliates to join in on our initiative. The program combines group resources to support the choirs at Jia Xing Elementary School and Tao Shan Elementary School</p>				

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<p>located respectively in Jianshi and Taoshan townships in Hsinchu County. It is our vision to offer talented and gifted Atayal children in the choirs the opportunity to explore different professions and environments during their formative years of growing and learning. The goal is to expand their horizons and inspire them to envision their future professions.</p> <p>In 2023, the <i>Dream Team Indigenous</i> program sponsored the Jia Xing Elementary School and Tao Shan Elementary School choirs to participate in several international choir competitions, allowing the pure and resonating voices of the Atayal tribe to be heard around the globe. Both choirs successfully took on the challenge of stepping onto the stage of their dreams: Jia Xing Elementary School choir received the Gold Diploma in the Young Children’s Choir category and the Folklore A Capella category at the 12th World Choir Games in Korea; Tao Shan Elementary School choir won the Gold Diploma in the Equal Voices category at the 7th Singapore International Choral Festival. Their achievements are the pride of Taiwan.</p> <p>Stepping onto the world stage is not without challenges. To fully document the journey of <i>Dream Team Indigenous</i>, Jia Xing Elementary School and Tao Shan Elementary School choirs as they pursued their dreams, Hotai Group invited renowned documentary filmmaker Shine Yang to film the documentary “Sing Out Our Dreams” . Shine Yang is known for perfectly capturing the human condition and positive energy in his films. The documentary tells the story of Atayal children’s choirs from mountainous villages in Hsinchu as they seek to pursue their dreams and make great strides. The team spent three months closely following the choirs, documenting moments from their practices and preparations leading up to the competition, the pre-competition appreciation concert, a flash mob performance at the gates of Taoyuan Airport, and their triumphant moment on the global stage where they won the Gold Diploma. As of 2023, the documentary has over 4.37 million views, while the online video series “Dream Team Indigenous: The Journey to Glory” received over 770,000 views.</p> <p>Hotai’s <i>Dream Team Indigenous</i> program encourages the Atayal children to broaden their perspectives. For two years, we organized the Career Exploration Camp and Hotai Homestay. Children from Jia Xing Elementary School and Tao Shan Elementary School had the opportunity to explore various career options in the automotive industry and experience city life through a homestay, which encouraged them to dream bigger for their future and inspire them to envision a broader outlook on life. The program also supported the children in fulfilling their dream journey by sponsoring both choirs a total of NT\$5 million for their trips to Korea and Singapore, as well as the purchase of traditional Atayal clothing and team uniforms, empowering them to showcase their talent on the world stage.</p> <p>(6) Caring for Children with Intellectual Disabilities</p> <p>In 2015, we partnered with Children Are US Foundation to launch the sheltered workshop program. Every TOYOTA sales location in Taiwan makes a long-term commitment to purchase their baked goods. Our goal is to support these children and provide them with the opportunity to stand on their own and work. As of 2023, we have made over NT\$51.86 million worth of purchases from the Children Are US Foundation bakery.</p> <p>(7) TOYOTA Global Dream Car Art Contest</p>				

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<p>Our desire to inspire children’s imagination and elevate the quality of art contests led us to organize the TOYOTA Dream Car Art Contest. In 2023, it was our 17th year hosting this contest, and we have received over 880,000 submissions to date. The TOYOTA Dream Car Contest attracts thousands of children every year and is by far the only children’s drawing contest in Taiwan that is held on a global scale. Last year, we continued to promote multiple ways to register and submit entries using computer graphics so that children who enjoy drawing have more avenues to express their creativity. In 2023, we received 120,000 submissions as children around the island showed great enthusiasm for the contest.</p>				
<p>(8) TOYOTA Technical Education Program (T-TEP)</p> <p><u>Student Career Experience Program</u></p> <p>To help students explore their career choices and facilitate work-integrated learning, we partner with our dealers to organize company visits for students from T-TEP partner schools. The visits include an orientation to the company, live demonstrations, Q&A session, and group photos to promote youth empowerment. In 2023, we organized a total of 57 visits to dealers’ service centers for students from 32 schools enrolled in T-TEP. (Number of students visited: 1,940; course satisfaction score: 93%; number of T-TEP Facebook reach: 59,305).</p> <p><u>Donate High-tech Educational Materials from TMC</u></p> <p>As part of our efforts to develop students’ vocational skills, Hotai Motor introduced the TOYOTA Technical Education Program, T-TEP, in 1991 with the aim to help technical and vocational schools develop talent specializing in automotive repair and maintenance. We have partnered with 32 technical and vocational schools to date and donated various TOYOTA high-tech teaching aids and materials for teachers and students to practice on. The cumulative value of teaching materials and vehicles donated for practice is now over NT\$ 67.98 million, a reflection of our commitment to develop skilled technicians for the automotive industry.</p> <p><u>Technical Exchange and Sharing Between Industry and Academia</u></p> <p>Twice a year, we work with dealers to organize training and development conferences on various topics and share the latest automotive technologies and practices in the industry with members of academia. We invite teachers from 31 schools enrolled in T-TEP to the events to increase the exchange of information and experience between industry and academia. Hotai Motor and our dealers also provide venues, equipment and have 60 seasoned technicians share their experience in the field as well as the latest vehicle technology and information to help teachers and students learn about industry practices and trends. It is also a great opportunity for students to gain insight into the job market and employment environment early on, allowing them to work on improving their competencies. This process helps them make suitable career choices and transition seamlessly from school to the workplace, supporting career readiness.</p>				
<p>(9) Sheet Metal Painting Winter Camp</p> <p>The camp offers a diverse learning and career exploration opportunities for students who are in the technical and vocational education system. Our program not only helps students explore future career paths but also enables teachers to enhance their practical knowledge and understanding of sheet metal painting and technical development trends. In 2023, we organized six rounds of camps (with each round running for two days) at the metal painting training centers at Hotai in the northern region, Longjing in central Taiwan, and northern Tainan and Fengshan in the southern region. 73 students</p>				

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from T-TEP partner schools participated. (Satisfaction score: 96%; 17 posts of behind-the-scenes photos of the event were shared on the T-TEP and Happiness at TOYOTA Facebook Group; number of Facebook reach: 23,000)				
(10) Campus Recruiting Program				
Due to the growing need of the organization for talent and the competition between companies in recruiting, which is linked to declining birth rate, the search for first-line workforce has become increasingly challenging. With the changing landscape, we launched the TOYOTA Campus Recruiting Program to help dealers invest in campus recruiting. The program aims to offer seniors from high schools, vocational schools, and universities the opportunity to intern for one semester and receive a three-step training (technical skills development, capability refinement, and technical assessment), and ultimately help students become certified as an entry-level technician. As long as the students complete their internship and pass the technical assessment prior to graduation, a certification will be issued to them by TMC. For out-of-city students, they have the option to choose a location that is closer to home for their internship.				
Implementation results: 52 students were accepted to the program from February to June 2022; 72 students were accepted to the program from September 2022 to January 2023; 101 students were accepted to the program from September 2023 to January 2024.				
(11) Short Film Contest—LEXUS My Film				
Lexus has long been dedicated to promoting the cultural industries to discover and cultivate more young film talents and encouraging young creative artists to pursue their dreams. In 2023, we hosted the fourth annual LEXUS My Film, a short film contest. The theme “My Own Rendition of Amazing” attracted a total of 2,387 submissions, an all-time high. The entries covered a wide range of topics, including life after the pandemic, gender issues, art and creativity, fantasy and imagination. Through visual expressions, contestants explored their inner selves and reflected on the society. The films convey the passion and energy of the new generation of creators as they articulate their own version of “Amazing”.				
(12) Sponsoring Sports, Arts and Cultural Events				
As part of our efforts to promote the development of the sports, music, arts, and entertainment industries in Taiwan and bring a richer life experience to car owners, Hotai’s brands TOYOTA and LEXUS actively sponsor and co-organize art and cultural events annually.				
In supporting the sports industry in Taiwan, TOYOTA sponsors professional basketball team New Taipei CTBC DEA in the T1 league and the broadcasting of University Basketball Association (UBA) and High School Basketball League (HBL) games in 2023 to promote the sport. We also support a variety of music events through active participation. Some examples include sponsoring two pop music events, Hito Music Awards and KKBOX Music Awards, as well as the “Crazy for Taiwan Concert” performed by One Song Orchestra, an orchestra composed of young Taiwanese musicians. Their mission is to “Taiwanize” classical music and to “classicalize” Taiwanese music, aligning with the notion of glocalization that shapes our culture. We collaborated with music program “The Rappers 2” to encourage the young generation to boldly pursue their dreams. TOYOTA also sponsors “Next Girlz”, a popular music talent show for all-female bands, encouraging the next generation to find their own platform.				

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<p>LEXUS has long been a supporter of Taiwan’s arts and culture and regularly organizes various events, including LEXUS Design Award and LEXUS My Film, encouraging young adults to express their creativity. For the fifth year in a row, LEXUS partnered with Taipei City government and VOUGE in sponsoring fashion event 2023 Taipei Fashion Week x VOUGE Fashion’s Night Out, empowering a new generation of Taiwanese fashion designers. Last year, LEXUS also collaborated with other makers and artisans to organize The Littles Series, inviting children of our car owners to learn different trades from Michelin Star chefs and popular video content creators in order to encourage the spirit of craftsmanship. Through long-term sponsorship of a variety of arts and cultural events, we continue to cultivate creative talents and thereby create a platform for the next generation to fulfill their dreams.</p>				
<p>(13) TOYOTA - Environment Month</p> <p>Every June, Hotai Motor partners with dealers to participate in TOYOTA’s Global Environment Month to promote urban greening. We also give back through local sourcing to increase engagement with the local communities and raise environmental awareness to create a greener environment.</p> <p>Since the Environment Month initiative launched in 2005, participation continues to grow, including our top eight dealers from around Taiwan who joined in on the cause in 2009. Since 2013, we have come together to promote the community green redevelopment projects. Through the TOYOTA Environment Month initiative, we hope to inspire local communities to support the government’s policy of revitalizing abandoned urban space and improve quality of life. In 2018, we began working with non-government organizations and government agencies. For a period of three years, we are committed to making a difference in the local communities. As of 2023, we have organized 118 rounds of TOYOTA Environment Month activities and over 42,000 volunteers participated.</p>				
<p>(14) TOYOTA – Toy Sharing</p> <p>In 2016, we launched the TOYOTA Toy Sharing program. Our aspiration is to promote environmental sustainability through the recycling and regeneration of used toys. In late 2017, TOYOTA donated an INNOVA compact MPV to the Taiwan Toy Library Association as campaign vehicle, which drives around the city to deliver pre-loved toys to children in need. As of the end of 2023, an accumulated total of over 400 metric tons of toys were recycled through the program, the equivalent of the carbon absorption of 103,000 trees in one year. Over 280,000 people have participated in our events since the program launched, including toy recycling, Toy Easter, Little Technician (career exploration activity), Love in a Backpack, and the Toy Drive. A total of NT\$1.36 million in registration fees collected from our events between 2018 and 2023 has been entirely donated to the Eden Social Welfare Foundation, which continues to inspire positive changes in society.</p>				
<p>(15) TOYOTA - One Tree for Every Toyota</p>				

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	Y	N	Summary	
<p>Hotai Motor is committed to safeguarding the coastline of Taiwan by planting trees and making good on the promise to protect our island. Through working with specialists, the survival rate of these trees along the coastline is as high as 90%. As of the end of 2023, we have planted over 780,000 trees spanning over 14 cities and counties along the coast since the inception of the program in 2017, reducing approximately 26,000 metric tons of carbon emissions. Following the success of our campaign in Kinmen and Penghu, we extended our efforts to the Nangan Concord Power Plant, Zhu Shan Branch in Matsu on the eve of Arbor Day 2023. We planted 900 seedlings using 600 self-watering pots with the hope to overcome the challenges of sporadic rain and a six-month dry season to bring greenery to Matsu. In addition to sharing our success stories and building Taiwan’s coastal green belt, Hotai Motor has also been actively organizing various innovative events to encourage engagement and expand our influence, all with the goal of raising public awareness about coastal afforestation.</p> <p>To expand our influence and garner public support, we continually communicate our message through different channels. In 2023, we produced a short film “700,000 Trees” depicting the challenges encountered and accomplishments achieved in the last six years through the One Tree for Every TOYOTA campaign, increasing public awareness of the coastal erosion crisis. To reach the younger demographics, we utilize social media to curate One Tree for Every TOYOTA content to engage with our followers. With the theme “Environmental Sustainability”, we have incorporated the mission of One Tree for Every TOYOTA into people’s daily lives. We also produced the Survival Reality Show where we invited celebrities Muji Hsu and Ho Mei to gather college students for some game challenges at Chaojing Park, our tree planting site. The show promotes the vision behind One Tree for Every TOYOTA by making learning fun through activities such as rapid-fire Q&As and water resource challenges; it also provides hands-on experience in tree planting using self-watering pots. A total of 1,215 college students signed up to participate. The show successfully drew the attention of the younger generation and raised awareness about environmental issues and the One Tree for Every TOYOTA campaign.</p> <p>Since 2019, we have been organizing tree planting events every year that allow car owners and the public to volunteer to plant trees. Each volunteer can experience the joy of personally planting a tree and become a driving force behind the movement to protect the coasts of Taiwan. In 2023, the One Tree for Everyone TOYOTA campaign reached the goal of 750,000 trees planted. We invited Olympic weightlifter Kuo Hsing-Chun and celebrity Boris Wang (王品澐) as event ambassadors. Together with 300 volunteers, we planted 3,000 tree seedlings at Shimen Reservoir in Taoyuan. The event united the community’s efforts towards reforestation and environmental sustainability, restoring Taiwan’s coastline back to greenery and biodiversity.</p> <p>(16) Wildlife Conservation Program</p> <p>In 2021, Hotai Group teamed up with Taiwan Biodiversity Research Institute (the “Research Institute”) to start the Taiwan Wildlife Conservation Program. The program aims to protect a rare animal species native to Taiwan, leopard cats, and aid the conservation of Taiwan’s ecosystem. With less than 500 leopard cats remaining in Taiwan today, we hope to create an environment where they can continue to reproduce. As a proclamation of our commitment to protect this beautiful, rare species, we created a mascot, Hu Li (虎力), a leopard cat. The Chinese character “Li” represents the vitality of leopard cats and the concept of the constant renewal of nature.</p>				

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<p>The Wildlife Conservation Program funds the training expenses for releasing rescued leopard cats back into the wild, helping them adapt to their natural habitat. In addition to donating a TOYOTA RAV4 and COROLLA CROSS as animal rescue vehicles, we also take part in the rescue efforts of wild animals and conduct animal conservation education. As a company in the transportation industry, we take particular interest in the topic of leopard cats’ safety. To that end, we partnered with our affiliate, Carmax, the Research Institute, and navigation provider Garmin and developed the “Animal Hotspots” feature on the TOYOTA DRIVE + CONNECT app. This feature includes data on areas where mammals (leopard cats) and other animals are frequently spotted on the navigation map. It aims to reduce incidents involving leopard cats and other rare animal species and enhance road safety for car owners by sending texts and voice reminders to alert drivers “to slow down and watch for animal crossings”. Together with our owners, we are committed to protecting the lives of Taiwan leopard cats and other rare animal species. Our mascot Hu Li (虎力) appeared on the “Leopard Cat Crossing” road signs installed at multiple locations in Nantou County and Nantou City where previous traffic incidents involving leopard cats have occurred. These signs not only remind drivers to reduce their speed, but also help pedestrians be aware that leopards can be spotted in these areas.</p>				
<p>(17) Hotai Group/TOYOTA Beach Cleanups</p> <p>Since 2019, we enlist the help from our affiliates, local dealers, and sales locations around Taiwan to organize beach cleanups. We have also invited local government agencies and non-government organizations and people around the island to join in. Over the years, we have hosted a total of 65 beach cleanups nationwide, with over 44,000 volunteers participating. In 2023, we invited students from nearby elementary schools to join us for our beach cleanups, using this as an opportunity to educate kids about environmental sustainability and plastic reduction. The intention is to instill awareness in the next generation and ensure a sustainable environment. Through our beach cleanups, we removed nearly 19,000 kg of waste from 16 beaches around the island. Additionally, we donated NT\$580,000 to the Loo Koo Association to fund 35 rounds of environmental education, allowing environmental awareness and the importance of reducing plastic use to take root in children’s hearts from a young age, thereby creating a better environment for this island.</p>				

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3.4.5 II. Climate-Related Disclosures

1. Climate-Related Implementations

Item	Implementations																									
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>Hotai Motor established the Corporate Social Responsibility Committee in 2018 as a functional committee under the Board to pursue corporate sustainability, implement and oversee related policies and sustainable development strategies. In December 2021, the committee was renamed the Sustainable Development Committee. The convener of the meetings is the independent director of the company. The Committee meets at least twice a year to adopt annual sustainability policies and review the progress of each ESG topic area through regular meetings.</p> <p>The Office of Environmental Affairs, Office of Social Affairs, and Office of Corporate Governance are business functions established under the Sustainable Development Committee to promote and implement sustainability practices. The goal is to manage and oversee Hotai Motor’s economic, environmental, and social practices and performance by utilizing Group resources and incorporating various ESG topics into our daily business operations. The offices are responsible for devising and implementing ESG project objectives, as well as compiling and presenting the progress and results of their operations to the Sustainable Development Committee. Members under the offices include delegates from the Environmental Management Committee, TOYOTA Vehicles Division, LEXUX Vehicles Division, TOYOTA Service Marketing Division, and External Affairs & Legal Division. In particular, the Administration Operations Group is assigned as the lead office for our sustainable development efforts. Its primary responsibilities include calling Sustainable Development Committee meetings and facilitating cross-functional communications, identifying and reporting on material issues annually, collecting performance outcomes of sustainability topics, preparing the sustainability report of the company, and presenting ESG progress and results to the Board of Directors twice a year.</p> <p>Each year, the Sustainable Development Committee reviews the annual policies, key strategies, and action plans. They also assess risk analysis and management to minimize operational risks as the Group transition to more sustainable operations.</p>																									
2. Describe how the identified climate-related risks and opportunities affect the entity’s business, strategy, and finances (short, medium, and long term).	<p>Climate-related risks:</p> <table><tr><th>Risk Level</th><th>Description</th><th>Occurrence in the Supply Chain</th><th>Time Horizon</th><th>Impact</th><th>Financial Implications</th><th>Management Approach</th></tr><tr><td>High</td><td>Demand for low-carbon products and services</td><td>Downstream customers</td><td>Medium-term</td><td>With rising environmental awareness, the older generation vehicles can no longer satisfy customers’ needs when it comes to vehicle performance and environmental requirements</td><td rowspan="2">The operating expenses will go up (in the case of introducing more products meeting environmental requirements).</td><td rowspan="2">We will closely monitor changing market needs, customer behaviors and preferences, and push for the introduction of more fuel-efficient, low-emission models from TMC.</td></tr><tr><td>High</td><td>Changing customer preferences</td><td>Downstream customers</td><td>Medium-term</td><td>With increased awareness of sustainability, customers are more inclined to consider</td></tr></table>							Risk Level	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Financial Implications	Management Approach	High	Demand for low-carbon products and services	Downstream customers	Medium-term	With rising environmental awareness, the older generation vehicles can no longer satisfy customers’ needs when it comes to vehicle performance and environmental requirements	The operating expenses will go up (in the case of introducing more products meeting environmental requirements).	We will closely monitor changing market needs, customer behaviors and preferences, and push for the introduction of more fuel-efficient, low-emission models from TMC.	High	Changing customer preferences	Downstream customers	Medium-term	With increased awareness of sustainability, customers are more inclined to consider
Risk Level	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Financial Implications	Management Approach																				
High	Demand for low-carbon products and services	Downstream customers	Medium-term	With rising environmental awareness, the older generation vehicles can no longer satisfy customers’ needs when it comes to vehicle performance and environmental requirements	The operating expenses will go up (in the case of introducing more products meeting environmental requirements).	We will closely monitor changing market needs, customer behaviors and preferences, and push for the introduction of more fuel-efficient, low-emission models from TMC.																				
High	Changing customer preferences	Downstream customers	Medium-term	With increased awareness of sustainability, customers are more inclined to consider																						

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					fuel-efficient or low-emission options when purchasing vehicles.		
	High	Changing customer behaviors	Downstream customers	Medium-term	With increased awareness of sustainability, we will begin to see customer resistance to gasoline-powered vehicles.		
	High	Product efficiency regulations and standards	Upstream suppliers	Medium-term	If suppliers are unable to meet regulatory requirements, these vehicles cannot be accepted for distribution.	The operating expenses will go up (e.g., high compliance costs and increased overhead).	Continuous monitoring of regulatory development and communication with TMC as necessary to ensure that we launch products that comply with regulatory requirements.
	Medium	Tropical cyclone	Upstream suppliers and the company	Short-term	Extreme weather and natural disasters could cause property damage and financial loss for the company, such as building collapse, vehicle damage and flooding. Additionally, they could increase the risk of injuries or prevent employees from reporting for duty and, in turn, affect workforce allocation.	The operating expenses will go up (e.g., the need to maintain a higher inventory of parts in the event that production line is impacted by natural disasters).	<ol style="list-style-type: none"> 1. Closely monitor the typhoon and have adequate response plans in place to prepare for typhoon conditions. 2. Understand the potential impact of typhoons on product deliveries, our employees and property, and reach out to workers as needed and be prepared for post-disaster repairs and rebuilding. 3. Follow regulatory authority's directions.
	Climate-related opportunities:						
	Opportunity Likelihood	Description	Occurrence in the Supply Chain	Time Horizon	Impact	Financial Implications	Management Approach
	High	Low-carbon products or services	Downstream customers	Short-term	With increasingly stringent fuel economy standards, we need to offer more low-emission options such as fuel-	The operating income will go up (if sales of alternative fuel vehicles that meet consumer needs increase).	We will push for the introduction of more low-emission options such as fuel-efficient and/or alternative

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					efficient and alternative fuel vehicles.		fuel vehicles from TMC.
	High	Changing customer behaviors	Downstream customers	Short-term	With increased awareness of sustainability, customers are more inclined to consider fuel-efficient or alternative fuel vehicles.	The operating income will go up (if sales of alternative fuel vehicles that meet consumer needs increase).	We will closely monitor changing customer behaviors and preferences, and push for the introduction of more low-emission options such as fuel-efficient and/or alternative fuel vehicles from TMC.
	High	Policy incentives	The company	Short-term	Hybrid and all-electric vehicles that meet the requirements of the government's incentive program will qualify for excise tax deduction or exemption, which, in turn, will lower prices and increase product sales.	The operating income will go up (if sales of vehicle models eligible for the government's incentive program increase).	We will push for the introduction of more hybrid and/or all-electric models from TMC that qualify for excise tax deduction or exemption under the government's incentive program.
3. Describe the financial impact of extreme weather events and transition actions.	<p>Extreme weather events such as typhoon, storm, and tsunami could disrupt operations and lead to financial loss throughout the organization.</p> <p>Our transition actions include transitioning into a low-carbon economy, implementing a net-zero strategy (e.g., replacing gasoline-powered vehicles with fully electric vehicles), achieving zero emissions from electricity use, and constructing renewable energy facilities. These actions are expected to increase our operating expenses significantly.</p>						

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4. Describe how climate risk identification, assessment, and management process are integrated into the overall risk management system.	<p>In 2010, TOYOTA established a new risk management committee and organizational structure globally and designed a standardized risk management process, which requires the annual risk assessment process to be conducted pursuant to the Toyota Global Risk Management Standard (TGRS). In 2021, TGRS 1.5 was developed to further improve the risk assessment process. A multi-tiered risk classification approach (the FORREST model) was also introduced using the level of impact as assessment criteria to manage risks in the aspects of finance, operation, compliance, affiliates, strategy, technology and information. In 2022, TOYOTA continued to develop the Global Toyota Enterprise Risk Management (G-TERM), which factors in the likelihood of risks and build a global reporting mechanism and real-time dashboard.</p> <p>For Hotai Motor, each aspect of risk management is vital to our operations. Across departments, we follow TOYOTA's global risk management standard in identifying potential risks with the utmost caution to determine the magnitude of impact and frequency of occurrence. We also consider the interrelations between the risk factors and different functions. Based on the policies approved by the Board, the Financial and Accounting Division conducts long-term research, assessment, prevention, and mitigation of the contingent financial risks arising from interest rate and exchange rate fluctuations, inflation, and deflation.</p> <p>Maintaining steady and robust operations has always been our business strategy, and we do not engage in any high-risk, high-leverage investments. Each subsidiary in our Group must develop their own <i>Operating Procedures for Fund Lending</i> and <i>Procedures for Providing Endorsement and Guarantee of Obligations</i> to guide and manage relevant operations. Additionally, every derivative transaction should adhere to Hotai Motor's <i>Procedures for Engaging in Derivative Transactions</i>.</p>
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors used and major financial impact.	<p>As the exclusive distributor of TMC in Taiwan, Hotai Motor relies on TMC for the development and distribution of its products. As one of the largest automakers in the world, TMC seeks to achieve zero vehicle emissions by implementing a complete circular economy approach. This involves launching the net-zero initiative to eliminate emissions throughout the entire vehicle life cycle. Additionally, TMC has also introduced a series of carbon reduction initiatives tailored for its suppliers and downstream dealers.</p> <p>TMC joined the Science Based Targets initiative (SBTi) and developed a global mid- to long-term reduction targets that are aligned with reduction pathways for limiting global temperature rise to 1.5 degree C°.</p> <p>Hotai Motor follows TMC's guidelines in setting the target to achieve a 68% reduction in Scope 1 and Scope 2 emissions by 2035 against a 2019 baseline. We expect that by 2026, our annual reduction efforts will begin to show results and relevant transition costs and investment in equipment and facilities will increase. The company will develop relevant transition timelines and plans and regularly share updates at the annual environmental management meetings and Sustainable Development Committee meetings.</p>

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6. If there is a transition plan in place for managing climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks.	To align with TOYOTA Global's 2050 net-zero emissions target and Six Environmental Challenges, Hotai Motor follows TMC's science-based reduction target under the SBTi framework. The target is in line with limiting the global temperature increase to 1.5 degree C°. During phase one, the goal is to achieve a 68% reduction in Scope 1 and Scope 2 emissions by 2035 against a 2019 baseline. Through step-by-step measures, we will progress by implementing large-scale electrification, improving operational efficiency, and building renewable energy facilities.
7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.	Currently, we have not adopted internal carbon pricing as a planning tool.
8. If climate-related targets have been set, please describe the activities covered, the scope of GHG emissions, the planning horizon, as well as the progress achieved each year. If carbon credits or renewable energy certificates (RECs) are used	Hotai Motor aligns with TOYOTA Asia Pacific's net-zero target to reduce CO2 emissions by 3% and water consumption and general waste by 1% from a 2019 baseline. It is estimated that by 2025, we can achieve the goal of reducing CO2 emissions by 18% and water consumption and general waste by 6% from a 2019 baseline. To support TOYOTA's science-based reduction target under the SBTi framework, we aim to reduce Scope 1 and Scope 2 emissions from the Taipei headquarters, Xinzhuang Automotive Complex, Yangmei Logistics Center, Taichung and Kaohsiung parts secondary warehouses by 68% by 2035 against a 2019 baseline. The company has not used any carbon credits or RECs to achieve relevant targets.

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to achieve relevant targets, please specify the source and quantity of carbon credits or RECs used to offset GHG emissions.	
9. GHG audit and verification, and relevant reduction targets, strategies, and specific action plans. (Please fill out the information separately in section 1-1 and 1-2 below.)	On July 29, 2023, Hotai Motor (the parent company only) has completed the audit and verification of GHG emissions for 2022 and received an ISO14064-1 certification from a third-party verification body.

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1-1 GHG Audit and Verification for the Last Two Years

<p>Company Profile</p> <p>The company</p> <p><input type="checkbox"/> has a capital of NT\$10 billion or more, or is in the iron and steel or cement industry</p> <p><input checked="" type="checkbox"/> has a capital of NT\$5 billion or more but less than NT\$10 billion</p> <p><input type="checkbox"/> has a capital less than NT\$5 billion</p>	<p>Pursuant to the <i>Sustainable Development Roadmap for TWSE/TPEX Listed Companies</i>, the company shall at a minimum disclose the results of:</p> <p><input type="checkbox"/> Audit of the parent company</p> <p><input type="checkbox"/> Audit of its consolidated subsidiaries</p> <p><input type="checkbox"/> Verification of the parent company</p> <p><input type="checkbox"/> Verification of its consolidated subsidiaries</p>
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Results of Hotai Motor's (the Parent Company only) GHG Audit and Verification in 2022				
Scope 1	Gross GHG Emissions (metric tons of CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)	Verification Body	Comments
Parent company	247		SGS	On July 29, 2023, SGS confirmed that it received reasonable assurance for Hotai Motor's Scope 1 and Scope 2 emissions and limited assurance for its Scope 3 emissions in accordance with the requirements of ISO14064-3.
Subsidiaries	-	-	-	
Total	247			
Scope 2	Gross GHG Emissions (metric tons of CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)	Verification Body	
Parent company	1,478		SGS	
Subsidiaries	-	-	-	
Total	1,478			
Scope 3	13,982		SGS	

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

Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
1. Establish ethical corporate management policies and programs				
(1) Has the Company adopted its ethical corporate management policies approved by the board of directors, and clearly outlined the policies and approaches in its guidelines and external documents, as well as the commitment from its board of directors and senior management to actively implement the policies?	V		Our <i>Anti-Corruption Ethnical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> were respectively adopted and approved by the Board of Directors in March 2014 and January 2018, which stipulate the prohibition of corruption, types of benefits, ethical business practices, prohibition of illegal political contributions and unlawful donation or sponsorship, implementation of effective accounting and internal control systems, regular trainings and campaigns, and establishment of reporting and disciplinary mechanisms. These policies can be found on our corporate website. In November 2023, we updated the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> to align with the latest version of <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> .	Compliant
(2) Has the Company established an evaluation mechanism for the risk of unethical conduct, regularly analyzed and evaluated the business activities with high risk of unethical conduct within its business scope, and formulated a plan to prevent unethical conduct, which shall at least cover the preventive measures for the behaviors in Article 7, paragraph 2 of the " <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> ?"	V		Our <i>Employee Code of Conduct</i> , compliance guidelines and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> stipulate that employees shall perform duties with integrity and comply with the law and social moral principles. The employees shall not engage in any unethical business practices such as infringement of intellectual property and unfair competition. We also promote business ethics during orientation for new employees and require them to sign an <i>Employee Statement of Compliance</i> . In 2023, the Company also offered a one-hour anti-corruption training to new employees, which was attended by 33 employees.	

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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(3) Has the Company established and implemented policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, penalties for violations, and rules of appeals, and does the Company regularly review and revise the policies?	V		We have adopted <i>Workplace Rules and Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> which prohibit employees from using their positions for personal gains, or accepting hospitality, gifts, kickbacks, or misappropriating public funds, or other unlawful interests, thereby preventing the impact of unethical behaviors on business relationships or transactions.	
2. Ethical corporate management practices				
(1) Does the Company evaluate the ethical performance of its business partners and specify ethics-related clauses in business contracts?	V		Our business contracts contain clauses stipulating ethical conducts to ensure compliance of our business partners.	Compliant

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<p>(2) Has the Company established a business unit exclusively or concurrently dedicated to business ethics and integrity, and regularly (at least once a year) report to the board of directors on its ethical management policy, plans to prevent unethical behavior, and implementation oversight?</p>	<p>V</p>	<p>To implement ethical business practice, the Legal Division is assigned as a dedicated unit to oversee the following, and the Auditing Division shall report to the Board once a year on the implementation status:</p> <ul style="list-style-type: none"> (1) Incorporate business ethics and moral values into the Company's operational strategies and adopt relevant preventive measures according to applicable laws and regulations; (2) Prepare plans to prevent unethical behaviors and adopt standard operating procedures and code of conduct related to job functions under each plan; (3) Design the internal organization, system, and management, having a mutual accountability mechanism for business activities that are more susceptible to unethical behaviors; (4) Promote and coordinate ethical policy education and training; (5) Adopt whistleblowing system to ensure effectiveness; and (6) Support the Board and management in reviewing and evaluating whether the preventive measures established for implementing ethical business management is effective, conduct an evaluation on the compliance of relevant operating procedures and prepare a report accordingly. <p>Our External Affairs and Legal Division is responsible for promoting compliance of business ethics to prevent violation of ethical corporate management and unlawful conduct by the employees.</p> <p>Our ethical management practices in 2023 include the following:</p> <ul style="list-style-type: none"> (1) We organized an ethical management training for senior executives across the organization, which was attended by 60 senior executives. (2) We organized a symposium on business ethics for Hotai Motor's chief officers, which was attended by 7 chief officers. (3) We provided anti-corruption training for new employees, which was attended by 33 employees. (4) We held a group-wide annual compliance training, and 567 employees attended. 	<p>Compliant</p>
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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
			<p>In 2019, we adopted the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i>.</p> <p>Our Auditing Division under the Board of Directors will regularly and from time to time inspect our accounting and internal control systems. Any violation discovered will be recorded in the audit report and submitted to the Board of Directors.</p>	
(3) Has the Company established and implemented policies to prevent conflicts of interest and provided appropriate communication channels?	V		<p><i>The Rules and Procedures of Board Meetings</i> set forth director recusals in case of conflicts of interest, and the <i>Employee Code of Conduct</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> stipulate that employees and directors shall not use their positions to achieve personal gains or benefit others, or become involved in a conflict of interest with the Company. We also have a grievance system in place. <i>The Code of Conduct and Ethics for Representatives of Affiliates</i> also provides rules preventing conflicts of interest.</p>	Compliant
(4) Has the Company established effective accounting and internal control systems to facilitate the implementation of ethical corporate management? And has the Company adopted relevant audit plan based on the risk assessment of unethical behavior, and conducted audits on the compliance of the audit plan to prevent unethical behavior, or engaged a certified public accountant to carry out the audit?	V		<ol style="list-style-type: none"> 1. Unless otherwise specified in the laws or regulations, our accounting practices are conducted according to our accounting system. We ensure that all operating activities follow strict operation standards by implementing relevant accounting system operating procedures so as to achieve checks and balances between each operation and prevent corruptions. 2. Our internal control system takes into account the operating activities. The internal auditors conduct auditing in accordance with the audit plan and may request each department to produce relevant documents, accounts, and certificates. The auditor can create a project for a specific audit when necessary, prepare an audit report, and submit it to the Board of Directors along with relevant documents. This process ensures that the day-to-day operations align with our ethical management principles. 	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(5) Does the Company regularly hold internal and external educational trainings on ethical business management?	V		<p>We regularly provide trainings to our employees and promote awareness to help them better understand our commitment and policy on ethnical corporate management.</p> <p>(1) In 2023, we organized an ethical management training for senior executives across the organization, which was attended by 60 senior executives.</p> <p>(2) In 2023, we provided anti-corruption training for new employees, which was attended by 33 employees.</p> <p>(3) In 2023, we held a group-wide annual compliance training, and 567 employees attended.</p>	Compliant
3. Operation of the integrity channel				
(1) Has the Company established a reward and penalty system and an integrity hotline? Can the employee with alleged violations be reached by an appropriate contact person for follow-up?	V		<p>1. We are able to effectively prevent unethical conduct and facilitate a sustainable business by following the <i>Anti-Corruption Ethnical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> and improving internal regulations and risk management mechanisms.</p> <p>2. According to the <i>Anti-Corruption Ethnical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i>, an employee or contractor may report concerns anonymously to the Auditing Division via mail or e-mail, addressed to the Chief of the Auditing Division, in case of discovery of any unlawful conduct.</p>	Compliant
(2) Has the Company established standard operating procedures and confidentiality measures for the investigation of reported incidents and follow-up measure to be taken after investigation?	V		<p>We have adopted standard procedures such as <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i>, <i>Procedures for Reporting Bribery and Corruption</i> and <i>Grievance System</i> for the processing of reported cases investigations.</p>	Compliant

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Evaluation Item	Implementation Status			Deviation from the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and Reasons for Deviation
	Y	N	Summary	
(3) Does the Company provide proper whistleblower protection?	V		Our <i>Anti-Corruption Ethnical Management Principles</i> and <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> provide that the Auditing Division shall maintain the anonymity of the whistleblower to prevent reprisals.	Compliant
4. Enhancing information disclosure Has the Company disclosed its ethical corporate management policies and results of implementation on the Company's website and the Market Observation Post System?	V		We have disclosed our ethnical corporate management practices and implementation on our corporate website (www.hotaimotor.com.tw) and in the annual report.	Compliant
<p>5. If the Company has established the ethical corporate management policies based on the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>, please describe any discrepancy between the policies and its practices:</p> <p>The Board of Director approved the <i>Anti-Corruption Ethical Management Principles</i> on March 25, 2014, a guideline for implementing ethical corporate management. In June 2016, the Company amended the <i>Anti-Corruption Ethnical Management Principles</i> based on the amendments of the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and the Company's Articles of Incorporation to properly reflect the Company's current status and comply with corporate governance practices. There is no significant difference between our <i>Anti-Corruption Ethnical Management Principle</i> and the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>. In January 2018, we completed our anti-corruption reporting procedure and adopted the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> as compliance guidelines for our employees. In November 2023, we updated the <i>Anti-Corruption Ethical Management Operating Procedures and Guidelines</i> to align with the latest version of <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>.</p>				
<p>6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., if the Company has reviewed its policies):</p> <p>We have always upheld the highest standards of governance by actively promoting operating transparency and requesting business partners (including dealers and suppliers) to make available policies in respect of business ethics on the home page of their websites in order to maintain our business reputation. Through our long-term business relationships, we have a consensus to work together to achieve corporate sustainability in the value chain.</p>				

3.4.7 Corporate Governance Guidance and Regulations

- (1) Corporate governance regulations: according to the regulations promulgated by the FSC and TWSE, the Company adopted the following regulations:
 - (a) Articles of Incorporation

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- (b) Procedures for Acquisition and Disposition of Assets
- (c) Procedures for Engaging in Derivative Products Transaction
- (d) Anti-Corruption Ethnical Management Principles
- (e) Operating Procedures for Fund Lending
- (f) Procedures for Providing Endorsement and Guarantee of Obligations
- (g) Rules and Procedures of Board Meetings
- (h) Rules and Procedures of Shareholders' Meetings
- (i) Sustainable Development Best Practice Principles
- (j) Corporate Governance Best Practice Principles
- (k) Procedures for Processing Material Nonpublic Information
- (l) Procedures for Suspending and Resuming Transactions
- (m) Audit Committee Charter
- (n) Remuneration Committee Charter
- (o) Risk Management Policies and Procedures
- (2) Websites
 - (a) Our corporate website (<http://www.hotaimotor.com.tw/>): "Articles of Incorporation and other Corporate Governance Regulations" under "Investor Relations"
 - (b) The Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>)

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

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3.4.9 Status of Internal Control

(1) Internal Control Statement

Hotai Motor Co., Ltd.
Statement of Internal Control

Based on an evaluation of our internal control system as of December 31, 2023, we hereby state that:

1. The board and management of Hotai Motor Co., Ltd. (the “Company”) are responsible for establishing, implementing, and maintaining adequate internal control over financial reporting. The Company has established an effective internal control system which aims to provide reasonable assurance regarding operational results and effectiveness (e.g., profitability, performance, safeguarding of assets), reliability, timeliness and transparency of its financial reporting, and compliance with applicable laws and regulations.
2. Due to its inherent limitations, internal control over financial reporting can only provide reasonable assurance on the achievement of the three objectives above. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in environment or conditions. However, the internal control system of the Company has a self-monitoring mechanism which allows the Company to take corrective actions as soon as any inadequacy is identified.
3. The Company has assessed the design and operating effectiveness of the internal control system based on the criteria established in the Framework for the Establishment of Internal Control System by Public Companies (the “Framework”). The Framework defines internal control as a process effected by management, consisting of five components: a) Control environment, b) Risk assessment, c) Control activities, d) Information and communication, and e) Monitoring, each comprising of several elements. For more information, please refer to the Framework.
4. We have reviewed the design and operating effectiveness of the Company’s internal control system based on the criteria established in the Framework.
5. Based on the evaluation, we conclude that the Company maintained an effective design and operation of its internal control system (including oversight and management of subsidiaries) as of December 31, 2023, providing reasonable assurance regarding the achievement of the following objectives: effectiveness and efficiency of operations, reliability, timeliness and transparency of financial reporting, and compliance with applicable laws and regulations.
6. This statement shall be included as part of the Annual Report and future prospectus of the Company and disclosed to the public. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was unanimously approved by the board of directors on March 13, 2024, with 13 directors present at the meeting.

Hotai Motor Co., Ltd.

Huang, Nan-Kuang

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Chairman

Su, Chwen-Shing

President

March 13, 2024

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

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

3.4.11 Major Resolutions of the Shareholders' Meeting and Board Meetings

(1) Major Resolutions of the 2023 Annual General Meeting of the Shareholders

Date	Ratification and Discussion	Implementation Status
June 27, 2023	Ratification of the FY2022 Business Report and Financial Statements of the Company	-
	Ratification of the proposed FY2022 profit distribution plan	1. Cash dividends declared and paid at NT\$2 per share; stock dividends declared and paid at NT\$0.2. 2. Ex-dividend date: August 9, 2023 Payment date: September 7, 2023
	Capitalization of retained earnings through issuance of new shares	Implemented in accordance with company regulations
	Proposal to release directors from participating in a competing business	-

(2) Major Resolutions of the Meetings of the Board of Directors in 2023 and as of the Date of this Annual Report

Date	Session and Term	Discussion and Approval
January 17, 2023	7th Meeting of the 21st Board	1. Proposal to change the auditors who perform the audits on the FY2023 financial statements 2. Proposed amount of endorsement and guarantee of obligations for Hotai Insurance in FY2023 3. Proposal to invest in listed companies

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Date	Session and Term	Discussion and Approval
March 14, 2023	8 th Meeting of the 21 st Board	<ol style="list-style-type: none"> 1. FY 2022 Statement of Internal Control 2. Amendments to the Internal Control Systems of the Company 3. FY2022 Business Report and Financial Statements of the Company 4. FY2022 profit distribution plan 5. Capitalization of retained earnings through issuance of new shares 6. FY2022 director remuneration approved by the Remuneration Committee 7. FY2022 employee remuneration approved by the Remuneration Committee 8. 2023 Annual General Meeting of Shareholders 9. Appointment of outside advisor 10. Proposal to construct a third warehouse at the Yangmei Logistics Center
May 11, 2023	9 th Meeting of the 21 st Board	<ol style="list-style-type: none"> 1. Executive officer performance-based bonus and employee remuneration of FY2022 2. Proposal to release directors from participating in a competing business 3. 2023 Annual General Meeting of Shareholders (adding agenda items under “Reports”) 4. FY2023 Q1 consolidated financial statements 5. Proposed contribution to the cash capital increase of subsidiary Hozan Investment. 6. Proposal to have subsidiary Hozan Investment Co., Ltd. subscribe to new shares issued by Hotai Insurance Co., Ltd. through private placement 7. Report on the floatation of Hotai Connected Co., Ltd. on the stock market.
June 27, 2023	10 th Meeting of the 21 st Board	<ol style="list-style-type: none"> 1. Capitalization of retained earnings through issuance of new shares 2. Organizational and personnel changes of the Company 3. Employee job grade promotion 4. Appointment of executive advisor 5. Review of revised budget of FY2023 6. Proposal to have our subsidiary, Hozan Investment, waive the preemptive rights to subscribe to the preferred shares issued by Hotai Finance to raise additional capital.
August 10, 2023	11 th Meeting of the 21 st Board	<ol style="list-style-type: none"> 1. Executive officers and employee merit increase of FY2023 2. Appointment of executive advisor 3. FY2023 Q2 consolidated financial statements 4. Proposed amount of endorsement and guarantee of obligations for Hotai AutoBody Sales Co., Ltd. in FY2023

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September 26, 2023	12 th Meeting of the 21 st Board	1. Proposal to participate in the cash capital increase of eTreego Co., Ltd.
November 10, 2023	13 th Meeting of the 21 st Board	1. Amendments to the <i>Anti-Corruption Ethnical Management Principles</i> 2. FY2023 Q3 consolidated financial statements 3. Assessment of the independence of the Company's external auditors 4. Review of audit fees for the engagement of PricewaterhouseCoopers Taiwan to provide services in FY2024
December 21, 2023	14 th Meeting of the 21 st Board	1. FY2024 Annual Audit Plan 2. FY2024 budget review 3. Amendments to the TOYOTA & LEXUS Exclusive Distribution Agreement 4. Proposal to participate in the cash capital increase of EVGallop Mobility System Corporation 5. Adoption of the <i>Risk Management Policies and Procedures</i> 6. Amendments to the <i>Regulations Governing the Safekeeping of Company Seals</i> 7. Organizational and personnel changes of the Company 8. Amendments to the <i>Articles of Incorporation</i> 9. Appointment of executive vice president
January 25, 2024	15 th Meeting of the 21 st Board	1. Bank credit line of the Company in FY2024
March 13, 2024	16 th Meeting of the 21 st Board	1. FY 2023 Statement of Internal Control 2. Proposal to acquire the rights to use the real property owned by related parties 3. FY2023 director remuneration approved by the Remuneration Committee 4. FY2023 employee remuneration approved by the Remuneration Committee 5. Amendments to the <i>Articles of Incorporation</i> 6. Amendments to the <i>Rules and Procedures of Board Meetings</i> 7. Proposal to release directors from participating in a competing business 8. 2024 Annual General Meeting of Shareholders 9. FY2023 Business Report and Financial Statements of the Company 10. FY2023 profit distribution plan 11. Review of dealership agreement renewal 12. Proposal to reduce the capital of subsidiary, Hotai Insurance Co., Ltd., to offset losses.

