

**HO TAI MOTOR COMPANY LIMITED AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**JUNE 30, 2023 AND 2022**

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

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2023 AND 2022  
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**INDEPENDENT AUDITORS' REVIEW REPORT**  
(TRANSLATED FROM CHINESE)

PWCR23001264

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

***Introduction***

We have reviewed the accompanying consolidated balance sheets of Ho Tai Motor Co., Ltd and subsidiaries (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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 International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

***Scope of review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Basis for qualified conclusion***

As explained in Notes 4(3) and 6(10), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using the equity method and relevant information disclosed in accordance with Notes 13 were not reviewed by independent auditors. Total assets of these subsidiaries and investments accounted for using the equity method amounted to NT\$65,556,610 thousand and NT\$67,677,255 thousand, constituting 15% and 18% of the consolidated total assets as at June 30, 2023 and 2022, respectively. Total liabilities amounted to NT\$15,219,102 thousand and NT\$18,659,124

thousand, constituting 4% and 6% of the consolidated total liabilities as at June 30, 2023 and 2022, respectively. And the total comprehensive income amounted to NT\$1,474,273 thousand, NT\$1,399,449 thousand, NT\$3,203,717 thousand and NT\$3,381,751 thousand, constituting 17%, (78)%, 21% and 81% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months 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 International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Hsiao, Chun-Yuan

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Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current Assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 14,718,210	3	\$ 15,629,561	4	\$ 28,729,811	8
1120	Financial assets at fair value through profit or loss-current	6(2)	4,706,703	1	4,590,529	1	5,013,400	1
1125	Financial assets at fair value through other comprehensive income-current	6(3)	-	-	216,321	-	616,450	-
1150	Derivative financial assets for hedging	6(4)	477,300	-	504,827	-	80,271	-
1190	Other financial assets-current	6(1) and 8	2,698,986	1	3,229,892	1	2,736,130	1
1195	Contract assets-current		88,261	-	57,021	-	29,888	-
1201	Notes receivable	6(5), 7 and 8	13,292,248	3	11,928,468	3	11,252,759	3
1202	Accounts receivable	6(5), 7 and 8	247,767,548	56	226,000,165	56	199,440,151	53
1203	Other receivables	7	2,202,102	1	1,831,274	-	1,855,112	-
1270	Inventories	6(7)	19,083,189	4	13,280,667	3	11,437,162	3
1280	Prepayments	6(8)	9,227,105	2	8,911,626	2	9,493,743	2
1290	Assets held for sale		284,707	-	283,710	-	-	-
1310	Reinsurance contract assets, net	6(9)	3,885,093	1	2,964,445	1	2,914,758	1
	<b>Total current assets</b>		<u>318,431,452</u>	<u>72</u>	<u>289,428,506</u>	<u>71</u>	<u>273,599,635</u>	<u>72</u>
<b>Non-current assets</b>								
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,004,770	-	1,011,039	-	1,002,836	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	9,539,668	2	8,411,794	2	9,584,786	3
1470	Investments accounted for using the equity method	6(10)	20,532,605	5	18,759,486	5	18,032,336	5
1480	Other financial assets-non-current	6(1)	114,786	-	196,388	-	184,128	-
1500	Property, plant and equipment, net	6(11)	63,258,826	14	60,555,510	15	56,419,958	15
1595	Right-of-use assets, net	6(12)	3,786,383	1	3,629,696	1	3,404,993	1
1600	Investment property, net	6(14)	2,904,708	1	2,900,924	1	3,088,361	1
1700	Intangible assets, net	6(15)	203,662	-	184,656	-	1,275,460	-
1800	Deferred income tax assets, net	6(33)	4,178,039	1	4,099,616	1	3,059,588	1
1900	Other assets	6(5)(9)(16)	20,337,306	4	17,383,522	4	9,121,722	2
	<b>Total non-current assets</b>		<u>125,860,753</u>	<u>28</u>	<u>117,132,631</u>	<u>29</u>	<u>105,174,168</u>	<u>28</u>
1XXX	<b>Total Assets</b>		<u>\$ 444,292,205</u>	<u>100</u>	<u>\$ 406,561,137</u>	<u>100</u>	<u>\$ 378,773,803</u>	<u>100</u>

(Continued)

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current Liabilities</b>							
2110	Short-term loans	6(17)	\$ 114,414,313	26	\$ 105,333,597	26	\$ 82,890,921	23
2120	Short-term notes and bills payable	6(18)	124,589,685	28	114,640,213	28	96,853,209	26
2140	Financial liabilities at fair value through profit or loss-current	6(2)	-	-	162,608	-	3,349	-
2150	Derivative financial liabilities for hedging	6(4)	1,572,024	1	586,935	-	1,102,458	-
2165	Contract liabilities-current	6(28)	1,376,951	-	1,518,147	-	1,575,545	-
2201	Notes payable		901,693	-	870,114	-	776,919	-
2202	Accounts payable	7	12,568,150	3	11,384,815	3	9,602,285	3
2203	Accrued expenses	6(21) and 7	5,403,563	1	6,623,281	2	4,770,452	1
2204	Other payables	7	4,806,113	1	1,665,754	1	14,628,089	4
2250	Commissions payable	7	193,220	-	493,435	-	483,795	-
2260	Due to reinsurance and ceding companies		1,573,092	1	814,508	-	869,333	-
2270	Claims payable		25,806	-	313,586	-	89,671	-
2310	Current income tax liabilities		1,275,796	-	1,446,987	-	2,452,267	1
2320	Advance receipts		171,401	-	237,772	-	200,205	-
2330	Long-term liabilities-current portion	6(19)(20)	34,881,220	8	24,305,569	6	23,899,252	6
2335	Current lease liabilities	7	487,022	-	573,266	-	429,823	-
2350	Other current liabilities	6(9)(23)(24)	23,641,246	5	30,610,509	8	23,837,341	6
	<b>Total current liabilities</b>		<u>327,881,295</u>	<u>74</u>	<u>301,581,096</u>	<u>74</u>	<u>264,464,914</u>	<u>70</u>
	<b>Non-current liabilities</b>							
2550	Long-term loans	6(20)	9,391,122	2	12,399,285	3	4,236,793	1
2600	Provisions	6(9)(23)	9,417,024	2	8,716,614	2	10,098,673	3
2620	Guarantee deposits received	6(24)	8,791,290	2	8,254,408	2	7,998,930	2
2625	Non-current lease liabilities	7	1,990,008	-	1,807,561	1	1,669,418	-
2630	Deferred income tax liabilities		4,499,474	1	4,230,074	1	4,142,946	1
2660	Other liabilities	6(33)	18	-	36	-	64	-
	<b>Total non-current liabilities</b>		<u>34,088,936</u>	<u>7</u>	<u>35,407,978</u>	<u>9</u>	<u>28,146,824</u>	<u>7</u>
2XXX	<b>Total Liabilities</b>		<u>361,970,231</u>	<u>81</u>	<u>336,989,074</u>	<u>83</u>	<u>292,611,738</u>	<u>77</u>
	<b>Equity attributable to shareholders of the parent</b>							
	Share capital	6(25)						
3110	Common stock		5,461,792	1	5,461,792	1	5,461,792	1
3150	Stock dividend to be distributed		109,236	-	-	-	-	-
	Capital surplus	6(26)						
3200	Capital surplus		2,897,444	1	2,898,044	1	2,926,579	1
	Retained earnings	6(27)						
3310	Legal reserve		15,553,282	3	15,553,282	4	15,553,282	4
3320	Special reserve		381,843	-	381,843	-	381,843	-
3330	Unappropriated earnings		27,074,024	6	16,165,239	4	38,873,700	10
	Other equity							
3400	Other equity interest		2,937,950	1	1,304,787	-	1,869,398	1
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>54,415,571</u>	<u>12</u>	<u>41,764,987</u>	<u>10</u>	<u>65,066,594</u>	<u>17</u>
32XX	<b>Non-controlling interest</b>		<u>27,906,403</u>	<u>7</u>	<u>27,807,076</u>	<u>7</u>	<u>21,095,471</u>	<u>6</u>
3XXX	<b>Total equity</b>		<u>82,321,974</u>	<u>19</u>	<u>69,572,063</u>	<u>17</u>	<u>86,162,065</u>	<u>23</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after balance sheet date	11						
	<b>Total liabilities and equity</b>		<u>\$ 444,292,205</u>	<u>100</u>	<u>\$ 406,561,137</u>	<u>100</u>	<u>\$ 378,773,803</u>	<u>100</u>

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

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings (losses) per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Revenues</b>										
4010	Interest income	6(3)(29)	\$ 5,137,792	7	\$ 3,993,690	7	\$ 9,960,271	7	\$ 7,673,591	6
4020	Premiums revenue	6(30)	2,140,306	3	2,328,161	4	4,348,851	3	4,553,514	4
4040	Reinsurance commission revenue		276,023	-	114,351	-	563,346	-	257,677	-
4050	Fee income		2,720	-	2,864	-	5,333	-	5,529	-
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)	888,153	1	526,765	1	1,699,807	1	964,252	1
4090	Gains on financial assets and liabilities at fair value through profit or loss	6(2)	475,363	1	-	-	986,016	1	-	-
4105	Realized gains on financial assets at fair value through other comprehensive income		149,686	-	141,256	-	129,571	-	165,927	-
4160	Net sales revenue	6(28) and 7								
4161	Sales revenue		58,215,744	81	45,709,161	80	113,307,590	81	96,461,724	81
4162	Sales returns		( 576,816)	( 1)	( 238,901)	( -)	( 1,072,880)	( 1)	( 568,655)	( -)
4163	Sales discounts and allowances		( 962,008)	( 1)	( 1,122,154)	( 2)	( 1,773,301)	( 1)	( 2,231,592)	( 2)
4170	Rental revenue		4,716,262	7	4,182,827	7	9,390,802	7	8,381,173	7
4180	Service revenue	6(28) and 7	590,114	1	555,618	1	1,172,195	1	1,074,727	1
4210	Gains on disposals of property, plant and equipment		91,289	-	2,426	-	98,483	-	6,784	-
4230	Income from investment property	6(14)	44,563	-	44,192	-	89,615	-	88,409	-
4260	Foreign exchange gains		115,602	-	160,874	-	73,891	-	79,738	-
4270	Other income		322,656	1	409,005	1	596,230	1	665,142	1
4256	Reversal gains on expected credit of investment		84	-	61	-	280	-	34	-
4245	Gains on reclassification under the overlay approach	6(2)	-	-	674,752	1	-	-	927,332	1
4280	Unrealized profits from sales		( 48,491)	( -)	( 60,706)	( -)	( 88,289)	( -)	( 39,126)	( -)
4290	Realized profits from sales		44,701	-	66,381	-	44,701	-	66,381	-
	Total revenues		<u>71,623,743</u>	<u>100</u>	<u>57,490,623</u>	<u>100</u>	<u>139,532,512</u>	<u>100</u>	<u>118,532,561</u>	<u>100</u>
<b>Expenses</b>										
5010	Interest expenses		( 1,386,764)	( 2)	( 672,134)	( 1)	( 2,646,743)	( 2)	( 1,238,871)	( 1)
5030	Underwriting expenses		( 152)	( -)	( 78)	( -)	( 290)	( -)	( 130)	( -)
5040	Commission expenses	7	( 1,179,363)	( 2)	( 1,467,596)	( 3)	( 2,463,821)	( 2)	( 2,937,876)	( 2)
5050	Claims payment		( 3,127,141)	( 4)	( 1,837,796)	( 3)	( 10,293,882)	( 7)	( 2,944,566)	( 2)
5070	Net changes in other insurance liabilities	6(9)	2,705,557	4	( 5,601,305)	( 10)	8,457,253	6	( 5,741,809)	( 5)
5110	Losses on financial assets and liabilities at fair value through profit or loss	6(2)	-	( -)	( 1,012,385)	( 2)	-	( -)	( 881,455)	( 1)
5190	Cost of sales	6(7) and 7	( 50,531,178)	( 71)	( 38,056,248)	( 66)	( 97,628,969)	( 70)	( 81,046,627)	( 68)
5200	Cost of rental revenue		( 3,676,861)	( 5)	( 3,415,040)	( 6)	( 7,315,802)	( 5)	( 6,822,453)	( 6)
5210	Cost of services		( 567,982)	( 1)	( 556,527)	( 1)	( 1,070,838)	( 1)	( 988,756)	( 1)
5230	Operating expenses	6(31)(32) and 7								
5231	Selling expenses		( 2,790,284)	( 4)	( 2,452,919)	( 4)	( 5,317,848)	( 4)	( 4,863,576)	( 4)
5232	General and administrative expenses		( 1,892,340)	( 3)	( 1,455,351)	( 3)	( 3,717,506)	( 3)	( 3,007,207)	( 3)
5233	Research and development expenses		( 34,709)	( -)	( 26,469)	( -)	( 62,758)	( -)	( 54,879)	( -)
5287	Expected credit impairment losses of non-investment	12(2)	( 754,655)	( 1)	( 292,012)	( -)	( 1,479,876)	( 1)	( 713,630)	( 1)
5270	Expenses and losses from investment property	6(14)	( 8,442)	( -)	( 10,275)	( -)	( 17,374)	( -)	( 19,084)	( -)
5275	Losses on reclassification under the overlay approach		( 166,674)	( -)	( -)	( -)	( 392,738)	( -)	( -)	( -)
5320	Other expenses		( 39,716)	( -)	( 20,622)	( -)	( 76,182)	( -)	( 39,011)	( -)
	Total expenses		<u>( 63,450,704)</u>	<u>( 89)</u>	<u>( 56,876,757)</u>	<u>( 99)</u>	<u>( 124,027,374)</u>	<u>( 89)</u>	<u>( 111,299,930)</u>	<u>( 94)</u>
6100	<b>Income before income tax from continuing operations</b>		8,173,039	11	613,866	1	15,505,138	11	7,232,631	6
6200	Income tax expense	6(33)	( 230,432)	( -)	( 465,401)	( 1)	( 1,637,630)	( 1)	( 1,838,941)	( 1)
6500	<b>Profit for the period</b>		<u>\$ 7,942,607</u>	<u>11</u>	<u>\$ 148,465</u>	<u>-</u>	<u>\$ 13,867,508</u>	<u>10</u>	<u>\$ 5,393,690</u>	<u>5</u>

(Continued)

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings (losses) per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income (loss) for the period</b>										
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>										
6617	Gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,365,407	2	(\$ 1,151,451)	(2)	\$ 1,606,152	1	(\$ 727,716)	(1)
6610	Total components of other comprehensive income that may not be reclassified to profit or loss		1,365,407	2	(1,151,451)	(2)	1,606,152	1	(727,716)	(1)
<b>Components of other comprehensive (loss) income that may be reclassified to profit or loss</b>										
6651	Financial statement translation differences of foreign operations		(491,203)	(1)	(241,237)	-	(407,869)	-	361,551	1
6659	Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	1,123	-	(32,867)	-	47,769	-	(72,807)	-
6661	(Loss) gain on hedging instrument	6(4)	(19,397)	-	180,934	-	(147,494)	-	211,255	-
6675	Other comprehensive income (loss) reclassified by using overlay approach	6(2)	166,674	-	(674,752)	(1)	392,738	-	(927,332)	(1)
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		(34,889)	-	18,461	-	(28,983)	-	(21,087)	-
6689	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	6(33)	4,557	-	(41,128)	-	23,823	-	(46,916)	-
	Total components of other comprehensive income that may be reclassified to profit or loss		(373,135)	(1)	(790,589)	(1)	(120,016)	-	(495,336)	-
6600	<b>Other comprehensive income (loss) for the period-net</b>		\$ 992,272	1	(\$ 1,942,040)	(3)	\$ 1,486,136	1	(\$ 1,223,052)	(1)
6700	<b>Total comprehensive income (loss) for the period</b>		\$ 8,934,879	12	(\$ 1,793,575)	(3)	\$ 15,353,644	11	\$ 4,170,638	4
Profit (loss) attributable to:										
6810	Owners of parent		\$ 7,046,974	10	(\$ 813,521)	(2)	\$ 12,110,379	9	\$ 3,479,770	3
6820	Non-controlling interests		895,633	1	961,986	2	1,757,129	1	1,913,920	2
			\$ 7,942,607	11	\$ 148,465	-	\$ 13,867,508	10	\$ 5,393,690	5
Comprehensive income (loss) attributable to:										
6910	Owners of parent		\$ 8,146,137	11	(\$ 2,796,508)	(5)	\$ 13,743,542	10	\$ 2,100,225	2
6920	Non-controlling interests		788,742	1	1,002,933	2	1,610,102	1	2,070,413	2
			\$ 8,934,879	12	(\$ 1,793,575)	(3)	\$ 15,353,644	11	\$ 4,170,638	4
	Basic earnings (losses) per share	6(34)	\$ 12.65		(\$ 1.46)		\$ 21.74		\$ 6.25	
	Diluted earnings (losses) per share	6(34)	\$ 12.65		(\$ 1.46)		\$ 21.73		\$ 6.24	

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

**HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
		Share Capital			Retained Earnings				Other equity interest					
		Common stock	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains on financial assets at fair value through other comprehensive income	Other comprehensive income(loss) reclassified by using overlay approach	Gain (loss) on hedging instruments	Total	Non-controlling interests	Total equity
Notes														
<b>For the six months ended June 30, 2022</b>														
	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 for the period	-	-	-	-	-	3,479,770	-	-	-	-	3,479,770	1,913,920	5,393,690
	Other comprehensive income (loss) for the period	-	-	-	-	-	-	275,276	( 792,520)	( 933,458)	71,157	( 1,379,545)	156,493	( 1,223,052)
	Total comprehensive income (loss)	-	-	-	-	-	3,479,770	275,276	( 792,520)	( 933,458)	71,157	2,100,225	2,070,413	4,170,638
	Appropriation and distribution of retained earnings: 6(27)													
	Legal reserve appropriated	-	-	-	1,627,319	-	( 1,627,319)	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	-	( 10,923,584)	-	-	-	-	( 10,923,584)	( 1,996,548)	( 12,920,132)
	Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount 6(35)	-	-	119,102	-	-	-	-	-	-	-	119,102	( 120,102)	( 1,000)
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	446,594	446,594
	Balance at June 30, 2022	<u>\$ 5,461,792</u>	<u>\$ -</u>	<u>\$ 2,926,579</u>	<u>\$ 15,553,282</u>	<u>\$ 381,843</u>	<u>\$ 38,873,700</u>	<u>(\$ 280,847)</u>	<u>\$ 2,472,585</u>	<u>(\$ 369,677)</u>	<u>\$ 47,337</u>	<u>\$ 65,066,594</u>	<u>\$ 21,095,471</u>	<u>\$ 86,162,065</u>
<b>For the six months ended June 30, 2023</b>														
	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 period	-	-	-	-	-	12,110,379	-	-	-	-	12,110,379	1,757,129	13,867,508
	Other comprehensive income (loss) for the period	-	-	-	-	-	-	( 352,651)	1,643,372	395,201	( 52,759)	1,633,163	( 147,027)	1,486,136
	Total comprehensive income (loss)	-	-	-	-	-	12,110,379	( 352,651)	1,643,372	395,201	( 52,759)	13,743,542	1,610,102	15,353,644
	Appropriation and distribution of retained earnings: 6(27)													
	Cash dividends	-	-	-	-	-	( 1,092,358)	-	-	-	-	( 1,092,358)	( 1,891,375)	( 2,983,733)
	Stock dividends	-	109,236	-	-	-	( 109,236)	-	-	-	-	-	-	-
	Changes in ownership interests in subsidiaries	-	-	( 600)	-	-	-	-	-	-	-	( 600)	600	-
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	380,000	380,000
	Balance at June 30, 2023	<u>\$ 5,461,792</u>	<u>\$ 109,236</u>	<u>\$ 2,897,444</u>	<u>\$ 15,553,282</u>	<u>\$ 381,843</u>	<u>\$ 27,074,024</u>	<u>(\$ 676,203)</u>	<u>\$ 3,342,716</u>	<u>\$ 255,113</u>	<u>\$ 16,324</u>	<u>\$ 54,415,571</u>	<u>\$ 27,906,403</u>	<u>\$ 82,321,974</u>

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

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated profit before income tax		\$ 15,505,138	\$ 7,232,631
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(11)(12)(14)(31)	6,299,383	5,761,307
Amortization	6(31)	68,925	61,948
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	6(2)	( 986,016 )	881,455
Expected gain on reversal of investment		( 280 )	( 34 )
Expected credit impairment loss on non-investment		1,479,876	713,630
Profit or loss reclassified by applying overlay approach		392,738	( 927,332 )
Impairment loss (reversal gain) of rental assets	6(11)	( 23,679 )	437
Provision for financial guarantee expense		10,788	18,229
Interest expense		2,646,743	1,238,871
Interest income	6(29)	( 9,960,271 )	( 7,673,591 )
Dividend income		( 164,473 )	( 166,274 )
Share of profit of associates accounted for using the equity method	6(10)	( 1,699,807 )	( 964,252 )
Net gain on disposal of property, plant and equipment		( 98,483 )	( 6,784 )
Unrealized profit from sales		88,289	39,126
Realized profit from sales		( 44,701 )	( 66,381 )
Profit from lease modification	6(12)	( 147 )	( 754 )
Exchange gain (loss)		27,779	25,133
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		876,111	1,897,229
Contract assets		( 31,240 )	( 794 )
Notes and accounts receivable		( 27,059,829 )	( 20,889,760 )
Other receivables		( 387,131 )	( 349,274 )
Inventories		( 2,615,684 )	1,087,032
Prepayments		( 269,118 )	( 1,022,946 )
Reinsurance contract assets		( 1,182,424 )	( 716,455 )
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		( 162,608 )	( 24,431 )
Contract liabilities		( 141,196 )	204,294
Notes and accounts payable		1,214,914	801,887
Accrued expenses		( 1,119,871 )	2,197,405
Other payables		156,626	300,784
Commission payable		( 300,215 )	( 62,004 )
Provisions		700,410	1,876,816
Due to reinsurance and ceding companies		758,584	282,744
Claims payable		( 287,780 )	47,930
Advance receipts		( 66,371 )	( 52,107 )
Other current liabilities		( 7,178,522 )	5,398,394
Other liabilities		( 18 )	( 8 )
Cash outflow generated from operations		( 23,553,560 )	( 7,250,709 )
Interest received		9,976,574	7,660,747
Cash dividends received		530,381	482,602
Interest paid		( 2,804,521 )	( 1,267,248 )
Income tax paid		( 1,594,022 )	( 3,868,639 )
Net cash flows used in operating activities		( 17,445,148 )	( 4,243,247 )

(Continued)

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at fair value through other comprehensive income		\$ -	(\$ 86,725 )
Decrease in financial assets at fair value through other comprehensive income		742,648	-
Acquisition of investments accounted for using the equity method		( 512,880 )	-
Net cash flow from acquisition of subsidiaries		( 9,253 )	-
Acquisition of property, plant and equipment	6(11)	( 12,408,549 )	( 11,735,191 )
Proceeds from disposal of property, plant and equipment		808,867	320,103
Acquisition of investment properties	6(14)	( 800 )	-
Acquisition of intangible assets	6(15)	( 44,756 )	( 21,784 )
Decrease in other financial assets		612,508	18,446
Increase in other assets		( 551,065 )	( 742,331 )
Net cash flows used in investing activities		( 11,363,280 )	( 12,247,482 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(36)	9,919,341	16,758,525
Increase in short-term notes and bills payable	6(36)	9,949,472	( 8,008,133 )
Proceeds from issuance of bonds	6(36)	4,000,000	10,000,000
Proceeds from long-term loans	6(36)	6,558,981	500,278
Repayments of long-term loans	6(36)	( 2,992,773 )	( 690,000 )
Increase in guarantee deposits received	6(36)	746,141	420,839
Repayment of principal portion of lease liability	6(36)	( 380,992 )	( 246,570 )
Proceeds from disposal of ownership interests in subsidiaries (without losing control)	6(35)	-	332,350
Change in non-controlling interests		380,000	113,244
Net cash flows from financing activities		28,180,170	19,180,533
Net effect of changes in foreign currency exchange rates		( 283,093 )	226,427
Net (decrease) increase in cash and cash equivalents		( 911,351 )	2,916,231
Cash and cash equivalents at beginning of period		15,629,561	25,813,580
Cash and cash equivalents at end of period		\$ 14,718,210	\$ 28,729,811

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

HO TAI MOTOR COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

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

1. History and Organization

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

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

These consolidated financial statements were reported to the Board of Directors on August 10, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

None.

