



HOTAI FINANCE CORPORATION

Handbook for the 2023 Annual General Meeting of Shareholders

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



May 31,2023

**Handbook
For the 2023
Annual General
Meeting
Of Shareholders**

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I. Meeting agenda

2023 Annual General Shareholders' Meeting

Meeting Time : May 31, 2023 09:00

Type of Meeting : Physical meeting

Location : No.10, Mingzhong St., Xinzhuang Dist., New Taipei City
242, Taiwan

1. Opening & chairman's address

2. Reports

(1) 2022 Business Report

(2) 2022 Audit Committee Report

(3) Distribution of employees' remuneration of 2022

(4) Distribution of 2022 Profits

(5) Implementation report of 2nd secured corporate bond issuance
in 2022

3. Ratifications

(1) Ratification of 2022 Business Report and Financial Statements

(2) Ratification of Proposed Distribution of 2022 Profits

4. Discussion

(1) Stock dividends and the issue of new shares

(2) Amendment to the " The Articles of Incorporation "

(3) Amendment to the " Handling Procedure for the Transaction of
Derivatives "

(4) Proposal for release of the non-competition restriction imposed
on directors

5. Election

(1) By-election of one independent director for the 10th Board

6. Extemporaneous motions

7. Adjournment

II. Reports

1. 2022 Business Report

Explanation :

Please refer to Appendix 1 for the Company's 2022 business report (page 15~17).

2. 2022 Audit Committee Report

Explanation :

- (1) The Company's 2022 Business Report, Financial Statements, Proposed Profit Distribution and other important financial documents have been reviewed by the Audit Committee. Based on the review, the Audit Committee has issued a report.
- (2) Please refer to Appendix 2 for the Audit Committee Report (page 18).

3. Distribution of employees' remuneration of 2022

Explanation :

- (1) According to the Articles of Incorporation, the Company shall allocate one percent of profit of the current year distributable as employees' remuneration; however, the Company's accumulated losses shall have been covered.
- (2) Propose to allocate one percent of profit, NT\$ 46,479,789 as employees' remuneration, and the remuneration shall be distributed in cash. The proposal has been adopted by resolution at the 17th meeting of the 10th Board of Directors.

4. Distribution of 2022 Profits

Explanation :

- (1) The distribution shall be declared and made in accordance with Article 240, Paragraph 5 of the Company Act and Article 28-2 of the Company's Articles of Incorporation.
- (2) The Company's 2022 profit was resolved by the 10th term of the Board of Directors at the 17th meeting to approve cash dividends as follows:

Preferred shares: NT\$58,684,932 (Approx. NT\$1.17 per share)

Common shares: NT\$1,802,501,425 (NT\$3.5 per share)

For this period's motion to distribute cash dividends, any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place, until the total amount of cash dividends has been distributed. In the event the number of outstanding shares is subsequently affected by changes in the Company's share capital, resulting in the necessity to revise the shareholder's payout ratio, the Board of Directors shall be authorized to conduct such revision at its full discretion.

5. Implementation report of 2nd secured corporate bond issuance in 2022

Explanation :

(1) The Company issued the following corporate bond:

Issuance	The second issuance of 2022 secured corporate bond
Issue Size	NT\$ 7 billion
Coupon	Fixed 1.50%
Maturity	3 years(2022/6/6~2025/6/6)
Redemption	The annual interest shall be calculated from issuing date and paid with flat rate of bond's par value. Moreover, the principal repayments shall be paid at maturity
Purpose	In order to stabilize the long-term funds and pay off the short-term debts form banks. In addition, it also helps to reduce funding cost, dependence on banks, and funding risk
Remark	The second issuance of 2022 secured corporate bond successfully completed

(2) Reporting the above matters to shareholders according to the Company Act.

III. Ratifications

1. Ratification of 2022 Business Report and Financial Statements

Proposed by Board of Directors

Explanation :

- (1) The Company's 2022 Business Report and Financial Statements have been adopted by resolution at the 17th meeting of the 10th Board of Directors, which have been audited and certified by PricewaterhouseCoopers Taiwan, and reviewed by the Audit Committee.
- (2) Please refer to Appendix 1 (page 15~17) and Appendix 3 (page 19~39) for the Company's 2022 Business Report and Financial Statements.

