

**HO TAI MOTOR COMPANY LIMITED**  
**PARENT COMPANY ONLY FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2022 AND 2021**

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For the convenience of readers and for information purposes 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 and the Chinese version or any differences in interpretation between the two versions, the original Chinese version shall prevail.

HO TAI MOTOR CO., LTD.  
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021  
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**INDEPENDENT AUDITORS' REPORT**  
(TRANSLATED FROM CHINESE)

PWCR22004356

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

***Opinion***

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

In our opinion, based on our audits and the reports of other auditors (please refer to “*other matter*” section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

***Basis for opinion***

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

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial reports are stated as follows:

### **Evaluation of provision for impairment of accounts receivable of Hotai Finance Co., Ltd., an investment accounted for using equity method**

#### Description

Hotai Finance Co., Ltd. (“Hotai Finance”) is an investment by Ho Tai Motor Co., Ltd. accounted for using equity method. Its primary business is providing installment sales and leasing of vehicles. In the supply chain of motor vehicles, the role of Hotai Finance is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

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

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

#### How our audit addressed the matter

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

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report.

2. For those accounts past due over 30 days, Hotai Finance will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and based on Hotai Finance's policy. In order to evaluate the reasonableness of the provision for impairment policy, we understood and assessed the occurrence percentage of actual impairment losses compared to the overdue accounts receivable over the past years, and other forward-looking information. In addition, we sampled and examined the expected credit losses report, and checked system information to ensure the consistency.
3. Sampled and examined the supporting documents of individual evaluation made by the management to evaluate the reasonableness of the expected credit loss recognized.

### **Valuation of the provisions for warranty**

#### Description

Please refer to Note 4(23) of the parent company only financial statements for the accounting policies on provisions for warranty, Note 5(2) B for uncertainty of accounting estimates and assumptions of provisions for warranty, and Note 6(16) for details of the provisions for warranty.

In order to enhance customer's confidence on product quality, Ho Tai Motor Co., Ltd. provides a warranty for cars. Since the provisions for warranty involves massive historical data as well as complex calculations in respect of maintenance and repair experience, it is identified as a key audit matter.

#### How our audit addressed the matter

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

1. In terms of the agent brands, obtained the car sold information that met the warranty items offered by Ho Tai Motor Co., Ltd., such as cars' maintenance details as well as registration forms. Sampled and tested each car's warranty cost on maintenance records.
2. Reviewed the system information in respect of total cars sold which qualify for the warranty scheme mentioned above. Evaluated the reasonableness of provision for warranty by considering the average warranty cost claimed from each agent brand.

## **Claims reserve and ceded claims reserve of Hotai Insurance Co., Ltd., an investment accounted for using equity method**

### Description

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. (“Hotai Insurance”), an investment by Ho Tai Motor Co., Ltd. accounted for using equity method, is the reasonable amount of ultimate claims prior and after reinsurance based on the actuarial department’s historical claims development trend and experience.

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

### How our audit addressed the matter

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

1. Understood and assessed Hotai Insurance’s policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assists us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
  - (1) Examined the reasonableness of the assessment method for the reserves;
  - (2) Examined the reasonableness of the assumptions used by Hotai Insurance;
  - (3) Recalculated each assumption adopted by Hotai Insurance for incurred but not reported claims reserve in order to confirm the accuracy of the allowances and the reasonableness of the epidemic prevention insurance products for the reserves.
4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claims amount.

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

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$ 6,686,519 thousand and NT\$ 6,351,398 thousand, constituting 7.99% and 6.72% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income amounted to 531,866 thousand and NT\$ 442,368 thousand, constituting (2.51)% and 2.52% of the total comprehensive income for the years then ended, respectively.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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Fang-Yu, Wang

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 14, 2023

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

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

**HO TAI MOTOR CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current Assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 4,354,075	5	\$ 9,128,578	10
1110	Financial assets at fair value through profit or loss – current	6(2)	537,173	1	406,717	-
1150	Notes receivable, net	6(4)	3,362	-	2,673	-
1170	Accounts receivable, net	6(4)	25,103	-	168,358	-
1180	Accounts receivable – related parties, net	6(4) and 7	2,849,190	3	1,852,563	2
1200	Other receivables	7	662,186	1	756,354	1
130X	Inventories, net	6(5)	4,454,796	5	4,390,888	5
1410	Prepayments		431,250	1	302,997	-
11XX	<b>Total current assets</b>		<u>13,317,135</u>	<u>16</u>	<u>17,009,128</u>	<u>18</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	500,000	1	500,000	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	7,845,447	9	9,258,889	10
1550	Investments accounted for using equity method	6(6)	54,894,149	66	60,638,879	64
1600	Property, plant and equipment	6(7)	3,455,224	4	3,442,868	4
1755	Right-of-use assets, net	6(8)	7,247	-	13,045	-
1760	Investment property, net	6(10)	2,533,485	3	2,598,600	3
1780	Intangible assets		23,800	-	23,800	-
1840	Deferred income tax assets	6(26)	633,703	1	613,892	1
1900	Other non-current assets		483,001	-	466,723	-
15XX	<b>Total non-current assets</b>		<u>70,376,056</u>	<u>84</u>	<u>77,556,696</u>	<u>82</u>
1XXX	<b>Total Assets</b>		<u>\$ 83,693,191</u>	<u>100</u>	<u>\$ 94,565,824</u>	<u>100</u>

(Continued)

**HO TAI MOTOR CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current Liabilities</b>						
2100	Short-term loans	6(11)	\$ 14,021,254	17	\$ 3,144,963	3
2120	Financial liabilities at fair value through profit or loss-current	6(2)	161,205	-	27,722	-
2150	Notes payable		7,682	-	7,459	-
2170	Accounts payable	6(12)	3,244,078	4	2,356,306	3
2180	Accounts payable – related parties	6(12) and 7	5,490,599	6	4,761,908	5
2200	Other payables	6(14) and 7	2,349,530	3	2,837,624	3
2230	Current income tax liabilities		96,262	-	2,298,457	2
2250	Provisions-current	6(16)	663,209	1	758,278	1
2280	Current lease liabilities		5,846	-	5,782	-
2300	Other current liabilities		72,379	-	75,798	-
21XX	<b>Total current liabilities</b>		<u>26,112,044</u>	<u>31</u>	<u>16,274,297</u>	<u>17</u>
<b>Non-current liabilities</b>						
2540	Long-term loans	6(13)	8,000,000	10	-	-
2550	Provisions-non-current	6(16)	2,834,078	3	2,763,806	3
2570	Deferred income tax liabilities	6(26)	1,776,894	2	1,748,735	2
2580	Non-current lease liabilities		1,471	-	7,317	-
2600	Other non-current liabilities	6(6)	<u>3,203,717</u>	<u>4</u>	<u>818</u>	<u>-</u>
25XX	<b>Total non-current liabilities</b>		<u>15,816,160</u>	<u>19</u>	<u>4,520,676</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>41,928,204</u>	<u>50</u>	<u>20,794,973</u>	<u>22</u>
<b>Equity</b>						
<b>Share capital</b>						
3110	Common stock	6(17)	5,461,792	7	5,461,792	6
<b>Capital surplus</b>						
3200	Capital surplus	6(18)	2,898,044	3	2,807,477	3
<b>Retained earnings</b>						
3310	Legal reserve	6(19)	15,553,282	19	13,925,963	15
3320	Special reserve		381,843	-	381,843	-
3350	Unappropriated earnings		16,165,239	19	47,944,833	51
<b>Other equity</b>						
3400	Other equity		<u>1,304,787</u>	<u>2</u>	<u>3,248,943</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>41,764,987</u>	<u>50</u>	<u>73,770,851</u>	<u>78</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>		9				
<b>Significant events after balance sheet date</b>		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 83,693,191</u>	<u>100</u>	<u>\$ 94,565,824</u>	<u>100</u>

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

**HO TAI MOTOR CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(20) and 7	\$ 130,393,188	100	\$ 138,872,240	100
5000 <b>Operating costs</b>	6(5) and 7	( 117,076,863)	( 90)	( 126,116,513)	( 91)
5900 <b>Gross profit before realized (unrealized) profit from sales to subsidiaries and associates</b>		13,316,325	10	12,755,727	9
5910 Unrealized profit from sales		( 192,945)	-	( 178,613)	-
5920 Realized profit from sales		178,613	-	136,549	-
5950 <b>Gross profit</b>		<u>13,301,993</u>	<u>10</u>	<u>12,713,663</u>	<u>9</u>
<b>Operating expenses</b>	6(24)(25) and 7				
6100 Selling expenses		( 2,537,298)	( 2)	( 2,119,205)	( 2)
6200 General and administrative expenses		( 1,007,429)	( 1)	( 2,048,641)	( 1)
6000 <b>Total operating expenses</b>		( 3,544,727)	( 3)	( 4,167,846)	( 3)
6900 <b>Operating profit</b>		<u>9,757,266</u>	<u>7</u>	<u>8,545,817</u>	<u>6</u>
<b>Non-operating income and expenses</b>					
7100 Interest income	6(21) and 7	79,577	-	56,391	-
7010 Other income	6(22) and 7	1,224,335	1	1,276,264	1
7020 Other gains and losses	6(23)	252,811	-	565,683	1
7050 Finance costs		( 91,074)	-	( 21,016)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 30,423,061)	( 23)	8,286,264	6
7000 <b>Total non-operating income and expenses</b>		( 28,957,412)	( 22)	10,163,586	8
7900 <b>Profit before income tax</b>		( 19,200,146)	( 15)	18,709,403	14
7950 Income tax expense	6(26)	( 130,048)	-	( 2,498,645)	( 2)
8200 <b>(Loss) profit for the year</b>		<u>(\$ 19,330,194)</u>	<u>( 15)</u>	<u>\$ 16,210,758</u>	<u>12</u>
<b>Other comprehensive income (loss) for the year, net of tax</b>					
<b>Components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>					
8316 Unrealized gain loss from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 1,482,013)	( 1)	\$ 1,208,837	1
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		80,053	-	73,769	-
8310 <b>Total components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>		( 1,401,960)	( 1)	1,282,606	1
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statement translation differences of foreign operations		158,165	-	( 45,735)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		( 598,858)	-	141,423	-
8360 <b>Total components of other comprehensive (loss) income that will be reclassified to profit or loss</b>		( 440,693)	-	95,688	-
8300 <b>Other comprehensive (loss) income for the year, net of tax</b>		<u>(\$ 1,842,653)</u>	<u>( 1)</u>	<u>\$ 1,378,294</u>	<u>1</u>
8500 <b>Total comprehensive (loss) income for the year</b>		<u>(\$ 21,172,847)</u>	<u>( 16)</u>	<u>\$ 17,589,052</u>	<u>13</u>
<b>(Losses) Earnings per share (in dollars)</b>					
9750 <b>Basic (losses) earnings per share</b>	6(27)	(\$ 35.39)		\$ 29.68	
9850 <b>Diluted (losses) earnings per share</b>	6(27)	(\$ 35.39)		\$ 29.66	

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

HO TAI MOTOR CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars)

	Notes	Retained earnings					Other equity			Total equity
		Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Gain (loss) on hedging instruments	
<u>For the year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	(\$ 496,286 )	\$ 2,418,985	\$ 10,377	\$ 65,477,704
Profit for the year		-	-	-	-	16,210,758	-	-	-	16,210,758
Other comprehensive income (loss) for the year		-	-	-	-	62,427	( 59,837 )	1,409,900	( 34,196 )	1,378,294
Total comprehensive income (loss)		-	-	-	-	16,273,185	( 59,837 )	1,409,900	( 34,196 )	17,589,052
Appropriation and distribution of retained earnings:	6(19)									
Legal reserve		-	-	1,381,630	-	( 1,381,630 )	-	-	-	-
Cash dividends		-	-	-	-	( 9,285,046 )	-	-	-	( 9,285,046 )
Changes in equity of associates and joint ventures accounted for using equity method		-	( 721 )	-	-	-	-	-	-	( 721 )
Changes in ownership interests in subsidiaries		-	7,116	-	-	-	-	-	-	7,116
Reorganization	6(6)	-	( 17,254 )	-	-	-	-	-	-	( 17,254 )
Balance at December 31, 2021		\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123 )	\$ 3,828,885	(\$ 23,819 )	\$ 73,770,851
<u>For the year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123 )	\$ 3,828,885	(\$ 23,819 )	\$ 73,770,851
Loss for the year		-	-	-	-	( 19,330,194 )	-	-	-	( 19,330,194 )
Other comprehensive income (loss) for the year		-	-	-	-	101,503	232,571	( 2,269,629 )	92,902	( 1,842,653 )
Total comprehensive income (loss)		-	-	-	-	( 19,228,691 )	232,571	( 2,269,629 )	92,902	( 21,172,847 )
Appropriation and distribution of retained earnings:	6(19)									
Legal reserve		-	-	1,627,319	-	( 1,627,319 )	-	-	-	-
Cash dividends		-	-	-	-	( 10,923,584 )	-	-	-	( 10,923,584 )
Difference between proceeds on disposal of equity interest in subsidiary and its carrying amount	6(6)	-	119,102	-	-	-	-	-	-	119,102
Changes in ownership interests in subsidiaries	6(6)	-	( 27,638 )	-	-	-	-	-	-	( 27,638 )
Reorganization	6(6)	-	( 897 )	-	-	-	-	-	-	( 897 )
Balance at December 31, 2022		\$ 5,461,792	\$ 2,898,044	\$ 15,553,282	\$ 381,843	\$ 16,165,239	(\$ 323,552 )	\$ 1,559,256	\$ 69,083	\$ 41,764,987