3.4.12 Major Issues on Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors During the Latest Fiscal Year and as of the Date of This Annual Report: None.

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3.4.13 Summary of Resignation and Removal of the Company's Chairman, President, Chief Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer, or Chief R&D Officer Within the Latest Fiscal Year and as of the Date of This Annual Report: None.

3.5 Audit Fees

3.5.1 Audit Fees

Accounting Firm	Auditor Names	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Hsiao, Chun-Yuan; Hsu, Sheng-Chung	January 1, 2023 to December 31, 2023	10,380	9,321	19,701	Non-audit fees shall refer to tax audit, transfer pricing reporting, country-by-country reporting, and project consultation.

Note:

1. If there has been a change of accounting firm or auditors in 2023, information regarding the audit period, reason for the change, as well as audit fees and non-audit fees paid shall be provided.
2. Details of non-audit services shall be provided (e.g., tax audit, assurance, or other financial consultation service).

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

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

3.6 Disclosure of Change of Auditors

3.6.1 Predecessor Auditor

Date of change	January 17, 2023
Reasons for the change of auditors	Due to rotation of assignments within the firm, auditor Wang, Fang-Yu was replaced by Hsiao, Chun-Yuan.
Has the auditor resigned, declined to stand for reappointment, or been notified that their services have been terminated?	N/A
If the auditor has issued an audit report expressing an opinion other than unqualified opinion within the last two years, please state the opinion and reason	N/A
Disagreement with the Company as to accounting treatment, accounting principles, auditing procedures, or other similarly significant matters	N/A

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Other disclosures pursuant to Article 10, Paragraph 5, Subparagraph 1, Item 4 of the <i>Regulations Governing Information to be Published in the Annual Reports of Public Companies</i> (the “ <i>Regulations</i> ”)	N/A
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3.6.2 Successor Auditor

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

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

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

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

Title	Company Name/Name	2023		As of March 31, 2024	
		Number of Shares Held +(-)	Shares Pledged +(-)	Number of Shares Held +(-)	Shares Pledged +(-)
Director (Corporate Shareholder)	Chun Yung Investment Co., Ltd.	3,480	0	0	0
Director (Corporate Shareholder)	Li Gang Enterprise Co., Ltd.	811,387	0	0	0
Supervisor/Director (Corporate Shareholder)	Yong Hui Development Co., Ltd.	200	0	0	0
Director (Corporate Shareholder)	Yuan Tuo Investment Co., Ltd.	293,277	0	9,573	0
Director (Corporate Shareholder)	Gui Long Investment Co., Ltd.	102,520	0	0	0
Director (Corporate Shareholder)	Toyota Motor Corporation	888,122	0	0	0
Director	Huang, Nan-Kuang	0	0	0	0
Director	Lin, Li-Hua	1,674	0	0	0
Director	Huang, Chih-Cheng	2,423	0	0	0
Director	Huang Wen-Jui	18,659	0	0	0
Director	Su, Jean	0	0	0	0
Director	Su, Yi-Chung	0	0	0	0
Director/President	Su, Chwen-Shing	0	0	0	0
Director/Chief Officer	Leon Soo	0	0	0	0
Director	Ko, Junn-Yuan	800	0	7,200	0
Director	Chang, Shih-Yieng	0	0	0	0
Director/ Executive Vice President	Kazuo Naganuma	0	0	0	0
Independent Director	Li, Chao-Sen	0	0	0	0
Independent Director	Su, Chin-Huo	0	0	0	0
Independent Director	Wu, Shih-Hao	0	0	0	0
Executive Vice President	Liu, Yuan-Sen (Note 1)	19	0	0	0
Vice President	Chen, Chien-Chou	1	0	0	0
Vice President	Huang, Ming-Hsien	0	0	0	0
Vice President	Fred Hsieh	0	0	0	0
Vice President	Wu, Chia-Yen	0	0	0	0
Vice President	Liu, Chuan-Hung (Note 1)	0	0	0	0
Chief Officer	Liu, Sung-Shan	4	0	0	0
Chief Officer	Wu, Pin-Tsung	0	0	0	0
Chief Officer	Yeh, Chia-Han	12	0	0	0
Chief Officer	Wang, Shih-Hao	0	0	0	0
Chief Officer	Lai, Kuang-Hsiung	52	0	0	0

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Title	Company Name/Name	2023		As of March 31, 2024	
		Number of Shares Held +(-)	Shares Pledged +(-)	Number of Shares Held +(-)	Shares Pledged +(-)
Chief Officer	Lai, Chih-Wei	15	0	0	0
Chief Officer	Lu, Li-Yin	0	0	0	0
Chief Officer	Kei Mizuguchi	0	0	0	0
Chief Officer	Weng, Ming-Lun	0	0	0	0
Chief Officer	Han, Chih-Kang	0	0	0	0
Chief Officer	Huang, I-Jun	0	0	0	0
Chief Officer/Financial Officer	Yu, Chun-Chien	0	0	0	0
Corporate Governance Officer	Tai, Heng-Hu	85	0	0	0
Accounting Officer	Chen, Ting-Ju	0	0	0	0

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

Note 1: Vice President Liu, Chuan-Hung took office on July 1, 2023; Executive Vice President Liu, Yuan-Sen retired from office on October 10, 2023.

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3.9 Relationship Among Top 10 Shareholders

As of April 1, 2024

Name	Share Ownership		Share Ownership of Spouses and Children that are Minors		Shares Held under Nominee Accounts		Related Party or Spousal or Familial Relationship within the Second Degree of Kinship among Top 10 Shareholders		Remarks
	Number	% (Note)	Number	%	Number	%	Company Name/Name	Relationship	
Hoyu Investment Co., Ltd., represented by Lin, Li-Hua	49,234,677	8.83%	0	0	0	0	—	N/A	
Toyota Motor Corporation, represented by Sato Koji	45,294,234	8.13%	0	0	0	0	—	N/A	
Li Gang Enterprise Co., Ltd., represented by Lin, Chih-Han	41,380,740	7.42%	0	0	0	0	—	N/A	
Jin Yuan Shan Investment Co., Ltd., represented by Su, Jean	36,792,950	6.60%	0	0	0	0	Cheng Sun Trading Co., Ltd.	Related parties	Half of the directors serve concurrently on both boards
Cheng Sun Trading Co., Ltd., represented by Su, Jean	25,063,529	4.49%	0	0	0	0	Jin Yuan Shan Investment Co., Ltd.	Related parties	Half of the directors serve concurrently on both boards
Shen Rong Investment Co., Ltd., represented by Chang, Chih-Fu	17,347,207	3.11%	0	0	0	0	—	N/A	
Yuan Tuo Investment Co., Ltd., represented by Ko, Junn-Yuan	14,966,744	2.68%	0	0	0	0	—	N/A	

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Jin Ju Investment Enterprise Co., Ltd., represented by Leon Soo	13,920,731	2.49%	0	0	0	0	—	N/A	
Zhi Geng Development Co, Ltd., represented by Huang, Chih-Cheng	13,549,355	2.43%	0	0	0	0	—	N/A	
Tai Chang Investment Co., Ltd., represented by Huang, Tao-Tien	12,790,468	2.29%	0	0	0	0	—	N/A	

Note: Share ownership percentages are rounded down to two decimal places.

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3.10 Share Ownership in Affiliates

As of April 1, 2024

Units: NT\$/US\$/Shares/%

Affiliates	Share Ownership by the Company		Share Ownership by Directors, Supervisors, Managing Officers, or Entities Directly or Indirectly Controlled by the Company		Total Share Ownership	
	Number of Shares/Amount	%	Number of Shares/Amount	%	Number of Shares/Amount	%
Hozan Investment Co., Ltd.	254,032	100.00%	0	0	254,032	100.00%
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	US\$108,897,360	100.00%	0	0	US\$108,897,360	100.00%
Chang Yuan Motor Co., Ltd.	313,500,000	100.00%	0	0	313,500,000	100.00%
Kuozui Motors, Ltd.	103,800,000	30.00%	224,900,000	65.00%	328,700,000	95.00%
Toyota Material Handling Taiwan Ltd.	79,578,810	100.00%	0	0	79,578,810	100.00%
Hotai Insurance Co., Ltd.	2,182,142,857	77.93%	617,525,888	22.05%	2,799,668,745	99.98%
Taipei Toyota Motor Co., Ltd.	25,438,987	34.81%	2,000	0.003%	25,440,987	34.81%
Ho Tai Development Co., Ltd.	24,710,856	45.01%	0	0	24,710,856	45.01%
Kau Du Automobile Co., Ltd.	22,161,150	20.00%	0	0	22,161,150	20.00%
Eastern Motor Co., Ltd.	46,550,242	100.00%	0	0	46,550,242	100.00%
Kuotu Motor Co., Ltd.	17,553,761	20.18%	0	0	17,553,761	20.18%
Tau Miao Motor Co., Ltd.	15,153,573	20.00%	0	0	15,153,573	20.00%
Central Motor Co., Ltd.	15,000,000	20.00%	0	0	15,000,000	20.00%
Nan Du Motor Co., Ltd.	14,806,073	23.67%	0	0	14,806,073	23.67%
Carmax Co., Ltd.	22,950,000	51.00%	0	0	22,950,000	51.00%
Lang Yang Toyota Motor Co., Ltd.	2,000,000	20.00%	0	0	2,000,000	20.00%
Formosa Flexible Packaging Corp.	1,295,108	44.44%	0	0	1,295,108	44.44%
Shi-Ho Screw Industrial Co., Ltd.	211,433	21.14%	0	0	211,433	21.14%
Yokohama Tire Taiwan Co., Ltd.	3,000	25.00%	0	0	3,000	25.00%
Smart Design Technology Co., Ltd.	960,961	20.00%	2,968,016	61.77%	3,928,977	81.77%

III. Corporate Governance

Hotai Connected Co., Ltd.	79,100,000	70.00%	565,000	0.50%	79,665,000	70.50%
Che-Chun Technology Co., Ltd.	1,650,000	15.00%	3,850,000	35.00%	5,500,000	50.00%
Hotai Auto Body Manufacturing Co., Ltd.	50,000,000	50.00%	20,000,000	20.00%	70,000,000	70.00%
Hotai Auto Body Sales Co., Ltd.	4,000,000	100.00%	0	0	4,000,000	100.00%
He Jun Energy Co., Ltd.	18,000,000	18.00%	80,000,000	80.00%	98,000,000	98.00%
gochabar Co., Ltd.	1,200,000	10.00%	3,600,000	30.00%	4,800,000	40.00%

Note: Affiliates accounted for using the equity method

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Capital Overview



IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital

(1) Capitalization

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

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

IV. Capital Overview

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital increased by Assets Other than Cash	Other
September 1999	10	600,000,000	6,000,000,000	520,170,651	5,201,706,510	Capital Surplus Transferred to Share Capital: NT\$247,700,310	N/A	Approved by FSC letter (88) Tai Cai Zheng I No.61520 dated July 6, 1999
September 2000	10	600,000,000	6,000,000,000	546,179,184	5,461,791,840	Capital Surplus Transferred to Share Capital: NT\$260,085,330	N/A	Approved by FSC letter (89) Tai Cai Zheng I No.60392 dated July 12, 2000
September 2023	10	600,000,000	6,000,000,000	557,102,768	5,571,027,680	Capital increased by Earnings: NT\$10,923,584	N/A	Effective registration dated July 11, 2023 (The Financial Supervisory Commission)

(2) Type of Stock

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Common Stock	557,102,768	42,897,232	600,000,000	Shares Listed on the Taiwan Stock Exchange ("TWSE")

(3) Shelf Registration: None

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4.1.2 Shareholders Structure

As of April 1, 2024

Shareholders Structure Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Chinese Institutional Investors	Total
Number of Shareholders	1	0	161	10,851	603	0	11,616
Share Ownership	64,620	0	370,151,931	47,600,183	139,286,034	0	557,102,768
Percentage	0.012%	0%	66.442%	8.545%	25.001%	0	100%

4.1.3 Distribution of Share Ownership

As of April 1, 2024

Share Ownership by Range (Unit: Shares)	Number of Shareholders	Share Ownership	Percentage
1 - 999	8,220	809,320	0.145%
1,000 - 5,000	2,416	4,013,218	0.721%
5,001 - 10,000	245	1,723,182	0.309%
10,001 - 15,000	112	1,369,655	0.246%
15,001 - 20,000	49	841,804	0.151%
20,001 - 30,000	87	2,101,703	0.377%
30,001 - 40,000	54	1,872,173	0.336%
40,001 - 50,000	38	1,694,394	0.304%
50,001 - 100,000	109	7,712,146	1.384%
100,001 - 200,000	84	12,041,714	2.162%
200,001 - 400,000	61	17,353,639	3.115%
400,001 - 600,000	46	22,369,559	4.015%
600,001 - 800,000	23	15,870,088	2.849%
800,001 - 1,000,000	11	9,908,748	1.779%
1,000,001 or above	61	457,421,425	82.107%
Total	11,616	557,102,768	100.00%

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4.1.4 Major Shareholders

As of April 1, 2024

Shareholders	Share Ownership	Percentage
Hoyu Investment Co., Ltd.	49,234,677	8.83%
Toyota Motor Corporation	45,294,234	8.13%
Li Gang Enterprise Co., Ltd.	41,380,740	7.42%
Jin Yuan Shan Investment Co., Ltd.	36,792,950	6.60%
Cheng Sun Trading Co., Ltd.	25,063,529	4.49%
Shen Rong Investment Co., Ltd.	17,347,207	3.11%
Yuan Tuo Investment Co., Ltd.	14,966,744	2.68%
Jin Ji Investment Enterprise Co., Ltd.	13,920,731	2.49%
Zhi Geng Development Co., Ltd.	13,549,355	2.43%
Tai Chang Investment Co., Ltd.	12,790,468	2.29%

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

Item			2022	2023	As of March 31, 2024 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		660.00	885.00	712.00
	Lowest Market Price		540.00	574.00	616.00
	Average Market Price		596.99	690.38	653.07
Net Worth per Share (Note 2)	Before Distribution		74.97	118.88	—
	After Distribution		73.01	98.88	—
Earnings (Loss) per Share (Note 3)	Weighted Average Shares		557,102,768	557,102,768	—
	Earnings (Loss) per Share (Note 3)	Unadjusted	(35.39)	41.03	—
		Adjusted	(34.70)	41.03	—
Dividends per Share	Cash Dividends		NT\$2 per share	NT\$20 per share	—
	Stock Dividends	From Retained Earnings	NT\$0.2 per share	—	—
		From Capital Surplus	—	—	—
	Accumulated Undistributed Dividends (Note 4)		—	—	—
Return on Investment	Price/Earnings Ratio (Note 5)		(17.20)	16.83	—
	Price/Dividend Ratio (Note 6)		(298.50)	34.52	—
	Cash Dividend Yield (Note 7)		0.34%	28.97%	—

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

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

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based on annual trading value and volume.

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

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

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

Note 5: $\text{Price/Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$

Note 6: $\text{Price/Dividend Ratio} = \text{Average Market Price} / \text{Cash Dividends per Share}$

Note 7: $\text{Cash Dividend Yield} = \text{Cash Dividends per Share} / \text{Average Market Price}$

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

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4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

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

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

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

(2) Proposed Distribution of Profit

On March 13, 2024, the 21st Board of Directors in the 16th meeting resolved to allocate NT\$11,142,055,360 from the Company's earnings as shareholder dividends, which is to be paid at NT\$20 per share as cash dividends. The decision will be reported to the shareholders at the shareholders' meeting on May 30, 2024.

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

In the shareholders' meeting of 2024, the dividend distribution to be resolved will be cash dividends only with no stock dividends.

4.1.8 Employee Remuneration and Directors' Remuneration

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

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

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meeting.

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

The amounts of employee remuneration and directors' remuneration for FY2023 shall be estimated at 1% and 2% respectively based on the Company's annual profits.

- (3) Proposed Distribution of Employee Remuneration by the Board of Directors
 - (a) Distribution of employee remuneration in the form of cash or stocks and directors' remuneration:

On March 13, 2024, the 21st Board of Directors in the 16th meeting made the decision to distribute the employee remuneration in the amount of NT\$236,505,478 and the directors' remuneration in the amount of NT\$473,010,954 for FY2023, in which the employee remuneration will be made in cash.

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

The employee remuneration for 2023 will be distributed in cash.

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

In FY2022, the Company did not generate profits, or distribute the employee remuneration and the directors' remuneration. The resolution made by the Board of Directors is consistent with the actual implementation.

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

4.2 Corporate Bonds: Hotai did not issue any corporate bonds

4.3 Preferred Stocks: Hotai did not issue any preferred stocks

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

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

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

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

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

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Operational Highlights



V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main Areas of Business Operations

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

(2) Revenues by Product Category

Product Category	Amount (NT\$ Thousands)	In % of Total Revenues
Toyota and Hino Distribution	156,138,095	55.87
Installment Business	19,472,013	6.97
Leasing Business	31,588,280	11.30
Property Insurance	11,345,223	4.06
Overseas Vehicle Dealerships	19,453,925	6.96
Other	41,479,738	14.84
Total	279,477,274	100.00

(3) Core Products and New Products Development

(a) Core Products

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

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

(b) New Products Development

- TOYOTA: continue to introduce new models of energy-efficient models.
- LEXUS: introduction of the new LBX.
- Commercial vehicles: HIACE camping car, COASTER/GRANVIA people mover; in addition, participate the government's trial programs, and introduce hydrogen-powered buses.
- Business of property insurance: offer insurance products that will best fit the development strategies of the Group's operations and optimize operating models.

5.1.2 Industry Overview

(1) Current Status and Future Development

The global economy in 2023 was hampered as a result of countries implemented tight monetary policies. Taiwan's export sector was impacted by geopolitical conflicts and the inventory adjustments in the industrial supply chain, and Taiwan's economic growth slowed down. The annual global growth rate hit 1.31% last year, down by 1.14 percentage points from 2022. However, thanks to the strong market demand and stabilized automotive market supply chain, as well as ongoing efforts across brands to fulfill long lead-time orders and the launch of new models in Q4, the 2023 total sales in the automotive market has come to 476,987 units, which reached a new high over the past 18 years and 111% of the volume of 2022.

When we consider vehicle sales by brand, TOYOTA, LEXUS, and HINO are ranked top in market share. The top three players in the automotive industry are all Japanese car brands, accounting for a total of 52.5% of the market share.

Ranking	1	2	3	4	5	6
Brands	TOYOTA LEXUS HINO	MITSUBISHI CMC MG	HONDA	MERCEDES BENZ	HYUNDAI	FORD
Sales	166,414	53,556	30,420	24,794	22,175	21,496
Market Share	34.89%	11.23%	6.38%	5.20%	4.65%	4.51%

(2) Relationship with Upstream, Midstream and Downstream Companies

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

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

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

(3) Product Development Trends and Competition

In recent years, an increasing number of international automakers terminated distribution rights and set up subsidiaries in Taiwan. These subsidiaries actively introduce new products and offer more competitive pricing, and as a result, the market has been largely occupied by import vehicles. We also see that the global supply chain in the auto market has been stabilizing during the post-COVID period. Therefore, the market share of import vehicles in Taiwan’s automotive market went up to 48.5% last year. Looking at vehicle sales volume, SUVs remain a hit among consumers. As multiple automakers began to offer different crossover models, SUV sales accounted for 53.1% of total vehicle sales in 2023. TOYOTA COROLLA CROSS became a bestseller among SUVs and domestic vehicles, while RAV4 remained the bestselling import vehicle for the 16th consecutive year.

Amidst the transformation of global automotive industry and rapid market shifts, Hotai Motor consistently places customer needs as the top priority. The company embraces the “think Amazing” philosophy, delivers the utmost perfect customer experience, and initiates a new era of mobility services for the Group, aiming to not only embody the goal of “Do Amazing” but also realize “Do Impossible”.

5.1.3 Technology and R&D

- (1) Our Product Strategy Department works closely with Kuozui Motors and TMC in continuously analyzing the needs and preferences of Taiwan automotive consumers to launch new vehicle models that respond to market demands. Currently, the models available include COROLLA CROSS, RAV4, CAMRY, ALTIS, TOWN ACE, VIOS, SIENTA, YARIS and YARIS CROSS, which are all bestselling vehicles on the market. Notably, ALTIS was the No.1 bestselling domestic single car model for 19 years from 2001 to 2019 until RAV4 and COROLLA CROSS took its place in 2020 and 2021 to 2023 respectively. Going forward, we will also continue to introduce eco-friendly and fuel-efficient models to meet consumer

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needs, which is expected to positively impact our sales revenue.

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

5.1.4 Short-term and Long-term Development Plans

Long-term Business Development Plans

- (1) Corporate Vision: **think Amazing, do Amazing**

- (2) Mid to Long-term Strategies

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

Short-term Business Development Plans

Go forward in adversity with caution by our side, and get ready to meet challenges.

1. Collaborate in sales and services to create a competitive niche

	TOYOTA	LEXUS	Commercial Vehicle
Vehicle	Sustain innovation and surpass peaks	LEXUS No. ONE dominates the luxury car market	Carry trust and lead innovation
Service	Build sufficient service capacity and intelligent experiences Strengthen the brand's No. 1 position	ONE LEXUS builds a cultural foundation	Return to essence and offer innovative services

2. Pursue a steady business development and explore new ventures

- Hotai Finance: Reinforce the auto loan business, and accelerate the development of other fields of business.
- Hotai Leasing: Enhance customer stickiness through services, and facilitate the development of diversified products and services by means of technology.
- CarMax: Strengthen the service blueprint for the internet of vehicles, and expand business in overseas markets.
- Chang Yuan Motor: Ramp up sales of commercial and finished vehicles, and implement smart services to provide precise services and increase customer stickiness.
- Toyota Material Handling Taiwan: Seize the opportunities generated by automation, expand leasing business, and boost service capabilities.
- Hotong: Maintain solid business operations to secure profitability, and expand the value chain to maximize gains.
- Hotai Insurance: Develop business with caution, implement risk management, and

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maintain a stable operational framework.

- MaaS & Hotai Connected: Boost member penetration and stickiness, and maximize data value.
- Hotai AutoBody Manufacturing Co., Ltd.: Complete commercial vehicle lineup, and fully upgrade production efficiency and quality.

3. Maintain holistic backup measures and full management structures

- Strengthen digital supervision mechanisms and systematize control management to enhance the Group's operational reporting system for major events.
- Enforce the Group's cybersecurity policies, enhance technical capabilities, nurture cybersecurity experts, and raise cybersecurity awareness among all employees.

4. Sustain improvement and fulfill social responsibilities

- Advance greenhouse gas audits and checks in our affiliates, continue to enhance carbon reduction management systems, and foster sustainable business practices.
- Review and integrate our current philanthropic projects and resources, and focus on the impacts raised from the areas relevant to our core business.
- Strengthen our image as an employer, construct innovative welfare programs for employees, and foster a culture of sustainability.

5.2 Market and Sales Overview

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

5.2.1 Market Analysis

(1) TOYOTA Passenger Vehicles

(a) Sales Region

Our main sales channels for imported passenger vehicles, such as RAV 4 (includes HEV) and CAMRY (includes HEV), domestic passenger vehicles, such as COROLLA CROSS (includes HEV) and ALTIS (includes HEV), and domestic light commercial vehicles, such as TOWN ACE (PU, VAN) are the 107 sales branches operated by our 8 dealers.

(b) Market Share

In 2023, the number of TOYOTA's registered vehicles has exceeded 129,000 units, captured a market share of 27.1%, and secured the No. 1 position in the brand ranking. As for car models, COROLLA CROSS (includes HEV) has been the best-selling model across the entire market for three consecutive years. Our brand has also secured the No. 1 position in the major segments of imported vehicles, sedans, and small commercial vehicles.

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

Favorable Factors

- The government's excise tax rebate policy under the vehicle scrappage program

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has been extended to early 2026; new policies such as the *Vehicle Scrappage Subsidy Scheme to Reduce Air Pollutants* and *Vehicle Scrappage Incentive Scheme to Reduce GHG Emissions* have also been introduced. Both of which are conducive to a consistent demand for new vehicles.

- With the adjustment of the minimum wage and the salaries of military, government, and education personnel, along with the increase in the tax-exempt basic living expenses per person, it is expected that the consumers' disposable income will go up. In the meantime, the demand for domestic travel remains strong and the stable employment market sustains the domestic demand, together contributing to stable growth in the domestic consumption market.

Unfavorable Factors

- Global geopolitical risks are expected to be the major concern issue in the future as they pose significant risks to the worldwide economy and potentially trigger disruptions in global trade and crises in the financial system.
- We are facing structural issues, such as labor shortages, while wage increases may further intensify the inflation risk. These conditions may lead central banks to adopt tighter monetary policies, that may affect the economic development.

(d) Countermeasures

- Continue to enhance consumer mind share, and introduce suitable products.
- Continue to bolster our frontline digital sales prowess, and optimize the efficiency of sales and operations.
- Increase closing rate of CPO vehicle sales and inventory to create new profits along the value chain.

【Toyota Key Performance Indicators】

Toyota	Industry Assessment Index	Data Source	Final Figures
Sales	Number of Registered Vehicles	Ministry of Transportation and Communications	129,108 units
	Market Share		27.1%
Remarks	No.1 in the automotive market for 22 consecutive years		

(2) LEXUS Vehicles

(a) Sales Region

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

(b) Market Share (as of December 31, 2023)

In 2023, the total number of luxury vehicle registrations was 112,141 units, up by 19.1% from a year before. LEXUS had 30,065 units of vehicle registrations, accounting for 26.8% of the market share, and sat in the first place in luxury vehicles market.

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

Favorable Factors

- Government policies, such as excise tax rebate policy under the vehicle scrappage program, will continue to stimulate the domestic consumption growth of vehicles.

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- While the prices of mainstream and luxury vehicle brands are overlapping, luxury car brands are becoming more accessible to a wider range of car buyers. As a result, the market of luxury cars is expected to keep growing.

Unfavorable Factors

- The issue of supply chain conditions was eased in 2023. The shortage of vehicles at various car manufacturers was greatly improved, resulting in a nearly 20% growth rate in the luxury car market. Whether if such high growth rate can be sustained in 2024 remains uncertain.

(d) Countermeasures

- The introduction of small urban SUV, LBX, intends to break through segment boundaries. Its 5 levels of configuration options serve to capture a broader market base and reach new customers.
- Following Lexus's global development strategy, we drive to advance in three dimensions: electrification, intelligence, and diversification. The expansion of our electric vehicles lineup and our diversified services lead to maintain our industry leadership.
- Our charging infrastructure and coverage are to be expanded while we aim to speed up the realization of an island-wide BEV network. Through the integration of the Lexus Plus APP with the Openhub charging roaming platform and third-party operators' services, over 380 fast and slow charging stations and more than 1,000 charging ports can be activated.

【Lexus Key Performance Indicators】

Lexus	Industry Assessment Index	Data Source	Final Figures
Sales	Number of Registered Vehicles	Ministry of Transportation and Communications	30,065 units
	Market Share		26.8%
Remarks	Currently ranks 1 st in the luxury vehicles market		

(3) Commercial Vehicles

(a) Main Sales and Supply Region

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

(b) Market Share (as of December 31, 2023)

Due to early reactions in the market as a result of new emission and safety standards implemented for Class 6 diesel trucks, some of the demand in the commercial vehicles market in 2023 has been reflected. The number of registered commercial vehicles have reached 19,887 units, which is 86.0% of the number of 2022. Under our brands, we have a total of 7,245 units of registered vehicles, accounting for 36.4% of the market share and also marking the third consecutive year as the top player in the commercial vehicle market.

- The overall heavy-duty commercial vehicle registrations reached 10,931 units, which was 76.6% of the volume from the previous year; vehicle registrations under our brands were 3,404 units, which accounted for 31.1% of the market share as we

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maintain as a dominating position in the heavy-duty commercial vehicles market for 14 consecutive years.

- The overall light-duty commercial vehicle registrations (3.49-ton and 5-ton) reached 8,956 units, which was 101.1% of the volume from the previous year; vehicle registrations under our brands were 3,841 units, which accounted for 42.9% of the market share and achieved the No. 1 position in such segment.

(c) Favorable and Unfavorable Factors of Future Market Development

Favorable Factors

- The stay-at-home economy leads to steady growth for logistics demand.
- As borders reopen, tourism sees an upturn and demand for buses is expected to rise.
- The resurgence of industrial investment spurs demand for factory construction and also leads to an increase in demand for commercial vehicles.

Unfavorable Factors

- High inflation and rising raw material costs are causing car prices to go up, which deters customers' willingness to purchase cars.

(d) Countermeasures

- We continue to offer a diverse range of special vehicle models in order to maximize the value chain of commercial vehicles.
- In response to global trends in decarbonization and sustainable business practices, we intend to pilot hydrogen-powered buses.
- Promote the new telematics system and accelerate the introduction of management framework for large-scale logistics.

(4) Car Leasing

(a) Service Areas

Currently, we have 14 business locations to provide long-term leasing, 50 business locations to provide short-term rental, and 1,902 *iRent* locations across the country.

(b) Market Share (as of December 31, 2023)

The new car leasing market recorded a total of 55,331 units in 2023 (accounted for 11.6% of the automotive market's new vehicles sales), and 13,846 units came from our rental and leasing business which ranks number one in the market for 22 consecutive years (with a 25.0% market share).

(c) Future Supply and Demand and Market Growth

Looking ahead to 2024, as economic growth slows down, consumers' purchasing intentions may tend to become conservative. On the other hand, with the introduction of BEV new models and the influence of ESG carbon reduction policies, corporates may turn towards new energy vehicles. Various brands are delivering more electric vehicles, which gradually complete our product line and allow the company to be competitive and better meet customer demands for additional and replacement purchases. Our car leasing business will focus on managing and developing channels and customers, increasing each brand's market share, continuing to stay differed from rival products, and striving for new performance highs.

(d) Favorable and Unfavorable Factors of Future Market Development

Favorable Factors

- The leasing market continues to expand while new models and electric vehicles are

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introduced. The leasing ratio of new energy vehicles also shows a gradual increase.

- Our brands' market shares are reaching new heights, contributing to the growth of our leasing business.

Unfavorable Factors

- Inflation pressures persist and geopolitical tensions rise. Along with a conservative trend of corporate expansion policies and consumer purchasing intentions, the new car market will be impacted.
- The cost of capital is still largely affected by interest rate hikes. Even the market expects rate cuts starting from Q3, pricing competition remains intense in the market.

(e) Countermeasures

- Continue to analyze the service needs of our customers and members, provide diversified services, apply cost-saving measures, and boost corporate competitiveness.
- Strengthen the company's service workflows through the power of technology and digital tools to enforce customer stickiness.
- Implement after-sales services precisely, enhance customer satisfaction, deepen channel operations, and increase penetration and referral rates.
- Keep a close eye on fluctuations in financial market interest rates, reduce operational costs, and enhance product competitiveness.

(5) Installment Financing

(a) Service Region

We have representatives at 24 business locations across Taiwan to provide vehicle installment financing services.

(b) Market Share (as of December 31, 2023)

The total amount of auto loans approved was NT\$110.2 billion, which outperforms competitors and ranks top in the industry.

(c) Future Supply and Demand and Market Growth

Looking forward to 2024, the automotive market has been recovering from the pandemic's disruptions and new car production capacity has been steadily increased. However, it is expected not to see significant deferred orders as we did in 2023. The sales are therefore expected to have a slight downturn this year. As our brands will unveil new models for their product lines, the company will continue to design various installment programs to meet the needs of consumers, thereby gaining competitive advantages in the market and driving growth.

(d) Favorable and Unfavorable Factors of Future Market Development

Favorable Factors

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

Unfavorable Factors

- Competitors in the industry and banks are competing with low prices, impacting our vehicle and equipment installment financing business.
- The rise of shared economy could potentially influence purchase intentions of the

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younger customer base.

- Inflation leads to global interest rate hikes.

(e) Countermeasures

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

(6) Business of Property Insurance

(a) Service Region: Services are provided through 5 subsidiaries, 23 service locations, and 2 satellite offices in Taiwan.

(b) Market Forecast

With the continuous increase in reinsurance costs for commercial insurance, insurers may respond by adjusting underwriting premiums, and commercial insurance premiums are expected to remain high in 2024. The growth in written premium will remain stable, which momentum does not only come from fire insurance, engineering insurance, and liability insurance, but also from accumulated renewal premiums in auto insurance. Also, with the recovery of domestic travel, there is an increasing demand for travel insurance in personal insurance. The overall growth rate of written premiums in the property and casualty insurance industry is projected to remain between 7% to 9%. Given this focus on premium adequacy and underwriting profitability, the property and casualty insurance industry is anticipated to remain profitable in 2024.

(c) Business Target

In 2023, the company has obtained a share of 5.4% in the market of written premium, ranking 7th. As we adopt a more cautious approach in identifying and selecting business opportunities to pursue higher underwriting profits, it is estimated that the company's written premium income will reach NT\$ 13.7 billion this year.

(d) Key Policies

- Transform business model and focus on managing good channels and insurance.
- Broaden internal collaborations and communications within the Group to leverage the synergies across the value chain.
- Forge a positive business culture, ensure fair treatment of customers, and implement principles of sustainable development.
- Reinforce risk management practices and foster a deep understanding of compliance principles and awareness.
- Invest in talent development and build a robust management team.
- Balance expenses, eliminate overspending, and improve management effectiveness.

5.2.2 Production Process of Core Products

(1) Core Products and Primary Uses

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

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

5.2.3 Supply of Main Raw Materials

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

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

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

Customer Name	2022			2023		
	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai
Central Motor Co., Ltd.	26,399,143	14	Investee Company Accounted for Using Equity Method	32,175,665	15	Investee Company Accounted for Using Equity Method
Tau Miao Motor Co., Ltd.	24,014,444	12	Investee Company Accounted for Using Equity Method	29,409,043	13	Investee Company Accounted for Using Equity Method
Taipei Toyota Motor Co., Ltd.	18,060,496	9	Investee Company Accounted for Using Equity Method	23,134,841	11	Investee Company Accounted for Using Equity Method
Kau Du Automobile Co., Ltd.	18,059,342	9	Investee Company Accounted for Using Equity Method	21,968,475	10	Investee Company Accounted for Using Equity Method

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Customer Name	2022			2023		
	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Sales (NT\$ Thousands)	Percentage (%)	Relation with Hotai
Kuotu Motor Co., Ltd.	15,789,361	8	Investee Company Accounted for Using Equity Method	21,375,453	10	Investee Company Accounted for Using Equity Method

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

Company Name	2022			2023		
	Net Purchase (NT\$ Thousands)	Percentage (%)	Relation with Hotai	Net Purchase (NT\$ Thousands)	Percentage (%)	Relation with Hotai
Kuozui Motors, Ltd.	60,903,916	29	Investee Company Accounted for Using Equity Method	63,630,851	25	Investee Company Accounted for Using Equity Method
Toyota Motor Corporation	37,759,395	18	Director of Hotai	55,739,072	22	Director of Hotai

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

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5.2.6 Sales Volume and Amount for the Last Two Years

Division	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)	Sales Volume (Units) (Note 1)	Sales Amount (NT\$ Thousands)
Toyota and Hino	120,972	124,900,825	-	-	139,237	156,138,095	-	-
Installment Business	-	15,273,082	-	-	-	19,472,013	-	-
Leasing Business	-	23,208,143	-	4,082,043	-	27,375,014	-	4,213,266
Property Insurance	-	10,480,917	-	-	-	11,345,223	-	-
Overseas Vehicle Dealerships	-	-	17,723	22,286,952	-	-	16,430	19,453,925
Other	13,042	45,495,520	-	47,181	12,572	41,452,922	-	26,816
Total	134,014	219,358,487	17,723	26,416,176	151,809	255,783,267	16,430	23,694,007

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

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

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct Personnel (Sales representatives)	4,170	4,425	4,458
	Indirect Personnel (Support / management department)	4,225	4,107	4,263
	Total	8,395	8,532	8,721
Average Age		32.69	35.93	36.06
Average Length of Service		6.07	6.73	6.89
Highest Level of Education (%)	Ph.D.	0.04%	0.05%	0.05%
	Master's Degree	12.88%	10.09%	10.25%
	Bachelor's Degree	66.67%	59.24%	59.61%
	Senior High School Diploma	16.16%	24.20%	23.76%
	Below Senior High School	4.25%	6.42%	6.33%
Total		100%	100%	100%

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5.4 Environmental Costs

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

5.5 Labor Relations

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

(1) Employee Welfare

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

(2) Retirement System

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

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

(3) Training Programs

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

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

Our employee training programs consist of the following two categories:

- (a) Internal training courses: The education and training unit is responsible for preparing the annual budget and educational goals, and invite guest lecturers, management personnel or employees who have been trained to be lecturers to teach the courses. The trainings are aimed to cultivate positive work attitudes and personal values, enhance work skills, competency and technical skills of employees, and promote the latest industry trends and knowledge-sharing.
- (b) External training courses: The courses are designed mainly to supplement the internal training. Each year, we create a budget that allows our employees to receive language education (English/Japanese) outside the workplace, and we also send our employees to business consultancy firms, professional institutions, and locations overseas for training based on their professional capacities.
- (c) Training Statistics in 2023

Course Type	Attendance	Expenses	Total Expenses
Internal Training	8,153	NT\$14,937,784	NT\$15,223,266
External Training	33	NT\$285,482	

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

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

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

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

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

(2) Employee Code of Conduct/Ethics

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

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

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

(a) Company Related

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

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continuously improve business performance of the Company.

(b) Business Activity Related

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

(c) Society Related

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

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

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

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5.6 Information Security Management

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

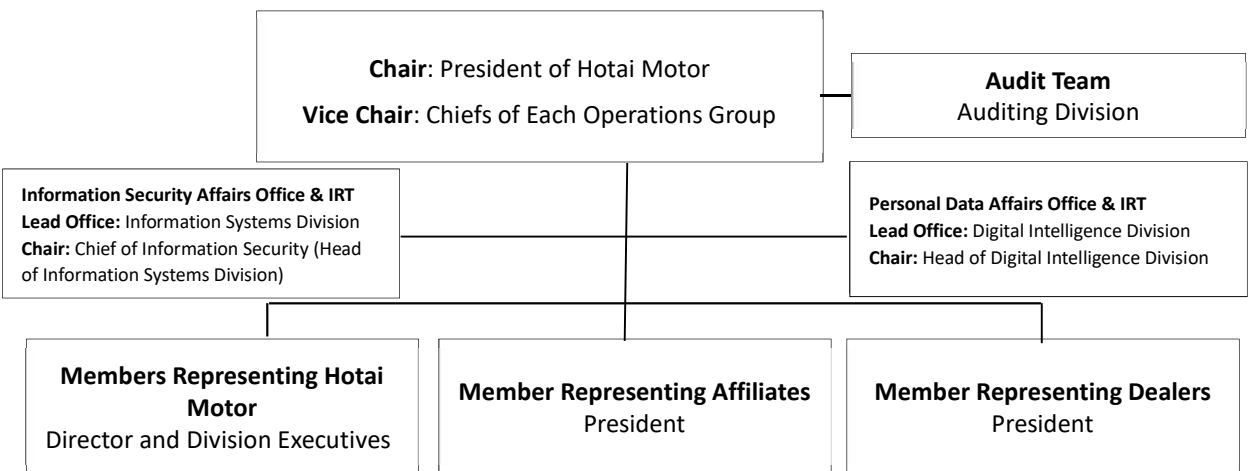
(1) Information Security Risk Management Framework

(a) Information Security Governance Structure

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

- In 2007, Hotai Motor established an Information Security Committee as the highest governing authority of the Group’s information security practices. To provide an overall protection for customer personal data, the Information Security Committee has been renamed as Information Safety and Personal Data Committee in January, 2024. A new dedicated office is set up for managing personal data, keeping on promoting personal data protection policies, and strengthening the resilience and management mechanisms for personal data protection. The committee holds an annual meeting, in which, led by the President as the chair of the committee, the committee members review the Group’s information security policies and personal data protection policies, and oversee the management systems of information security and personal data and their operations.
- Under the committee, dedicated offices for implementing information security and personal data affairs have been established. These lead offices hold regular meetings to assess the scope and integrity of information security and personal data policies based on internal and external environmental requirements and legal regulations and revise the policies as needed, and review such policies’ implementation and outcome across the Group to ensure they comply with the Group’s requirements on information security and personal data. In the event of a material information security or personal data breach, these offices should handle and report to the chair of the committee.

(b) Hotai Motor’s Information Safety and Personal Data Committee Structure



Note: The organizational adjustment takes effect on January 1st, 2024.

(2) Information Security Policies

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(a) Information Security Management Strategies and Framework

Our information security policies are created around three key aspects: information security defense, regulatory compliance, and technology application. By defining organizational structure and functions from a business strategic perspective, we ensure that all the data and assets within the information security management system are adequately safeguarded. In the face of rapidly evolving information technology environment, Hotai Motor worked with eight dealers to promote ISO 27001 certification, an international standard for information security management, and became the first company in Taiwan's automotive industry to have dealers and every single supplier in the upstream and downstream certified to ISO 27001 standards. To this day, we continue to adopt the latest version of internationally recognized information security standards as part of our efforts to reinforce Hotai Motor's information security management capability and establish a secure data operating environment.

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

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

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information security defense measures and conduct company-wide information security training to increase awareness.

(b) Management Approach

In response to the ongoing cyber-attacks and various cybersecurity threats over the world, a multi-tiered cybersecurity defense structure is instituted to fortify the Group's cybersecurity capabilities and allow us to rapidly respond to complex and dynamic threats. The management measures and specific plans are as follows.

- Upgrade email protection level to enhance the system's resilience against email threats:
 - Conduct high-fidelity phishing drills to reinforce our employees' awareness of email social engineering, thereby enhance overall cybersecurity awareness.
 - Construct AI-powered protective measures in the email system to expand monitoring scope, deepen monitoring effectiveness, and elevate the system's strength of protection.
- Drive the implementation of multi-factor authentication mechanisms for services: Reinforce protection for privileged accounts on cloud platforms, introduce stricter access rules, and reduce the risks of account compromise and service disruptions.
- Build a Zero Trust security framework, conduct comprehensive checks on identity and device risks to determine whether to grant access to company resources, and strengthen overall cybersecurity:
 - Introduce a more secure and convenient identity authentication mechanism.
 - Add on AI-powered device risk detection mechanism to prevent high-risk or anomalous computers from accessing company services.
 - Establish the Group's network-wide collaborative defense and early warning mechanism.
- Information security incident reporting and handling: Set up clear protocols for reporting and handling such incidents, require all companies under the Group to report such incidents within the targeted timeframe, and take corrective actions based on such incidents' root causes to prevent recurrence.

(c) Resources Invested in Information Security Management

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

- Dedicated unit: set up a lead office under the Information Security Committee and appoint a Chief of Information Security to oversee and direct the implementation of information security policies and resource allocation, and monitor execution progress and results to maintain and refine our information security practices.
- International certification: Our information security system is certified by the latest international information security management system ISO27001:2022, thereby continuing to improve our information security governance framework and management mechanisms. The review of such new standards was completed in 2023 while the certificate stays valid and no significant deficiencies found in information security audits.
- Information security incident reporting: The lead office has clearly defined the responsibilities, incident classification, and reporting procedures and timelines for

V. Operational Highlights

handling information security incidents. The lead office is also tasked with monitoring the progress and outcomes of threat/incident response. Our IT department is required to report and resolve incidents within the designated processing time, identify potential root causes, provide corrective measures and their timeframe, and prevent recurrence of such incidents.

- Email drills: Two social engineering drills were conducted in 2023, in which our employees' awareness of information security was tested with phishing emails. Also, informative messages were emailed to our employees to instruct the proper way of using email. In total, 594 employees were tested and the rate of drill coverage reached 100%. In the drill, each employee received 6 high-fidelity malicious emails, aimed at enhancing employees' awareness of email social engineering and improving the overall cybersecurity awareness.
- Information security awareness: despite our information security measures, it is impossible to eliminate risks completely in this area and it is imperative that each of our employees has the proper awareness to ensure success. With new hacking techniques emerging constantly, it is important for us to continue building employees' information security awareness through diverse training and communication strategies to raise the overall awareness of the organization.
 - New employees: to ensure that each new employee receives information security training immediately after onboarding and to promote proper knowledge of information security that reflects real workplace scenarios, each new employee will receive an email containing information security training materials on their first day of work. The materials include videos and animations demonstrating various real workplace scenarios, social engineering, and common hacking techniques. A test will then be given to employees to measure learning outcomes to reduce the likelihood of information security incidents or data leaks occurring due to the lack of knowledge of relevant regulations.
 - All employees: in addition to conducting information security training for all employees each year, we also send information security newsletters regularly to share relevant news and knowledge, using it as an opportunity to promote awareness and communicate Hotai Motor's latest regulations and guidelines with employees so that they are fully aware of information security risks and the importance of data protection.

(3) Customer Data Protection

To provide comprehensive protection of customer data, Hotai Motor has set up the Personal Data Affairs Office, a dedicated office responsible for personal data protection, with an appointed Chair. The office is responsible for establishing a data management system for the Group, positioning our organizational management and operations based on our corporate strategies, analyzing our business operation procedures and information system to examine the lifecycle of personal data acquisition, processing, transmission, storage, archiving, and disposal processes as well as the status of access control, and designing the most thorough solutions for personal data protection. The specific management measures and plans implemented are as follows:

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(a) Customer Privacy Protection

In order to ensure our customers' online privacy, Hotai Motor follows the regulations of Taiwan's *Personal Data Protection Act* regarding the collection, processing, and/or utilization of personal data, and has issued the *Regulations for the Acquisition, Processing, and Utilization of Personal Data* for relevant departments to follow. The company continues to improve personal data management by reviewing the adequacy of such regulations and protection measures. Furthermore, in compliance with the legal requirements, the company discloses a customer privacy statement on the official website, which clearly outlines the collection and use of customer data, data security regulations, etc., aiming to secure our customers' privacy rights.