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

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

<u>New and revised Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial Application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with contracts'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

A. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall disaggregate a portfolio into three groups of contracts at initial recognition: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. Entities are required to separately present insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

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

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

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

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

### 4. Summary of Significant Accounting Policies

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

#### (1) Compliance statement

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

#### (2) Basis of preparation

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

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

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

### (3) Basis of consolidation

#### A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- (f) From January 1, 2023 to June 30, 2023, the subsidiaries of the individual financial reports included in this merger report, except for Hozan Investment Co., Ltd., Hotai Finance Co., Ltd., Hotai Leasing Co., Ltd., Hotai Insurance Co., Ltd., Hoyun International Limited, Hoyun International Finance Leasing Co., Ltd., and Hoing Mobility Service Corporation, which are included based on their financial reports reviewed by independent auditors during the same period and excluded from the consolidated financial statements. The remaining subsidiaries are evaluated and disclosed based on their unaudited financial statements for the same period. From January 1, 2022 to June 30, 2022, the subsidiaries of the individual financial reports included in this merger report, except for Hozan Investment Co., Ltd., Hotai Finance Co., Ltd., Hotai Leasing Co., Ltd., Hotai Insurance Co., Ltd., Hoyun International Limited and Hoyun International Finance Leasing Co., Ltd., which are included based on their financial reports reviewed by independent auditors during the same period and excluded from the consolidated financial statements. The remaining subsidiaries are evaluated and disclosed based on their unaudited financial statements for the same period.

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

Investor	Investee	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Equity investments in Mainland China (trading and repairing of vehicles and their parts)	100.00	100.00	100.00	
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	General investment	100.00	100.00	100.00	
Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	77.93	92.86	-	Note 13, 16
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	100.00	
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Co., Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	100.00	
Ho Tai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	Agent for sales of air conditioning system and contracting of air conditioning construction	45.01	45.01	45.01	Note 2
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Trading of vehicle products/accessories	51.00	51.00	51.00	
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	100.00	
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	20.00	20.00	20.00	Note 1
Ho Tai Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	70.00	70.00	70.00	Note 3
Ho Tai Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	Assembly of vehicle bodies	50.00	50.00	50.00	Note 1
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	18.00	18.00	18.00	Note 1, 4
Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Sales of vehicle bodies	100.00	100.00	-	Note 7
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tianjin Ho Yu Investment Co., Ltd.	Equity investments in Mainland China, trading and repairing of vehicles and their parts	70.00	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	100.00	
Tianjin Ho Yu Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	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	100.00	
Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	75.00	75.00	75.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	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	100.00	
Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	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	100.00	

Investor	Investee	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	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	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting services	100.00	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	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	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	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	70.00	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	100.00	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	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	100.00	
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	25.00	25.00	25.00	Note 1
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	23.81	Note 1
Shanghai Hoyu Motor Service Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Advertisement design and production	100.00	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	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	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Sales of imported cars	100.00	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	40.00	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	23.81	Note 1
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	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	30.00	Note 1, 10
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Leasing of vehicles	66.04	66.04	66.04	
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Installment trading and leasing of various vehicles	45.39	45.39	45.39	Note 2

Investor	Investee	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	22.05	7.13	99.80	Note 1, 13, 16
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	41.10	41.10	41.10	Note 1
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	27.40	27.40	27.40	Note 1
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taxi service	100.00	100.00	100.00	
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taxi service	100.00	100.00	100.00	
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	50.50	
Hotai Leasing Co., Ltd.	Hoyun International Limited	General investment	49.50	49.50	49.50	Note 1
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	50.82	50.82	50.82	
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	49.18	49.18	49.18	Note 1
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Tourism industry	100.00	100.00	100.00-	Note 6
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment trading of various vehicles	81.00	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	80.00	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.	Chaoyang Energy Co., Ltd.	Solar power	90.00	90.00	-	Note 12
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar power	90.00	90.00	-	Note 12
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar power	90.00	90.00	-	Note 12
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
Hoyun International Limited	Hoyun International Finance Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	100.00	Note 9
Hoyun International Finance Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	100.00	100.00	100.00	
Hoyun International Finance Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of cars	100.00	100.00	100.00	
Hoyun International Finance Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	Note 5
Hoyun International Finance Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	Note 5
Hoyun International Finance Leasing Co., Ltd.	Homei Consulting (Suzhou) Company Limited	Consulting services	100.00	100.00	-	Note 6, 17
Ho Tai Development Co., Ltd.	Ichiban International Co., Ltd.	General investment	-	-	100.00	Note 11
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	General investment	100.00	100.00	-	Note 11
Toyota Material Handling Taiwan Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	100.00	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Repairing of air conditioning equipment and trading of their parts	100.00	100.00	100.00	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Trading of air conditioning equipment and their peripherals	100.00	100.00	100.00	
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Freight forwarders	51.00	51.00	51.00	

Investor	Investee	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Freight forwarders	100.00	100.00	100.00	
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Freight forwarders	100.00	100.00	100.00	
Ichiban International Co., Ltd.	Air Master International Co., Ltd.	General investment	-	-	100.00	Note 11
Air Master International Co., Ltd.	He Zhan Development Co., Ltd.	Trading of air conditioning equipment	100.00	100.00	100.00	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	100.00	100.00	100.00	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	61.77	61.77	61.77	
Eastern Motor Co., Ltd.	Doroman Autoparts Co., Ltd.	Wholesale and retail of vehicles parts and accessories	100.00	100.00	100.00	
Eastern Motor Co., Ltd.	Daleon Auto Parts & Accessories Co., Ltd.	Wholesale and retail of vehicles parts and accessories	100.00	100.00	100.00	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	0.68	0.68	0.68	Note 1
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	0.50	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	20.00	Note 1
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Sales of vehicle bodies	-	-	100.00	Note 7

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 Finance 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, 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 subsidiaries, Hozan Investment Co., Ltd. did not participate in the capital increase, their shareholding ratio of Hotai Insurance Co., Ltd. decreased to 7.13% from 99.8%.

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, their 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 Hemei International Trading (Suzhou) 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 June 30, 2023, December 31, 2022, and June 30, 2022, the non-controlling interest amounted to \$27,906,403, \$27,807,076, and \$21,095,471, respectively. The information of non-controlling interest that are material to the Group and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd.	Taiwan	\$ 18,223,501	54.61% (note)	\$ 18,369,237	54.61% (note)
Hotai Leasing Co., Ltd.	Taiwan	1,762,324	33.96%	1,807,397	33.96%

  

Name of subsidiary	Principal place of business	Non-controlling interest	
		June 30, 2022	
		Amount	Ownership (%)
Hotai Finance Co., Ltd.	Taiwan	\$ 12,346,982	54.61%
Hotai Leasing Co., Ltd.	Taiwan	1,631,453	33.96%

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

Summarized financial information of the subsidiaries:

Balance sheets

	Hotai Finance Co., Ltd.		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 258,995,206	\$ 236,804,466	\$ 208,345,307
Non-current assets	22,318,401	18,560,622	14,577,617
Current liabilities	( 247,170,630)	( 221,376,661)	( 196,214,403)
Non-current liabilities	( 1,264,827)	( 1,095,413)	( 923,945)
Total net assets	<u>\$ 32,878,150</u>	<u>\$ 32,893,014</u>	<u>\$ 25,784,576</u>

	Hotai Leasing Co., Ltd.		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 4,335,425	\$ 4,225,639	\$ 3,725,985
Non-current assets	42,276,825	40,116,388	37,467,525
Current liabilities	( 26,485,135)	( 24,857,667)	( 22,860,845)
Non-current liabilities	( 14,937,399)	( 14,161,911)	( 13,528,338)
Total net assets	<u>\$ 5,189,716</u>	<u>\$ 5,322,449</u>	<u>\$ 4,804,327</u>

Statements of comprehensive income

	Hotai Finance Co., Ltd.	
	Three months ended June 30,	
	2023	2022
Revenue	\$ 6,920,367	\$ 5,462,843
Profit before income tax	1,335,913	1,366,990
Income tax expense	( 391,160)	( 347,839)
Profit for the period	<u>944,753</u>	<u>1,019,151</u>
Other comprehensive (loss) income for the period, net of tax	( 192,412)	65,349
Total comprehensive income for the period	<u>\$ 752,341</u>	<u>\$ 1,084,500</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 427,467</u>	<u>\$ 563,348</u>
Dividends paid to non-controlling interests	<u>\$ 1,016,394</u>	<u>\$ 1,181,337</u>

	Hotai Finance Co., Ltd.	
	Six months ended June 30,	
	2023	2022
Revenue	\$ 13,485,004	\$ 10,647,469
Profit before income tax	2,667,872	2,626,662
Income tax expense	( 710,423)	( 639,212)
Profit for the period	1,957,449	1,987,450
Other comprehensive (loss) income for the period, net of tax	( 261,518)	266,449
Total comprehensive income for the period	\$ 1,695,931	\$ 2,253,899
Comprehensive income attributable to non-controlling interests	\$ 870,856	\$ 1,101,548
Dividends paid to non-controlling interests	\$ 1,016,394	\$ 1,181,337

	Hotai Leasing Co., Ltd.	
	Three months ended June 30,	
	2023	2022
Revenue	\$ 5,534,306	\$ 4,863,466
Profit before income tax	324,272	374,575
Income tax expense	( 53,416)	( 96,846)
Profit for the period	270,856	277,729
Other comprehensive loss for the period, net of tax	( 87,648)	( 47,157)
Total comprehensive income for the period	\$ 183,208	\$ 230,572
Comprehensive income attributable to non-controlling interests	\$ 62,214	\$ 78,298
Dividends paid to non-controlling interests	\$ 215,005	\$ 202,106

	Hotai Leasing Co., Ltd.	
	Six months ended June 30,	
	2023	2022
Revenue	\$ 11,030,956	\$ 9,568,170
Profit before income tax	709,296	726,857
Income tax expense	( 139,888)	( 175,723)
Profit for the period	569,408	551,134
Other comprehensive (loss) income for the period, net of tax	( 68,991)	37,189
Total comprehensive income for the period	\$ 500,417	\$ 588,323
Comprehensive income attributable to non-controlling interests	\$ 169,932	\$ 199,783
Dividends paid to non-controlling interests	\$ 215,005	\$ 202,106

## Statements of cash flows

	Hotai Finance Co., Ltd.	
	Six months ended June 30,	
	2023	2022
Net cash used in operating activities	(\$ 22,203,427)	(\$ 17,075,377)
Net cash used in investing activities	( 2,049,273)	( 1,390,261)
Net cash provided by financing activities	24,284,937	18,924,916
Net effect of changes in foreign currency exchange rates	( 291,543)	145,649
(Decrease) increase in cash and cash equivalents	( 259,306)	604,927
Cash and cash equivalents, beginning of period	2,382,775	1,058,573
Cash and cash equivalents, end of period	<u>\$ 2,123,469</u>	<u>\$ 1,663,500</u>

	Hotai Leasing Co., Ltd.	
	Six months ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 8,387,019	\$ 7,605,856
Net cash used in investing activities	( 10,123,329)	( 8,947,652)
Net cash provided by financing activities	1,764,736	1,375,896
Increase in cash and cash equivalents	28,426	34,100
Cash and cash equivalents, beginning of period	120,151	109,655
Cash and cash equivalents, end of period	<u>\$ 148,577</u>	<u>\$ 143,755</u>

#### (4) Foreign currency translation

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

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within “foreign exchange gains or losses”.

#### B. Translation of foreign operations

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

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

#### (5) Classification of current and non-current items

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

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

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

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

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

#### (6) Cash equivalents

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

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

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

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

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

exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

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

(10) Offsetting financial instruments

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

(11) Impairment of financial assets

- A. For financial assets at fair value through other comprehensive income, receivables, and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.
- B. The Group will perform the following procedure when the financial assets are assessed as having a significant increase in credit risk after initial recognition:
  - (a) Financial assets at fair value through other comprehensive income  
Reclassify the amount of credit loss which originally are unrealized gains (losses) of accumulated losses of other comprehensive income as profit or loss.
  - (b) Financial assets at amortized cost  
Decrease its carrying amount through an allowance account. When financial assets at amortized cost are assessed as no longer recoverable, write-off the allowance accounts. For proceeds that were previously written-off and subsequently recovered, credit the allowance account. Except for financial assets at amortized cost that are assessed as no longer recoverable and written-off allowance accounts, the carrying amount of allowance accounts are recognized in profit or loss.

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

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

(13) Derecognition of financial assets

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

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

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

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

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

(15) Inventories

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

(16) Assets held for sale

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

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

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the

associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for using the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(18) Property, plant and equipment

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

Buildings and structures	3 ~ 60 years
Utility equipment	5 ~ 10 years

Office equipment	1 ~ 20 years
Machinery and equipment	1 ~ 15 years
Leasehold improvements	1 ~ 35 years

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

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

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(20) Investment property

A. An investment property is stated initially at its cost and measured subsequently using the cost model.

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

C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain and loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain and loss on investment property under net investment income (loss). Except for land, property (including accessory equipment) is depreciated on a straight-line basis over its estimated useful life of 2~60 years. Each part of an item of investment property with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any

change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

D. Investment property of the Group's subsidiary including the office building and land rented in the form of an operating lease are to generate rental income or capital increase or both. Investment property is recognized initially at cost plus transaction costs incurred and subsequently applies cost model measuring at cost net of accumulated depreciation and impairment. Part of the property may be held by the Group and another part generates rental income or capital increase. If the property held by the Group can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase, or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

(21) Intangible assets

A. Computer software

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

B. Goodwill

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

C. Client relationship

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

D. Trademark right

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not 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 under the liability specified in the contract is discharged or cancelled or expires.

(27) Ordinary corporate bonds

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

(28) Financial guarantee contracts

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

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

(29) Non-hedging and embedded derivatives

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

loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

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

(30) Hedge accounting

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

reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

- ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

#### D. Fair value hedges

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

#### (31) Provisions

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

#### (32) Employee benefits

##### A. Short-term employee benefits

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

##### B. Pensions

###### Defined contribution plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(33) Classification of insurance contracts

The insurance and reinsurance businesses of the 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. 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.
- G. The income tax expense for the mid-year period is calculated by applying the annual average effective tax rate to the mid-year period's pre-tax profit calculation, and relevant information is disclosed in accordance with the aforementioned policies.
- H. When there is a change in tax rate during the mid-year period, the Group recognizes the impact of the change once in the current period. For items related to income tax and recognized outside of profit or loss, the impact of the change is recognized in other comprehensive income or equity items. For items related to income tax and recognized in profit or loss, the impact of the change is recognized in profit or loss.

(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. Service revenue

The Group provides services related to vehicles and air conditioners for vehicles. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome

of services provided can be estimated reliably. The stage of completion of a service contract is measured by the proportion of contract costs incurred for services performed as of the financial reporting date to the estimated total costs for the service contract. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

- C. 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(28) 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(23) "Provisions" for more information.

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

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

#### D. Insurance liabilities

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

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

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

incurred but not reported claims and the reserve for incurred but not reported claims for retention business.

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

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

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

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

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 15,105	\$ 15,799	\$ 15,188
Checking accounts and demand deposits	10,904,336	10,454,929	13,211,615
Cash equivalents			
Time deposits	1,319,489	595,460	2,696,869
Short-term notes and bills	2,479,280	4,563,373	12,806,139
	<u>\$ 14,718,210</u>	<u>\$ 15,629,561</u>	<u>\$ 28,729,811</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 June 30, 2023, December 31, 2022, and June 30, 2022, the Group presented its long-term time deposits of \$1,964,816, \$2,690,156, and \$2,199,474 respectively, under other financial assets-current and non-current.
- C. Of the short-term notes held by the Company's subsidiary, Hotai Insurance Co., Ltd., investments in notes issued under reverse repurchase agreements have obtained notes as collateral. The maximum exposure amount after receiving financial collateral is the net amount after offsetting. For related explanations, please refer to Note 6(6).

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

Items	June 30, 2023	December 31, 2022	June 30, 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	\$ 1,583,070	\$ 1,546,818	\$ 1,722,582
Derivative instruments	245,174	57,587	121,585
Financial instruments	150,189	703,187	448,942
Listed stocks	1,315,433	1,180,507	1,379,446
Listed preference share	59,980	59,980	59,980
Exchange Traded Funds	974,122	1,172,594	1,586,888
Valuation adjustment	378,735	( 130,144)	( 306,023)
	\$ 4,706,703	\$ 4,590,529	\$ 5,013,400
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Corporate bonds	\$ 1,004,770	\$ 1,011,039	\$ 1,002,836
Financial liabilities at fair value through profit or loss			
Current items:			
Financial liabilities held for trading			
Derivative instruments	\$ -	\$ 162,608	\$ 3,349

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

Items	Three months ended June 30,	
	2023	2022
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 121,935	(\$ 160,306)
Domestic and foreign beneficiary certificates	15,579	( 144,624)
Financial instruments	( 272)	314
Listed stocks	252,456	( 401,798)
Listed preference share	( 10,753)	( 629)
Exchange Traded Funds	94,027	( 281,073)
Corporate bonds	2,391	( 24,269)
	\$ 475,363	(\$ 1,012,385)

Items	Six months ended June 30,	
	2023	2022
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 355,206	\$ 89,494
Domestic and foreign beneficiary certificates	23,781	( 164,626)
Financial instruments	( 940)	697
Listed stocks	394,693	( 481,535)
Listed preference share	( 383)	( 966)
Exchange Traded Funds	202,749	( 308,769)
Corporate bonds	10,910	( 15,750)
	<u>\$ 986,016</u>	<u>(\$ 881,455)</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	June 30, 2023	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 394,390</u>	2023.01.18~2023.11.09

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

Derivative instruments	June 30, 2022	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 335,419</u>	2022.03.17~2022.12.09
Foreign exchange swap contracts	<u>USD 22,950</u>	2022.03.31~2022.09.28

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 June 30, 2023, December 31, 2022, and June 30, 2022, such financial assets designated using overlay approach are as follows:

Items	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss designated using overlay approach			
Listed stocks	\$ 653,079	\$ 642,442	\$ 918,707
Listed preference shares	59,980	59,980	59,980
Exchange Traded Funds	974,123	1,172,594	1,586,888
Beneficiary certificates	270,000	310,000	1,280,000
Foreign beneficiary certificates	160,152	152,730	420,582
Corporate bonds	500,000	500,000	500,000
Valuation adjustment	321,980	( 70,758)	( 291,119)
	<u>\$ 2,939,314</u>	<u>\$ 2,766,988</u>	<u>\$ 4,475,038</u>

For the three months and six months ended June 30, 2023 and 2022, the reclassifications between profit or loss and other comprehensive income of such financial assets designated using overlay approach are as follows:

	Three months ended June 30,	
	2023	2022
Gains (losses) recognized in profit or loss under IFRS 9	\$ 257,404	(\$ 802,963)
Less: Gains (losses) recognized in profit or loss under IAS 39	90,730	( 128,211)
Gains (losses) reclassified under overlay approach	<u>\$ 166,674</u>	<u>(\$ 674,752)</u>
Effect from change in tax	<u>(\$ 801)</u>	<u>\$ 3,768</u>
	Six months ended June 30,	
	2023	2022
Gains (losses) recognized in profit or loss under IFRS 9	\$ 533,409	(\$ 916,293)
Less: Gains recognized in profit or loss under IAS 39	140,671	11,039
Gain (losses) reclassified under overlay approach	<u>\$ 392,738</u>	<u>(\$ 927,332)</u>
Effect from change in tax	<u>(\$ 2,518)</u>	<u>\$ 7,971</u>

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)

<u>Type of structured entities</u>	<u>Book value at June 30, 2023</u>	<u>Book value at December 31, 2022</u>	<u>Book value at June 30, 2022</u>	<u>Description</u>
Infrastructure fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,477</u>	Note
Real estate private placement fund	<u>\$ 172,571</u>	<u>\$ 177,738</u>	<u>\$ 126,208</u>	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.

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Debt instrument			
Government bonds	\$ -	\$ 250,562	\$ 252,717
Financial bonds	-	-	200,146
Foreign financial bonds	-	169,012	163,663
	-	419,574	616,526
Valuation adjustment (including loss allowance)	-	( 1,153)	( 76)
Less: Operation bonds	-	( 202,100)	-
	<u>\$ -</u>	<u>\$ 216,321</u>	<u>\$ 616,450</u>
Non-current items:			
Debt instrument			
Government bonds	\$ 454,919	\$ 405,004	\$ 108,652
Corporate bonds	-	-	298,935
Financial bonds	-	-	304,271
Foreign corporate and financial bonds	-	560,161	574,137
	454,919	965,165	1,285,995
Valuation adjustment (including loss allowance)	2,848	( 44,031)	( 42,837)
Less: Operation bonds	( 398,200)	( 398,200)	( 300,300)
	<u>59,567</u>	<u>522,934</u>	<u>942,858</u>
Equity instruments			
Listed stocks and unlisted stocks	6,527,468	6,511,139	6,510,382
Valuation adjustment	2,952,633	1,377,721	2,131,546
	<u>9,480,101</u>	<u>7,888,860</u>	<u>8,641,928</u>
	<u>\$ 9,539,668</u>	<u>\$ 8,411,794</u>	<u>\$ 9,584,786</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 \$9,480,101, \$7,888,860, and \$8,641,928, respectively, as of June 30, 2023, December 31, 2022, and June 30, 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 June 30, 2023, December 31, 2022, and June 30, 2022, government bonds with par value of \$398,200, \$600,300, \$300,300 and cash of \$3,802,100, \$3,600,000, \$0 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	Three months ended June 30,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 1,124	(\$ 33,176)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	-	( 61)
Reclassified due to derecognition	( 1)	370
	<u>\$ 1,123</u>	<u>(\$ 32,867)</u>
Interest income recognized in profit or loss	<u>\$ 1,552</u>	<u>\$ 9,613</u>

Items	Six months ended June 30,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 13,132	(\$ 73,115)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	( 265)	( 41)
Reclassified due to derecognition	34,902	349
	<u>\$ 47,769</u>	<u>(\$ 72,807)</u>
Interest income recognized in profit or loss	<u>\$ 6,223</u>	<u>\$ 18,514</u>

Items	Three months ended June 30,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	<u>\$ 1,365,407</u>	<u>(\$ 1,151,451)</u>

Items	Six months ended June 30,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	<u>\$ 1,606,152</u>	<u>(\$ 727,716)</u>

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



	December 31, 2022				Year ended December 31, 2022				
	Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing the 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	
<b>Hedging instruments</b>									
Cash flow hedges:									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps transactions	USD	69,050	2022/1/12~ 2025/1/13	\$ 162,926	\$ -	\$ -	6.33~6.55	4.108~5.30	\$ -
	JPY	58,800,000	2020/8/5~ 2024/9/9	182,211	( 586,800)	-	0.23~0.28	0.83~2.24	-
	EUR	75,000	2022/9/12~ 2024/9/12	159,690	-	-	30.60	2.04	-
Forward exchange contracts	GBP	943	2022/12/12~ 2023/5/5	-	( 135)	-	36.88	-	-

	December 31, 2022			
	Assets carrying amount	Valuation on assets' carrying amount due to fair value hedges	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
<b>Hedged items</b>				
Cash flow hedges:				
<u>Exchange rates risk and interest 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	\$ -	\$ -

	June 30, 2022				Six months ended June 30, 2022				
	Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing the 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	
<b>Hedging instruments</b>									
Cash flow hedges :									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps transactions	USD	69,800	2022/1/12~ 2025/1/13	\$ 80,271	(\$ 1,852)	\$ -	6.33~6.55	4.108~5.56	\$ -
	JPY	33,800,000	2020/8/5~ 2024/9/9	-	( 1,100,606)	-	0.25~0.28	0.83~1.08	-

	<u>June 30, 2022</u>	
	<u>Liabilities</u>	<u>Valuation on</u>
	<u>carrying amount</u>	<u>liabilities' carrying</u>
		<u>amount due to fair</u>
		<u>value hedges</u>
<b>Hedged items</b>		
Cash flow hedges:		
<u>Exchange rates risk and interest</u>		
<u>rate risk</u>		
Short-term borrowings	\$ 10,607,992	(\$ 1,167,797)

C. Cash flow hedges

	<u>2023</u>	<u>2022</u>
<u>Cash flow hedge reserve</u>		
At January 1	\$ 156,657	(\$ 52,476)
(Losses) gains on hedge effectiveness-amount recognized in other comprehensive income	( 115,697)	238,165
Reclassified to profit or loss as the hedged item has affected profit or loss	( 31,797)	( 26,910)
Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	<u>30,327</u>	<u>( 48,006)</u>
At June 30	<u>\$ 39,490</u>	<u>\$ 110,773</u>

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

D. Fair value hedges

Exchange rate risk

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 2,354,438	\$ 2,400,961	\$ 2,668,182
Installment notes receivable	10,695,134	9,279,605	8,312,045
Accounts receivable	7,574,992	6,745,500	6,589,797
Installment accounts receivable	259,932,771	234,142,170	202,420,817
Lease payments and notes receivable	32,136,641	29,614,771	25,069,125
Premiums receivable	714,629	651,590	678,953
Overdue receivable	<u>26,070</u>	<u>21,806</u>	<u>55,166</u>
	313,434,675	282,856,403	245,794,085
Less: Unrealized interest income	( 33,417,258)	( 28,830,021)	( 23,165,176)
Unearned finance income	( 3,115,644)	( 2,853,897)	( 2,398,494)
Allowance for doubtful accounts	<u>( 5,053,107)</u>	<u>( 4,780,044)</u>	<u>( 4,243,181)</u>
Notes and accounts receivable, net	<u>\$ 271,848,666</u>	<u>\$ 246,392,441</u>	<u>\$ 215,987,234</u>

  

	<u>June 30, 2022</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current	<u>\$ 261,059,796</u>	<u>\$ 237,928,633</u>	<u>\$ 210,692,910</u>
Non-current (shown as other assets)	<u>\$ 10,788,870</u>	<u>\$ 8,463,808</u>	<u>\$ 5,294,324</u>

A. As of June 30, 2023, December 31, 2022, and June 30, 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 \$8,805,648, \$9,419,216 and \$3,741,110, respectively. Information on the Group's notes and accounts receivable pledged as collateral is provided in Note 8.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>
Not past due	\$ 310,262,215	\$ 279,767,763	\$ 242,654,434
Up to 30 days	201,743	373,922	743,358
31 to ~ 90 days	1,589,826	1,529,579	1,232,033
91 to ~ 180 days	1,295,297	878,628	837,335
Over 180 days	<u>85,594</u>	<u>306,511</u>	<u>326,925</u>
	<u>\$ 313,434,675</u>	<u>\$ 282,856,403</u>	<u>\$ 245,794,085</u>

The above aging analysis was based on past due date.