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

**HO TAI MOTOR CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
<b><u>Cash flows from operating activities</u></b>			
(Loss) profit before income tax		(\$ 19,200,146 )	\$ 18,709,403
Adjustments to reconcile (loss)profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(24)	105,932	104,054
Net loss(gain) on financial assets and liabilities at fair value through profit or loss	6(23)	159,405	( 68,250 )
Interest expense		91,074	21,016
Interest income	6(21)	( 79,577 )	( 56,391 )
Dividend income		( 253,282 )	( 258,398 )
Share of loss (profit) of associates accounted for using equity method	6(6)	30,423,061	( 8,286,264 )
Net gain on disposal of property, plant and equipment	6(23)	( 699 )	( 812 )
Loss on abandonment of property, plant and equipment	6(23)	41	33
Unrealized profit from sales		192,945	178,613
Realized profit from sales		( 178,613 )	( 136,549 )
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 156,378 )	( 251,785 )
Notes receivable		( 689 )	( 2,479 )
Accounts receivable		( 853,372 )	( 1,110,244 )
Other receivables		94,885	122,524
Inventories		( 63,908 )	2,501,823
Prepayments		( 128,179 )	232,909
Net changes in liabilities relating to operating activities			
Notes and accounts payable		1,616,686	( 1,271,480 )
Other payables		( 505,297 )	154,842
Other current liabilities		( 3,419 )	( 28,089 )
Other non-current liabilities		( 24,796 )	503,680
Cash inflow generated from operations		11,235,674	11,058,156
Interest received		78,860	55,679
Cash dividends received		4,378,283	3,485,593
Interest paid		( 73,946 )	( 20,355 )
Income tax paid		( 2,323,894 )	( 1,315,108 )
Net cash provided by operating activities		13,294,977	13,263,965
<b><u>Cash flows from investing activities</u></b>			
Increase in financial assets at fair value through other comprehensive income		( 68,571 )	-
Acquisition of investments accounted for using equity method	6(6)	( 26,223,500 )	( 800,000 )
Proceeds from disposal of investments accounted for using equity method	6(6)	338,661	-
Acquisition of property, plant and equipment	6(7)	( 49,437 )	( 38,724 )
Proceeds from disposal of property, plant and equipment	6(7)	2,720	6,655
Acquisition of intangible assets		-	( 23,800 )
Acquisition of investment property	6(10)	-	( 235 )
Increase in other non-current assets		( 16,278 )	( 8,983 )
Net cash used in investing activities		( 26,016,405 )	( 865,087 )
<b><u>Cash flows from financing activities</u></b>			
Increase in short-term loans	6(28)	10,876,291	1,940,807
Proceeds from long-term loans	6(28)	8,000,000	-
Repayments of principal portion of lease liability	6(28)	( 5,782 )	( 5,766 )
Cash dividends paid	6(19)(28)	( 10,923,584 )	( 9,285,046 )
Net cash provided by (used in) financing activities		7,946,925	( 7,350,005 )
(Decrease) increase in cash and cash equivalents		( 4,774,503 )	5,048,873
Cash and cash equivalents at beginning of year		9,128,578	4,079,705
Cash and cash equivalents at end of year		\$ 4,354,075	\$ 9,128,578

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

HO TAI MOTOR CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

Ho Tai Motor Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 25, 1955. The Company is primarily engaged in assembling, trading, import of vehicles, automobile air conditioners and their parts.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2023

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

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

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

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

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

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

<u>New and revised Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial Application of IFRS 17 and IFRS 9—Comparative Information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with contracts’	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise

its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollar ("NTD"), which is the Company's functional currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Company retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as

disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures the financial assets at fair value with any gain or loss recognized in profit or loss.
- D. The Company recognizes the dividend income when the right to receive dividends is established, future economic benefits associated with the dividend will flow to the Company

and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Operating leases (lessor)

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

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. Pursuant to the "Regulations Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent

company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

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

Buildings and structures	3 ~ 60 years
Utility equipment	8 ~ 10 years
Office equipment	2 ~ 20 years
Other equipment	5 ~ 6 years
Rental assets	7 ~ 10 years

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when

there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10~60 years.

(17) Intangible assets

Trademark right (indefinite useful life)

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Notes and accounts payable

A. Liabilities for purchases of raw materials, goods or services and notes payables resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related

transaction costs are recognized in profit or loss. The Company subsequently measures the financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Provisions

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent

company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

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

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

Sales of goods

- A. The Company sells cars and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Accumulated experience and other known reason is used to estimate and provide for the sales discounts and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- C. The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company estimates sales discounts based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Company reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(20) for the information of sales of goods.

B. Provisions for warranty

To enhance customer's confidence on product quality, the Company provides additional warranty services apart from the warranty offered by the original manufacturer. Provisions for warranty is estimated based on historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year, and is revaluated on a regular basis.

Please refer to Note 6(16) "Provisions" for more information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash on hand and revolving funds	\$ 330	\$ 330
Checking accounts and demand deposits	868,057	1,743,177
Cash equivalents		
Short-term notes and bills	3,485,688	6,085,071
Time deposits	-	1,300,000
	<u>\$ 4,354,075</u>	<u>\$ 9,128,578</u>

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

<u>Items</u>	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets at fair value through profit or loss		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 538,065	\$ 364,437
Derivative instruments	52,132	10,987
Valuation adjustment	(53,024)	31,293
	<u>\$ 537,173</u>	<u>\$ 406,717</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Financial liabilities at fair value through profit or loss		
Current items:		
Financial liabilities held for trading		
Derivative instruments	<u>\$ 161,205</u>	<u>\$ 27,722</u>

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

<u>Items</u>	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 92,338)	\$ 37,089
Foreign stocks	(84,317)	13,911
Corporate bonds	17,250	17,250
	<u>(\$ 159,405)</u>	<u>\$ 68,250</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative instruments</u>	<u>December 31, 2022</u>	
	<u>Contract amount (Notional principal) (in thousands)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 423,402</u>	2022.7.20~2023.6.8

	<u>December 31, 2021</u>	
<u>Derivative instruments</u>	Contract amount (Notional principal) (in thousands)	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 421,750</u>	2021.8.25~2022.4.14

The Company entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C.

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

	<u>December 31,</u>	
<u>Items</u>	<u>2022</u>	<u>2021</u>
Current items:		
Equity instruments		
Listed stocks and unlisted stocks	\$ 6,482,452	\$ 6,413,881
Valuation adjustment	<u>1,362,995</u>	<u>2,845,008</u>
	<u>\$ 7,845,447</u>	<u>\$ 9,258,889</u>

A. The Company has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$7,845,447 and \$9,258,889, respectively, as of December 31, 2022 and 2021.

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

	<u>Years ended December 31,</u>	
<u>Items</u>	<u>2022</u>	<u>2021</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>(\$ 1,482,013)</u>	<u>\$ 1,208,837</u>

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

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

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

	December 31,	
	2022	2021
Notes receivable	\$ 3,362	\$ 2,673
Accounts receivable	<u>2,874,293</u>	<u>2,020,921</u>
	<u>\$ 2,877,655</u>	<u>\$ 2,023,594</u>

A. The Company has no past due accounts receivable.

B. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,877,655, \$2,023,594 and \$910,871, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 1,925,234	\$ -	\$ 1,925,234
Parts	715,009	( 94,570)	620,439
Inventory in transit	<u>1,909,123</u>	<u>-</u>	<u>1,909,123</u>
	<u>\$ 4,549,366</u>	<u>(\$ 94,570)</u>	<u>\$ 4,454,796</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 2,771,361	\$ -	\$ 2,771,361
Parts	680,241	( 89,801)	590,440
Inventory in transit	<u>1,029,087</u>	<u>-</u>	<u>1,029,087</u>
	<u>\$ 4,480,689</u>	<u>(\$ 89,801)</u>	<u>\$ 4,390,888</u>

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

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

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 117,065,385	\$ 126,104,475
Loss on market value decline of inventories	<u>4,769</u>	<u>7,677</u>
	<u>\$ 117,070,154</u>	<u>\$ 126,112,152</u>

(6) Investments accounted for using equity method

A. Investments accounted for using equity method

Subsidiary:	Years ended December 31,	
	2022	2021
Hozan Investment Co., Ltd.	\$ 15,195,879	\$ 23,596,865
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	9,620,120	9,256,665
Chang Yuan Motor Co., Ltd.	4,625,700	4,494,197
Ho Tai Development Co., Ltd.	3,784,423	3,411,607
Carmax Co., Ltd.	1,779,875	1,573,014
Toyota Material Handling Taiwan Ltd.	1,144,871	1,030,626
Hotai Connected Co., Ltd.	577,732	722,874
Others	<u>1,255,750</u>	<u>983,003</u>
	37,984,350	45,068,851
Associate:		
Kuozui Motors, Ltd.	5,970,350	5,242,021
Central Motor Co., Ltd.	2,754,483	2,649,211
Tau Miao Motor Co., Ltd.	1,811,818	1,673,305
Kau Du Automobile Co., Ltd.	1,464,963	1,408,476
Kuotu Motor Co., Ltd.	1,450,904	1,315,675
Taipei Toyota Motor Co., Ltd.	1,297,293	1,197,311
Nan Du Motor Co., Ltd.	1,208,004	1,130,250
Others	<u>951,984</u>	<u>953,779</u>
	<u>16,909,799</u>	<u>15,570,028</u>
	<u>\$ 54,894,149</u>	<u>\$ 60,638,879</u>

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

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

C. Please refer to Note 4(3) of the 2022 and 2021 consolidated financial statements for related information about subsidiaries of the Company.

D. Hotai Finance Co., Ltd. has quoted market price. As of December 31, 2022 and 2021, the fair value of Hotai Finance Co., Ltd. was \$23,845,849 and \$21,554,777, respectively.

E. The share of profit of investments accounted for using the equity method associates, and joint ventures were (\$30,423,061) and \$8,286,264, which were valued based on the investees' financial statements audited by auditors for the years ended December 31, 2022 and 2021, respectively.

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

The individually immaterial associates of the Company for the years ended December 31, 2022 and 2021 amounted to \$16,909,799 and \$15,570,028, respectively.

Comprehensive income for the year	Years ended December 31,	
	2022	2021
	<u>\$ 8,780,757</u>	<u>\$ 7,378,651</u>

- G. On January 21, 2021, the Company participated in the capital increase of Hotai Connected Co., Ltd by acquiring 30,000,000 shares amounted to \$300,000.
- H. On January 28, 2021, Hotai Leasing Co., Ltd. sold for an amount of \$360,000 interest in Hotai Mobility Service Co., Ltd. to Hotai Connected Co., Ltd., as a result, its shareholding ratio decreased from 49.18% to 0%; the shareholding ratio of Hotai Connected Co., Ltd. increased to 49.18%. The company incurred changes in capital surplus amounting to \$17,254.
- I. On March 30, 2021, the Company and its subsidiary, Chang Yuan Motor Co., Ltd., invested \$500,000 and \$200,000, respectively, to participate in the capital increase of Ho Xing International Automobile Co., Ltd.; as a result, their shareholding ratios increased to 50% and 20%, respectively. The investee was renamed as Hotai AutoBody Manufacturing Co., Ltd. on April 29, 2021.
- J. On April 29, 2021, the Company's subsidiary, Eastern Motor Co., Ltd. participated in the capital increase of Hotai Mobility Service Co., Ltd. which did not acquire shares proportionally to its interest. The amount of investment and shareholding ratio are \$3,000 and 0.68%, respectively. The Company incurred changes in capital surplus amounting to \$7,116.
- K. On January 20, 2022, the Company sold for an amount of \$339,000 interest in Hotai Connected Co., Ltd to the Company's associates Kuoto Motor Co., Ltd. and nine other associates, its shareholding ratio decreased from 30% to 0%. The Company incurred changes in capital surplus amounting to \$119,102.
- L. On February 22, 2022, the Company participated in the capital increase of He Jun Energy Co., Ltd. The amount of investment and shareholding ratio are \$180,000 and 18%, respectively.
- M. On August 4, 2022, the Company acquired 100% shareholding of Hotai Auto Body Sales Co., Ltd. from Hotai Auto Body Manufacturing Co., Ltd. amounting to \$40,000. The Company incurred changes in capital surplus amounting to (\$897).
- N. On October 11, 2022 and December 14, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. amounting to \$20,000,000 and \$6,000,000, respectively. As a result, its shareholding ratio would be 92.86% after the capital increase. The Company incurred changes in capital surplus amounting to (\$32,113).
- O. On December 22, 2022, the Company's subsidiary Hozan Investment Co., Ltd. successively reduced its capital to cover for losses of \$11,000,000 and increased its capital by \$3,500 in cash. The Company fully subscribed to the capital increase, and the shareholding ratio remained 100%.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Utility equipment</u>		<u>Office Equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
			<u>Owner- occupied</u>	<u>Lease</u>				
<u>At January 1, 2022</u>								
Cost	\$ 2,891,965	\$ 1,286,124	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,987,232
Accumulated depreciation and impairment	( 26,850)	( 825,608)	( 129,217)	( 78,427)	( 475,416)	( 8,846)	-	( 1,544,364)
	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>
<u>2022</u>								
Opening net book amount as of January 1	\$ 2,865,115	\$ 460,516	\$ 3,870	\$ 185	\$ 102,703	\$ 5,988	\$ 4,491	\$ 3,442,868
Additions	-	4,168	189	-	30,404	301	14,375	49,437
Disposals	-	( 41)	-	-	( 2,021)	-	-	( 2,062)
Reclassifications	-	48,145	-	-	5,300	-	( 18,466)	34,979
Depreciation	-	( 36,890)	( 569)	( 45)	( 30,557)	( 1,937)	-	( 69,998)
Closing net book amount as of December 31	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>
<u>At December 31, 2022</u>								
Cost	\$ 2,891,965	\$ 1,396,394	\$ 128,239	\$ 78,612	\$ 595,055	\$ 15,135	\$ 400	\$ 5,105,800
Accumulated depreciation and impairment	( 26,850)	( 920,496)	( 124,749)	( 78,472)	( 489,226)	( 10,783)	-	( 1,650,576)
	<u>\$ 2,865,115</u>	<u>\$ 475,898</u>	<u>\$ 3,490</u>	<u>\$ 140</u>	<u>\$ 105,829</u>	<u>\$ 4,352</u>	<u>\$ 400</u>	<u>\$ 3,455,224</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Utility equipment</u> <u>Owner- occupied</u>	<u>Lease</u>	<u>Office Equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
<u>At January 1, 2021</u>								
Cost	\$ 3,074,807	\$ 1,269,612	\$ 130,946	\$ 78,612	\$ 560,999	\$ 15,005	\$ 5,474	\$ 5,135,455
Accumulated depreciation and impairment	( 26,850)	( 783,617)	( 128,671)	( 78,382)	( 455,466)	( 7,067)	-	( 1,480,053)
	<u>\$ 3,047,957</u>	<u>\$ 485,995</u>	<u>\$ 2,275</u>	<u>\$ 230</u>	<u>\$ 105,533</u>	<u>\$ 7,938</u>	<u>\$ 5,474</u>	<u>\$ 3,655,402</u>
<u>2021</u>								
Opening net book amount as of January 1	\$ 3,047,957	\$ 485,995	\$ 2,275	\$ 230	\$ 105,533	\$ 7,938	\$ 5,474	\$ 3,655,402
Additions	-	7,135	985	-	25,051	-	5,553	38,724
Disposals	-	-	-	-	( 5,876)	-	-	( 5,876)
Reclassifications	( 182,842)	3,632	1,156	-	5,380	-	( 6,536)	( 179,210)
Depreciation	-	( 36,246)	( 546)	( 45)	( 27,385)	( 1,950)	-	( 66,172)
Closing net book amount as of December 31	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>
<u>At December 31, 2021</u>								
Cost	\$ 2,891,965	\$ 1,286,124	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,987,232
Accumulated depreciation and impairment	( 26,850)	( 825,608)	( 129,217)	( 78,427)	( 475,416)	( 8,846)	-	( 1,544,364)
	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>