(b) Deepening Personal Data Awareness

To strengthen the protection of our customers' personal data, our Personal Data Affairs Office organizes annual training sessions on personal data for all employees who are required to participate. In addition to training materials study, our employees need to be assessed to ensure their understanding of personal data protection. We continue to reinforce the awareness of personal data among all employees through various types of training and education.

(c) Personal Data Management in Our Outsourcing Companies

The company holds the responsibility for ensuring the security and rights of customer data in our outsourcing companies. In 2015, we have established the regulations of personal data protection for outsourcing companies, and required our outsourcing partners to comply. Since 2016, we conduct annual review of the self-assessment reports provided by our outsourcing companies, along with on-site audits. In 2018, we have established a mechanism for addressing recurrent deficiencies among outsourcing partners, and set up the *Operating Regulations for Personal Data Security Management by Outsourcing Company* that specifies the requirements and responsibilities of personal data protection our outsourcing partners must follow. Through on-site inspections at irregular intervals, we assess our partners' effectiveness of personal data control and management, aiming to enhance the strength of personal data protection.

(d) Incident Reporting and Response Management

The company has established the "Response Mechanism of Personal Data Breach", and a cross-departmental "Incident Response Team (IRT)" along with reporting and response procedures. The Personal Data Affairs Office conducts a drill or inspection once a year to assess the response capability and enhance the horizontal communication between departments, aiming to minimize damage to individuals. In the meantime, the effectiveness of internal procedures is verified, ensuring any deficiencies in personal data protection are identified and relevant protection measures are further improved.

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

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5.7 Material Agreements

As of December 31, 2023

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

陸、財務概況

Financial Information



VI. Financial Overview

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

6.1.1 Condensed Balance Sheet (Consolidated) - Based on IFRS

Unit: in thousand NT\$

Year		Financial Data for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current Assets		172,608,940	200,795,705	249,589,847	289,428,506	352,416,400
Property, Plant and Equipment		45,743,695	48,726,030	53,619,235	60,555,510	66,017,903
Intangible Assets		1,232,870	1,211,245	1,297,739	184,656	672,864
Other Assets		35,948,550	39,757,552	45,105,963	56,392,465	66,773,183
Total Assets		255,534,055	290,490,142	349,612,784	406,561,137	485,880,350
Current Liabilities	Before Distribution	159,822,615	184,960,142	228,379,527	301,581,096	339,244,897
	After Distribution (Note 2)	167,469,124	194,245,188	239,303,111	302,673,454	350,386,952
Non-Current Liabilities		20,102,813	21,645,048	26,767,292	35,407,978	46,197,106
Total Liabilities	Before Distribution	179,925,428	206,605,190	255,146,819	336,989,074	385,442,003
	After Distribution (Note 2)	187,571,937	215,890,236	266,070,403	338,081,432	396,584,058
Equity Attributable to Shareholders of the Parent		58,586,436	65,477,704	73,770,851	41,764,987	66,226,484
Capital	Before Distribution	5,461,792	5,461,792	5,461,792	5,461,792	5,571,028
	After Distribution (Note 2)	5,461,792	5,461,792	5,461,792	5,571,028	5,571,028
Capital Surplus		2,816,734	2,818,336	2,807,477	2,898,044	2,897,372
Retained Earnings	Before Distribution	49,094,707	55,264,500	62,252,639	32,100,364	53,729,882
	After Distribution (Note 2)	41,448,198	45,979,454	51,329,055	30,898,770	42,587,827
Other Equity Interest		1,213,203	1,933,076	3,248,943	1,304,787	4,028,202
Treasury Stock		-	-	-	-	-
Non-Controlling Interest		17,022,191	18,407,638	20,695,114	27,807,076	34,211,863
Total Equity	Before Distribution	75,608,627	83,885,342	94,465,965	69,572,063	100,438,347
	After Distribution (Note 2)	67,962,118	74,600,296	83,542,381	68,479,705	89,296,292

Note 1: The financial data from 2019 to 2023 has been audited and certified by CPAs.

Note 2: The distribution amount is resolved by the Board of Directors on March 13, 2024, and will be reported to the shareholders' meeting.

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

Unit: in thousand NT\$

Year Item	Financial Data for the Last Five Years (Note 1)				
	2019 (Note 2)	2020 (Note 2)	2021 (Note 2)	2022 (Note 2)	2023 (Note 2)
Operating Revenue	213,879,953	231,813,269	246,917,035	245,774,663	279,477,274
Gross Profit	-	-	-	-	-
Operating Profit	-	-	-	-	-
Non-Operating Income and Expenses	-	-	-	-	-
Profit (Loss) Before Income Tax	17,372,986	21,124,885	24,970,659	(14,634,883)	29,498,664
Income Tax Expense	(3,788,087)	(4,589,675)	(5,412,569)	(1,111,075)	(3,368,348)
Profit (Loss) for the Year	13,584,899	16,535,210	19,558,090	(15,745,958)	26,130,316
Other Comprehensive Income (Loss) for the Year, Net of Tax	1,464,276	725,303	1,334,038	(1,686,699)	2,520,178
Total Comprehensive Income for the Year	15,049,175	17,260,513	20,892,128	(17,432,657)	28,650,494
Profit Attributable to Owners of Parent	11,768,815	13,848,870	16,210,758	(19,330,194)	22,857,675
Profit Attributable to Non-Controlling Interests	1,816,084	2,686,340	3,347,332	3,584,236	3,272,641
Comprehensive Income (Loss) Attributable to Owners of Parent	13,280,285	14,536,175	17,589,052	(21,172,847)	25,554,527
Comprehensive Income Attributable to Non-Controlling Interests	1,768,890	2,724,338	3,303,076	3,740,190	3,095,967
Earnings (Loss) Per Share (in New Taiwan dollars)	21.13	24.86	29.10	(34.70)	41.03

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Note 1: The financial data from 2019 to 2023 has been audited and certified by CPAs.

Note 2: On January 17, 2017, we acquired 99.80% of the equities in Zurich Insurance (Taiwan) Ltd. (which was renamed as Hotai Insurance Co., Ltd.). Since Hotai Insurance Co., Ltd. is considered a consolidated business from a different industry, the 2019 to 2023 comprehensive income statements are issued in a single-step format. Therefore, there are no figures available on gross profit, operating profit, and non-operating income and expenses.

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6.1.3 Condensed Balance Sheet (Individual) – Based on IFRS

Unit: in thousand NT\$

Year Item		Financial Data for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		11,474,768	13,315,428	17,009,128	13,317,135	20,464,237
Property, Plant and Equipment		4,023,217	3,655,402	3,442,868	3,455,224	3,546,283
Intangible Assets		-	-	23,800	23,800	45,800
Other Assets		60,971,973	66,748,944	74,090,028	66,897,032	78,335,133
Total Assets		76,469,958	83,719,774	94,565,824	83,693,191	102,391,453
Current Liabilities	Before Distribution	14,922,066	14,491,086	16,274,297	26,112,044	15,870,214
	After Distribution (Note 2)	22,568,575	23,776,132	27,197,881	27,204,442	27,012,269
Non-Current Liabilities		2,961,456	3,750,984	4,520,676	15,816,160	20,294,755
Total Liabilities	Before Distribution	17,883,522	18,242,070	20,794,973	41,928,204	36,164,969
	After Distribution (Note 2)	25,530,031	27,527,116	31,718,557	43,020,562	47,307,024
Capital	Before Distribution	5,461,792	5,461,792	5,461,792	5,461,792	5,571,028
	After Distribution (Note 2)	5,461,792	5,461,792	5,461,792	5,571,028	5,571,028
Capital Surplus		2,816,734	2,818,336	2,807,477	2,898,044	2,897,372
Retained Earnings	Before Distribution	49,094,707	55,264,500	62,252,639	32,100,364	53,729,882
	After Distribution (Note 2)	41,448,198	45,979,454	51,329,055	30,898,770	42,587,827
Other Equity Interest		1,213,203	1,933,076	3,248,943	1,304,787	4,028,202
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	58,586,436	65,477,704	73,770,851	41,764,987	66,226,484
	After Distribution (Note 2)	50,939,927	56,192,658	62,847,267	40,672,629	55,084,429

Note 1: The financial data from 2019 to 2023 has been audited and certified by CPAs.

Note 2: The distribution amount is resolved by the Board of Directors on March 13, 2024, and will be reported to the shareholders' meeting.

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

Unit: in thousand NT\$

Item \ Year	Financial Data for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	126,892,633	136,052,443	138,872,240	130,393,188	161,317,924
Gross Profit	10,737,805	12,096,532	12,713,663	13,301,993	15,284,424
Operating Profit	6,889,079	8,228,028	8,545,817	9,757,266	10,630,312
Non-Operating Income and Expenses	6,848,237	7,973,590	10,163,586	(28,957,412)	12,310,719
Profit (Loss) Before Income Tax	13,737,316	16,201,618	18,709,403	(19,200,146)	22,941,031
Income Tax Expense	(1,968,501)	(2,352,748)	(2,498,645)	(130,048)	(83,356)
Profit (Loss) for the Year	11,768,815	13,848,870	16,210,758	(19,330,194)	22,857,675
Other Comprehensive Income (Loss), Net	1,511,470	687,305	1,378,294	(1,842,653)	2,696,852
Total Comprehensive Income for the Year	13,280,285	14,536,175	17,589,052	(21,172,847)	25,554,527
Earnings (Loss) Per Share (in New Taiwan dollars)	21.13	24.86	29.10	(34.70)	41.03

Note 1: The financial data from 2019 to 2023 has been audited and certified by CPAs.

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6.1.5 Names and Opinions of Auditors for the Last Five Years

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

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6.2 Financial Analysis for the Last Five Years

6.2.1 Consolidated Financial Analysis – Based on IFRS

Year Item (Note)		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt Ratio	70.41	71.12	72.98	82.89	79.33
	Ratio of Long-Term Capital to Property, Plant and Equipment	209.23	216.58	226.10	173.36	222.11
Solvency (%)	Current Ratio	108.00	108.56	109.29	95.97	103.88
	Quick Ratio	95.38	97.68	101.21	88.61	96.24
	Interest Earned Ratio (times)	118.02	187.83	203.02	(69.96)	56.33
Operating Performance	Accounts Receivable Turnover (times)	1.28	1.22	1.05	0.80	0.73
	Average Collection Period	285	299	348	456	500
	Inventory Turnover (times)	13.46	13.44	15.71	14.09	12.44
	Accounts Payable Turnover (times)	14.47	15.35	17.04	15.62	14.31
	Average Days' Sales in Inventory	27	27	23	26	29
	Property, Plant and Equipment Turnover (times)	4.13	4.13	3.97	3.42	3.47
	Total Assets Turnover (times)	0.75	0.71	0.64	0.52	0.49
Profitability	Return on Total Assets (%)	5.65	6.09	6.14	(4.12)	5.95
	Return On Equity (%)	20.30	20.73	21.93	(19.20)	30.74
	Pre-Tax Income to Paid-In Capital (%)	318.08	386.78	457.19	(267.95)	529.50
	Profit Ratio (%)	7.50	8.49	9.62	(8.07)	11.89
	Earnings (Loss) Per Share (NT\$)	21.13	24.86	29.10	(34.70)	41.03
Cash Flow	Cash Flow Ratio (%)	10.31	7.39	(註 1) -	(註 1) -	(註 1) -
	Cash Flow Adequacy Ratio (%)	64.23	58.49	43.46	26.94	20.66
	Cash Reinvestment Ratio (%)	9.69	5.30	(註 1) -	(註 1) -	(註 1) -
Leverage	Operating Leverage	1.33	1.28	1.28	0.46	1.24
	Financial Leverage	1.01	1.01	1.00	0.98	1.02

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

1. Ratio of long-term capital to property, plant and equipment increased by 28%, which is mainly due to an increase of total equity.
2. Changes in interest earned ratio are primarily due to an increase of profit before income tax.
3. Changes in return on total assets, return on equity, pre-tax income to paid-in capital, profit ratio, and earnings (loss) per share are mainly due to an increase of profit before income tax.
4. Cash flow adequacy ratio decreased by 23%, which is mainly due to a decrease of cash inflows from operating activities.
5. Operating leverage went up by 172%, which is primarily due to a decrease of operating costs.

Note 1: Not applicable as there were only net cash outflows from operating activities in 2023.

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6.2.2 Individual Financial Analysis-Based on IFRS

<div> <div>Year</div> <div>Item(Note)</div> </div>		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt Ratio	23.39	21.79	21.99	50.10	35.32
	Ratio of Long-Term Capital to Property, Plant And Equipment	1529.82	1893.87	2274.02	1666.50	2439.77
Solvency (%)	Current Ratio	76.90	91.89	104.52	51.00	128.95
	Quick Ratio	25.94	40.62	75.67	32.29	83.19
	Interest Earned Ratio (times)	308.03	704.32	891.25	(209.82)	61.92
Operating Performance	Accounts Receivable Turnover (times)	51.28	86.00	94.65	53.21	51.36
	Average Collection Period	7	4	4	7	7
	Inventory Turnover (times)	18.42	17.38	22.02	25.93	25.31
	Accounts Payable Turnover (times)	13.96	14.84	16.26	14.77	15.23
	Average Days' Sales in Inventory	20	21	17	14	14
	Property, Plant and Equipment Turnover (times)	32.61	35.44	39.13	37.81	46.08
	Total Assets Turnover (times)	1.78	1.70	1.56	1.46	1.73
Profitability	Return on Total Assets (%)	16.56	17.31	18.20	(21.61)	24.89
	Return on Equity (%)	21.81	22.33	23.28	(33.46)	42.33
	Pre-Tax Income to Paid-In Capital (%)	251.52	296.64	342.55	(351.54)	411.79
	Profit Ratio (%)	9.27	10.18	11.67	(14.82)	14.17
	Earnings (Loss) Per Share (NT\$)	21.13	24.86	29.10	(34.70)	41.03
Cash Flow	Cash Flow Ratio (%)	57.15	86.36	81.50	50.92	101.31
	Cash Flow Adequacy Ratio (%)	90.66	92.25	106.70	73.00	85.80
	Cash Reinvestment Ratio (%)	3.61	7.83	5.68	4.66	19.42
Leverage	Operating Leverage	1.21	1.21	1.24	1.10	1.21
	Financial Leverage	1.01	1.00	1.00	1.01	1.04

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

1. Debt ratio went down by 29%, which is mainly due to a decrease of total liabilities.
2. Ratio of long-term capital to property, plant and equipment increased by 46%, which is mainly due to an increase of total equity.
3. Current ratio increased by 153% and quick ratio by 158%, which are mainly due to lower current liabilities.
4. Changes in interest earned ratio are primarily due to higher profit before income tax.
5. Property, plant and equipment turnover increased by 22%, which is mainly due an increase of net sales.
6. Changes in return on total assets, return on equity, pre-tax income to paid-in capital, profit ratio, and earnings (loss) per share are mainly a result of higher profit before income tax.
7. Cash flow ratio went up by 99%, which is mainly due to a decrease of current liabilities.
8. Cash reinvestment ratio increased by 317%, which is primarily attributable to a decrease of cash dividends.

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

1. Financial Structure

- (1) Debt Ratio = $\text{total liabilities} / \text{total assets}$
- (2) Ratio of Long-Term Capital to Property, Plant and Equipment = $(\text{total equity} + \text{non-current liabilities}) / \text{net property, plant and equipment}$

2. Solvency

- (1) Current Ratio = $\text{current assets} / \text{current liabilities}$
- (2) Quick Ratio = $(\text{current assets} - \text{inventory} - \text{prepaid expenses}) / \text{current liabilities}$
- (3) Interest Earned Ratio = $\text{net income before tax and interest expenses} / \text{interest expenses}$

3. Operating Performance

- (1) Accounts Receivable Turnover (including accounts receivable and notes receivable generated from business operations) = $\text{net sales} / \text{average balance of accounts receivable (including accounts receivable and notes receivable generated from business operations)}$
- (2) Average Collection Period = $365 / \text{accounts receivable turnover}$
- (3) Inventory Turnover = $\text{cost of goods sold} / \text{average inventory}$
- (4) Accounts Payable Turnover (including accounts payable and notes payable generated from business operations) = $\text{cost of goods sold} / \text{average balance of accounts payable (including accounts payable and notes payable generated from business operations)}$
- (5) Average days' sales in inventory = $365 / \text{inventory turnover}$
- (6) Property, Plant and Equipment Turnover = $\text{net sales} / \text{average net property, plant and equipment}$
- (7) Total Assets Turnover = $\text{net sales} / \text{average total assets}$

4. Profitability

- (1) Return on Total Assets = $[\text{profit after tax} + \text{interest expenses} * (1 - \text{effective tax rate})] / \text{average total assets}$
- (2) Return on Equity = $\text{profit after tax} / \text{average total equity}$
- (3) Profit Ratio = $\text{profit after tax} / \text{net sales}$
- (4) Earning Per Share = $(\text{equity attributable to shareholders of parent} - \text{preferred stock dividend}) / \text{weighted average of issued shares}$

5. Cash Flow

- (1) Cash Flow Ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$
- (2) Cash Flow Adequacy Ratio = $(\text{net cash flow from operating activities for the last five years} / (\text{capital expenditure} + \text{increase in inventory} + \text{cash dividend}) \text{ for the last five years})$

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

6. Leverage:

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

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

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

Audit Committee Report

To: The 2024 Annual General Shareholders' Meeting of Hotai Motor Co., Ltd.

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 the allocation of profits. The 2023 Financial Statements (including the Consolidated Financial Statements) were audited by CPAs Hsiao, Chun-Yuan and Hsu, Sheng-Chung from PricewaterhouseCoopers Taiwan, who then issued an audit report based on their review.

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

Members of the Audit Committee

Li, Chao-Sen
Independent Director

Wu, Shih-Hao
Independent Director

Su, Chin-Huo
Independent Director

March 13, 2024

6.4. Consolidated financial statement and report of independent accounts

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Hotai Motor Co., Ltd.

Representative: Huang, Nan-Kuang
March 13, 2024

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			352,416,400	73	289,428,506	71
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			133,463,950	27	117,132,631	29
1XXX	Total assets		\$ 485,880,350	100	\$ 406,561,137	100

(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			\$ 485,880,350	100	\$ 406,561,137	100

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	225,218,604	81	200,625,647	81
4161	Sales revenue		(2,354,421)	(1)	(1,366,450)	-
4162	Sales returns		(3,137,517)	(1)	(4,158,084)	(2)
4163	Sales discounts and allowances		19,248,403	7	17,332,880	7
4170	Rental revenue		2,639,544	1	2,266,603	1
4180	Service revenue	6(29) and 7				
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)
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)	-
Other comprehensive income (loss) for the year, net of tax		\$ 2,520,178	1	(\$ 1,686,699)	(1)
Total comprehensive income (loss) for the year		\$ 28,650,494	10	(\$ 17,432,657)	(7)
Profit (loss) attributable to:					
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										
		Retained Earnings					Other equity interest					
Notes	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	Total equity
<u>For the year ended December 31, 2022</u>												
Balance at January 1, 2022	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,265,105	\$ 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	(1,842,653)	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:	6(28)											
Legal reserve	-	-	1,627,319	-	(1,627,319)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(10,923,584)	-	-	-	-	(10,923,584)	(1,992,722)	(12,916,306)
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount	6(36)	-	119,102	-	-	-	-	-	-	119,102	(120,102)	(1,000)
Changes in ownership interests in subsidiaries	-	(27,638)	-	-	-	-	-	-	-	(27,638)	37,656	10,018
Reorganization	-	(897)	-	-	-	-	-	-	-	(897)	897	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,446,043	5,446,043
Balance at December 31, 2022	\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552)	\$ 1,699,344	(\$ 140,088)	\$ 69,083	\$ 41,764,987	\$ 27,807,076	\$ 69,572,063
<u>For the year ended December 31, 2023</u>												
Balance at January 1, 2023	\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552)	\$ 1,699,344	(\$ 140,088)	\$ 69,083	\$ 41,764,987	\$ 27,807,076	\$ 69,572,063
Profit for the year	-	-	-	-	22,857,675	-	-	-	-	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:	6(28)											
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	6(36)	-	(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)

		Year ended December 31	
	Notes	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.

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

Hotai Motor Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in import, trading, selling and repairing of vehicles and their parts, as well as installment sales and leases of vehicles, and sales of used vehicles and business of property insurance.

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial Application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS21, 'Lack of exchangeability'	January 1, 2025

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

A. IFRS 17, 'Insurance contracts'

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

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

B. Amendments to IFRS 17, 'Insurance contracts'

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Equity investments in Mainland China (trading and repairing of vehicles and their parts)	100.00	100.00	
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	General investment	100.00	100.00	
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	77.93	92.86	Note 13, 16
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	
Hotai Motor Co., Ltd.	Hotai Development Co., Ltd.	Agent for sales of air conditioning system and contracting of air conditioning construction	45.01	45.01	Note 2
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Trading of vehicle products/accessories	51.00	51.00	
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	20.00	20.00	Note 1
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	70.00	70.00	Note 3
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Assembly of vehicle bodies	50.00	50.00	Note 1
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Sales of vehicle bodies	100.00	100.00	Note 7
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	18.00	18.00	Note 1, 4
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	Equity investments in Mainland China, (trading and repairing of vehicles and their parts)	70.00	70.00	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Hotong Motor Investment Co., Ltd.	Operation decision making, capital and financial management, information services, employee trainings and other services	100.00	100.00	
Tienjin Ho Yu Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	75.00	75.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting services	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sale Service Co., Ltd.	Sales and repairing of vehicles	70.00	70.00	
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Zaozhuang Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	25.00	25.00	Note 1
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Advertisement design and production	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1
Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Sales of imported cars	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	40.00	40.00	Note 1, 10
Shanghai Hozhan Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	Note 1
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	30.00	Note 1, 10
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	30.00	Note 1, 10
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Leasing of vehicles	66.04	66.04	
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Installment trading and leasing of various vehicles	45.39	45.39	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	22.05	7.13	Note 1, 13, 16
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	41.10	41.10	Note 1
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	27.40	27.40	Note 1
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taxi service	100.00	100.00	
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taxi service	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	
Hotai Leasing Co., Ltd.	Hoyun International Limited	General investment	49.50	49.50	Note 1
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	50.82	50.82	
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	49.18	49.18	Note 1
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Tourism industry	100.00	100.00	Note 6
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment trading of various vehicles	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	80.00	80.00	Note 4
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Energy storage	100.00	100.00	Note 8
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar power	99.00	90.00	Note 12,20
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar power	96.97	90.00	Note 12,20
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar power	99.00	90.00	Note 12,20
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	-	Note 14
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar power	100.00	-	Note 15
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar power	100.00	-	Note 18
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar power	100.00	-	Note 18
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar power	100.00	-	Note 19
He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar power	100.00	-	Note 19
Hoyun International Limited	Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	Note 9
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of cars	100.00	100.00	Note 8
Hoyun International Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	100.00	100.00	Note 5
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100.00	100.00	Note 5
Hoyun International Leasing Co., Ltd.	Homei International Trade (Suzhou) Company Limited	Consulting services	100.00	100.00	Note 6, 17
Hotai Development Co., Ltd.	Ichiban International Co., Ltd.	General investment	-	-	Note 11
Hotai Development Co., Ltd.	Air Master International Co., Ltd.	General investment	100.00	100.00	Note 11
Toyota Material Handling Taiwan Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	Note 21
Hotai Development Co., Ltd.	Hotai Service & Marketing Co., Ltd.	Repairing of air conditioning equipment and trading of their parts	100.00	100.00	
Hotai Development Co., Ltd.	Hotai Parts & Accessories Co., Ltd.	Trading of air conditioning equipment and their peripherals	100.00	100.00	
Hotai Development Co., Ltd.	3A Express Co., Ltd.	Freight forwarders	51.00	51.00	
3A Express Co., Ltd.	Hotai Transportation Co., Ltd.	Freight forwarders	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Freight forwarders	100.00	100.00	
Ichiban International Co., Ltd.	Air Master International Co., Ltd.	General investment	-	-	Note 11
Air Master International Co., Ltd.	He Zhan Development Co., Ltd.	Trading of air conditioning equipment	100.00	100.00	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	100.00	100.00	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	61.77	61.77	
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	Wholesale and retail of vehicles parts and accessories	100.00	100.00	
Eastern Motor Co., Ltd.	Daleon Auto Parts & Accessories Corporation	Wholesale and retail of vehicles parts and accessories	100.00	100.00	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	0.68	0.68	Note 1
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	0.50	0.50	Note 1, 3
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Assembly of vehicle bodies	20.00	20.00	Note 1

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

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

Note 3: On January 20, 2022, the Company disposed of 30% of the shares of Hotai Connected Co., Ltd. at the consideration of \$337,983 (net of transfer tax), and the Company's subsidiary, Eastern Motor Co., Ltd. participated in subscribing shares and the shareholding ratio was increased from 0% to 0.5%.

Note 4: On February 22, 2022, the Company and the Company's subsidiary, Hotai Finance Co., Ltd. participated in the capital increase of He Jun Energy Co., Ltd. amounting to \$180,000 and \$800,000, and the shareholding ratio was 18% and 80%, respectively.

Note 5: The subsidiary was acquired in May, 2022.

Note 6: The subsidiary was established in June, 2022.

Note 7: On August 4, 2022, the Company's subsidiary, Hotai Auto Body Manufacturing Co., Ltd. disposed of 100% of the shares of Hotai Auto Body Sales Co., Ltd. to the Company at the consideration of \$40,000.

Note 8: The subsidiary was acquired in September, 2022.

Note 9: Hoyun International Lease Co., Ltd. was renamed as Hoyun International Leasing Co., Ltd. in September, 2022.

Note 10: Shanghai Hekang Equipment Leasing Co., Ltd. was renamed as Tianjin Hekang Finance Leasing Co., Ltd. in September, 2022.

Note 11: Ichiban International Co., Ltd. and Air Master International Co., Ltd. resolved to merge in December, 2022, and Air Master International Co., Ltd. was the surviving company.

Note 12: The subsidiary was acquired in the fourth quarter of 2022.

Note 13: On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. amounting to \$20,000,000 and \$6,000,000, respectively. As a result, its shareholding ratio would be 92.86% after the capital increase. As subsidiary, Hozan Investment Co., Ltd. did not participate in the capital increase, its shareholding ratio of Hotai Insurance Co., Ltd. decreased from 99.8% to 7.13%.

Note 14: The subsidiary was established in February, 2023.

Note 15: The subsidiary was acquired in March, 2023.

Note 16: On June 2, 2023, the subsidiary, Hozan Investment Co., Ltd., participated in the cash capital increase of the subsidiary, Hotai Insurance Co., Ltd., with an amount of \$4,500,000. After the capital increase, its shareholding ratio became 22.05%. The Company did not participate in the subscription, and the shareholding ratio decreased from 92.86% to 77.93%.

Note 17: On June, 2023, Homei Consulting (Suzhou) Co., Ltd. changed its registration and renamed itself as Homei International Trading (Suzhou) Co., Ltd.

Note 18: The subsidiary was acquired in August, 2023.

Note 19: The subsidiary was acquired in September, 2023.

Note 20: On October 11, 2023, the subsidiary, He Jun Energy Co., Ltd., participated in the cash capital increase of subsidiaries, Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd., amounting to \$23,000, \$20,700 and \$26,640, respectively. After the capital increase, their shareholding ratio became 96.97%, 99% and 99%, respectively.

Note 21: In November, 2023, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. changed its registration and renamed itself as Shanghai Hotai Toyota Forklift Co., Ltd.

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

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

E. Significant restrictions: None.

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

As of December 2023 and 2022, the non-controlling interest amounted to \$34,211,863 and \$27,807,076, respectively. The information of non-controlling interest that is material to the Group and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd.(Note)	Taiwan	\$ 24,051,904	54.610%	\$ 18,369,237	54.610%
Hotai Leasing Co., Ltd.	Taiwan	1,947,816	33.958%	1,807,397	33.958%

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

Summarized financial information of the subsidiaries:

Balance sheets

	Hotai Finance Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 284,254,876	\$ 236,804,466
Non-current assets	27,884,836	18,560,622
Current liabilities	(270,124,770)	(221,376,661)
Non-current liabilities	(2,020,104)	(1,095,413)
Total net assets	<u>\$ 39,994,838</u>	<u>\$ 32,893,014</u>

	Hotai Leasing Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 5,161,023	\$ 4,225,639
Non-current assets	44,004,147	40,116,388
Current liabilities	(27,440,326)	(24,857,667)
Non-current liabilities	(15,988,889)	(14,161,911)
Total net assets	<u>\$ 5,735,955</u>	<u>\$ 5,322,449</u>

Statements of comprehensive income

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 28,660,435	\$ 22,787,250
Profit before income tax	5,531,211	5,356,518
Income tax expense	(1,439,055)	(1,286,934)
Profit for the period	4,092,156	4,069,584
Other comprehensive (loss) income for the period, net of tax	(280,445)	281,385
Total comprehensive income for the year	<u>\$ 3,811,711</u>	<u>\$ 4,350,969</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 1,898,565</u>	<u>\$ 2,118,260</u>

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 22,738,587	\$ 20,098,181
Profit before income tax	1,416,762	1,411,036
Income tax expense	(303,562)	(330,639)
Profit for the period	1,113,200	1,080,397
Other comprehensive (loss) income for the period, net of tax	(66,545)	26,047
Total comprehensive income for the year	\$ 1,046,655	\$ 1,106,444
Comprehensive income attributable to non-controlling interests	\$ 355,423	\$ 375,726

Statements of cash flows

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2023	2022
Net cash used in operating activities	(\$ 44,771,084)	(\$ 44,038,878)
Net cash used in investing activities	(5,422,872)	(2,547,415)
Net cash provided by financing activities	50,736,545	47,820,744
Net effect of changes in foreign currency exchange rates	(47,180)	89,751
Increase in cash and cash equivalents	495,409	1,324,202
Cash and cash equivalents, beginning of year	2,382,775	1,058,573
Cash and cash equivalents, end of year	\$ 2,878,184	\$ 2,382,775

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 16,975,885	\$ 15,868,242
Net cash used in investing activities	(20,242,505)	(19,025,092)
Net cash provided by financing activities	3,261,412	3,167,346
(Decrease) increase in cash and cash equivalents	(5,208)	10,496
Cash and cash equivalents, beginning of year	120,151	109,655
Cash and cash equivalents, end of year	\$ 114,943	\$ 120,151

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

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

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. The Group could designate financial assets at fair value through profit or loss using overlay approach when financial assets meet the following conditions:

- (a) It is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39; and
- (b) It is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.

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

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

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

E. The Group reclassifies between profit or loss and other comprehensive income an amount for the designated financial assets applying overlay approach. Accordingly, the amount reclassified is equal to the difference between:

- (a) The amount reported in profit or loss for the designated financial assets applying overlay approach if IFRS 9 had been applied; and
- (b) The amount that would have been reported in profit or loss for the designated financial assets applying overlay approach if IAS 39 had been applied.

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

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

(9) Accounts and notes receivable

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

(10) Offsetting financial instruments

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

(11) Impairment of financial assets

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

B. The Group will perform the following procedure when the financial assets are assessed as having a significant increase in credit risk after initial recognition:

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

Reclassify the amount of credit loss which originally are unrealized gains (losses) of accumulated losses of other comprehensive income as profit or loss.

(b) Financial assets at amortized cost

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

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

The Group's subsidiary, Hotai Insurance Co., Ltd., provisioned for an appropriate allowance loss in accordance with IFRS 9 and IFRS 4, as well as the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises", for receivables, financial assets and reinsurance assets measured at amortized cost and reinsurance contract assets.

(13) Derecognition of financial assets

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

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained the control of the financial asset.

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

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during to the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(15) Inventories

Inventories are stated at the lower of cost and net realizable value. Except for the cost of inventories of Hotai Development Co., Ltd. which is determined using the weighted-average method, the cost of inventories of all other entities in the group is determined using the moving average method. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(16) Assets held for sale

Assets that are highly probable to be sold in the future rather than recovering their carrying amount through sustaining use are classified as assets held for sale by the Company's subsidiary, which was measured at the lower of its carrying amount or fair value less costs to sell.

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

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

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(18) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each component of property, plant and equipment that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate using IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 60 years
Utility equipment	5 ~ 10 years
Office equipment	1 ~ 20 years
Machinery and equipment	1 ~ 15 years
Leasehold improvements	1 ~ 35 years

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

(20) Investment property

- A. An investment property is stated initially at its cost and measured subsequently using the cost model.
- B. The significant improvements, additions, and betterments of an item of investment property shall be recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. General repairs and maintenance are charged to current expenses.
- C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain and loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain and loss on investment property under net investment income (loss). Except for land, property (including accessory equipment) is depreciated on a straight-line basis over its estimated useful life of 2~60 years. Each part of an item of investment property with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.
- D. Investment property of the Group's subsidiary including the office building and land rented in the form of an operating lease are to generate rental income or capital increase or both. Investment property is recognized initially at cost plus transaction costs incurred and subsequently applies cost model measuring at cost net of accumulated depreciation and impairment. Part of the property may be held by the Group and another part generates rental income or capital increase. If the property held by the Group can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase, or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the

property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

(21) Intangible assets

A. Computer software

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

B. Goodwill

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

C. Client relationship

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

D. Electricity sales agreement

Electricity sales agreement is stated at cost and amortized on a straight-line basis over 16 years.

E. Trademark right

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

(22) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(23) Borrowings

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

(24) Notes and accounts payable

- A. Liabilities for purchases of raw materials, goods or services and notes payables resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures the financial liabilities at fair value with any gain or loss recognized in profit or loss

(26) Derecognition of financial liabilities

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

(27) Ordinary corporate bonds

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

(28) Financial guarantee contracts

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

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

(29) Non-hedging and embedded derivatives

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

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

(30) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as follows:
 - (a) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.
 - (b) Fair value hedge: a hedge of recognized assets or liabilities, or unrecognized firm commitments against risk of changes in fair value.
- C. Cash flow hedges
 - (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. The cumulative change in fair value of the hedged item from inception of the hedge.
 - (b) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.
 - (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with item (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

- ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

D. Fair value hedges

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

(31) Provisions

Provisions (warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses. For details of provisions for other insurance liabilities, please refer to Note 4(38).

(32) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(33) Classification of insurance contracts

The insurance and reinsurance businesses of the Group for insurance contracts newly issued or undertaken are accounted for in accordance with IFRS 4. They are tested in accordance with the subsidiary's internal control procedures to classify newly issued insurance products. Currently, insurance policies sold by the Group are all insurance contracts.

Insurance contract is a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held. The definition of significant transferred risks employed by the Group refers to an occurrence of any event or incident that leads to the Group's additional significant payment.

(34) Direct insurance income and expenses

A. Direct premiums are recognized in the year the insurance policies are issued without regard to the effective dates of the policies except premiums related to open cover policies which are recognized in the year they are earned. Premiums adjustments, including policy cancellations, are recorded in the year they occur.

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

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

(35) Reinsurance contract

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

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

The Group evaluates the impairment losses and unrecoverable amounts of reinsurance reserve assets, claims recoverable from reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies. When there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts

due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer, the cedant reduces the carrying amount accordingly and recognizes the provision for impairment loss. Allowance for doubtful debts of recoverable from the reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies is recognized when the cedant may not receive all amounts.

(36) Salvage and subrogation

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

(37) Underwriting pools and coinsurance

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

(38) Insurance liabilities

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

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

A. Unearned premium reserve

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

B. Claims reserve

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

C. Special reserve

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

D. Premium deficiency reserve

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

E. Liability adequacy reserve

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

F. Unqualified ceded reserve

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

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

(39) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(40) Employee share-based payment

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

(41) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(42) Dividends

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

(43) Revenue recognition

A. Sales of goods

- (a) The Group sells vehicles and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue was recognized based on the contract price net of sales discount. Accumulated experience and other known reason is used to estimate and provide for the sales discounts and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- (c) The Group's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.
- (d) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- (e) The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated based on the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.
- (f) Installment sales for vehicles – the Group engages in installment sales which mainly aims to receive interest income rather than gross profit. There is no gross profit from such transactions. The accounting treatment is to recognize future proceeds from loans receivable and not to recognize sales revenue and cost of sales when the transaction occurs. When the amount of installment payment exceeds the price of cash sale, the difference is recognized as unrealized interest income and listed as a deduction to installment notes and accounts receivable, and interest is recognized using interest method annually over the installment period.

B. Lease revenue

Based on the Group's lease term, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset, while others are classified as operating leases. Under finance lease, the amounts receivable from the lessee are recognized as lease receivables, and finance income is amortized over the accounting periods to reflect the constant periodic rate of return for each period. Lease income from an operating lease is recognised in profit or loss on a straight-line basis over the lease term.

C. The Group provides services related to vehicles and vehicle air conditioning. When the results of service provision transactions can be reliably estimated, revenue is recognized based on the percentage of completion method. The degree of completion is estimated by the proportion of actual costs incurred to the estimated total transaction costs as of the financial reporting date. When the results of the transaction cannot be reliably estimated, revenue is recognized within the range of costs already incurred that are likely to be recoverable.

D. Recognition of premium revenue and deferred acquisition cost of the insurance business were as follows:

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

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

E. Financing components

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

(44) Operating segments

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

(45) Corporate Mergers

A. This Group uses the acquisition method for corporate mergers. The merger consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued, including the fair value of any assets and liabilities arising from contingent consideration agreements. The costs related to the acquisition are recognized as expenses when incurred. The identifiable assets and liabilities acquired and assumed in the corporate merger are measured at fair value on the acquisition date. The Group uses individual acquisition transactions as a basis. The non-controlling interests are part of the current equity and the holders have the right to enjoy a proportional share of the net assets of the company upon liquidation. They can choose to measure the identifiable net assets of the acquired party in proportion to the fair value on the acquisition date or based on the proportion of non-controlling interests in the acquired party. Other components of non-controlling interests are measured at fair value on the acquisition date.

- B. If the total fair value of the transferred consideration, the non-controlling interests of the acquired party, and the fair value of previously held equity in the acquired party exceeds the fair value of identifiable assets and liabilities acquired and assumed, the difference is recognized as goodwill on the acquisition date. If the total fair value of the identifiable assets and liabilities acquired and assumed exceeds the transferred consideration, the non-controlling interests of the acquired party, and the fair value of previously held equity in the acquired party, the difference is recognized as current profit or loss on the acquisition date.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group estimates sales discounts and returns refund liabilities for sales returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Group reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(29) for the information of sales of goods.

B. Provisions for warranty

In order to enhance customers' confidence on the quality of products, the Company provides additional warranty services apart from the warranty offered by the original manufacturer. Provisions for warranty is estimated based on historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year, and is revaluated on a regular basis. Please refer to Note 6(24) "Provisions" for more information.

C. Evaluation of allowance for uncollectible accounts

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

D. Insurance liabilities

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

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

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

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

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

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 14,622	\$ 15,799
Checking accounts and demand deposits	11,000,543	10,454,929
Cash equivalents		
Time deposits	2,378,756	595,460
Short-term notes and bills	9,748,972	4,563,373
	<u>\$ 23,142,893</u>	<u>\$ 15,629,561</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2023, and 2022, the Group presented its long-term time deposits of \$2,446,930 and \$2,690,156 respectively, under other financial assets-current and non-current.
- C. Of the short-term notes held by the Company's subsidiary, Hotai Insurance Co., Ltd., investments in notes issued under reverse repurchase agreements have obtained notes as collateral. For related explanations, please refer to Note 6(6).

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

Items	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic and foreign beneficiary certificates	\$ 2,442,236	\$ 1,546,818
Derivative instruments	-	57,587
Financial instruments	734,327	703,187
Listed stocks	1,384,924	1,180,507
Listed preference share	59,980	59,980
Exchange Traded Funds	1,158,716	1,172,594
Valuation adjustment	544,327	(130,144)
	<u>\$ 6,324,510</u>	<u>\$ 4,590,529</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 1,011,886</u>	<u>\$ 1,011,039</u>
Financial liabilities at fair value through profit or loss		
Current items:		
Financial liabilities held for trading		
Derivative instruments	<u>\$ 407,727</u>	<u>\$ 162,608</u>

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

Items	Years ended December 31,	
	2023	2022
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 297,694)	(\$ 168,589)
Domestic and foreign beneficiary certificates	9,152	(161,029)
Financial instruments	(607)	1,608
Listed stocks	628,453	(577,356)
Listed preference share	3	(4,342)
Exchange Traded Funds	317,304	(370,968)
Corporate bonds	31,035	9,821
	<u>\$ 687,646</u>	<u>(\$ 1,270,855)</u>

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

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

Derivative instruments	December 31, 2022	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 423,402</u>	2022/07/20~2023/06/08
Foreign exchange swap contracts	<u>USD 21,490</u>	2022/10/07~2023/03/29

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

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. On December 31 2023, and 2022, such financial assets designated using overlay approach are as follows:

Items	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss designated using overlay approach		
Listed stocks	\$ 640,675	\$ 642,442
Listed preference shares	59,980	59,980
Exchange Traded Funds	1,158,716	1,172,594
Beneficiary certificates	170,000	310,000
Foreign beneficiary certificates	160,152	152,730
Corporate bonds	500,000	500,000
Valuation adjustment	<u>394,999</u>	<u>(70,758)</u>
	<u>\$ 3,084,522</u>	<u>\$ 2,766,988</u>

For the years ended December 31, 2023 and 2022, the reclassifications between profit or loss and other comprehensive income of such financial assets designated using overlay approach are as follows:

	Years ended December 31,	
	2023	2022
Gains (losses) recognized in profit or loss under IFRS 9	\$ 828,825	(\$ 936,568)
Less: Gains (losses) recognized in profit or loss under IAS 39	363,068	(229,597)
Gains (losses) reclassified under overlay approach	\$ 465,757	(\$ 706,971)
Effect from change in tax	(\$ 7,951)	(\$ 1,649)

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

(a)

Type of structured entities	Book value at December 31, 2023	Book value at December 31, 2022	Description
Real estate private placement fund	\$ 145,402	\$ 177,738	Note

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

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

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Debt instrument		
Government bonds	\$ -	\$ 250,562
Foreign financial bonds	-	169,012
	-	419,574
Valuation adjustment (including loss allowance)	- (	1,153)
Less: Operation bonds	- (	202,100)
	<u>\$ -</u>	<u>\$ 216,321</u>
Non-current items:		
Debt instrument		
Government bonds	\$ 704,341	\$ 405,004
Foreign corporate and financial bonds	-	560,161
	704,341	965,165
Valuation adjustment (including loss allowance)	1,437 (	44,031)
Less: Operation bonds	(398,200)	(398,200)
	<u>307,578</u>	<u>522,934</u>
Equity instruments		
Listed stocks and unlisted stocks	6,527,135	6,511,139
Valuation adjustment	4,016,267	1,377,721
	<u>10,543,402</u>	<u>7,888,860</u>
	<u>\$ 10,850,980</u>	<u>\$ 8,411,794</u>

- A. The Group has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$10,543,402 and \$7,888,860, respectively, as of December 31, 2023 and 2022.
- B. Under the Insurance Law of the Republic of China, Hotai Insurance Co., Ltd. is required to deposit 15% of its registered operating capital with the Central Bank of Republic of China. As of December 31, 2023 and 2022, government bonds with par value of \$398,200, \$600,300 and cash of \$3,802,100 , \$3,600,000 were deposited.

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

Items	Years ended December 31,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 11,718	(\$ 97,362)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(262)	(49)
Reclassified due to derecognition	61,966	22,325
	<u>\$ 73,422</u>	<u>(\$ 75,086)</u>
Interest income recognized in profit or loss	<u>\$ 10,194</u>	<u>\$ 33,908</u>

Items	Years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	<u>\$ 2,638,546</u>	<u>(\$ 1,481,541)</u>

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

(4) Hedging financial assets and liabilities

	December 31, 2023		December 31, 2022	
	<u>Current assets</u>	<u>Current liabilities</u>	<u>Current assets</u>	<u>Current liabilities</u>
Cash flow hedges				
<u>Exchange rate risk and interest rate risk</u>				
Cross currency swaps	<u>\$ 570,885</u>	<u>(\$ 1,087,983)</u>	<u>\$ 504,827</u>	<u>(\$ 586,800)</u>
Fair value hedges				
<u>Exchange rate risk</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 135)</u>

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

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

[illegible]

	December 31, 2022					Year ended December 31, 2022			
						Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss
Hedging instruments	Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount					
Cash flow hedges:									
Exchange rate risk and									
Interest rate risk									
Cross currency swaps transactions	USD	69,050	2022/1/12~2025/1/13	\$ 162,926	\$ -	\$ -	6.33~6.55	4.11~5.30	\$ -
	JPY	58,800,000	2020/8/5~2024/9/9	182,211	(586,800)	-	0.25~0.28	0.83~2.24	-
	EUR	75,000	2022/9/12~2024/9/12	159,690	-	-	30.60	2.04	-
Fair value hedges:									
Exchange rate risk									
Forward exchange contracts	GBP	943	2022/12/12~2023/5/5	-	(135)	-	36.88	-	-

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

C. Cash flow hedges

	2023	2022
<u>Other equity- cash flow hedges reserve</u>		
At January 1	\$ 156,657	(\$ 52,476)
Gains (losses) on hedge effectiveness-amount		
recognized in other comprehensive income	(181,631)	324,887
Reclassified to profit or loss as the hedged		
item has affected profit or loss	(23,227)	(58,522)
Income tax relating to the hedge effectiveness-		
amount recognized in other comprehensive		
income	36,279	(57,232)
At December 31	(\$ 11,922)	\$ 156,657

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

D. Fair value hedges

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

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

	December 31, 2023	December 31, 2022
Notes receivable	\$ 1,795,749	\$ 2,400,961
Installment notes receivable	11,907,542	9,279,605
Accounts receivable	8,045,502	6,745,500
Installment accounts receivable	288,529,881	234,142,170
Lease payments and notes receivable	36,084,956	29,614,771
Premiums receivable	568,670	651,590
Overdue receivable	54,733	21,806
	<u>346,987,033</u>	<u>282,856,403</u>
Less: Unrealized interest revenue	(38,338,575)	(28,830,021)
Unearned finance income of finance lease	(3,538,721)	(2,853,897)
Allowance for doubtful accounts	(5,490,846)	(4,780,044)
Notes and accounts receivable, net	<u>\$ 299,618,891</u>	<u>\$ 246,392,441</u>
	December 31, 2023	December 31, 2022
Current	<u>\$ 286,128,042</u>	<u>\$ 237,928,633</u>
Non-current (shown as other assets)	<u>\$ 13,490,849</u>	<u>\$ 8,463,808</u>

A. As of December 31, 2023, and 2022, the subsidiary - Hotai Finance Co., Ltd.'s notes receivable were pledged as collateral for loans and issuance of commercial papers to banks amounted to \$12,654,914 and \$9,419,216, respectively. Information on the Group's notes and accounts receivable pledged as collateral is provided in Note 8.