Resolution :

2. Ratification of Proposed Distribution of 2022 Profits

Proposed by Board of Directors

Explanation :

(1) After setting aside 10% of the 2022 profits as legal reserve, the Company, pursuant to the resolution at the 17th meeting of the 10th Board of Directors, shall distribute as follows:

(i) Cash dividends to preferred shares:

NT\$58,684,932. (Approx. NT\$1.17 per share)

(ii) Cash dividends to common shares:

NT\$1,802,501,425. (NT\$3.5 per share)

Stock dividend to common shares:

NT\$515,000,410. (NT\$1.0 per share)

(2) Please refer to Appendix 4 for the Table of 2022 Profit Distribution (page 40).

(3) The board of directors shall authorize the chairman to set the cash dividend (preferred & common shares) ex-dividend base date, issuance date and other related matters.

(4) If subsequently the rate of dividend distribution for the shareholders should vary due to any reason, shareholders' meeting shall fully authorize the Board of Directors to deal with it.

Resolution :

IV. Discussion

1. Stock dividends and the issue of new shares

Proposed by Board of Directors

Explanation :

- (1) The Company proposes to allocate NT\$ 515,000,410 stock dividend from 2022 distributable earnings to issue a total amount of 51,500,041 new shares, with the face value of each share being NT\$10.
Calculation will be based on the percentage of shares held by shareholders listed in the shareholder register on the ex-rights record date. Additionally, 100 bonus shares will be distributed per 1,000 shares. In the case of fractional shares, each of which is less than one share, among the new shares distributed to any shareholder, the shareholder may combine such shares at the stock transfer agency of the Company within 5 days following the book closure date. All fractional shares which have failed to be combined within that period or into one share will be distributed in cash based on the face value per share (rounded down to the nearest whole dollar). With respect to the accumulated fractional shares, it is proposed that the Chairman be authorized to contact certain persons to purchase shares at the face value per share.
- (2) The rights and obligations of the new shares are the same as the already-issued ordinary shares.
- (3) Upon the approval of issuing new shares after the approval of 2023 Annual General Shareholders' Meeting and the competent authority, it is proposed that the Board of Directors be authorized to resolve the target date.
- (4) In the event the number of outstanding shares is subsequently affected by changes in the Company's share capital, resulting in the necessity to revise the shareholder's payout ratio, the Board of Directors shall be authorized to conduct such revision at its full discretion.
- (5) If authority amends regulations or the market condition changed, shareholders' meeting shall fully authorize the Board of Directors to deal with it.

Resolution :

2. Amendment to the "The Articles of Incorporation"

Proposed by Board of Directors

Explanation :

- (1) In response to compliance with laws and the Company's practical needs, the amendments to certain provisions of the Company's "The Articles of Incorporation" accordingly.
- (2) Please refer to Appendix 5 (page 41) for the comparison of current and amended "The Articles of Incorporation".

Resolution :

3. Amendment to the "Handling Procedure for the Transaction of Derivatives"

Proposed by Board of Directors

Explanation :

- (1) In response to the Company's practical needs, the amendments to certain provisions of the Company's "Handling Procedure of Derivatives Trading" accordingly.
- (2) Please refer to Appendix 6 (page 42) for the comparison of current and amended " Handling Procedure of Derivatives Trading".

Resolution:

4. Proposal for release of the non-competition restriction imposed on directors

Proposed by Board of Directors

Explanation :

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The functions held by the Company's directors for their own or on behalf of another person within the scope of the Company's business are shown in Appendix 7 (Page 43). The proposal for release of the non-competition restriction imposed on directors is submitted pursuant to Article 209 of the Company Act, for approval of the shareholders' meeting.

Resolution:

V. Election

1. By-election of one independent director for the 10th Board

Proposed by Board of Directors

Explanation :

- (1) Hu, Han-Miao resigned from the position as independent director for HFC effective September 30th, 2022. The Company shall have reelected one independent director in this shareholders' meeting in accordance with Article 16 of the Company Act. and Article 14-2 of Securities and Exchange Act.
- (2) The Company adopts a candidate nomination system for director election in accordance with Article 16 of the Company Act. The term of office of new independent director is from May 31, 2023 to July 21, 2024, until the term of office of the original director is made up.
- (3) The list of independence director candidate has been reviewed and approved by the Board of Directors on March 9, 2023, which education, professional qualifications and other information as follows:

Independent director	Education	Experience	Current Position	Shares Held by Corporation
Chang, Min-Chieh	Master of Institute of Industrial Technology, Pittsburgh State University	Vice President of Hotai Motor Co., Ltd. President of NanDu Motor Co., Ltd.	Remuneration Committee member of Hotai Finance Co., Ltd.	0