(8) Leasing arrangements - lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 6,827	\$ 12,288
Buildings	<u>420</u>	<u>757</u>
	<u>\$ 7,247</u>	<u>\$ 13,045</u>

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,461	\$ 5,477
Buildings	<u>337</u>	<u>332</u>
	<u>\$ 5,798</u>	<u>\$ 5,809</u>

C. For the years ended December 31, 2022 and 2021, the Company's addition of right-of-use assets was \$0 and \$17,393, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 115	\$ 130
Expense on short-term lease contracts and leases of low-value assets	69,984	44,503

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for lease amounted to \$75,881 and \$50,399, respectively.

(9) Leasing arrangements - lessor

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

B. For the years ended December 31, 2022 and 2021, the Company recognized rent income in the amount of \$229,578 and \$236,822, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31,	
	2022	2021
Less than 1 year	\$ 231,269	\$ 230,906
Between 1 and 2 years	102,980	229,197
Between 2 and 3 years	33,852	106,153
Between 3 to 4 years	33,852	37,004
Between 4 to 5 years	917	37,004
More than 6 years	<u>13,095</u>	<u>9,652</u>
	<u>\$ 415,965</u>	<u>\$ 649,916</u>

(10) Investment property

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	<u>-</u>	<u>( 573,172)</u>	<u>( 573,172)</u>
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>2022</u>			
Opening net book amount as of January 1	\$ 1,681,005	\$ 917,595	\$ 2,598,600
Reclassifications	-	( 34,979)	( 34,979)
Depreciation	<u>-</u>	<u>( 30,136)</u>	<u>( 30,136)</u>
Closing net book amount as of December 31	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>
<u>At December 31, 2022</u>			
Cost	\$ 1,681,005	\$ 1,397,230	\$ 3,078,235
Accumulated depreciation	<u>-</u>	<u>( 544,750)</u>	<u>( 544,750)</u>
	<u>\$ 1,681,005</u>	<u>\$ 852,480</u>	<u>\$ 2,533,485</u>

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 1,498,163	\$ 1,499,909	\$ 2,998,072
Accumulated depreciation	<u>-</u>	<u>( 546,844)</u>	<u>( 546,844)</u>
	<u>\$ 1,498,163</u>	<u>\$ 953,065</u>	<u>\$ 2,451,228</u>
<u>2021</u>			
Opening net book amount as of January 1	\$ 1,498,163	\$ 953,065	\$ 2,451,228
Additions	-	235	235
Reclassifications	182,842	( 3,632)	179,210
Depreciation	<u>-</u>	<u>( 32,073)</u>	<u>( 32,073)</u>
Closing net book amount as of December 31	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>At December 31, 2021</u>			
Cost	\$ 1,681,005	\$ 1,490,767	\$ 3,171,772
Accumulated depreciation	<u>-</u>	<u>( 573,172)</u>	<u>( 573,172)</u>
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 229,578</u>	<u>\$ 236,822</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 30,136</u>	<u>\$ 32,073</u>

B. The fair value of the investment property held by the Company was \$4,664,497 and \$4,291,994 as of December 31, 2022 and 2021, respectively. These values were determined using the comparative method by considering recent transaction prices of similar targets in the areas where each investment property is located, adjusted for individual factors such as location, scale and use. The appraisal belonged to the third level of fair value.

(11) Short-term loans

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Bank loans		
Unsecured loans	<u>\$ 14,021,254</u>	<u>\$ 3,144,963</u>
Annual interest rate	<u>1.46% ~ 5.15%</u>	<u>0.65%~0.68%</u>

Interest expense recognised in profit or loss amounted to \$44,366 and \$7,493 for the years ended December 31, 2022 and 2021, respectively.

(12) Accounts payable (including related parties)

	December 31,	
	2022	2021
Accounts payable	\$ 4,747,922	\$ 3,596,303
Accounts payable - foreign currencies	3,912,554	3,500,749
	8,660,476	7,097,052
Valuation adjustment	74,201	21,162
	<u>\$ 8,734,677</u>	<u>\$ 7,118,214</u>

(13) Long-term loans

	<u>Loan period and way of repayment</u>	<u>Annual interest rate</u>	<u>Security</u>	<u>December 31, 2022</u>
Long-term Bank loans				
Unsecured loans	From October 11, 2022 to June 28, 2024, and pay interest monthly	1.52%~1.81%	None	<u>\$8,000,000</u>

The Company did not have this transaction in 2021.

(14) Other payables

	December 31,	
	2022	2021
Year-end bonus payable	\$ 750,051	\$ 899,365
Dealer premium bonus payable	420,688	271,415
Advertisement expense payable	315,432	378,037
Remuneration payable to directors	-	385,761
Remuneration payable to employees	-	192,880
Others	863,359	710,166
	<u>\$ 2,349,530</u>	<u>\$ 2,837,624</u>

(15) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$33,239 and \$28,409, respectively.

(16) Provisions

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

	<u>Warranty</u>
At January 1, 2021	\$ 3,018,403
Additional provisions during the year	1,141,939
Restored during the year	( 123,725)
Used during the year	( 514,533)
At December 31, 2021	<u>\$ 3,522,084</u>

Analysis of total provision:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current	<u>\$ 663,209</u>	<u>\$ 758,278</u>
Non-current	<u>\$ 2,834,078</u>	<u>\$ 2,763,806</u>

The Company provides warranties on vehicles and related products sold. Provision for warranty is estimated based on historical warranty data of vehicles and related products.

(17) Share capital

As of December 31, 2022, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,461,792 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding at January 1, 2022 and December 31, 2022 was both 546,179,184 shares.

(18) Capital surplus

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

(19) Retained earnings

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

shareholders which shall account for at least 50%, and cash dividends shall account for at least 10% of the total dividends distributed.

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

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 issued by FSC on April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The Company recognized dividends distributed to shareholders amounting to \$10,923,584 (\$2 0.0 per share) and 9,285,046 (\$17.0 per share) for the years 2021 and 2020, respectively.
- E. On March 14, 2023, the Board of Directors resolved that total dividends for the distribution of earnings for the year 2022 was \$1,201,594 consisting of \$2 cash dividend and \$0.2 stock dividend per share.

(20) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers - Sales revenue	\$ 128,605,369	\$ 137,225,462
Revenue from contracts with customers - Service revenue	<u>1,787,819</u>	<u>1,646,778</u>
	<u>\$ 130,393,188</u>	<u>\$ 138,872,240</u>

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

(21) Interest income

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 5,948	\$ 835
Interest from short-term notes	21,633	8,183
Other interest income	<u>51,996</u>	<u>47,373</u>
	<u>\$ 79,577</u>	<u>\$ 56,391</u>

(22) Other income

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income	\$ 229,578	\$ 236,822
Others	<u>994,757</u>	<u>1,039,442</u>
	<u>\$ 1,224,335</u>	<u>\$ 1,276,264</u>

(23) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net currency exchange gain	\$ 441,738	\$ 527,937
Gain on disposal of property, plant and equipment	699	812
Loss on abandonment of property, plant and equipment	( 41)	( 33)
Net (loss) gain on financial assets at fair value through profit or loss	( 159,405)	68,250
Miscellaneous disbursements	( 30,180)	( 31,283)
	<u>\$ 252,811</u>	<u>\$ 565,683</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Employee benefit expense	\$ 1,573,441	\$ 2,237,748
Depreciation	<u>105,932</u>	<u>104,054</u>
	<u>\$ 1,679,373</u>	<u>\$ 2,341,802</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Wages and salaries	\$ 1,339,766	\$ 1,629,449
Labor and health insurance fees	79,142	73,153
Pension costs	33,239	28,409
Directors' remuneration	17,215	402,588
Other personnel expenses	<u>104,079</u>	<u>104,149</u>
	<u>\$ 1,573,441</u>	<u>\$ 2,237,748</u>

- A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. Independent directors will not receive any distributable profit. If a company has accumulated deficit, earnings should be channeled to cover losses.
- B. For the years ended December 31, 2022 and 2021, employees' remuneration was accrued at \$0 and \$192,880, respectively; while directors' remuneration was accrued at \$0 and \$385,761, respectively. The aforementioned amounts were recognized in salary expenses.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax expense recognized in the current year	\$ 120,613	\$ 2,165,919
Tax on undistributed surplus earnings	-	157,481
Effect from investment tax credits	-	( 1,614)
Prior year income tax under estimation	<u>1,087</u>	<u>( 1,350)</u>
Total current tax	<u>121,700</u>	<u>2,320,436</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>8,348</u>	<u>178,209</u>
Total deferred tax	<u>8,348</u>	<u>178,209</u>
Income tax expense	<u>\$ 130,048</u>	<u>\$ 2,498,645</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income tax expense at the statutory rate	(\$ 3,840,029)	\$ 3,741,882
Effects from adjustments based on regulation	6,168,990	( 1,397,754)
Realized investment losses	( 2,200,000)	-
Tax on undistributed surplus earnings	-	157,481
Effect from investment tax credits	-	( 1,614)
Prior year income tax (over) under estimation	<u>1,087</u>	<u>( 1,350)</u>
Income tax expense	<u>\$ 130,048</u>	<u>\$ 2,498,645</u>

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

	<u>Year ended December 31, 2022</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Temporary differences:			
-Deferred tax assets:			
Allowance for inventory obsolescence	\$ 17,960	\$ 954	\$ 18,914
Warranty provision	532,911	666	533,577
Unrealized gain on inter-affiliate accounts	62,347	2,866	65,213
Others	<u>674</u>	<u>15,325</u>	<u>15,999</u>
	<u>613,892</u>	<u>19,811</u>	<u>633,703</u>
-Deferred tax liabilities:			
Gain on investment accounted for using equity method	( 1,210,057)	( 27,630)	( 1,237,687)
Land value increment tax	( 509,365)	-	( 509,365)
Others	<u>( 29,313)</u>	<u>( 529)</u>	<u>( 29,842)</u>
	<u>( 1,748,735)</u>	<u>( 28,159)</u>	<u>( 1,776,894)</u>
	<u>(\$ 1,134,843)</u>	<u>(\$ 8,348)</u>	<u>(\$ 1,143,191)</u>

	<u>Year ended December 31, 2021</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Temporary differences:			
-Deferred tax assets:			
Allowance for inventory obsolescence	\$ 16,425	\$ 1,535	\$ 17,960
Warranty provision	437,257	95,654	532,911
Unrealized gain on inter-affiliate accounts	53,934	8,413	62,347
Others	<u>14,571</u>	<u>( 13,897)</u>	<u>674</u>
	<u>522,187</u>	<u>91,705</u>	<u>613,892</u>
-Deferred tax liabilities:			
Gain on investment accounted for using equity method	( 940,143)	( 269,914)	( 1,210,057)
Land value increment tax	( 509,365)	-	( 509,365)
Others	<u>( 29,313)</u>	<u>-</u>	<u>( 29,313)</u>
	<u>( 1,478,821)</u>	<u>( 269,914)</u>	<u>( 1,748,735)</u>
	<u>(\$ 956,634)</u>	<u>(\$ 178,209)</u>	<u>(\$ 1,134,843)</u>

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

E. In December 2022, the Company's subsidiary Hozan Investment Co., Ltd. reduced its capital to write off accumulated losses. Thus, the Company recognized tax benefit of \$2,200,000.