C. As of June 30, 2023, December 31, 2022, and June 30, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,700,825, \$8,930,815, and \$9,289,442, respectively.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Up to 12 months	\$ 91,196,158	\$ 80,119,355	\$ 71,120,093
Over 12 months	179,431,747	163,302,420	139,612,769
	<u>\$ 270,627,905</u>	<u>\$ 243,421,775</u>	<u>\$ 210,732,862</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:

June 30, 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		
				Financial instruments (d)	Collateral received (e)	Net amount (f)=(c)-(d)-(e)
Reverse repurchase agreement	\$ 1,815,422	\$ -	\$ 1,815,422	\$ -	\$ 1,802,529	\$ 12,893
December 31, 2022						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		
				Financial instruments (d)	Collateral received (e)	Net amount (f)=(c)-(d)-(e)
Derivative instruments	\$ 5,455	\$ -	\$ 5,455	\$ 1,403	\$ -	\$ 4,052
Reverse repurchase agreement	320,649	-	320,649	-	287,664	32,985
	<u>\$ 326,104</u>	<u>\$ -</u>	<u>\$ 326,104</u>	<u>\$ 1,403</u>	<u>\$ 287,664</u>	<u>\$ 37,037</u>

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

June 30, 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	\$ 394	\$ -	\$ 394	\$ 394	\$ -	\$ -
Reverse repurchase agreement	2,979,712	-	2,979,712	-	-	2,979,712
	<u>\$ 2,980,106</u>	<u>\$ -</u>	<u>\$ 2,980,106</u>	<u>\$ 394</u>	<u>\$ -</u>	<u>\$ 2,979,712</u>

Financial liabilities						
Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)-(e)
				Financial instruments (d)	Collateral received (e)	
Derivative instruments	\$ 3,055	\$ -	\$ 3,055	\$ 394	\$ -	\$ 2,661

(7) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 12,712,749	(\$ 124,303)	\$ 12,588,446
Air conditioners and parts	4,175,750	( 348,474)	3,827,276
Other goods	731,590	( 5,824)	725,766
Inventory in transit	1,941,701	-	1,941,701
	<u>\$ 19,561,790</u>	<u>(\$ 478,601)</u>	<u>\$ 19,083,189</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>
	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 6,022,140	(\$ 118,180)	\$ 5,903,960
Air conditioners and parts	3,293,559	( 316,743)	2,976,816
Other goods	316,012	( 6,091)	309,921
Inventory in transit	2,246,465	-	2,246,465
	<u>\$ 11,878,176</u>	<u>(\$ 441,014)</u>	<u>\$ 11,437,162</u>

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

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

	Three months ended June 30,	
	2023	2022
Cost of goods sold	\$ 50,529,784	\$ 38,054,336
Loss on market value decline of inventories	1,394	1,912
	<u>\$ 50,531,178</u>	<u>\$ 38,056,248</u>

	Six months ended June 30,	
	2023	2022
Cost of goods sold	\$ 97,632,557	\$ 81,040,552
(Gain on reversal of) loss on market value decline of inventories	( 3,588)	6,075
	<u>\$ 97,628,969</u>	<u>\$ 81,046,627</u>

The Group reversed a previous inventory write-down and recognised as decrease in cost of goods sold because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group for the six months ended June 30, 2023.

(8) Prepayments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Prepayments to commissions	\$ 2,741,336	\$ 2,879,378	\$ 2,934,267
Prepayments to suppliers	4,025,492	3,697,687	4,483,555
Offset against business tax payable	398,287	278,118	196,377
Prepaid insurance premiums	717,717	641,196	566,433
Other prepayments	1,344,273	1,415,247	1,313,111
	<u>\$ 9,227,105</u>	<u>\$ 8,911,626</u>	<u>\$ 9,493,743</u>

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Claims recoverable from reinsurers	\$ 209,944	\$ 206,706	\$ 203,960
Due from reinsurance and ceding companies	217,555	180,747	164,877
Reinsurance reserve assets			
-Ceded unearned premium reserve	1,972,584	1,290,493	1,275,691
-Ceded claims reserve	2,929,616	2,489,734	2,198,540
Due from reinsurance and ceding companies-overdue	43,224	12,660	16,727
	5,372,923	4,180,340	3,859,795
Less: Loss allowance	( 24,259)	( 14,099)	( 17,438)
	<u>\$ 5,348,664</u>	<u>\$ 4,166,241</u>	<u>\$ 3,842,357</u>
	<u>June 30, 2022</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current	<u>\$ 3,885,093</u>	<u>\$ 2,964,445</u>	<u>\$ 2,914,758</u>
Non-current (shown as other assets)	<u>\$ 1,463,571</u>	<u>\$ 1,201,796</u>	<u>\$ 927,599</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 period	10,160	4,671
At June 30	<u>\$ 24,259</u>	<u>\$ 17,438</u>

C. Details of insurance liabilities are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unearned premium reserve	\$ 6,723,610	\$ 6,390,579	\$ 6,472,149
Claims reserve	9,243,004	11,379,006	10,651,060
Special reserve	1,664,697	1,647,788	1,611,194
Premium deficiency reserve	-	5,898,278	1,247,053
	<u>\$ 17,631,311</u>	<u>\$ 25,315,651</u>	<u>\$ 19,981,456</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current (shown as other current liabilities)	\$ 12,535,872	\$ 20,486,863	\$ 13,549,724
Non-current (shown as provisions)	\$ 5,095,439	\$ 4,828,788	\$ 6,431,732

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 period	6,723,610	1,972,584	4,751,026
Recovery during the period	( 6,390,579)	( 1,290,493)	( 5,100,086)
At June 30	<u>\$ 6,723,610</u>	<u>\$ 1,972,584</u>	<u>\$ 4,751,026</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 period	6,472,149	1,275,691	5,196,458
Recovery during the period	( 6,127,570)	( 1,183,255)	( 4,944,315)
At June 30	<u>\$ 6,472,149</u>	<u>\$ 1,275,691</u>	<u>\$ 5,196,458</u>

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

(a) As of June 30, 2023, December 31, 2022, and June 30, 2022, details of claims reserve and ceded claims reserve are as follows:

	<u>June 30, 2023</u>		
	<u>Gross amount</u>	<u>Ceded amount</u>	<u>Net amount</u>
Reported but not paid	\$ 3,351,558	\$ 1,387,435	\$ 1,964,123
Incurred but not reported	5,891,446	1,542,180	4,349,266
	<u>\$ 9,243,004</u>	<u>\$ 2,929,615</u>	<u>\$ 6,313,389</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>
	June 30, 2022		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 3,429,184	\$ 1,267,497	\$ 2,161,687
Incurred but not reported	7,221,876	931,043	6,290,833
	<u>\$ 10,651,060</u>	<u>\$ 2,198,540</u>	<u>\$ 8,452,520</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 period	9,243,004	2,929,616	6,313,388
Recovery during the period	( 11,379,006)	( 2,489,734)	( 8,889,272)
At June 30	<u>\$ 9,243,004</u>	<u>\$ 2,929,616</u>	<u>\$ 6,313,388</u>
	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,309,570	\$ 1,661,846	\$ 3,647,724
Provision during the period	10,651,060	2,198,540	8,452,520
Recovery during the period	( 5,309,570)	( 1,661,846)	( 3,647,724)
At June 30	<u>\$ 10,651,060</u>	<u>\$ 2,198,540</u>	<u>\$ 8,452,520</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
Recovery during the period	( 5,898,278)	-	( 5,898,278)
At June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2022		
	Gross amount	Ceded amount	Net amount
At January 1	\$ -	\$ -	\$ -
Provision during the period	1,247,053	-	1,247,053
Recovery during the period	-	-	-
At June 30	<u>\$ 1,247,053</u>	<u>\$ -</u>	<u>\$ 1,247,053</u>

G. Movement of special reserve is as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 1,647,788	\$ 1,921,235
Provision during the period	16,909	35,899
Recovery during the period	-	( 345,940)
At June 30	<u>\$ 1,664,697</u>	<u>\$ 1,611,194</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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Decrease in special reserve under liability	\$ 33,450	\$ 33,450	\$ 33,450
Increase in special reserve under retained earnings	38,334	38,334	38,334

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Increase in net loss / decrease in net income before tax	\$ -	\$ 345,542
Increase in loss / decrease in earnings per share before tax	-	20.585

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Increase in net loss / decrease in net income before tax	\$ -	\$ 345,940
Increase in loss / decrease in earnings per share before tax	-	20.609

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Decrease in special reserve under liability	\$ 223,894	\$ 223,894	\$ 223,894
Increase in special reserve under retained earnings	185,832	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 six months ended June 30, 2023, and 2022.

(10) Investments accounted for using the equity method

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Kuozui Motors, Ltd.	\$ 6,709,866	\$ 5,970,350	\$ 5,590,441
Central Motor Co., Ltd.	2,804,373	2,754,483	2,675,602
Tau Miao Motor Co., Ltd.	1,960,524	1,811,818	1,771,128
Kau Du Automobile Co., Ltd.	1,481,982	1,464,963	1,410,465
Kuotu Motor Co., Ltd.	1,594,406	1,450,904	1,412,267
Taipei Toyota Motor Co., Ltd.	1,484,470	1,297,418	1,295,462
Nan Du Motor Co., Ltd.	1,214,889	1,208,004	1,123,328
Lang Yang Toyota Motor Co., Ltd., etc.	3,282,095	2,801,546	2,753,643
	<u>\$ 20,532,605</u>	<u>\$ 18,759,486</u>	<u>\$ 18,032,336</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 June 30, 2023, December 31, 2022, and June 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$20,532,605, \$18,759,486, and \$18,032,336, respectively.

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Comprehensive income for the period	<u>\$ 853,264</u>	<u>\$ 545,226</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Comprehensive income for the period	<u>\$ 1,670,824</u>	<u>\$ 943,165</u>

B. The Group's investments have no quoted market price. The share of profit of investments accounted for using the equity method amounted to \$888,153, \$526,765, \$1,699,807 and \$964,252 for the three months and six months ended June 3, 2023, and 2022, respectively, and were valued based on the investees' financial statements that were not reviewed by independent auditors.

(11) Property, plant and equipment

2023

	Utility equipment		Office equipment		Machinery and equipment			Leasehold improvements	Construction in progress and prepayment for real estate	Total	
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied				Lease (Note)
<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 of 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	-	12,261	-	-	726,636	146,029	14,768	10,949,715	34,113	525,027	12,408,549
Acquired through business combination	-	-	-	-	69,789	-	-	-	-	-	69,789
Disposals	( 557,826)	( 11,385)	-	-	( 67,657)	( 2,255)	( 7)	( 70,885)	( 369)	-	( 710,384)
Reclassifications	15,376	1,326,473	-	-	113,083	( 55,934)	7,621	( 3,068,622)	1,220	( 1,360,843)	( 3,021,626)
Depreciation	-	( 103,232)	( 797)	( 22)	( 155,924)	( 76,281)	( 22,015)	( 5,603,892)	( 27,409)	-	( 5,989,572)
Reversal gain	-	-	-	-	-	1,892	-	21,787	-	-	23,679
Net exchange differences	-	( 25,777)	( 77)	-	( 11,566)	( 1,660)	( 2,276)	( 35,485)	( 278)	-	( 77,119)
Closing net book amount as of June 30	<u>\$ 11,913,236</u>	<u>\$ 4,718,830</u>	<u>\$ 6,404</u>	<u>\$ 118</u>	<u>\$ 2,045,379</u>	<u>\$ 374,694</u>	<u>\$ 197,632</u>	<u>\$ 42,509,619</u>	<u>\$ 200,676</u>	<u>\$ 1,292,238</u>	<u>\$ 63,258,826</u>
<u>At June 30,</u>											
Cost	\$ 11,940,086	\$ 7,360,707	\$ 127,673	\$ 59,990	\$ 3,629,923	\$ 714,716	\$ 588,448	\$ 62,553,246	\$ 818,132	\$ 1,292,238	\$ 89,085,159
Accumulated depreciation and impairment	( 26,850)	( 2,641,877)	( 121,269)	( 59,872)	( 1,584,544)	( 340,022)	( 390,816)	( 20,043,627)	( 617,456)	-	( 25,826,333)
	<u>\$ 11,913,236</u>	<u>\$ 4,718,830</u>	<u>\$ 6,404</u>	<u>\$ 118</u>	<u>\$ 2,045,379</u>	<u>\$ 374,694</u>	<u>\$ 197,632</u>	<u>\$ 42,509,619</u>	<u>\$ 200,676</u>	<u>\$ 1,292,238</u>	<u>\$ 63,258,826</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		Leasehold improvements	Construction in progress and prepayment for real estate	Total		
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)				Owner-occupied	Lease (Note)
<u>At January 1.</u>											
Cost	\$ 11,271,633	\$ 5,953,827	\$ 145,534	\$ 59,990	\$ 2,139,272	\$ 903,840	\$ 629,226	\$ 52,094,036	\$ 777,137	\$ 1,197,249	\$ 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 of January 1	\$ 11,244,783	\$ 3,555,813	\$ 7,731	\$ 184	\$ 822,360	\$ 437,204	\$ 255,549	\$ 35,911,417	\$ 186,945	\$ 1,197,249	\$ 53,619,235
Additions	481,443	301,598	283	-	358,765	73,536	33,190	9,782,542	6,921	696,913	11,735,191
Disposals	-	( 3,781)	-	-	( 122,691)	( 992)	( 7,268)	( 178,587)	-	-	( 313,319)
Reclassifications	( 231,623)	( 207,998)	-	-	( 354)	( 46,837)	( 80,280)	( 2,462,472)	-	( 175,728)	( 3,205,292)
Depreciation	-	( 97,986)	( 767)	( 22)	( 136,031)	( 106,788)	( 18,104)	( 5,102,151)	( 23,749)	-	( 5,485,598)
Impairment loss	-	-	-	-	-	1,551	-	( 1,988)	-	-	( 437)
Net exchange differences	-	35,736	71	-	8,131	1,275	3,428	21,149	159	229	70,178
Closing net book amount as of June 30	<u>\$ 11,494,603</u>	<u>\$ 3,583,382</u>	<u>\$ 7,318</u>	<u>\$ 162</u>	<u>\$ 930,180</u>	<u>\$ 358,949</u>	<u>\$ 186,515</u>	<u>\$ 37,969,910</u>	<u>\$ 170,276</u>	<u>\$ 1,718,663</u>	<u>\$ 56,419,958</u>
<u>At June 30.</u>											
Cost	\$ 11,521,453	\$ 6,116,917	\$ 142,180	\$ 59,990	\$ 2,367,750	\$ 802,459	\$ 545,181	\$ 55,423,346	\$ 721,328	\$ 1,718,663	\$ 79,419,267
Accumulated depreciation and impairment	( 26,850)	( 2,533,535)	( 134,862)	( 59,828)	( 1,437,570)	( 443,510)	( 358,666)	( 17,453,436)	( 551,052)	-	( 22,999,309)
	<u>\$ 11,494,603</u>	<u>\$ 3,583,382</u>	<u>\$ 7,318</u>	<u>\$ 162</u>	<u>\$ 930,180</u>	<u>\$ 358,949</u>	<u>\$ 186,515</u>	<u>\$ 37,969,910</u>	<u>\$ 170,276</u>	<u>\$ 1,718,663</u>	<u>\$ 56,419,958</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land( including superficies)	\$ 2,167,114	\$ 1,967,934	\$ 1,790,370
Buildings and structures	1,607,730	1,651,330	1,603,895
Machinery and equipment	1,644	2,192	2,740
Office equipment	9,895	8,240	7,988
	<u>\$ 3,786,383</u>	<u>\$ 3,629,696</u>	<u>\$ 3,404,993</u>

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 44,895	\$ 17,478
Buildings and structures	99,656	99,540
Machinery and equipment	274	274
Office equipment	1,073	551
	<u>\$ 145,898</u>	<u>\$ 117,843</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 87,746	\$ 64,326
Buildings and structures	197,668	198,263
Machinery and equipment	548	548
Office equipment	2,032	714
	<u>\$ 287,994</u>	<u>\$ 263,851</u>

- C. For the three months and six months ended June 30, 2023, and 2022, the additions to right-of-use assets amounted to \$175,575, \$136,998, \$588,928 and \$183,132, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 12,120	\$ 11,444
Expense on short-term lease contracts and leases of low-value assets	14,847	7,095
Gain on lease modification	75	754

	Six months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 24,048	\$ 23,179
Expense on short-term lease contracts and leases of low-value assets	54,270	22,088
Gain on lease modification	147	754

E. For the three months and six months ended June 30, 2023, and 2022, the Group's total cash outflow for lease amounted to \$175,871, \$159,318, \$459,310 and \$291,837, 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:

	Three months ended June 30,	
	2023	2022
Finance income from the net investment in the finance lease	\$ <u>825,956</u>	\$ <u>667,289</u>

	Six months ended March 31,	
	2023	2022
Finance income from the net investment in the finance lease	\$ <u>1,639,866</u>	\$ <u>1,335,419</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than 1 year	\$ 21,012,438	\$ 19,416,404	\$ 16,775,358
Between 1 and 2 years	8,122,042	7,697,693	6,498,684
Between 2 and 3 years	2,219,333	1,915,978	1,473,730
Between 3 to 4 years	508,011	344,384	183,898
Between 4 to 5 years	261,228	220,731	117,133
More than 6 years	14,471	9,329	699
	<u>\$ 32,137,523</u>	<u>\$ 29,604,519</u>	<u>\$ 25,049,502</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Undiscounted lease payments	\$ 32,137,524	\$ 29,596,703	\$ 25,049,502
Unearned finance income	( 3,115,644)	( 2,853,897)	( 2,398,494)
Net investment in the lease	<u>\$ 29,021,880</u>	<u>\$ 26,742,806</u>	<u>\$ 22,651,008</u>

E. For the three months and six months ended June 30, 2023, and 2022, the Group recognized rent income in the amount of \$4,716,262, \$4,182,827, \$9,390,802 and \$8,381,173, 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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than 1 year	\$ 12,884,398	\$ 12,445,073	\$ 11,821,406
Between 1 and 2 years	8,340,658	7,788,280	7,417,529
Between 2 and 3 years	4,133,730	3,701,177	3,530,938
Between 3 to 4 years	1,449,391	1,255,538	1,134,145
Between 4 to 5 years	532,914	478,076	417,723
More than 6 years	15,748	17,814	20,476
	<u>\$ 27,356,839</u>	<u>\$ 25,685,958</u>	<u>\$ 24,342,217</u>

(14) Investment property

	<u>2023</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
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 of January 1	\$ 1,825,260	\$ 1,075,664	\$ 2,900,924
Additions	-	800	800
Reclassifications	-	33,290	33,290
Depreciation	-	( 21,817)	( 21,817)
Net exchange differences	-	( 8,489)	( 8,489)
Closing net book amount as of June 30	<u>\$ 1,825,260</u>	<u>\$ 1,079,448</u>	<u>\$ 2,904,708</u>
Cost	\$ 1,497,466	\$ 1,424,602	\$ 2,922,068
Revaluation gain	327,794	-	327,794
Accumulated depreciation	-	( 345,154)	( 345,154)
	<u>\$ 1,825,260</u>	<u>\$ 1,079,448</u>	<u>\$ 2,904,708</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 of January 1	\$ 1,740,187	\$ 791,496	\$ 2,531,683
Reclassifications	231,623	336,439	568,062
Depreciation	-	( 11,858)	( 11,858)
Net exchange differences	-	474	474
Closing net book amount as of June 30	<u>\$ 1,971,810</u>	<u>\$ 1,116,551</u>	<u>\$ 3,088,361</u>
Cost	\$ 1,971,810	\$ 1,463,115	\$ 3,434,925
Accumulated depreciation	-	( 346,564)	( 346,564)
	<u>\$ 1,971,810</u>	<u>\$ 1,116,551</u>	<u>\$ 3,088,361</u>

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

	Three months ended June 30,	
	2023	2022
Rental income from investment property	\$ 44,563	\$ 44,192
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 8,442</u>	<u>\$ 10,275</u>

	Six months ended June 30,	
	2023	2022
Rental income from investment property	\$ 89,615	\$ 88,409
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 17,374</u>	<u>\$ 19,084</u>

B. The fair value of the investment property held by the Group was \$3,933,446, \$3,332,268 and \$3,613,717 as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, based on the market value method, except for Hotai Insurance Co., Ltd., who appoints external independent appraisers to calculate and estimate the price of investment property every three years using at least two appraisal techniques among income approach, comparison method and cost approach, basing on observable price in an active market as well as according to the nature, location and situation of individual asset under “Regulations on Real Estate Appraisal”. It also prepares an internal assessment every year, and if a significant difference has been identified, the

Company will engage an external independent appraiser revaluing the fair values of investment property under “Regulations on Real Estate Appraisal” and take the result as the basis of the adjustments for financial statement disclosures. The valuations based on the aforementioned method were categorized within Level 3 in the fair value hierarchy as assessed and its main input was capitalization rate.

(15) Intangible assets

	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 of January 1	\$ -	\$ -	\$ 184,656	\$ 184,656
Additions-acquired separately	-	-	44,756	44,756
Amortization	-	-	( 31,902)	( 31,902)
Transfer	-	-	11,570	11,570
Net change differences	-	-	( 5,418)	( 5,418)
Closing net book amount as of June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,662</u>	<u>\$ 203,662</u>
<u>June 30,</u>				
Cost	\$ 662,323	\$ 527,106	\$ 525,792	\$1,715,221
Accumulated amortization and impairment	( 662,323)	( 527,106)	( 322,130)	( 1,511,559)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,662</u>	<u>\$ 203,662</u>

For the year 2022, as the Group’s subsidiary, Hotai Insurance Co., Ltd., sold the severe and special infectious pneumonia related epidemic prevention insurance products whose claim settlement of the epidemic prevention policy has increased the catastrophe risk of the subsidiary, resulting in an impairment in the Group’s goodwill and customer relationship. Accordingly, the Group recognised an impairment loss of \$1,092,475.

	2022			
	Goodwill	Client relationship	Other intangible assets	Total
<u>At January 1</u>				
Cost	\$ 662,323	\$ 527,106	\$ 428,664	\$1,618,093
Accumulated amortization and impairment	-	( 87,119)	( 233,235)	( 320,354)
	<u>\$ 662,323</u>	<u>\$ 439,987</u>	<u>\$ 195,429</u>	<u>\$1,297,739</u>
Opening net book amount as of January 1	\$ 662,323	\$ 439,987	\$ 195,429	\$1,297,739
Additions-acquired separately	-	-	21,784	21,784
Amortization	-	( 8,785)	( 36,133)	( 44,918)
Net change differences	-	-	855	855
Closing net book amount as of June 30	<u>\$ 662,323</u>	<u>\$ 431,202</u>	<u>\$ 181,935</u>	<u>\$1,275,460</u>
June 30,				
Cost	\$ 662,323	\$ 527,106	\$ 444,752	\$1,634,181
Accumulated amortization and impairment	-	( 95,904)	( 262,817)	( 358,721)
	<u>\$ 662,323</u>	<u>\$ 431,202</u>	<u>\$ 181,935</u>	<u>\$1,275,460</u>

Details of amortization of intangible assets are as follows:

	Three months ended June 30,	
	2023	2022
Administrative expenses	\$ 12,810	\$ 24,818
	<u>\$ 12,810</u>	<u>\$ 24,818</u>
	Six months ended June 30,	
	2023	2022
Administrative expenses	\$ 31,902	\$ 44,918
	<u>\$ 31,902</u>	<u>\$ 44,918</u>

(16) Other assets

	June 30, 2023	December 31, 2022	June 30, 2022
Long-term accounts receivable			
(Including long-term notes and accounts receivable)	\$ 11,831,148	\$ 9,393,146	\$ 5,908,783
Reinsurance contract assets	1,463,571	1,201,796	927,599
Operation bonds	4,200,300	4,200,300	300,300
Guarantee deposits paid	635,965	571,701	546,729
Prepayments for business facilities	293,002	267,094	154,139
Others	1,913,320	1,749,485	1,284,172
	<u>\$ 20,337,306</u>	<u>\$ 17,383,522</u>	<u>\$ 9,121,722</u>

In 2022, Hotai Insurance Co., Ltd. handled a capital increase of \$26,000,000 in cash, and increased operating bonds of \$3,900,000 in business deposits. Please refer to Note 6 (3) B for details.