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

	December 31, 2023	December 31, 2022
	Receivables	Receivables
Not past due	\$ 342,491,225	\$ 279,767,763
Up to 30 days	290,307	373,922
31 to ~ 90 days	2,494,294	1,529,579
91 to ~ 180 days	1,623,809	878,628
Over 180 days	87,398	306,511
	<u>\$ 346,987,033</u>	<u>\$ 282,856,403</u>

The above aging analysis was based on past due date.

C. As of December 31, 2023, and 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,551,940, and \$8,930,815, respectively.

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

	December 31, 2023	December 31, 2022
Up to 12 months	\$ 97,087,665	\$ 80,119,355
Over 12 months	203,349,758	163,302,420
	<u>\$ 300,437,423</u>	<u>\$ 243,421,775</u>

E. Lease payments receivable

Refer to Note 6(13) for more details.

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

(6) Offsetting financial assets and financial liabilities

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

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

December 31, 2023						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)- (e)
				Financial instruments (d)	Collateral received (e)	
Reverse repurchase agreement	\$ 3,398,419	\$ -	\$ 3,398,418	\$ -	\$ 3,376,684	\$ 21,734
December 31, 2022						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)- (e)
				Financial instruments (d)	Collateral received (e)	
Derivative instruments	\$ 5,455	\$ -	\$ 5,455	\$ 1,403	\$ -	\$ 4,052
Reverse repurchase agreement	320,649	-	320,649	-	287,664	32,985
	<u>\$ 326,104</u>	<u>\$ -</u>	<u>\$ 326,104</u>	<u>\$ 1,403</u>	<u>\$ 287,664</u>	<u>\$ 37,037</u>

December 31, 2022						
Financial liabilities						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		
				Financial instruments (d)	Collateral received (e)	Net amount (f)=(c)-(d)-(e)
Derivative instruments	\$ 1,403	\$ -	\$ 1,403	\$ 1,403	\$ -	\$ -

(7) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 10,584,310	(\$ 281,608)	\$ 10,302,702
Air conditioners and parts	3,737,391	(433,054)	3,304,337
Other goods	577,220	(6,705)	570,515
Inventory in transit	2,802,146	-	2,802,146
	<u>\$ 17,701,067</u>	<u>(\$ 721,367)</u>	<u>\$ 16,979,700</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 7,309,864	(\$ 122,123)	\$ 7,187,741
Air conditioners and parts	3,422,269	(353,975)	3,068,294
Other goods	302,446	(6,091)	296,355
Inventory in transit	2,728,277	-	2,728,277
	<u>\$ 13,762,856</u>	<u>(\$ 482,189)</u>	<u>\$ 13,280,667</u>

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

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

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 195,456,777	\$ 170,478,413
Loss on market value decline of inventories	239,178	47,250
	<u>\$ 195,695,955</u>	<u>\$ 170,525,663</u>

(8) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments to commissions	\$ 2,743,722	\$ 2,879,378
Prepayments to suppliers	3,835,740	3,697,687
Offset against business tax payable	419,882	278,118
Prepaid insurance premiums	703,742	641,195
Other prepayments	1,252,623	1,415,248
	<u>\$ 8,955,709</u>	<u>\$ 8,911,626</u>

(9) Reinsurance contract assets and insurance liabilities

A.Details of reinsurance contract assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Claims recoverable from reinsurers	\$ 395,571	\$ 206,706
Due from reinsurance and ceding companies	51,401	180,747
Reinsurance reserve assets		
-Ceded unearned premium reserve	2,060,022	1,290,493
-Ceded claims reserve	3,608,658	2,489,734
Due from reinsurance and ceding companies-overdue	<u>27,211</u>	<u>12,660</u>
	6,142,863	4,180,340
Less: Loss allowance	(22,299)	(14,099)
	<u>\$ 6,120,564</u>	<u>\$ 4,166,241</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 4,312,902</u>	<u>\$ 2,964,445</u>
Non-current (shown as other assets)	<u>\$ 1,807,662</u>	<u>\$ 1,201,796</u>

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

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

	<u>2023</u>	<u>2022</u>
At January 1	\$ 14,099	\$ 12,767
Provision during the year	<u>8,200</u>	<u>1,332</u>
At December 31	<u>\$ 22,299</u>	<u>\$ 14,099</u>

C. Details of insurance liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unearned premium reserve	\$ 6,728,241	\$ 6,390,579
Claims reserve	8,927,367	11,379,006
Special reserve	1,695,060	1,647,788
Premium deficiency reserve	7,659	5,898,278
	<u>\$ 17,358,327</u>	<u>\$ 25,315,651</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current (shown as other current liabilities)	<u>\$ 11,751,999</u>	<u>\$ 20,486,863</u>
Non-current (shown as provisions)	<u>\$ 5,606,328</u>	<u>\$ 4,828,788</u>

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

	<u>2023</u>		
	<u>Gross amount</u>	<u>Ceded amount</u>	<u>Net amount</u>
At January 1	\$ 6,390,579	\$ 1,290,493	\$ 5,100,086
Provision during the year	6,728,241	2,060,022	4,668,219
Recovery during the year	(6,390,579)	(1,290,493)	(5,100,086)
At December 31	<u>\$ 6,728,241</u>	<u>\$ 2,060,022</u>	<u>\$ 4,668,219</u>

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

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

(a) As of December 31, 2023 and 2022, details of claims reserve and ceded claims reserve are as follows:

	December 31, 2023		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 3,852,081	\$ 1,824,261	\$ 2,027,820
Incurred but not reported	5,075,286	1,784,397	3,290,889
	<u>\$ 8,927,367</u>	<u>\$ 3,608,658</u>	<u>\$ 5,318,709</u>
	December 31, 2022		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 6,334,023	\$ 1,436,202	\$ 4,897,821
Incurred but not reported	5,044,983	1,053,532	3,991,451
	<u>\$ 11,379,006</u>	<u>\$ 2,489,734</u>	<u>\$ 8,889,272</u>

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

	2023		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 11,379,006	\$ 2,489,734	\$ 8,889,272
Provision during the year	8,927,367	3,608,658	5,318,709
Recovery during the year	(11,379,006)	(2,489,734)	(8,889,272)
At December 31	<u>\$ 8,927,367</u>	<u>\$ 3,608,658</u>	<u>\$ 5,318,709</u>
	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,309,570	\$ 1,661,846	\$ 3,647,724
Provision during the year	11,379,006	2,489,734	8,889,272
Recovery during the year	(5,309,570)	(1,661,846)	(3,647,724)
At December 31	<u>\$ 11,379,006</u>	<u>\$ 2,489,734</u>	<u>\$ 8,889,272</u>

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

	2023		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,898,278	\$ -	\$ 5,898,278
Provision during the year	7,659	-	7,659
Recovery during the year	(5,898,278)	-	(5,898,278)
At December 31	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 7,659</u>
	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ -	\$ -	\$ -
Provision during the year	5,898,278	-	5,898,278
Recovery during the year	-	-	-
At December 31	<u>\$ 5,898,278</u>	<u>\$ -</u>	<u>\$ 5,898,278</u>

G. Movement of special reserve is as follows:

	2023	2022
At January 1	\$ 1,647,788	\$ 1,921,235
Provision during the year	47,272	72,493
Recovery during the year	-	(345,940)
At December 31	<u>\$ 1,695,060</u>	<u>\$ 1,647,788</u>

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

H. Pursuant to Jin-Guan-Pao-Tsai Letter No. 11101405951, “Guidelines for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, special reserve recognized under liabilities shall first be used to make up required catastrophe reserve and risk claim reserve for commercial earthquake insurance and typhoon flood insurance. The remaining, net of income tax, shall be recognized as special reserve under stockholders’ equity in accordance with IAS 12.

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

	December 31, 2023	December 31, 2022
Decrease in special reserve under liability	\$ 33,450	\$ 33,450
Increase in special reserve under retained earnings	38,334	38,335
	Years ended December 31,	
	2023	2022
Increase in net loss / decrease in net income before tax	\$ -	\$ 345,940
Increase in loss / decrease in earnings per share before tax (Note)	-	0.607

Note: On June 9, 2023, the Company's subsidiary Hotai Insurance Co., Ltd. reduced its capital to cover for accumulated losses retrospectively in terms of increasing in loss/decreasing in earnings per share before tax in 2022.

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Decrease in special reserve under liability	\$ 223,894	\$ 223,894
Increase in special reserve under retained earnings	185,832	185,832

Both special reserve of the residential earthquake insurance and nuclear insurance have no provision or recovery and have no effect on net income before tax and earnings per share before tax for the years ended December 31, 2023 and 2022.

(10) Investments accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Kuozui Motors, Ltd.	\$ 6,782,034	\$ 5,970,350
Central Motor Co., Ltd.	2,905,564	2,754,483
Tau Miao Motor Co., Ltd.	2,004,989	1,811,818
Kau Du Automobile Co., Ltd.	1,544,248	1,464,963
Kuotu Motor Co., Ltd.	1,626,315	1,450,904
Taipei Toyota Motor Co., Ltd.	1,467,974	1,297,418
Nan Du Motor Co., Ltd.	1,318,219	1,208,004
Lang Yang Toyota Motor Co., Ltd.	311,454	307,402
Ly Hour Leasing PLC	547,724	-
Heng Fong Energy Co., Ltd.	405,316	-
Formosa Flexible Packaging Corp.	401,697	398,926
Yokohama Tire Taiwan Co., Ltd., etc.	2,191,378	2,095,218
	<u>\$ 21,506,912</u>	<u>\$ 18,759,486</u>

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

As of December 31, 2023 and 2022, the carrying amount of the Group’s individually immaterial associates amounted to \$21,506,912, and \$18,759,486, respectively.

	Years ended December 31,	
	2023	2022
Comprehensive income for the year	\$ 3,370,048	\$ 2,367,831

B. The Group's investments have no quoted market price. The share of profit of investments accounted for using the equity method amounted to \$3,441,562 and \$2,243,159 for the years ended December 31, 2023, and 2022, respectively, and were valued based on the investees' financial statements that were audited by independent auditors.

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(11) Property, plant and equipment

2023											
	Utility equipment				Office equipment		Machinery and equipment			Construction in progress and prepayment for real estate	Total
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)	Leasehold improvements		
<u>At January 1,</u>											
Cost	\$ 12,482,536	\$ 6,096,113	\$ 137,843	\$ 59,990	\$ 2,895,848	\$ 764,199	\$ 573,027	\$ 58,670,085	\$ 779,793	\$ 2,128,054	\$ 84,587,488
Accumulated depreciation and impairment	(26,850)	(2,575,623)	(130,565)	(59,850)	(1,524,830)	(401,296)	(373,486)	(18,353,084)	(586,394)	-	(24,031,978)
	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>	<u>\$ 60,555,510</u>
Opening net book amount as at January 1	\$ 12,455,686	\$ 3,520,490	\$ 7,278	\$ 140	\$ 1,371,018	\$ 362,903	\$ 199,541	\$ 40,317,001	\$ 193,399	\$ 2,128,054	\$ 60,555,510
Additions	240,713	59,387	1,233	-	1,431,045	178,160	79,781	22,339,094	100,592	819,011	25,249,016
Acquired through business combination	-	-	-	-	857,300	-	-	-	-	-	857,300
Disposals	(557,827)	(5,032)	(1)	-	(104,708)	(23,279)	(1,933)	(262,775)	(3,320)	-	(958,875)
Reclassifications	(517,939)	1,327,331	-	-	14,562	(9,036)	41,337	(6,620,840)	1,938	(1,597,205)	(7,359,852)
Depreciation charge	-	(224,699)	(1,579)	(44)	(379,165)	(149,093)	(49,356)	(11,457,592)	(59,075)	-	(12,320,603)
Reversal of impairment loss	-	-	-	-	-	2,437	-	21,787	-	-	24,224
Net exchange differences	-	3,769	(68)	-	(7,478)	3,271	(1,614)	(26,285)	(412)	-	(28,817)
Closing net book amount as at December 31	<u>\$ 11,620,633</u>	<u>\$ 4,681,246</u>	<u>\$ 6,863</u>	<u>\$ 96</u>	<u>\$ 3,182,574</u>	<u>\$ 365,363</u>	<u>\$ 267,756</u>	<u>\$ 44,310,390</u>	<u>\$ 233,122</u>	<u>\$ 1,349,860</u>	<u>\$ 66,017,903</u>
<u>At December 31,</u>											
Cost	\$ 11,647,483	\$ 7,397,775	\$ 128,252	\$ 59,990	\$ 5,004,159	\$ 733,181	\$ 673,513	\$ 64,166,956	\$ 846,694	\$ 1,349,860	\$ 92,007,863
Accumulated depreciation and impairment	(26,850)	(2,716,529)	(121,389)	(59,894)	(1,821,585)	(367,818)	(405,757)	(19,856,566)	(613,572)	-	(25,989,960)
	<u>\$ 11,620,633</u>	<u>\$ 4,681,246</u>	<u>\$ 6,863</u>	<u>\$ 96</u>	<u>\$ 3,182,574</u>	<u>\$ 365,363</u>	<u>\$ 267,756</u>	<u>\$ 44,310,390</u>	<u>\$ 233,122</u>	<u>\$ 1,349,860</u>	<u>\$ 66,017,903</u>

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

2022

	Utility equipment				Office equipment		Machinery and equipment			Construction in progress and prepayment for real estate	Total
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)	Leasehold improvements		
At January 1,											
Cost	\$ 11,271,633	\$ 5,953,827	\$ 145,534	\$ 59,990	\$ 2,139,272	\$ 903,840	\$ 629,226	\$ 52,094,036	\$ 777,137	\$ 1,197,249	\$ 75,171,744
Accumulated depreciation and impairment	(26,850)	(2,398,014)	(137,803)	(59,806)	(1,316,912)	(466,636)	(373,677)	(16,182,619)	(590,192)	-	(21,552,509)
	<u>\$ 11,244,783</u>	<u>\$ 3,555,813</u>	<u>\$ 7,731</u>	<u>\$ 184</u>	<u>\$ 822,360</u>	<u>\$ 437,204</u>	<u>\$ 255,549</u>	<u>\$ 35,911,417</u>	<u>\$ 186,945</u>	<u>\$ 1,197,249</u>	<u>\$ 53,619,235</u>
Opening net book amount as at January 1	\$ 11,244,783	\$ 3,555,813	\$ 7,731	\$ 184	\$ 822,360	\$ 437,204	\$ 255,549	\$ 35,911,417	\$ 186,945	\$ 1,197,249	\$ 53,619,235
Additions	1,556,059	187,969	1,023	-	733,288	110,450	57,520	20,745,093	53,142	1,140,858	24,585,402
Acquired through business combination	-	19,122	-	-	159,861	-	-	-	-	-	178,983
Disposals	- (41)	-	-	- (73,869)	(3,187)	(555)	(211,852)	(2,006)	-	(291,510)	
Reclassifications	(345,156)	14,722	-	-	9,292	9,898	(72,221)	(5,639,731)	4,397	(210,055)	(6,228,854)
Depreciation charge	- (284,269)	(1,528)	(44)	(285,859)	(196,606)	(43,555)	(10,478,375)	(49,195)	-	(11,339,431)	
Reversal of impairment loss	-	-	-	-	-	4,236	-	-	-	-	4,236
Net exchange differences	-	27,174	52	-	5,945	908	2,803	(9,551)	116	2	27,449
Closing net book amount as at December 31	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>	<u>\$ 60,555,510</u>
At December 31,											
Cost	\$ 12,482,536	\$ 6,096,113	\$ 137,843	\$ 59,990	\$ 2,895,848	\$ 764,199	\$ 573,027	\$ 58,670,085	\$ 779,793	\$ 2,128,054	\$ 84,587,488
Accumulated depreciation and impairment	(26,850)	(2,575,623)	(130,565)	(59,850)	(1,524,830)	(401,296)	(373,486)	(18,353,084)	(586,394)	-	(24,031,978)
	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>	<u>\$ 60,555,510</u>

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

(12) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings and structures and office equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes and have usage restrictions.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land((including superficies)	\$ 1,933,217	\$ 1,967,934
Buildings and structures	1,531,832	1,651,330
Machinery and equipment	1,096	2,192
Office equipment	7,539	8,240
	<u>\$ 3,473,684</u>	<u>\$ 3,629,696</u>
	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 167,183	\$ 140,036
Buildings and structures	405,145	403,159
Machinery and equipment	1,096	1,096
Office equipment	4,388	2,619
	<u>\$ 577,812</u>	<u>\$ 546,910</u>

- C. For the years ended December 31, 2023, and 2022, the additions to right-of-use assets amounted to \$739,101 and \$720,811, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 48,802	\$ 45,925
Expense on short-term lease contracts and leases of low-value assets	128,621	102,938
Gain on lease modification	1,131	2,342

- E. For the years ended December 31, 2023, and 2022, the Group's total cash outflow for lease amounted to \$803,392 and \$627,250, respectively.

(13) Leasing arrangements - lessor

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

- B. The Group leases machinery and equipment, business vehicles and so on under a finance lease. Based on the terms of the lease contract, the ownership of assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Finance income from the net investment in the finance lease	\$ 3,398,407	\$ 2,816,052

- C. The maturity analysis of the undiscounted lease payment receivable in the finance lease is as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	\$ 22,364,062	\$ 19,416,404
Between 1 and 2 years	8,599,444	7,697,693
Between 2 and 3 years	2,377,689	1,915,978
Between 3 to 4 years	690,499	344,384
Between 4 to 5 years	466,291	220,731
More than 6 years	31,769	9,329
	<u>\$ 34,529,754</u>	<u>\$ 29,604,519</u>

- D. Reconciliation of the undiscounted lease payments receivable and the net investment in the finance lease is provided as follows:

	December 31, 2023	December 31, 2022
Undiscounted lease payments	\$ 34,529,754	\$ 29,596,703
Unearned finance income	(3,538,721)	(2,853,897)
Net investment in the lease	<u>\$ 30,991,033</u>	<u>\$ 26,742,806</u>

- E. For the years ended December 31, 2023, and 2022, the Group recognized rent income in the amount of \$19,248,403 and \$17,332,880, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2023	December 31, 2022
Less than 1 year	\$ 13,578,521	\$ 12,445,073
Between 1 and 2 years	8,755,196	7,788,280
Between 2 and 3 years	4,374,618	3,701,177
Between 3 to 4 years	1,557,098	1,255,538
Between 4 to 5 years	549,534	478,076
More than 6 years	26,893	17,814
	<u>\$ 28,841,860</u>	<u>\$ 25,685,958</u>

(14) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,825,260	\$ 1,408,890	\$ 3,234,150
Accumulated depreciation	-	(333,226)	(333,226)
	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>
Opening net book amount as at January 1	\$ 1,825,260	\$ 1,075,664	\$ 2,900,924
Additions	-	37,229	37,229
Reclassifications	(663,393)	98,649	(564,744)
Depreciation	-	(32,081)	(32,081)
Net exchange differences	-	(629)	(629)
Closing net book amount as at December 31	<u>\$ 1,161,867</u>	<u>\$ 1,178,832</u>	<u>\$ 2,340,699</u>
Cost	\$ 1,161,867	\$ 1,462,420	\$ 2,624,287
Accumulated depreciation	-	(283,588)	(283,588)
	<u>\$ 1,161,867</u>	<u>\$ 1,178,832</u>	<u>\$ 2,340,699</u>
	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,740,187	\$ 1,115,203	\$ 2,855,390
Accumulated depreciation	-	(323,707)	(323,707)
	<u>\$ 1,740,187</u>	<u>\$ 791,496</u>	<u>\$ 2,531,683</u>
Opening net book amount as at January 1	\$ 1,740,187	\$ 791,496	\$ 2,531,683
Additions	-	299	299
Reclassifications	85,073	305,125	390,198
Depreciation	-	(20,506)	(20,506)
Net exchange differences	-	(750)	(750)
Closing net book amount as at December 31	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>
Cost	\$ 1,825,260	\$ 1,408,890	\$ 3,234,150
Accumulated depreciation	-	(333,226)	(333,226)
	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>

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

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$ 173,480	\$ 177,681
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	\$ 40,985	\$ 37,803

- B. The fair value of the investment properties held by the Group was \$3,362,006 and \$3,332,268 as of December 31, 2023, and 2022, respectively. Except for the subsidiary, Hotai Insurance Co., Ltd., other values are based on the recent transaction prices of similar properties in the respective regions of investment properties, taking into account factors such as location, scale, and usage. Hotai Insurance Co., Ltd. appoints external independent appraisers to calculate and estimate the price of investment property every three years using at least two appraisal techniques among income approach, comparison method and cost approach, basing on observable price in an active market as well as according to the nature, location and situation of individual asset under “Regulations on Real Estate Appraisal”. It also prepares an internal assessment every year, and if a significant difference has been identified, the Company will engage an external independent appraiser revaluing the fair values of investment property under “Regulations on Real Estate Appraisal” and take the result as the basis of the adjustments for financial statement disclosures. The valuations based on the aforementioned method were categorized within Level 3 in the fair value hierarchy as assessed and its main input was capitalization rate.

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(15) Intangible assets

	2023			
	<u>Goodwill</u>	<u>Client relationship</u>	<u>Other intangible assets</u>	<u>Total</u>
<u>At January 1</u>				
Cost	\$ 662,323	\$ 527,106	\$ 475,624	\$1,665,053
Accumulated amortization and impairment	(662,323)	(527,106)	(290,968)	(1,480,397)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>
Opening net book amount as at January 1	\$ -	\$ -	\$ 184,656	\$ 184,656
Additions-acquired separately	-	-	107,530	107,530
Additions-acquired through business combinations	56,807	-	398,949	455,756
Amortization	-	-	(91,883)	(91,883)
Net change differences	<u>-</u>	<u>-</u>	<u>16,805</u>	<u>16,805</u>
Closing net book amount as at December 31	<u>\$ 56,807</u>	<u>\$ -</u>	<u>\$ 616,057</u>	<u>\$ 672,864</u>
December 31,				
Cost	\$ 719,130	\$ 527,106	\$ 1,005,355	\$2,251,591
Accumulated amortization and impairment	(662,323)	(527,106)	(389,298)	(1,578,727)
	<u>\$ 56,807</u>	<u>\$ -</u>	<u>\$ 616,057</u>	<u>\$ 672,864</u>

	2022			
	Goodwill	Client relationship	Other intangible assets	Total
<u>At January 1</u>				
Cost	\$ 662,323	\$ 527,106	\$ 428,664	\$1,618,093
Accumulated amortization and impairment	-	(87,119)	(233,235)	(320,354)
	<u>\$ 662,323</u>	<u>\$ 439,987</u>	<u>\$ 195,429</u>	<u>\$1,297,739</u>
Opening net book amount as at January 1	\$ 662,323	\$ 439,987	\$ 195,429	\$1,297,739
Additions-acquired separately	-	-	53,172	53,172
Impairment loss	-	(9,835)	(63,504)	(73,339)
Amortization	(662,323)	(430,152)	-	(1,092,475)
Net change differences	-	-	(441)	(441)
Closing net book amount as at December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>
December 31,				
Cost	\$ 662,323	\$ 527,106	\$ 475,624	\$1,665,053
Accumulated amortization and impairment	(662,323)	(527,106)	(290,968)	(1,480,397)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>

Details of amortization of intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Administrative expenses	<u>\$ 91,883</u>	<u>\$ 73,339</u>

(16) Impairment of non-financial assets

A. The Group recognized an impairment loss of \$1,092,475. Details of such loss are as follows.

	Years ended December 31, 2022	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss - goodwill	\$ 662,323	\$ -
Impairment loss - customer relationships (shown as intangible assets)	430,152	-
	<u>\$ 1,092,475</u>	<u>\$ -</u>

B. The impairment loss reported by operating segments is as follows:

	Years ended December 31, 2022	
	Recognised in profit or loss	Recognised in other comprehensive income
Taiwan - other segments	\$ 1,092,475	\$ -

C. For the year ended December 31, 2022, as the Group's subsidiary, Hotai Insurance Co., Ltd. sold COVID-19 related epidemic prevention insurance products whose claim settlement of the epidemic prevention policy has increased the catastrophe risk of the subsidiary, it resulted in an impairment of the Group's goodwill and customer relationship. Accordingly, the Group recognized an impairment loss of \$1,092,475.

D. The recoverable amounts of goodwill and customer relationship were determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. For the year ended December 31, 2022, the key assumptions used for value-in-use calculations are: gross margin of 30.2%, perpetual growth rate of 2.0% and discount rate of 8.4%.

(17) Other assets

	December 31, 2023	December 31, 2022
Long-term accounts receivable (Including long-term notes and accounts receivable)	\$ 14,595,600	\$ 9,393,146
Reinsurance contract assets	1,807,662	1,201,796
Operation bonds	4,200,300	4,200,300
Guarantee deposits paid	677,137	571,701
Prepayments for business facilities	364,172	267,094
Others	2,015,600	1,749,485
	<u>\$ 23,660,471</u>	<u>\$ 17,383,522</u>

(18) Short-term borrowings

Type of loans	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	\$ 55,608,821	\$ 72,785,881
Mortgage borrowings	6,078,047	7,500,000
Mid-term syndicated loans for working capital	39,777,833	25,047,716
	<u>\$ 101,464,701</u>	<u>\$ 105,333,597</u>
Annual interest rate	<u>0.49%~6.33%</u>	<u>0.55%~5.59%</u>

As of December 31, 2023 and 2022, the details of loans are as follows:

- A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross-currency swap, the rate range of short-term loans were 0.83%~4.40% and 0.83%~4.60%, respectively.
- B. The subsidiary, He Jing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$ 10 billion with 12 financial institutions including Mega International Commercial Bank, Ltd. in order to fulfil its working capital. The duration is 36 months (starting from July 12, 2023 to July 12, 2026), the loan can be drawn several times and is revolving. The payment terms is to repay the full drawn amount at the maturity date.

- C. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfil its working capital. The duration is 36 months (from February 24, 2023 to February 24, 2026). The loan can be drawn several times. Of the total loan, \$6,025,000 is non-revolving and the payment term is to repay the drawn amounts in installments at the maturity date. The remaining amount of \$7,975,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- D. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. Within six months from the contract signing date (from December 6, 2023, to December 6, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full amount at the maturity date.
- E. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 980 million with 12 financial institutions including Mizuho Bank, Ltd. in order to fulfil its working capital. It can be used in installments within 6 months from the date of signing the contract (from July 26, 2022 to January 26, 2023). The loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.
- F. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$15,000,000 with 18 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from June 29, 2022 to June 27, 2025). The loan can be drawn several times. Of the total loan, \$7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining amount of \$7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- G. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from September 9, 2021 to September 9, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amounts at the maturity date.
- H. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 500 million with 6 financial institutions including CTBC Bank Co., Ltd., in order to fulfil its working capital. The duration is 36 months (from March 31, 2021 to March 29, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- I. Financial commitments of the Group made for the above mentioned syndicated loans and partial loans from other financial institutions require the Group to maintain specific current ratio, ratio of self-owned capital, interest coverage ratio, net value, debt/equity ratio and non-performing loans ratio during the contract periods.

(19) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper payable	\$ 148,251,742	\$ 114,773,400
Less: Unamortized discount	(135,653)	(133,187)
	<u>\$ 148,116,089</u>	<u>\$ 114,640,213</u>
Annual interest rate	<u>0.70% ~ 2.63%</u>	<u>0.49% ~ 1.99%</u>

(20) Bonds payable (Recorded as 'long-term liabilities current portion')

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	<u>\$ 31,200,000</u>	<u>\$ 22,200,000</u>

The information on corporate bonds issued by the Group's subsidiary, Hotai Finance Co., Ltd. that has been approved by the Competent Authority are as follows:

- A. The second unsecured ordinary corporate bonds was issued in 2023. The total amount was \$5,000,000, the coupon rate was 1.49% with a 2-year period, the outstanding period was from October 27, 2023 to October 27, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- B. The first unsecured ordinary corporate bonds was issued in 2023. The total amount was \$4,000,000, the coupon rate was 1.50% with a 5-year period, the outstanding period was from March 28, 2023 to March 28, 2028, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- C. The second secured ordinary corporate bonds was issued in 2022. The total amount was \$7,000,000, the coupon rate was 1.50% with a 3-year period, the outstanding period was from June 6, 2022 to June 6, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- D. The first secured ordinary corporate bonds was issued in 2022. The total amount was \$3,000,000, the coupon rate was 0.57% with a 3-year period, the outstanding period was from January 13, 2022 to January 13, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- E. The second unsecured ordinary corporate bonds was issued in 2021. The total amount was \$3,000,000, the coupon rate was 0.56% with a 5-year period, the outstanding period was from July 22, 2021 to July 22, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- F. The first unsecured ordinary corporate bonds was issued in 2021. The total amount was \$2,200,000, the coupon rate was 0.55% with a 5-year period, the outstanding period was from April 15, 2021 to April 15, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- G. The first unsecured ordinary corporate bonds was issued in 2020. The total amount was \$7,000,000, the coupon rate was 0.70% with a 5-year period, the outstanding period was from April 22, 2020 to April 22, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.

(21) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023	December 31, 2022
Long-term bank borrowings					
Credit borrowings	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20%~6.47%	None	\$ 146,948	\$ 147,558
	From October 2022 to June 2024; interest is repayable monthly	1.66%~1.80%	None	-	8,000,000
	From August 2022 to December 2026; interest is repayable monthly	1.58%~2.03%	None	4,000,000	250,000
	From January 2023 to March 2030; interest and principal is repayable monthly	2.29%~2.39%	None	808,128	-
	From May 2022 to May 2025; interest is repayable monthly (note)	1.945%	None	15,000,000	-
Commercial papers payable	From February 2021 to March 2025	0.65%~1.945%	Notes receivable for lease payments (please refer to Note 8)	4,096,875	5,992,131
Secured borrowings	From June 2022 to August 2029; interest and principal is repayable monthly	1.96%~2.67%	Property, plant and equipment (please refer to Note 8)	-	115,165
	Borrowing period is from July 2019 to December 2030; interest and principal is repayable monthly	2.27%~2.81%	Property, plant and equipment (please refer to Note 8)	576,338	-
				\$ 24,628,289	\$ 14,504,854
Less: long-term liabilities, current portion				(4,192,090)	(2,105,569)
				\$ 20,436,199	\$ 12,399,285
Interest rate range				0.65%~6.47%	0.65%~2.67%

As of December 31, 2023, the maturities of long-term loans are as follows:

<u>Duration of maturity</u>	<u>Loan amount</u>
Up to 1 year	\$ 4,192,090
1 to 2 years	884,727
2 to 3 years	18,958,954
over 3 years	592,518
	<u>\$ 24,628,289</u>

(22) Accrued expenses

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages and salaries payable	\$ 2,930,262	\$ 2,633,453
Dealer bonus payable	347,438	420,688
Remuneration payable to employees	932,027	654,661
Remuneration payable to directors	473,011	-
Interest payable	409,982	352,565
Others	<u>2,519,727</u>	<u>2,561,914</u>
	<u>\$ 7,612,447</u>	<u>\$ 6,623,281</u>

(23) Pensions

Defined contribution pension plan

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (“PRC”) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the mainland China subsidiaries have no further obligations.
- C. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023, and 2022, were \$484,488 and \$459,889, respectively.

(24) Provisions

	<u>2023</u>	<u>2022</u>
At January 1	\$ 4,928,549	\$ 4,838,945
Additional provisions during the year	1,833,013	1,799,280
Used during the year	(980,579)	(1,113,633)
Unused amounts reversed	(89,619)	(596,043)
At December 31	<u>\$ 5,691,364</u>	<u>\$ 4,928,549</u>

Analysis of provision for warranty is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current (shown as other current liabilities)	\$ 1,110,548	\$ 1,040,723
Non-current	<u>\$ 4,580,816</u>	<u>\$ 3,887,826</u>

The Group provides warranties on vehicles and air conditioners sold. Provision for warranty is estimated based on historical warranty data of vehicles, air conditioners and related products.

(25) Guarantee deposits received

	December 31, 2023	December 31, 2022
Deposits received for car rentals	\$ 18,404,530	\$ 16,849,384
Others	102,692	91,766
	<u>\$ 18,507,222</u>	<u>\$ 16,941,150</u>
Analysis of guarantee deposits received for warranty is as follows:		
	December 31, 2023	December 31, 2022
Current (shown as other current liabilities)	<u>\$ 9,075,597</u>	<u>\$ 8,686,742</u>
Non-current	<u>\$ 9,431,626</u>	<u>\$ 8,254,408</u>

(26) Share capital

On June 27, 2023, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of \$109,236. This involved issuing 10,923,584 new shares with a par value of \$10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on August 9, 2023. As of December 31, 2023, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,571,028 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The Company has issued 557,102,768 ordinary shares.

(27) Capital surplus

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

(28) Retained earnings

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

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

The Board of Directors of the Company may distribute all or part of the dividends and bonuses in cash by the adoption of a resolution by a majority voting of the directors present at a meeting of its board of directors attended by two-thirds of the directors of the company, and report to the shareholders' meeting, to which the aforementioned provision should be resolved by the shareholders' meeting shall not be applied.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion more than 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022 issued by FSC on March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. On June 21, 2022, the stockholders resolved those total dividends for the distribution of earnings for the year of 2021 was \$10,923,584 (\$20 in dollars per share).
- E. On June 27, 2023, the stockholders resolved those total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 in dollars of cash dividend and \$0.2 in dollars of stock dividend per share.
- F. On March 13, 2024, the Board of Directors resolved those total dividends for the distribution of earnings for the year of 2023 was \$11,142,055 consisting of \$20 in dollars of cash dividend per share.
- G. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(33).

(29) Revenue from contracts with customers

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 161,317,924	\$ 1,956,832	\$ 9,094,388	\$ 69,437,027	\$ 241,806,171
Inter segments	(10,158,676)	(445)	(305,327)	(8,975,513)	(19,439,961)
Revenue from external customer contracts	<u>\$ 151,159,248</u>	<u>\$ 1,956,387</u>	<u>\$ 8,789,061</u>	<u>\$ 60,461,514</u>	<u>\$ 222,366,210</u>
Timing of revenue recognition					
At a point in time	\$ 151,159,248	\$ 1,769,484	\$ 8,789,061	\$ 57,533,427	\$ 219,251,220
Over time	-	186,903	-	2,928,087	3,114,990
	<u>\$ 151,159,248</u>	<u>\$ 1,956,387</u>	<u>\$ 8,789,061</u>	<u>\$ 60,461,514</u>	<u>\$ 222,366,210</u>

Year ended December 31, 2022

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 130,393,189	\$ 1,783,311	\$ 7,286,621	\$ 75,430,085	\$ 214,893,206
Inter segments	(8,987,702)	(3,337)	(315,150)	(8,219,301)	(17,525,490)
Revenue from external customer contracts	<u>\$ 121,405,487</u>	<u>\$ 1,779,974</u>	<u>\$ 6,971,471</u>	<u>\$ 67,210,784</u>	<u>\$ 197,367,716</u>
Timing of revenue recognition					
At a point in time	\$ 121,405,487	\$ 1,500,554	\$ 6,807,068	\$ 65,217,656	\$ 194,930,765
Over time	-	279,420	164,403	1,993,128	2,436,951
	<u>\$ 121,405,487</u>	<u>\$ 1,779,974</u>	<u>\$ 6,971,471</u>	<u>\$ 67,210,784</u>	<u>\$ 197,367,716</u>

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract assets:		
Contract assets - construction contracts	<u>\$ 106,655</u>	<u>\$ 57,021</u>
Contract liabilities:		
Contract liabilities - sales of goods	\$ 1,447,571	\$ 1,516,504
Contract liabilities -customer loyalty programs	<u>2,004</u>	<u>1,643</u>
	<u>\$ 1,449,575</u>	<u>\$ 1,518,147</u>

For the years ended December 31, 2023 and 2022, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$1,067,501 and \$1,161,549, respectively.

(30) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Installment revenue	\$ 17,372,208	\$ 13,319,933
Finance leasing revenue	3,398,407	2,816,052
Interest from deposits and short-term notes	360,293	256,105
Other interest income	<u>58,567</u>	<u>65,065</u>
	<u>\$ 21,189,475</u>	<u>\$ 16,457,155</u>

(31) Premium

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Written premium	\$ 12,476,311	\$ 11,940,306
Reinsurance premium	429,016	434,689
Less: Reinsurance expense	(4,677,982)	(2,884,041)
Net change in unearned premiums reserve	<u>431,870</u>	<u>(155,770)</u>
	<u>\$ 8,659,215</u>	<u>\$ 9,335,184</u>

(32) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 12,474,061	\$ 11,058,009
Depreciation	12,930,496	11,906,847
Amortization	140,939	125,903
	<u>\$ 25,545,496</u>	<u>\$ 23,090,759</u>

(33) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 10,603,962	\$ 9,299,183
Labor and health insurance fees	803,320	709,949
Pension costs	484,488	459,889
Other personnel expenses	582,291	588,988
	<u>\$ 12,474,061</u>	<u>\$ 11,058,009</u>

- A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. Independent directors will not receive any distributable profit. If a company has accumulated deficit, earnings should be channelled to cover losses.
- B. For the years ended December 31, 2023, and 2022, employees' remuneration were accrued at \$236,505 and \$0, respectively; while directors' remuneration were accrued at \$473,011 and \$0, respectively. The aforementioned amounts were recognized in salary expenses.
- For the year 2023, a provision of 1% and 2% was made based on the profit situation up to the current period. On March 13, 2024, the employees' compensation and directors' remuneration that were resolved at the meeting of Board of Directors amounted to \$236,505 and \$473,011, respectively. The employees' remuneration will be distributed in the form of cash.
- Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(34) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax expense recognized in the current period	\$ 2,886,631	\$ 2,800,975
Tax on undistributed surplus earnings	95,728	103,708
Prior year income tax (overestimation) underestimation	(69,515)	(34,913)
Total current tax	<u>2,912,844</u>	<u>2,869,770</u>
Deferred tax:		
Origination and reversal of temporary differences	455,504	(1,758,695)
Total deferred tax	<u>455,504</u>	<u>(1,758,695)</u>
Income tax expense	<u>\$ 3,368,348</u>	<u>\$ 1,111,075</u>

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

	Years ended December 31,	
	2023	2022
Cash flow hedges	(\$ 36,279)	\$ 57,232
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ 9,022</u>	<u>(\$ 12,636)</u>
Changes in fair value of financial assets designated using overlay approach	<u>(\$ 7,951)</u>	<u>(\$ 1,649)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Income tax expense at the statutory rate (Note)	\$ 6,605,882	(\$ 8,805,043)
Effects from adjustments based on regulation	(927,627)	12,047,323
Realized investment losses	(2,336,120)	(2,200,000)
Additional 5% surtax on undistributed earnings	95,728	103,708
Prior year income tax under (overestimation)	(69,515)	(34,913)
Income tax expense	<u>\$ 3,368,348</u>	<u>\$ 1,111,075</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2023			
	January 1	Recognized in profit orloss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory obsolescence	\$ 106,300	\$ 16,546	\$ -	\$ 122,846
Provision for warranty	744,552	136,453	-	881,005
Bad debt expense	801,392	207,830	-	1,009,222
Provision of allowance for loss on rental assets	105,589	(4,845)	-	100,744
Loss carryforward	2,035,268	(534,661)	-	1,500,607
Others	306,515	(70,322)	(3,197)	232,996
	<u>4,099,616</u>	<u>(248,999)</u>	<u>(3,197)</u>	<u>3,847,420</u>
-Deferred tax liabilities:				
Land value increment tax	(709,097)	77,585	-	(631,512)
Gain on investments accounted for using equity method	(1,983,396)	27,420	-	(1,955,976)
Difference between finance and tax due to depreciation	(1,462,472)	(220,884)	-	(1,683,356)
Others	(75,109)	(90,626)	38,405	(127,330)
	<u>(4,230,074)</u>	<u>(206,505)</u>	<u>38,405</u>	<u>(4,398,174)</u>
	<u>(\$ 130,458)</u>	<u>(\$ 455,504)</u>	<u>\$ 35,208</u>	<u>(\$ 550,754)</u>
2022				
	January 1	Recognized in profit orloss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory obsolescence	\$ 96,884	\$ 9,416	\$ -	\$ 106,300
Provision for warranty	732,968	11,584	-	744,552
Bad debt expense	661,549	139,843	-	801,392
Provision of allowance for loss on rental assets	101,425	4,164	-	105,589
Loss carryforward	71,072	1,964,196	-	2,035,268
Others	311,935	(1,322)	(4,098)	306,515
	<u>1,975,833</u>	<u>2,127,881</u>	<u>(4,098)</u>	<u>4,099,616</u>
-Deferred tax liabilities:				
Land value increment tax	(709,097)	-	-	(709,097)
Gain on investments accounted for using equity method	(1,762,197)	(221,199)	-	(1,983,396)
Difference between finance and tax due to depreciation	(1,319,723)	(142,749)	-	(1,462,472)
Others	(31,022)	(5,238)	38,849	(75,109)
	<u>(3,822,039)</u>	<u>(369,186)</u>	<u>(38,849)</u>	<u>(4,230,074)</u>
	<u>(\$ 1,846,206)</u>	<u>\$ 1,758,695</u>	<u>(\$ 42,947)</u>	<u>(\$ 130,458)</u>

D. Expiration dates of unused loss carryforward amounts of unrecognized deferred tax assets of the Group's subsidiaries are as follows:

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2016	\$ 359,487	\$ 227,182	\$ -	2026
2017	127,576	127,576	4,167	2027
2018	186,170	4,664	4,664	2028
2019	100,754	100,754	100,754	2029
2020	79,043	34,410	34,410	2030
2021	53,115	53,115	53,115	2031
2022	38,658,704	35,654,851	28,503,176	2032

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2016	\$ 359,487	\$ 227,182	\$ -	2026
2017	127,576	127,576	4,167	2027
2018	186,170	4,664	4,664	2028
2019	100,754	100,754	100,754	2029
2020	79,043	79,043	79,043	2030
2021	114,757	114,757	114,757	2031
2022	38,591,684	38,591,684	28,436,156	2032

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

F. Subsidiaries, Hotai Insurance Co., Ltd., and Hozan Investment Co., Ltd., carried out capital reduction to offset losses on June 9, 2023, and June 13, 2023, respectively. As a result, the company recognized income tax benefits of \$2,336,120, \$2,200,000, respectively.

(35) Earnings (Losses) per share

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

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

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

(36) Transactions with non-controlling interest

A. The subsidiary has conducted a cash capital increase, but the company did not exercise its right to subscribe according to its shareholding proportion

As of June 14, 2023, the subsidiary, Hozan Investment Co., Ltd., did not participate in the cash capital increase of the subsidiary, Hotai Insurance Co., Ltd., in accordance with their respective shareholding proportions. The capital increase amount was \$4,500,000, resulting in the Group's shareholding proportion after the increase being 99.99%. This transaction increased non-controlling interests by \$600, while reducing the equity attributable to the owners of the parent company by \$600.

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)Changes in liabilities from financing activities

On January 20, 2022, the Company disposed 30% of its shares in Hotai Connected Co., Ltd. for \$337,983 (net of transfer tax) and the Company's share ownership of Hotai Connected Co., Ltd. decreased to 70%. The difference between the consideration received and the carrying amount resulted in a decrease in the non-controlling interest by \$120,102 and an increase in the equity attributable to owners of the parent by \$119,102.

C. The subsidiary issues preference shares

On September 21, 2022 and August 29, 2023, the subsidiary, Hotai Finance Co., Ltd. increased its capital by issuing preference shares. The Company gave up the subscription and the subsidiary offered it to a specific person. Non-controlling interest increased by \$5,000,000 and \$4,800,000, respectively.