(27) (Losses) earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,330,194)	546,179	(\$ 35.39)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 19,330,194)	546,179	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	-	
Loss attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	(\$ 19,330,194)	546,179	(\$ 35.39)
<u>Year ended December 31, 2021</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 16,210,758	546,179	\$ 29.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 16,210,758	546,179	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	381	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 16,210,758	546,560	\$ 29.66

(28) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Dividend payable</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2022	\$ 3,144,963	\$ 6,277	\$ -	\$ 13,099	\$ 3,164,339
Changes in cash flow from financing activities	10,876,291	( 10,923,584)	8,000,000	( 5,782)	7,946,925
Changes in other non-cash items	-	10,923,569	-	-	10,923,569
December 31, 2022	<u>\$14,021,254</u>	<u>\$ 6,262</u>	<u>\$8,000,000</u>	<u>\$ 7,317</u>	<u>\$ 22,034,833</u>
	<u>Short-term loans</u>	<u>Dividend payable</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>	
January 1, 2021	\$ 1,204,156	\$ 6,330	\$ 1,472	\$ 1,211,958	
Changes in cash flow from financing activities	1,940,807	( 9,285,046)	( 5,766)	( 7,350,005)	
Changes in other non-cash items	-	9,284,993	17,393	9,302,386	
December 31, 2021	<u>\$ 3,144,963</u>	<u>\$ 6,277</u>	<u>\$ 13,099</u>	<u>\$ 3,164,339</u>	

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Toyota Motor Asia Pacific Pte Ltd.(TMAP)	Entity controlled by key management
Toyota Motor Manufacturing Turkey Inc.	≈
Toyota-Motor-Europe-Nv/Sa	"
Toyota-Motor-Sales-USA	"
Toyota Auto Body Co.,Ltd	"
Toyota Daihatsu Engineering & Manufacturing Co.,Ltd	"
Hino Motors, Ltd.	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd.	"
Ho Yu Investment Co., Ltd.	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Subsidiary
Toyota Material Handling Taiwan Ltd.	"
Carmax Co., Ltd. (Carmax)	"
Hotai Innovation Marketing Co.	"
HE JING CO., Ltd.	"
Hozan Investment Co., Ltd. (Hozan)	"
Ho Tai Service & Marketing Co., Ltd.	"
Hotai Insurance Co., Ltd. (Hotai Insurance)	"
Ho Tai Development Co., Ltd.	"
Hotai Connected Co., Ltd. (Hotai connected)	"
Hotong Motor Investment Co., Ltd.	"
Hoing Mobility Service Corporation	"
Hotai Leasing Co., Ltd. (Hotai Leasing)	"
Hotai Finance Co., Ltd.	"
Eastern Motor Co., Ltd.	"
Chang Yuan Motor Co., Ltd. (Chang Yuan)	"
Smart Design Technology Co., Ltd.	"
Hotai Mobility Service Co., Ltd.	"
Ho Tai Parts & Accessories Co., Ltd.	"
Ho Tai Crane Engineering Co., Ltd.	"
Ho Tai Transportation Co., Ltd.	"
Long Ho Crane Engineering Co., Ltd.	"
Long Hao Crane Engineering Co., Ltd.	"
Long Hao Removal Transport Services Co., Ltd.	"

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hotai Auto Body Sales Co., Ltd. (Hotai Auto Body Sales)	"
Hotai Auto Body Manufacturing Co., Ltd. (Hotai Auto Body Manufacturing)	Subsidiary
YuCheng Transport Co., Ltd	"
He Jun Energy Co.,Ltd.	"
Ho Young Travel Agency Co.,Ltd.	"
ChyuanAn Transport Co.,Ltd	"
Wei Tien Energy Storage Co.,Ltd	"
Triple S Digital Co.,Ltd	Associate
Formosa Flexible Packaging Corp.	"
Yokohama Tire Taiwan Co., Ltd.	"
Kuozui Motors, Ltd. (Kuozui)	"
Kuotu Motor Co., Ltd. (Kuotu)	"
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	"
Tau Miao Motor Co., Ltd. (Tau Miao)	"
Central Motor Co., Ltd. (Central Motor)	"
Nan Du Motor Co., Ltd. (Nan Du)	"
Kau Du Automobile Co., Ltd. (Kau Du)	"
Lang Yang Toyota Motor Co., Ltd.	"
Hozao Enterprise Co., Ltd.	"
Hohung Motors Co., Ltd.	"
Horung Motors Co., Ltd.	"
Zhong Cheng Motors Co., Ltd.	"
Fan Tai Transportation Co., Ltd.	"
Yi Tai Transportation Co., Ltd.	"
Hua Tai Transportation Co., Ltd.	"
AIM Technology Corp.	"
New Auto Parts Co., Ltd.	"
Innovation Auto Parts Co.,Ltd.	"
Heng Yun Investment Co.,Ltd.	"
Shi-Ho Screw Industrial Co.,Ltd.	"

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(a) Sales of merchandise		
-Associates		
Central Motor	\$ 26,333,323	\$ 27,554,308
Tau Miao	23,949,420	25,239,273
Taipei Motor	18,016,069	19,740,676
Kuotu	15,715,194	17,852,228
Kau Du	18,012,052	18,663,004
Nan Du	16,211,847	16,678,745
Others	2,709,738	2,906,267
-Subsidiaries	<u>7,227,634</u>	<u>7,101,879</u>
	<u>\$ 128,175,277</u>	<u>\$ 135,736,380</u>

Sales from the Company and subsidiaries to related parties are based on the price lists in force and terms that would be available to third parties. Terms are provided in item 7 of Note 13(1) significant transactions information.

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(b) Service revenue:		
Service sales:		
-Associates	\$ 3,257	\$ 3,313
-Subsidiaries		
Chang Yuan	1,760,027	1,619,498
Others	41	36
Contracted operating revenue:		
-Associates	<u>24,494</u>	<u>23,932</u>
	<u>\$ 1,787,819</u>	<u>\$ 1,646,779</u>

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(c) Interest income:		
-Associates		
Central Motor	\$ 10,858	\$ 9,764
Tau Miao	9,880	8,961
Taipei Motor	7,439	6,968
Kau Du	7,436	6,616
Kuotu	6,474	6,270
Nan Du	6,700	5,913
Others	1,106	1,022
-Subsidiaries	<u>2,286</u>	<u>1,741</u>
	<u>\$ 52,179</u>	<u>\$ 47,255</u>

Interest income is interest between transaction dates and collection dates due to the collection of sales transaction is based on agreed collection period. The annual interest rates for 2022 and 2021 were 2.65% and 2.025%, respectively.

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(d) Rental revenue:		
-Associates		
Kuotu	\$ 112,494	\$ 109,763
Others	34,628	35,451
-Subsidiaries		
Chang Yuan	82,282	83,013
Others	25,805	36,899
-Entities controlled by key management	<u>2,630</u>	<u>2,270</u>
	<u>\$ 257,839</u>	<u>\$ 267,396</u>

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

	Years ended December 31,	
	2022	2021
(e) Warranty revenue (shown as deductions to warranty costs):		
-Associates		
Kuozui	\$ 126,366	\$ 131,735
-Subsidiaries	40,162	30,365
-Entities controlled by key management		
TMAP	<u>310,711</u>	<u>355,300</u>
	<u>\$ 477,239</u>	<u>\$ 517,400</u>
	Years ended December 31,	
	2022	2021
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 219,820	\$ 158,216
Others	134,189	129,191
-Subsidiaries	7,855	8,167
-Entities controlled by key management		
TMC	47,925	60,239
Others	<u>1,026</u>	<u>2,341</u>
	<u>\$ 410,815</u>	<u>\$ 358,154</u>
	Years ended December 31,	
	2022	2021
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 131,388	\$ 130,252
Kuozui	73,643	76,756
Others	104,362	96,518
-Subsidiaries		
Chang Yuan	73,539	139,512
Others	179,151	174,649
-Entities controlled by key management	<u>32,304</u>	<u>29,274</u>
	<u>\$ 594,351</u>	<u>\$ 646,961</u>

## B. Expenditures

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(a) Interest expense:		
-Associates		
Kuozui	<u>\$ 14,762</u>	<u>\$ 12,352</u>

The interest expense is paid for interest arising from purchases between transaction dates and payment dates. The annual interest rates for 2022 and 2021 were 2.25% and 1.625%, respectively.

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(b) Purchase of goods:		
-Associates		
Kuozui	\$ 48,293,126	\$ 48,030,779
Others	1,046,970	894,264
-Subsidiaries	1,943,757	2,286,198
-Entities controlled by key management		
TMC	37,759,395	42,368,272
Others	<u>6,446,822</u>	<u>6,116,638</u>
	<u>\$ 95,490,070</u>	<u>\$ 99,696,151</u>

The Company sold domestic cars which were purchased from Kuozui and imported cars and parts which were purchased from Toyota Motor Corporation (“TMC”), Toyota Motor Asia Pacific Pte Ltd. (“TMAP”) and Toyota Motor Sales USA (“TMS”). Payment terms are provided in item 7 of Note 13(1) significant transactions information.

	Years ended December 31,	
	2022	2021
(c) Warranty cost:		
-Associates		
Kuotu	\$ 126,429	\$ 137,961
Central Motor	118,790	124,542
Tau Miao	106,586	107,519
Nan Du	75,173	82,709
Kau Du	73,805	79,840
Taipei Motor	74,097	77,763
Others	14,791	14,504
-Subsidiaries		
Chang Yuan	120,721	96,284
Others	12,436	9,822
-Entities controlled by key management	-	1,148
	<u>\$ 722,828</u>	<u>\$ 732,092</u>

	Years ended December 31,	
	2022	2021
(d) Advertisement expense:		
-Associates	\$ 55,882	\$ 37,834
-Subsidiaries		
Hotai Connected Co., Ltd.	291,067	273,484
Others	51,258	30,461
-Entities controlled by key management	4,298	3,998
	<u>\$ 402,505</u>	<u>\$ 345,777</u>

	Years ended December 31,	
	2022	2021
(e) Freight:		
-Associates		
Fan Tai	\$ 181,929	\$ 193,199
Yi Tai	95,805	75,845
Others	2,874	2,552
-Subsidiaries	1,657	1,490
	<u>\$ 282,265</u>	<u>\$ 273,086</u>



	December 31,	
	2022	2021
(e) Other payables		
-Associates	\$ 242,676	\$ 165,795
-Subsidiaries	206,807	241,564
-Entities controlled by key management	<u>351</u>	<u>18</u>
	<u>\$ 449,834</u>	<u>\$ 407,377</u>

D. Property transactions(There were no such transactions in 2021)

(a) Acquisition of financial assets

	Account items	Number of shares Traded	Object of transaction	<u>2022</u> Acquisition price
Subsidiary				
Hotai Auto Body Manufacturing	Investment accounted for using equity method	4,000 thousand shares	Hotai Auto Body Sales.	<u>\$40,000</u>

(b) Disposal of financial assets

	Account items	Number of shares Traded	Object of transaction	<u>2022</u> Acquisition price
Entities controlled by key management				
Ho Yu Investment Co.,Ltd.	Investment accounted for using equity method	5,650 thousand shares	Hotai Connected	\$56,500
Subsidiary	=	565 thousand shares	=	5,650
Associate				
Kuotu	=	4,520 thousand shares	=	45,200
Tau Miao	//	=	=	45,200
Central Motor	//	=	=	45,200
Nan Du	//	=	=	45,200
Kau Du	//	=	=	45,200
Taipei Motor	//	=	=	45,200
Others	//	565 thousand shares	=	<u>5,650</u>
				<u>\$339,000</u>

(3) Endorsements and guarantees provided to related parties:

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

There was no such situation on December 31, 2021.

(4) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	<u>\$ 75,231</u>	<u>\$ 465,986</u>

8. PLEDGED ASSETS

None.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Details of operating lease agreements are shown in Note 6(9).

(2) Significant contracts signed by the Company as of December 31, 2022 are summarized as follows:

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Distributor agreement	Toyota Motor Corporation	January 1, 2022 to December 31, 2024	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.
	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (Hino)	
Agreement on sale and purchase of Kuozui product	Kuozui Motors, Ltd.	Except for execution of termination clause, contract terms remain effective from July 1, 1995 (Hino) and January 1, 2022 (Toyota).	Kuozui Motors, Ltd. agrees to provide vehicles, parts and accessories, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
Product dealership agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2021 to May 14, 2024	Authorized dealers sell vehicles, parts and automobile products provided by the Company.
Contracted operating contracts	Kuotu Motor Co., Ltd.	Starting from July 1, 2009	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
	Kuozui Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from June 1, 2002 Starting from January 1, 2003	
		Except for termination signed by both parties, contracts remain effective.	

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) For the appropriation of retained earnings of 2022, please refer to Note 6(19).

(2) On January 9, 2023, the Company has entered into a medium-term syndicated contract for a credit line with 10 financial institutions including CTBC Bank Co.,Ltd. The credit limit was \$30,000,000, of which \$15,000,000 could be drawn several times within six months from the first drawdown date but is non-revolving. The credit limit not drawdown after six months from the first drawdown date would be automatically canceled. The remaining \$15,000,000 could be drawdown in a revolving manner within three years from the first drawdown date.

## 12. OTHERS

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,037,173	\$ 906,717
Financial assets at fair value through other comprehensive income		
Equity instrument	7,845,447	9,258,889
Financial assets at amortized cost		
Cash and cash equivalents	4,354,075	9,128,578
Notes receivable (including related parties)	3,362	2,673
Accounts receivable (including related parties)	2,874,293	2,020,921
Other receivables	662,186	756,354
Guarantee deposits paid (shown as “other non-current assets”)	<u>65,595</u>	<u>26,926</u>
	<u>\$ 16,842,131</u>	<u>\$ 22,101,058</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 161,205	\$ 27,722
Financial liabilities at amortized cost		
Short-term loans	14,021,254	3,144,963
Notes payable	7,682	7,459
Accounts payable (including related parties)	8,734,677	7,118,214
Other payables	2,349,530	2,837,624
Long-term loans	8,000,000	-
Guarantee deposits received (shown as “other non-current liabilities”)	<u>819</u>	<u>818</u>
	<u>\$ 33,275,167</u>	<u>\$ 13,136,800</u>
Lease liability	<u>\$ 7,317</u>	<u>\$ 13,099</u>

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (please refer to Note 6(2)).