(17) Short-term loans

<u>Type of loans</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bank loans			
Unsecured loans	\$ 78,057,196	\$ 72,785,881	\$ 66,612,417
Mortgage loans	6,119,527	7,500,000	8,300,000
Mid-term syndicated loans for working capital	30,237,590	25,047,716	7,978,504
	<u>\$ 114,414,313</u>	<u>\$ 105,333,597</u>	<u>\$ 82,890,921</u>
Annual interest rate	<u>0.57%~5.92%</u>	<u>0.55%~5.59%</u>	<u>0.57%~4.75%</u>

As of June 30, 2023, December 31, 2022, and June 30, 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%~5.92%, 0.83%~4.60% and 0.63%~4.75%, respectively.
- B. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of \$14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfil its working capital. The duration is 36 months (from February 24, 2023, to February 24, 2026), the loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.
- C. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 12 months (from December 6, 2022, to December 6, 2023). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.
- D. The subsidiary, HOTAI FINANCE CO., has entered into a mid-term syndicated contract for a credit line of \$15,000,000 with 18 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from June 29, 2022, to June 27, 2025). The loan can be drawn several times. Of the total loan, \$7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining amount of \$7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- E. The subsidiary, HOTAI FINANCE CO., LTD., has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from September 9, 2021, to September 9, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amounts at the maturity date.
- F. The subsidiary, Hoyun International Finance 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.
- G. The subsidiary, Hoyun International Finance 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, in order to fulfil its working capital. Within six months from the contract signing date (from July 26, 2022, to January 26, 2023), the loan can be drawn several times but is non-

revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.

- H. On January 9, 2023, the Company signed a joint credit agreement for the provision of mid-term operating funds with 10 financial institutions, including CTBC Bank Co., Ltd., with a credit limit of \$30,000,000. Among which, \$15,000,000 is revolving within three years from the first utilization date.
- I. The subsidiary's, He Jing Co., Ltd., mid-term working capital syndicated loan, with a credit limit of \$10,000,000, is arranged by 12 financial institutions, including Mega International Commercial Bank. The financing period is 36 months, starting from the first drawdown, and can be utilized in multiple tranches and be revolving. As of June 30, 2023, no funds have been utilized.
- J. Financial commitments of the Group made for the abovementioned syndicated loans and partial loans from other financial institutions require the Group to maintain specific current ratio, ratio of self-owned capital, interest coverage ratio, net value, debt/equity ratio and non-performing loans ratio during the contract periods.

(18) Short-term notes and bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	\$ 124,758,400	\$ 114,773,400	\$ 96,960,000
Less: Unamortized discount	( 168,715)	( 133,187)	( 106,791)
	<u>\$ 124,589,685</u>	<u>\$ 114,640,213</u>	<u>\$ 96,853,209</u>
Annual interest rate	<u>0.66%~2.03%</u>	<u>0.49%~1.99%</u>	<u>0.45%~1.50%</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bonds payable	\$ 26,200,000	\$ 22,200,000	\$ 22,200,000

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 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.
- B. 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.
- C. 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.
- D. 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.
- E. 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.

F. The first unsecured ordinary corporate bonds was issued in 2020. The total amount was \$7,000,000, the coupon rate was 0.70% with a 5-year period, the outstanding period was from April 22, 2020 to April 22, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.

(20) Long-term loans

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2023	December 31, 2022	June 30, 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%~1.51%	None	\$ 148,840	\$ 147,558	\$ 143,040
	From October 2022 to June 2024; interest is repayable quarterly	1.66%~1.80%	None	6,000,000	8,000,000	-
	From August 2022 to December 2025; interest is repayable quarterly	1.58%~2.01%	None	300,000	250,000	-
	From May 2022 to May 2025; interest is repayable quarterly (note)	1.945%	None	4,800,000	-	-
Secured borrowings	From July 2019 to March 2030; interest and principal is repayable monthly	2.27%~2.68%	Property, plant and equipment (please refer to Note 8)	527,518	-	-
	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	-
Commercial papers payable	From June 2021 to March 2025	0.65%~2.01%	Notes receivable for lease payments (please refer to Note 8)	6,295,984	-	-
	From February 2021 to March 2025	0.65%~1.945%	Notes receivable for lease payments (please refer to Note 8)	-	5,992,131	-
	From March 2020 to March 2025	0.65%~1.138%	Notes receivable for lease payments (please refer to Note 8)	-	-	5,793,005
				18,072,342	14,504,854	5,936,045
Less: long-term liabilities, current portion				( 8,681,220)	( 2,105,569)	( 1,699,252)
				\$ 9,391,122	\$ 12,399,285	\$ 4,236,793
Interest rate range				0.65%~2.68%	0.65%~2.67%	0.65%~1.51%

Note: On January 9, 2023, the Company signed a joint credit agreement for the provision of mid-term operating funds with 10 financial institutions, including CTBC Bank Co., Ltd., with a credit limit of \$30,000,000. Among which, \$15,000,000 can be used several times within six months from the first utilization date, but cannot be used on a revolving basis. The Company made an early repayment in July, 2023, and the remaining unused credit limit of \$10,200,000 has been terminated.

As of June 30, 2023, the maturities of long-term loans are as follows:

<u>Duration of maturity</u>	<u>Loan amount</u>
Up to 1 year	\$ 8,681,220
1 to 2 years	4,078,482
2 to 3 years	5,150,163
over 3 years	162,477
	<u>\$ 18,072,342</u>

(21) Accrued expenses

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Wages and salaries payable	\$ 2,060,494	\$ 2,633,453	\$ 1,843,468
Dealer bonus payable	330,207	420,688	244,654
Remuneration payable to employees	528,842	654,661	564,959
Remuneration payable to directors	250,047	-	123,969
Interest payable	252,718	352,565	152,958
Others	1,981,255	2,561,914	1,840,444
	<u>\$ 5,403,563</u>	<u>\$ 6,623,281</u>	<u>\$ 4,770,452</u>

(22) 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 three months and six months ended June 30, 2023, and 2022, were \$145,682, \$96,312, \$232,742 and \$181,924, respectively.

(23) Provisions

	<u>2023</u>	<u>2022</u>
At January 1	\$ 4,928,549	\$ 4,838,945
Additional provisions during the period	1,012,391	978,294
Used during the period	( 425,779)	( 384,246)
Unused amounts reversed	( 101,939)	( 767,605)
At June 30	<u>\$ 5,413,222</u>	<u>\$ 4,665,388</u>

Analysis of provision for warranty is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current (shown as other current liabilities)	\$ 1,091,636	\$ 1,040,723	\$ 998,447
Non-current	<u>\$ 4,321,586</u>	<u>\$ 3,887,826</u>	<u>\$ 3,666,941</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.

(24) Guarantee deposits received

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Deposits received for car rentals	\$ 17,624,875	\$ 16,849,384	\$ 15,813,007
Others	65,022	91,766	102,995
	<u>\$ 17,689,897</u>	<u>\$ 16,941,150</u>	<u>\$ 15,916,002</u>

Analysis of guarantee deposits received for warranty is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current (shown as other current liabilities)	\$ 8,898,607	\$ 8,686,742	\$ 7,917,072
Non-current	<u>\$ 8,791,290</u>	<u>\$ 8,254,408</u>	<u>\$ 7,998,930</u>

(25) Share capital

- A. As of June 30, 2022, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,461,792 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding at January 1, 2023 and June 30, 2023 was both 546,179,184 shares.
- B. 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. Following the capital increase, the authorized and paid-in capital amounted to \$6,000,000 and \$5,571,028, respectively. The number of shares outstanding is 557,102,768, with a par value of \$10 per share.

(26) 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.

(27) 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 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. 1010012865 issued by FSC on April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed
- 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 per share).
- E. On June 27, 2023, the Board of Directors resolved those total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 of cash dividend and \$0.2 of stock dividend per share.
- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(32).

(28) 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:

Three months ended June 30, 2023

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 41,780,275	\$ 476,704	\$ 2,157,401	\$ 17,400,475	\$ 61,814,855
Inter segments	( 2,451,996)	( 4)	( 85,065)	( 2,010,756)	( 4,547,821)
Revenue from external customer contracts	<u>\$ 39,328,279</u>	<u>\$ 476,700</u>	<u>\$ 2,072,336</u>	<u>\$ 15,389,719</u>	<u>\$ 57,267,034</u>
Timing of revenue recognition					
At a point in time	\$ 39,328,279	\$ 427,461	\$ 2,072,336	\$ 15,004,858	\$ 56,832,934
Over time	-	49,239	-	384,861	434,100
	<u>\$ 39,328,279</u>	<u>\$ 476,700</u>	<u>\$ 2,072,336</u>	<u>\$ 15,389,719</u>	<u>\$ 57,267,034</u>

Three months ended June 30, 2022

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 29,202,294	\$ 448,698	\$ 1,702,111	\$ 17,810,402	\$ 49,163,505
Inter segments	( 2,187,094)	( 682)	( 70,967)	( 2,001,038)	( 4,259,781)
Revenue from external customer contracts	<u>\$ 27,015,200</u>	<u>\$ 448,016</u>	<u>\$ 1,631,144</u>	<u>\$ 15,809,364</u>	<u>\$ 44,903,724</u>
Timing of revenue recognition					
At a point in time	\$ 27,015,200	\$ 380,897	\$ 1,630,117	\$ 15,472,038	\$ 44,498,252
Over time	-	67,119	1,027	337,326	405,472
	<u>\$ 27,015,200</u>	<u>\$ 448,016</u>	<u>\$ 1,631,144</u>	<u>\$ 15,809,364</u>	<u>\$ 44,903,724</u>

Six months ended June 30, 2023

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 81,002,070	\$ 947,894	\$ 4,270,039	\$ 34,834,126	\$ 121,054,129
Inter segments	( 5,201,892)	( 414)	( 182,169)	( 4,036,050)	( 9,420,525)
Revenue from external customer contracts	<u>\$ 75,800,178</u>	<u>\$ 947,480</u>	<u>\$ 4,087,870</u>	<u>\$ 30,798,076</u>	<u>\$ 111,633,604</u>
Timing of revenue recognition					
At a point in time	\$ 75,800,178	\$ 843,697	\$ 4,086,833	\$ 29,531,891	\$ 110,262,599
Over time	-	103,783	1,037	1,266,185	1,371,005
	<u>\$ 75,800,178</u>	<u>\$ 947,480</u>	<u>\$ 4,087,870</u>	<u>\$ 30,798,076</u>	<u>\$ 111,633,604</u>

Six months ended June 30, 2022

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 62,736,471	\$ 852,086	\$ 3,277,932	\$ 35,555,209	\$ 102,421,698
Inter segments	( 3,962,928)	( 1,571)	( 151,290)	( 3,569,705)	( 7,685,494)
Revenue from external customer contracts	<u>\$ 58,773,543</u>	<u>\$ 850,515</u>	<u>\$ 3,126,642</u>	<u>\$ 31,985,504</u>	<u>\$ 94,736,204</u>
Timing of revenue recognition					
At a point in time	\$ 58,773,543	\$ 707,027	\$ 3,124,575	\$ 31,221,282	\$ 93,826,427
Over time	-	143,488	2,067	764,222	909,777
	<u>\$ 58,773,543</u>	<u>\$ 850,515</u>	<u>\$ 3,126,642</u>	<u>\$ 31,985,504</u>	<u>\$ 94,736,204</u>

**B. Contract assets and liabilities**

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Contract assets:			
Contract assets - construction contracts	<u>\$ 88,261</u>	<u>\$ 57,021</u>	<u>\$ 29,888</u>
Contract liabilities:			
Contract liabilities - sales of goods	\$ 1,374,974	\$ 1,516,504	\$ 1,573,138
Contract liabilities -customer loyalty programs	<u>1,977</u>	<u>1,643</u>	<u>2,407</u>
	<u>\$ 1,376,951</u>	<u>\$ 1,518,147</u>	<u>\$ 1,575,545</u>

For the six months ended June 30, 2023 and 2022, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$994,444 and \$795,980, respectively.

(29) Interest income

	Three months ended June 30,	
	2023	2022
Installment revenue	\$ 4,203,501	\$ 3,242,728
Finance leasing revenue	825,956	667,289
Interest from deposits and short-term notes	98,193	64,001
Other interest income	10,142	19,672
	<u>\$ 5,137,792</u>	<u>\$ 3,993,690</u>

	Six months ended June 30,	
	2023	2022
Installment revenue	\$ 8,119,265	\$ 6,191,005
Finance leasing revenue	1,639,866	1,335,419
Interest from deposits and short-term notes	175,050	112,777
Other interest income	26,090	34,390
	<u>\$ 9,960,271</u>	<u>\$ 7,673,591</u>

(30) Premium

	Three months ended June 30,	
	2023	2022
Written premium	\$ 3,009,275	\$ 2,921,089
Reinsurance premium	110,397	76,037
Less: Reinsurance expense	( 1,314,104)	( 650,938)
Net change in unearned premiums reserve	<u>334,738</u>	<u>( 18,027)</u>
	<u>\$ 2,140,306</u>	<u>\$ 2,328,161</u>

	Six months ended June 30,	
	2023	2022
Written premium	\$ 6,149,557	\$ 5,945,457
Reinsurance premium	277,623	275,657
Less: Reinsurance expense	( 2,427,390)	( 1,415,458)
Net change in unearned premiums reserve	<u>349,061</u>	<u>( 252,142)</u>
	<u>\$ 4,348,851</u>	<u>\$ 4,553,514</u>

(31) Expenses by nature

	Three months ended June 30,	
	2023	2022
Employee benefit expense	\$ 3,520,877	\$ 2,582,829
Depreciation	3,146,218	2,949,230
Amortization	33,924	32,041
	<u>\$ 6,701,019</u>	<u>\$ 5,564,100</u>

	Six months ended June 30,	
	2023	2022
Employee benefit expense	\$ 6,217,263	\$ 5,228,646
Depreciation	6,299,383	5,761,307
Amortization	68,925	61,948
	<u>\$ 12,585,571</u>	<u>\$ 11,051,901</u>

(32) Employee benefit expense

	Three months ended June 30,	
	2023	2022
Wages and salaries	\$ 3,004,108	\$ 2,191,334
Labor and health insurance fees	183,042	155,870
Pension costs	145,682	96,312
Other personnel expenses	188,045	139,313
	<u>\$ 3,520,877</u>	<u>\$ 2,582,829</u>

	Six months ended June 30,	
	2023	2022
Wages and salaries	\$ 5,301,833	\$ 4,472,385
Labor and health insurance fees	366,144	328,485
Pension costs	232,742	181,924
Other personnel expenses	316,544	245,852
	<u>\$ 6,217,263</u>	<u>\$ 5,228,646</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 three months and six months ended June 30, 2023, and 2022, employees' remuneration were accrued at \$65,380, \$11,263, \$125,023 and \$61,984, respectively; while directors' remuneration were accrued at \$130,760, \$22,528, \$250,047 and \$123,969, respectively. The aforementioned amounts were recognized in salary expenses. From January 1, 2023, to June 30, 2023, a provision of 1% and 2% was made based on the profit situation up to the current period.

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.

(33) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax expense recognized in the current period	(\$ 54,076)	\$ 1,077,305
Tax on undistributed surplus earnings	50,941	242,130
Prior year income tax underestimation (overestimate)	( 16,323)	32,466
Total current tax	( 19,458)	1,351,901
Deferred tax:		
Origination and reversal of temporary differences	249,890	( 886,500)
Total deferred tax	249,890	( 886,500)
Income tax expense	<u>\$ 230,432</u>	<u>\$ 465,401</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax expense recognized in the current period	\$ 1,388,212	\$ 2,374,109
Tax on undistributed surplus earnings	50,941	242,130
Prior year income tax underestimation (overestimate)	( 16,323)	32,466
Total current tax	1,422,830	2,648,705
Deferred tax:		
Origination and reversal of temporary differences	214,800	( 809,764)
Total deferred tax	214,800	( 809,764)
Income tax expense	<u>\$ 1,637,630</u>	<u>\$ 1,838,941</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash flow hedges	(\$ 3,756)	\$ 40,215
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	(\$ 2,855)
Changes in fair value of financial assets designated using overlay approach	<u>(\$ 801)</u>	<u>\$ 3,768</u>

	Six months ended June 30,	
	2023	2022
Cash flow hedges	(\$ 30,327)	\$ 48,006
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 9,022	(\$ 9,061)
Changes in fair value of financial assets designated using overlay approach	(\$ 2,518)	\$ 7,971

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

C. 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 \$320,733 and \$1,055,387, respectively.

(34) Earnings (Losses) per share

	Three months ended June 30, 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	\$ 7,046,974	557,103	\$ 12.65
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 7,046,974	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	61	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 7,046,974	557,164	\$ 12.65

	Three months ended June 30, 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	(\$ 813,521)	557,103	(\$ 1.46)
<u>Diluted losses per share</u>			
Loss attributable to common shareholders of the parent	(\$ 813,521)	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	(\$ 813,521)	557,103	(\$ 1.46)

Six months ended June 30, 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	\$ 12,110,379	557,103	\$ 21.74
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 12,110,379	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	154	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 12,110,379	557,257	\$ 21.73

Six months ended June 30, 2022			
	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	\$ 3,479,770	557,103	\$ 6.25
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 3,479,770	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	255	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 3,479,770	557,358	\$ 6.24

For the three months and six months ended June 30, 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.

(35) Transactions with non-controlling interest

A. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

D. 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.

B. 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.

(36) 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	9,919,341	9,949,472	4,000,000	3,566,208
Impact of changes in foreign exchange rate	26,498	-	1,280	-
Changes in other non-cash items	( 865,123)	-	6,574,371	( 6,574,371)
June 30	<u>\$ 114,414,313</u>	<u>\$ 124,589,685</u>	<u>\$ 34,881,220</u>	<u>\$ 9,391,122</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	746,141	( 380,992)	-	27,800,170
Impact of changes in foreign exchange rate	2,606	( 26,087)	-	4,297
Changes in other non-cash items	-	503,282	3,010,059	2,648,218
June 30	<u>\$ 17,689,897</u>	<u>\$ 2,477,030</u>	<u>\$ 3,017,204</u>	<u>\$ 306,460,471</u>
	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	16,758,525	( 8,008,133)	10,000,000	( 189,722)
Impact of changes in foreign exchange rate	21,322	-	10,139	-
Changes in other non-cash items	( 655,166)	-	310,068	( 310,068)
June 30	<u>\$ 82,890,921</u>	<u>\$ 96,853,209</u>	<u>\$ 23,899,252</u>	<u>\$ 4,236,793</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	420,839	( 246,570)	-	18,734,939
Impact of changes in foreign exchange rate	-	20,980	-	52,441
Changes in other non-cash items	-	199,698	12,920,132	12,464,664
June 30	<u>\$ 15,916,002</u>	<u>\$ 2,099,241</u>	<u>\$ 12,927,291</u>	<u>\$ 238,822,709</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship with the Group (Significant counterparties only)

Names of related parties	Relationship with the Group
Toyota Industries Corporation	Entities controlled by key management
Toyota Motor Asia Pacific Pte Ltd. (TMAP)	//
Toyota South Africa Motors (Pty) Ltd.	//
Toyota-Motor-Europe-Nv/Sa (TME)	//
Toyota-Motor-Sales-USA(TMS)	//
Toyota Daihatsu Engineering & Manufacturing Co., Ltd.	//
San Xing (Shanghai) Business Management Consulting Co., Ltd.	//
Triple S Digital Co.,Ltd.	//
Hino Motors, Ltd. (Hino)	//
Toyota Motor Corporation (TMC)	//
Ho Chuang Insurance Agency Co., Ltd.	//
Ho An Insurance Agency Co., Ltd. (Ho An)	//
Ho Yu Investment Co., Ltd. (Ho Yu)	//
Toyota Motor (China) Investment Co., Ltd. (TMCI)	//
Formosa Flexible Packaging Corp.	Associates
Zhongyang Motor Co., Ltd.	//
Beijing Heling Lexus Motor Sales & Service Co., Ltd. (Beijing Heling)	//
Beijing Hoyu Toyota Motor Sales and Service Co., Ltd.	//
Kashiwabara Hotai Taiwan Co., Ltd.	//
Yokohama Tire Taiwan Co., Ltd.	//
Shi-Ho Screw Industrial Co., Ltd.	//
Kuai Shun Transportation Co., Ltd.	//
Wang Fu Co., Ltd.	//
Nan I Motor Co., Ltd.	//
Chang Guan Logistics Co., Ltd.	//
ChongQing Yudu Toyota Automobile Sales and Service Co., Ltd.	//
ChongQing Yurun Toyota Automobile Service Co., Ltd.	//
ChongQing Taikang Heling Lexus Motor Sales & Service Co, Ltd. (ChongQing Taikang Heling)	//

Names of related parties	Relationship with the Group
Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	Associates
Jinzhong Central Toyota Motor Sale Service Co., Ltd.	"
Taizhou Zhongdu Lexus Motor Sale & Service Co., Ltd.	"
Tung Tai Asset Management Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"
Innovation Auto Parts Co., Ltd	"
Guangzhou Gac Changho Autotech Corporation	"
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	"
Nitto Precision Screw Industrial (Zhejiang) Co., Ltd.	"
Tianjin Yongda Communication Technology Co., Ltd.	"
Zheng-Ren Energy Co.,Ltd	"
Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd. (Tianjin Binhai Heling)	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"
Central Motor Co., Ltd. (Central Motor)	"
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Ho Cheng Auto Parts Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Heng Yun Investment Co., Ltd.	"
Fan Tai Transportation Co., Ltd. (Fan Tai)	"
Yi Tai Transportation Co., Ltd. (Yi Tai)	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
Guanguan Machinery CO., Ltd.	"
Kao Jin Co., Ltd.	"
Tau Jin Enterprise Co., Ltd.	"

Names of related parties	Relationship with the Group
Nantian Technology Co., Ltd.	Associates
He Ru Co, Ltd.	"
Innvocation Acto Parts Co., Ltd.	"
Shye Shing Enterprise Co., Ltd.	"
Zhonghao Automobile Co., Ltd.	"
Gochabar Technology Co., Ltd.	"
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

	Three months ended June 30,	
	2023	2022
(a) Sales revenue:		
-Associates		
Central Motor	\$ 8,183,650	\$ 5,868,692
Tau Miao	7,436,975	5,272,500
Taipei Motor	6,213,014	3,941,990
Others	18,084,795	12,340,213
-Entities controlled by key management	9,050	28,605
	<u>\$ 39,927,484</u>	<u>\$ 27,452,000</u>

	Six months ended June 30,	
	2023	2022
Sales revenue:		
-Associates		
Central Motor	\$ 15,861,082	\$ 12,786,173
Tau Miao	14,449,893	11,657,661
Taipei Motor	11,917,501	8,533,119
Others	34,575,347	26,823,838
-Entities controlled by key management	37,462	57,538
	<u>\$ 76,841,285</u>	<u>\$ 59,858,329</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.

	Three months ended June 30,	
	2023	2022
(b) Rental revenue:		
-Associates	\$ 40,250	\$ 42,609
-Entities controlled by key management	<u>2,820</u>	<u>2,576</u>
	<u>\$ 43,070</u>	<u>\$ 45,185</u>

	Six months ended June 30,	
	2023	2022
Rental revenue:		
-Associates	\$ 75,763	\$ 76,834
-Entities controlled by key management	<u>5,392</u>	<u>5,154</u>
	<u>\$ 81,155</u>	<u>\$ 81,988</u>

The Company and subsidiaries entered into rental contracts based on normal conditions with related parties and collect rents monthly based on the contracts.

	Three months ended June 30,	
	2023	2022
(c) Service revenue:		
Service sales:		
-Associates	\$ 22,163	\$ 13,642
-Entities controlled by key management	6,988	8,446
Contracted operating revenue:		
-Associates	<u>5,658</u>	<u>5,934</u>
	<u>\$ 34,809</u>	<u>\$ 28,022</u>

	Six months ended June 30,	
	2023	2022
Service revenue:		
Service sales:		
-Associates	\$ 42,609	\$ 27,063
-Entities controlled by key management	15,341	17,373
Contracted operating revenue:		
-Associates	<u>11,723</u>	<u>12,119</u>
	<u>\$ 69,673</u>	<u>\$ 56,555</u>



	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 50,912	\$ 48,873
Others	41,011	30,948
-Entities controlled by key management	<u>8,404</u>	<u>19,014</u>
	<u>\$ 100,327</u>	<u>\$ 98,835</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 117,720	\$ 108,500
Others	71,867	58,313
-Entities controlled by key management	<u>19,504</u>	<u>32,266</u>
	<u>\$ 209,091</u>	<u>\$ 199,079</u>

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 35,946	\$ 35,614
Others	55,783	49,958
-Entities controlled by key management	<u>22,382</u>	<u>22,280</u>
	<u>\$ 114,111</u>	<u>\$ 107,852</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Miscellaneous income:		
-Associates		
Kuotu	\$ 68,053	\$ 68,178
Others	96,918	85,947
-Entities controlled by key management	<u>41,247</u>	<u>47,310</u>
	<u>\$ 206,218</u>	<u>\$ 201,435</u>

## B. Expenditures

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
(a) Purchases of goods:		
-Associates		
Kuozui	\$ 14,833,443	\$ 14,491,224
Others	640,713	582,642
-Entities controlled by key management		
TMC	13,191,467	8,873,193
Others	4,069,624	3,924,117
	<u>\$ 32,735,247</u>	<u>\$ 27,871,176</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
-Associates		
Kuozui	\$ 32,288,793	\$ 29,174,181
Others	1,236,809	1,211,988
-Entities controlled by key management		
TMC	29,911,521	18,009,428
Others	6,758,637	8,713,403
	<u>\$ 70,195,760</u>	<u>\$ 57,109,000</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.