(37) Changes in liabilities from financing activities

	2023			
	Short-term loans	Short-term notes and bills payable	Long-term liabilities- current portion	Long-term loans
January 1	\$ 105,333,597	\$ 114,640,213	\$ 24,305,569	\$ 12,399,285
Changes in cash flow from financing activities	(3,594,285)	33,475,876	9,000,000	9,635,284
Impact of changes in foreign exchange rate	-	-	35,673	(5,078)
Changes in other non-cash items	(274,611)	-	2,050,848	(1,593,292)
December 31	<u>\$ 101,464,701</u>	<u>\$ 148,116,089</u>	<u>\$ 35,392,090</u>	<u>\$ 20,436,199</u>

	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1	\$ 16,941,150	\$ 2,380,827	\$ 7,145	\$ 276,007,786
Changes in cash flow from financing activities	1,566,071	(625,969)	(1,092,358)	48,364,619
Impact of changes in foreign exchange rate	(120,504)	(34,018)	-	(123,927)
Changes in other non-cash items	120,505	486,118	1,091,414	1,880,982
December 31	<u>\$ 18,507,222</u>	<u>\$ 2,206,958</u>	<u>\$ 6,201</u>	<u>\$ 326,129,460</u>

	2022			
	Short-term loans	Short-term notes and bills payable	Long-term liabilities- current portion	Long-term loans
January 1	\$ 66,766,240	\$ 104,861,342	\$ 13,579,045	\$ 4,736,583
Changes in cash flow from financing activities	38,382,291	9,778,871	10,000,000	8,374,568
Impact of changes in foreign exchange rate	(44,737)	-	14,658	-
Changes in other non-cash items	229,803	-	711,866	(711,866)
December 31	<u>\$ 105,333,597</u>	<u>\$ 114,640,213</u>	<u>\$ 24,305,569</u>	<u>\$ 12,399,285</u>
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1	\$ 15,495,163	\$ 2,125,133	\$ 7,159	\$ 207,570,665
Changes in cash flow from financing activities	1,445,987	(478,387)	(10,923,584)	56,579,746
Impact of changes in foreign exchange rate	-	15,612	-	(14,467)
Changes in other non-cash items	-	718,469	10,923,570	11,871,842
December 31	<u>\$ 16,941,150</u>	<u>\$ 2,380,827</u>	<u>\$ 7,145</u>	<u>\$ 276,007,786</u>

7. Related Party Transactions

(1) Names of related parties and relationship with the Group (Significant counterparties only)

Names of related parties	Relationship with the Group
Toyota Industries Corporation	Entities controlled by key management
Toyota Motor Asia Pacific Pte Ltd.(TMAP)	"
Toyota South Africa Motors (Pty) Ltd.	"
Toyota-Motor-Europe-Nv/Sa (TME)	"
Toyota-Motor-Sales-USA(TMS)	"
Toyota Daihatsu Engineering & Manufacturing Co., Ltd.	"
San Xing (Shanghai) Business Management Consulting Co., Ltd.	"
Triple S Digital Co.,Ltd.	"
Hino Motors, Ltd. (HINO)	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd. (Ho An)	"
Ho Yu Investment Co., Ltd. (Ho Yu)	"
Toyota Motor (China) Investment Co., Ltd. (TMCI)	"
Formosa Flexible Packaging Corp.	Associates
Zhongyang Motor Co., Ltd.	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd. (Beijing Heling)	"

Names of related parties	Relationship with the Group
Beijing Hoyu Toyota Motor Sales and Service Co., Ltd.	Associates
Yue Chuan Industrial Co., Ltd. (Original name: Kashiwabara Hotai Taiwan Co., Ltd.)	"
Yokohama Tire Taiwan Co., Ltd.	"
Shi-Ho Screw Industrial Co., Ltd.	"
Kuai Shun Transportation Co., Ltd.	"
Wang Fu Co., Ltd.	"
Nan I Motor Co., Ltd.	"
ChongQing Yudu Toyota Automobile Sales and Service Co., Ltd.	"
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"
ChongQing Taikang Heling Lexus Motor Sales & Service Co, Ltd. (ChongQing Taikang Heling)	"
Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"
Jinzhong Central Toyota Motor Sale Service Co., Ltd.	"
Taizhou Zhongdu Lexus Motor Sale & Service Co., Ltd.	"
Tung Tai Asset Management Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"
Innovation Auto Parts Co., Ltd	"
Guangzhou Gac Changho Autotech Corporation	"
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	"
Nitto Precision Screw Industrial (Zhejiang) Co., Ltd.	"
Tianjin Yongda Communication Technology Co., Ltd.	"
Zheng-Ren Energy Co.,Ltd	"
Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd. (Tianjin Binhai Heling)	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"

Names of related parties	Relationship with the Group
Central Motor Co., Ltd. (Central Motor)	Associates
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Ho Cheng Auto Parts Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Heng Yun Investment Co., Ltd.	"
Fan Tai Transportation Co., Ltd. (Fan Tai)	"
Yi Tai Transportation Co., Ltd. (Yi Tai)	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
Guangguan Machinery CO., Ltd.	"
Kao Jin Co., Ltd.	"
Tau Jin Enterprise Co., Ltd.	"
Nantian Technology Co., Ltd.	"
He Ru Co, Ltd.	"
New Auto Parts Co., Ltd.	"
Shye Shing Enterprise Co., Ltd.	"
Zhonghao Automobile Co., Ltd.	"
Gochabar Co., Ltd.	"
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

	Years ended December 31,	
	2023	2022
(a) Sales revenue:		
-Associates		
Central Motor	\$ 32,175,665	\$ 26,399,143
Tau Miao	29,409,043	24,014,444
Taipei Motor	23,134,841	18,060,496
Kau Du	21,968,475	18,059,342
Kuotu	21,375,453	15,789,361
Nau Du	19,494,965	16,246,476
Others	6,067,087	5,436,156
-Entities controlled by key management	68,987	92,267
	<u>\$ 153,694,516</u>	<u>\$ 124,097,685</u>

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

	Years ended December 31,	
	2023	2022
(b) Rental revenue:		
-Associates	\$ 147,761	\$ 153,023
-Entities controlled by key management	11,065	10,747
	<u>\$ 158,826</u>	<u>\$ 163,770</u>

The Company and subsidiaries entered into rental contracts based on normal conditions with related parties and collect rents monthly based on the contracts.

	Years ended December 31,	
	2023	2022
(c) Service revenue:		
Service sales:		
-Associates	\$ 97,481	\$ 71,109
-Entities controlled by key management	34,135	35,779
Contracted operating revenue:		
-Associates	25,996	24,494
	<u>\$ 157,612</u>	<u>\$ 131,382</u>

	Years ended December 31,	
	2023	2022
(d) Subsidy income for price difference from installments:		
-Associates	<u>\$ 209,314</u>	<u>\$ 251,633</u>

	Years ended December 31,	
	2023	2022
(e) Warranty revenue		
(shown as deductions to cost of sales):		
-Associates		
Kuozei	\$ 159,414	\$ 126,366
-Entities controlled by key management		
TMAP	315,074	310,711
Others	1,933	640
	<u>\$ 476,421</u>	<u>\$ 437,717</u>

	Years ended December 31,	
	2023	2022
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 241,977	\$ 219,815
Others	146,125	133,711
-Entities controlled by key management	28,781	44,668
	<u>\$ 416,883</u>	<u>\$ 398,194</u>

	Years ended December 31,	
	2023	2022
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 142,028	\$ 132,138
Others	220,717	197,507
-Entities controlled by key management	83,444	88,590
	<u>\$ 446,189</u>	<u>\$ 418,235</u>

B. Expenditures

	Years ended December 31,	
	2023	2022
(a) Purchases of goods:		
-Associates		
Kuozui	\$ 63,630,851	\$ 60,903,916
Others	2,666,404	2,704,897
-Entities controlled by key management		
TMC	55,739,072	37,759,395
Others	15,612,976	18,815,966
	<u>\$ 137,649,303</u>	<u>\$ 120,184,174</u>

The Company and subsidiaries sold domestic cars which were purchased from Kuozui and imported cars and parts which were purchased from TMC, HINO, Toyota Motor (China) Investment Co., Ltd. ("TMCI"), TMAP, TMS and TME. Payment terms are shown in table 7 of Note 13(1) Significant transactions information.

		Years ended December 31,	
		2023	2022
(b) Warranty cost:			
-Associates			
Central Motor	\$	140,407	\$ 118,787
Kuotu		134,973	126,425
Tau Miao		125,352	106,540
Kau Du		90,537	73,805
Nan Du		81,595	75,171
Taipei Motor		83,983	74,097
Others		15,972	14,810
-Entities controlled by key management		1,511	3,949
	\$	<u>674,330</u>	\$ <u>593,584</u>
		Years ended December 31,	
		2023	2022
(c) Freight:			
-Associates			
Fan Tai	\$	217,324	\$ 182,115
Yi Tai		194,615	174,786
Others		3,315	2,921
	\$	<u>415,254</u>	\$ <u>359,822</u>
		Years ended December 31,	
		2023	2022
(d) Commission expense:			
-Entities controlled by key management			
Ho An	\$	<u>1,298,213</u>	\$ <u>1,084,841</u>
		Years ended December 31,	
		2023	2022
(e) Others:			
-Associates			
Kuotu	\$	6,946,475	\$ 6,400,391
Kau Du		4,367,366	4,683,949
Tau Miao		4,008,822	3,706,139
Taipei Motor		2,863,935	3,535,440
Nan Du		1,807,064	70,097
Central Motor		2,503	628,921
Others		-	1,026
	\$	<u>19,996,165</u>	\$ <u>19,025,963</u>

As described in Note 4(43), Hotai Finance Co., Ltd. receives only interest income rather than gross profit from the installment sales with related parties. Therefore, sales revenue and cost of sales are presented in net amount and movable properties arising from the transaction are

all pledged as collateral. Terms of purchases from related parties are in agreement with third parties. Terms are shown in table 7 of Note 13(1) significant transactions information.

C. Receivables from (payables to) related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(a) Receivables from related parties:		
-Associates	\$ 3,694,442	\$ 3,024,554
-Entities controlled by key management	<u>12,562</u>	<u>22,826</u>
	<u>\$ 3,707,004</u>	<u>\$ 3,047,380</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(b) Other receivables from related parties:		
-Associates	\$ 192,257	\$ 182,418
-Entities controlled by key management	<u>9,532</u>	<u>7,874</u>
	<u>\$ 201,789</u>	<u>\$ 190,292</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(c) Accounts payable:		
-Associates		
Kuozui	\$ 1,561,055	\$ 1,260,947
Others	<u>716,948</u>	<u>988,002</u>
-Entities controlled by key management		
TMC	4,812,353	3,499,835
Others	<u>520,857</u>	<u>550,312</u>
	<u>\$ 7,611,213</u>	<u>\$ 6,299,096</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(d) Accrued expenses and other payables:		
-Associates	\$ 386,454	\$ 419,783
-Entities controlled by key management	<u>1,391</u>	<u>5,405</u>
	<u>\$ 387,845</u>	<u>\$ 425,188</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(e) Commissions payable:		
-Entities controlled by key management		
Ho An	<u>\$ 129,850</u>	<u>\$ 72,945</u>

D. Prepayments to suppliers

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
-Entities controlled by key management	\$ 109,234	\$ 43,708

E. Property transactions

Acquisition of rental assets and equipment

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
-Associates		
Kuotu	\$ 4,030,385	\$ 3,717,016
Taipei Motor	1,788,984	1,703,860
Central Motor	1,705,935	1,450,904
Tau Miao	1,371,197	938,096
Others	1,989,606	1,350,630
-Entities controlled by key management	20,351	10,850
	<u>\$ 10,906,458</u>	<u>\$ 9,171,356</u>

F. Leasing arrangements - lessee

The Company and subsidiaries entered into the lease agreement with related parties based on the market price and the rent is paid on a monthly basis according to the agreement.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities:		
- Entities controlled by key management		
Ho Yu	\$ 51,470	\$ 66,373
- Associates	3,364	9,186
	<u>\$ 54,834</u>	<u>\$ 75,559</u>

G. Loans to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
-Associates		
Chongqing Taikang Heling	\$ 129,672	\$ 132,418

(3) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	<u>\$ 568,646</u>	<u>\$ 85,383</u>

8. Pledged Assets

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Notes and accounts receivable (Note 1)	\$ 12,654,914	\$ 9,419,216	Short-term borrowings and commercial papers payable
Financial assets at fair value through other comprehensive income (Note 2)	398,200	600,300	Operation bonds
Guarantee deposits paid	4,479,237	4,171,701	Operation bonds and performance bonds
Restricted assets (Note 3)			
-Demand and time deposits	613,874	737,020	Short-term borrowings, performance guarantee and issuance of L/C (Note 4)
-Property, plant and equipment	1,310,352	724,936	Long-term borrowings
	<u>\$ 19,456,577</u>	<u>\$ 15,653,173</u>	

Note 1: As of December 31, 2023 and 2022, guarantee notes receivables were pledged as collaterals for short-term borrowings and commercial paper payable to banks amounting to \$12,654,914 and \$9,419,216, respectively.

Note 2: Shown as 'other assets'.

Note 3: Shown as 'other financial assets -current' and 'other financial assets-non-current'.

Note 4: As of December 31, 2023 and 2022, the certificates of deposit amounting to \$11,260 and \$11,025, respectively, were pledged to a financial institution to issue the letter of credit required by the unexpired insurance policies worldwide underwritten by the subsidiary, Hotai Insurance Co., Ltd.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

A. Significant contracts signed by the Group with related parties and non-related parties as of December 31, 2023, are summarized as follows:

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

Type of contracts	Party involved	Contract period	Main contents
		Except for termination signed by both parties, contracts remain effective.	promotion management.
(b) <u>Chang Yuan Motor Co., Ltd.</u> Trading contracts	Kuozui Motors, Ltd.	Starting from January 1, 2003, except for termination signed by both parties or breach of contract, contracts remain effective.	Kuozui Motors, Ltd. agrees to provide vehicles and parts, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
(c) <u>Toyota Material Handling Taiwan Ltd.</u> Distributor agreement	Toyota Industries Corporation	April 1, 2020 to March 31, 2023 (The contract has been renewed in 2023. Contract period: April 1, 2023 to March 31, 2026)	Sales of imported Toyota vehicles and parts for industrial and industry use in Taiwan.

B. As of December 31, 2023, the Group has signed equipment purchase contracts, real estate purchase contracts and engineering project payments that have not yet resulted in capital expenditures. The amounts for these contracts are \$2,049,205, and \$1,020,084, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

1. For the appropriation of retained earnings of 2023, please refer to Note 6(28).
2. On March 8, 2023, the subsidiary, Hotai Insurance Co., Ltd. passed a resolution of the Board of Directors to reduce its capital to make up for losses. The amount of capital and number of shares to be reduced are \$26,000,000 and 2,600,000 thousand shares, respectively, and the reduction ratio is 92.86%. The aforementioned transaction is still pending the resolution of the subsidiary's annual shareholders' meeting of the year 2024.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders. Information on the capital management policy that the Group's subsidiary, Hotai Insurance Co., Ltd., made based on the Insurance Law of the Republic of China is provided in Note 12(13).

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured		
at fair value through profit or loss	\$ 7,336,396	\$ 5,601,568
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	10,543,402	7,888,860
Qualifying equity instrument	307,578	739,255
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	23,142,893	15,629,561
Notes receivable	13,949,300	11,928,468
Accounts receivable	272,178,742	226,000,165
Long-term notes and accounts receivable	13,490,849	8,463,808
Other receivables	2,382,482	1,831,274
Guarantee deposits paid	4,877,437	4,772,001
Other financial assets	3,317,402	3,426,280
Financial assets for hedging	570,885	504,827
	<u>\$ 352,097,366</u>	<u>\$ 286,786,067</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 407,727	\$ 162,608
Financial liabilities at amortized cost		
Short-term loans	101,464,701	105,333,597
Short-term notes and bills payable	148,116,089	114,640,213
Notes payable	1,635,144	870,114
Accounts payable	13,466,699	11,384,815
Accrued expenses	7,612,447	6,623,281
Other payables	2,261,442	1,665,754
Commission payable	260,926	493,435
Corporate bonds payable (including current portion)	31,200,000	22,200,000
Long-term borrowings (including current portion)	24,628,289	14,504,854
Guarantee deposits received	18,507,222	16,941,150
Other financial liabilities	27,486	39,598
Lease liabilities	2,206,958	2,380,827
Financial liabilities for hedging	1,087,983	586,935
	<u>\$ 352,883,113</u>	<u>\$ 297,827,181</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and cross currency swap contracts are used to fix variable future cash flows.
 - (b) Risk management is carried out by finance departments of companies within the Group under policies approved by the Board of Directors. Finance departments identify, evaluate and hedge financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
 - (c) Information on the additional risk management policy of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(5).
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange rate arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. Details of financial assets or liabilities at fair value through profit or loss and financial assets and liabilities for hedging are provided in Notes 6(2) and 6(4). Moreover, the Group enters into cross currency swap contracts to hedge the foreign exchange risk arising from foreign currency loan underwritten by financial institutions, shown as derivative financial assets and liabilities for hedging. The information is provided in Note 6(4).

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). After taking into consideration the use of cross currency swap contracts, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				December 31, 2022			
	Foreign currency		Exchange	Book value	Foreign currency		Exchange	Book value
	amount				amount			
	(In thousands)		rate		(In thousands)		rate	
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	USD	35,607	30.7050	\$1,093,313	USD	57,655	30.7100	\$1,770,585
JPY:NTD	JPY	790,931	0.2172	171,790	JPY	517,516	0.2324	120,271
RMB:NTD	CNY	10,302	4.3224	44,529	CNY	8,465	4.4138	37,363
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	USD	213,917	30.7050	\$6,568,321	USD	213,142	30.7100	\$6,545,591
JPY:NTD	JPY	333,597	0.2172	72,457	JPY	170,164	0.2324	39,546
RMB:NTD	CNY	21,749	4.3224	94,008	CNY	13,039	4.4138	57,552

- v. The total exchange gains (losses), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$711,750 and \$439,526, respectively.
- vi. The Group took the use of cross currency swap contracts into account and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	Year ended December 31, 2023			Year ended December 31, 2022		
	Sensitivity analysis			Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 10,933	\$ -	1%	\$ 17,706	\$ -
JPY:NTD	1%	1,718	-	1%	1,203	-
RMB:NTD	1%	445	-	1%	374	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 65,683	\$ -	1%	\$ 65,456	\$ -
JPY:NTD	1%	725	-	1%	395	-
RMB:NTD	1%	940	-	1%	576	-

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Price risk and interest rate risk

- i. The Company's and the subsidiaries' financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are domestic quasi money market fund and listed stocks which are influenced by fluctuation in market price.
- ii. The subsidiary's, Hotai Finance Co., Ltd., main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk.
- iii. The subsidiary, Hotai Finance Co., Ltd., assessed the market risk of cross currency swap by using PVBP (Present Value of Basis Point). However, the contracted notional principal equal to the amount of hedged liabilities, and the duration, resetting date, date of receiving and paying of interest and principal and the index of measuring interest were both the same, which can use to offset the market risk, thus, the Group did not expect significant market risk.
- iv. The subsidiary, Hotai Finance Co., Ltd., is not exposed to the risk arising from variations in the market interest rates as the debt products the subsidiary issued are all fixed rate liabilities.
- v. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant and considering the use of cross currency swap contracts, profit after tax for the years ended December 31, 2023, and 2022 would have increased/decreased by \$853,240 and \$475,073, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The subsidiary, Hotai Finance Co., Ltd. (HFC), entered into agreements with banks for handling financing through pledging new and used vehicles. In accordance with the agreements, HFC is responsible for expansion of client lists, assisting expansion of installment loans for cars and unsecured loans. If borrowers are late for payment, HFC shall repay on behalf of the borrowers, and request claims of the borrowings and mortgage of vehicles. As of December 31, 2023 and 2022, HFC has financial instruments with off-balance-sheet credit risk amounting to \$2,380,898 and \$3,779,139, respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$26,667 and \$71,213, respectively. HFC assesses financial guarantee contract liabilities which may arise from rendering the above services based on historical experience and recognizes financial guarantee expense which is shown as 'other current liabilities'.

- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i.) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii.) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- v. For the subsidiaries, Hotai Finance Co., Ltd. and Hoyun International Leasing Co., Ltd., the default occurs when the contract payments are past due over 150 days. Additionally, when the contract payments are past due over 90 days and are not expected to be recovered, the default has occurred.
- vi. The Group classified accounts receivable and contract assets based on customers' default and used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. Not including the subsidiaries, Hotai Finance Co., Ltd., Hoyun International Leasing Co., Ltd. and Hotai Insurance Co., Ltd., estimated loss allowance arising from accounts receivable and contract assets amounted to \$74,737.
- vii. The following indicators are used by the Group to determine whether the credit impairment of debt instruments has occurred:
 - (i.) It becomes probable that the issuer or the borrower will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii.) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii.) Default or delinquency in interest or principal repayments; and
 - (iv.) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. For accounts receivables and notes receivable, the credit rating levels are presented below:

		Lifetime			
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	Simplified approach	Total
<u>December 31, 2023</u>					
Neither past due nor impaired	\$329,951,950	\$ -	\$ -	\$209,093	\$330,161,043
Past due or case assessment	-	1,383,387	2,476,960	-	3,860,347
	<u>\$329,951,950</u>	<u>\$1,383,387</u>	<u>\$2,476,960</u>	<u>\$209,093</u>	<u>\$334,021,390</u>
<u>December 31, 2022</u>					
Neither past due nor impaired	\$268,516,629	\$ -	\$ -	\$ 88,086	\$268,604,715
Past due or case assessment	-	794,048	1,558,298	-	2,352,346
	<u>\$268,516,629</u>	<u>\$ 794,048</u>	<u>\$1,558,298</u>	<u>\$ 88,086</u>	<u>\$270,957,061</u>

- ix. The subsidiary, Hotai Finance Co., Ltd. used historical expense and the forward-looking information, such as forecastability of future economic environment to assess the default possibility. For the December 31, 2023 and 2022, the movements of the loss allowance of trade receivables were as follows:

	Year ended December 31, 2023			
	12 months expected credit loss	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	\$ 2,989,387	\$ 349,790	\$ 1,369,707	\$ 4,708,884
Transfer and measurement stages	(68,442)	(142,330)	210,772	-
Provision for impairment	468,507	314,368	3,605,436	4,388,311
Write-offs	-	-	(3,668,091)	(3,668,091)
Effect of foreign exchange	(15,780)	(1,659)	(7,755)	(25,194)
	<u>\$ 3,373,672</u>	<u>\$ 520,169</u>	<u>\$ 1,510,069</u>	<u>\$ 5,403,910</u>
	Year ended December 31, 2022			
	12 months expected credit loss	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	\$ 2,635,251	\$ 211,861	\$ 875,094	\$ 3,722,206
Transfer and measurement stages	(92,889)	(63,903)	156,792	-
Provision for impairment	428,876	201,263	2,033,410	2,663,549
Write-offs	-	-	(1,699,792)	(1,699,792)
Effect of foreign exchange	16,724	569	5,628	22,921
	<u>\$ 2,987,962</u>	<u>\$ 349,790</u>	<u>\$ 1,371,132</u>	<u>\$ 4,708,884</u>

For the years ended December 31, 2023, and 2022, gain on recoverable bad debts amounted to \$983,936 and \$821,467, respectively, presented as a deduction item to expected credit loss.

- x. As of December 31, 2023 and 2022, information relating to credit risk of the Company's subsidiary, Hotai Insurance Co., Ltd. is provided in Note 12(6)A.

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance departments of companies within the Group. Finance departments of companies within the Group monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- As of December 31, 2023 and 2022 the Group's unused credit line amounted to \$159,709,136 and \$140,840,395, respectively.

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$85,958,140	\$ 15,159,913	\$ 7,928,475
Short-term notes and bills payable	124,089,562	15,933,249	8,093,278
Notes payable	1,635,144	-	-
Accounts payable	13,466,699	-	-
Accrued expenses	7,612,447	-	-
Other payables	2,261,442	-	-
Commission payable	260,926	-	-
Lease liabilities	484,109	391,384	1,550,441
Bonds payable	343,500	22,211,960	9,347,534
Long-term loans (including current portion)	4,192,090	884,727	19,551,472

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$87,839,816	\$ 12,362,302	\$ 12,713,306
Short-term notes and bills payable	90,712,225	10,989,108	12,938,880
Notes payable	870,114	-	-
Accounts payable	11,384,815	-	-
Accrued expenses	6,623,281	-	-
Other payables	1,665,754	-	-
Commission payable	493,435	-	-
Lease liabilities	347,434	252,344	1,337,248
Bonds payable	209,000	209,000	22,303,427
Long-term loans (including current portion)	2,107,891	11,555,449	849,383

Derivative financial liabilities:

<u>December 31, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 1,024,638	\$ 63,345	\$ -
Forward exchange contracts	407,727	-	-

Derivative financial liabilities:

<u>December 31, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 174,433	\$ 412,502	\$ -
Forward exchange contracts	162,743	-	-

- iv. Information on insurance contracts risk of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(6).

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(14).

C. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 2,290,342	\$ -	\$ 145,402	\$ 2,435,744
Bond investment	-	1,011,886	-	1,011,886
Equity securities	1,791,387	-	-	1,791,387
Exchange traded funds	1,362,900	-	-	1,362,900
Financial instruments	-	734,479	-	734,479
Derivative financial assets for hedging	-	570,885	-	570,885
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	705,778	-	705,778
Equity securities	10,074,148	-	469,254	10,543,402
	<u>\$15,518,777</u>	<u>\$ 3,023,028</u>	<u>\$ 614,656</u>	<u>\$19,156,461</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Forward exchange contracts	\$	-	\$	407,727	\$	-	\$	407,727
Derivative financial liabilities for hedging		-		1,087,983		-		1,087,983
	\$	-	\$	1,495,710	\$	-	\$	1,495,710

Note: Including operation bonds.

December 31, 2022

Assets

Recurring fair value measurements

Financial assets at fair value through profit or loss

Domestic and foreign beneficiary certificates

	Level 1	Level 2	Level 3	Total
Forward exchange contracts	\$ 1,359,072	\$ -	\$ 177,738	\$ 1,536,810
Bond investment	-	52,132	-	52,132
Equity securities	-	1,011,039	-	1,011,039
Exchange traded funds	1,186,861	-	-	1,186,861
Financial instruments	1,104,396	-	-	1,104,396
Derivative financial assets for hedging	-	704,875	-	704,875
Financial assets at fair value through other comprehensive income	-	504,827	-	504,827
Bond investment (Note)	-	1,339,555	-	1,339,555
Equity securities	7,496,985	-	391,875	7,888,860
	\$ 11,147,314	\$ 3,617,883	\$ 569,613	\$15,334,810

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Forward exchange contracts	\$	-	\$	161,205	\$	-	\$	161,205
Foreign exchange swap contracts		-		1,403		-		1,403
Derivative financial liabilities for hedging		-		586,935		-		586,935
	\$	-	\$	749,543	\$	-	\$	749,543

Note: Including operation bonds.

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed stocks	Beneficiary certificates	Open-end fund	Exchange traded funds
Market quoted price	Closing price	Closing price	Net asset value	Closing price

- Except for financial instruments with active markets, domestic investments of the Company's subsidiary, Hotai Insurance Co., Ltd., take the quoted price of Taipei

Exchange while foreign investments take the quoted price of the Swiss Exchange's financial information system as the fair value aside from infrastructure fund and real estate private placement fund that are assessed by balance sheet approach. The fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward foreign currency contracts are generally assessed using forward exchange rates.
 - iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	
	Beneficiary certificates	Equity securities
At January 1	\$ 177,738	\$ 391,875
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	61,379
Recorded as (losses) gains on financial assets at fair value through profit or loss	(39,757)	-
Acquired during the year	7,421	16,000
At December 31	<u>\$ 145,402</u>	<u>\$ 469,254</u>

	2022	
	Beneficiary certificates	Equity securities
At January 1	\$ 437,495	\$ 366,770
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	25,105
Recorded as (losses) gains on financial assets at fair value through profit or loss	(8,243)	-
Acquired during the year	(251,514)	-
At December 31	<u>\$ 177,738</u>	<u>\$ 391,875</u>

- F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1, Level 2, and Level 3.
- G. Treasury department is in charge of valuation procedures for fair value measurements being

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 469,254	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Infrastructure fund and real estate private placement fund	145,402	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 391,875	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Infrastructure fund and real estate private placement fund	177,738	Net assets value	Not applicable	Not applicable	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2023 and 2022.

(4) Other matters

In response to the impact of the COVID-19 epidemic, the subsidiary, Hotai Insurance Co., Ltd., has been selling the related insurance products since 2021. Due to the COVID-19 outbreak in mid-April 2022, the number of infected had gradually increased, and the demand for epidemic prevention insurance policies has significantly increased. After the subsidiary considered the risks, in addition to the medical expenses, health insurance and vaccine insurance products for migrant workers infected with COVID-19, other products related to epidemic prevention insurance have been suspended on April 18, 2022. As of the date of the audit report, the claim settlement of the epidemic prevention policy has increased the catastrophe risk of the subsidiary. The subsidiary has carefully assessed the impact on major issues such as surplus, capital adequacy, provision for deposits and liquidity, and has made appropriate provision for indemnity and provision for insufficient premiums.

The subsidiary will continue to formulate appropriate measures in accordance with the government's epidemic prevention policies and the follow-up development of the epidemic, as well as the policy claims status, and respond appropriately, including capital adequacy and liquidity countermeasures, in order to take into account the subsidiary's financial structure and protection of policyholders' rights and interests.

(5) The nature and range of contract risk governance of the subsidiary, Hotai Insurance Co., Ltd.

A. The objectives, policies, procedures and methods of risk governance on insurance contracts:

(a) Risk Governance Structure and Responsibilities

The subsidiary, Hotai Insurance Co., Ltd. has set up the Risk & Control Committee (RCC) under the Board of Directors as well as an independent risk management department in order to effectively plan, advocate and monitor risk management matters.

The subsidiary's goals in managing its risks are to:

- i. Protect the subsidiary's capital by not taking risks beyond the subsidiary's risk tolerance.
- ii. Enhance value creation and achieve an optimal risk-return profile by efficiently deploying capital.
- iii. Support decision making processes by providing consistent, reliable, and timely risk information.
- iv. Protect the subsidiary's brand and reputation by fostering the subsidiary's core values and promoting a sound culture of risk awareness.

The "three lines of defense" approach runs through the subsidiary's risk governance structure, so that risks are clearly identified, owned, and managed:

1st line: Business management takes risks and is responsible for day-to-day risk management.

2nd line: The risk management function oversees the overall risk management framework and helps manage risk. Other governance and control functions (e.g., legal and compliance, finance, technical underwriting review, claims QA) are responsible for and help control specific types of risks.

3rd line: The audit function provides independent assurance regarding the effectiveness of the ERM framework and risk controls.

In accordance with "Risk Management Practice Rules for Insurance Industry", the subsidiary has established "Risk Management Policy" which is approved by the subsidiary's Board of Directors, to establish its corporate risk management framework.

(b) Risk Reporting and Measurement System

i. Risk Reporting

Each department branch of the subsidiary, Hotai Insurance Co., Ltd. periodically delivers risk information to the risk management department for monitoring purpose. The mitigating actions and response plans are required while breaching the risk-type limits.

Risk management department consolidates risk information, reviews and follows up improvement actions. In the quarterly RCC meeting, Integrated Assessment and Assurance Reporting will be presented in accordance with the meeting agenda. After the CEO signs off quarterly RCC meeting minutes as a formal risk report, the report will be submitted to RCC and the Board of Directors for monitoring and verifying the soundness of the risk management framework.

ii. Measurement System

Pursuant to the regulatory authority's requirement, the subsidiary has performed sensitivity analysis, scenario analysis and stress test to understand the related risks which have quantitative influence on the subsidiary's performance.

(c) Insurance Risk and Underwriting Guidelines

Insurance risk management of the subsidiary, Hotai Insurance Co., Ltd. includes product development, pricing, underwriting, reinsurance, natural/man-made catastrophes, claims and

reserve related risks. All of these risks are managed by the front-line responsible functions, such as underwriting, claims, technical management, product development and actuarial departments. According to the “Risk Management Policy,” related functional policies and procedures, and local regulations, the Risk management framework and mechanism are designed and embedded into day-to-day operations, which includes authorization, operational process and risk-type limit monitoring, etc. The Risk Policy adherence self-assessment checklist and Risk Management Practice Rules for Insurance Industry checklist should be filled in by risk-type owners annually, in order to comply with the requirements of “Risk Management Policy” and “Risk Management Practice Rules for Insurance Industry”.

(d) Total Risk Profiling and Insurance Risk Management

The subsidiary, Hotai Insurance Co., Ltd. adopts the Total Risk Profiling (TRP) methodology to identify, assess, response and document its overall risks (incl. Business and Strategic Risk, Insurance Risk, Operational Risk, ALM / Investment / Credit Risk, and Financial Reporting Risk that can have an impact on the sustainability of Earnings, Capital and Reputation) systematically across the subsidiary. The risk management department coordinates the TRP efforts and provides quality assurance with all departments within their areas of responsibilities. The implementation status of improvement actions will be reviewed quarterly according to the fall TRP results in the previous year. The insurance risks (incl. product development, pricing, underwriting, reinsurance, natural / man-made catastrophes, claims, reserve and so on) are covered in the TRP process as well.

(e) Concentration Exposures on Insurance Risk

The subsidiary, Hotai Insurance Co., Ltd. has established the related risk control mechanism and developed risk management plan to run retention and ceded/assumed businesses based on reinsurance capacity by following the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”. The net retention limit per risk for each line of business is listed below:

Line of Business	December 31, 2023	December 31, 2022
Fire insurance	\$ 100,000	\$ 50,000
Fire & A.P. insurance	100,000	50,000
Long-term residential fire insurance	100,000	50,000
Residential fire insurance	100,000	50,000
Marine cargo insurance	20,000	20,000
Inland marine insurance	20,000	20,000
Automobile insurance	Nil	Nil
General liability insurance	50,000	50,000
Engineering insurance	100,000	50,000
Fidelity insurance	60,000	60,000
Other property insurance	100,000	50,000
Personal accident insurance	50,000	50,000

In addition to control the own-retention limit per risk/catastrophe for confining risk exposures, the subsidiary, in accordance with the characteristics of each line of insurance business and to align with operational strategies, arranges reinsurance contracts or arranges facultative reinsurance to appropriately spread the subsidiary’s endured risk. For the credit risk of main reinsurers, the subsidiary considers their credit rating, financial status, and location to ensure that the subsidiary has a stable and appropriate reinsurance coverage.

(f) Asset/Liability Management

The Asset/Liability Management Investment Committee (ALMIC) meeting is held on a quarterly basis to monitor the subsidiary's asset/liability matching duration and evaluate liquidity risk by ensuring the fulfillment of due liabilities and future claims provisions. In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, in addition to establishing the related financial liquidity contingency plans, the subsidiary, Hotai Insurance Co., Ltd., also requested the Board of Directors to authorize the Chairman of the company to handle the bank financing.

(g) When a specific event occurs, the commitment to bear additional liabilities or invest additional owner's equity, and its management, supervision, and control procedures

The subsidiary, Hotai Insurance Co., Ltd. in accordance with the "Regulations Governing Capital Adequacy of Insurance Companies", had compiled capital adequacy management reports every half year to regularly monitor and implement capital adequacy management. Currently, the subsidiary, Hotai Insurance Co., Ltd. complies with the provision that the ratio of own capital to risk capital shall not be less than two hundred percent.

(6) Credit risk, liquidity risk and market risk of insurance contract

The insurance contracts of the subsidiary, Hotai Insurance Co., Ltd. are all short-term policies and the reserves are not discounted; therefore, there is no significant impact in the interest rate risk.

A. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and other financial assets based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- (b) Except for using historical loss rate as a basis and forecastable macroeconomic information to estimate expected credit loss in line with IAS, the subsidiary, Hotai Insurance Co., Ltd. also provisioned allowance for loss in line with "Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts" and related procedures.
- (c) The subsidiary, Hotai Insurance Co., Ltd., adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk since initial recognition:
 - i. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - ii. For bonds or banks that issue non-short-term certificates of deposit, if any external credit rating agency rates these bonds and banks as investment grade, the credit risk of these financial assets is low. However, if the rating of these bonds and banks are degraded to non-investment grade, the credit risk of these financial assets was significantly increased.
- (d) The subsidiary, Hotai Insurance Co., Ltd., adopts IFRS 9 to presume the following assumptions that financial assets have been impaired:
 - i. If the contract payments were past due over 90 days based on the terms, there has been an impairment and default on that instrument since initial recognition.
 - ii. If companies that issue bonds or banks that issue non-short-term certificates of deposit experience significant financial difficulties and enter into bankruptcy or financial reorganization, the credit of the financial assets would be considered impaired.

- iii. If the Company actively clears these financial assets in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”, and the financial assets could no longer be recovered, the financial assets should be written-off after it is reported to the Board of Directors. However, the Company will continue executing the recourse procedures to secure their rights.

For the years end December 31, 2023 and 2022, the subsidiary, Hotai Insurance Co., Ltd. included accounts receivable (excluding bond interest receivable and fixed deposit interest receivable) and other assets (excluding operating margin and restricted deposits) in the scope of impairment assessment. The expected loss rate is as follows:

December 31, 2023					
	12 months		Significant increase in credit risk		Impairment of credit
	Not overdue or overdue for no more than 30 days		Overdue for more than 30 days		Overdue for more than 90 days
Expected loss rate	0%		0%		100%
Total book value	\$	969,476	\$	-	\$ 160
Allowance for losses		9,000		-	160

	December 31, 2022		
	12 months	Significant increase in credit risk	Impairment of credit
	Not overdue or overdue for no more than 30 days	Overdue for more than 30 days	Overdue for more than 90 days
Expected loss rate	0%	0%	100%
Total book value	\$ 969,774	\$ -	\$ 160
Allowance for losses	9,000	-	160

The subsidiary, Hotai Insurance Co., Ltd., refers to the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”. For the years ended December 31, 2023, and 2022, the movements of allowance for loss are as follows:

2023					
	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”	Total
At January 1	\$ -	\$ -	\$ 160	\$ 24,385	\$ 24,545
Provisions during the year	-	-	(160)	(2,940)	(3,100)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,445</u>	<u>\$ 21,445</u>

2022					
	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”	Total
At January 1	\$ -	\$ -	\$ 160	\$ 26,115	\$ 26,275
Provisions during the year	-	-	-	(1,730)	(1,730)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 24,385</u>	<u>\$ 24,545</u>

As of December 31, 2023 and 2022, the allowance for loss of abovementioned financial assets was \$21,445 and \$24,545, respectively, and the maximum exposure to credit risk was \$948,329 and \$945,389, respectively.

- (e) As of December 31, 2023 and 2022, the subsidiary, Hotai Insurance Co., Ltd., has financial assets at fair value through other comprehensive income (including operating bonds), interest receivables from bonds, non-short term time deposits (excluding valuation adjustment) and interest receivables from time deposits amounting to \$2,465,488 and \$2,353,879, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

<u>Credit risk rating</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
tw AAA	\$ 707,120	\$ 797,023
tw AA+	-	176,899
tw AA	349,529	134,294
tw AA-	110,780	132,511
tw A+	322,092	222,298
tw A	975,967	889,064
tw A-	-	1,790
	<u>\$ 2,465,488</u>	<u>\$ 2,353,879</u>

The probable expected loss rates of abovementioned financial assets within 12 months were 0%~0.04% and 0%~0.06%, respectively, the amounts of allowance for loss were \$569 and \$797 respectively, and the maximum exposure amounts were \$2,464,919 and \$2,353,082, respectively. Aforementioned amounts of allowance for loss were using the forecastability of Standard & Poor’s research report to adjust historical and timely information to assess the expected loss rate. For the years ended December 31, 2023 and 2022, the movements of allowance for loss are as follows:

	2023	2022
At January 1	\$ 797	\$ 592
(Amounts reversed) provisions during the year	(228)	205
At December 31	<u>\$ 569</u>	<u>\$ 797</u>

(f) Reinsurance Credit Risk

The counterparties of the subsidiary, Hotai Insurance Co., Ltd. in conducting reinsurance transactions are companies with good credit ratings. Also, the subsidiary, Hotai Insurance Co., Ltd. transacts with numerous counterparties to diversify credit risk. The possibility of expected defaults is remote. In addition, the reinsurer list that the subsidiaries transacts with has been reviewed and approved by the subsidiary, Hotai Insurance Co., Ltd., and all are qualified reinsurance ceded companies. Policy underwriting units also non-routinely check on the newest approved reinsurance list. For the years ended December 31, 2023 and 2022, the reinsurance companies reinsurance premiums ceded and credit rating levels are as follows (if the reinsurance companies' reinsurance transactions is through reinsurance brokers, then the credit rating levels as follows is based on the reinsurance broker):

Year ended December 31, 2023

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 584	0.01
AA	574,342	13.22
AA-	59,840	1.38
A++	2,344	0.05
A+	2,690,817	61.95
A	136,058	3.13
A-	2,282	0.05
BBB+	20,924	0.48
Unrated	857,083	19.73
Total	<u>\$ 4,344,274</u>	<u>100.00</u>

Year ended December 31, 2022

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 334	0.01
AA	412,976	16.08
AA-	87,300	3.40
A+	1,103,233	42.95
A	119,005	4.63
A-	7,840	0.31
BBB+	53,236	2.07
Unrated	784,777	30.55
Total	<u>\$ 2,568,701</u>	<u>100.00</u>

Note: Compulsory automobile insurance and residential earthquake insurance are excluded.

B. Liquidity risk management

Liquidity risk is the risk that the subsidiary, Hotai Insurance Co., Ltd. may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The subsidiary is not exposed to liquidity risk as there is no need for the subsidiary to hold adequate current assets to fulfill the financial liabilities as they become due or use higher costs to settle relevant financial liabilities.

(a) Cash flow control and hedging strategy

With the following controls and hedge strategies, the working capital of the subsidiary, Hotai Insurance Co., Ltd. is sufficient to meet insurance services and operational needs, and no liquidity risk is expected.

- i. The investment in debt instruments and equity instruments are mostly traded in the active market and can be expected to be disposed at the price close to fair value.
- ii. To make sure liquidity fund fulfill the liabilities when they fall due or capital requirements, the subsidiary manages liquidity through bank deposits and money market instruments.
- iii. To make sure the effectiveness of liquidity risk management, cash flow analysis is employed, the subsidiary generates yearly and monthly net cash flow forecast according to annual plan of operating income and expenses. Based on the cash flow forecast, the subsidiary periodically monitors the actual income and expenses to execute cash management activities.

(b) Liquidity risk management

To effectively manage liquidity risk, except for holding a considerable portion of current assets, the subsidiary also limits the proportion of investment amount and reviews current assets and liabilities on a regular basis to ensure that above requirement is fully supported.

(c) Indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products

In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, Hotai Insurance Co., Ltd., established the related financial liquidity contingency plans. Please refer to Note 12(4) for further details.

The table below analyses the insurance liabilities and non-derivative financial liabilities of the subsidiary, Hotai Insurance Co., Ltd., based on the remaining period at the balance sheet date to the contractual maturity date.

i. Non-derivative financial liabilities

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2023</u>				
Insurance liabilities	\$ 11,752,000	\$ 3,692,008	\$ 218,509	\$ 1,695,810
Payables	2,433,604	-	-	-
Deposits-in	320	1,487	-	-
Lease liabilities	24,763	21,941	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2022</u>				
Insurance liabilities	\$ 20,486,863	\$ 2,993,006	\$ 187,066	\$ 1,648,716
Payables	1,673,583	-	-	-
Deposits-in	2,703	2,085	-	-
Lease liabilities	56,640	21,350	-	-

ii. Derivatives

As of December 31, 2023, the subsidiary, Hotai Insurance Co., Ltd., has derivative instruments at net settlement whose duration are all within 3 months from reporting period-end to the due date of contract.

C. Market risk

Market risk refers to the risk of changes in values or cash flows of accounts on the subsidiary, Hotai Insurance Co., Ltd.'s financial statements due to changes in financial markets. Major risk factors are as follows:

- Equity market prices
- Interest rate and credit spreads
- Currency exchange rates

The subsidiary, Hotai Insurance Co., Ltd., defines its risk tolerance and regularly measures and reviews this risk by adoption of “assets allocation strategy”. In compliance with the subsidiary’s “Risk Management Policy”, the subsidiary’s “Investment Policy Statement”, and regulations of the competent authority, the subsidiary imposes investment limit on individual investment targets, restricts investments in assets with low liquidity, and manages the difference between the interest rate sensitive assets and the interest rate sensitive liabilities. To ensure effective market risk management, the subsidiary, Hotai Insurance Co., Ltd. also implements relevant stress tests in compliance with requirement by the competent authority. The table below further describes the subsidiary, Hotai Insurance Co., Ltd.’s current risk management mechanism in terms of individual risk factor:

(a) Price risk

The price risk is arising from the uncertainty of the prices of beneficiary certificates. However, the subsidiary Hotai Insurance Co., Ltd. has appropriately spread the price risk through diversified portfolio to decrease the risk of investments centralised in any specific industry or issuance institution.

With other conditions unchanged, the reasonable sensitivity analysis on stock price change is shown below:

December 31, 2023				
	Change of variables		Change in other comprehensive income	
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$	257,264
	Decrease in price	10%	(	257,264)
December 31, 2022				
	Change of variables		Change in other comprehensive income	
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$	225,595
	Decrease in price	10%	(	225,595)

(b) Interest rate risk

Interest rate risk refers to the risk from market interest rate change which results in change of fair value of financial instruments. The major investment for the subsidiary, Hotai Insurance Co., Ltd., is fixed interest rate debt investment. Increase in interest rate will result in decrease in fair value. However, due to focus on long-term stability and predictable income, the short-term interest rate change would have insignificant impact to the subsidiary. Thus, no major interest rate risk is expected.

With other conditions unchanged, the reasonable sensitivity analysis on interest rate change is shown below:

December 31, 2023				
	Change of variables		Change in fair value	
Fixed-income investments	Increase in interest rate	100 basis point	(\$	54,374)
	Decrease in interest rate	100 basis point		54,374
December 31, 2022				
	Change of variables		Change in fair value	
Fixed-income investments	Increase in interest rate	100 basis point	(\$	64,830)
	Decrease in interest rate	100 basis point		64,830

(c) Foreign exchange risk

Foreign exchange risk refers to the risk from fluctuations in fair value of assets or future cash flow due to foreign exchange volatility.