(b) Risk management is carried out by the Company's finance departments under policies approved by the Board of Directors. Finance departments identify, evaluate and hedge financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

- i. Management has set up a policy to require management of foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company enters into forward exchange contracts, through finance department. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- ii. The Company's businesses involve some non-functional currency operations (the functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		<u>December 31, 2022</u>		
		Foreign currency amount <u>(In thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	846	30.7100	\$ 25,995
JPY:NTD	JPY	152,697	0.2324	35,487
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	202,065	30.7100	\$ 6,205,409
JPY:NTD	JPY	18,510	0.2324	4,302

		<u>December 31, 2021</u>		
		Foreign currency amount <u>(In thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	440	27.6800	\$ 12,180
JPY:NTD	JPY	66,654	0.2405	16,030
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	240,458	27.6800	\$ 6,655,880
JPY:NTD	JPY	52,590	0.2405	12,648

- iii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$441,738 and \$527,937 respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

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

	Year ended December 31, 2021		
	Sensitivity analysis		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 122	\$ -
JPY:NTD	1%	160	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 66,559	-
JPY:NTD	1%	126	-

Price risk

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are domestic quasi money market fund and listed stocks which are influenced by fluctuation in market price.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company establishes its credit risk management. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are uncollectable and transferred to overdue receivables.
- (c) Liquidity risk
- i. Cash flow forecasting is performed in the Company's finance department. Finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. As of December 31, 2022 and 2021, the Company's undrawn committed borrowing facilities amounted to \$4,275,166 and \$5,098,749, respectively.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 14,021,254	\$ -	\$ -
Accounts payable	8,734,677	-	-
Other payables	2,349,530	-	-
Long term loans	-	8,000,000	-
Lease liability	5,897	1,474	-

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 3,144,963	\$ -	\$ -
Accounts payable	7,118,214	-	-
Other payables	2,837,624	-	-
Lease liability	5,897	5,897	1,474

(3) Fair value information

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

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

included in Level 1.

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	52,132	-	52,132
Equity securities	485,041	-	-	485,041
Financial assets at fair value through other comprehensive income				
Equity securities	<u>7,494,850</u>	<u>-</u>	<u>350,597</u>	<u>7,845,447</u>
	<u>\$ 7,979,891</u>	<u>\$ 552,132</u>	<u>\$ 350,597</u>	<u>\$ 8,882,620</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 161,205</u>	<u>\$ -</u>	<u>\$ 161,205</u>

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	10,987	-	10,987
Equity securities	395,730	-	-	395,730
Financial assets at fair value through other comprehensive income				
Equity securities	<u>8,930,633</u>	<u>-</u>	<u>328,256</u>	<u>9,258,889</u>
	<u>\$ 9,326,363</u>	<u>\$ 510,987</u>	<u>\$ 328,256</u>	<u>\$10,165,606</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 27,722</u>	<u>\$ -</u>	<u>\$ 27,722</u>

E. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 328,256	\$ 308,514
Current period purchases	68,571	-
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 46,230)	19,742
At December 31	<u>\$ 350,597</u>	<u>\$ 328,256</u>

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 350,597	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 328,256	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If assumptions from

financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2022 and 2021.

### 13. SUPPLEMENTARY DISCLOSURES

Related information of significant transactions are as follows (Information on investees is based solely on the reports of other auditors. Inter-company transactions are eliminated in the preparation of the parent company only financial statements.):

#### A. Significant transactions information

- (a) Loans to others: Please refer to table 1.
- (b) Provision of endorsements and guarantees to others: Please refer to table 2.
- (c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- (d) Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- (e) Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- (f) Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- (g) Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- (h) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- (i) Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of December 31, 2022:

Company Name	Derivative Instruments	Contract Amount (in thousands)	Maturity Date	Book Value	Fair Value
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD 423,402	2023/1/13~2023/6/8	(\$ 107,073)	(\$ 109,073)
Hotai Insurance Co., Ltd.	Foreign exchange swap contracts	USD 21,490	2023/1/10~2023/3/29	4,052	4,052
Hotai Finance Co., Ltd	Cross currency swaps	JPY 58,800,000	2023/8/7~2024/9/9	( 404,589)	( 404,589)
Hotai Finance Co., Ltd	Cross currency swaps	EUR 75,000	2024/9/12	159,690	159,690
Hoyun International Lease Co., Ltd.	Cross currency swaps	USD 64,250	2024/8/30~2025/1/13	158,367	158,367
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Cross currency swaps	USD 4,800	2024/10/18	4,559	4,559
Ho Tai Development Co., Ltd.	Forward exchange contracts	GBP 943	2023/5/5~2023/5/26	(135)	(135)

- (j) Significant inter-company transactions during the reporting periods: Please refer to table 8.

B. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) Please refer to table 9.

C. Information on investments in Mainland China

(a) Basic information: Please refer to table 10.

(b) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

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

14. SEGMENT INFORMATION

Not applicable.

Ho Tai Motor Co., Ltd.

Loans to others

Year ended December 31, 2022

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

Table 1

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Shanghai Heling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$ 580,129	\$ 573,812	\$ 9,711	2.15%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 1,029,279	\$ 2,058,557	Note 1
2	Shanghai Hoyu Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	270,558	264,837	22,070	2.15%	"	-	"	-	"	-	414,325	828,649	"
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	135,279	132,418	-	2.15%	"	-	"	-	"	-	161,230	322,459	"
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	446,253	441,394	158,019	2.15%	"	-	"	-	"	-	643,099	1,286,198	"
5	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	566,741	560,571	100,638	2.15%	"	-	"	-	"	-	995,040	1,990,080	"
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	8,117	7,945	-	2.15%	"	-	"	-	"	-	11,321	22,642	"
7	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	7,586	7,504	7,062	2.15%	"	-	"	-	"	-	22,573	45,146	"
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	180,372	167,730	-	2.15%	"	-	"	-	"	-	287,521	575,042	"
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	180,372	176,558	86,955	2.15%	"	-	"	-	"	-	331,117	662,234	"
10	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	133,876	132,418	85,630	2.15%	"	-	"	-	"	-	196,154	392,308	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	401,628	397,255	79,010	2.15%	"	-	"	-	"	-	460,810	921,620	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	45,093	-	-	3.35%	"	-	"	-	"	-	92,162	184,324	Note 5
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	360,744	353,115	88,720	2.15%	"	-	"	-	"	-	497,889	995,777	Note 1
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	245,439	242,767	121,383	2.15%	"	-	"	-	"	-	321,606	643,212	"
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	89,251	88,279	-	2.15%	"	-	"	-	"	-	123,613	247,225	"
15	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	290,064	286,906	163,316	2.15%	"	-	"	-	"	-	331,298	662,596	"
16	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	334,690	331,046	98,872	2.15%	"	-	"	-	"	-	428,382	856,763	"
17	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	156,189	154,488	-	2.15%	"	-	"	-	"	-	258,031	516,063	"
18	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	36,074	35,312	22,070	2.15%	"	-	"	-	"	-	49,718	99,437	"
19	Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	11,156	11,035	-	2.15%	"	-	"	-	"	-	30,218	60,437	"
20	Tianjin Ho-Yu Toyota Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	22,313	22,070	-	2.15%	"	-	"	-	"	-	44,890	89,779	Note 3
21	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	26,775	26,484	-	2.15%	"	-	"	-	"	-	53,357	106,714	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Y	563,662	529,673	259,837	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Yu Motor Service Co., Ltd.	"	Y	225,465	198,627	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y	178,501	176,558	134,168	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	\$ 293,104	\$ 264,837	\$ -	2.70%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 9,427,990	\$ 18,855,979	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	"	Y	90,186	88,279	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y	9,019	8,828	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	"	Y	13,528	13,242	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	"	Y	225,465	220,697	129,682	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y	180,372	176,558	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	"	Y	45,093	44,139	-	3.20%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	473,476	397,255	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	360,744	331,046	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y	135,279	132,418	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y	225,465	220,697	27,587	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	360,744	331,046	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	225,465	220,697	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y	180,372	154,488	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	"	Y	45,093	44,139	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Traffic Facility Engineering Co.,Ltd.	"	Y	133,876	132,418	-	2.70%	"	-	"	-	"	-	9,427,990	18,855,979	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	Y	180,372	154,488	12,668	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	Note 4
22	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	"	Y	133,876	132,418	28,073	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	89,251	88,279	7,636	2.70%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	"	Y	892,506	882,788	441,394	3.20%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	135,279	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	135,279	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	133,876	132,418	132,418	3.20%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	"	Y	90,186	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
22	Hotong Motor Investment Co., Ltd.	Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	Y	67,639	-	-	3.35%	"	-	"	-	"	-	1,885,598	3,771,196	"
23	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	Y	225,465	-	-	4.10%	"	-	"	-	"	-	5,471,827	10,943,654	Note 6
24	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.28%	"	-	"	-	"	-	2,948,130	5,896,260	Note 7
24	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Y	2,000,000	2,000,000	-	1.48%	"	-	"	-	"	-	2,948,130	5,896,260	"
25	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	Y	30,000	30,000	30,000	2.06%	"	-	"	-	"	-	97,122	194,244	Note 8

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2022	December 31, 2022							Item	Value			
25	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Other receivables	Y	\$ 40,000	\$ 40,000	\$ 40,000	2.06%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 97,122	\$ 194,244	Note 8
25	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	Y	30,000	30,000	30,000	2.06%	"	-	"	-	"	-	97,122	194,244	"
26	He Jing Co., Ltd.	A Co., Ltd.	Receivables	N	20,000	20,000	-	5.00%	"	-	"	-	Stock	23,090	92,725	185,450	Note 9
26	He Jing Co., Ltd.	B Co., Ltd.	"	N	30,000	30,000	-	5.00%	"	-	"	-	"	36,000	92,725	185,450	"

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

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

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

Note 4: The limit on total loans to the creditor (HOTONG MOTOR INVESTMENT CO., LTD.) and borrower (Tianjin Ho-Yu Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Nanjing HoZhan Motor Sales and Service Co., Ltd., Hoyun International Lease Co., Ltd., Beijing Helir 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.

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

Ho Tai Motor Co., Ltd.  
Provision of endorsements and guarantees to others  
Year ended December 31, 2022

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

Table 2

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Note 4.b	\$ 12,529,496	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	11.97%	\$ 20,882,494	Y	N	N	Note 2
0	Ho Tai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	"	12,529,496	400,000	400,000	90,000	-	0.96%	20,882,494	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	Note 4.a	29,481,299	2,254,647	2,206,971	1,069,855	-	7.49%	29,481,299	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	"	29,481,299	515,934	506,666	384,625	-	1.72%	29,481,299	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	29,481,299	2,000,000	2,000,000	-	-	6.78%	29,481,299	Y	N	N	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	29,481,299	10,500,000	10,500,000	7,200,000	-	35.62%	29,481,299	Y	N	N	"

Note 1 : The numbers are classified as follows:

- a. The issuer is numbered "0".
- b. The Investees are numbered starting from "1".

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

Note 3 : For Hotai Financial Co., Ltd. the limit on total endorsement is no more than 100% of its total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity. The net asset value is based on the latest financial statements reviewed by auditors.

Note 4 : Relationship between the endorser/guarantor:

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

Ho Tai Motor Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

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

Table 3

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote	
				Number of shares	Book value	Ownership (%)	Fair value		
Ho Tai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	21,132,585	\$ 641,374	0.15%	\$ 641,374		
	- Toyota Motor Corporation	-	"	15,956,000	6,721,066	0.10%	6,721,066		
	- Shihlin Electric & Engineering Corporation Etc.	None	"	-	132,410	0.00%~0.42%	132,410		
	Taian Insurance Co., Ltd. Etc.	-	"	-	350,597	0.42%~9.27%	350,597		
				Total		\$ 7,845,447		\$ 7,845,447	
	Nan Shan Life Insurance Perpetual Subordinated Bonds	None	Financial assets at fair value through profit or loss - non-current	-	\$ 500,000	-	\$ 500,000		
	Stock - Toyota Motor Corporation	-	Financial assets at fair value through profit or loss - current	1,151,500	538,065	0.01%	485,041		
			Valuation adjustment of financial assets		( 53,024)		-		
			Total		\$ 985,041		\$ 985,041		
Hozan Investment Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519		
	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	952,327	\$ 10,000	-	\$ 10,002		
			Valuation adjustment of financial assets		2		-		
			Total		\$ 10,002		\$ 10,002		
Carmax Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,611	0.06%~0.50%	\$ 3,611		
	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	35,338,389	\$ 370,000	-	\$ 371,148		
			Valuation adjustment of financial assets		1,148		-		
			Total		\$ 371,148		\$ 371,148		
Ho Tai Development Co., Ltd.	Stock - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 2,135	-	\$ 2,135		
	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	3,611	0.06%~0.50%	3,611		
			Total		\$ 5,746		\$ 5,746		
	PSC DSU 100% Principle Guaranteed (USD)	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 303,187	-	\$ 304,875		
	PSC DSU 100% Principle Guaranteed (TWD)	Not applicable	"	-	400,000	-	400,000		
			Valuation adjustment of financial assets		1,688		-		
			Total		\$ 704,875		\$ 704,875		
Ho Tai Service & Marketing Co., Ltd	Beneficiary certificates - BOT Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,853,787	\$ 22,000	-	\$ 22,536		
			Valuation adjustment of financial assets		536		-		
			Total		\$ 22,536		\$ 22,536		

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote		
				Number of shares	Book value	Ownership (%)	Fair value			
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519			
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,519	0.50%	\$ 3,519			
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	YU-TU (BVI) Finance Investment Corporation	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 23,499	10.48%	\$ 23,499			
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	9,550,095	\$ 100,000	-	\$ 100,302			
			Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	"	6,300,502	80,000	-	80,305	
			Valuation adjustment of financial assets			607		-		
			Total		\$ 180,607		\$ 180,607			
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	9,550,916	\$ 100,000	-	\$ 100,310			
			Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	"	4,725,823	60,000	-	60,235	
			Beneficiary certificates - CTBC Hwa-win Money Market Fund	Not applicable	"	1,531,716	17,061	-	17,122	
			Valuation adjustment of financial assets			606		-		
			Total		\$ 177,667		\$ 177,667			
ChyuanAn Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	900,181	\$ 10,027	-	\$ 10,063			
			Valuation adjustment of financial assets			36		-		
			Total		\$ 10,063		\$ 10,063			
YuCheng Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,346,680	\$ 15,000	-	\$ 15,054			
			Valuation adjustment of financial assets			54		-		
			Total		\$ 15,054		\$ 15,054			
He Jing Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	21,794,089	\$ 300,000	-	\$ 300,000			
			Valuation adjustment of financial assets			-		-		
			Total		\$ 300,000		\$ 300,000			