	Three months ended June 30,	
	2023	2022
(b) Warranty cost:		
-Associates		
Central Motor	\$ 31,870	\$ 25,680
Kuotu	29,247	25,408
Tau Miao	29,182	22,468
Kau Du	22,097	15,407
Taipei Motor	20,106	15,473
Others	22,251	19,564
-Entities controlled by key management	602	-
	<u>\$ 155,355</u>	<u>\$ 124,000</u>

	Six months ended June 30,	
	2023	2022
Warranty cost:		
-Associates		
Central Motor	\$ 56,047	\$ 44,985
Kuotu	52,684	47,333
Tau Miao	50,281	41,268
Kau Du	36,774	28,327
Taipei Motor	35,643	27,758
Others	37,682	36,318
-Entities controlled by key management	1,274	493
	<u>\$ 270,385</u>	<u>\$ 226,482</u>

	Three months ended June 30,	
	2023	2022
(c) Freight:		
-Associates		
Fan Tai	\$ 53,260	\$ 41,429
Yi Tai	53,321	42,364
Others	613	663
	<u>\$ 107,194</u>	<u>\$ 84,456</u>

	Six months ended June 30,	
	2023	2022
Freight:		
-Associates		
Fan Tai	\$ 102,059	\$ 85,925
Yi Tai	102,165	78,999
Others	1,309	1,307
	<u>\$ 205,533</u>	<u>\$ 166,231</u>

		Three months ended June 30,	
		2023	2022
(d) Commission expense:			
-Entities controlled by key management			
Ho An	\$	294,201	\$ 242,302
		Six months ended June 30,	
		2023	2022
Commission expense:			
-Entities controlled by key management			
Ho An	\$	624,586	\$ 506,922
		Three months ended June 30,	
		2023	2022
(e) Others:			
-Associates			
Kuotu	\$	1,523,081	\$ 1,448,521
Tau Miao		1,189,247	1,006,289
Kau Du		1,207,977	1,080,361
Taipei Motor		695,179	753,673
Nan Du		635,720	-
Central Motor		867	7,297
Others		-	1,025
	\$	5,252,071	\$ 4,297,166
		Six months ended June 30,	
		2023	2022
Others:			
-Associates			
Kuotu	\$	3,364,446	\$ 3,234,387
Tau Miao		2,401,524	1,449,685
Kau Du		2,258,113	2,435,843
Taipei Motor		1,585,243	1,771,997
Nan Du		773,847	-
Central Motor		1,643	619,741
Others		-	1,025
	\$	10,384,816	\$ 9,512,678

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. Part of the installment business is carried out in cooperation with related parties by signing a

debt assignment agreement with consumers, so it is not listed in the above table.

C. Receivables from (payables to) related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
(a) Receivables from related parties:			
-Associates	\$ 2,698,429	\$ 3,024,554	\$ 1,961,546
-Entities controlled by key management	<u>5,612</u>	<u>22,826</u>	<u>20,107</u>
	<u>\$ 2,704,041</u>	<u>\$ 3,047,380</u>	<u>\$ 1,981,653</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
(b) Other receivables from related			
-Associates	\$ 298,389	\$ 182,418	\$ 157,401
-Entities controlled by key management	<u>6,397</u>	<u>7,874</u>	<u>5,317</u>
	<u>\$ 304,786</u>	<u>\$ 190,292</u>	<u>\$ 162,718</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
(c) Accounts payable:			
-Associates			
Kuozui	\$ 1,478,169	\$ 1,260,947	\$ 1,202,504
Others	591,919	988,002	361,024
-Entities controlled by key management			
TMC	4,427,094	3,499,835	3,171,658
Others	<u>468,673</u>	<u>550,312</u>	<u>1,016,706</u>
	<u>\$ 6,965,855</u>	<u>\$ 6,299,096</u>	<u>\$ 5,751,892</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
(d) Accrued expenses and other			
-Associates	\$ 228,584	\$ 419,783	\$ 177,994
-Entities controlled by key management	<u>334</u>	<u>5,405</u>	<u>448</u>
	<u>\$ 228,918</u>	<u>\$ 425,188</u>	<u>\$ 178,442</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
(e) Commissions payable:			
-Entities controlled by key management			
Ho An	<u>\$ 66,494</u>	<u>\$ 72,945</u>	<u>\$ 66,503</u>
D. <u>Prepayments to suppliers</u>			
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
-Entities controlled by key management	<u>\$ 135,699</u>	<u>\$ 43,708</u>	<u>\$ 387,473</u>

E. Property transactions

Acquisition of rental assets and equipment

	Three months ended June 30,	
	2023	2022
-Associates		
Kuotu	\$ 1,070,905	\$ 988,003
Taipei Motor	601,574	360,019
Central Motor	486,453	316,383
Tau Miao	361,307	193,548
Others	528,392	336,745
-Entities controlled by key management	13,740	10
	<u>\$ 3,062,371</u>	<u>\$ 2,194,708</u>

	Six months ended June 30,	
	2023	2022
-Associates		
Kuotu	\$ 2,017,250	\$ 1,881,191
Taipei Motor	964,309	902,989
Central Motor	874,787	715,238
Tau Miao	647,065	493,817
Others	946,653	707,551
-Entities controlled by key management	16,512	1,908
	<u>\$ 5,466,576</u>	<u>\$ 4,702,694</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Lease liabilities:			
- Entities controlled by key management			
Ho Yu	\$ 62,355	\$ 66,373	\$ 76,082
Ho-Mian	12,017	-	-
- Associates	8,702	9,186	13,657
	<u>\$ 83,074</u>	<u>\$ 75,559</u>	<u>\$ 89,739</u>

G. Loans to related parties

Loans to related parties

Outstanding balance:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
-Associates			
Chongqing Taikang Heling	\$ 128,740	\$ 132,418	\$ 133,206
Tianjin Binhai Heling	-	-	66,603
	<u>\$ 128,740</u>	<u>\$ 132,418</u>	<u>\$ 199,809</u>

(3) Key management remuneration

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 149,293	\$ 74,048

  

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 292,562	\$ 208,601

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>Purpose</u>
Notes and accounts receivable (Note 1)	\$ 8,805,648	\$ 9,419,216	\$ 3,741,110	Short-term borrowings and commercial papers payable
Financial assets at fair value through other comprehensive income (Note 2)	398,200	600,300	300,300	Operation bonds
Guarantee deposits paid	4,438,066	4,171,701	546,729	Operation bonds and performance bonds
Restricted assets (Note 3)				
-Demand and time deposits	850,245	737,020	184,725	Short-term borrowings, performance guarantee and issuance of L/C (Note 4)
-Property, plant and equipment	990,908	724,936	543,133	Long-term borrowings
	<u>\$ 15,483,067</u>	<u>\$ 15,653,173</u>	<u>\$ 5,315,997</u>	

Note 1: As of June 30, 2023, December 31, 2022, and June 30, 2022, guarantee notes receivables were pledged as collaterals for short-term borrowings and commercial paper payable to banks amounting to \$8,805,648, \$9,419,216, and \$3,741,110, respectively.

Note 2: Shown as 'other assets'.

Note 3: Shown as 'other financial assets -current', 'other financial assets-non-current' and 'other assets'.

Note 4: As of June 30, 2023, December 31, 2022, and June 30, 2022, the certificates of deposit amounting to \$11,419, \$11,025 and \$10,670, 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 June 30, 2023, are summarized as follows:

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
(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.
Distributor agreement	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (Hino)	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Agreement on sale and purchase of Kuozui product	Kuozui Motors, Ltd.	Except for execution of termination clause, contract terms remain effective from July 1, 1995 (Hino) and January 1, 2022 (Toyota).	Kuozui Motors, Ltd. agrees to provide vehicles, parts and accessories, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
Product dealership agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2021 to May 14, 2024	Authorized dealers sell vehicles, parts and automobile products provided by the Company.
Contracted operating contracts	Kuotu Motor Co., Ltd. Kuozui Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from July 1, 2009 Starting from June 1, 2002 Starting from January 1, 2003  Except for termination signed by both parties, contracts remain effective.	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
(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 (Contract Renewed on 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 June 30, 2023, the Group has signed equipment purchase contracts and real estate purchase contracts that have not yet resulted in capital expenditures. The amounts for these contracts are \$1,910,120 and \$952,646, respectively.

#### 10. Significant Disaster Loss

None.

#### 11. Significant Events after the Balance Sheet Date

- (1) On July 26, 2023, through a resolution passed by the board of directors of the subsidiary company, He Jun Energy Co., Ltd., agreed to acquire 100% equity of Chengyo Technology Co., Ltd. The transaction price did not exceed \$500,000.
- (2) The subsidiary, Hotai Insurance Co., Ltd., has formulated a compensation plan for epidemic prevention insurance products in response to the COVID-19 outbreak. On June 2, 2023, through a decision made by the board of directors, a real estate property was agreed to be disposed, and it was subsequently sold on August 2, 2023, resulting in a disposal gain of \$961,555.
- (3) On August 8, 2023, the subsidiary, Hotai Finance Co., Ltd., passed a resolution through its board of directors to issue unsecured and secured corporate bonds. The amounts for the unsecured and secured bonds are limited to a maximum of \$5,000,000 and \$11,000,000, respectively.

#### 12. Others

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders. Information on the capital management policy that the Group's subsidiary, Hotai Insurance Co., Ltd., made based on the Insurance Law of

the Republic of China is provided in Note 12(13).

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,711,473	\$ 5,601,568	\$ 6,016,236
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	9,480,101	7,888,860	8,641,928
Qualifying equity instrument	59,567	739,255	1,559,308
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	14,718,210	15,629,561	28,729,811
Notes receivable	13,292,248	11,928,468	11,252,759
Accounts receivable	247,767,548	226,000,165	199,440,151
Long-term notes and accounts receivable	10,788,870	8,463,808	5,294,324
Other receivables	2,202,102	1,831,274	1,855,112
Guarantee deposits paid	4,836,265	4,772,001	847,029
Other financial assets	2,813,772	3,426,280	2,920,258
Financial assets for hedging	477,300	504,827	80,271
	<u>\$ 312,147,456</u>	<u>\$ 286,786,067</u>	<u>\$ 266,637,187</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ -	\$ 162,608	\$ 3,349
Financial liabilities at amortized cost			
Short-term loans	114,414,313	105,333,597	82,890,921
Short-term notes and bills payable	124,589,685	114,640,213	96,853,209
Notes payable	901,693	870,114	776,919
Accounts payable	12,568,150	11,384,815	9,602,285
Accrued expenses	5,403,563	6,623,281	4,770,452
Other payables	4,806,113	1,665,754	14,628,089
Commission payable	193,220	493,435	483,795
Corporate bonds payable (including current portion)	26,200,000	22,200,000	22,200,000
Long-term borrowings(including current portion)	18,072,342	14,504,854	5,936,045
Guarantee deposits received	17,689,897	16,941,150	15,916,002
Other financial liabilities	33,252	39,598	47,553
Lease liabilities	2,477,030	2,380,827	2,099,241
Financial liabilities for hedging	1,572,024	586,935	1,102,458
	<u>\$ 328,921,282</u>	<u>\$ 297,827,181</u>	<u>\$ 257,310,318</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:

	June 30, 2023			December 31, 2022		
	Foreign currency		Book value	Foreign currency		Book value
	amount (In thousands)	Exchange rate		amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 31,712	31.1400	\$ 987,512	USD 57,655	30.7100	\$1,770,585
JPY:NTD	JPY 749,870	0.2150	161,222	JPY 517,516	0.2324	120,271
RMB:NTD	CNY 3,265	4.2913	14,011	CNY 8,465	4.4138	37,363
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 208,354	31.1400	\$6,488,144	USD 213,142	30.7100	\$6,545,591
JPY:NTD	JPY 198,158	0.2150	42,604	JPY 170,164	0.2324	39,546
RMB:NTD	CNY 12,344	4.2913	52,972	CNY 13,039	4.4138	57,552

	June 30, 2022		
	Foreign currency		Book value
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 57,800	29.7200	\$1,717,816
JPY:NTD	JPY 976,738	0.2182	213,124
RMB:NTD	CNY 6,198	4.4402	27,520
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 206,852	29.7200	\$6,147,641
JPY:NTD	JPY 210,739	0.2182	45,983
RMB:NTD	CNY 11,130	4.4402	49,419

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

- v. The total exchange gains (losses), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2023, and 2022, amounted to \$115,602, \$160,874, \$73,891, and \$79,738, 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:

	Six months ended June 30, 2023			Six months ended June 30, 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%	\$ 9,875	\$ -	1%	\$ 17,178	\$ -
JPY:NTD	1%	1,612	-	1%	2,131	-
RMB:NTD	1%	140	-	1%	275	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 64,881	\$ -	1%	\$ 61,476	\$ -
JPY:NTD	1%	426	-	1%	460	-
RMB:NTD	1%	530	-	1%	494	-

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 six months ended June 30, 2023, and 2022 would have increased/decreased by \$ 559,500 and \$110,275, 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 June 30, 2023, December 31, 2022, and June 30, 2022, HFC has financial instruments with off-balance-sheet credit risk amounting to \$2,937,651, \$3,779,139 and \$ 4,708,334, respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$43,401, \$71,213 and \$91,854, 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 Finance 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 Finance Leasing Co., Ltd. and Hotai Insurance Co., Ltd., estimated loss allowance arising from accounts receivable and contract assets amounted to \$72,484.
- vii. Subsidiary, Hotai Finance Co., Ltd. and its subsidiaries used forecastability such as historical experience and the prediction of future economic situation to establish loss rate for estimating loss allowance for instalment and lease payments accounts and notes receivable. As of June 30, 2023, December 31, 2022, and June 30, 2022, the provision matrix is as follows:

		Later than	Later than	Later than	Later than	Over	
<u>June 30, 2023</u>	<u>Not past due</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>121 to 150 days</u>	<u>151 days</u>	<u>Total</u>
Total book value	\$ 298,070,729	\$ 998,585	\$ 524,864	\$ 352,820	\$ 409,031	\$ 426,126	\$ 300,782,155
Loss allowance	\$ 3,193,729	\$ 402,313	\$ 373,922	\$ 271,411	\$ 335,947	\$ 390,385	\$ 4,967,707

  

		Later than	Later than	Later than	Later than	Over	
<u>December 31, 2022</u>	<u>Not past due</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>121 to 150 days</u>	<u>151 days</u>	<u>Total</u>
Total book value	\$ 268,604,715	\$ 794,048	\$ 458,572	\$ 303,456	\$ 305,658	\$ 490,612	\$ 270,957,061
Loss allowance	\$ 2,989,387	\$ 349,790	\$ 352,836	\$ 255,453	\$ 279,151	\$ 482,267	\$ 4,708,884

  

		Later than	Later than	Later than	Later than	Over	
<u>June 30, 2022</u>	<u>Not past due</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>121 to 150 days</u>	<u>151 days</u>	<u>Total</u>
Total book value	\$ 231,902,555	\$ 653,406	\$ 344,482	\$ 244,972	\$ 264,894	\$ 426,413	\$ 233,836,722
Loss allowance	\$ 2,710,254	\$ 317,810	\$ 253,996	\$ 206,347	\$ 245,347	\$ 416,768	\$ 4,150,522

- viii. Credit risk information of subsidiary, Hotai Insurance Co., Ltd., as of June 30, 2023, December 31, 2022, and June 30, 2022 is provided in Note 12(6) A.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance are as follows (Note):

	<u>2023</u>	<u>2022</u>
	<u>Receivables</u>	<u>Receivables</u>
At January 1	\$ 4,780,044	\$ 3,782,588
Provision for impairment	1,965,892	1,078,994
Write-offs	( 1,667,896)	( 679,456)
Others	( 24,933)	61,055
At June 30	<u>\$ 5,053,107</u>	<u>\$ 4,243,181</u>

Note : Including all the Group's consolidated entities.

For the six months ended June 30, 2023, and 2022, gain on recoverable bad debts amounted to \$468,016 and \$365,365, respectively, presented as a deduction item to expected credit loss.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance departments of companies within the Group. Finance departments of companies within the Group monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while 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.
- ii. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group's unused credit line amounted to \$123,558,326, \$140,840,395, and \$107,307,322, 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>June 30, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 91,295,233	\$ 22,848,561	\$ 1,434,627
Short-term notes and bills payable	108,666,007	8,931,224	6,992,454
Notes payable	901,693	-	-
Accounts payable	12,568,150	-	-
Accrued expenses	5,403,563	-	-
Other payables	4,806,113	-	-
Commission payable	193,220	-	-
Lease liabilities	532,990	412,974	1,776,930
Bonds payable	269,000	17,241,313	9,392,349
Long-term loans (including current portion)	8,681,220	4,078,482	5,312,640

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

Non-derivative financial liabilities:

<u>June 30, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 70,519,851	\$ 2,131,937	\$ 11,051,187
Short-term notes and bills payable	79,717,653	14,401,048	3,223,823
Notes payable	776,919	-	-
Accounts payable	9,602,285	-	-
Accrued expenses	4,770,452	-	-
Other payables	14,628,089	-	-
Commission payable	483,795	-	-
Lease liabilities	474,755	400,521	1,469,415
Bonds payable	209,000	209,000	22,408,785
Long-term loans (including current portion)	1,749,380	2,329,401	1,951,658

Derivative financial liabilities:

<u>June 30, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 503,774	\$ 1,068,250	\$ -

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	-	-

Derivative financial liabilities:

<u>June 30, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ -	\$ 228,837	\$ 873,621
Forward exchange contracts	3,349	-	-

- iv. Information on insurance contracts risk of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(6).

(3) Fair value information

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

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

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

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

- B. Fair value information of investment property at cost is provided in Note 6(14).

- C. Financial instruments not measured at fair value

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

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

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

<u>June 30, 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	\$ 1,434,628	\$ -	\$ 172,571	\$ 1,607,199
Forward exchange contracts	-	245,174	-	245,174
Bond investment	-	1,004,770	-	1,004,770
Equity securities	1,602,303	-	-	1,602,303
Exchange traded funds	1,101,838	-	-	1,101,838
Financial instruments	-	150,189	-	150,189
Derivative financial assets for hedging	-	477,300	-	477,300
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	457,767	-	457,767
Equity securities	<u>9,056,019</u>	<u>-</u>	<u>424,082</u>	<u>9,480,101</u>
	<u>\$13,194,788</u>	<u>\$ 2,335,200</u>	<u>\$ 596,653</u>	<u>\$16,126,641</u>

Liabilities

Recurring fair value measurements

Derivative financial liabilities for hedging

	<u>\$ -</u>	<u>\$ 1,572,024</u>	<u>\$ -</u>	<u>\$ 1,572,024</u>
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Note: Including operation bonds.

<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				
Domestic and foreign beneficiary certificates	\$ 1,359,072	\$ -	\$ 177,738	\$ 1,536,810
Forward exchange contracts	-	52,132	-	52,132
Foreign exchange swap contracts	-	5,455	-	5,455
Bond investment	-	1,011,039	-	1,011,039
Equity securities	1,186,861	-	-	1,186,861
Exchange traded funds	1,104,396	-	-	1,104,396
Financial instruments	-	704,875	-	704,875
Derivative financial assets for hedging	-	504,827	-	504,827
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,339,555	-	1,339,555
Equity securities	<u>7,496,985</u>	<u>-</u>	<u>391,875</u>	<u>7,888,860</u>
	<u>\$ 11,147,314</u>	<u>\$ 3,617,883</u>	<u>\$ 569,613</u>	<u>\$15,334,810</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	161,205	\$ -	161,205
Foreign exchange swap contracts	-	1,403	-	1,403
Derivative financial liabilities for hedging	-	586,935	-	586,935
	<u>\$ -</u>	<u>\$ 749,543</u>	<u>\$ -</u>	<u>\$ 749,543</u>

Note: Including operation bonds.

<u>June 30, 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				
Domestic and foreign beneficiary certificates	\$ 1,122,675	\$ -	\$ 493,685	\$ 1,616,360
Forward exchange contracts	-	121,190	-	121,190
Foreign exchange swap contracts	-	395	-	395
Bond investment	-	1,002,836	-	1,002,836
Equity securities	1,286,085	-	-	1,286,085
Exchange traded funds	1,539,651	-	-	1,539,651
Financial instruments	-	449,719	-	449,719
Derivative financial assets for hedging	-	80,271	-	80,271
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,859,608	-	1,859,608
Equity securities	8,176,535	-	465,393	8,641,928
	<u>\$ 12,124,946</u>	<u>\$ 3,514,019</u>	<u>\$ 959,078</u>	<u>\$16,598,043</u>

Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Foreign exchange swap contracts	\$ -	\$ 294	\$ -	\$ 294
Foreign exchange swap contracts	-	3,055	-	3,055
Derivative financial liabilities for hedging	-	1,102,458	-	1,102,458
	<u>\$ -</u>	<u>\$ 1,105,807</u>	<u>\$ -</u>	<u>\$ 1,105,807</u>

Note: Including operation bonds.

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed stocks</u>	<u>Beneficiary</u> <u>certificates</u>	<u>Open-end fund</u>	<u>Exchange</u> <u>traded funds</u>
Market quoted price	Closing price	Closing price	Net asset value	Closing price

E. The following chart is the movement of Level 3 for the six months ended June 30, 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	-	16,207
Recorded as gains (losses) on financial assets at fair value through profit or loss	( 12,589)	-
Acquired during the period	7,422	16,000
At June 30	\$ 172,571	\$ 424,082

	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	-	98,623
Recorded as gains on financial assets at fair value through profit or loss	39,853	-
Acquired during the period	16,337	-
At June 30	<u>\$ 493,685</u>	<u>\$ 465,393</u>

- F. For the six months ended June 30, 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 June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 424,082	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.
Real estate private placement fund	172,571	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

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 465,393	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	493,685	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 June 30, 2023, December 31, 2022 and June 30, 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 Company considered the risks, in addition to the medical expenses, health insurance and vaccine insurance products for migrant workers infected with COVID-19, other products related to epidemic prevention insurance have been suspended on April 18, 2022. As of the date of the audit report, the claim settlement of the epidemic prevention policy has increased the catastrophe risk of the Company. The Company has carefully assessed the impact on major issues such as surplus, capital adequacy, provision for deposits and liquidity, and has made appropriate provision for indemnity and provision for insufficient premiums. The Company will continue to formulate appropriate measures in accordance with the government's epidemic prevention policies and the follow-up development of the epidemic, as well as the policy claims status, and respond appropriately, including capital adequacy and liquidity countermeasures, in order to take into account the Company's financial structure and protection of policyholders' rights and interests. The Company's response measures include disposing of real estate, applying for external loans, and expanding capital.

(5) The nature and range of contract risk governance of the subsidiary, Hotai Insurance Co., Ltd.

A. The objectives, policies, procedures and methods of risk governance on insurance contracts:

(a) Risk Governance Structure and Responsibilities

The subsidiary, Hotai Insurance Co., Ltd. has set up the Risk & Control Committee (RCC) under the Board of Directors as well as an independent risk management department in order to effectively plan, advocate and monitor risk management matters.

The subsidiary's goals in managing its risks are to:

- i. Protect the subsidiary's capital by not taking risks beyond the subsidiary's risk tolerance.
- ii. Enhance value creation and achieve an optimal risk-return profile by efficiently deploying capital.
- iii. Support decision making processes by providing consistent, reliable, and timely risk information.
- iv. Protect the subsidiary's brand and reputation by fostering the subsidiary's core values and promoting a sound culture of risk awareness.

The "three lines of defense" approach runs through the subsidiary's risk governance structure, so that risks are clearly identified, owned, and managed:

1st line: Business management takes risks and is responsible for day-to-day risk management.  
2nd line: The risk management function oversees the overall risk management framework and helps manage risk. Other governance and control functions (e.g., legal and compliance, finance, technical underwriting review, claims QA) are responsible for and help control specific types of risks.

3rd line: The audit function provides independent assurance regarding the effectiveness of the ERM framework and risk controls.

In accordance with "Risk Management Practice Rules for Insurance Industry", the subsidiary has established "Risk Management Policy" which is approved by the subsidiary's Board of Directors, to establish its corporate risk management framework.

(b) Risk Reporting and Measurement System

i. Risk Reporting

Each department branch periodically delivers risk information to the risk management department for monitoring purpose. The mitigating actions and response plans are required while breaching the risk-type limits.