Voting Results :

VI. Extemporaneous motions

VII. Adjournment

Hotai Finance Co., Ltd

2022 Business Report

I. Operation Performance

In 2022, a slowdown in the overall economic growth was recorded under the effects of the outbreak, the Russia-Ukraine War, inflation, the increase in interest rate by the FED, and other factors; Taiwan came under the global spotlight due to the intensified geopolitics conditions and economic uncertainties. With the backdrop of continuous improvement of products, the annual contracting amount of the Company reached a historical new height and achieved an excellent performance of NT\$138.7 billion, regardless of the challenges in the economic environment. For vehicle installments, our core business, facing the active competition of banks and leasing companies within the industry by way of low-interest rates, the Company adheres to the constant improvement in our corporate culture and continues to launch diversified and customized installment projects to secure the cooperation opportunities with distributors and second-hand car dealers of TOYOTA, LEXUS, and other brands, driving the stable growth in the performance of the overall vehicle installments. For the installment market of motorcycles, scooters, and other cycles, the Company successfully gained significant growth by optimizing our product policy, reinforcing contact with customers, providing one-on-one premium specialist services, and other strategies. Furthermore, we continued to focus on the cardless installment business for general products (i.e., 3C, cosmetic surgeries, home appliances, renovation, and vehicle maintenance/repair) to satisfy the consumption installment requirements of different customer bases. For the corporate finance business, the Company improved our service quality. It continued to carry out our business expansion by focusing on the supplier channels, developing product policies, and specializing in know-how.

To boost our carrier/bus installment business, we established HeJing Co., Ltd. to integrate the resources of the HINO channel and secure cooperation opportunities with distributors of other brands. Benefiting from the replacement subsidy policy, our annual retained assets amounted to over ten billion. On the other hand, in response to the 2050 Net Zero Emission Policy promulgated by the government, the Company set foot in the green energy industry and established HeJun Energy to strive for a share in the green power market; the contracted capacity for the first year recorded was over 100MW.

As the leader in the car rental business of automobiles and motorcycles, HOING Mobility has continued to expand its car rental and parking lot business. The business scope of roadside rental and return of automobiles and motorcycles has covered six cities. million and growing steadily.

For operations in China, Hoyun International Lease sailed through the effects of the

lockdown control. Apart from actively expanding our arrangements for vehicle leases and working with local platforms for online vehicle appointments, we also proactively explored the equipment leasing business, focusing on medical equipment and exploring business opportunities with CR customers. While expanding our business, we also made sure of our asset quality and profitability. In 2022, our net profit after tax reached RMB 0.2 billion, representing a growth of 10% compared to last year. At the end of 2022, with the continued business growth, the Company's consolidated retained assets were over NT\$250 billion, representing a growth of 26% as compared to last year; the Company's consolidated operating income was NT\$22.79 billion, representing a growth of 26% as compared to last year; the consolidated net profit after tax was NT\$4.07 billion, representing a growth of 15%, and the consolidated earnings per share after tax were NT\$7.04.

II. Prospects

In response to the business growth in the future, the Company will continue to reinforce the vehicle installment business through cooperation with TOYOTA, LEXUS, and HINO and organize diverse and attractive installment projects to satisfy the requirements of consumers, improve the penetration rate of different brands, and provide drivers for the growth in the Company's installment business. Furthermore, we will continue expanding the close cooperation with second-hand car dealers (i.e., HOT, HAA car dealers, abc website, certified TOYOTA/LEXUS second-hand cars, and other material channels) to expand our installment business of second-hand cars. On the other hand, we will actively explore the installment market of motorcycles, scooters, and other cycles and continue to develop cardless installment businesses via online and offline brand channels for general products. For the corporate finance business, the Company will continue to focus on four major industrial fields as our major development focus, including medical equipment, construction machines and tools, manufacturing and processing equipment, and corporate finance. Adopting the business philosophy of "Customer First with Professionalism as Foundation," we will customize exclusive installment plans for customers and provide diversified financial services.

HEJING Co., Ltd. will continue to be in charge of focusing on the installment business of motorcycles. Due to the extension of the replacement subsidy policy and the effects of the rebounded domestic demand, the acquisition demand for carriers and buses will grow steadily. In addition, in response to the long-term environmental protection and energy-saving policies, HEJUN Energy actively invests in the building of solar power plants, energy storage equipment, and charging posts. Meanwhile, we will expand the capacity of the green energy industry financing business and continue to focus on four major fields (energy creation, energy storage, energy use, and green

finance) to provide comprehensive green energy integration services so as to realize the prospect of net zero circular economy.