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

Ho Tai Motor Co., Ltd.  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition		Disposal			Gain (loss) on disposal	Balance as at December 31, 2022		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Investments accounted for using equity method	He Jun Energy Co., Ltd.	Subsidiaries	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	Note 2
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Investments accounted for using equity method	Hoyu Investment Co., Ltd. Etc.	Associates/Subsidiaries	-	-	-	-	-	-	-	-	-	-	Note 3
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Investments accounted for using equity method	Hotai Insurance Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-	Note 4
Carmax Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	35,665,722	370,000	35,338,389	370,000	35,665,722	373,420	370,000	3,420	35,338,389	371,148	
Toyota Material Handling Taiwan Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	49,471,383	506,728	-	-	49,471,383	517,881	506,728	11,153	-	-	
Hotai Finance Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	107,163,492	1,700,000	107,163,492	1,700,315	1,700,000	315	-	-	
Hotai Finance Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	327,937,006	4,500,000	327,937,006	4,501,577	4,500,000	1,577	-	-	
Hotai Finance Co., Ltd.	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	116,031,997	1,800,000	116,031,997	1,800,310	1,800,000	310	-	-	
Hotai Finance Co., Ltd.	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	34,704,147	500,000	34,704,147	500,108	500,000	108	-	-	
Hotai Finance Co., Ltd.	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	246,937,969	3,000,000	246,937,969	3,000,445	3,000,000	445	-	-	
Hotong Motor Investment Co., Ltd.	Structured deposit-Cathay United Bank	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	217,136	-	450,929	-	675,169	666,029	9,140	-	-	
He Jing Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	18,178,788	300,000	18,178,788	300,106	300,000	106	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	69,064,445	950,000	47,270,356	650,260	650,000	260	21,794,089	300,000	
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (USD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	-	612,974	-	311,498	309,787	1,711	-	304,875	
Ho Tai Development Co., Ltd.	PSC DSU 100% Principle Guaranteed (TWD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	-	800,000	-	401,464	400,000	1,464	-	400,000	
Hotai Connected Co., Ltd.	Franklin U.S. Government Money Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	3,325,555	34,602	24,849,790	260,000	18,625,250	194,982	194,602	380	9,550,095	100,302	

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

Note 2: In February, 2022, the Company's subsidiary, Hotai Finance Co., Ltd. participated in the capital increase of He Jun Energy Co., Ltd. Please refer to Note 9 for details.

Note 3: In January, 2022, the Company disposed 30% of the shares of Hotai Connected Co., Ltd. to Ho Yu Investment Co., Ltd., Kuotu Motor Co., Ltd., Taipei Toyota Motor Co., Ltd., Tau Miao Motor Co., Ltd., Central Motor Co., Ltd., Nan Du Motor Co., Ltd., Kau Du Automobile Co., Ltd., Lang Yang Toyota Motor Co., Ltd. and Eastern Motor Co., Ltd.

Note 4: In October and November, 2022, the Company participated in the capital increase of the Company's subsidiary, Hotai Insurance Co., Ltd. Please refer to Note 9 for details.

Ho Tai Motor Co., Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

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

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	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 Insurance Co., Ltd.	14 parking spaces and second floor in No.150 and No.152 Section 4, Chengde Road, Shilin Dist., Taipei City	June 15, 2022	\$ 404,809	Paid in full	Fresh Nature International Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	Future operation demand	None
Chang Yuan Motor Co., Ltd.	Lingang E. Rd., Longjing Dist., Taichung City	July 26, 2022	\$ 446,000	Paid in full	Shan Feng Foods Industrial Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	Future operation demand	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

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

Ho Tai Motor Co., Ltd.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

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

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	\$ 26,333,323	20%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	\$ 508,745	17%	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	23,949,420	19%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	455,771	15%	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	18,016,069	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	376,920	12%	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	18,012,052	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	322,999	11%	
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	15,715,194	12%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	365,864	12%	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	16,211,847	13%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	318,258	10%	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	3,340,289	3%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	"	495,498	9%	
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	"	2,691,601	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	"	49,809	2%	
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	"	2,658,084	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	55,369	2%	
Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	1,117,954	1%	Collection at sight	"	"	66,700	2%	
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	"	133,899	-	Collection at sight	"	"	13,640	-	
Ho Tai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	37,759,395	32%	Closes its accounts 15 days after the end of each month	Not applicable	"	( 3,499,835)	40%	
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	48,293,126	41%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 924,946)	11%	
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	"	1,938,421	2%	Closes its accounts 16 days after the end of each month	"	"	( 428,842)	5%	
Ho Tai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	"	4,279,240	4%	Closes its accounts 15 days after the end of each month	"	"	( 483,221)	6%	
Ho Tai Motor Co., Ltd.	Hino Motors, Ltd.	"	"	323,829	-	Closes its accounts 15 days after the end of each month	"	"	( 4,373)	-	
Ho Tai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	"	"	924,034	1%	Closes its accounts 15 days after the end of each month	"	"	( 1,049)	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	\$ 1,037,747	1%	Closes its accounts 16 days after the end of each month	Not applicable	Normal	(\$ 113,884)	1%	
Ho Tai Motor Co., Ltd.	TOYOTA-MOTOR-SALES-USA	Entity controlled by the Company's key management	"	864,264	1%	Closes its accounts 15 days after the end of each month	"	"	( 1,300)	-	
Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	Subsidiary	Sales	664,789	3%	Collection at sight	Normal	"	58,905	2%	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	"	475,406	2%	Collection at sight	"	"	36,574	2%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	165,991	1%	Closes its accounts on the next Monday and Wednesday after the end of each week	"	"	16,356	1%	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Purchases ;		68%	Closes its accounts on the next Monday and Wednesday after the end of each week	Not applicable	Not applicable	( 336,001)	40%	
Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	3,340,289	15%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 495,498)	9%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	"	506,855	72%	Closes its accounts 15 days after the end of each month	"	"	( 30,042)	37%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	616,059	90%	Closes its accounts 10 days after the end of each month	Normal	Normal	55,985	-	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,938,421	30%	Closes its accounts 16 days after the end of each month	"	"	428,842	5%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	1,223,409	16%	Closes its accounts 10 days after the end of each month	"	"	262,009	18%	
Carmax Co., Ltd.	Tau Jing Motor Co., Ltd.	"	"	150,134	2%	Closes its accounts 10 days after the end of each month	"	"	27,696	18%	
Carmax Co., Ltd.	Zhonghao Motor Co., Ltd.	"	"	150,646	2%	Closes its accounts 10 days after the end of each month	"	"	38,075	3%	
Carmax Co., Ltd.	Innovation AUTO Parts Co., Ltd.	"	"	105,595	1%	Closes its accounts 25 days after the end of each month	"	"	11,887	1%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	"	"	136,644	2%	Closes its accounts 35 days after the end of each month	"	"	27,547	2%	
Carmax Co., Ltd.	Zhongyang Motor Co., Ltd.	"	"	133,614	2%	Closes its accounts 35 days after the end of each month	"	"	33,536	2%	
Carmax Co., Ltd.	Gao Zhi Motor Co., Ltd.	"	"	103,305	1%	Closes its accounts 10 days after the end of each month	"	"	10,977	1%	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	133,899	2%	Closes its accounts 16 days after the end of each month	"	"	( 13,640)	1%	
Carmax Co., Ltd.	AIM Technology Co., Ltd.	Associates	"	1,428,006	24%	Closes its accounts 21 days after the end of each month	"	"	108,664	13%	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	"	616,059	10%	Closes its accounts 10 days after the end of each month	"	"	( 55,985)	-	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	"	"	246,943	4%	Closes its accounts 30 days after the end of each month	"	"	( 56,094)	-	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	"	3,360,900	34%	Payment at sight	"	"	( 6,116)	4%	Note
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	1,450,012	12%	Payment at sight	"	"	( 80,068)	18%	"
Hotai Leasing Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,117,954	12%	Payment at sight	"	"	( 66,700)	-	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	"	1,134,283	12%	Payment at sight	"	"	( 6,443)	4%	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	849,652	9%	Payment at sight	"	"	( 14,940)	3%	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	716,029	8%	Payment at sight	"	"	( 37,711)	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	"	"	475,406	5%	Payment at sight	"	"	( 36,574)	-	"
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	465,427	5%	Payment at sight	"	"	-	-	"
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	112,376	1%	Payment at sight	"	"	-	-	"

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Eastern Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Purchases	\$ 2,658,084	91%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	(\$ 55,369)	82%	
He Jing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	664,789	100%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	( 58,905)	-	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	"	435,805	4%	Closes its accounts 26 days after the end of each month	"	"	( 43,718)	-	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	"	267,654	2%	Closes its accounts 60 days after the end of each month	"	"	( 20,688)	-	
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	267,654	34%	Closes its accounts 60 days after the end of each month	"	"	20,688	61%	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	435,805	94%	Closes its accounts 26 days after the end of each month	"	"	43,718	100%	
Hotai Transport Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	145,508	100%	Closes its accounts 26 days after the end of each month	"	"	14,454	100%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Subsidiary	"	153,572	72%	Closes its accounts 26 days after the end of each month	"	"	-	-	
Carmax Auto Tech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	"	161,524	35%	Closes its accounts 30 days after the end of each month	"	"	10,131	15%	
Carmax Auto Tech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	"	246,943	53%	Closes its accounts 30 days after the end of each month	"	"	56,094	70%	
Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	Associates	"	143,613	4%	Collection at sight	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Subsidiary	"	142,510	9%	Collection in advance	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	132,679	7%	Payment in advance	"	"	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,002,934	100%	Payment in advance	"	"	-	-	
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,792,661	95%	Payment in advance	"	"	-	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,449,686	97%	Payment in advance	"	"	-	-	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,185,115	95%	Payment in advance	"	"	-	-	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,778,928	84%	Payment in advance	"	"	-	-	
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,473,884	90%	Payment in advance	"	"	-	-	
Shanghai Jiading Heling Lexus MOTOR Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	923,124	89%	Payment in advance	"	"	-	-	
Tianjin Heyi International Trading Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Parent company	"	142,510	27%	Payment in advance	"	"	-	-	
Hoyun International Lease Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Associates	"	143,613	88%	Payment in advance	"	"	-	-	
Hotong Motor Investment Co., Ltd.	Carmax Auto Tech (Shanghai) Co., Ltd.	"	"	161,524	92%	Closes its accounts 30 days after the end of each month	"	"	-	-	

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

Ho Tai Motor Co., Ltd.  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	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	\$ 508,745	62.16	\$ -	-	\$ 508,745	\$ -
			Other receivables	12,403				12,403	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Accounts receivable	455,771	61.74	-	-	455,771	-
			Other receivables	11,103				11,103	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable	495,498	12.20	-	-	495,498	-
			Other receivables	24,123				24,123	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable	376,920	59.34	-	-	376,920	-
			Other receivables	2,917				2,917	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable	318,258	56.92	-	-	318,258	-
			Other receivables	7,933				7,933	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable	322,999	60.86	-	-	322,999	-
			Other receivables	8,588				8,588	
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	Accounts receivable	365,864	69.95	-	-	365,864	-
			Other receivables	68,984				68,984	
Carmax Co., Ltd.	Kuozui Motor Co., Ltd.	"	Accounts receivable	262,009	4.65	-	-	262,009	-
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Accounts receivable	428,842	4.37	-	-	428,842	-

Ho Tai Motor Co., Ltd.  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Sales revenue	\$ 3,340,289	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	1,760,027	Closes its accounts 16 days after the end of following two months	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	495,498	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Rent income	81,101		-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,658,084	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Accounts receivable	55,369	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	428,842	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	133,899	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,117,954	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	66,700		-
0	Ho Tai Motor Co., Ltd.	Hoing Mobility Service Corporation	1	Sales revenue	54,279	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Finance Co., Ltd.	1	Sales discounts and allowances	167,625	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	YuCheng Transport Co.,Ltd	1	Sales revenue	53,799		-
1	Chang Yuan Motor Co., Ltd.	Eastern Motor Co., Ltd.	3	Sales revenue	86,328	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	475,406	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Accounts receivable	36,574		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Sales revenue	664,789		-
1	Chang Yuan Motor Co., Ltd.	He Jing Co., Ltd.	3	Accounts receivable	58,905		-
1	Chang Yuan Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Accounts payable	33,367		-
2	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	218,674		-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Sales revenue	246,943	Closes its accounts 30 days after the end of each month	-
3	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Accounts receivable	56,094		-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	88,720	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Other payables	121,383	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	158,019	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	27,505	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	\$ 98,872	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	46,604	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	129,682	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	3	Other payables	85,630	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Other receivables	441,394	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	134,168	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	3	Other payables	100,638	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Other payables	86,955	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	259,837	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	52,070	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Other receivables	27,587	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	79,010	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	35,995	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	163,316	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	28,763	Closes its accounts 30 days after the end of each month	-
4	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	3	Other receivables	28,073	Closes its accounts 30 days after the end of each month	-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Sales revenue	301,553		-
5	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Accounts receivable	43,010		-
6	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	74,079		-
7	Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	143,613		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	34,119		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	47,882		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	29,325		-
8	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	46,860		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	85,878		-
9	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Sales revenue	37,963		-
10	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Rental income	27,518		-
11	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	27,770		-
12	Nanjing HoZhan Motor Sales and Service Co.,LTD.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	45,036		-
13	Tianjin Ho-Yu Toyota Sales & Service Co.,Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	3	Sales revenue	35,965		-

Table 8, Page 2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
13	Tianjin Ho-Yu Toyota Sales & Service Co.,Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	3	Sales revenue	\$ 29,969		-
14	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	33,262		-
15	Shanghai Hoyu Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	87,877		-
16	Shanghai Heling Motor Service Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Sales revenue	66,618		-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Rental income	95,503		-
17	Hoing Mobility Service Co. Ltd.	Hotai Leasing Co., Ltd.	3	Other payables	41,648		-
18	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	267,654	Closes its accounts 60 days after the end of each month	-
19	Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	3	Accounts payable	43,718		-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	616,059		-
20	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Accounts receivable	55,985	Closes its accounts 10 days after the end of each month	-
20	Smart Design Technology Co., Ltd.	Hoing Mobility Service Co. Ltd.	3	Sales revenue	28,177		-
21	Long Day Moving House & Portering Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	27,620		-
22	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,737		-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	445,513		-
23	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Accounts receivable	43,765		-
24	3A Express Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	42,095		-
25	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	145,508		-
26	Hotai Auto Body Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	49,718		-
26	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	153,572		-
27	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	3	Property, plant and equipment, other non-current assets	138,002	Transaction by contracts	-
27	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Management fee income	42,074	Transaction by contracts	-
28	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Car Leasing Co., Ltd.	3	Rental income	25,577	Transaction by contracts	-
29	He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	3	Other receivables	30,000	Accounts receivable financing	-
29	He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	3	Other receivables	40,000	Accounts receivable financing	-
29	He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	3	Other receivables	30,000	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 : The percentage of transaction amount over consolidated total revenues or total assets is as follows:

Assets and liabilities are calculated using the ending balance over the consolidated total assets at ending period;  
Sales is calculated using the amount of the period over the consolidated total revenue of the period.