Risk management department consolidates risk information, reviews and follows up improvement actions. In the quarterly RCC meeting, Integrated Assessment and Assurance Reporting will be presented in accordance with the meeting agenda. After the CEO signs off quarterly RCC meeting minutes as a formal risk report, the report will be submitted to RCC and the Board of Directors for monitoring and verifying the soundness of the risk management framework.

ii. Measurement System

Pursuant to the regulatory authority's requirement, the subsidiary has performed sensitivity analysis, scenario analysis and stress test to understand the related risks which have quantitative influence on the subsidiary's performance.

(c) Insurance Risk and Underwriting Guidelines

Insurance risk management includes product development, pricing, underwriting, reinsurance, natural/man-made catastrophes, claims and reserve related risks. All of these risks are managed by the front-line responsible functions, such as underwriting, claims, technical management, product development and actuarial departments. According to the "Risk Management Policy," related functional policies and procedures, and local regulations, the Risk management framework and mechanism are designed and embedded into day-to-day operations, which includes authorization, operational process and risk-type limit monitoring, etc. The Risk Policy adherence self-assessment checklist and Risk Management Practice Rules for Insurance Industry checklist should be filled in by risk-type owners annually, in order to comply with the requirements of "Risk Management Policy" and "Risk Management Practice Rules for Insurance Industry".

(d) Total Risk Profiling and Insurance Risk Management

The subsidiary adopts the Total Risk Profiling (TRP) methodology to identify, assess, response and document its overall risks (incl. Business and Strategic Risk, Insurance Risk, Operational Risk, ALM / Investment / Credit Risk, and Financial Reporting Risk that can have an impact on the sustainability of Earnings, Capital and Reputation) systematically across the subsidiary. The risk management department coordinates the TRP efforts and provides quality assurance with all departments within their areas of responsibilities. The implementation status of improvement actions will be reviewed quarterly according to the fall TRP results in the previous year. The insurance risks (incl. product development, pricing, underwriting, reinsurance, natural / man-made catastrophes, claims, reserve and so on) are covered in the TRP process as well.

(e) Concentration Exposures on Insurance Risk

The subsidiary, Hotai Insurance Co., Ltd. has established the related risk control mechanism and developed risk management plan to run retention and ceded/assumed businesses based on reinsurance capacity by following the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”. The net retention limit per risk for each line of business is listed below:

<u>Line of Business</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fire insurance	\$ 100,000	\$ 50,000	\$ 50,000
Fire & A.P. insurance	100,000	50,000	50,000
Long-term residential fire insurance	100,000	50,000	50,000
Residential fire insurance	100,000	50,000	50,000
Marine cargo insurance	20,000	20,000	20,000
Inland marine insurance	20,000	20,000	20,000
Automobile insurance	Nil	Nil	Nil
General liability insurance	50,000	50,000	50,000
Engineering insurance	100,000	50,000	50,000
Fidelity insurance	60,000	60,000	60,000
Other property insurance	50,000	50,000	50,000
Personal accident insurance	50,000	50,000	50,000

In addition to control the own-retention limit per risk/catastrophe for confining risk exposures, the subsidiary, in accordance with the characteristics of each line of insurance business and to align with operational strategies, arranges reinsurance contracts or arranges facultative reinsurance to appropriately spread the subsidiary’s endured risk. For the credit risk of main reinsurers, the subsidiary considers their credit rating, financial status, and location to ensure that the subsidiary has a stable and appropriate reinsurance coverage.

(f) Asset/Liability Management

The Asset/Liability Management Investment Committee (ALMIC) meeting is held on a quarterly basis to monitor the subsidiary’s asset/liability matching duration and evaluate liquidity risk by ensuring the fulfillment of due liabilities and future claims provisions. In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, in addition to establishing the related financial liquidity contingency plans, the subsidiary, Hotai Insurance Co., Ltd., also requested the Board of Directors to authorize the Chairman of the company to handle the bank financing.

(g) Capital Adequacy Management

In accordance with the “Regulations Governing Capital Adequacy of Insurance Companies”, the subsidiary has established the capital solvency management mechanism, which includes a risk-based capital ratio review on a regular basis. Also, the RBC Ratio Report is prepared and filed semiannually to monitor and implement regulatory capital adequacy requirements. Currently, the subsidiary’s RBC ratio is lower than the requirement of 200% because of the selling of severe and special infectious pneumonia related to epidemic prevention insurance products, and they will optimize the situation in accordance with the 2023 epidemic prevention insurance financial improvement plan. Please refer to Note 12(13) for further details.

(6) Credit risk, liquidity risk and market risk of insurance contract

The insurance contracts of the subsidiary, Hotai Insurance Co., Ltd. are all short-term policies and the reserves are not discounted; therefore, there is no significant impact in the interest rate risk.

A. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and other financial assets based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- (b) Except for using historical loss rate as a basis and forecastable macroeconomic information to estimate expected credit loss in line with IAS, the subsidiary, Hotai Insurance Co., Ltd. also provisioned allowance for loss in line with “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts” and related procedures.
- (c) The subsidiary, Hotai Insurance Co., Ltd., adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk since initial recognition:
- If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - For bonds or banks that issue non-short-term certificates of deposit, if any external credit rating agency rates these bonds and banks as investment grade, the credit risk of these financial assets is low. However, if the rating of these bonds and banks are degraded to non-investment grade, the credit risk of these financial assets was significantly increased.
- (d) The subsidiary, Hotai Insurance Co., Ltd., adopts IFRS 9 to presume the following assumptions that financial assets have been impaired:
- If the contract payments were past due over 90 days based on the terms, there has been an impairment and default on that instrument since initial recognition.
  - If companies that issue bonds or banks that issue non-short-term certificates of deposit experience significant financial difficulties and enter into bankruptcy or financial reorganization, the credit of the financial assets would be considered impaired.
  - If the Company actively clears these financial assets in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”, and the financial assets could no longer be recovered, the financial assets should be written-off after it is reported to the Board of Directors. However, the Company will continue executing the recourse procedures to secure their rights.
- (e) The subsidiary, Hotai Insurance Co., Ltd., refers to the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”. For the six months ended June 30, 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 period	-	-	-	( 1,899)	( 1,899)
At June 30	\$ -	\$ -	\$ 160	\$ 22,486	\$ 22,646

	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the "Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts"	Total
At January 1	\$ -	\$ -	\$ 160	\$ 26,115	\$ 26,275
Provisions during the period	-	-	-	6,409	6,409
At June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 32,524</u>	<u>\$ 32,684</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the allowance for loss of abovementioned financial assets was \$22,646, \$24,545 and \$32,684, respectively, and the maximum exposure to credit risk was \$1,020,741, \$945,389 and \$1,032,976, respectively.

- (f) As of June 30, 2023, December 31, 2022, and June 30, 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 \$2,164,417, \$2,353,879 and \$2,829,817, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

Credit risk rating	June 30, 2023	December 31, 2022	June 30, 2022
tw AAA	\$ 555,255	\$ 797,023	\$ 701,095
tw AA+	62,509	176,899	452,415
tw AA	253,850	134,294	343,212
tw AA-	110,114	132,511	736,067
tw A+	322,805	222,298	222,022
tw A	859,884	889,064	373,428
tw A-	-	1,790	1,578
	<u>\$ 2,164,417</u>	<u>\$ 2,353,879</u>	<u>\$ 2,829,817</u>

The probable expected loss rates of abovementioned financial assets within 12 months were 0%~0.06%, 0%~0.06% and 0%~0.06%, respectively, the amounts of allowance for loss were \$517, \$797 and \$558 respectively, and the maximum exposure amounts were \$2,163,900, \$2,353,082 and \$2,829,259, 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 six months ended June 30, 2023, and 2022, the movements of allowance for loss are as follows:

	2023	2022
At January 1	\$ 797	\$ 592
Provisions (amounts reversed) during the period	( 280)	( 34)
At June 30	<u>\$ 517</u>	<u>\$ 558</u>

- (g) Reinsurance Credit Risk

The counterparties of the subsidiary, Hotai Insurance Co., Ltd. in conducting reinsurance transactions are companies with good credit ratings. Also, the subsidiary, Hotai Insurance Co., Ltd. transacts with numerous counterparties to diversify credit risk. The possibility of expected defaults is remote. In addition, the reinsurer list that the subsidiaries transacts with has been reviewed and approved by the subsidiary, Hotai Insurance Co., Ltd., and all are qualified reinsurance ceded companies. Policy underwriting units also non-routinely check

on the newest approved reinsurance list. For the six months ended June 30, 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):

Six months ended June 30, 2023

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA	\$ 422,639	18.67
AA-	28,105	1.24
A+	1,331,732	58.83
A	55,268	2.44
A-	639	0.03
BBB+	12,914	0.57
Unrated	412,397	18.22
Total	\$ 2,263,694	100.00

Six months ended June 30, 2022

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA	\$ 303,155	23.92
AA-	46,255	3.65
A+	482,787	38.10
A	37,721	2.98
A-	2,844	0.22
BBB+	29,132	2.30
Unrated	365,392	28.83
Total	\$ 1,267,286	100.00

Note: Compulsory automobile insurance and residential earthquake insurance are excluded.

#### B. Liquidity risk management

Liquidity risk is the risk that the subsidiary, Hotai Insurance Co., Ltd. may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The subsidiary is not exposed to liquidity risk as there is no need for the subsidiary to hold adequate current assets to fulfill the financial liabilities as they become due or use higher costs to settle relevant financial liabilities.

##### (a) Cash flow control and hedging strategy

With the following controls and hedge strategies, the working capital of the subsidiary, Hotai Insurance Co., Ltd. is sufficient to meet insurance services and operational needs, and no liquidity risk is expected.

- i. The investment in debt instruments and equity instruments are mostly traded in the active market and can be expected to be disposed at the price close to fair value.
- ii. To make sure liquidity fund fulfill the liabilities when they fall due or capital requirements, the subsidiary manages liquidity through bank deposits and money market instruments.
- iii. To make sure the effectiveness of liquidity risk management, cash flow analysis is employed, the subsidiary generates yearly and monthly net cash flow forecast according to annual plan of operating income and expenses. Based on the cash flow forecast, the subsidiary periodically monitors the actual income and expenses to execute cash

management activities.

(b) Liquidity risk management

To effectively manage liquidity risk, except for holding a considerable portion of current assets, the subsidiary also limits the proportion of investment amount and reviews current assets and liabilities on a regular basis to ensure that above requirement is fully supported.

(c) Indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products

In response to the indemnity for severe and special infectious pneumonia related to epidemic prevention insurance products, Hotai Insurance Co., Ltd., established the related financial liquidity contingency plans. Please refer to Note 12(15) for further details.

The table below analyses the insurance liabilities and non-derivative financial liabilities of the subsidiary, Hotai Insurance Co., Ltd., based on the remaining period at the balance sheet date to the contractual maturity date.

i. Non-derivative financial liabilities

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>June 30, 2023</u>				
Insurance liabilities	\$ 12,535,872	\$ 3,228,344	\$ 201,421	\$ 1,665,674
Payables	2,177,190	-	-	-
Deposits-in	2,606	2,150	-	-
Lease liabilities	42,066	10,781	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2022</u>				
Insurance liabilities	\$ 20,486,863	\$ 2,993,006	\$ 187,066	\$ 1,648,716
Payables	1,673,583	-	-	-
Deposits-in	2,703	2,085	-	-
Lease liabilities	56,640	21,350	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>June 30, 2022</u>				
Insurance liabilities	\$ 13,549,724	\$ 4,492,189	\$ 327,269	\$ 1,612,274
Payables	1,538,737	-	-	-
Deposits-in	2,652	1,751	-	-
Lease liabilities	56,544	45,953	-	-

ii. Derivatives

As of June 30, 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:

	June 30, 2023		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 243,454
	Decrease in price	10%	( 243,454)
	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)
	June 30, 2022		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 397,220
	Decrease in price	10%	( 397,220)

(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:

		June 30, 2023	
		Change of variables	Change in fair value
Fixed-income investments	Increase in interest rate 100 basis point	(\$	45,251)
	Decrease in interest rate 100 basis point		45,251
		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
		June 30, 2022	
		Change of variables	Change in fair value
Fixed-income investments	Increase in interest rate 100 basis point	(\$	79,663)
	Decrease in interest rate 100 basis point		79,663

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
Foreign exchange rate	31.14	30.73	29.74

The US dollar assets and liabilities are shown as below:

	June 30, 2023	December 31, 2022	June 30, 2022
USD Assets	USD 11,459 thousand	USD 29,879 thousand	USD 44,837 thousand
USD Liabilities	USD 2,037 thousand	USD 635 thousand	USD 378 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, related exchange contracts have been terminated on February 24, 2023.

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:

		June 30, 2023	
		Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD	(\$	14,670)
	Depreciate 5% against NTD		14,670
		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

June 30, 2022

	Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD (\$	33,353)
	Depreciate 5% against NTD	33,353

(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 six months ended June 30, 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	Six months ended June 30, 2023	
	Premiums revenue	Retention premiums
Fire insurance	\$ 937,280	\$ 258,003
Engineering insurance	180,316	46,068

Line of Business	Six months ended June 30, 2022	
	Premiums revenue	Retention premiums
Fire insurance	\$ 881,562	\$ 271,580
Engineering insurance	127,613	28,540

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 six months ended June 30, 2023, and 2022

and the result is shown below:

Line of Business	Six months ended June 30, 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	\$ 119,196	\$ 96,892	\$ 119,196	\$ 96,892
Automobile third party liability insurance	66,402	54,965	66,402	54,965
Personal property insurance	1,656	1,117	1,656	1,117
Commercial property insurance	37,981	11,922	37,981	11,922
Liability insurance	30,339	22,065	30,339	22,065
Marine cargo insurance	6,388	4,133	6,388	4,133
Engineering insurance	6,900	1,640	6,900	1,640
Personal accident insurance	22,413	21,381	22,413	21,381
Health insurance	10,908	10,383	10,908	10,383
Foreign inward reinsurance	180	174	180	174

Line of Business	Six months ended June 30, 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	\$ 105,538	\$ 90,930	\$ 105,538	\$ 90,930
Automobile third party liability insurance	55,681	49,339	55,681	49,339
Personal property insurance	1,798	1,565	1,798	1,565
Commercial property insurance	34,384	11,283	34,384	11,283
Liability insurance	30,538	23,952	30,538	23,952
Marine cargo insurance	6,567	4,737	6,567	4,737
Engineering insurance	5,012	1,344	5,012	1,344
Personal accident insurance	27,190	26,433	27,190	26,433
Health insurance	10,775	10,620	10,775	10,620
Foreign inward reinsurance	683	341	683	341

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 six months ended June 30, 2023 and 2022.

C. Loss development pattern

As of June 30, 2023, December 31, 2022 and June 30, 2022, the loss development pattern of the subsidiary, Hotai Insurance Co., Ltd., are as follows:

(a) Direct business

<u>June 30, 2023</u>	Accident Year					Six months ended June 30, 2023	Total
	<u>Development Year</u>	<u>Before 2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>		
End of underwriting year	\$ 31,265,039	\$ 4,699,953	\$ 5,817,755	\$ 41,070,594	\$ 8,471,549		
One year after underwriting year	30,978,084	4,769,156	5,627,843	41,569,794	-		
Two years after underwriting year	30,801,697	4,489,255	5,745,192	-	-		
Three years after underwriting year	30,449,080	4,565,887	-	-	-		
Four years after underwriting year	30,462,553	-	-	-	-		
Estimated ultimate losses	30,462,553	4,565,887	5,745,192	41,569,794	8,471,549		
Paid losses	( 29,773,929)	( 3,974,168)	( 4,345,787)	( 39,653,986)	( 4,397,518)		
Total reserve	<u>\$ 688,624</u>	<u>\$ 591,719</u>	<u>\$ 1,399,405</u>	<u>\$ 1,915,808</u>	<u>\$ 4,074,031</u>		\$ 8,669,587
Adjustment item (Note)							<u>573,417</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 9,243,004</u>

<u>December 31, 2022</u>	Accident Year					Total	
	<u>Development Year</u>	<u>Before 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		<u>2022</u>
End of underwriting year	\$ 27,880,901	\$ 3,732,983	\$ 4,699,953	\$ 5,811,398	\$ 41,300,575		
One year after underwriting year	27,532,055	3,730,672	4,769,156	5,807,080	-		
Two years after underwriting year	27,247,411	3,690,308	4,606,421	-	-		
Three years after underwriting year	27,111,389	3,554,412	-	-	-		
Four years after underwriting year	26,957,435	-	-	-	-		
Estimated ultimate losses	26,957,435	3,554,412	4,606,421	5,807,080	41,300,575		
Paid losses	( 26,362,593)	( 3,211,790)	( 3,945,587)	( 4,437,959)	( 33,427,786)		
Total reserve	<u>\$ 594,842</u>	<u>\$ 342,622</u>	<u>\$ 660,834</u>	<u>\$ 1,369,121</u>	<u>\$ 7,872,789</u>		\$ 10,840,208
Adjustment item (Note)							<u>538,798</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 11,379,006</u>

<u>June 30, 2022</u>	Accident Year					Six months ended June 30, 2022	Total
	<u>Development Year</u>	<u>Before 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		
End of underwriting year	\$ 27,880,901	\$ 3,732,983	\$ 4,699,953	\$ 5,811,398	\$ 8,971,715		
One year after underwriting year	27,532,055	3,730,672	4,765,156	5,793,416	-		
Two years after underwriting year	27,247,411	3,690,308	4,636,077	-	-		
Three years after underwriting year	27,111,389	3,549,071	-	-	-		
Four years after underwriting year	26,871,351	-	-	-	-		
Estimated ultimate losses	26,871,351	3,549,071	4,636,077	5,793,416	8,971,715		
Paid losses	( 26,353,079)	( 3,167,691)	( 3,986,605)	( 4,210,311)	( 2,014,775)		
Total reserve	<u>\$ 518,272</u>	<u>\$ 381,380</u>	<u>\$ 649,472</u>	<u>\$ 1,583,105</u>	<u>\$ 6,956,940</u>		\$ 10,089,169
Adjustment item (Note)							<u>561,891</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 10,651,060</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>June 30, 2023</u>	Accident Year					Six months ended June 30, 2023	Total
	<u>Development Year</u>	<u>Before 2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>		
End of underwriting year	\$ 21,917,429	\$ 4,058,783	\$ 4,565,828	\$ 39,328,137	\$ 7,594,883		
One year after underwriting year	21,690,012	4,130,722	4,387,083	39,785,628	-		
Two years after underwriting year	21,607,471	3,877,850	4,490,955	-	-		
Three years after underwriting year	21,373,100	3,950,197	-	-	-		
Four years after underwriting year	21,375,920	-	-	-	-		
Estimated ultimate losses	21,375,920	3,950,197	4,490,955	39,785,628	7,594,883		
Paid losses	( 20,973,526)	( 3,535,528)	( 3,752,475)	( 38,833,077)	( 4,190,766)		
Total reserve	<u>\$ 402,394</u>	<u>\$ 414,669</u>	<u>\$ 738,480</u>	<u>\$ 952,551</u>	<u>\$ 3,404,117</u>		\$ 5,912,211
Adjustment item (Note)							<u>401,177</u>
							<u>\$ 6,313,388</u>

<u>December 31, 2022</u>	<u>Accident Year</u>					
	<u>Before 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
<u>Development Year</u>						
End of underwriting year	\$ 18,897,808	\$ 3,215,297	\$ 4,058,783	\$ 4,559,471	\$ 39,536,977	
One year after underwriting year	18,702,131	3,224,195	4,130,722	4,551,010	-	
Two years after underwriting year	18,465,817	3,193,907	3,991,743	-	-	
Three years after underwriting year	18,413,564	3,067,559	-	-	-	
Four years after underwriting year	18,367,442	-	-	-	-	
Estimated ultimate losses	18,367,442	3,067,559	3,991,743	4,551,010	39,536,977	
Paid losses	( 17,915,061)	( 2,861,564)	( 3,519,725)	( 3,831,320)	( 32,897,564)	
Total reserve	<u>\$ 452,381</u>	<u>\$ 205,995</u>	<u>\$ 472,018</u>	<u>\$ 719,690</u>	<u>\$ 6,639,413</u>	\$ 8,489,497
Adjustment item (Note)						<u>399,775</u>
						<u>\$ 8,889,272</u>

<u>June 30, 2022</u>	<u>Accident Year</u>					
	<u>Before 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Six months ended June 30, 2022</u>	<u>Total</u>
<u>Development Year</u>						
End of underwriting year	\$ 18,897,808	\$ 3,215,297	\$ 4,058,783	\$ 4,559,471	\$ 7,891,700	
One year after underwriting year	18,702,131	3,224,195	4,130,722	4,541,535	-	
Two years after underwriting year	18,465,817	3,193,907	4,015,614	-	-	
Three years after underwriting year	18,413,564	3,060,430	-	-	-	
Four years after underwriting year	18,278,770	-	-	-	-	
Estimated ultimate losses	18,278,770	3,060,430	4,015,614	4,541,535	7,891,700	
Paid losses	( 17,911,541)	( 2,829,108)	( 3,547,980)	( 3,651,799)	( 1,831,262)	
Total reserve	<u>\$ 367,229</u>	<u>\$ 231,322</u>	<u>\$ 467,634</u>	<u>\$ 889,736</u>	<u>\$ 6,060,438</u>	\$ 8,016,359
Adjustment item (Note)						<u>436,161</u>
						<u>\$ 8,452,520</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.

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(8) The subsidiary-Hotai Insurance Co., Ltd. assets and liabilities recoverable or payable within or over 12 months after the balance sheet date are as follows:

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>June 30, 2023</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 3,892,879	\$ 3,892,879	\$ -
Receivables	947,648	947,648	-
Assets held for sale	283,710	283,710	-
Current income tax assets	8,926	-	8,926
Financial assets at fair value through profit or loss	2,939,314	2,434,543	504,771
Financial assets at fair value through other comprehensive income	59,567	-	59,567
Other financial assets	1,731,378	1,731,378	-
Right-of-use assets	51,826	-	51,826
Investment property	397,471	-	397,471
Reinsurance contract assets	5,348,664	3,885,092	1,463,572
Property and equipment	3,770,424	-	3,770,424
Intangible assets	131,006	-	131,006
Deferred income tax assets	1,759,688	-	1,759,688
Other assets	4,673,575	358,016	4,315,559
<u>Liabilities</u>			
Payables	\$ 2,177,190	\$ 2,177,190	\$ -
Financial liabilities at fair value through profit or loss	4,000,000	4,000,000	-
Insurance liabilities	17,631,311	12,535,872	5,095,439
Lease liabilities	52,456	42,066	10,390
Deferred income tax liabilities	124,973	-	124,973
Other liabilities	242,873	240,771	2,101

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>December 31, 2022</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 1,617,596	\$ 1,617,596	\$ -
Receivables	870,446	870,446	-
Assets held for sale	283,710	283,710	-
Current income tax assets	5,627	-	5,627
Financial assets at fair value through profit or loss	2,772,443	2,261,404	511,039
Financial assets at fair value through other comprehensive income	739,255	216,321	522,934
Other financial assets	1,666,176	1,666,176	-
Right-of-use assets	76,697	-	76,697
Investment property	398,747	-	398,747
Reinsurance contract assets	4,166,241	2,964,445	1,201,796
Property and equipment	3,612,574	-	3,612,574
Intangible assets	115,634	-	115,634
Deferred income tax assets	2,049,015	-	2,049,015
Other assets	4,660,176	537,836	4,122,340
<u>Liabilities</u>			
Payables	\$ 1,673,583	\$ 1,673,583	\$ -
Financial liabilities at fair value through profit or loss	1,403	1,403	-
Insurance liabilities	25,315,651	20,486,863	4,828,788
Lease liabilities	77,250	56,640	20,610
Deferred income tax liabilities	129,950	-	129,950
Other liabilities	245,210	243,125	2,085
	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>June 30, 2022</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,247,166	\$ 5,247,166	\$ -
Receivables	959,141	959,141	-
Current income tax assets	2,021	-	2,021
Financial assets at fair value through profit or loss	4,475,432	3,972,596	502,836
Financial assets at fair value through other comprehensive income	1,559,308	414,350	1,144,958
Other financial assets	1,633,729	1,597,299	36,430
Right-of-use assets	100,439	-	100,439
Investment property	573,771	-	573,771
Reinsurance contract assets	3,842,357	2,914,758	927,599
Property and equipment	3,305,072	-	3,305,072
Intangible assets	118,236	-	118,236
Other assets	715,704	491,879	223,825

	Book value	Within 12 months	Over 12 months
<u>June 30, 2022</u>			
<u>Liabilities</u>			
Payables	\$ 1,538,737	\$ 1,538,737	\$ -
Financial liabilities at fair value through profit or loss	3,055	3,055	-
Insurance liabilities	19,981,456	13,549,724	6,431,732
Lease liabilities	101,689	56,544	45,145
Other liabilities	180,456	178,705	1,751

(9) The subsidiary-Hotai Insurance Co., Ltd.’s related information on commissioned investments

- A. Beginning on December 12, 2018, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with Uni-President Assets Management Corp. to commission Uni-President Assets Management Corp. to manage the investment in domestic listed companies’ stocks and short-term notes and bills totaling \$600,000. The Company adjusted the commissioned investment amounts in Uni-President Assets Management Corp. to \$860,000 in July 2020, to \$920,000 in December 2020, to \$1,050,000 in March 2021, to \$1,200,000 in June 2021 and to \$900,000 in May 2022. As of July 27, 2022, the company terminated the discretionary investment management contract with Uni-President Assets Management Corp.
- B. Beginning on March 24, 2021, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with Cathay Securities Investment Trust to commission Cathay Securities Investment Trust to manage the investment in domestic listed companies’ stocks and short-term notes and bills totaling \$800,000. The company adjusted the commissioned investment amounts in Cathy Securities Investment Trust to \$400,000 in September 2022.
- C. Beginning on April 6, 2021, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary investment management contract with JIH SUN SECURITIES CO., LTD. to commission JIH SUN SECURITIES CO., LTD., to manage the investment in domestic listed companies’ stocks and short-term notes and bills totaling \$600,000. The company adjusted the commissioned investment amounts in JIH SUM SECURITIES CO., LTD. to \$900,000 in May 2022 and to 600,000 in March 2023.
- D. In 2015, the subsidiary, Hotai Insurance Co., Ltd., signed a discretionary commission investment contract with JPMorgan Asset Management (Taiwan) Limited (“JPMorgan”), commissioning JPMorgan to conduct and manage domestic and foreign investments in various bonds on behalf of the subsidiary. The ceiling of this commissioned contract is based on the limit stipulated in the regulations. In July 2022, the company terminated the commissioning of the domestic investments in various bonds. On February 24, 2023, the company terminated the exchange contracts included discretionary commission with JPMorgan.