The major foreign exchange risk of the subsidiary, Hotai Insurance Co., Ltd., results from US dollar position. The US dollar foreign exchange rate is shown below:

	December 31, 2023	December 31, 2022
Foreign exchange rate	30.71	30.73

The US dollar assets and liabilities are shown as below:

	December 31, 2023	December 31, 2022
USD Assets	USD 11,411 thousand	USD 29,879 thousand
USD Liabilities	USD 1,528 thousand	USD 635 thousand

Foreign exchange risk will affect the subsidiary, Hotai Insurance Co., Ltd.'s foreign currency denominated assets and liabilities. All foreign currency denominated investment assets held by the subsidiary has been commissioned by investors for hedging, using the foreign exchange swap contracts to effectively control the risk. Under the circumstance that other variables remain unchanged and after deducting the nominal principal of hedge items, the sensitivity analysis for reasonable fluctuations in exchange rates is as follows:

December 31, 2023		
	Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD (\$	15,172)
	Depreciate 5% against NTD	15,172
December 31, 2022		
	Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD (\$	14,181)
	Depreciate 5% against NTD	14,181

(7) Insurance risk information

A. Insurance risk concentration

Insurance businesses undertaken by the subsidiary, Hotai Insurance Co., Ltd., comprise fire insurance, engineering insurance, accident insurance, transportation insurance, automobile insurance, and personal accident insurance. Among them, as the subject matters of transportation insurance, automobile insurance, and personal accident insurance have mobility, the level of risk is deemed relatively dispersed. The subject matter of accident insurance has legality, and the risks in relation to accident insurance and aforesaid insurances are all dispersed through coverage limit control. Besides, as the subject matters of fire insurance and engineering insurance do not have mobility, the level of risk is deemed relatively concentrated. The subsidiary, Hotai Insurance Co., Ltd., disperses the risks mainly through reinsurance ceding. For the years ended December 31, 2023 and 2022, the insurance risk concentration degree of premiums income and self-retained premiums from effective insurance contracts of fire insurance and engineering insurance are listed below:

Line of Business	Year ended December 31, 2023	
	Premiums revenue	Retention premiums
Fire insurance	\$ 1,699,736	\$ 521,164
Engineering insurance	324,942	88,657

Line of Business	Year ended December 31, 2022	
	Premiums revenue	Retention premiums
Fire insurance	\$ 1,717,647	\$ 621,417
Engineering insurance	191,816	46,377

The subsidiary, Hotai Insurance Co., Ltd., has established catastrophe claims system to record losses of various line of insurance businesses and risks assumed by the subsidiary, including earthquake, typhoon, fire accident, air crash, and man-made catastrophes. The system also provides information for reinsurance brokers to implement catastrophe measurement models and perform analysis on expected occurrence years such as 10 years, 50 years, 100 years, and 250 years. The model covers fire insurance, engineering insurance, marine insurance, automobile insurance, as well as earthquake and typhoon risks. The model provides monthly report of cumulative risk assessment for the purpose of monitoring the risk. With strict reinsurance strategies and arrangements, as well as system monitoring cumulative risk, the subsidiary, Hotai

Insurance Co., Ltd., can appropriately and effectively prevent high risk concentration to achieve a goal of risk dispersion.

B. Analysis of insurance risk sensitivity

The subsidiary, Hotai Insurance Co., Ltd., estimates claim reserve fund mainly through a series of development modules and various estimated loss ratios. With concern of unexpected factors, such as external environmental change (change of regulation or judicial order), trend or different ways of claims paid, these could change the loss development and expected loss ratio and therefore influence the estimated result of claims reserve. Therefore, the subsidiary, Hotai Insurance Co., Ltd., conducted a sensitivity test for the years ended December 31, 2023 and 2022 and the result is shown below:

Line of Business	Year ended December 31, 2023			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 251,136	\$ 193,874	\$ 251,136	\$ 193,874
Automobile third party liability insurance	140,846	110,709	140,846	110,709
Personal property insurance	3,351	2,716	3,351	2,716
Commercial property insurance	77,759	24,432	77,759	24,432
Liability insurance	58,660	41,639	58,660	41,639
Marine cargo insurance	12,192	7,950	12,192	7,950
Engineering insurance	13,226	3,282	13,226	3,282
Personal accident insurance	42,540	39,901	42,540	39,901
Health insurance	16,607	15,529	16,607	15,529
Foreign inward reinsurance	683	459	683	459

Line of Business	Year ended December 31, 2022			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 216,750	\$ 186,787	\$ 216,750	\$ 186,787
Automobile third party liability insurance	116,891	103,255	116,891	103,255
Personal property insurance	3,508	3,136	3,508	3,136
Commercial property insurance	74,369	26,270	74,369	26,270
Liability insurance	65,087	50,429	65,087	50,429
Marine cargo insurance	13,575	9,848	13,575	9,848
Engineering insurance	10,618	2,788	10,618	2,788
Personal accident insurance	52,684	51,076	52,684	51,076
Health insurance	25,661	25,304	25,661	25,304
Foreign inward reinsurance	834	477	834	477

Sensitivity test determines the impact on profit and loss based on before-reinsurance and after-reinsurance calculation from the increase or decrease by 5% in the expected loss ratio for the years ended December 31, 2023 and 2022.

C. Loss development pattern

As of December 31, 2023 and 2022, the loss development pattern of the subsidiary, Hotai Insurance Co., Ltd., are as follows:

(a) Direct business

<u>December 31, 2023</u> <u>Development Year</u>	<u>Accident Year</u>					<u>Total</u>
	<u>Before 2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
End of underwriting year	\$ 31,265,038	\$ 4,699,953	\$ 5,811,398	\$ 41,300,575	\$ 11,472,535	
One year after underwriting year	30,978,083	4,769,156	5,807,080	41,730,838	-	
Two years after underwriting year	30,801,696	4,606,421	5,429,797	-	-	
Three years after underwriting year	30,511,847	4,429,177	-	-	-	
Four years after underwriting year	30,590,904	-	-	-	-	
Estimated ultimate losses	30,590,904	4,429,177	5,429,797	41,730,838	11,472,535	
Paid losses	(29,791,098)	(4,036,270)	(4,299,218)	(40,019,865)	(7,123,350)	
Total reserve	<u>\$ 799,806</u>	<u>\$ 392,907</u>	<u>\$ 1,130,579</u>	<u>\$ 1,710,973</u>	<u>\$ 4,349,185</u>	\$ 8,383,450
Adjustment item (Note)						543,917
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 8,927,367</u>

<u>December 31, 2022</u> <u>Development Year</u>	<u>Accident Year</u>					<u>Total</u>
	<u>Before 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
End of underwriting year	\$ 27,880,900	\$ 3,732,983	\$ 4,699,953	\$ 5,811,398	\$ 41,300,575	
One year after underwriting year	27,532,055	3,730,672	4,769,156	5,807,080	-	
Two years after underwriting year	27,247,411	3,690,307	4,606,421	-	-	
Three years after underwriting year	27,111,389	3,554,412	-	-	-	
Four years after underwriting year	26,957,435	-	-	-	-	
Estimated ultimate losses	26,957,435	3,554,412	4,606,421	5,807,080	41,300,575	
Paid losses	(26,362,593)	(3,211,790)	(3,945,587)	(4,437,959)	(33,427,786)	
Total reserve	<u>\$ 594,842</u>	<u>\$ 342,622</u>	<u>\$ 660,834</u>	<u>\$ 1,369,121</u>	<u>\$ 7,872,789</u>	\$ 8,383,450
Adjustment item (Note)						543,917
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 8,927,367</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

(b) Retention business

<u>December 31, 2023</u> <u>Development Year</u>	<u>Accident Year</u>					<u>Total</u>
	<u>Before 2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
End of underwriting year	\$ 21,917,428	\$ 4,058,783	\$ 4,559,471	\$ 39,536,977	\$ 9,335,805	
One year after underwriting year	21,690,012	4,130,722	4,551,010	39,909,114	-	
Two years after underwriting year	21,607,471	3,991,743	4,242,107	-	-	
Three years after underwriting year	21,435,001	3,826,326	-	-	-	
Four years after underwriting year	21,309,934	-	-	-	-	
Estimated ultimate losses	21,309,934	3,826,326	4,242,107	39,909,114	9,335,805	
Paid losses	(20,990,075)	(3,572,891)	(3,707,481)	(39,066,723)	(6,332,838)	
Total reserve	<u>\$ 319,859</u>	<u>\$ 253,435</u>	<u>\$ 534,626</u>	<u>\$ 842,391</u>	<u>\$ 3,002,967</u>	\$ 4,953,278
Adjustment item (Note)						365,431
						<u>\$ 5,318,709</u>

December 31, 2022	Accident Year					
Development Year	Before 2018	2019	2020	2021	2022	Total
End of underwriting year	\$ 18,897,807	\$ 3,215,297	\$ 4,058,783	\$ 4,559,471	\$ 39,536,977	
One year after underwriting year	18,702,131	3,224,195	4,130,722	4,551,010	-	
Two years after underwriting year	18,465,817	3,193,907	3,991,743	-	-	
Three years after underwriting year	18,413,564	3,067,559	-	-	-	
Four years after underwriting year	18,367,442	-	-	-	-	
Estimated ultimate losses	18,367,442	3,067,559	3,991,743	4,551,010	39,536,977	
Paid losses	(17,915,061)	(2,861,564)	(3,519,725)	(3,831,320)	(32,897,564)	
Total reserve	<u>\$ 452,381</u>	<u>\$ 205,995</u>	<u>\$ 472,018</u>	<u>\$ 719,690</u>	<u>\$ 6,639,413</u>	\$ 8,489,497
Adjustment item (Note)						399,775
						<u>\$ 8,889,272</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

Based on the table above, the estimated cumulative loss amount of each accident year is estimated based on the current available information, however, the actual amounts may be deviated from the estimation due to the loss development in the following years.

(8) The subsidiary-Hotai Insurance Co., Ltd. assets and liabilities recoverable or payable within or over 12 months after the balance sheet date are as follows:

	Book value	Within 12 months	Over 12 months
<u>December 31, 2023</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,442,868	\$ 5,442,868	\$ -
Receivables	869,102	869,102	-
Current income tax assets	13,481	-	13,481
Financial assets at fair value through profit or loss	3,084,522	2,572,636	511,886
Financial assets at fair value through other comprehensive income	307,577	-	307,577
Other financial assets	1,738,231	1,738,231	-
Right-of-use assets	42,265	-	42,265
Investment property	394,950	-	394,950
Reinsurance contract assets	6,120,565	4,312,902	1,807,663
Property and equipment	3,891,752	-	3,891,752
Intangible assets	114,716	-	114,716
Deferred income tax assets	1,438,969	-	1,438,969
Other assets	4,666,526	359,812	4,306,714
<u>Liabilities</u>			
Borrowings	\$ 3,500,000	\$ 3,500,000	\$ -
Payables	2,433,604	2,433,604	-
Insurance liabilities	17,358,327	11,752,000	5,606,327
Lease liabilities	44,184	24,763	19,421
Deferred income tax liabilities	44,130	-	44,130
Other liabilities	484,128	482,641	1,487

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>December 31, 2022</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 1,617,597	\$ 1,617,597	\$ -
Receivables	831,778	831,778	-
Assets held for sale	283,710	283,710	-
Current income tax assets	5,627	5,627	-
Financial assets at fair value through profit or loss	2,772,443	2,261,404	511,039
Financial assets at fair value through other comprehensive income	739,255	216,321	522,934
Other financial assets	1,666,176	1,666,176	-
Right-of-use assets	76,697	-	76,697
Investment property	398,747	-	398,747
Reinsurance contract assets	4,166,241	2,964,445	1,201,796
Property and equipment	3,612,574	-	3,612,574
Intangible assets	115,634	-	115,634
Deferred income tax assets	2,049,015	-	2,049,015
Other assets	4,660,176	537,836	4,122,340
<u>Liabilities</u>			
Payables	\$ 1,673,583	\$ 1,673,583	\$ -
Financial liabilities at fair value through profit or loss	1,403	1,403	-
Insurance liabilities	25,315,651	20,486,863	4,828,788
Deferred income tax liabilities	129,950	-	129,950
Lease liabilities	77,250	56,640	20,610
Other liabilities	245,210	243,125	2,085

(9) The subsidiary-Hotai Insurance Co., Ltd.'s related information on commissioned investments

The subsidiary, Hotai Insurance Co., Ltd. entrusts the securities investment trust business to operate and manage the investment in domestic listed company stocks, domestic and foreign bonds, and short-term notes. The entrusted contract is limited by the legal upper limit. As of December 31, 2023 and 2022, the fund amounts were \$1,000,000 and \$1,300,000, respectively.

(10) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention earned premiums is shown below:

Year ended December 31, 2023						
<u>Category of insurance</u>	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 563,564	\$ 195,820	\$ 228,979	\$ 530,405	\$ 15,829	\$ 514,576
Elective insurance	12,606,810	233,196	4,449,003	8,391,003	(447,695)	8,838,698
	13,170,374	429,016	4,677,982	8,921,408	(431,866)	9,353,274
Discount	4	-	-	4	-	4
	<u>\$ 13,170,378</u>	<u>\$ 429,016</u>	<u>\$ 4,677,982</u>	<u>\$ 8,921,412</u>	<u>(\$ 431,866)</u>	<u>\$ 9,353,278</u>
Year ended December 31, 2022						
<u>Category of insurance</u>	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 508,383	\$ 179,757	\$ 206,450	\$ 481,690	\$ 16,780	\$ 464,910
Elective insurance	11,785,531	254,933	2,677,590	9,362,874	138,991	9,223,883
	12,293,914	434,690	2,884,040	9,844,564	155,771	9,688,793
Discount	(7)	-	-	(7)	-	(7)
	<u>\$ 12,293,907</u>	<u>\$ 434,690</u>	<u>\$ 2,884,040</u>	<u>\$ 9,844,557</u>	<u>\$ 155,771</u>	<u>\$ 9,688,786</u>

(11) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention claim expenditures is shown below:

Year ended December 31, 2023				
<u>Category of insurance</u>	Claim expenditures	Reinsurance claim expenditures	Reinsurance claims recovery	Retention claim expenditures
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Compulsory insurance	\$ 303,615	\$ 168,784	\$ 180,177	\$ 292,222
Elective insurance	13,615,215	278,030	1,239,327	12,653,918
	<u>\$ 13,918,830</u>	<u>\$ 446,814</u>	<u>\$ 1,419,504</u>	<u>\$ 12,946,140</u>
Year ended December 31, 2022				
<u>Category of insurance</u>	Claim expenditures	Reinsurance claim expenditures	Reinsurance claims recovery	Retention claim expenditures
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Compulsory insurance	\$ 246,475	\$ 154,571	\$ 147,506	\$ 253,540
Elective insurance	34,820,495	53,003	798,916	34,074,582
	<u>\$ 35,066,970</u>	<u>\$ 207,574</u>	<u>\$ 946,422</u>	<u>\$ 34,328,122</u>

(12) Financial information of compulsory automobile insurance:

The subsidiary, Hotai Insurance Co., Ltd., sets independent accounting for its compulsory automobile liability insurance in accordance with Compulsory Automobile Liability Insurance Act, recording the insurance' business and financial condition.

A. As of December 31, 2023 and 2022, balance sheets for compulsory automobile liability insurance are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets		
Cash and cash equivalents	\$ 1,858,480	\$ 1,765,189
Notes receivable	4,458	6,902
Premiums receivable	10,722	10,572
Claims recoverable from reinsurers	29,441	19,076
Due from reinsurance and ceding companies	16,208	14,901
Ceded unearned premium reserve	118,198	106,984
Ceded claim reserve	170,568	140,743
Temporary payments and suspense accounts	69	-
Total assets	<u>\$ 2,208,144</u>	<u>\$ 2,064,367</u>
Liabilities		
Claims payable	\$ 18,009	\$ 800
Due to reinsurance and ceding companies	19,604	32,715
Unearned premium reserve	304,349	277,606
Claims reserve	419,095	360,388
Special reserve	1,437,715	1,390,444
Temporary payments and suspense accounts	9,012	2,414
Total liabilities	<u>\$ 2,207,784</u>	<u>\$ 2,064,367</u>

As of December 31, 2023 and 2022, the subsidiary, Hotai Insurance Co., Ltd., has long-term time deposits amounting to \$1,711,800 and \$1,666,707, respectively, shown as other financial assets in the balance sheets.

B. Details of revenues and costs for compulsory automobile liability insurance are as follows:

	Years ended December 31,	
	2023	2022
Operating revenues		
Written premiums	\$ 381,628	\$ 344,079
Reinsurance premiums	195,820	179,757
Less: Reinsurance premiums ceded	(228,979)	(206,450)
Net change in unearned premium reserve	(15,829)	(16,780)
Retention earned premiums	332,640	300,606
Interest income	21,468	14,221
Total	<u>\$ 354,108</u>	<u>\$ 314,827</u>
Operating costs		
Claim expenditures	\$ 303,615	\$ 246,475
Reinsurance claim expenditures	168,784	154,571
Less: Reinsurance claims recovery	(180,176)	(147,506)
Retention claim expenditures	292,223	253,540
Net change in claims reserve	28,882	1,642
Net change in special reserve	47,272	74,391
Total	<u>\$ 368,377</u>	<u>\$ 329,573</u>

(13) Capital management- Hotai Insurance Co., Ltd.

The primary objectives of the subsidiary, Hotai Insurance Co., Ltd., when managing capital are to safeguard capital adequacy and solvency of the subsidiary in order to support the subsidiary's sustainable development and continuously create interests for shareholder.

Taiwan insurance enterprises usually measure whether the capital is adequate in accordance with the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. The subsidiary, Hotai Insurance Co., Ltd. calculates the capital adequacy ratio once every half year in accordance with "Regulations Governing Capital Adequacy of Insurance Enterprises" to ensure that it can continuously meet the statutory capital requirement. In addition, net worth ratio will be included in the monitor indicators of capital adequacy ratio.

Capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. The subsidiary, Hotai Insurance Co., Ltd. calculates capital adequacy ratio in accordance with "Regulations Governing Capital Adequacy of Insurance Companies". Currently, the RBC ratio is lower than the requirement of 200% because of the selling of severe and special infectious pneumonia related to epidemic prevention insurance products. To comply with the regulations of the "Regulations Governing Capital Adequacy of Insurance Enterprises", the

Company prepared a financial plan for epidemic prevention and insurance for 2022, and submitted it to the Competent Authorities for approval on June 7, 2022 along with applying for the capital increase. Please refer to Note 4(3) for further details. As of 2023, a financial improvement plan was proposed and implemented that included measures such as reducing capital to offset losses, conducting a private placement of common shares to raise cash, and disposing of real estate assets to expand capital. As of December 31, 2023, the subsidiary, Hotai Insurance Co., Ltd.'s ratio of self-owned capital to risk-based capital was higher than 200%.

Under Article 15 of “Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance”, the net worth ratios of the subsidiary, Hotai Insurance Co., Ltd., as of December 31, 2023 and 2022 were 15.15% and (19.14%), respectively.

(14) The total amount of current assets and liabilities of the subsidiary, Hotai Finance Co., Ltd., that are expected to be recovered and repaid within or over 12 months

<u>December 31, 2023</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,878,184	\$ 2,878,184	\$ -
Current financial assets for hedging	570,885	380,830	190,055
Accounts and notes receivable, net	273,468,608	100,295,043	173,173,565
Other receivables	78,696	78,696	-
Inventories	4,962	4,962	-
Prepayments	6,747,521	5,146,271	1,601,250
Other current financial assets	506,020	506,020	-
<u>Liabilities</u>			
Short-term borrowings	\$ 92,619,765	\$ 70,073,763	\$ 22,546,002
Short-term notes and bills payable	133,524,317	109,497,790	24,026,527
Current financial liabilities for hedging	1,087,983	1,024,638	63,345
Notes payable	1,522,704	1,522,704	-
Accounts payable (including related parties)	707,786	707,786	-
Other payables	3,390,682	3,390,682	-
Current income tax liabilities	854,078	854,078	-
Lease liabilities-current	144,040	144,040	-
Bonds payable	27,486	27,486	-
Financial guarantee liabilities-current	31,200,000	-	31,200,000
Guarantee deposits received-current	4,404,620	1,971,759	2,432,861
Other current liabilities, others	46,109	46,109	-

<u>December 31, 2022</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,382,775	\$ 2,241,326	\$ 141,449
Current financial assets for hedging	504,827	340,578	164,249
Accounts and notes receivable, net	226,269,028	89,926,876	136,342,152
Other receivables	82,568	82,568	-
Inventories	5,979	5,979	-
Prepayments	6,886,170	5,219,739	1,666,431
Other current financial assets	373,119	373,119	-
<u>Liabilities</u>			
Short-term borrowings	\$ 83,933,343	\$ 63,694,339	\$ 20,239,004
Short-term notes and bills payable	104,986,596	81,058,607	23,927,989
Current financial liabilities for hedging	586,800	174,432	412,368
Notes payable	762,215	762,215	-
Accounts payable (including related parties)	514,386	514,386	-
Other payables	3,165,332	3,165,332	-
Current income tax liabilities	724,843	724,843	-
Lease liabilities-current	114,848	114,848	-
Bonds payable	22,200,000	-	22,200,000
Financial guarantee liabilities-current	39,598	39,598	-
Guarantee deposits received-current	4,275,142	1,752,265	2,522,877
Other current liabilities, others	65,667	65,667	-

13. Supplementary Disclosures

Related information of significant transactions are as follows:

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties exceeding \$100 million or 20% of paid-in capital or more: Please refer to table 7.

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

I. Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of December 31, 2023:

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

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

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Company considers the business from an operating perspective, and the reportable operating segments are as follows:

- A. Distributor of Toyota and Hino products segments: distributor for sale of Toyota and Hino vehicles, parts and other products to dealers. This segment refers to Hotai Motor Co., Ltd. As of December 31, 2023, the Company's self-owned capital ratio was 65%.
- B. Installment trading segments: trading various vehicles in installments.
- C. Leasing segments: leasing of various vehicles in installments.
- D. Property insurance segments: engaging in various property insurance.
- E. Overseas sales agent segment: Sales agent in the mainland Chinese market.
- F. Other segments: business activities and operating segments not included above.

(2) Measurement of segment information

- A. The accounting policies of operating segments are in agreement with the significant accounting policies summarized in Note 4.
- B. The pre-tax net income is used to measure the Company's operating segment profit (loss) and performance of the operating segments.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Items	Year ended December 31, 2023			
	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 156,138,095	\$ 19,472,013	\$ 31,588,280	\$ 11,345,223
Inter-segment revenue (Note)	17,660,222	611,165	1,159,471	694,065
Total segment revenue	\$ 173,798,317	\$ 20,083,178	\$ 32,747,751	\$ 12,039,288
Segment income (loss) (Note)	\$ 22,942,761	\$ 4,901,415	\$ 2,582,796	\$ 4,259,434
Depreciation and amortization	\$ 102,993	\$ 141,401	\$ 11,700,818	\$ 164,385
Income expense	\$ 83,356	\$ 1,116,770	\$ 561,715	\$ 600,617
Gain on investments accounted for using equity method	\$ 10,727,119	\$ 426,530	\$ 431,727	\$ -
Segment assets	\$ 102,391,453	\$ 271,564,789	\$ 92,089,284	\$ 28,125,523
Segment liabilities	\$ 36,164,968	\$ 232,445,093	\$ 79,391,966	\$ 23,864,372

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 19,453,925	\$ 41,479,738	\$ -	\$ 279,477,274
Inter-segment revenue (Note)	2,410,858	11,426,030	(33,961,811)	-
Total segment revenue	<u>\$ 21,864,783</u>	<u>\$ 52,905,768</u>	<u>(\$ 33,961,811)</u>	<u>\$ 279,477,274</u>
Segment income (loss) (Note)	<u>\$ 1,284,939</u>	<u>\$ 7,386,484</u>	<u>(\$ 13,859,166)</u>	<u>\$ 29,498,664</u>
Depreciation and amortization	<u>\$ 376,912</u>	<u>\$ 673,943</u>	<u>(\$ 89,017)</u>	<u>\$ 13,071,435</u>
Income expense	<u>\$ 148,511</u>	<u>\$ 857,379</u>	<u>\$ -</u>	<u>\$ 3,368,348</u>
Gain on investments accounted for using equity method	<u>\$ 599,957</u>	<u>\$ 4,118,670</u>	<u>(\$ 12,862,441)</u>	<u>\$ 3,441,562</u>
Segment assets	<u>\$ 21,518,203</u>	<u>\$ 72,546,706</u>	<u>(\$ 102,355,608)</u>	<u>\$ 485,880,350</u>
Segment liabilities	<u>\$ 4,534,535</u>	<u>\$ 14,975,472</u>	<u>(\$ 5,934,403)</u>	<u>\$ 385,442,003</u>

Year ended December 31, 2022

Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 124,900,825	\$ 15,273,082	\$ 27,290,186	\$ 10,480,917
Inter-segment revenue (Note)	(23,248,840)	676,496	1,230,712	353,602
Total segment revenue	<u>\$ 101,651,985</u>	<u>\$ 15,949,578</u>	<u>\$ 28,520,898</u>	<u>\$ 10,834,519</u>
Segment income (loss) (Note)	<u>(\$ 19,090,916)</u>	<u>\$ 4,540,553</u>	<u>\$ 2,685,518</u>	<u>(\$ 38,893,373)</u>
Depreciation and amortization	<u>\$ 105,932</u>	<u>\$ 197,635</u>	<u>\$ 10,692,368</u>	<u>\$ 168,668</u>
Income expense	<u>\$ 149,118</u>	<u>\$ 978,113</u>	<u>\$ 633,038</u>	<u>(\$ 1,986,233)</u>
Gain on investments accounted for using equity method	<u>(\$ 30,313,830)</u>	<u>\$ 388,907</u>	<u>\$ 491,273</u>	<u>\$ -</u>
Segment assets	<u>\$ 80,985,709</u>	<u>\$ 223,901,157</u>	<u>\$ 105,533,805</u>	<u>\$ 23,034,337</u>
Segment liabilities	<u>\$ 38,744,376</u>	<u>\$ 193,492,605</u>	<u>\$ 93,471,237</u>	<u>\$ 27,443,047</u>

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 22,286,952	\$ 45,542,701	\$ -	\$ 245,774,663
Inter-segment revenue (Note)	2,999,227	(13,229,042)	31,217,845	-
Total segment revenue	<u>\$ 25,286,179</u>	<u>\$ 32,313,659</u>	<u>\$ 31,217,845</u>	<u>\$ 245,774,663</u>
Segment income (loss) (Note)	<u>\$ 2,160,694</u>	<u>(\$ 15,224,559)</u>	<u>\$ 49,187,200</u>	<u>(\$ 14,634,883)</u>
Depreciation and amortization	<u>\$ 294,154</u>	<u>\$ 513,175</u>	<u>\$ 60,818</u>	<u>\$ 12,032,750</u>
Income expense	<u>\$ 328,633</u>	<u>\$ 1,008,406</u>	<u>\$ -</u>	<u>\$ 1,111,075</u>
Gain on investments accounted for using equity method	<u>\$ 895,461</u>	<u>(\$ 19,636,903)</u>	<u>\$ 50,418,251</u>	<u>\$ 2,243,159</u>
Segment assets	<u>\$ 19,929,324</u>	<u>\$ 44,926,854</u>	<u>(\$ 91,750,049)</u>	<u>\$ 406,561,137</u>
Segment liabilities	<u>\$ 4,190,879</u>	<u>(\$ 11,083,909)</u>	<u>(\$ 9,269,161)</u>	<u>\$ 336,989,074</u>

Note: Inter-segment revenue is revenue from goods sold and services rendered between segments. Sales and transfers between consolidated entities are deemed as transactions with third parties and are measured at present market price.

(4) Reconciliation for segment income (loss)

- A. The Company's Chief Operating Decision-Maker assesses performance of operating segments and allocates resources based on pre-tax net income, thus, reconciliation is not needed.
- B. The total assets reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the Company's financial statements.

(5) Information on products and services

Revenue from external customers is primarily derived from the exclusive agent of Toyota and Hino products segment and leasing segment.

Details of revenue balance are as follows:

	Years ended December 31,	
	2023	2022
Sales revenue	\$ 219,726,666	\$ 195,101,115
Rental revenue	19,250,378	17,510,561
Interest revenue	21,189,475	16,457,155
Premium	8,659,215	9,335,184
Others	10,651,540	7,370,648
	<u>\$ 279,477,274</u>	<u>\$ 245,774,663</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 255,783,267	\$ 86,516,523	\$ 219,358,487	\$ 79,883,207
Mainland China	23,694,007	7,142,421	26,416,176	6,468,967
	<u>\$ 279,477,274</u>	<u>\$ 93,658,944</u>	<u>\$ 245,774,663</u>	<u>\$ 86,352,174</u>

Note: Revenue is categorized based on the locations of customers.

(7) Major customer information

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

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	\$ 32,175,665	Distributor of Toyota and Hino	\$ 26,399,143	Distributor of Toyota and Hino
B	29,409,043	"	24,014,444	"
C	23,134,841	"	18,060,496	"
D	21,968,475	"	18,059,342	"

Table 1

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

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

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

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

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

Note 3: The limit on total loans to the creditor (Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd. and Shanghai Fengyi Construction Decoration Co., Ltd.) and borrower (Hotong Motor Investment Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 4: The limit on total loans to the creditor (Hotong Motor Investment Co., Ltd.) and borrower (Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.,Nanjing HoZhan Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Hoyun International Leasing Co., Ltd.,

Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 5: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders'equity.

Note 6: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower (He Jing Co., Ltd. and He Jun Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 7: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower (Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd., XianYao Energy Co., Ltd., Wei Tien Energy Storage Co., Ltd., Tung Ching Green Energy Co., Ltd., Billion Sunpower Co., Ltd., Cheng Yo Technology Co., Ltd. and Hon Yang Energy Co., Ltd.) for working capital needs, ceiling on total loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 8: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (A, B, C, D and E) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Hotai Motor Co., Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

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

Table 2

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

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

1. The Company is ‘0’.

2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Limit on the Company’s accumulated endorsement/guarantee is 50% of the Company’s stockholders’ equity; limit on endorsement/guarantee to a single party is 30% of the Company’s stockholders’ equity.

Note 3: For Hotai Financial Co., Ltd. the limit on total endorsement is no more than 100% of it's total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity.

The net asset value is based on the latest financial statements reviewed by auditors.

Note 4: The Company owns directly or indirectly more than 50% of the voting shares.

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

Table 3

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

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	outstanding	Ownership (%)	Fair value	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	YU-TU (BVI) Finance Investment Corporation	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 23,495	10.48%	\$ 23,495	
Hotai Connected Co., Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	9,550,095	\$ 100,000	-	\$ 101,479	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	18,015,334	230,000	-	232,389	
			Valuation adjustment of financial assets		3,868		-	
			Total		\$ 333,868		\$ 333,868	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	2,340,746	\$ 24,508	-	\$ 24,873	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	7,855,322	100,000	-	101,330	
	- CTBC Hua Win Money Market Fund	Not applicable	"	458,630	5,108	-	5,189	
			Valuation adjustment of financial assets		1,775		-	
					\$ 131,392		\$ 131,392	
ChyuanAn Transport Co.,Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,186	
	- CTBC Hua Win Money Market Fund							
			Valuation adjustment of financial assets		159		-	
			Total		\$ 10,186		\$ 10,186	
YuCheng Transport Co.,Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,238	
	- CTBC Hua Win Money Market Fund							
			Valuation adjustment of financial assets		238		-	
			Total		\$ 15,238		\$ 15,238	

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

Hotai Motor Co., Ltd.

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

For the year ended December 31, 2023

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

Table 4

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

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

Note 2: Please refer to Note 10 for details.

Note 3: Refers to obtain from natural person.

Hotai Motor Co., Ltd.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

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

Table 5

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

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

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

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

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

Hotai Motor Co., Ltd.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

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

Table 6

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

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

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

Note 3: Transaction amount is the total contract price.

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

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 6: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

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

Table 7

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

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

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

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

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

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

Table 8

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

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

Table 9

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

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

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

(1.)The parent company is numbered "0".

(2.)The subsidiaries are numbered starting from "1".

Note 2 : The relationships among the transaction parties are as follows, just indicate the type. (If it is the same transaction between the parent company and its subsidiaries or among the subsidiaries, it is not necessary to disclose it repeatedly. For instance: a transaction the parent company to a subsidiary, if the parent company has disclosed it, then the subsidiary does not need to disclose it again; a transaction between subsidiaries, if one subsidiary has disclosed it, then the other subsidiary does not need to disclose it again):

(1.)The parent company to the subsidiary.

(2.)The subsidiary to the parent company.

(3.)The subsidiary to another subsidiary.

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

Table 10

Hotai Motor Co., Ltd.											
Names, locations and other information of investee companies (not including investees in Mainland China)											
For the year ended December 31, 2023											
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 12,004,622	\$ 7,204,622	254,032	100.00	\$ 19,048,149	\$ 2,935,096	\$ 2,935,096	Subsidiary
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	6,782,034	5,936,261	1,780,709	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	26,000,000	2,182,142,857	77.93	3,375,181	3,658,817	2,292,980	Subsidiary
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,343,693	3,343,693	108,897,360	100.00	9,003,570	235,008	235,008	"
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	4,495,922	730,578	730,578	"
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,905,564	1,380,639	273,054	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	"	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	3,755,007	239,139	107,270	Subsidiary
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	2,004,989	1,390,892	273,505	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,235,931	1,235,931	22,161,150	20.00	1,544,248	844,421	162,681	"
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,962,607	1,385,153	706,428	Subsidiary
Hotai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,782	5,763	864	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,467,836	872,312	303,652	"
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,626,315	1,368,732	276,210	"
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,318,219	1,003,723	237,581	"
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	Sales of vehicles and parts for industry use	50,000	50,000	79,578,810	100.00	1,158,299	166,930	166,930	Subsidiary
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	46,550,242	100.00	558,469	59,320	59,320	"
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	311,454	111,148	21,548	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	401,697	10,388	4,616	"
Hotai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	124,635	21,401	4,525	"

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

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

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

Hotai Motor Co., Ltd.

Information on investments in Mainland China-Basic information

For the year ended December 31, 2023

Table 11 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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

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

Note 1: The investmets are classified as follows:
Note(1) Direct investment in Mainland China.
Note(2) Investment in Mainland China companies through a company invested and established in a third region.
Note(3) Others.

Note 2:The amount of investment income (loss) recognized for the year ended December 31, 2023 is based on:
(1) The financial statements were audited by R.O.C parent company's CPA.
(2) The financial statements were audited by other independent auditors in PricewaterhouseCoopers, Taiwan.
(3) Others

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Motor Co., Ltd.	\$ 2,024,813	\$ 5,241,582	\$ 60,263,008

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

Table 12

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

6.5. Parent company only financial statement and report of independent accounts

INDEPENDENT AUDITORS' REPORT (TRANSLATED FROM CHINESE)

PWCR230004973

To the Board of Directors and Shareholders

Hotai Motor Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to “*Other matter*” section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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

Description

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

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

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

How our audit addressed the matter

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

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

Valuation of the provisions for warranty

Description

Please refer to Note 4(23) of the parent company only financial statements for the accounting policies on provisions for warranty, Note 5(2) B for uncertainty of accounting estimates and assumptions of provisions for warranty, and Note 6(16) for details of the provisions for warranty.

In order to enhance customer's confidence on product quality, Hotai Motor Co., Ltd. provides a warranty for cars. Since the provisions for warranty involves massive historical data as well as complex calculations in respect of maintenance and repair experience, it is identified as a key audit matter.

How our audit addressed the matter

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

1. In terms of the agent brands, obtained the car sold information that met the warranty items offered by Hotai Motor Co., Ltd., such as cars' maintenance details as well as registration forms. Sampled and tested each car's warranty cost on maintenance records.

2. Reviewed the system information in respect of total cars sold which qualify for the warranty scheme mentioned above. Evaluated the reasonableness of provision for warranty by considering the average warranty cost claimed from each agent brand.

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

Description

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

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

How our audit addressed the matter

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

1. Understood and assessed Hotai Insurance’s policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve (including those prior to and after reinsurance) with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assists us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
 - (1) Examined the reasonableness of the assessment method for the reserves;
 - (2) Examined the reasonableness of the assumptions used by Hotai Insurance;
 - (3) Recalculated unreported and unsettled claims reserve using assumption adopted by Hotai Insurance Co., Ltd. in order to confirm the accuracy of the allowances and the reasonableness of the epidemic prevention insurance products for the reserves.

4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claims amount.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$ 8,193,785 thousand and NT\$ 6,686,519 thousand, constituting 8.00% and 7.99% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income amounted to 709,946 thousand and NT\$ 531,866 thousand, constituting 2.78% and (2.51)% of the total comprehensive income for the years then ended, respectively.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial reporting users.

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

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

presentation.

- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

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

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,104,125	8	\$ 4,354,075	5
1110	Financial assets at fair value through profit or loss - current	6(2)	889,842	1	537,173	1
1150	Notes receivable, net	6(4)	2,518	-	3,362	-
1170	Accounts receivable, net	6(4)	24,837	-	25,103	-
1180	Accounts receivable - related parties, net	6(4) and 7	3,376,485	3	2,849,190	3
1200	Other receivables	7	805,216	1	662,186	1
130X	Inventories, net	6(5)	6,874,519	7	4,454,796	5
1410	Prepayments		386,695	-	431,250	1
11XX	Total current assets		20,464,237	20	13,317,135	16
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		81,927,216	80	70,376,056	84
1XXX	Total assets		\$ 102,391,453	100	\$ 83,693,191	100

(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)

		Retained earnings				Other equity				
						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	Total equity	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings				
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
<u>Cash flows from operating activities</u>			
Profit (loss) before income tax		\$ 22,941,031	(\$ 19,200,146)
Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(24)	102,992	105,932
Net loss on financial instruments at fair value through profit or loss	6(23)	87,100	159,405
Interest expense		376,579	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
Inventories, net		(2,419,723)	(63,908)
Prepayments		44,555	(128,179)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,655,477	1,616,686
Other payables		789,048	(505,297)
Other current liabilities		(34,653)	(3,419)
Other non- current liabilities		797,456	(24,796)
Cash inflow generated from operations		12,605,042	11,235,674
Interest received		111,969	78,860
Cash dividends received		3,874,972	4,378,283
Interest paid		(385,379)	(73,946)
Income tax paid		(128,338)	(2,323,894)
Net cash provided by operating activities		16,078,266	13,294,977
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		-	(68,571)
Acquisition of investments accounted for using equity method	6(6)	(4,812,000)	(26,223,500)
Proceeds from disposal of investments accounted for using equity method	6(6)	-	338,661
Acquisition of property, plant and equipment	6(7)	(164,847)	(49,437)
Proceeds from disposal of property, plant and equipment	6(7)	3,481	2,720
Acquisition of intangible assets		(22,000)	-
Increase in other non-current assets		(96,957)	(16,278)
Net cash flows used in investing activities		(5,092,323)	(26,016,405)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(28)	(13,137,818)	10,876,291
Proceeds from long-term loans	6(28)	7,000,000	8,000,000
Repayments of principal portion of lease liability	6(28)	(5,717)	(5,782)
Cash dividends paid	6(19)(28)	(1,092,358)	(10,923,584)
Net cash flows (used in) provided by financing activities		(7,235,893)	7,946,925
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		\$ 8,104,125	\$ 4,354,075

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

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

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

1. History and Organization

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Company retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign

operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures the financial assets at fair value and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Leasing arrangement (lessor) – lease receivable/operating leases

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

(12) Inventories

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

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

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

- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- K. Pursuant to the “Regulations Governing the Preparation of Financial Statements by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each component of property, plant and equipment that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate using IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 60 years
Utility equipment	8 ~ 10 years
Office equipment	2 ~ 20 years
Other equipment	5 ~ 6 years
Rental assets	7 ~ 10 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

(16) Investment property

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

(17) Intangible assets

A. Trademark right (indefinite useful life)

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

B. Other intangible assets

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

(18) Impairment of non-financial assets

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

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

B. Intangible assets with indefinite useful lives are regularly estimated for their recoverable amount.

When the recoverable amount is lower than its book value, an impairment loss is recognized.

(19) Borrowings

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

(20) Notes and accounts payable

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

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

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

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

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

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (warranties) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is

recognized as interest expense. Provisions are not recognized for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(25) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related

deferred tax asset is realized or the deferred tax liability is settled.

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

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

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

(28) Revenue recognition

Sales of goods

- A. The Company sells cars and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Accumulated experience and other known reason is used to estimate and provide for the sales discounts and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- C. The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company estimates sales discounts based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Company reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(20) for the information of sales of goods.

B. Provisions for warranty

To enhance customer's confidence on product quality, the Company provides additional warranty services apart from the warranty offered by the original manufacturer. Provisions for warranty is estimated based on historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year, and is revaluated on a regular basis. Please refer to Note 6(16) "Provisions" for more information.

6. Detail of Significant Accounts

(1) Cash and cash equivalents

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

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

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

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

Financial liabilities at fair value through profit or loss

Current items:

Financial liabilities held for trading

Derivative instruments	<u>\$ 407,727</u>	<u>\$ 161,205</u>
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A. Amounts recognized in profit or loss in relation to financial instruments at fair value through profit or loss are listed below:

Items	Years ended December 31,	
	2023	2022
Financial instruments mandatorily measured at fair value		
Derivative instruments	(\$ 298,654)	(\$ 92,338)
Corporate bonds	12,938	17,250
Foreign stocks	198,616	(84,317)
	<u>(\$ 87,100)</u>	<u>(\$ 159,405)</u>

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

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

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

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

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

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

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

	December 31,	
<u>Items</u>	<u>2023</u>	<u>2022</u>
Equity instruments		
Listed stocks and unlisted stocks	\$ 6,482,452	\$ 6,482,452
Valuation adjustment	3,999,603	1,362,995
	<u>\$ 10,482,055</u>	<u>\$ 7,845,447</u>

A. The Company has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$10,482,055 and \$7,845,447, respectively, as of December 31, 2023 and 2022.

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

	Years ended December 31,	
<u>Items</u>	<u>2023</u>	<u>2022</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>\$ 2,636,608</u>	<u>(\$ 1,482,013)</u>

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

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

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

	December 31,	
	2023	2022
Notes receivable	\$ 2,518	\$ 3,362
Accounts receivable	3,401,322	2,874,293
	<u>\$ 3,403,840</u>	<u>\$ 2,877,655</u>

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

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

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

(5) Inventories

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

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 1,925,234	\$ -	\$ 1,925,234
Parts	715,009	(94,570)	620,439
Inventory in transit	1,909,123	-	1,909,123
	<u>\$ 4,549,366</u>	<u>(\$ 94,570)</u>	<u>\$ 4,454,796</u>

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

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

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

(6) Investments accounted for using equity method

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

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

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

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

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

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

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

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

The individually immaterial associates of the Company for the years ended December 31, 2023 and 2022 amounted to \$18,636,520 and \$16,909,799, respectively.

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

- G. On January 20, 2022, the Company sold 30% of its stake in the Company's subsidiary Hotai Connected Co., Ltd to the Company's subsidiary Eastern Motor Co., Ltd. and associates Kuotu Motor Co., Ltd. and nine other associates for an amount of \$339,000. The Company incurred changes in capital surplus amounting to \$119,102.
- H. On February 22, 2022, the Company participated in the capital increase of He Jun Energy Co., Ltd. The amount of investment and shareholding ratio are \$180,000 and 18%, respectively.
- I. On August 4, 2022, the Company acquired 100% shareholding of Hotai Auto Body Sales Co., Ltd. from Hotai Auto Body Manufacturing Co., Ltd. amounting to \$40,000. The Company incurred changes in capital surplus amounting to (\$897).
- J. On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. without following the shareholding ratio, amounting to \$20,000,000 and \$6,000,000, respectively. As a result, its shareholding ratio would be 92.86% after the capital increase. The Company incurred changes in capital surplus amounting to (\$32,113).
- K. On December 22, 2022, the Company's subsidiary Hozan Investment Co., Ltd. successively reduced its capital to cover for losses of \$11,000,000 and increased its capital by \$3,500 in cash. The Company fully subscribed to the capital increase, and the shareholding ratio remained 100%.
- L. On May 11, 2023, the Company participated in the capital increase of the Company's subsidiary, Hozan Investment Co., Ltd. amounting to \$4,800,000. However, the shareholding ratio is still 100% after the capital increase.
- M. On June 9, 2023 and June 13, 2023, the Company's subsidiaries Hotai Insurance Co., Ltd. and Hozan Investment Co., Ltd. reduced their capital to cover for losses of \$4,500,000 and \$10,076,934, respectively.
- N. On June 14, 2023, the Company's subsidiary Hozan Investment Co., Ltd. participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. without following the shareholding ratio, amounting to \$4,500,000. The Company did not participate in the capital increase. Therefore, the shareholding ratio dropped to 77.93%, and incurred changes in capital surplus amounting to (\$599).