As Taiwan's epidemic situation slows down and policies are gradually loosened, tourism demand is expected to gradually recover. HOING Mobility Service will continue to expand its business scope to meet consumers' mobile needs and convenience, with a view to maintaining rent car, Chauffeur, parking lot business and profitability growth pattern.

The scale of Hoyun International Lease in China area continued to grow. With the stabilizing personnel, joints, and business, we will prioritize the reinforcement of business efficiency and management capacity in investing resources in improving the existing operating systems and software/hardware facilities to improve our operating efficiency. In response to the rapid growth in the demand for second-hand cars and new energy vehicles, we will actively expand new growth momentum for our businesses in the hope of recording growth in our vehicle and equipment businesses in 2023 as compared to 2022 and continue to achieve new heights for our operations.

III. Market Overview

According to the estimation of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate in 2023 will be 2.12%, an decrease of 0.33% as compared to 2.45% in 2022. Looking into 2023, even though the effects of geopolitics, the pressure of inflation, and the sluggish global economy and demand continued, the consumption capacity and relevant industries of domestic demand will recover due to multiple profitable factors, including the releasing outbreak policies in Taiwan, the benefits of the extension of vehicle/motorcycle replacement policy, investments in Taiwan by repatriated Taiwanese businesses, plant establishment of onshore companies, and business opportunities related to ESG and green energy concerned by enterprises. It is likely that such factors will continue to invigorate the vehicle market; it is estimated that the scale of the new car market in Taiwan will be 450,000 cars in 2023. Furthermore, the unstable supply of vehicle chips and parts may become another factor affecting vehicle market sales. In aggregate, we hope that the market share of TOYOTA, LEXUS, and HINO will improve and further improve the synergies of the Group's resource integration.

Liu, Yuan-Sheng

Lin, Yen-Liang

Tsai, Chia-Ming

Chairman of the Board

Executive Officer

Chief Accounting Officer

Hotai Finance Corporation

Audit Committee Report

To: The 2023 Annual General Shareholders' Meeting of Hotai Finance Co., Ltd. (the "Company")

The Board of Directors has prepared the Company's 2022 Financial Statements (included the Consolidated Financial Statements), Business Report, and proposal for allocation of profits. The CPA WANG, FANG-YU and HSIAO, CHUN-YUAN from PwC Taiwan was retained to audit the Company's Financial Statements (included the Consolidated Financial Statements) and has issued an audit report. The aforesaid 2022 Financial Statements (included the Consolidated Financial Statements), Business Report, and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 219 of the Company Act, we hereby submit this report.

Audit Committee:

independent directors :
Huang, Ming-You

independent directors :
Mao, Wei-Lin

March 9, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Hotai Finance Company Limited

Opinion

We have audited the accompanying parent company only balance sheets of Hotai Finance Company Limited (the “Company”) as at 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 the Other matter section of the report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements of the current period. 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.

Key audit matters for the Company's 2022 parent company only financial statements are as follows:

Evaluation of provision for impairment of accounts receivable

Description

Please refer to Note 4(8) to the parent company only financial statements for accounting policy on provision for impairment of accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions, and Note 6(3) for details of accounts receivable.

The Company's primary business is providing installment sales and leases of vehicles and lease services. In the supply chain of motor vehicles, the role of the Company 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, the Company already considers the collectability of those accounts in doubt. In addition to enhancing collection progress from customers, management also assesses the probability of overdue accounts becoming impaired over the past years. Impairment is provided for those doubtful accounts receivable depending on the length of overdue days and consider 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 above involves management's judgement and multiple factors that may be affected by the past events, current conditions, 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 system.
2. For those accounts past due over 30 days, the Company will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and the Company's policy. We understood and assessed the occurrence percentage of actual impairment compared to the overdue accounts receivable over the past years, and the forward-looking information, to evaluate the reasonableness of the provision for impairment policy. In addition, we sampled and examined the group category of expected credit losses report, and checked the consistency with system information.

3. Examined and evaluated samples of the categorized group report of the loss of expected credit and compared it with the system information.

Other matter – Reference to the audits 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 the parent company only financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$31,988 thousand, constituting 0.02% of the total assets as at December 31, 2022, and the comprehensive income amounted to NT(\$975) thousand, constituting (0.03%) of the total comprehensive income for the year then ended.

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 parent company only financial statements

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 parent company only 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 parent company only 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 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.