(10) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention earned premiums is shown below:

Three months ended June 30, 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	\$ 137,637	\$ 48,647	\$ 56,052	\$ 130,232	\$ 3,816	\$ 126,416
Elective insurance	3,083,823	61,750	1,258,052	1,887,521	( 338,553)	2,226,074
	3,221,460	110,397	1,314,104	2,017,753	( 334,737)	2,352,490
Discount	-	-	-	-	-	-
	<u>\$ 3,221,460</u>	<u>\$ 110,397</u>	<u>\$ 1,314,104</u>	<u>\$ 2,017,753</u>	<u>(\$ 334,737)</u>	<u>\$ 2,352,490</u>
Six months ended June 30, 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	\$ 274,998	\$ 95,638	\$ 112,631	\$ 258,005	\$ 9,262	\$ 248,743
Elective insurance	6,281,854	181,985	2,314,759	4,149,080	( 358,322)	4,507,402
	6,556,852	277,623	2,427,390	4,407,085	( 349,060)	4,756,145
Discount	2	-	-	2	-	2
	<u>\$ 6,556,854</u>	<u>\$ 277,623</u>	<u>\$ 2,427,390</u>	<u>\$ 4,407,087</u>	<u>(\$ 349,060)</u>	<u>\$ 4,756,147</u>

Three months ended June 30, 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	\$ 121,869	\$ 45,434	\$ 49,547	\$ 117,756	\$ 3,182	\$ 114,574
Elective insurance	2,852,346	30,604	601,391	2,281,559	14,846	2,266,713
	2,974,215	76,038	650,938	2,399,315	18,028	2,381,287
Discount	-	-	-	-	-	-
	<u>\$ 2,974,215</u>	<u>\$ 76,038</u>	<u>\$ 650,938</u>	<u>\$ 2,399,315</u>	<u>\$ 18,028</u>	<u>\$ 2,381,287</u>

Six months ended June 30, 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	\$ 236,919	\$ 88,357	\$ 96,291	\$ 228,985	\$ 7,316	\$ 221,669
Elective insurance	5,804,860	187,301	1,319,167	4,672,994	244,827	4,428,167
	6,041,779	275,658	1,415,458	4,901,979	252,143	4,649,836
Discount	( 1)	-	-	( 1)	-	( 1)
	<u>\$ 6,041,778</u>	<u>\$ 275,658</u>	<u>\$ 1,415,458</u>	<u>\$ 4,901,978</u>	<u>\$ 252,143</u>	<u>\$ 4,649,835</u>

(11) The subsidiary-Hotai Insurance Co., Ltd.'s calculation of retention claim expenditures is shown below:

Three months ended June 30, 2023				
<u>Category of insurance</u>	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (3)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 76,429	\$ 31,631	\$ 45,965	\$ 62,095
Elective insurance	3,342,975	17,071	229,552	3,130,494
	<u>\$ 3,419,404</u>	<u>\$ 48,702</u>	<u>\$ 275,517</u>	<u>\$ 3,192,589</u>
Six months ended June 30, 2023				
<u>Category of insurance</u>	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (3)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 128,240	\$ 69,255	\$ 75,579	\$ 121,916
Elective insurance	10,545,812	222,561	499,549	10,268,824
	<u>\$ 10,674,052</u>	<u>\$ 291,816</u>	<u>\$ 575,128</u>	<u>\$ 10,390,740</u>

Three months ended June 30, 2022				
Category of insurance	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (3)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 64,631	\$ 29,788	\$ 38,476	\$ 55,943
Elective insurance	2,030,755	627	241,427	1,789,955
	<u>\$ 2,095,386</u>	<u>\$ 30,415</u>	<u>\$ 279,903</u>	<u>\$ 1,845,898</u>
Six months ended June 30, 2022				
Category of insurance	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (3)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 134,182	\$ 65,837	\$ 79,400	\$ 120,619
Elective insurance	3,217,615	2,857	382,423	2,838,049
	<u>\$ 3,351,797</u>	<u>\$ 68,694</u>	<u>\$ 461,823</u>	<u>\$ 2,958,668</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 June 30, 2023, December 31, 2022, and June 30, 2022, balance sheets for compulsory automobile liability insurance are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,825,741	\$ 1,765,189	\$ 1,715,835
Notes receivable	4,336	6,902	5,064
Premiums receivable	9,111	10,572	9,090
Claims recoverable from reinsurers	25,411	19,076	31,389
Due from reinsurance and ceding companies	30,853	14,901	28,635
Ceded unearned premium reserve	115,123	106,984	97,715
Ceded claim reserve	173,961	140,743	126,107
Temporary payments and suspense accounts	106	-	-
Total assets	<u>\$ 2,184,642</u>	<u>\$ 2,064,367</u>	<u>\$ 2,013,835</u>
<b>Liabilities</b>			
Claims payable	\$ 261	\$ 800	\$ 15,261
Due to reinsurance and ceding companies	38,514	32,715	34,734
Unearned premium reserve	295,007	277,606	258,873
Claims reserve	433,568	360,388	344,678
Special reserve	1,407,353	1,390,444	1,353,850
Temporary payments and suspense accounts	9,939	2,414	6,439
Total liabilities	<u>\$ 2,184,642</u>	<u>\$ 2,064,367</u>	<u>\$ 2,013,835</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the subsidiary, Hotai Insurance Co., Ltd., has long-term time deposits amounting to \$1,704,894, \$1,666,707 and \$1,538,213, respectively, shown as other financial assets in the balance sheets.

B. Details of revenues and costs for compulsory automobile liability insurance are as follows:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating revenues		
Written premiums	\$ 93,414	\$ 82,572
Reinsurance premiums	48,647	45,434
Less: Reinsurance premiums ceded	( 56,052)	( 49,547)
Net change in unearned premium reserve	( 3,816)	( 3,182)
Retention earned premiums	82,193	75,277
Interest income	5,479	3,410
	<u>\$ 87,672</u>	<u>\$ 78,687</u>
Operating costs		
Claim expenditures	\$ 76,429	\$ 64,631
Reinsurance claim expenditures	31,631	29,788
Less: Reinsurance claims recovery	( 45,965)	( 38,476)
Retention claim expenditures	62,095	55,943
Net change in claims reserve	23,570	13,946
Net change in special reserve	5,454	11,862
	<u>\$ 91,119</u>	<u>\$ 81,751</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating revenues		
Written premiums	\$ 187,710	\$ 160,477
Reinsurance premiums	95,638	88,357
Less: Reinsurance premiums ceded	( 112,631)	( 96,291)
Net change in unearned premium reserve	( 9,262)	( 7,316)
Retention earned premiums	161,455	145,227
Interest income	10,519	5,898
	<u>\$ 171,974</u>	<u>\$ 151,125</u>
Operating costs		
Claim expenditures	\$ 128,240	\$ 134,182
Reinsurance claim expenditures	69,255	65,837
Less: Reinsurance claims recovery	( 75,579)	( 79,400)
Retention claim expenditures	121,916	120,619
Net change in claims reserve	39,962	568
Net change in special reserve	16,909	35,899
	<u>\$ 178,787</u>	<u>\$ 157,086</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. Please refer to Note 11 for further details. 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 June 30, 2023, December 31, 2022 and June 30, 2022 were 6.80%, (19.14%) and 7.35%, 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

		Within	Over
<u>June 30, 2023</u>	<u>Book value</u>	<u>12 months</u>	<u>12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,123,469	\$ 2,123,469	\$ -
Current financial assets for hedging	477,300	-	477,300
Accounts and notes receivable, net	248,660,556	91,997,589	156,662,967
Other receivables	99,187	99,187	-
Inventories	4,621	4,621	-
Prepayments	7,158,811	5,629,806	1,529,005
Other current financial assets	471,262	47,126	424,136
<u>Liabilities</u>			
Short-term borrowings	95,088,969	71,132,474	23,956,495
Short-term notes and bills payable	112,141,113	96,217,436	15,923,677
Current financial liabilities for hedging	1,572,024	503,774	1,068,250
Notes payable	889,419	889,419	-
Accounts payable (including related parties)	747,594	747,594	-
Other payables	5,000,500	5,000,500	-
Current income tax liabilities	705,834	705,834	-
Lease liabilities-current	141,171	141,171	-
Bonds payable	26,200,000	-	26,200,000
Financial guarantee liabilities-current	33,251	33,251	-
Guarantee deposits received-current	4,317,175	1,796,010	2,521,165
Other current liabilities, others	50,761	50,761	-
		Within	Over
	<u>Book value</u>	<u>12 months</u>	<u>12 months</u>
<u>December 31, 2022</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 2,382,775	\$ 2,382,775	\$ -
Current financial assets for hedging	504,827	182,211	322,616
Accounts and notes receivable, net	226,269,028	83,368,938	142,900,090
Other receivables	82,568	82,568	-
Inventories	5,979	5,979	-
Prepayments	6,886,170	5,285,964	1,600,206
Other current financial assets	373,119	373,119	-

<u>December 31, 2022</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Liabilities</u>			
Short-term borrowings	83,933,343	59,400,123	24,533,220
Short-term notes and bills payable	104,986,596	81,058,607	23,927,989
Current financial liabilities for hedging	586,800	174,433	412,367
Notes payable	762,215	762,215	-
Accounts payable (including related parties)	514,386	514,386	-
Other payables	3,165,332	3,165,332	-
Current income tax liabilities	724,843	724,843	-
Lease liabilities-current	114,848	114,848	-
Bonds payable	22,200,000	-	22,200,000
Financial guarantee liabilities-current	39,598	39,598	-
Guarantee deposits received-current	4,275,142	1,752,265	2,522,877
Other current liabilities, others	65,667	65,667	-
		<u>Within</u>	<u>Over</u>
		<u>12 months</u>	<u>12 months</u>
<u>June 30, 2022</u>	<u>Book value</u>	<u>12 months</u>	<u>12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,663,500	\$ 1,663,500	\$ -
Current financial assets for hedging	80,271	-	80,271
Accounts and notes receivable, net	198,964,578	74,082,563	124,882,015
Other receivables	55,594	55,594	-
Inventories	4,518	4,518	-
Prepayments	7,027,472	4,436,207	2,591,265
Other current financial assets	549,374	549,374	-
<u>Liabilities</u>			
Short-term borrowings	74,959,636	62,075,690	12,883,946
Short-term notes and bills payable	87,536,469	70,069,590	17,466,879
Current financial liabilities for hedging	1,102,458	-	1,102,458
Notes payable	720,197	720,197	-
Accounts payable (including related parties)	335,363	335,363	-
Other payables	4,837,270	4,837,270	-
Current income tax liabilities	600,002	600,002	-
Lease liabilities-current	112,654	112,654	-
Bonds payable	22,200,000	-	22,200,000
Financial guarantee liabilities-current	47,553	47,553	-
Guarantee deposits received-current	3,703,681	1,553,764	2,149,917
Other current liabilities, others	59,120	59,120	-

### 13. Supplementary Disclosures

Related information of significant transactions are as follows:

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of June 30, 2023:

<u>Company Name</u>	<u>Derivative Instruments</u>	<u>Contract Amount (in thousands)</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Fair Value</u>
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD 394,390	2023/7/10~ 2023/11/9	\$ 245,174	\$ 245,174
Hotai Finance Co., Ltd.	Cross currency swaps	JPY 62,600,000	2023/8/7~ 2025/5/2	( 1,572,024)	( 1,572,024)
Hotai Finance Co., Ltd.	Cross currency swaps	EUR 75,000	2024/9/12	240,251	240,251
Hoyun International Finance Leasing Co., Ltd.	Cross currency swaps	USD 63,500	2024/8/30~ 2025/1/13	226,977	226,977
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Cross currency swaps	USD 4,800	2024/10/18	10,072	10,072

- 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:
  - (a) The amount and percentage of purchases and the balance and percentage of the related

payables at the end of the period: None.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 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 Ho Tai Motor Co., Ltd. As of June 30, 2023, the Company's self-owned capital ratio was 60%.
- 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:

Six months ended June 30, 2023				
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 78,459,896	\$ 9,139,446	\$ 15,197,037	\$ 5,117,584
Inter-segment revenue (Note)	8,678,215	259,537	595,539	407,297
Total segment revenue	<u>\$ 87,138,111</u>	<u>\$ 9,398,983</u>	<u>\$ 15,792,576</u>	<u>\$ 5,524,881</u>
Segment income (loss) (Note)	<u>\$ 12,127,112</u>	<u>\$ 2,337,826</u>	<u>\$ 1,275,334</u>	<u>\$ 1,519,703</u>
Segment assets	<u>\$ 90,573,250</u>	<u>\$ 247,521,764</u>	<u>\$ 84,445,201</u>	<u>\$ 25,996,076</u>

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 8,784,091	\$ 22,834,458	\$ -	\$ 139,532,512
Inter-segment revenue (Note)	696,527	5,402,122	( 16,039,237)	-
Total segment revenue	<u>\$ 9,480,618</u>	<u>\$ 28,236,580</u>	<u>(\$ 16,039,237)</u>	<u>\$ 139,532,512</u>
Segment income (loss) (Note)	<u>\$ 532,215</u>	<u>\$ 4,159,010</u>	<u>(\$ 6,446,062)</u>	<u>\$ 15,505,138</u>
Segment assets	<u>\$ 22,543,639</u>	<u>\$ 76,452,953</u>	<u>(\$ 103,240,678)</u>	<u>\$ 444,292,205</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.

Six months ended June 30, 2022				
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 60,328,564	\$ 7,131,532	\$ 13,016,360	\$ 5,096,616
Inter-segment revenue (Note)	2,436,176	320,748	610,749	96,321
Total segment revenue	<u>\$ 62,764,740</u>	<u>\$ 7,452,280</u>	<u>\$ 13,627,109</u>	<u>\$ 5,192,937</u>
Segment income (loss) (Note)	<u>\$ 4,914,607</u>	<u>\$ 2,220,348</u>	<u>\$ 1,322,969</u>	<u>(\$ 5,620,530)</u>
Segment assets	<u>\$ 92,336,408</u>	<u>\$ 197,382,001</u>	<u>\$ 71,580,133</u>	<u>\$ 25,996,076</u>

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 10,167,054	\$ 22,792,435	\$ -	\$ 118,532,561
Inter-segment revenue (Note)	1,213,392	1,197,548	( 5,874,934)	-
Total segment revenue	<u>\$ 11,380,446</u>	<u>\$ 23,989,983</u>	<u>(\$ 5,874,934)</u>	<u>\$ 118,532,561</u>
Segment income (loss) (Note)	<u>\$ 1,856,854</u>	<u>\$ 2,101,618</u>	<u>\$ 436,765</u>	<u>\$ 7,232,631</u>
Segment assets	<u>\$ 34,610,120</u>	<u>\$ 56,976,550</u>	<u>(\$ 100,107,485)</u>	<u>\$ 378,773,803</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.

Ho Tai Motor Co., Ltd.  
Loans to others  
For the six-month period ended June 30, 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 six months ended June 30, 2023	Balance at June 30, 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	\$ 536,416	\$ -	2.15%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 1,000,686	\$ 2,001,371	Note 1
2	Shanghai Hoyu Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	266,780	214,566	5,450	2.15%	"	-	"	-	"	-	402,815	805,630	"
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	133,390	107,283	-	2.15%	"	-	"	-	"	-	156,751	313,502	"
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	444,634	300,393	85,869	2.15%	"	-	"	-	"	-	625,234	1,250,468	"
5	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	564,685	429,133	115,437	2.15%	"	-	"	-	"	-	967,398	1,934,796	"
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	8,895	8,583	-	2.15%	"	-	"	-	"	-	11,006	22,013	"
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	17,789	17,165	15,663	2.15%	"	-	"	-	"	-	21,946	43,892	"
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	168,961	150,196	-	2.15%	"	-	"	-	"	-	279,534	559,068	"
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	222,367	214,566	94,881	2.15%	"	-	"	-	"	-	321,919	643,837	"
10	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	155,657	150,196	76,471	2.15%	"	-	"	-	"	-	190,705	381,410	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Services Co., Ltd.	"	Y	400,170	300,393	48,792	2.15%	"	-	"	-	"	-	448,009	896,018	Note 5
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	355,707	300,393	129	2.15%	"	-	"	-	"	-	484,058	968,115	Note 1
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	244,604	236,023	49,522	2.15%	"	-	"	-	"	-	312,672	625,344	"
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	88,947	85,827	12,488	2.15%	"	-	"	-	"	-	120,179	240,357	"
15	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	289,012	257,480	126,766	2.15%	"	-	"	-	"	-	322,095	644,189	"
16	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	333,475	300,393	141,742	2.15%	"	-	"	-	"	-	416,481	832,963	"
17	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	155,657	150,196	-	2.15%	"	-	"	-	"	-	250,863	501,727	"
18	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	"	Y	35,579	34,331	34,331	2.15%	"	-	"	-	"	-	48,337	96,674	"
19	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,237	21,457	-	2.15%	"	-	"	-	"	-	29,379	58,758	"
20	Tianjin Ho-Yu Motor Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,237	21,457	16,865	2.15%	"	-	"	-	"	-	43,642	87,285	Note 3
21	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	26,684	25,748	25,748	2.15%	"	-	"	-	"	-	51,875	103,750	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Y	644,864	622,242	195,642	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Motor Service Co., Ltd.	"	Y	200,085	171,653	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y	266,840	257,480	201,478	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	266,840	257,480	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	"	Y	88,927	42,913	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y	8,895	8,583	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	"	Y	13,342	12,874	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the six months ended June 30, 2023	Balance at June 30, 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	\$ 171,653	\$ 120,329	2.65%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 9,166,085	\$ 18,332,171	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y	177,894	171,653	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	"	Y	44,473	42,913	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	400,170	257,480	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	333,475	214,566	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y	133,420	128,740	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y	222,317	171,653	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	"	Y	667,101	643,699	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	333,475	257,480	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	222,367	214,566	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y	155,657	150,196	9,141	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	"	Y	44,473	42,913	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	"	Y	133,390	42,913	-	2.65%	"	-	"	-	"	-	9,166,085	18,332,171	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales and Service Co., Ltd.	"	Y	155,657	150,196	-	2.65%	"	-	"	-	"	-	1,833,217	3,666,434	Note 4
22	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,Ltd.	"	Y	133,420	128,740	100,374	2.65%	"	-	"	-	"	-	1,833,217	3,666,434	"
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	"	Y	133,420	128,740	-	2.65%	"	-	"	-	"	-	1,833,217	3,666,434	"
22	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	"	Y	889,468	858,265	858,265	3.15%	"	-	"	-	"	-	1,833,217	3,666,434	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y	133,420	128,740	128,740	3.20%	"	-	"	-	"	-	1,833,217	3,666,434	"
23	Hoyun International Finance Leasing Co. Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	Y	222,367	214,566	85,827	4.10%	"	-	"	-	"	-	5,189,077	10,378,154	Note 6
24	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.73%	"	-	"	-	"	-	2,921,443	5,842,886	Note 7
24	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.73%	"	-	"	-	"	-	2,921,443	5,842,886	"
25	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	Y	30,000	30,000	21,000	2.44%	"	-	"	-	"	-	97,123	194,245	Note 8
25	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	Y	40,000	40,000	30,000	2.44%	"	-	"	-	"	-	97,123	194,245	"
25	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	Y	30,000	30,000	25,000	2.44%	"	-	"	-	"	-	97,123	194,245	"
26	He Jing Co., Ltd.	A	Accounts receivable	N	20,000	-	-	5.00%	"	-	"	-	"	-	295,163	590,326	Note 9
26	He Jing Co., Ltd.	B	"	N	30,000	30,000	28,038	5.00%	"	-	"	-	Stock	36,000	295,163	590,326	"
26	He Jing Co., Ltd.	C	"	N	85,000	85,000	-	6.25%~10.00%	"	-	"	-	Property	68,000	295,163	590,326	"
26	He Jing Co., Ltd.	D	"	N	70,000	70,000	69,000	6.00%~10.00%	"	-	"	-	Property	82,810	295,163	590,326	"

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

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

Note 3: The limit on total loans to the creditor (Tianjin Ho-Yu Motor Sales and Service Co., Ltd. and Shanghai Fengyi Construction Decoration Co., Ltd.) and borrower (Hotong Motor Investment Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 4: The limit on total loans to the creditor (HOTONG MOTOR INVESTMENT CO., LTD.) and borrower (Tianjin Ho-Yu Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Nanjing HoZhan Motor Sales and Service Co., Ltd., Hoyun International Lease Co., Ltd., Beijing Heling Lexus Motor Sales & Service Co., Ltd., Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd., Tianjin Binhai Heling LEXUS Motor Service Co., Ltd., Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.) for operations short-term financing is prescribed in the HOTONG MOTOR INVESTMENT CO., LTD.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 5: The limit on total loans to the creditor (Chongqing Heling Lexus Motor Sales & Service Co.,Ltd.) and borrower (Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.) for operations short-term financing is prescribed in the Chongqing Heling Lexus Motor Sales & Service Co.,Ltd.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 6: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders' equity.

Note 7: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower (He Jing Co., Ltd. and He Jun Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 8: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower (Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd.) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 9: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (A, B, C and D) for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Ho Tai Motor Co., Ltd.  
Provision of endorsements and guarantees to others  
For the six-month period ended June 30, 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 endorsement/ guarantee amount as of June 30, 2023	Outstanding endorsement/ guarantee amount at June 30, 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	Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Note 4.b	\$ 16,324,671	\$ 5,000,000	\$ 5,000,000	\$ 4,000,000	\$ -	9.19%	\$ 27,207,786	Y	N	N	Note 2
0	Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	16,324,671	400,000	400,000	168,000	-	0.74%	27,207,786	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	Note 4.a	29,214,432	2,223,669	2,145,663	681,299	-	7.34%	29,214,432	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	"	29,214,432	509,487	499,006	491,328	-	1.71%	29,214,432	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	29,214,432	2,000,000	2,000,000	80,000	-	6.85%	29,214,432	Y	N	N	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	29,214,432	10,500,000	10,500,000	8,300,000	-	35.94%	29,214,432	Y	N	N	"

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

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

Note 2: Limit on the Company's accumulated endorsement/guarantee is 50% of the Company's stockholders' equity; limit on endorsement/guarantee to a single party is 30% of the Company's stockholders' equity.

Note 3: For Hotai Financial Co., Ltd. the limit on total endorsement is no more than 100% of its total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity.

The net asset value is based on the latest financial statements reviewed by auditors.