Ho Tai Motor Co., Ltd.  
Names, locations and other information of investee companies (not including investees in Mainland China)  
Year ended December 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 7,204,622	\$ 7,201,122	527,947,384	100.00	\$ 15,195,879	(\$ 21,674,734)	(\$ 21,674,734)	Subsidiary
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	5,970,350	3,398,122	1,013,050	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	26,000,000	-	2,600,000,000	92.86	( 3,202,898)	( 36,907,140)	( 13,861,926)	Sub-subsiary
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,344,238	3,344,238	108,897,360	100.00	9,620,120	809,524	809,524	"
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	4,625,700	716,151	716,151	"
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,754,483	1,070,899	211,105	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	"	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	3,784,423	1,266,605	569,712	Subsidiary
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,811,818	1,083,062	211,939	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,236,592	1,236,592	22,161,150	20.00	1,464,963	601,957	114,188	"
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,779,875	1,120,206	571,305	Subsidiary
Ho Tai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,792	6,474	971	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,297,293	529,770	184,413	"
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,450,904	905,179	182,665	"
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,208,004	775,070	183,459	"
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	"	50,000	50,000	79,578,810	100.00	1,144,871	165,835	165,835	Subsidiary
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	"	80,000	80,000	41,715,847	100.00	499,962	53,716	53,716	"
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	307,402	94,120	18,142	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	398,926	10,298	4,576	"
Ho Tai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	126,581	28,008	5,921	"
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	"	Import and export of all kinds of tires and inner tubes	3,000	3,000	3,000	25.00	101,283	69,002	17,251	"
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	34,391	28,091	5,618	Subsidiary
Ho Tai Motor Co., Ltd.	Hotai Connected Co., Ltd.	"	E-commerce platform services	615,342	879,060	79,100,000	70.00	577,732	98,409	71,720	"
Ho Tai Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	"	Car assembly business	500,000	500,000	50,000,000	50.00	508,922	13,744	6,872	"
Ho Tai Motor Co., Ltd.	Hotai AutoBody Sales Co., Ltd.	"	Car sales business	37,010	-	4,000,000	100.00	37,656	166	646	"
Ho Tai Motor Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power related business	180,000	-	18,000,000	18.00	174,820	( 28,775)	( 5,180)	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	107,485	107,485	3,500,000	70.00	157,114	( 9,946)	-	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	36,852	36,852	1,200,000	40.00	-	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,003	62,003	233,782,831	45.39	11,133,370	3,623,387	-	Sub-subsiary
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	83,629,381	66.04	3,535,624	1,080,397	-	"

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	"	Installment trading of various vehicles	\$ 34,756	\$ 34,756	3,823,128	18.29	\$ 426,028	\$ 97,243	\$ -	Investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	77	77	2,000	-	125	529,770	-	Sub-subsidiary
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd	Taiwan	Property and casualty insurance services	6,831,887	6,831,887	19,960,531	7.13	( 245,892)	( 36,907,140)	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	"	General investment	298,864	298,864	20,470,156	40.00	338,449	124,339	-	Sub-subsidiary
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	"	1,240,684	1,240,684	40,400,000	50.50	2,763,900	884,368	-	"
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	310,000	310,000	31,000,000	50.82	342,634	52,515	-	"
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	120,000	120,000	12,000,000	27.40	91,148	( 43,801)	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Installment trading of various vehicles	810,000	810,000	81,000,000	81.00	751,075	( 60,947)	-	"
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	"	Solar power related business	800,000	-	80,000,000	80.00	776,980	( 28,775)	-	"
He Jun Energy Co., Ltd.	Weitien Energy Storage Technology Co., Ltd.	"	Energy storage related business	22,000	-	2,200,000	100.00	21,539	( 461)	-	"
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co.,Ltd	"	Solar power related business	31,850	-	3,185,000	35.00	24,354	( 21,507)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	"	"	9,781	-	900,000	90.00	9,625	1,212	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	"	"	116	-	9,000	90.00	106	453	-	"
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	"	"	1,066	-	9,000	90.00	718	522	-	"
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,216,116	1,216,116	39,600,000	49.50	2,708,330	884,368	-	"
Hotai Connected Co., Ltd	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	30,000,000	49.18	331,577	52,514	-	"
Hotai Connected Co., Ltd	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	180,000	180,000	18,000	41.10	134,654	( 43,801)	-	"
Hotai Connected Co., Ltd	Ho Young Travel Agency Co., Ltd.	"	Travel agency	10,000	-	1,000,000	100.00	10,742	742	-	"
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co.,Ltd	"	Taxi service	9,748	9,748	3,400,000	100.00	35,727	293	-	"
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co.,Ltd	"	"	39,225	39,225	7,000,000	100.00	98,178	1,111	-	"
Chang Yuan Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	"	Car assembly business	200,000	200,000	20,000,000	20.00	203,563	13,744	-	Subsidiary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	107,705	29,345	-	"
Carmax Co., Ltd.	AIM Technology Corp.	"	Trading of vehicle products and accessories	38,500	38,500	3,850,000	35.00	41,515	6,474	-	Investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	92,130	92,130	3,000,000	100.00	106,080	( 2,820)	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Kashiwabara Hotai Taiwan Co., Ltd.	Taiwan	Wholesale and retail of paints and coating	26,820	26,820	882,000	24.50	697	2,458	-	Subsidiary's investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	Repairing of air conditioning equipment and trading of their parts	100,000	100,000	27,190,239	100.00	864,674	87,185	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	Trading of air conditioning equipment and their parts	50,000	50,000	5,000,000	100.00	111,194	15,429	-	"
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	Freight forwarders	51,000	51,000	5,100,000	51.00	119,134	70,005	-	"
Ho Tai Service & Marketing Co., Ltd.	Kashiwabara Hotai Taiwan Co., Ltd.	"	Wholesale and retail of paints and coating	8,820	8,820	882,000	24.50	697	2,458	-	Subsidiary's investee company accounted for using the equity method
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	Freight forwarders	10,000	10,000	1,000,000	100.00	24,180	11,940	-	Sub-subsidiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	"	"	25,000	25,000	2,500,000	100.00	71,202	43,082	-	"
Eastern Motor Co., Ltd.	Doroman Autoparts Co., Ltd.	"	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	10,359	4,277	-	"
Eastern Motor Co., Ltd.	Daleon Auto Parts And Accessories Corporation	"	"	500	500	50,000	100.00	982	456	-	"
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd	"	E-commerce transaction platform service	5,650	-	565,000	0.50	5,650	98,409	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	( 43,801)	-	Sub-subsidiary
Hotai AutoBody Manufacturing Co., Ltd.	Hotai AutoBody Sales Co., Ltd.	"	Sales of vehicle bodies	-	40,000	-	-	-	166	-	Subsidiary

## Ho Tai Motor Co., Ltd.

## Information on investments in Mainland China-Basic information

Year ended December 31, 2022

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

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Remitted to 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	\$ 3,932,262	Note 2	\$ 1,887,130	\$ -	\$ 663,016	\$ 1,224,114	\$ 880,997	\$ 880,997	100.00	\$ 880,997	\$ 9,427,989	\$ 671,371	Note 2.3	
Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	103,493	"	103,493	-	-	103,493	97,894	97,894	100.00	97,894	414,325	-	"	
ChongQing Yuou Toyota Automobile Sales & Service Co., Ltd.	"	132,417	"	11,286	-	-	11,286	-	-	10.48	-	11,286	-	"	
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	"	92,130	"	30,710	-	-	30,710	-	-	40.00	-	-	-	"	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	184,260	"	184,260	-	-	184,260	140,280	140,280	100.00	140,280	460,810	-	"	
Shanghai Hozhan Motor Service Co., Ltd.	"	92,130	"	92,130	-	-	92,130	31,044	31,044	100.00	31,044	161,230	-	"	
Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	153,550	"	107,485	-	-	107,485	(9,946)	(9,946)	70.00	(6,962)	157,114	-	"	
Shanghai Heling Motor Service Co., Ltd.	"	107,485	Note 3	80,614	-	-	80,614	348,719	348,719	100.00	348,719	1,029,278	-	"	
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"	132,417	Note 2	12,092	-	-	12,092	-	-	10.48	-	12,092	26,106	"	
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	184,260	"	184,260	-	-	184,260	12,029	12,029	100.00	12,029	193,233	-	"	
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	419,192	"	285,603	-	-	285,603	(5,552)	(5,552)	100.00	(5,552)	258,031	-	"	
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	"	44,139	Note 3	-	-	-	-	938	938	100.00	938	49,718	-	"	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	178,118	Note 2	178,118	-	-	178,118	68,290	68,290	100.00	68,290	331,298	-	"	
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	"	199,615	"	199,615	-	-	199,615	155,956	155,956	100.00	155,956	428,382	-	"	
Hoyun International Lease Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,456,800	"	2,456,800	-	-	2,456,800	884,368	884,368	55.61	491,821	3,043,170	-	Note 2.1	
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	220,696	Note 3	-	-	-	-	18,311	18,311	55.61	10,183	149,746	-	Note 2.3	
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	662,091	"	-	-	-	-	35,200	35,200	55.61	19,576	323,207	-	"	
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	92,130	Note 2	92,130	-	-	92,130	(2,820)	(2,820)	45.01	(1,269)	47,744	-	"	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	368,520	Note 3	-	-	-	-	113,140	113,140	100.00	113,140	497,889	-	"	
Tianjin Hozhan Motor Service Co., Ltd.	"	302,794	"	-	-	-	-	15,412	15,412	100.00	15,412	321,606	-	"	
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	(18,741)	(18,741)	(18,741)	35.00	(6,559)	53,405	-	"	
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	40,844	Note 1	40,844	-	-	40,844	45,152	45,152	51.00	23,028	180,816	-	"	
Guangzhou Gac Changho Autotech Corporation	"	98,067	"	44,130	-	-	44,130	52,002	52,002	22.95	11,934	44,005	131,149	"	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022							
				Mainland China as of January 1, 2022	Remitted to Mainland China							
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 307,100	Note 3	\$ -	\$ -	\$ -	\$ 42,936	35.00	\$ 15,028	\$ 160,233	\$ -	Note 2.3
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	460,650	"	-	-	-	40,514	35.00	14,180	219,610	-	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	368,520	"	-	-	-	36,350	35.00	12,723	213,759	-	"
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	429,940	Note 3	-	-	-	( 28,140)	35.00	( 9,849)	42,230	-	"
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,538	"	-	-	-	( 479)	71.43	( 342)	( 1,115)	-	"
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,414	"	-	-	-	527	100.00	527	11,321	-	"
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	471,849	"	-	-	-	126,185	100.00	121,989	704,477	-	"
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	1,015,197	"	-	-	-	2,370	100.00	2,370	995,040	-	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service and property management	13,242	"	-	-	-	589	100.00	589	22,573	-	"
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	88,278	"	-	-	-	11,980	100.00	11,980	123,613	-	"
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	44,139	"	-	-	-	( 25,955)	50.00	( 12,978)	( 11,954)	-	"
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	307,100	"	-	-	-	( 8,802)	100.00	( 8,802)	287,521	-	"
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	322,455	"	-	-	-	23,058	100.00	23,058	331,117	-	"
Tianjin Binhai Heling LEXUS Motor Service Co.,Ltd.	Sales and repairing of vehicles	132,417	"	-	-	-	( 1,248)	35.00	( 437)	42,440	-	"
Tianjin Yongda Communication Technology Co., LTD.	Trading of vehicle products / accessories and property management	259,449	"	-	-	-	704	35.00	( 3,523)	167,566	-	"
Nanjing HoZhan Motor Sales and Service Co.,LTD.	Sales and repairing of vehicles	132,417	"	-	-	-	( 911)	70.00	( 638)	91,771	-	"
Shanxi Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	132,053	"	-	-	-	6	35.00	2	42,835	-	"
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	22,070	"	-	-	-	9,884	100.00	( 3,498)	485,087	-	"
Shanghai Fengyi Construction Decoration Co.,Ltd.	"	247,178	"	-	-	-	( 2,113)	70.00	( 15,603)	633,979	-	"
Tianjin Hekang Equipment Leasing Co., Ltd.	Leasing business	750,363	"	-	-	-	1,732	100.00	1,732	751,968	-	"
Qingdao Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	308,973	"	-	-	-	( 13,935)	70.00	( 9,754)	206,555	-	"
Hangzhou Yiyou Network Technology Co.Ltd.	Leasing business	441	"	-	-	-	-	55.61	-	3,596	-	"

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hangzhou Youyou Technology Co., Ltd.	Leasing business	\$ 441	Note 3	\$ -	\$ -	\$ -	\$ -	\$ -	55.61	\$ -	\$ 1,043	\$ -	Note 2.3
Hemei (Suzhou) Management Advisory Services Co., Ltd.	Advisory service	441	"	-	-	-	-	-	55.61	-	245	-	"

Note 1: The investmets are classified as follows:

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Others.