(7) Property, plant and equipment

			Utility equipment					
	Land	Buildings and structures	Owner- occupied	Lease	Office Equipment	Others	Construction in progress	Total
<u>At January 1, 2023</u>								
Cost	\$ 2,891,965	\$ 1,396,394	\$ 128,239	\$ 78,612	\$ 595,055	\$ 15,135	\$ 400	\$ 5,105,800
Accumulated depreciation and impairment	(26,850)	(920,496)	(124,749)	(78,472)	(489,226)	(10,783)	-	(1,650,576)
	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>
<u>2023</u>								
Opening net book amount as at January 1	\$ 2,865,115	\$ 475,898	\$ 3,490	\$ 140	\$ 105,829	\$ 4,352	\$ 400	\$ 3,455,224
Additions	-	8,573	133	-	26,586	1,332	128,223	164,847
Disposals	- (	5,018)	-	- (	2,553)	-	-	(7,571)
Reclassifications	-	4,492	-	-	-	-	(2,667)	1,825
Depreciation charge	- (	35,878)	(563)	(44)	(29,695)	(1,862)	-	(68,042)
Closing net book amount as at December 31	<u>\$ 2,865,115</u>	<u>\$ 448,067</u>	<u>\$ 3,060</u>	<u>\$ 96</u>	<u>\$ 100,167</u>	<u>\$ 3,822</u>	<u>\$ 125,956</u>	<u>\$ 3,546,283</u>
<u>At December 31, 2023</u>								
Cost	\$ 2,891,965	\$ 1,384,626	\$ 117,706	\$ 78,612	\$ 554,528	\$ 15,609	\$ 125,956	\$ 5,169,002
Accumulated depreciation and impairment	(26,850)	(936,559)	(114,646)	(78,516)	(454,361)	(11,787)	-	(1,622,719)
	<u>\$ 2,865,115</u>	<u>\$ 448,067</u>	<u>\$ 3,060</u>	<u>\$ 96</u>	<u>\$ 100,167</u>	<u>\$ 3,822</u>	<u>\$ 125,956</u>	<u>\$ 3,546,283</u>

			Utility equipment					
	Land	Buildings and structures	Owner- occupied	Lease	Office Equipment	Others	Construction in progress	Total
<u>At January 1, 2022</u>								
Cost	\$ 2,891,965	\$ 1,286,124	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,987,232
Accumulated depreciation and impairment	(26,850)	(825,608)	(129,217)	(78,427)	(475,416)	(8,846)	-	(1,544,364)
	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>
<u>2022</u>								
Opening net book amount as at January 1	\$ 2,865,115	\$ 460,516	\$ 3,870	\$ 185	\$ 102,703	\$ 5,988	\$ 4,491	\$ 3,442,868
Additions	-	4,168	189	-	30,404	301	14,375	49,437
Disposals	- (	41)	-	- (	2,021)	-	-	(2,062)
Reclassifications	-	48,145	-	-	5,300	-	(18,466)	34,979
Depreciation charge	- (	36,890)	(569)	(45)	(30,557)	(1,937)	-	(69,998)
Closing net book amount as at December 31	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>
<u>At December 31, 2022</u>								
Cost	\$ 2,891,965	\$ 1,396,394	\$ 128,239	\$ 78,612	\$ 595,055	\$ 15,135	\$ 400	\$ 5,105,800
Accumulated depreciation and impairment	(26,850)	(920,496)	(124,749)	(78,472)	(489,226)	(10,783)	-	(1,650,576)
	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>

(8) Leasing arrangements - lessee

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

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

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

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

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

- D. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for lease amounted to \$69,667 and \$75,881, respectively.
- E. For the years ended December 31, 2023 and 2022, the Company had no increase in right-of-use assets.

(9) Leasing arrangements - lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amount of \$226,779 and \$229,578, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31,	
	2023	2022
Less than 1 year	\$ 234,984	\$ 231,269
Between 1 and 2 years	161,927	102,980
Between 2 and 3 years	161,927	33,852
Between 3 to 4 years	917	33,852
Between 4 to 5 years	917	917
More than 6 years	10,779	13,095
	<u>\$ 571,451</u>	<u>\$ 415,965</u>

(10) Investment property

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

	Land	Buildings and Structures	Total
<u>At January 1, 2022</u>			
Cost	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	-	(573,172)	(573,172)
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 1,681,005	\$ 917,595	\$ 2,598,600
Reclassifications	-	(34,979)	(34,979)
Depreciation charge	-	(30,136)	(30,136)
Closing net book amount as at December 31	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>
<u>At December 31, 2022</u>			
Cost	\$ 1,681,005	\$ 1,397,230	\$ 3,078,235
Accumulated depreciation	-	(544,750)	(544,750)
	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>

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

	Years ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 226,779</u>	<u>\$ 229,578</u>
Direct operating expenses arising from the investment property that generated rental income during the year (including depreciation charge)	<u>\$ 29,277</u>	<u>\$ 30,136</u>

B. The fair value of the investment property held by the Company was \$4,654,718 and \$4,664,497 as at December 31, 2023 and 2022, respectively. These values were determined using the comparative method by considering recent transaction prices of similar targets in the areas where each investment property is located, adjusted for individual factors such as location, scale and use. The appraisal belonged to the third level of fair value.

(11) Short-term borrowings

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

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

(12) Accounts payable (including related parties)

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

(13) Other payables

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

(14) Long-term borrowings

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

(15) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$33,878 and \$33,239, respectively.

(16) Provisions

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

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

Analysis of total provisions:

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

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

(17) Share capital

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

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

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

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

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

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

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

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022 dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. On June 21, 2022, the stockholders resolved those total dividends for the distribution of earnings for the year of 2021 was \$10,923,584 (\$20 in dollars per share).

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

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

(20) Operating revenue

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

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

(21) Interest income

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

(22) Other income

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

(23) Other gains and losses

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

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

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

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

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,767,823	\$ 1,339,766
Labor and health insurance fees	73,660	79,142
Pension costs	33,878	33,239
Directors' remuneration	490,151	17,215
Other personnel expenses	129,163	104,079
	<u>\$ 2,494,675</u>	<u>\$ 1,573,441</u>

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

B. For the years ended December 31, 2023 and 2022, employees' remuneration was accrued at \$236,505 and \$0, respectively; while directors' remuneration was accrued at \$473,011 and \$0, respectively. The aforementioned amounts were recognized in salary expenses.

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

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

(26) Income tax

A. Income tax expense

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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	2022		
	January 1	Recognized in Profit or loss	December 31
<u>Deferred tax assets:</u>			
Allowance for inventory obsolescence	\$ 17,960	\$ 954	\$ 18,914
Warranty provision	532,911	666	533,577
Unrealized gain on inter-affiliate accounts	62,347	2,866	65,213
Others	674	15,325	15,999
	<u>613,892</u>	<u>19,811</u>	<u>633,703</u>
<u>Deferred tax liabilities:</u>			
Gain on investment accounted for using equity method	(1,210,057)	(27,630)	(1,237,687)
Land value increment tax	(509,365)	-	(509,365)
Others	(29,313)	(529)	(29,842)
	<u>(1,748,735)</u>	<u>(28,159)</u>	<u>(1,776,894)</u>
	<u>(\$ 1,134,843)</u>	<u>(\$ 8,348)</u>	<u>(\$ 1,143,191)</u>

- D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.
- E. On December 22, 2022, the Company's subsidiary Hozan Investment Co., Ltd. reduced its capital to write off accumulated losses. Thus, the Company recognized tax benefit of \$2,200,000.
- F. Subsidiaries, Hotai Insurance Co., Ltd., and Hozan Investment Co., Ltd., carried out capital reduction to offset losses on June 9, 2023, and June 13, 2023, respectively. As a result, the company recognized income tax benefits of \$2,336,120.

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(27) Earnings (losses) per share

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

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

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

(28) Changes in liabilities from financing activities

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

	Short-term borrowings	Dividend payable	Lease liabilities	Long-term borrowings	Liabilities from financing activities-gross
January 1, 2022	\$ 3,144,963	\$ 6,277	\$ 13,099	\$ -	\$ 3,164,339
Changes in cash flow from financing activities	10,876,291	(10,923,584)	(5,782)	8,000,000	7,946,925
Changes in other non-cash items	-	10,923,569	-	-	10,923,569
December 31, 2022	<u>\$ 14,021,254</u>	<u>\$ 6,262</u>	<u>\$ 7,317</u>	<u>\$ 8,000,000</u>	<u>\$ 22,034,833</u>

7. Related Party Transaction

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Toyota Motor Asia Pacific Pte Ltd.(TMAP)	Entity controlled by key management
Toyota Motor Manufacturing Turkey Inc.	"
Toyota-Motor-Europe-Nv/Sa(TME)	"
Toyota-Motor-Sales-USA(TMS)	"
Toyota Daihatsu Engineering & Manufacturing Co.,Ltd	"
Hino Motors, Ltd.	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd.	"
Ho Yu Investment Co., Ltd.	"
Triple S Digital Co.,Ltd.	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Subsidiary
Toyota Material Handling Taiwan Ltd.	"
Carmax Co., Ltd. (Carmax)	"
HE JING CO., Ltd.	"
Hozan Investment Co., Ltd. (Hozan)	"
Ho Tai Service & Marketing Co., Ltd.	"
Hotai Insurance Co., Ltd. (Hotai Insurance)	"
Ho Tai Development Co., Ltd.	"
Hotai Connected Co., Ltd. (Hotai Connected)	"
Hotong Motor Investment Co., Ltd.	"
Hoing Mobility Service Co., Ltd.	"
Hotai Leasing Co., Ltd.	"
Hotai Finance Co., Ltd.	"
Eastern Motor Co., Ltd.	"
Chang Yuan Motor Co., Ltd. (Chang Yuan)	"
Smart Design Technology Co., Ltd.	"
Hotai Mobility Service Co., Ltd.	"

Names of related parties	Relationship with the Company
Ho Tai Parts & Accessories Co., Ltd.	Subsidiary
Ho Tai Crane Engineering Co., Ltd.	"
Ho Tai Transportation Co., Ltd.	"
Long Ho Crane Engineering Co., Ltd.	"
Long Hao Crane Engineering Co., Ltd.	"
Long Hao Removal Transport Services Co., Ltd.	"
Hotai Auto Body Manufacturing Co., Ltd. (Hotai Auto Body Manufacturing)	"
Hotai Auto Body Sales Co., Ltd. (Hotai Auto Body Sales)	"
YuCheng Transport Co., Ltd.	"
ChyuanAn Transport Co., Ltd.	"
He Jun Energy Co., Ltd.	"
Ho Young Travel Agency Co., Ltd.	"
Doroman Autoparts Corporation	"
Wei Tien Energy Storage Co., Ltd.	"
Formosa Flexible Packaging Corp.	Associate
Yokohama Tire Taiwan Co., Ltd.	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"
Central Motor Co., Ltd. (Central Motor)	"
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Fan Tai Transportation Co., Ltd. (Fan Tai)	"
Yi Tai Transportation Co., Ltd. (Yi Tai)	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
New Auto Parts Co., Ltd.	"
Innovation Auto Parts Co., Ltd.	"
Heng Yun Investment Co., Ltd.	"
Shi-Ho Screw Industrial Co., Ltd.	"
Zhongyang Motor Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"
Wang Fu Co., Ltd.	"
Kao Jin Co., Ltd.	"

(2) Significant related party transactions

A. Operating revenue

(a) Sales of merchandise

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

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

(b) Service revenue:

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

(c) Interest income:

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

Interest income is interest between transaction dates and collection dates due to the collection of sales transaction is based on agreed collection period. The annual interest rates for 2023 and 2022 were 2.775% and 2.65%, respectively.

(d) Rental revenue:

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

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

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

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

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

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

(g) Miscellaneous income:

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

B. Expenditures

(a) Interest expense:

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

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

(b) Purchase of goods:

	Years ended December 31,	
	2023	2022
-Associates		
Kuozui	\$ 52,055,892	\$ 48,293,126
Others	1,145,976	1,046,970
-Subsidiaries	2,263,880	1,943,757
-Entities controlled by key management		
TMC	55,739,072	37,759,395
Others	5,915,619	6,446,822
	<u>\$ 117,120,439</u>	<u>\$ 95,490,070</u>

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

(c) Warranty cost:

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

(d) Advertisement expense:

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

(e) Freight:

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

C. Receivables from (payables to) related parties

(a) Receivables from related parties:

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

(b) Other receivables from related parties:

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

(c) Payables to related parties:

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

(d) Other payables

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

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

(a) Acquisition of financial assets

	Account items	Number of shares Traded	Object of transaction	2022
				Acquisition price
-Subsidiary				
Hotai Auto Body Manufacturing	Investment accounted for using equity method	4,000 thousand shares	Hotai Auto Body Sales.	<u>\$ 40,000</u>

(b) Disposal of financial assets

		Number of shares	Object of	2022
		Traded	transaction	Acquisition price
-Entities controlled by key management				
Ho Yu Investment Co.,Ltd.	Investment accounted for using equity method	5,650 thousand shares	Hotai Connected	\$ 56,500
-Subsidiary	"	565 thousand shares	"	5,650
-Associate				
Kuotu	Investment accounted for using equity method	4,520 thousand shares	Hotai Connected	45,200
Tau Miao	"	"	"	45,200
Central Motor	"	"	"	45,200
Nan Du	"	"	"	45,200
Kau Du	"	"	"	45,200
Taipei Motor	"	"	"	45,200
Others	"	565 thousand shares	"	5,650
				<u>\$ 339,000</u>

(3) Endorsements and guarantees provided to related parties:

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

(4) Key management remuneration

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 558,568	\$ 75,231

8. Pledged assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Details of operating lease agreements are shown in Note 6(9).

(2) Significant contracts signed by the Company as of December 31, 2023 are summarized as follows:

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

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

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

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders.

(2) Financial instruments

A. Financial instruments by category

	December 31,	
	2023	2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,389,842	\$ 1,037,173
Financial assets at fair value through other comprehensive income		
Equity instrument	10,482,055	7,845,447
Financial assets at amortized cost		
Cash and cash equivalents	8,104,125	4,354,075
Notes receivable (including related parties)	2,518	3,362
Accounts receivable (including related parties)	3,401,322	2,874,293
Other receivables	805,216	662,186
Guarantee deposits paid (shown as “other non-current assets”)	89,586	65,595
	<u>\$ 24,274,664</u>	<u>\$ 16,842,131</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 407,727	\$ 161,205
Financial liabilities at amortized cost		
Short-term borrowings	883,436	14,021,254
Notes payable	-	7,682
Accounts payable (including related parties)	10,397,836	8,734,677
Other payables	3,129,780	2,349,530
Long-term borrowings	15,000,000	8,000,000
Guarantee deposits received (shown as “other non-current liabilities”)	1,322	819
	<u>\$ 29,820,101</u>	<u>\$ 33,275,167</u>
Lease liability	<u>\$ 1,438</u>	<u>\$ 7,317</u>

B. Financial risk management policies

- (a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (please refer to Note 6(2)).
- (b) Risk management is carried out by the Company’s finance departments under policies approved by the Board of Directors. Finance departments identify, evaluate and hedge financial risks in close cooperation with the Company’s operating units. The Board provides

written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange rate arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. Management has set up a policy to require management of foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company enters into forward exchange contracts, through finance department. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
Foreign currency				
	amount	Exchange	Book value	
	(In thousands)	rate		(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD 890	30.7050	\$	27,321
JPY:NTD	JPY 107,754	0.2172		23,404
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD 198,670	30.7050	\$	6,100,171
JPY:NTD	JPY 77,455	0.2172		16,823

	December 31, 2022			
	Foreign currency			
	amount		Exchange	Book value
	(In thousands)		rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	846	30.7100	\$ 25,995
JPY:NTD	JPY	152,697	0.2324	35,487
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	202,065	30.7100	\$ 6,205,409
JPY:NTD	JPY	18,510	0.2324	4,302

- iv. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$715,881 and \$441,738, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

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

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

Price risk

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

Interest rate risk

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

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company establishes its credit risk management. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance

with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

- (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

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

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

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the Company's finance department. Finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. As of December 31, 2023 and 2022, the Company's undrawn committed borrowing facilities amounted to \$30,712,364 and \$4,275,166, respectively.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
<u>December 31, 2023</u>			
Short-term borrowings	\$ 883,436	\$ -	\$ -
Accounts payable	10,397,836	-	-
Other payables	3,129,780	-	-
Long term borrowings	-	15,000,000	-
Lease liability	1,438	-	-
<u>Non-derivative financial liabilities:</u>			
<u>December 31, 2022</u>			
Short-term borrowings	\$ 14,021,254	\$ -	\$ -
Accounts payable	8,734,677	-	-
Other payables	2,349,530	-	-
Long term borrowings	-	8,000,000	-
Lease liability	5,897	1,474	-

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	-	-	-
Equity securities	889,842	-	-	889,842
Financial assets at fair value through other comprehensive income				
Equity securities	10,071,971	-	410,084	10,482,055
	<u>\$10,961,813</u>	<u>\$ 500,000</u>	<u>\$ 410,084</u>	<u>\$11,871,897</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 407,727	\$ -	\$ 407,727
	<u>\$ -</u>	<u>\$ 407,727</u>	<u>\$ -</u>	<u>\$ 407,727</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	52,132	-	52,132
Equity securities	485,041	-	-	485,041
Financial assets at fair value through other comprehensive income				
Equity securities	7,494,850	-	350,597	7,845,447
	<u>\$ 7,979,891</u>	<u>\$ 552,132</u>	<u>\$ 350,597</u>	<u>\$ 8,882,620</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 161,205	\$ -	\$ 161,205
	<u>\$ -</u>	<u>\$ 161,205</u>	<u>\$ -</u>	<u>\$ 161,205</u>

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

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

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

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 350,597	\$ 328,256
Current period purchases	-	68,571
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	59,487	(46,230)
At December 31	<u>\$ 410,084</u>	<u>\$ 350,597</u>

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

analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 410,084	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 350,597	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.

- J. The Company has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2023 and 2022.

13. Supplementary Disclosures

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

A. Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 6.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

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

(i) Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of December 31, 2023:

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

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

B. Information on investees

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

C. Information on investments in Mainland China

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

(b) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

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

14. Segment Information

Not applicable.

Table 1

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

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

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

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

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

Note 3: The limit on total loans to the creditor (Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd. and Shanghai Fengyi Construction Decoration Co., Ltd.) and borrower (Hotong Motor Investment Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 4: The limit on total loans to the creditor (Hotong Motor Investment Co., Ltd.) and borrower (Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.,Nanjing HoZhan Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Hoyun International Leasing Co., Ltd., Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 5: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders'equity.

Note 6: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower (He Jing Co., Ltd. and He Jun Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 7: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower (Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd., XianYao Energy Co., Ltd., Wei Tien Energy Storage Co., Ltd., Tung Ching Green Energy Co., Ltd., Billion Sunpower Co., Ltd., Cheng Yo Technology Co., Ltd. and Hon Yang Energy Co., Ltd.) for working capital needs, ceiling on total loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 8: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (A, B, C, D and E) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Hotai Motor Co., Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

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

Table 2

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

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

1. The Company is ‘0’.

2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Limit on the Company’s accumulated endorsement/guarantee is 50% of the Company’s stockholders’ equity; limit on endorsement/guarantee to a single party is 30% of the Company’s stockholders’ equity.

Note 3: For Hotai Financial Co., Ltd. the limit on total endorsement is no more than 100% of it's total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity.

The net asset value is based on the latest financial statements reviewed by auditors.

Note 4: The Company owns directly or indirectly more than 50% of the voting shares.

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

Table 3

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

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	outstanding	Ownership (%)	Fair value	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	YU-TU (BVI) Finance Investment Corporation	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 23,495	10.48%	\$ 23,495	
Hotai Connected Co., Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	9,550,095	\$ 100,000	-	\$ 101,479	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	18,015,334	230,000	-	232,389	
			Valuation adjustment of financial assets		3,868		-	
Total					\$ 333,868		\$ 333,868	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	2,340,746	\$ 24,508	-	\$ 24,873	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	7,855,322	100,000	-	101,330	
	- CTBC Hua Win Money Market Fund	Not applicable	"	458,630	5,108	-	5,189	
Valuation adjustment of financial assets					1,775		-	
Total					\$ 131,392		\$ 131,392	
ChyuanAn Transport Co.,Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,186	
	- CTBC Hua Win Money Market Fund							
			Valuation adjustment of financial assets		159		-	
Total					\$ 10,186		\$ 10,186	
YuCheng Transport Co.,Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,238	
	- CTBC Hua Win Money Market Fund							
			Valuation adjustment of financial assets		238		-	
Total					\$ 15,238		\$ 15,238	

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

Hotai Motor Co., Ltd.

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

For the year ended December 31, 2023

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

Table 4

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

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

Note 2: Please refer to Note 10 for details.

Note 3: Refers to obtain from natural person.

Hotai Motor Co., Ltd.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

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

Table 5

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

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

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

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

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

Hotai Motor Co., Ltd.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

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

Table 6

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

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

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

Note 3: Transaction amount is the total contract price.

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

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 6: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

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

Table 7

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

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

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

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

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

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

Table 8

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

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

Table 9

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

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

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

(1.)The parent company is numbered "0".

(2.)The subsidiaries are numbered starting from "1".

Note 2 : The relationships among the transaction parties are as follows, just indicate the type. (If it is the same transaction between the parent company and its subsidiaries or among the subsidiaries, it is not necessary to disclose it repeatedly. For instance: a transaction the parent company to a subsidiary, if the parent company has disclosed it, then the subsidiary does not need to disclose it again; a transaction between subsidiaries, if one subsidiary has disclosed it, then the other subsidiary does not need to disclose it again):

(1.)The parent company to the subsidiary.

(2.)The subsidiary to the parent company.

(3.)The subsidiary to another subsidiary.

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

Table 10

Hotai Motor Co., Ltd.
Names, locations and other information of investee companies (not including investees in Mainland China)
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Maximum outstanding balance during			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 12,004,622	\$ 7,204,622	254,032	100.00	\$ 19,048,149	\$ 2,935,096	\$ 2,935,096	Subsidiary
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	6,782,034	5,936,261	1,780,709	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	26,000,000	2,182,142,857	77.93	3,375,181	3,658,817	2,292,980	Subsidiary
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,343,693	3,343,693	108,897,360	100.00	9,003,570	235,008	235,008	"
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	4,495,922	730,578	730,578	"
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,905,564	1,380,639	273,054	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	"	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	3,755,007	239,139	107,270	Subsidiary
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	2,004,989	1,390,892	273,505	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,235,931	1,235,931	22,161,150	20.00	1,544,248	844,421	162,681	"
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,962,607	1,385,153	706,428	Subsidiary
Hotai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,782	5,763	864	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,467,836	872,312	303,652	"
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,626,315	1,368,732	276,210	"
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,318,219	1,003,723	237,581	"
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	Sales of vehicles and parts for industry use	50,000	50,000	79,578,810	100.00	1,158,299	166,930	166,930	Subsidiary
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	46,550,242	100.00	558,469	59,320	59,320	"
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	311,454	111,148	21,548	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	401,697	10,388	4,616	"
Hotai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	124,635	21,401	4,525	"

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

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

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

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

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

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

Note 1: The investmets are classified as follows:
Note(1) Direct investment in Mainland China.
Note(2) Investment in Mainland China companies through a company invested and established in a third region.
Note(3) Others.

Note 2:The amount of investment income (loss) recognized for the year ended December 31, 2023 is based on:
(1) The financial statements were audited by R.O.C parent company's CPA.
(2) The financial statements were audited by other independent auditors in PricewaterhouseCoopers, Taiwan.
(3) Others

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Motor Co., Ltd.	\$ 2,024,813	\$ 5,241,582	\$ 60,263,008

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

Table 12

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

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

Statement 1

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

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

Statement 2

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

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

Statement 3

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

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

Statement 4

Item	Balance as of January, 1, 2023	Additions	Deductions	Reclassifications	Balance as of December 31, 2023	Guaranteed or Pledged as collateral
Land						None
Cost	\$ 2,891,965	\$ -	\$ -	\$ -	\$ 2,891,965	
Less:Accumulated impairment	(26,850)	-	-	-	(26,850)	
Subtotal	2,865,115	-	-	-	2,865,115	
Buildings and structures	1,396,394	8,573	(27,723)	7,382	1,384,626	None
Utility equipment	128,239	133	(10,666)	-	117,706	"
Office equipment	595,055	26,586	(67,113)	-	554,528	"
Others	15,135	1,332	(858)	-	15,609	"
Rental assets	78,612	-	-	-	78,612	"
Construction in progress	400	128,223	-	(2,667)	125,956	"
	<u>\$ 5,078,950</u>	<u>\$ 164,847</u>	<u>(\$ 106,360)</u>	<u>\$ 4,715</u>	<u>\$ 5,142,152</u>	

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

Statement 5

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

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

Statement 6

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

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

Statement 7

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

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

Statement 8

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

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

Statement 9

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

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

Statement 10

Items	Quantity	Amount	Footnote
Revenue from contracts with customers:			
Sales revenue of vehicles			
Sedan	142,080 cars	\$ 142,170,827	
Others	2,049 cars	3,097,290	
Sales revenue of parts		15,257,047	
Others		<u>1,692,917</u>	
Subtotal		162,218,081	
Sales returns and allowance		(900,157)	
		<u>\$ 161,317,924</u>	

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

Statement 11

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

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

Statement 12

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

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

Statement 13

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

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

Statement 14

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

Note:

A. As at December 31, 2023 and 2022, the Company had 579 and 575 employees, including 12 and 12 non-employee directors, respectively.

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

(a) Average employee benefit expense in current year was \$3,535 ((Total employee benefit expense in current year–Total directors' compensation in current year) / (Number of employees in current year–Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$2,764 ((Total employee benefit expense in previous year–Total directors' compensation in previous year) / (Number of employees in previous year – Number of non-employee directors in previous year)).

(b) Average employee salaries in current year was \$3,118 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).Average employee salaries in previous year was \$2,380 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).

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

Statement 14

- (c) Adjustments of average employee salaries was 31.01% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).
- (d) The Company has no supervisors' remuneration as it had set up an audit committee.
- (e) The Company's salary and remuneration policy includes salary, bonus and employees' compensation. Salary shall be paid according to the Company's compensation regulation for employees. Bonus and employees' compensation are assessed according to the performance assessment regulation for employee. Different grades of performance appraisal are assessed by taking into account the overall operating performance of the Company, the future operational risks and development trends of the industry as well as the achievement rate of individual performance to link the performance bonus and employees' compensation. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation in 1%.
- (f) The emolument of the managers of the Company shall be reviewed by the remuneration committee and the Board of Directors of the Company, and the emolument system was reviewed timely based on the actual operating situation and relevant laws and regulations to balance the Company's sustainable operation and risk management.
- (g) In accordance with the Articles of Incorporation of the Company, the Board of Directors shall be authorized to determine the emolument according to the general pay levels in the industry. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as directors' remuneration not higher than 2%, while independent directors shall not participate in the distribution of remuneration. The attendance fee shall be paid according to the attendance of the Board of Directors.

VI. Financial Overview

- 6.6 If the Company or any of its affiliates has experienced financial or cash flow difficulties within the latest fiscal year or as of the date of this Annual Report, describe the financial impact of such events on the Company: N/A

柒、財務狀況及財務績效之檢討分析與風險事項

*Financial Conditions, Operating Results and Risk
Management*



VII. Financial Status, Operating Results and Risk Management

7.1 Financial Condition

Unit: in thousand NT\$

Item \ Year	2023	2022	Change	
			+(-) Amount	%
Current Assets	352,416,400	289,428,506	62,987,894	22
Non-current assets	133,463,950	117,132,631	16,331,319	14
Total Assets	485,880,350	406,561,137	79,319,213	20
Current Liabilities	339,244,897	301,581,096	37,663,801	12
Non-current liabilities	46,197,106	35,407,978	10,789,128	30
Total Liabilities	385,442,003	336,989,074	48,452,929	14
Share Capital	5,571,028	5,461,792	109,236	2
Capital Surplus	2,897,372	2,898,044	(672)	-
Retained Earnings	53,729,882	32,100,364	21,629,518	67
Other Equity Interest	4,028,202	1,304,787	2,723,415	209
Non-controlling Interest	34,211,863	27,807,076	6,404,787	23
Total Equity	100,438,347	69,572,063	30,866,284	44
<p>Analysis of percentage changes over the past two years:</p> <ul style="list-style-type: none"> Current assets: higher figures of current assets are primarily due to notes receivable and accounts receivable went up from 2022. Non-current liabilities: higher non-current liabilities are mainly attributable to increased long-term borrowings in 2023. Retained Earnings: higher retained earnings are mainly due to an increase of profit after income tax. Other equity interest: higher figures of other equity interest were mainly attributable to increased unrealized gains on financial assets at fair value through other comprehensive income in 2023. 				

VII. Financial Status, Operating Results and Risk Management

7.2 Financial Performance

7.2.1 Analysis of Financial Performance

Unit: in thousand NT\$

Item \ Year	2023	2022	Change	
			+(-) Amount	%
Total Income	279,477,274	245,774,663	33,702,611	14
Total Expenses	249,978,610	260,409,546	(10,430,936)	(4)
Profit (Loss) Before Income Tax	29,498,664	(14,634,883)	44,133,547	-
Income Tax Expense	(3,368,348)	(1,111,075)	(2,257,273)	203
Profit (Loss) for the Year	26,130,316	(15,745,958)	41,876,274	-
Other Comprehensive Income (Loss), Net of Tax	2,520,178	(1,686,699)	4,206,877	-
Comprehensive Income (Loss)	28,650,494	(17,432,657)	46,083,151	-
Profit (Loss) Attributable to Owners of Parent	22,857,675	(19,330,194)	42,187,869	-
Profit Attributable to Non-controlling Interest	3,272,641	3,584,236	(311,595)	(9)
Comprehensive Income (Loss) Attributable to Owners of Parent	25,554,527	(21,172,847)	46,727,374	-
Comprehensive Income Attributable to Non-controlling Interest	3,095,967	3,740,190	(644,223)	(17)
<p>1. Analysis of percentage changes over the past two years:</p> <p>a. Changes in profit (loss) for the year is mainly due to lower COVID insurance payouts in 2023.</p> <p>b. Changes in other comprehensive income (loss), net of tax is primarily attributable to decreased COVID insurance payouts in 2023.</p> <p>2. The Company's core business has not changed.</p> <p>3. For more information regarding forecasted sales in the coming year and assumptions, as well as factors that may affect the Company's projections of continued growth or decline in sales, see "2024 Business Outlook" on page 3 of this Annual Report.</p> <p>Note: Since Hotai Insurance Co., Ltd., being one of the consolidated entities of the Group, is considered a consolidated business from a different industry, the comprehensive income statements for 2023 and 2022 are prepared in a single-step format. Therefore, there are no figures available on gross profit, operating profit (loss), and non-operating income and expenses.</p>				

7.2.2 Analysis of Changes in Gross Profit: N/A

VII. Financial Status, Operating Results and Risk Management

7.3 Cash Flows

7.3.1 Liquidity Analysis

	December 31, 2023	December 31, 2022	+(-)%
Cash Flow Ratio	-	-	-
Cash Flow Adequacy Ratio	20.66%	26.94%	(6.28%)
Cash Reinvestment Ratio	-	-	-
Analysis of ratio changes: <ul style="list-style-type: none"> Cash flow adequacy ratio decreased primarily due to higher net cash inflow from operating activities. 			

7.3.2 Projection of FY2024 Cash Flows and Liquidity Analysis

Unit: in thousand NT\$

Cash and Cash Equivalents at Beginning of Year (1)	Projected Net Cash from Operating Activities (2)	Projected Net Cash from Investing and Financing Activities (3)	Projected Surplus (Deficit) of Cash and Cash Equivalents at End of Year (1)+(2)-(3)	Measures for Managing Cash Deficit	
				Investment Plans	Financing Plans
23,142,893	(22,005,273)	11,129,747	12,267,367	—	—
1. Analysis of projected cash flows for FY2024: <ul style="list-style-type: none"> From operating activities: the Company expects steady business growth in 2024. However, due to business expansion of Hotai Finance Group, accounts receivables will increase and result in cash outflow from operating activities. From investing and financing activities: the net cash flow primarily comes from financing activities and issuance of corporate bonds of Hotai Finance Group to support its business expansion. 2. Measures for managing potential cash deficit and liquidity analysis: N/A					

VII. Financial Status, Operating Results and Risk Management

7.4 Major Capital Expenditures and Impact on Financial Condition

7.4.1 Major Capital Expenditures and Source of Capital

Unit: in thousand NT\$

Planned Capital Expenditure	Expected or Final Source of Capital	Estimated or Actual Time of Completion	Funds Required	Estimated or Actual Amount	
				2022	2023
Making additional capital contributions in cash to Hotai Insurance Co., Ltd.	Owned funds and short/long-term borrowing	December 14, 2022	26,000,000	26,000,000	-
Making additional capital contributions in cash to Hozan Investment Co., Ltd.	Owned funds	May 16, 2023	4,800,000	-	4,800,000

7.4.2 Expected Benefits

As a measure to counter the losses due to COVID insurance payouts, we have increased the working capital and capital adequacy of Hotai Insurance, thereby strengthening its capital structure to ensure the rights of policyholders.

VII. Financial Status, Operating Results and Risk Management

7.5 Investment Policy of the Latest Fiscal Year, Reasons for Gains or Losses, Improvements and Investment Plan for the Coming Year

7.5.1 Investment Policy

The made investments are primarily in the automotive industry. The Company focuses on developing distribution channels for convertibles, commercial and industrial vehicles while building up its portfolio by investing in automotive related businesses, including CPO cars, auto accessories, installment sales, rental and leasing, auto insurance, and TOYOTA dealerships in China. Going forward, we will continue to combine existing group resources to expand the Company's business portfolio and move towards investments in Mobility-as-a-Service (MaaS), sharing economy, and renewable energy.

7.5.2 Profitability

Gains from our investments in affiliates and joint ventures recognized using the equity method was NT\$3.442 billion in FY2023, which stands for 13.17% of profit for the year in the consolidated financial statements, while gains from our investments in subsidiaries, affiliates and joint ventures recognized using the equity method was NT\$10.727 billion, which stands for 46.93% of profit for the year in the 2023 individual financial statements. The gains were mainly attributed to investments in Hotai Insurance, Kuozui Motors, Hotai Finance, and our dealers.

7.5.3 2024 Investment Plans

In January 2024, the Company has invested NT\$180 million to acquire 10% shareholding of EVGallop Mobility System Corporation.

VII. Financial Status, Operating Results and Risk Management

7.6 Risk Factors Detailing Analysis and Evaluations in the Following Areas Within the Latest Fiscal Year and as of the Date of this Annual Report

7.6.1 Impact of Interest Rate and Foreign Exchange Fluctuations and Inflation on the Gains or Losses of the Company, and Measures for Managing the Risks

Risk management is carried out by the financial division of each group company in accordance with policies approved by the Board of Directors of the Company. The Group's financial divisions, which work closely with the Group's operational divisions, are responsible for identifying, evaluating, and hedging against financial risks. The Board of Directors has established written guidelines for risk management and provided written policies in selected areas of market risks.

(1) Interest Rate Risk

- (a) The interest rate risk is mainly attributable to certain floating interest rate loans taken out by the Company's subsidiary, Hotai Finance, which exposes the Group to cash flow interest rate risk.
- (b) Cross currency swap transactions by the Company's subsidiary, Hotai Finance, use present value of a basis point (PVBp) to evaluate market risks. Since the notional amount is equal to the amount of the hedged liabilities, and the duration, reset date, interest and principal payment schedule, and interest rate benchmark are all identical, they should offset market risk exposures. Therefore, the investments are not expected to result in major market risk.
- (c) Debt-based financial instruments issued by the Company's subsidiary, Hotai Finance, are fixed-rate debts/liabilities, which are not subject to interest rate fluctuations in the market.
- (d) As our subsidiary Hotai Insurance mainly invests in bonds with fixed interest rates, the fair market value of the bonds invested will be impacted by the fluctuations of interest rate in the market. If the market interest rate rises, the fair market value of the bonds will decline. However, the investment objectives of Hotai Insurance are long-term robust performance and predictable profitability, which makes it less susceptible to short-term interest rate fluctuations in the market. Therefore, the investments are not expected to result in major interest rate risk.

(2) Foreign Exchange Risk

- (a) Hotai Group has operations worldwide and is therefore exposed to changes in foreign currency rates, primarily in U.S. dollars and Renminbi. The foreign exchange risk mainly arises from future business transactions, net assets and liabilities, and net investment in foreign affiliates.
- (b) The management of Hotai Group has established a policy that requires each group company to manage foreign exchange transaction risk arising from functional currency. Through its own financial division, each group company is to hedge its foreign currency exposure.

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Currently, all the group companies use forward exchange contracts to manage such foreign exchange risks arising from future business transactions as well as recognized assets and liabilities, except for Hotai Insurance, which fully authorizes investors to hedge foreign exchange investment exposures by using swap agreements. A group company is exposed to foreign exchange transaction risk when the future transaction or recognized assets/liabilities are denominated in non-functional currency of such group company.

- (c) The business conducted by Hotai Group involves several non-functional currencies (the functional currency of the Company and certain subsidiaries is New Taiwan dollars, and Renminbi for other subsidiaries), and is, therefore, exposed to changes in foreign currency rates. For more information regarding foreign currency denominated assets and liabilities that are exposed to major foreign exchange risks, refer to the 2023 Consolidated Financial Statements and Reports of the Independent Registered Public Accounting Firm.

(3) Inflation Risk

The operations of the Company have not been materially impacted by exposure to inflation within the latest fiscal year and as of the date of this Annual Report.

7.6.2 Policies for High-risk Leveraged Investments, Fund Lending to Third Parties, Endorsement and Guarantee of Obligations, Transactions in Financial Derivatives, Reasons for Gains or Losses, and Measures for Managing the Risks

(1) High-risk Leveraged Investment

Hotai Group has not made any high-risk leveraged investments.

(2) Fund Lending, Endorsement and Guarantee of Obligations

The management of Hotai Group has established a policy that requires each group company to adopt its own Procedures for Fund Lending and Procedures for Providing Endorsement and Guarantee of Obligations for internal control purposes. All fund lending and endorsement and guarantee of obligations that occurred in 2023 were borrowings between subsidiaries in the ordinary course of business and guarantees provided for bank financing. No losses were attributed to fund lending or endorsement and guarantee of obligations in 2023.

(3) Transaction in Financial Derivatives

The management of Hotai Group has established a policy that requires each group company to follow the Procedures for Financial Derivative Transactions when entering into transactions in financial derivatives. Some of the derivative financial instruments used by the Company for hedging in 2023 include foreign currency forward contracts in U.S. dollar terms and cross currency swaps.

7.6.3 Future R&D Programs and Projected R&D Expenses

As an auto distributor, we dedicate our business exclusively to vehicle sales and marketing, therefore, we have no future R&D programs or projected R&D expenses. TMC and Kuozui

VII. Financial Status, Operating Results and Risk Management

Motors are responsible for the manufacturing and research and development of our products.

7.6.4 Risks Associated with Government Policy and Regulatory Changes and Impact on Financial Condition and Operations

Hotai Group complies with regulatory updates (e.g., corporate governance rules, the amended *Company Act*, and other applicable laws and regulations) prescribed by the authorities and revises our internal rules accordingly. As of the date of this Annual Report, no such changes would materially impact the financial condition or operations of the Company.

7.6.5 Impact of Changes in Technology (including information security risks) and Industry on the Company's Financial Condition and Operations and Measures for Managing the Risks

In response to the new business challenges, such as adopting digital transformation and shifting towards a user-centric way of thinking, brought about by TMC's policies and the industry's digital development, the Company established the MaaS Strategic Management Group. Ever since the establishment of MaaS, we have built up digital services and tools, implemented digital transformation, and created an ecosystem, aiming to generate new business opportunities for the whole Group, expand the potential clients for our automobile market, as well as maintain our competitiveness and sustain our operation in the face of rapidly-changing environment.

For the information security risk structure, please see the section "Information Security Management" in Chapter 5.

7.6.6 Risks Associated with Brand Image and Impact on Crisis Management

As the leading company in the automotive industry, Hotai Motor strives to deliver high quality products and innovative services to our customers. It is our commitment to go beyond consumer expectations, remaining as the leading brand in the automotive industry. Over the years, we have also dedicated our efforts in corporate sustainability and bringing positive changes to all corners of Taiwan. By combining resources from within and outside the Group and working with stakeholders, we have made the development guidance of sustainability blueprint by integrating "Mobility, Openness, Value, and Eco" to actively promote sustainability-related activities. To this day, we have established and maintained a positive brand image without any problematic events.

7.6.7 Expected Benefits of Mergers and Acquisitions and Risks Associated: N/A

7.6.8 Expected Benefits of Capacity Expansion and Risks Associated: N/A

7.6.9 Risks Associated with Concentration of Sales and Measures for Managing the Risks

- (1) The parent company, Hotai Motor, distributes all series of TOYOTA and LEXUS vehicles manufactured by TMC and Hino Motors, Ltd., their parts and accessories, as well as vehicles, parts and accessories manufactured by Kuozui Motors. However, despite the fact that vehicle distribution is a highly concentrated industry, through our established long-term partnerships with manufacturers, we are able to limit exposures to the risks associated with supply concentration.

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- (2) According to the dealership contracts signed by the Company and our dealers, the dealers are authorized to sell TOYOTA and LEXUS vehicles, auto parts and accessories in their respective sales territories—that being the characteristic of distribution channels. Therefore, the Company is not subject to risks associated with sales concentration.