Note 4: Relationship between the endorser/guarantor:

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

Ho Tai Motor Co., Ltd.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
For the six-month period ended June 30, 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 June 30, 2023				Footnote	
				Number of shares	Book value	Ownership (%)	Fair value		
Ho Tai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	21,132,585	\$ 697,375	0.15%	\$ 697,375		
	- Toyota Motor Corporation	-	"	15,956,000	6,863,378	0.10%	6,863,378		
	- Shihlin Electric & Engineering Corporation Etc.	None	"	-	175,045	0.00%~0.42%	175,045		
	Taian Insurance Co., Ltd. Etc.	-	"	-	347,726	0.42%~9.27%	347,726		
				Total		\$ 8,083,524		\$ 8,083,524	
		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	1,441,500	662,354	0.01%	715,455	
				Valuation adjustment of financial assets		53,101	-	-	
				Total		\$ 1,215,455		\$ 1,215,455	
	Hozan Investment Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,335	0.50%	\$ 4,335	
Beneficiary certificates		Not applicable	Financial assets at fair value through profit or loss - current	952,327	\$ 10,000	-	\$ 10,056		
- Franklin Templeton Sinoam Money Market Fund									
Beneficiary certificates		Not applicable	"	26,757,670	\$ 300,400	-	\$ 300,871		
- CTBC Hua Win Money Market Fund									
			Valuation adjustment of financial assets		527		-		
			Total		\$ 310,927		\$ 310,927		
Carmax Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,458	0.06%~0.5%	\$ 4,458		
	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	35,338,389	\$ 370,000	-	\$ 373,135		
	- Franklin Templeton Sinoam Money Market Fund								
				Valuation adjustment of financial assets		3,135		-	
			Total		\$ 373,135		\$ 373,135		
Ho Tai Development Co., Ltd.	Stock - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 2,379	-	\$ 2,379		
	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	4,458	0.06%~0.5%	4,458		
			Total		\$ 6,837		\$ 6,837		
		PSC DSU 100% Principle Guaranteed (USD)	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 150,189	-	\$ 150,937	
			Valuation adjustment of financial assets		748		-		
			Total		\$ 150,937		\$ 150,937		
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	-	\$ 22,664		
	- BOT Money Market Fund								
			Valuation adjustment of financial assets		664		-		
			Total		\$ 22,664		\$ 22,664		
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,335	0.50%	\$ 4,335		
He Jun Energy Co., Ltd.	Perpetual New Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,600,000	\$ 15,999	8.00%	\$ 15,999		
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,335	0.50%	\$ 4,335		

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of June 30, 2023				Footnote
				Number of shares	Book value	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	-	\$ 23,829	10.48%	\$ 23,829	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	9,550,095	\$ 100,000	-	\$ 100,838	
	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	"	14,136,388	180,000	-	181,223	
			Valuation adjustment of financial assets Total		2,061 \$ 282,061		- \$ 282,061	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	3,852,935	\$ 40,341	-	\$ 40,683	
	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	"	7,855,322	100,000	-	100,702	
	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	"	458,630	5,108	-	5,157	
			Valuation adjustment of financial assets Total		1,093 \$ 146,542		- \$ 146,542	
ChyuanAn Transport Co.,Ltd	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,122	
			Valuation adjustment of financial assets		95		-	
			Total		\$ 10,122		\$ 10,122	
YuCheng Transport Co.,Ltd	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,142	
			Valuation adjustment of financial assets		142		-	
			Total		\$ 15,142		\$ 15,142	

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

Ho Tai Motor Co., Ltd.  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
For the six-month period ended June 30, 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 June 30, 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 Finance Co., Ltd.	Heng Fong Energy Co., Ltd.	Investments accounted for using equity method - common stocks	Heng Fong Energy Co., Ltd.	Subsidiary	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	-	\$ -	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Investments accounted for using equity method - common stocks	Hotai Insurance Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	-	"
Hozan Investment Co., Ltd.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	71,249,176	800,000	44,491,507	500,000	499,560	440	26,757,670	300,871		
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	-	303,187	-	565,983	-	724,685	718,981	5,704	-	150,937		
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	-	500,000	-	901,568	900,000	1,568	-	-		
Hotai Finance Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	48,288,184	800,000	48,288,184	800,053	800,000	53	-	-		
Hotai Finance Co., Ltd.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	24,074,776	400,000	24,074,776	400,024	400,000	24	-	-		
Hotai Finance Co., Ltd.	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	44,952,636	550,000	44,952,636	550,031	550,000	31	-	-		
Hotai Finance Co., Ltd.	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	19,465,225	300,000	19,465,225	300,018	300,000	18	-	-		
Hotai Finance 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.

Ho Tai Motor Co., Ltd.  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
For the six-month period ended June 30, 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	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	\$ 92,220	KUO YANG CONSTRUCTION CO.,LTD.	Non-related party	-	-	-	\$ -	Valuations by professional appraisers (Note 1, Note 2)	Future operation demand	None
Carmax Co., Ltd.	No. 8, Fuxing 3rd Rd., Guishan Dist., Taoyuan City	2023.4.30	621,140	621,140	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	322,802	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: 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 4: 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.

Ho Tai Motor Co., Ltd.  
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more  
For the six-month period ended June 30, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the counterparty	Reason for disposal	Basis or reference used in setting the price	Other commitments
Ho Tai Service & Marketing Co., Ltd.	Land Lot No. 24, 34, 34-1, Pei-Po section, Tucheng District, New Taipei City	2023.6.27	2019.10.2	\$ 557,827	\$ 644,023	\$ 644,023	\$ 86,196	Hai Cheng Construction Co., Ltd.	Non-related party	Future operation demand	Valuations by professional appraisers (Note 1)	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: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

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

Ho Tai Motor Co., Ltd.  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
For the six-month period ended June 30, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	\$ 15,824,413	20%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	\$ 435,608	17%	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	14,415,267	18%	"	"	"	448,386	17%	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	11,892,020	15%	"	"	"	390,482	15%	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	10,786,182	14%	"	"	"	318,689	12%	
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	11,409,085	14%	"	"	"	271,213	11%	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	9,420,670	12%	"	"	"	285,402	11%	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	2,072,960	3%	"	Not applicable	"	205,749	8%	
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	"	1,564,736	2%	"	Normal	"	54,805	2%	
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	"	1,442,120	2%	"	"	"	56,988	2%	
Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	340,208	-	Collection at sight	"	"	393	-	
Ho Tai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	29,911,521	40%	Closes its accounts 15 days after the end of each month	Not applicable	"	( 4,427,094)	46%	
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	23,174,799	31%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 1,039,511)	11%	
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	"	1,067,083	1%	Closes its accounts 16 days after the end of each month	"	"	( 217,958)	2%	
Ho Tai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	"	2,075,525	3%	Closes its accounts 15 days after the end of each month	"	"	( 335,390)	3%	
Ho Tai Motor Co., Ltd.	Hino Motors, Ltd.	"	"	168,800	-	"	"	"	( 17,290)	-	
Ho Tai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	"	"	461,978	1%	"	"	"	( 47,300)	-	
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	"	525,944	1%	Closes its accounts 16 days after the end of each month	"	"	( 101,251)	1%	
Ho Tai Motor Co., Ltd.	TOYOTA-MOTOR-SALES-USA	Entity controlled by the Company's key management	"	603,390	1%	Closes its accounts 15 days after the end of each month	"	"	( 15,027)	-	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	292,347	3%	Collection at sight	Normal	"	392	-	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Purchases	9,113,994	100%	"	Not applicable	Not applicable	( 438,657)	47%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	\$ 2,072,960	23%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	Normal	(\$ 205,749)	22%	
Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	Associates	Sales	266,626	3%	Collection at sight	Normal	"	33,452	2%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	"	324,316	90%	Closes its accounts 10 days after the end of each month	"	"	55,080	85%	
Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	"	"	175,870	75%	Closes its accounts 30 days after the end of each month	"	"	67,167	82%	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	130,435	93%	Closes its accounts 26 days after the end of next month	"	"	33,547	91%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Associates	"	158,274	99%	"	"	"	-	-	
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	"	130,331	35%	"	"	"	28,256	60%	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,067,083	26%	Closes its accounts 16 days after the end of each month	"	"	217,958	20%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	595,724	15%	Closes its accounts 10 days after the end of each month	"	"	223,929	20%	
Carmax Co., Ltd.	AIM Technology Corp.	"	Purchases	627,682	20%	Closes its accounts 21 days after the end of each month	"	"	( 112,809)	15%	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	"	324,316	10%	Closes its accounts 10 days after the end of each month	"	"	( 55,080)	8%	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co.,Ltd.	"	"	175,870	6%	Closes its accounts 30 days after the end of each month	"	"	( 67,167)	10%	
Hotai Auto Body Sales Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Associates	"	158,274	83%	Closes its accounts 26 days after the end of next month	"	"	-	-	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Subsidiary	"	130,435	2%	"	"	"	( 33,547)	14%	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	"	130,331	2%	"	"	"	( 28,256)	12%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	"	175,584	57%	Closes its accounts 15 days after the end of each month	Not applicable	"	( 21,631)	34%	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	"	1,863,995	19%	Collection at sight	"	"	( 114,692)	35%	Note
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	834,047	8%	"	"	"	( 36,519)	11%	"
Hotai Leasing Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	340,208	3%	"	"	"	( 393)	-	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	"	753,018	7%	"	"	"	-	-	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	556,832	6%	"	"	"	-	-	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	522,185	5%	"	"	"	-	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	"	"	292,347	3%	"	"	"	( 392)	-	"
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	307,567	3%	"	"	"	-	-	"
Eastern Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,442,120	92%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 56,988)	74%	
He Jing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Associates	"	266,626	100%	"	"	"	( 33,452)	55%	
Homei International Trading (Suzhou) Company Limited	Toyota Motor (China) Investment Co., Ltd	Entity controlled by the Company's key management	"	536,145	82%	"	"	"	-	-	
Shanghai Yangpu Heling Lexus Motor Sale & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd	"	"	477,811	75%	"	"	"	-	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	330,139	76%	"	"	"	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	\$ 323,912	75%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	Normal	\$ -	-	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	542,836	73%	"	"	"	-	-	
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	604,286	57%	"	"	"	-	-	
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	331,642	80%	"	"	"	-	-	

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

Ho Tai Motor Co., Ltd.  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
June 30, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable	\$ 435,608	67.03	\$ -	-	\$ 435,608	\$ -
			Other receivables	10,413				10,413	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Accounts receivable	448,386	63.77	-	-	448,386	-
			Other receivables	10,654				10,654	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable	205,749	11.82	-	-	205,749	-
			Other receivables	167,253				167,253	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable	390,482	61.99	-	-	390,482	-
			Other receivables	5,175				5,175	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable	285,402	62.42	-	-	285,402	-
			Other receivables	8,337				8,337	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable	318,689	67.24	-	-	318,689	-
			Other receivables	8,671				8,671	
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	Accounts receivable	271,213	71.63	-	-	271,213	-
			Other receivables	67,873				67,873	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Accounts receivable	223,929	18.79	-	-	223,929	-
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Accounts receivable	217,958	10.21	-	-	217,958	-

Ho Tai Motor Co., Ltd.  
Significant inter-company transactions during the reporting periods  
For the six-month period ended June 30, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Sales revenue	\$ 2,072,960	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	1%
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	1,252,412	Closes its accounts 16 days after the end of following two months	1%
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	205,749	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Other receivables	167,253	"	-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	1,442,120	"	1%
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Accounts receivable	56,988	"	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	217,958	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	59,319	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	340,208	"	-
0	Ho Tai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	1	Sales revenue	54,445	"	-
1	Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	2	Accounts payable	205,749		-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	292,347	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Accounts receivable	392		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Sales revenue	266,626		-
2	Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	2	Sales revenue	1,067,083		1%
2	Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	2	Service revenue	127,277		-
2	Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	3	Accounts payable	55,080		-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Sales revenue	175,870	Closes its accounts 30 days after the end of each month	-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Accounts receivable	67,167		-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
4	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Other payables	\$ 49,522	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	85,869	"	-
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	141,742	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	120,329	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	3	Other payables	76,471	"	-
4	Hotong Motor Investment Co., Ltd.	Hoyun International Finance Leasing Co., Ltd.	3	Other receivables	858,265	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	201,478	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	3	Other payables	115,437	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Other payables	94,881	"	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	195,642	"	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	48,792	"	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	126,766	"	-
4	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,Ltd.	3	Other receivables	100,374	"	-
5	Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Hoyi International Trading Co.	3	Sales revenue	55,678		-
6	Hoing Mobility Service Co., Ltd.	Hotai Leasing Co., Ltd.	3	Leasing revenue	48,003		-
7	Hotai Connected Co., Ltd	Ho Tai Motor Co., Ltd.	3	Service revenue	78,211		-
8	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	130,331	Closes its accounts 60 days after the end of each month	-
9	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	130,435		-
10	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	76,396		-
11	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	158,274		-
12	Hotai Auto Body Sales Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	70,353		-
13	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	324,316		-
13	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Accounts receivable	55,080	Closes its accounts 10 days after the end of each month	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
14	Hoyun International Finance Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	3	Other receivables	\$ 85,827	Accounts receivable financing	-

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

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

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

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

Note 3 : 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.

Ho Tai Motor Co., Ltd.

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

For the six-month period ended June 30, 2023

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

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six months ended June 30, 2023	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Footnote
				Balance at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 12,004,622	\$ 7,204,622	254,032	100.00	\$ 17,441,642	\$ 1,337,606	\$ 1,337,606	Subsidiary
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	6,709,866	2,453,713	739,517	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	26,000,000	2,182,142,857	77.93	2,149,845	1,241,982	1,127,687	Subsidiary
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,391,064	3,391,064	108,897,360	100.00	9,559,876	211,677	211,677	"
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	3,923,622	404,678	404,678	"
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,804,373	821,293	162,721	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	"	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	3,861,023	471,482	212,024	Subsidiary
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,960,524	788,665	155,396	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,235,931	1,235,931	22,161,150	20.00	1,481,982	522,979	101,494	"
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,540,947	538,667	274,720	Subsidiary
Ho Tai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,313	2,635	395	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,484,330	570,200	198,487	"
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,594,406	756,595	152,681	"
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,214,889	541,919	128,272	"
Ho Tai 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	1,061,207	65,587	65,587	Subsidiary
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	41,715,847	100.00	540,600	41,624	41,624	"
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	305,243	69,943	13,647	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	395,913 (	951) (	423)	"
Ho Tai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	122,647	9,393	1,986	"

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six months ended June 30, 2023	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Footnote
				Balance at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership				
							(%)	Book value			
Ho Tai 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	\$ 107,980	\$ 56,786	\$ 14,197	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	36,114	8,618	1,724	Subsidiary
Ho Tai Motor Co., Ltd.	Hotai Connected Co., Ltd	"	E-commerce platform services	615,342	615,342	79,100,000	70.00	619,373	59,488	41,641	"
Ho Tai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	"	Car assembly business	500,000	500,000	50,000,000	50.00	513,605	9,366	4,683	"
Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	"	37,010	37,010	4,000,000	100.00	37,735	80	80	"
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power	180,000	180,000	18,000,000	18.00	170,063	( 26,433)	( 4,758)	"
Ho Tai Motor Co., Ltd.	Gochabar Technology Co., Ltd.	"	Charging system technical service	12,000	-	1,200,000	10.00	11,078	( 9,219)	( 922)	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	108,990	108,990	3,500,000	70.00	152,475	( 404)	-	Sub-subsidiary
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	37,368	37,368	1,200,000	40.00	-	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,003	62,003	233,782,831	45.39	11,012,239	1,786,030	-	Sub-subsidiary
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	83,629,381	66.04	3,447,963	569,408	-	"
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	"	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	418,808	6,510	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	77	77	2,000	-	140	570,200	-	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	608,373	1,241,982	-	Subsidiary
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	"	General investment	298,864	298,864	20,470,156	40.00	371,158	81,799	-	Subsidiary's investee company accounted for using the equity method
Hotai Finance Co., Ltd.	HOYUN INTERNATIONAL LIMITED	British Virgin Islands	"	1,258,056	1,258,056	40,400,000	50.50	2,621,110	321,912	-	Sub-subsidiary
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	310,000	310,000	31,000,000	50.82	355,803	25,915	-	"
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	120,000	120,000	12,000,000	27.40	83,398	( 28,286)	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Installment trading of various vehicles	2,430,000	810,000	243,000,000	81.00	2,390,821	24,378	-	"
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power	800,000	800,000	80,000,000	80.00	755,834	( 26,433)	-	Subsidiary
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	"	Energy storage	22,000	22,000	2,200,000	100.00	20,939	( 600)	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Zheng Ren Energy Co., Ltd.	"	Solar power	86,730	31,850	8,673,000	35.00	75,899	( 9,529)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	"	9,781	9,781	900,000	90.00	9,120	60	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	"	116	116	9,000	90.00	582	529	-	"
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	"	1,066	1,066	9,000	90.00	( 393)	( 765)	-	"

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six months ended June 30, 2023	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Footnote
				Balance at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership				
							(%)	Book value			
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Taiwan	Energy storage	\$ 410,000	\$ -	\$ 41,000,000	20.00	\$ 408,761	(\$ 6,195)	-	Sub-subsiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Gochabar Technology Co., Ltd.	"	Charging system technical service	36,000	-	3,600,000	30.00	33,234	( 9,220)	-	Investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	"	Solar power	42,227	-	4,000,000	100.00	40,425	155	-	Sub-subsiary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	"	Electricity retailing business	1,000	-	100,000	100.00	872	( 128)	-	"
Hotai Leasing Co., Ltd.	HOYUN INTERNATIONAL LIMITED	British Virgin Islands	General investment	1,233,144	1,233,144	39,600,000	49.50	2,568,369	321,912	-	"
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	30,000,000	49.18	344,321	25,915	-	"
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	180,000	180,000	18,000	41.10	123,029	( 28,286)	-	"
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	"	Tourism industry	10,000	10,000	1,000,000	100.00	12,204	2,130	-	"
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co.,Ltd	"	Taxi service	9,748	9,748	3,400,000	100.00	35,827	99	-	"
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co.,Ltd	"	"	39,225	39,225	7,000,000	100.00	97,734	( 225)	-	"
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	"	Sales of vehicle bodies	200,000	200,000	20,000,000	20.00	205,436	9,366	-	Subsidiary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	115,626	8,618	-	"
Carmax Co., Ltd.	AIM Technology Corp.	"	Trading of vehicle products/accessories	38,500	38,500	3,850,000	35.00	42,437	2,635	-	Investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	93,420	93,420	3,000,000	100.00	105,804	1,355	-	Sub-subsiary
Ho Tai Development Co., Ltd.	Yue Chuan Industrial Co., Ltd.	Taiwan	Wholesale and retail of paints and coating	26,820	26,820	882,000	24.50	697	-	-	Subsidiary's investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	Repairing of air conditioning equipment and trading of their parts	100,000	100,000	27,190,239	100.00	788,541	97,845	-	Sub-subsiary
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	97,694	4,991	-	"
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	Freight forwarders	51,000	51,000	5,100,000	51.00	108,934	32,556	-	"
Ho Tai Service & Marketing Co., Ltd.	Yue Chuan Industrial Co., Ltd.	"	Wholesale and retail of paints and coating	8,820	8,820	882,000	24.50	697	-	-	Subsidiary's investee company accounted for using the equity method
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	Freight forwarders	10,000	10,000	1,000,000	100.00	17,793	4,359	-	Sub-subsiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	"	Freight forwarders	25,000	25,000	2,500,000	100.00	60,519	28,091	-	"
Eastern Motor Co., Ltd.	DALEON Auto Parts And Accessories Corporation	"	Wholesale and retail of vehicles parts and accessories	500	500	50,000	100.00	800	228	-	"
Eastern Motor Co., Ltd.	Doroman Autoparts CORPORATION	"	"	500	500	138,718	100.00	8,632	2,550	-	"
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd	"	E-commerce platform services	5,650	5,650	565,000	0.50	5,650	59,488	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi service	3,000	3,000	300,000	0.68	3,000	( 28,286)	-	Sub-subsiary

Ho Tai Motor Co., Ltd.  
Information on investments in Mainland China-Basic information  
For the six-month period ended June 30, 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 Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six months ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Book value of investment in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,987,321	Note(2)	\$ 1,241,240	\$ -	\$ -	\$ 1,241,240	\$ 198,163	\$ 100.00	\$ 198,163	\$ 9,358,599	\$ 671,371	Note 2.3
Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	104,942	Note(2)	104,942	-	-	104,942	28,331	100.00	28,331	430,338	-	"
ChongQing Yuou Toyota Automobile Sales & Service Co., Ltd.	Sales and repairing of vehicles	128,739	Note(2)	11,444	-	-	11,444	-	10.48	-	11,444	-	"
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	93,420	Note(2)	31,140	-	-	31,140	-	40.00	-	-	-	"
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	186,840	Note(2)	186,840	-	-	186,840	22,759	100.00	22,759	470,119	-	"
Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	93,420	Note(2)	93,420	-	-	93,420	9,027	100.00	9,027	165,520	-	"
Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	155,700	Note(2)	108,990	-	-	108,990	( 404)	70.00	( 283)	152,475	-	"
Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	108,990	Note(3)	81,743	-	-	81,743	90,831	100.00	90,831	1,088,927	-	"
ChongQing Yurun Toyota Automobile Service Co., Ltd.	Sales and repairing of vehicles	128,739	Note(2)	12,261	-	-	12,261	-	10.48	-	12,261	26,106	"
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	186,840	Note(2)	186,840	-	-	186,840	7,302	100.00	7,302	203,455	-	"
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	425,061	Note(2)	289,602	-	-	289,602	2,457	100.00	2,457	253,250	-	"
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	42,913	Note(3)	-	-	-	( 655)	( 655)	100.00	( 655)	47,701	-	"
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	180,612	Note(2)	180,612	-	-	180,612	28,390	100.00	28,390	349,676	-	"
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Sales and repairing of vehicles	202,410	Note(2)	202,410	-	-	202,410	39,801	100.00	39,801	455,147	-	"
Hoyun International Finance Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,491,200	Note(2)	2,491,200	-	-	2,491,200	391,386	55.61	217,660	2,885,924	514,959	Note 2.1
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	214,563	Note(3)	-	-	-	-	9,695	55.61	5,392	150,968	-	Note 2.3
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	643,690	Note(3)	-	-	-	-	20,445	55.61	11,370	325,275	-	"
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	93,420	Note(2)	93,420	-	-	93,420	1,355	45.01	610	48,413	-	"
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	373,680	Note(3)	-	-	-	-	19,004	100.00	19,004	502,519	-	"
Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	294,383	Note(3)	-	-	-	-	1,630	100.00	1,630	314,255	-	"

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 six months ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six months ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Book value of investment in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 373,680	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 5,627)	35.00	(\$ 1,969)	\$ 50,008	\$ -	Note 2.3
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	41,416	Note(1)	41,416	-	-	41,416	22,625	51.00	11,539	187,066	-	"
Guangzhou Gac Changho Autotech Corporation	Trading of vehicle products/accessories	99,440	Note(1)	44,748	-	-	44,748	40,813	22.95	9,367	40,006	131,149	"
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	311,400	Note(3)	-	-	-	-	11,885	35.00	4,160	159,823	-	"
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	467,100	Note(3)	-	-	-	-	6,854	35.00	2,399	215,840	-	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	373,680	Note(3)	-	-	-	-	8,539	35.00	2,989	210,724	-	"
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	435,960	Note(3)	-	-	-	( 15,408)	35.00	( 5,393)	35,818	-	-	"
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,023	Note(3)	-	-	-	-	29	71.43	21	( 1,067)	-	"
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,291	Note(3)	-	-	-	( 21)	100.00	( 21)	10,986	-	-	"
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	458,743	Note(3)	-	-	-	-	23,868	100.00	21,774	706,061	-	"
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	986,999	Note(3)	-	-	-	-	1,422	100.00	1,422	968,780	-	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service and property management	12,874	Note(3)	-	-	-	-	4,173	100.00	4,173	26,000	-	"
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	85,826	Note(3)	-	-	-	-	6,688	100.00	6,688	126,676	-	"
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	42,913	Note(3)	-	-	-	( 16,145)	50.00	( 8,073)	( 19,464)	-	-	"
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	311,400	Note(3)	-	-	-	( 4,446)	100.00	( 4,446)	275,215	-	-	"
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	326,970	Note(3)	-	-	-	( 4,414)	100.00	( 4,414)	317,631	-	-	"
Tianjin Binhai Heling Lexus Motor Service Co.,Ltd.	Sales and repairing of vehicles	128,739	Note(3)	-	-	-	( 9,076)	35.00	( 3,177)	38,175	-	-	"
Tianjin Yongda Communication Technology Co., Ltd.	Trading of vehicle products / accessories and property management	252,243	Note(3)	-	-	-	-	273	35.00	( 3,489)	161,724	-	"
Nanjing HoZhan Motor Sales and Service Co.,Ltd.	Sales and repairing of vehicles	128,739	Note(3)	-	-	-	-	750	70.00	525	89,732	-	"
Taiyuan Zhongdu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	133,902	Note(3)	-	-	-	( 15,640)	35.00	( 5,474)	36,328	-	-	"
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	21,457	Note(3)	-	-	-	-	4,589	100.00	( 2,089)	469,582	-	"
Shanghai Fengyi Construction Decoration Co.,Ltd.	Property management	240,313	Note(3)	-	-	-	-	10,697	70.00	3,648	618,849	-	"
Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	729,521	Note(3)	-	-	-	-	6,201	100.00	6,201	737,103	-	"
Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Sales and repairing of vehicles	300,391	Note(3)	-	-	-	( 11,847)	70.00	( 8,293)	192,760	-	-	"

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 six months ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six months ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six months ended June 30, 2023	Book value of investment in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	\$ 429	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 5)	55.61	(\$ 3)	\$ 3,494	\$ -	Note 2.3
Hangzhou Wangyou Network Technology Co., Ltd.	Leasing business	429	Note(3)	-	-	-	-	( 1)	55.61	-	1,014	-	"
Homei International Trading (Suzhou) Company Limited	Consulting service and property management	429	Note(3)	-	-	-	-	( 2)	55.61	( 1)	238	-	"

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 six months ended June 30, 2023 is based on:

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

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

(3) Others - the self-prepared financial statements that were not reviewed by independent auditors.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 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
Ho Tai Motor Co., Ltd.	\$ 2,628,037	\$ 5,921,519	\$ 49,393,291

Ho Tai Motor Co., Ltd.  
Major shareholders information  
June 30, 2023

Table 12

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