Note 2: The amount of investment income (loss) recognized for the year ended December 31, 2022 is based on:

- (1) The financial statements were reviewed by R.O.C parent company's CPA.
- (2) The financial statements were reviewed by other auditors in PricewaterhouseCoopers, Taiwan.
- (3) Others - the self-prepared financial statements that were not reviewed by auditors.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ho Tai Motor Co., Ltd.	\$ 3,188,462	\$ 6,436,465	\$ 41,743,237

Ho Tai Motor Co., Ltd.  
Major shareholders information  
Year ended December 31, 2022

Table 11

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

HO TAI MOTOR CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Items	Description	Amount
Petty cash		\$ 330
Checking accounts		18,985
Demand deposits		
-NTD		787,590
-USD	USD 846 thousand, conversion rate 30.7100	25,995
-JPY	JPY 152,697 thousand, conversion rate 0.2324	35,487
Cash equivalents-short-term notes and bills		3,485,688
		<u>\$ 4,354,075</u>

HO TAI MOTOR CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Items	Amount		Footnote
	Cost	Net realizable value	
Vehicles	\$ 1,925,234	\$ 1,925,234	
Parts	715,009	620,439	
Inventory in transit	1,909,123	1,909,123	
	4,549,366	\$ 4,454,796	
Less: Allowance for inventory obsolescence	( 94,570)		
	\$ 4,454,796		

**HO TAI MOTOR CO., LTD.**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**  
**YEAR ENDED DECEMBER 31, 2022**  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Investee	Balance at January 1, 2022		Additions		Deductions		Balance at December 31, 2022			Net equity value		Collateral pledged
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership (%)	Amount	Unit price (In dollars)	Total amount	
Hozan Investment Co., Ltd.	-	\$ 23,596,865	3,500,000	\$ 15,343,340	-	(\$ 23,744,326)	527,947,384	100.00%	\$ 15,195,879	\$ 29	\$ 15,206,696	None
Kuozui Motors, Ltd.	103,800,000	5,242,021	-	1,146,218	-	( 417,889)	103,800,000	30.00%	5,970,350	58	5,990,643	"
Chang Yuan Motor Co., Ltd.	313,500,000	4,494,197	-	821,846	-	( 690,343)	313,500,000	100.00%	4,625,700	15	4,767,606	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	108,897,360	9,256,665	-	967,688	-	( 604,233)	108,897,360	100.00%	9,620,120	88	9,625,194	"
Central Motor Co., Ltd.	15,000,000	2,649,211	-	226,532	-	( 121,260)	15,000,000	20.00%	2,754,483	128	1,912,996	"
Ho Tai Development Co., Ltd.	24,710,856	3,411,607	-	570,503	-	( 197,687)	24,710,856	45.01%	3,784,423	155	3,819,525	"
Tau Miao Motor Co., Ltd.	15,153,573	1,673,305	-	222,436	-	( 83,923)	15,153,573	20.00%	1,811,818	92	1,390,124	"
Kau Du Automobile Co., Ltd.	22,161,150	1,408,476	-	122,760	-	( 66,273)	22,161,150	20.00%	1,464,963	45	993,819	"
Carmax Co., Ltd.	22,950,000	1,573,014	-	574,071	-	( 367,210)	22,950,000	51.00%	1,779,875	77	1,766,896	"
Taipei Toyota Motor Co., Ltd.	25,438,987	1,197,311	-	213,223	-	( 113,241)	25,438,987	34.81%	1,297,293	59	1,510,356	"
Kuotu Motor Co., Ltd.	17,553,761	1,315,675	-	193,175	-	( 57,946)	17,553,761	20.18%	1,450,904	83	1,459,526	"
Nan Du Motor Co., Ltd.	14,806,073	1,130,250	-	192,096	-	( 114,342)	14,806,073	23.67%	1,208,004	82	1,214,610	"
Toyota Material Handling Taiwan Ltd.	70,597,690	1,030,626	8,981,120	168,774	-	( 54,529)	79,578,810	100.00%	1,144,871	14	1,144,871	"
Eastern Motor Co., Ltd.	39,268,179	447,486	2,447,668	60,850	-	( 8,375)	41,715,847	100.00%	499,961	13	508,336	"
Lang Yang Toyota Motor Co., Ltd.	2,000,000	301,184	-	19,629	-	( 13,411)	2,000,000	20.00%	307,402	90	179,442	"
Formosa Flexible Packaging Corp.	1,295,108	394,678	-	6,939	-	( 2,690)	1,295,108	44.44%	398,927	318	412,340	"
Shi-Ho Screw Industrial Co., Ltd.	211,433	126,413	-	6,659	-	( 6,491)	211,433	21.14%	126,581	581	122,802	"
Yokohama Tire Taiwan Co., Ltd.	3,000	114,033	-	17,251	-	( 30,000)	3,000	25.00%	101,284	35,001	105,003	"
AIM Technology Corp.	1,650,000	17,471	-	971	-	( 650)	1,650,000	15.00%	17,792	11	17,792	"
Hotai Connected Co., Ltd.	113,000,000	722,874	-	71,720	( 33,900,000)	( 216,862)	79,100,000	70.00%	577,732	7	574,898	"
Smart Design Technology Co., Ltd.	960,961	34,961	-	5,618	-	( 6,189)	960,961	20.00%	34,390	36	34,252	"
Hotai Auto Body Manufacturing Co.,Ltd	50,000,000	500,556	-	8,365	-	-	50,000,000	50.00%	508,921	10	509,118	"
Hotai Auto Body Sales Co.,Ltd	-	-	4,000,000	37,656	-	-	4,000,000	100.00%	37,656	9	37,656	"
He Jun Energy Co., Ltd.	-	-	18,000,000	180,000	( 5,180)	-	18,000,000	18.00%	174,820	10	174,820	"
		<u>60,638,879</u>		<u>21,178,320</u>	( <u>26,923,050</u> )				<u>54,894,149</u>			
Hotai Insurance Co., Ltd. (Note)	-	-	2,600,000,000	10,659,027	( 13,861,925)	-	2,600,000,000	92.86%	( 3,202,898)	( 2)	( 4,093,801)	None
		<u>\$ 60,638,879</u>		<u>\$ 31,837,347</u>	<u>(\$ 40,784,975)</u>				<u>\$ 51,691,251</u>			

Note: The investments accounted for using the equity method has gone into a negative balance, so it was reported under "other non-current liabilities".

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Items	Balance as of January 1, 2022	Additions	Deductions	Reclassifications	Balance as of December 31, 2022	Guaranteed or Pledged as collateral
Land						None
Cost	\$ 2,891,965	\$ -	\$ -	\$ -	\$ 2,891,965	
Less: Accumulated impairment	( 26,850)	-	-	-	( 26,850)	
Subtotal	2,865,115			-	2,865,115	
Buildings and structures	1,286,124	4,168	( 600)	106,702	1,396,394	None
Utility equipment	133,087	189	( 5,037)	-	128,239	"
Office equipment	578,119	30,404	( 18,768)	5,300	595,055	"
Others	14,834	301	-	-	15,135	"
Rental assets	78,612	-	-	-	78,612	"
Construction in progress	4,491	14,375	-	( 18,466)	400	"
	<u>\$ 4,960,382</u>	<u>\$ 49,437</u>	<u>(\$ 24,405)</u>	<u>(\$ 93,536)</u>	<u>\$ 5,078,950</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – ACCUMULATED DEPRECIATION  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5

Items	Balance as of January 1, 2022	Additions	Deductions	Reclassifications	Balance as of December 31, 2022	Footnote
Buildings and structures	\$ 825,608	\$ 36,890	(\$ 559)	\$ 58,557	\$ 920,496	
Utility equipment	129,217	569	( 5,037)	-	124,749	
Office equipment	475,416	30,557	( 16,747)	-	489,226	
Others	8,846	1,937	-	-	10,783	
Rental assets	78,427	45	-	-	78,472	
	<u>\$ 1,517,514</u>	<u>\$ 69,998</u>	<u>(\$ 22,343)</u>	<u>\$ 58,557</u>	<u>\$ 1,623,726</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 6

Items	Balance as of January 1, 2022	Additions	Deductions	Reclassifications	Balance as of December 31, 2022	Guaranteed or Pledged as collateral
Land	\$ 1,681,005	\$ -	\$ -	\$ -	\$ 1,681,005	None
Buildings and structures	1,490,767	-	-	( 93,537)	1,397,230	"
	<u>\$ 3,171,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 93,537)</u>	<u>\$ 3,078,235</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – ACCUMULATED DEPRECIATION  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 7

<u>Items</u>	<u>Balance as of January 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance as of December 31, 2022</u>	<u>Footnote</u>
Buildings and structures	<u>\$ 573,172</u>	<u>\$ 30,136</u>	<u>\$ -</u>	<u>(\$ 58,558)</u>	<u>\$ 544,750</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF SHORT-TERM LOANS  
December 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

<u>Type</u>	<u>Description</u>	<u>Balance as of December 31, 2022</u>	<u>Contract period</u>	<u>Range of interest rate (%)(Note1)</u>	<u>Loans Commitments (in thousands)</u>	<u>Pledges or collaterals</u>	<u>Note</u>
Unsecured borrowings	CTBC Bank Co., Ltd., Chengdong Branch	\$ 4,000,000	2022/12/14~2023/3/31	1.70%	\$ 14,500,000	None	Note2
	CTBC Bank Co., Ltd., Chengdong Branch	6,500,000	2022/12/30~2023/3/31	1.75%	14,500,000	"	Note2
	Citibank Taiwan Ltd., Business Department	400,000	2022/11/15~2023/2/13	1.46%	USD 32,000	"	
	MUFG Bank, Ltd., Taipei Branch (foreign currency)	900,000	2022/12/16~2023/1/16	1.53%	USD 90,000	"	Note2
	MUFG Bank, Ltd., Taipei Branch (foreign currency)	1,852,734	2022/12/15~2023/1/03	5.15%	USD 90,000	"	Note2
	HSBC Bank (Taiwan) Ltd., Taipei Branch (foreign currency)	368,520	2022/12/15~2023/1/03	5.125%	USD 25,000	"	
		<u>\$ 14,021,254</u>					

Note1: Interest rate between 1.46%~5.15%

Note2: Multiple loans under the same facility shared by the same lending bank.

HO TAI MOTOR CO., LTD.  
STATEMENT OF LONG-TERM LOANS  
December 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 9

<u>Type</u>	<u>Description</u>	<u>Balance as of December 31, 2022</u>	<u>Contract period</u>	<u>Range of interest rate (%)</u>	<u>Pledges or collaterals</u>
Unsecured borrowings	Mizuho Bank, Ltd.	\$ 8,000,000	2022/10/11~2024/6/28	1.52%~1.81%	None

HO TAI MOTOR CO., LTD.  
STATEMENT OF OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 10

Items	Quantity	Amount	Footnote
Revenue from contracts with customers:			
Sales revenue of vehicles			
Sedan	123,732 cars	\$ 113,377,392	
Others	1,487 cars	2,245,648	
Sales revenue of parts		14,150,489	
Others		<u>1,849,743</u>	
Subtotal		131,623,272	
Sales returns and allowance		( <u>1,230,084</u> )	
		<u>\$ 130,393,188</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF OPERATING COSTS  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 11

Items	Description	Amount	Footnote
Initial inventories		\$ 4,480,689	
Add: Merchandise purchase		116,827,308	
Inventory Valuation Losses		4,769	
Others		326,979	
Less: Ending inventories		( 4,549,366)	
Others		( 13,516)	
Operating costs		<u>\$ 117,076,863</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF SELLING EXPENSES  
YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 12

Items	Description	Amount	Footnote
Wages and salaries		\$ 697,222	Including pension costs
Advertisement expense		830,054	
Freight		311,519	
Others		698,503	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 2,537,298</u>	

HO TAI MOTOR CO., LTD.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 13

Items	Description	Amount	Footnote
Wages and salaries		\$ 675,783	Including pension costs
Directors' remuneration		17,215	
Miscellaneous disbursements		68,854	
Others		245,577	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 1,007,429</u>	

**HO TAI MOTOR CO., LTD.**  
**SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 14

By nature \ By function	Years ended December 31,					
	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 1,339,766	\$ 1,339,766	\$ -	\$ 1,629,449	\$ 1,629,449
Labour and health insurance fees	-	79,142	79,142	-	73,153	73,153
Pension costs	-	33,239	33,239	-	28,409	28,409
Directors' remuneration	-	17,215	17,215	-	402,588	402,588
Other employee benefit expenses	-	104,079	104,079	-	104,149	104,149
Subtotal	-	1,573,441	1,573,441	-	2,237,748	2,237,748
Depreciation	-	105,932	105,932	-	104,054	104,054
Amortization	-	-	-	-	-	-

Note:

A. As at December 31, 2022 and 2021, the Company had 575 and 575 employees, including 12 and 12 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

- (a) Average employee benefit expense in current year was \$2,764 ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).  
Average employee benefit expense in previous year was \$3,260 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year was \$2,380 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).  
Average employee salaries in previous year was \$2,894 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustments of average employee salaries was -17.76% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

HO TAI MOTOR CO., LTD.  
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

STATEMENT 14

- (d) The Company has no supervisors' remuneration as it had set up an audit committee.
- (e) The Company's salary and remuneration policy includes salary, bonus and employees' compensation. Salary shall be paid according to the Company's compensation regulation for employees. Bonus and employees' compensation are assessed according to the performance assessment regulation for employee. Different grades of performance appraisal are assessed by taking into account the overall operating performance of the Company, the future operational risks and development trends of the industry as well as the achievement rate of individual performance to link the performance bonus and employees' compensation. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation in 1%.
- (f) The emolument of the managers of the Company shall be reviewed by the remuneration committee and the Board of Directors of the Company, and the emolument system was reviewed timely based on the actual operating situation and relevant laws and regulations to balance the Company's sustainable operation and risk management.
- (g) In accordance with the Articles of Incorporation of the Company, the Board of Directors shall be authorized to determine the emolument according to the general pay levels in the industry. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as directors' remuneration not higher than 2%, while independent directors shall not participate in the distribution of remuneration. The attendance fee shall be paid according to the attendance of the Board of Directors.