7.6.10 Impact of Transfer of Significant Number of Shares by Directors, Supervisors, and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated: N/A

7.6.11 Impact of Change in Ownership and Risks Associated: N/A

7.6.12 Disclosure of issues in dispute, amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of this Annual Report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, subsidiaries or affiliates are involved in pending litigation, legal proceedings, or administrative proceedings, or a judgement or ruling without prejudice which may have a material adverse effect on the Company's shareholder equity or price of securities: N/A

7.6.13 Other Material Risks: N/A

7.7 Other Material Disclosures: N/A

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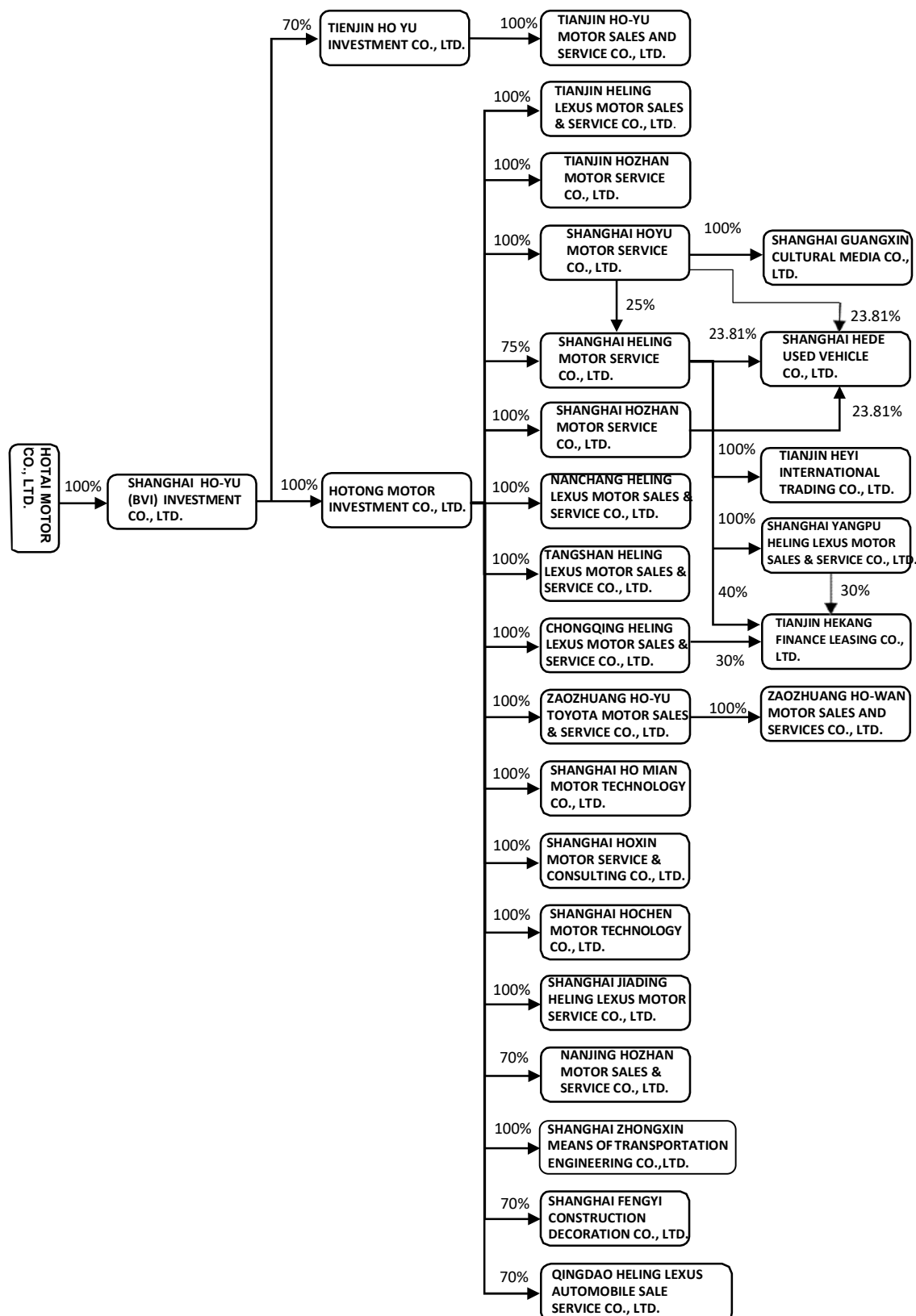
Specific Notes



VIII. Specific Notes

8.1 Overview of Group Companies (As of December 31, 2023)

(Continued)



VIII. Specific Notes

8.1.2 Group Company Profiles

Name	Establishment	Address	Paid-in Capital	Main Business Activities
Chang Yuan Motor Co., Ltd.	September 25, 1998	10F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$3,135,000,000	Sales of vehicles and parts and repairing of vehicles
Hotai Auto body Manufacturing Co., Ltd.	June 10, 2020	No. 51, Junyong Rd., Xizhou Village, Xizhou Township, Changhua County, Taiwan	NT\$1,000,000,000	Assembly of vehicle bodies
Hotai Auto Body Sales Co., Ltd	July 12, 2021	No. 51, Junyong Rd., Xizhou Village, Xizhou Township, Changhua County, Taiwan	NT\$40,000,000	Sales of vehicle bodies
Toyota Material Handling Taiwan Ltd.	September 10, 2002	12F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$795,788,100	Sales of vehicles and parts for industry use
Shanghai Ho-Tai Toyota Forklift Co., Ltd.	May 20, 2008	No. 515, Caonong Rd., Xinqiaozen, Songjiang Dist., Shanghai, China	US\$6,000,000	Sales of vehicles and parts for industry use
Eastern Motor Co., Ltd.	April 6, 2009	1F, No. 500, Sec. 3, Zhongyang Rd., Ji'an Township, Hualien County, Taiwan	NT\$465,502,420	Sales of vehicles and parts and repairing of vehicles
Doroman Autoparts Corporation	June 18, 2014	1F, No. 500, Sec. 3, Zhongyang Rd., Ji'an Township, Hualien County, Taiwan	NT\$1,387,180	Wholesale and retail of vehicles parts and accessories
Daleon Auto Parts and Accessories Corporation	December 4, 2020	1F, No. 500, Sec. 3, Zhongyang Rd., Beichang Village, Ji'an Township, Hualien County, Taiwan	NT\$500,000	Wholesale and retail of vehicles parts and accessories
Carmax Co., Ltd.	September 29, 1987	No. 8, Fuxing 3rd Rd., Guishan Dist., Taoyuan City, Taiwan	NT\$450,000,000	Trading of vehicle products/accessories
Carmax Autotech (Shanghai) Co., Ltd.	January 18, 2011	Building 1, No. 28, Rongshu Rd., Rongbei Town, Songjiang Dist., Shanghai, China	US\$1,330,000	Trading of vehicle products/accessories
Smart Design Technology Co., Ltd.	August 31, 2006	5F, No. 8, Fuxing 3rd Rd., Guishan Dist., Taoyuan City, Taiwan	NT\$48,048,050	Electronic parts and components manufacturing
Hotai Connected Co., Ltd.	September 29, 2017	12F, No. 433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$1,130,000,000	E-Commerce Platform Services
Hotai Mobility Service Co., Ltd.	April 17, 2020	12F, No. 433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$438,000,000	Taxi dispatch service
Chyuan-An Transport Co., Ltd.	April 22, 1978	12F, No. 433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$34,000,000	Taxi service
Yu-Cheng Transport Co., Ltd.	June 28, 1974	No. 215, Xincheng 1 st Rd., Wugu Dist., New Taipei City, Taiwan	NT\$70,000,000	Taxi service

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Name	Establishment	Address	Paid-in Capital	Main Business Activities
Ho Young Travel Agency Co., Ltd.	June 24, 2022	4F., No. 433, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$10,000,000	Travel Industry
Hozan Investment Co., Ltd.	April 22, 1999	9F, No.121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$ 2,540,320	General investment
Hotai Finance Co., Ltd.	May 25, 1999	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City , Taiwan	NT\$6,665,004,480	Installment trading and leasing of various vehicles
Hoing Mobility Service Co., Ltd	October 24, 2018	5F, No. 99, Sec. 2, Chang'an E. Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$657,262,800	Leasing of vehicles
He Jing Co., Ltd	October 26, 2021	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$3,000,000,000	Installment trading of various vehicles
He Jun Energy Co., Ltd.	February 22, 2022	10F., No. 605, Ruiguang Rd., Neihu Dist., Taipei City , Taiwan	NT\$1,000,000,000	Solar energy
Wei Tien Energy Storage Co., Ltd.	November 18, 2021	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City , Taiwan	NT\$22,000,000	Energy storage
Chaoyang Energy Co., Ltd.	November 6, 2019	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$33,000,000	Solar power
Guang Yang Energy Co., Ltd.	August 10, 2020	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$21,000,000	Solar power
XianYao Energy Co., Ltd.	April 13, 2021	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$27,000,000	Solar power
He Jun Electricity Co., Ltd.	March 8, 2023	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$1,000,000	Electric related business
Tung Ching Energy Co., Ltd.	June 21, 2017	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$40,000,000	Solar power
Tung Ching Green Energy Co., Ltd.	March 2, 2017	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$92,000,000	Solar power
Billion Sunpower Co., Ltd.	November 10, 2016	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$100,000,000	Solar power
Cheng Yo Technology Co., Ltd.	November 16, 2016	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$50,000,000	Solar power
Hon Yang Energy Co., Ltd.	July 18, 2016	10F, No. 605, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan	NT\$20,000,000	Solar power

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Name	Establishment	Address	Paid-in Capital	Main Business Activities
Hoyun International Limited	January 27, 2006	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$80,000,000	General investment
Hoyun International Leasing Co., Ltd.	January 29, 2007	Building D, 9F, No. 427, Nujiang N. Rd., Putuo Dist., Shanghai City, China	US\$80,000,000	Leasing, wholesale, retail of and support service for vehicles
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	August 7, 2014	1F, No. 11, Aly. 276, Luding Rd., Putuo Dist., Shanghai, China	RMB\$50,000,000	Factoring services
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	February 8, 2021	1F, No. 11, Aly. 276, Luding Rd., Putuo Dist., Shanghai, China	RMB\$150,000,000	Leasing of cars
Hangzhou Yiyao Network Technology Co., Ltd.	January 27, 2021	Rm. 2102-1, No. 258, Zhonghe Middle Rd., Shangcheng District, Hangzhou, Zhejiang, China (in care of 20551)	RMB\$100,000	Leasing business
Hangzhou Wangyou Technology Co., Ltd.	January 28, 2021	Rm. 2102-1, No. 258, Zhonghe Middle Rd., Shangcheng District, Hangzhou, Zhejiang, China (in care of 20550)	RMB\$100,000	Leasing business
Homei International Trade (Suzhou) Co., Ltd.	June 30, 2022	Rm. 2102, Bld. 1, No. 456, Suzhou Blvd. E., Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone, China	RMB\$100,000	Consulting services
Hotai Leasing Co., Ltd.	May 24, 1999	15F, No. 121, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$1,604,399,400	Leasing of vehicles
Hotai Insurance Co., Ltd.	April 26, 1961	13F, No. 126, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	NT\$28,000,000,000	Property and casualty insurance services
Ho Tai Development Co., Ltd.	October 4, 1963	1-7F, No. 18, Ln. 36, Xinhua 1 st Rd., Neihu Dist., Taipei City, Taiwan	NT\$549,028,080	Agent for sales of air conditioning system and contracting of air conditioning construction
Air Master International Co., Ltd.	November 11, 2005	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	US\$3,000,000	General investment
He Zhan Development Co., Ltd.	March 12, 2007	Room 701, No. 300, Xuanhua Rd., Changning Dist., Shanghai, China	US\$3,000,000	Trading of air conditioning equipment
Ho Tai Service & Marketing Co., Ltd.	October 8, 2007	1-4F, No.18, Ln. 36, Xinhua 1 st Rd., Neihu Dist., Taipei City, Taiwan	NT\$271,902,390	Repairing of air conditioning equipment and trading of their parts
Hotai Parts & Accessories Co., Ltd.	January 9, 2020	5F., No. 18, Aly. 36, Xinhua 1st Rd., Neihu Dist., Taipei City, Taiwan	NT\$50,000,000	Repairing of air conditioning equipment and trading of their peripherals
3A Express Co., Ltd.	June 4, 2020	No. 11, Aly. 3, Ln. 342, Fude 1 st Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$100,000,000	Freight forwarders

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Name	Establishment	Address	Paid-in Capital	Main Business Activities
Long-Hao Removal Transport Services Co., Ltd.	February 3, 2005	No. 11, Aly. 3, Ln. 342, Fude 1 st Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$10,000,000	Freight forwarders
Hotai Transportation Co., Ltd.	April 18, 1978	No. 11, Aly. 3, Ln. 342, Fude 1 st Rd., Xizhi Dist., New Taipei City, Taiwan	NT\$25,000,000	Freight forwarders
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	April 11, 1995	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$108,897,360	Equity investments in Mainland China (trading and repairing of vehicles and their parts)
Hotong Motor Investment Co., Ltd.	May 20, 2010	Room 1513 and 1514, No. 238, Jiangchang 3 rd Rd., Jingan Dist., Shanghai, China	US\$128,045,000	Operation decision making, capital and financial management, information services, employee trainings and other services
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	June 9, 2010	Intersection of Saida 3 rd Ave. and Saida 4 th Branch Rd., Xiqing Economic Development Area, Tianjin, China	US\$12,000,000	Sales and repairing of vehicles
Tianjin Hozhan Motor Service Co., Ltd.	November 19, 2010	No. 11, Saida 4 th Branch Rd., Xiqing Economic Development Area, Tianjin, China	RMB\$68,600,000	Sales and repairing of vehicles
Shanghai Hozhan Motor Service Co., Ltd.	March 20, 2007	No. 2058, Lianhua S. Rd., Minhang Dist., Shanghai, China	US\$3,000,000	Sales and repairing of vehicles
Shanghai Hoyu Toyota Motor Service Co., Ltd.	February 13, 1996	No. 999, Huqingping Hwy, Minhang Dist., Shanghai, China	US\$3,370,000	Sales and repairing of vehicles
Shanghai Hede Used Vehicle Co., Ltd.	January 24, 2014	Room A, Level 1F, Building 1, NO. 999, Huqingping Hwy., Minhang Dist., Shanghai, China	RMB\$4,200,000	Trading of used vehicles
Shanghai Guangxin Cultural Media Co., Ltd.	May 19, 2016	Room 507, Building E, 6F, No. 1000, Zhenchen Rd., Baoshan Dist., Shanghai, China	RMB\$1,000,000	Advertisement design and production
Shanghai Heling Motor Service Co., Ltd.	December 30, 2003	No. 1411, Tongpu Rd., Putuo Dist., Shanghai, China	US\$3,500,000	Sales and repairing of vehicles
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	August 23, 2007	Room 108, Building 1, No. 401, Shiguang Rd., Yangpu Dist., Shanghai, China	RMB\$106,900,794	Sales and repairing of vehicles
Tianjin He-Yi International Trading Co., Ltd.	April 19, 2018	No. 1, 100 meters northwest of the intersection of Saidasan Blvd. and Saidasi Bypass, Xiqing Economic-Technological Development Area, Tianjin, China	RMB\$20,000,000	Sales of imported cars
Tianjin He-Kang Finance Leasing Co., Ltd.	December 2, 2021	20F, No. 072, Binhai Fund Town, Innovative Financial Building, No. 3678, Xinhua Rd., Tianjin Pilot Free Trade Zone, China	RMB\$170,000,000	Leasing business

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Name	Establishment	Address	Paid-in Capital	Main Business Activities
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	April 17, 2006	No. 8 of No. 88, Jinyu Rd., Chongqing Economic and Technological Development Park, New North Zone, Chongqing, China	US\$6,000,000	Sales and repairing of vehicles
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	August 4, 2008	No. 590, Kaiyue Rd., Kaiping Dist., Tangshan, Hebei, China	US\$5,800,000	Sales and repairing of vehicles
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	November 6, 2008	No. 509, Liantang N Ave., Liantang Town, Nanchang County, Jiangxi, China	US\$6,500,000	Sales and repairing of vehicles
Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.	July 23, 2008	No. 1, Fuxing Rd., Zhangfan Town, Zaozhuang Hi-Tech Zone, Zaozhuang City, Shangdong, China	US\$13,650,000	Sales and repairing of vehicles
Zaozhuang Ho-Wan Motor Sales and Services Co., Ltd.	July 25, 2017	Room 101, No. 1, Fuxing Rd., Zhangfan Town, Zaozhuang Hi-Tech Zone, Zaozhuang City, Shangdong, China	RMB\$10,000,000	Sales and repairing of vehicles
Shanghai Ho Mian Motor Technology Co., Ltd.	November 1, 2017	Room 401, No. 11, Aly. 276, Luding Rd., Putuo Dist., Shanghai, China	RMB\$230,000,000	Trading of vehicle products / accessories and property management
Shanghai Hoxin Motor Service and Consulting Co., Ltd.	July 13, 2018	Room 203, Building 1, No. 401, Shiguang Rd., Yangpu Dist., Shanghai, China	RMB\$5,000,000	Consulting services
Shanghai Hochen Motor Technology Co., Ltd.	January 24, 2019	Room 403, Building 11, Aly. 276, Yindin Rd., Putao Dist., Shanghai, China	US\$10,000,000	Trading of vehicle products / accessories and property management
Shanghai Jiading Heling Lexus Motor Sales and Service Co., Ltd.	June 20, 2019	Building 3, No. 2018, Yongsheng Rd. Jiading Dist., Shanghai, China	US\$10,500,000	Sales and repairing of vehicles
Nanjing Hozhan Motor Service Co., Ltd.	January 3, 2020	No. 48, Eastern City, Xuanwu Dist., Nanjing, China	RMB\$30,000,000	Sales and repairing of vehicles
Shanghai Fengyi Construction Decoration Co., Ltd.	October 14, 1993	5F, Building 3, No. 985, Zhuanxing E Rd., Minhang Dist., Shanghai, China	RMB\$56,000,000	Property management
Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	May 20, 2004	North of Huicheng S Rd. and east of Yongsheng Rd., Jiading Dist., Shanghai, China	RMB\$5,000,000	Property management
Qingdao Heling Lexus Automobile Sale Service Co., Ltd.	December 28, 2021	No. 651, Ningcheng Rd., Chengyang Dist., Qingdao, Shandong, China	RMB\$70,000,000	Sales and repairing of vehicles
Tienjin Ho Yu Investment Co., Ltd.	February 5, 2002	Wickhams Cay II, Road Town, Tortola, British Virgin Islands	US\$5,000,000	Equity investments in Mainland China, (trading and repairing of vehicles and their parts)
Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	July 31, 2002	No. 299, Weijin S. Rd., Tianjin, China	US\$5,000,000	Sales and repairing of vehicles

VIII. Specific Notes

- 8.1.3 Any affiliate or subsidiary whose management of personnel, financial or business operations is directly or indirectly controlled by the Company pursuant to Article 369-2, Paragraph 2 of the Company Act: N/A
- 8.1.4 Any company which is considered controlled by, subordinated to, or affiliated with the Company pursuant to Article 369-3 of the Company Act: N/A
- 8.1.5 Industries involved in the Hotai Group companies' business: see "8.1.2 Group Company Profiles"
- 8.1.6 Directors, Supervisors, and President of our Group Companies

As of December 31, 2023

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Chang Yuan Motor Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Ko, Junn-Yuan, Su, Shih-An, Huang, Nan-Kuang, Su, Chwen-Shing, Chang, Tien-Chun, Yeh, Chia-Han, and Lu, Li-Yin	313,500,000	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Ting, Kan and Roger Huang		
	President	Lu, Li-Yin	—	—
Hotai Auto body Manufacturing Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Ko, Junn-Yuan and Yeh, Chia-Han	50,000,000	50%
		Ho-Hsin Investment Co., Ltd., represented by Chen, Teng-Tseng	30,000,000	30%
	Supervisor	Chang Yuan Motor Co., Ltd., represented by Liu, Sung-Shan	20,000,000	20%
	President	Shih, Kuo-Hua	—	—
Hotai Auto Body Sales Co., Ltd.	Director	Hotai Auto body Manufacturing Co., Ltd., represented by Yeh, Chia-Han	4,000,000	100%
	President	Tsou, Yun-Chuan	—	—
Toyota Material Handling Taiwan Ltd.	Director	Hotai Motor Co., Ltd., represented by Huang, Chih-Cheng, Wu, Chia-Yen, and Huang, Ming-Ren	79,578,810	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Su, Yin		
	President	Huang, Ming-Ren	—	—
Shanghai Ho-Tai Toyota Forklift Co., Ltd.	Director	Toyota Material Handling Taiwan Ltd., represented by Huang, Chih-Cheng, Huang, Ming-Ren and Wang, Shih-Hao	US\$6,000,000	100%
	Supervisor	Toyota Material Handling Taiwan Ltd., represented by Chen, Chien-Chou		
	President	Hu, Hai-Ya	—	—
Eastern Motor Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Liu, Chuan-Hung, Lai, Kuang-Hsiung, Liu, Sung-Shan and Huang, Tin-Hwei	46,550,242	100%
	Supervisor	Hotai Motor Co., Ltd., represented by Wu, Pin-Tsung		
	President	Huang, Tin-Hwei	—	—
Doroman Autoparts Corporation	Director	Eastern Motor Co., Ltd., represented by Huang, Tin-Hwei	138,718	100%
	President	Yang, Chang-Lung	—	—

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Daleon Auto Parts and Accessories Corporation	Director	Eastern Motor Co., Ltd., represented by Huang, Tin-Hwei	50,000	100%
Carmax Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Kazuo Naganuma, and Lai, Hung-Ta	22,950,000	51.00%
		Toyota Customizing & Development Co., Ltd., represented by Akihisa Yoshida and Tesuya Hamai	15,030,000	33.40%
	Supervisor	Hoyu Investment Co., Ltd., represented by Huang, Nan-Kuang	7,020,000	15.60%
	President	Lai, Hung-Ta	—	—
Carmax Autotech (Shanghai) Co., Ltd.	Director	Carmax Co., Ltd., represented by Lai, Hung-Ta, Huang, Chih-Cheng, Su, Chwen-Shing, Huang, I-Jan, Lai, Chih-Wei, and Roger Huang	US\$1,330,000	100%
	Supervisor	Carmax Co., Ltd., represented by Ko, Wang-Te		
	President	Hsu, Wen-Chin	—	—
Smart Design Technology Co., Ltd.	Director	Carmax Co., Ltd., represented by Lai, Hung-Ta and Wu, Chia-Yen	2,968,016	61.77%
		Chen, Yang-Ming	543,495	11.31%
	Supervisor	Hotai Motor Co., Ltd., represented by Lai, Chih-Wei	960,961	20.00%
	President	Chen, Yang-Ming	543,495	11.31%
Hotai Connected Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing, Huang, Cheng-Yang, Su, Se-I, Liu, Chuan-Hung, and Wu, Pin-Tsung	79,100,000	70%
	Supervisor	Hoyu Investment Co., Ltd., represented by Ko, Wen-Sheng	5,650,000	5%
	President	Wu, Pin-Tsung	-	-
Hotai Mobility Service Co., Ltd.	Director	Hotai Connected Co., Ltd., represented by Chen, Chien-Chou, Liu, Chuan-Hung, and Wu, Pin-Tsung	18,000,000	41.10%
	Supervisor	Hotai Finance Co., Ltd., represented by Lin, Yen-Liang	12,000,000	27.40%
	President	Yeh, Chung-Goo	-	-
Chyuan-An Transport Co., Ltd.	Director	Hotai Mobility Service Co., Ltd., represented by Yeh, Chung-Goo	3,400,000	100%
Yu-Cheng Transport Co., Ltd.	Director	Hotai Mobility Service Co., Ltd., represented by Yeh, Chung-Goo	7,000,000	100%
Ho Young Travel Agency Co., Ltd.	Director	Hotai Connected Co., Ltd., represented by Wu, Pin-Tsung	1,000,000	100%
	President	Lin, Siou-Fang	-	-
Hozan Investment Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Su, Chwen-Shing and Huang, Nan-Kuang	254,032	100%

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Hotai Finance Co., Ltd.	Director	Hozan Investment Co., Ltd., represented by Liu, Yuan-Sen, Roger Huang, Su, Chwen-Shing, Leon Soo, and Huang, I-Jan	257,161,874	45.39% (Note)
		Toyota Financial Services Corporation, represented by Shin Abe	130,074,859	22.96% (Note)
	Independent Director	Huang, Ming-Yu, Mao, Wei-Lin, and Chang, Min, Jie	-	-
	President	Lin, Yen-Liang	158,000	0.00%
Hoing Mobility Service Co., Ltd.	Director	Ho Tai Connected Co. Ltd., represented by Fred Hsieh, Huang, Nan-Kuang, Su, Chwen-Shing, Leon Soo, Huang, Cheng-Yang, Lin, Yen-Liang, and Shin Abe	32,324,400	49.18%
	Supervisor	Hotai Finance Co., Ltd., represented by Kazuo Naganuma and Su, Se-I	33,401,880	50.82%
	President	Fred Hsieh	-	-
He Jing Co., Ltd	Director	Hotai Finance Co., Ltd., represented by Liu, Yuan-Sen, Lin, Yen-Liang and Liao, Wen-Chung	243,000,000	81%
	Supervisor	Hozao Enterprise Co., Ltd., represented by Ting, Kan	57,000,000	19%
	President	Lin, Yen-Liang	-	-
He Jun Energy Co., Ltd.	Director	Hotai Finance Co., Ltd., represented by Liu, Yuan-Sen, Lin, Yen-Liang and Wu, Chia-Yen	80,000,000	80%
	Supervisor	Hotai Motor Co., Ltd., represented by Huang, Yu-Sheng	18,000,000	18%
	President	Lin, Yen-Liang	-	-
Wei Tien Energy Storage Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	2,200,000	100%
Chaoyang Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	3,200,000	96.97%
	Supervisor	Yang, Kai-Rong	-	-
Guang Yang Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	2,079,000	99%
	Supervisor	Yang, Kai-Rong	-	-
XianYao Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	2,673,000	99%
	Supervisor	Yang, Kai-Rong	-	-
He Jun Electricity Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	100,000	100%
Tung Ching Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	4,000,000	100%
Tung Ching Green Energy Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	9,200,000	100%
Billion Sunpower Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	10,000,000	100%

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Cheng Yo Technology Co., Ltd.	Director	He Jun Energy Co., Ltd., represented by Lin, Yen-Liang	5,000,000	100%
Hon Yang Energy Co., Ltd.	Director	Cheng Yo Technology Co., Ltd., represented by Lin, Yen-Liang	2,000,000	100%
Hoyun International Limited	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$80,000,000	100%
Hoyun International Leasing Co., Ltd.	Director	Hoyun International Limited, represented by Lin, Yen-Liang, Su, Chwen-Shing, Huang, I-Jan, Li, Jia-Fong, and Shin Abe	US\$80,000,000	100%
	Supervisor	Hoyun International Limited, represented by Ko, Wang-Te		
	President	Li, Jia-Fong	—	—
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Managing Director	Hoyun International Leasing Co., Ltd., represented by Lin, Yen-Liang	RMB\$50,000,000	100%
	Supervisor	Hoyun International Lease Co., Ltd., represented by Ko, Wang-Te		
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Managing Director	Hoyun International Leasing Co., Ltd., represented by Lin, Yen-Liang	RMB\$150,000,000	100%
	Supervisor	Hoyun International Leasing Co., Ltd., represented by Ko, Wang-Te		
Hangzhou Yiyou Network Technology Co., Ltd.	Managing Director	Hoyun International Leasing Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Leasing Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Jia-Fong	-	-
Hangzhou Wangyou Technology Co., Ltd.	Managing Director	Hoyun International Leasing Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Leasing Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Jia-Fong	-	-
Homei International Trade (Suzhou) Co., Ltd.	Managing Director	Hoyun International Leasing Co., Ltd., represented by Li, Jia-Fong	RMB\$100,000	100%
	Supervisor	Hoyun International Leasing Co., Ltd., represented by Chen, Shou-Shin		
	President	Li, Jia-Fong	-	-
Hotai Leasing Co., Ltd.	Director	Hozan Investment Co., Ltd., represented by Liu, Yuan-Sen, Huang, Nan-Kuang, Su, Chwen-Shing, Ting, Kan, Huang, Cheng-Yang, and Fred Hsieh	105,958,449	66.04%
		Toyota Financial Services Corporation, represented by Shin Abe	53,586,931	33.40%
	Supervisor	Kazuo Naganuma, and Su, Se-I	—	—
	President	Fred Hsieh	—	—

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Hotai Insurance Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Yan, Sih-Ci , Liu, Yuan-Sen, Huang, Si-Bo, Chen, Chien-Chou, and Tsai, Yen-Hung	2,182,142,857	77.93%
		Tsai, Po-Lung	-	-
	Independent Director	Lin, Jian-Jung, Li, Chang-Chou, and Chen, Ji-Jhen	-	-
	President	Yan, Sih-Ci	-	-
Ho Tai Development Co., Ltd.	Director	Hotai Motor Co., Ltd., represented by Huang, Chih-Cheng, Su, Yin, Ko, Wang-Chung, Wang, Hsuan-Lang, Su, Shih-Pang, Huang, I-Jan, and Leon Soo	24,710,856	45.01%
		Hotai Environmental Sustainability Foundation, represented by Su, Yi-Chung	1,000	0.00%
		Yu-Wen Co., Ltd., represented by Chuang, Yu-Jen	100	0.00%
		Daikin Industries, Ltd., represented by Kakimoto Atsushi	5,490,281	10.00%
	Supervisor	Hozao Enterprise Co., Ltd., represented by Chang, Tien-Chun	9,382,796	17.09%
		Jin Yuan Shan Investment Co., Ltd., represented by Ting, Kan	4,857,882	8.85%
	President	Wang, Hsuan-Lang	—	—
Air Master International Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Wang, Hsuan-Lang and Chuang, Yu-Jen	US\$3,000,000	100%
He Zhan Development Co., Ltd.	Director	Air Master International Co., Ltd., represented by Liu, Wen-Bin, Wang, Hsuan-Lang, Liu, Kuei-Jung, and Chin Sheng Teck	US\$3,000,000	100%
	Supervisor	Air Master International Co., Ltd., represented by Chuang, Yu-Jen		
	President	Liu, Kuei-Jung	—	—
Ho Tai Service & Marketing Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Wang, Hsuan-Lang, Huang, Ting-Yu, Lu, Ju-Jiun , Chen, Yung-Tze, Chin Sheng Teck, Yu, Chi-Hsing, and Huang, Hai-Ching	27,190,239	100%
	Supervisor	Ho Tai Development Co., Ltd., represented by Chuang, Yu-Ren		
	President	Huang, Ting-Yu	—	—
Hotai Parts & Accessories Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Wang, Hsuan-Lang	5,000,000	100%
	President	Tsai, Jin-Shing	—	—
3A Express Co., Ltd.	Director	Ho Tai Development Co., Ltd., represented by Liu, Wen-Bin and Wang, Hsuan-Lang	5,100,000	51%
		Fang, Sheng-Wen	-	-
	Supervisor	Chuang, Yu-Ren	—	—

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Long-Hao Removal Transport Services Co., Ltd.	Director	3A Express Co., Ltd., represented by Chen, Jui-E	NT\$10,000,000	100%
	President	Fang, Sheng-Wen	—	—
Hotai Transportation Co., Ltd.	Director	3A Express Co., Ltd., represented by Chen, Jui-E	NT\$25,000,000	100%
	President	Fang, Sheng-Wen	—	—
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$108,897,360	100%
Hotong Motor Investment Co., Ltd.	Director	Shanghai Ho-Yu (BVI) Investment Co., Ltd., represented by Huang, Nan-Kuang, Leon Soo, Su, Chwen-Shing, Huang, Chih-Cheng, Huang, I-Jan, Ko, Wang-Te, Kazuo Naganuma, and Wang, Shih-Hao	US\$128,045,000	100%
	Supervisor	Shanghai Ho-Yu (BVI) Investment Co., Ltd., represented by Su, Shih-Pang		
	President	Wang, Shih-Hao	—	—
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$12,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Li, Chin-Fu	—	—
Tianjin Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	RMB\$68,600,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Wang, Hsieh	—	—
Shanghai Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$3,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Chu, Wei	—	—
Shanghai Hoyu Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$3,370,000	100%
		Shanghai Hua Tsao Real Estate Development Co., Ltd., represented by Lu, Yung-Te	—	—
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Yi-Yuan	US\$3,370,000	100%
	President	Jhou, Bing	—	—

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Shanghai Hede Used Vehicle Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., Shanghai Hoyu Motor Service Co., Ltd., and Shanghai Hozhan Motor Service Co., Ltd., represented by Leon Soo, Huang, I-Jan, Wang, Shih-Hao, Yeh, Chung-Goo and Wu, Chin-Nan	RMB\$3,000,000	71%
		Shanghai Te Shih Tung Used Vehicle Co., Ltd., represented by Liu, Kuo-Chiang, Wu, Ting, and Lu, Hsueh-Ying	RMB\$1,200,000	29%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., Shanghai Hoyu Motor Service Co., Ltd., and Shanghai Hozhan Motor Service Co., Ltd., represented by Lin, Ying-Wen	RMB\$3,000,000	71%
		Shanghai Te Shih Tung Used Vehicle Co., Ltd., represented by Tsao, Hsien-Chiang	RMB\$1,200,000	29%
	President	Yeh, Chung-Goo	—	—
Shanghai Guangxin Cultural Media Co., Ltd.	Managing Director	Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Leon Soo	RMB\$1,000,000	100%
	Supervisor	Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Wang, Shih-Hao		
	President	Leon Soo	—	—
Shanghai Heling Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Roger Huang, and Wang, Shih-Hao	US\$2,625,000	75.00%
		Shanghai Hoyu Toyota Motor Service Co., Ltd., represented by Chen, Chien-Chou	US\$875,000	25.00%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te	US\$2,625,000	75.00%
	President	Hsieh, Yung-Ta	—	—
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao, and Roger Huang	RMB\$106,900,794	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., represented by Su, Shang-Yung		
	President	Wu, Ching-Nan	-	-
Tianjin He-Yi International Trading Co., Ltd.	Director	Shanghai Heling Motor Service Co., Ltd., represented by Chen, Chih-Chiang, Wang, Li-Ren, Wang, Shih-Hao, Huang, I-Jan, and Chueh, Chaung-Ying	RMB\$20,000,000	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., represented by Liu, I-Ling		
	President	Hsu, Ching-I	—	—
Tianjin He-Kang Finance Leasing Co., Ltd.	Managing Director	Shanghai Heling Motor Service Co., Ltd., Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. and Chongqing Heling Lexus Motor Sales & Service Co., Ltd. represented by Chen, Chih-Chiang, Huang, I-Jan, Wang, Shih-Hao, and Lu, Jian	RMB\$170,000,000	100%
	Supervisor	Shanghai Heling Motor Service Co., Ltd., Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd. and Chongqing Heling Lexus Motor Sales & Service Co., Ltd. represented by Chueh, Chaung-Ying		

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$6,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te		
	President	Liao, Hui-Yin	—	—
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$5,800,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Shang-Yung		
	President	Hsu, An-Chi	—	—
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$6,500,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Shang-Yung		
	President	Hsu, Yu-Po	—	—
Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$13,650,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Yi-Yuan		
	President	Jhang, Di	—	—
Zaozhuang Ho-Wan Motor Sales and Services Co., Ltd.	Director	Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd., represented by Jhang, Di, Wang, Li-Ren, Wang, Shih-Hao, Huang, I-Jan, and Chen, Chih-Chiang	RMB\$10,000,000	100%
	Supervisor	Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd., represented by Liu, I-Ling		
	President	Jhang, Di	-	-
Shanghai Ho Mian Motor Technology Co., Ltd.	Managing Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo	RMB\$230,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
	President	Leon Soo	-	-
Shanghai Hoxin Motor Service and Consulting Co., Ltd.	Managing Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chih-Chiang	RMB\$5,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
	President	Sun, Bin	-	-
Shanghai Hochen Motor Technology Co., Ltd.	Managing Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo	US\$10,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
Shanghai Jiading Heling Lexus Motor Sales & Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Chen, Chih-Chiang, Wang, Shih-Hao and Roger Huang	US\$10,500,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Su, Yi-Yuan		
	President	Cai, Wun-Sin	-	-

VIII. Specific Notes

Company Name	Title	Name/Representative	Share Ownership	
			Number/Value of Shares Held	%
Nanjing Hozhan Motor Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd. represented by Chen, Chien-Chou, Wang, Shih-Hao, Huang, Chi-Cheng and Wang, Li-Ren	RMB\$21,000,000	70%
		Fu-Lian Automobile Co., Ltd., represented by Tseng, Chao-Chen	RMB\$9,000,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd. represented by Huang, I-Jan	RMB\$21,000,000	70%
		Fu-Lian Automobile Co., Ltd. represented by Lian, Wan-Ling	RMB\$9,000,000	30%
	President	Chu, Wei	-	-
Shanghai Fengyi Construction Decoration Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo, Chen, Chien-Chou, Wang, Shih-Hao and Huang, I-Jan	RMB\$39,200,000	70%
		Ho Yun Investment Co., Ltd. represented by Huang, Chi-Cheng	RMB\$16,800,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Ko, Wang-Te	RMB\$39,200,000	70%
		Ho Yun Investment Co., Ltd. represented by Roger Huang	RMB\$16,800,000	30%
Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Director	Hotong Motor Investment Co., Ltd., represented by Leon Soo	RMB\$5,000,000	100%
	Supervisor	Hotong Motor Investment Co., Ltd., represented by Wang, Shih-Hao		
Qingdao Heling Lexus Motor Automobile Sale Service Co., Ltd.	Director	Hotong Motor Investment Co., Ltd. represented by Chen, Chien-Chou, Wang, Shih-Hao, Huang, Chi-Cheng and Wang, Li-Ren	RMB\$49,000,000	70%
		Fu-Lian Automobile Co., Ltd., represented by Tseng, Chao-Chen	RMB\$21,000,000	30%
	Supervisor	Hotong Motor Investment Co., Ltd. represented by Huang, I-Jan	RMB\$49,000,000	70%
		Fu-Lian Automobile Co., Ltd. represented by Lian, Wan-Ling	RMB\$21,000,000	30%
	President	Sun, Chiang	-	-
Tienjin Ho Yu Investment Co., Ltd.	Director	Su, Shih-Pang, Huang, Wen-Jui, and Ko, Wen-Sheng	US\$5,000,000	100%
Tianjin Ho-Yu Motor Sales and Service Co., Ltd.	Director	Tienjin Ho Yu Investment Co., Ltd., represented by Chen, Chien-Chou, Wang, Shih-Hao and Roger Huang	US\$5,000,000	100%
	Supervisor	Tienjin Ho Yu Investment Co., Ltd., represented by Su, Yi-Yuan		
	President	Cheng, Lung	—	—

Note: The calculation of shareholding percentage does not include preferred shares.

VIII. Specific Notes

8.1.7 Financial Highlights of Group Companies

NT\$ in Thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenues	Operating Profit (loss)	Net profit or loss for the period	Net Earnings Per Share (NT\$)
HOTAI MOTOR CO., LTD.	5,571,028	102,391,453	36,164,969	66,226,484	161,317,924	10,630,312	22,857,675	41.03
HOZAN INVESTMENT CO., LTD.	2,540	19,061,506	2,541	19,058,965	2,935,320	2,930,640	2,935,096	11,555.50
SHANGHAI HO-YU (BVI) INVESTMENT CO., LTD.	3,343,693	8,188,923	-	8,188,923	-	(290)	235,008	-
CHANG YUAN MOTOR CO., LTD.	3,135,000	8,078,199	3,224,551	4,853,648	18,758,411	956,638	730,578	2.33
HO TAI DEVELOPMENT CO., LTD.	549,028	11,377,099	2,955,324	8,421,775	11,061,457	49,663	239,139	4.36
CARMAX CO., LTD.	450,000	5,650,592	1,827,792	3,822,800	8,822,996	1,553,815	1,385,153	30.78
SMART DESIGN TECHNOLOGY CO., LTD.	48,048	439,982	258,088	181,894	867,951	31,282	28,028	5.83
TOYOTA MATERIAL HANDLING TAIWAN LTD.	795,788	1,659,720	501,417	1,158,303	1,284,318	177,606	166,930	2.10
EASTERN MOTOR CO., LTD.	465,502	1,137,000	569,344	567,656	3,621,444	42,011	59,320	1.27
TIENTIN HO YU INVESTMENT CO., LTD.	153,525	168,586	-	168,586	-	-	(51,956)	-
HOTAI FINANCE CO., LTD.	6,665,004	249,767,052	213,669,443	36,097,609	18,578,111	4,269,513	3,689,812	6.41
HOTAI LEASING CO., LTD.	1,604,399	49,165,170	43,429,215	5,735,955	22,738,587	642,691	1,113,200	6.94
HOYUN INTERNATIONAL LIMITED	2,456,400	5,619,343	-	5,619,343	-	-	746,396	-
HO TAI SERVICE & MARKETING CO., LTD.	271,902	1,097,723	203,830	893,893	760,845	(14,712)	105,352	3.87
DOROMAN AUTOPARTS CORPORATION	1,387	16,239	5,837	10,402	27,165	(351)	4,320	31.15
AIR MASTER INTERNATIONAL CO., LTD.	92,115	97,975	-	97,975	-	-	(8,206)	-
HOTAI INSURANCE CO., LTD.	28,000,000	28,125,523	23,864,372	4,261,151	11,552,698	3,900,745	3,658,817	1.41
HOTAI CONNECTED CO., LTD.	1,130,000	1,586,827	598,837	987,990	927,719	133,319	166,708	1.48
HOING MOBILITY SERVICE CO., LTD.	657,263	5,390,932	4,664,039	726,893	4,603,545	16,405	52,682	0.80
HOTONG MOTOR INVESTMENT CO., LTD.	3,931,622	9,808,237	895,413	8,912,824	336,756	(41,241)	334,575	-
SHANGHAI HOYU MOTOR SERVICE CO., LTD.	103,476	480,618	137,284	343,334	1,159,180	(9,161)	30,639	-
CHONGING HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	184,230	615,553	242,023	373,530	1,775,540	100,738	72,911	-
SHANGHAI HOZHAN MOTOR SERVICE CO., LTD.	92,115	500,107	366,255	133,852	1,983,231	10,517	(700)	-
TIANJIN HO-YU MOTOR SALES AND SERVICE CO., LTD.	153,525	314,345	118,677	195,668	1,003,060	(28,501)	(24,554)	-
ZAOZHUANG HO-WAN MOTOR SALES AND SERVICES CO., LTD.	43,224	49,391	446	48,945	48,114	(473)	262	-
SHANGHAI HELING MOTOR SERVICE CO., LTD.	107,468	1,661,144	832,033	829,111	2,905,891	158,686	160,346	-
SHANGHAI HOTAI TOYOTA FORKLIFT CO., LTD.	184,230	264,005	61,529	202,476	235,406	12,094	10,575	-
ZAOZHUANG HO-YU TOYOTA MOTOR SALES AND SERVICE CO., LTD.	419,123	332,838	82,777	250,061	1,186,716	(2,333)	(2,651)	-
TANGSHAN HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	178,089	463,221	168,185	295,036	1,187,276	58,471	42,844	-
NANCHANG HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	199,583	531,839	167,684	364,155	1,946,150	101,291	86,608	-
HOYUN INTERNATIONAL LEASING CO., LTD.	2,456,400	36,855,842	31,236,499	5,619,343	772,769	(1,487,322)	817,129	-
HOYUN(SHANGHAI) COMMERCIAL FACTORING CO., LTD.	216,118	1,124,291	834,583	289,708	36,856	8,686	24,186	-
HOYUN(SHANGHAI) VEHICLE LEASING CO., LTD.	648,355	665,282	57,995	607,287	163,598	44,721	38,845	-
HANGZHOU YIYOU NETWORK TECHNOLOGY CO., LTD.	432	6,323	-	6,323	-	(7)	(9)	-
HANGZHOU WANGYOU TECHNOLOGY CO., LTD.	432	1,835	-	1,835	-	(3)	(2)	-
HOMEI INTERNATIONAL TRADE (SUZHOU) CO., LTD.	432	3,899	4,217	(318)	-	(753)	(764)	-
HE ZHAN DEVELOPMENT CO., LTD	92,115	118,692	22,875	95,817	80,295	(8,618)	(8,206)	-
TIANJIN HELING LEXUS MOTOR SALES & SERVICE CO.,LTD.	368,460	528,922	103,234	425,688	1,157,111	40,182	33,632	-

VIII. Other Disclosures

Company Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenues	Operating Profit (loss)	Net profit or loss for the period	Net Earnings Per Share (NT\$)
TIANJIN HOZHAN MOTOR SERVICE CO., LTD.	296,517	349,344	60,608	288,736	1,388,472	(13,317)	(14,368)	-
CARMAX AUTOTECH (SHANGHAI) CO., LTD.	40,838	438,513	45,236	393,277	495,297	52,579	46,465	-
SHANGHAI HEDE USED VEHICLE CO., LTD.	18,154	662	2,202	(1,540)	-	204	302	-
SHANGHAI GUANGXIN CULTURAL MEDIA CO., LTD.	4,322	17,190	5,359	11,831	44,348	806	757	-
SHANGHAI YANGPU HELING LEXUS MOTOR SALES & SERVICE CO., LTD.	462,068	1,265,104	711,315	553,789	1,777,199	43,603	25,912	-
SHANGHAI HO-MIAN AUTO TECHNOLOGY CO., LTD.	994,152	986,450	5,684	980,766	47,197	3,896	6,477	-
SHANGHAI HOXIN MOTOR SERVICE AND CONSULTING CO., LTD.	12,967	33,256	3,229	30,027	19,545	8,255	8,063	-
TIANJIN HE-YI INTERNATIONAL TRADING CO., LTD.	86,448	164,970	36,376	128,594	514,343	7,406	7,679	-
SHANGHAI HOCHEN AUTO TECHNOLOGY CO., LTD.	307,050	404,165	130,203	273,962	13,582	(4,413)	(7,731)	-
SHANGHAI JIADING HELING LEXUS MOTOR SERVICE CO., LTD.	322,403	417,351	91,810	325,541	1,128,681	19,188	10,206	-
NANJING HOZHAN MOTOR SERVICE CO., LTD.	129,672	329,337	218,625	110,712	866,381	(12,607)	(17,985)	-
SHANGHAI ZHONGXIN MEANS OF TRANSPORTATION ENGINEERING CO., LTD.	21,612	38,562	4,614	33,948	21,522	4,680	4,434	-
SHANGHAI FENGYI CONSTRUCTION DECORATION CO., LTD.	242,054	273,215	12,675	260,540	29,840	5,214	(725)	-
TIANJIN HEKANG FINANCE LEASING CO., LTD.	734,808	787,943	36,065	751,878	18,971	10,710	15,779	-
Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	302,568	315,665	273,271	42,394	556,069	(15,451)	(15,966)	-
HO TAI PARTS & ACCESSORIES CO., LTD.	50,000	133,295	26,909	106,386	295,234	10,252	8,693	1.74
HOTAI MOBILITY SERVICE CO., LTD.	438,000	352,164	68,327	283,837	131,266	(47,082)	(43,790)	(1.00)
CHYUAN-AN TRANSPORT CO., LTD.	34,000	31,087	382	30,705	1,388	(624)	99	0.03
YU-CHENG TRANSPORT CO., LTD.	70,000	71,466	1,804	69,662	5,581	(1,667)	(433)	(0.06)
3A EXPRESS CO., LTD.	100,000	284,374	9,702	274,672	15,070	(1,713)	61,077	6.11
Long-Hao Removal Transport Services Co., Ltd.	10,000	25,928	5,778	20,150	26,847	5,946	6,717	6.72
HOTAI TRANSPORTATION CO., LTD.	25,000	113,895	24,340	89,555	154,403	69,802	57,128	22.85
DALEON AUTO PARTS AND ACCESSORIES CORPORATION	500	4,295	3,540	755	15,076	217	182	3.64
HOTAI AUTO BODY MANUFACTURING CO., LTD.	1,000,000	1,187,144	144,010	1,043,134	321,669	(6,919)	24,162	0.24
Hotai Auto Body Sales Co., Ltd.	40,000	552,763	510,958	41,805	529,357	9,842	4,149	1.04
He Jing Co., Ltd.	3,000,000	21,768,491	18,746,404	3,022,087	966,968	97,188	94,833	0.32
HE JUN ENERGY CO., LTD.	1,000,000	3,118,271	2,202,398	915,873	99,024	(51,326)	(55,168)	(0.55)
WEI TIEN ENERGY STORAGE CO., LTD.	22,000	80,303	59,335	20,968	3,963	(588)	(571)	(0.26)
CHAOYANG ENERGY CO., LTD.	33,000	96,698	63,490	33,208	9,856	85	134	0.04
GUANG YANG ENERGY CO., LTD.	21,000	67,350	46,452	20,898	7,197	(194)	(120)	(0.06)
XianYao Energy Co., Ltd.	27,000	57,333	31,717	25,616	4,648	(1,671)	(1,612)	(0.60)
Ho Young Travel Agency CO., LTD.	10,000	40,030	23,060	16,970	81,616	8,514	6,687	6.69
He Jun Electricity Co., Ltd.	1,000	861	-	861	-	(143)	(139)	(1.39)
Tung Ching Energy Co., Ltd.	40,000	98,677	57,468	41,209	10,477	1,091	936	0.23
Tung Ching Green Energy Co., Ltd.	92,000	203,084	112,019	91,065	14,901	(1,118)	(967)	(0.11)
Billion Sunpower Co., Ltd.	100,000	170,492	59,453	111,039	29,369	11,613	9,325	0.93
Cheng Yo Technology Co., Ltd.	50,000	425,679	346,485	79,194	85,001	18,451	24,238	4.85
Hon Yang Energy Co., Ltd.	20,000	142,454	112,810	29,644	28,105	9,425	8,038	4.02

VIII. Other Disclosures

8.2 Private placement of securities in the last fiscal year and as of the date of this Annual Report: N/A

8.3 Shareholding or disposition of shares of the Company by any subsidiaries in the last fiscal year and as of the date of this Annual Report: N/A

8.4 Other required disclosures:

8.4.1 Any circumstance which has a material effect on shareholder equity or price of the securities stipulated under Article 36, Paragraph 2, Item 2 of the Securities and Exchange Act: N/A

8.4.2 Other required disclosures in the last fiscal year and as of the date of this Annual Report: N/A

8.4.3 Certification

The following is a summary of the certifications received by personnel who are involved in the financial transparency of the Company:

(1) Five people are Certified Public Accountants (CPA) in Taiwan

(2) Two people are Certified Internal Auditor (CIA)

(3) Two people are Certified Privacy Management Professionals (CPMP)



Hotai Motor Co., Ltd.
和泰汽車股份有限公司



Chairman





和泰汽車股份有限公司 Hotai Motor Co., Ltd.

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