Wang, Fang-Yu

Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

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

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

HOTAI FINANCE 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	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 969,999	1	\$ 250,551	-
1139	Hedging financial assets-current	6(2)	341,901	-	-	-
1150	Notes receivable, net	6(3) and 8	7,120,910	3	8,333,584	5
1170	Accounts receivable, net	6(3) and 7	186,862,870	88	153,137,044	88
1200	Other receivables		8,823	-	7,821	-
130X	Inventories		4,181	-	1,207	-
1410	Prepayments	6(4)	2,898,499	1	3,713,853	2
1476	Other current financial assets	8	150,400	-	120,600	-
11XX	Current Assets		<u>198,357,583</u>	<u>93</u>	<u>165,564,660</u>	<u>95</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income		3,519	-	3,357	-
1550	Investments accounted for using equity method	6(5)	4,725,737	2	3,510,422	2
1600	Property, plant and equipment	6(6)	1,198,335	1	1,230,257	1
1755	Right-of-use assets	6(7)	65,797	-	95,033	-
1760	Investment property, net	6(9)	445,060	-	-	-
1840	Deferred income tax assets	6(25)	240,565	-	171,257	-
1930	Long-term notes and accounts receivable	6(3)	7,271,134	4	4,059,799	2
1990	Other non-current assets, others		56,274	-	228,431	-
15XX	Non-current assets		<u>14,006,421</u>	<u>7</u>	<u>9,298,556</u>	<u>5</u>
1XXX	Total assets		<u>\$ 212,364,004</u>	<u>100</u>	<u>\$ 174,863,216</u>	<u>100</u>

(Continued)

HOTAI FINANCE 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	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 55,296,335	26	\$ 39,222,520	23
2110	Short-term notes and bills payable	6(11)	100,961,765	48	96,914,188	56
2126	Hedging financial liabilities-current	6(2)	586,800	-	578,276	-
2150	Notes payable		16,406	-	28,497	-
2170	Accounts payable		126,676	-	79,285	-
2180	Accounts payable - related parties	7	157,958	-	198,879	-
2200	Other payables	6(12) and 7	1,947,935	1	1,693,883	1
2230	Current income tax liabilities		602,572	-	465,359	-
2280	Current lease liabilities	7	23,791	-	29,192	-
2320	Bonds payable	6(13)	22,200,000	11	12,200,000	7
2370	Current financial guarantee liabilities		39,598	-	53,707	-
2399	Guarantee deposits received-current		515,285	-	343,745	-
21XX	Current Liabilities		<u>182,475,121</u>	<u>86</u>	<u>151,807,531</u>	<u>87</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	360,686	-	227,252	-
2580	Lease liabilities-non-current	7	43,195	-	67,762	-
2645	Guarantee deposits received-non-current		3,703	-	5,407	-
25XX	Non-current liabilities		<u>407,584</u>	<u>-</u>	<u>300,421</u>	<u>-</u>
2XXX	Total Liabilities		<u>182,882,705</u>	<u>86</u>	<u>152,107,952</u>	<u>87</u>
Equity						
Share capital 6(16)						
3110	Common stock		5,150,004	3	5,150,004	3
3120	Preference stock		500,000	-	-	-
Capital surplus 6(17)						
3200	Capital surplus		12,510,367	6	8,000,217	5
Retained earnings 6(18)						
3310	Legal reserve		2,083,531	1	1,769,387	1
3320	Special reserve		157,171	-	75,482	-
3350	Unappropriated retained earnings		8,981,897	4	7,917,345	4
Other equity interest						
3400	Other equity interest		98,329	-	(157,171)	-
3XXX	Total equity		<u>29,481,299</u>	<u>14</u>	<u>22,755,264</u>	<u>13</u>
Significant contingent liabilities and unrecognized contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 212,364,004</u>	<u>100</u>	<u>\$ 174,863,216</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 15,235,369	100	\$ 11,785,227	100
5000	Operating costs	6(20)	(3,822,962)	(25)	(2,347,034)	(20)
5950	Gross profit		<u>11,412,407</u>	<u>75</u>	<u>9,438,193</u>	<u>80</u>
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		(4,756,459)	(31)	(3,876,607)	(33)
6200	General and administrative expenses		(1,030,414)	(7)	(991,312)	(8)
6450	Expected credit losses		(1,482,516)	(10)	(1,025,374)	(9)
6000	Total operating expenses		(7,269,389)	(48)	(5,893,293)	(50)
6900	Operating profit		<u>4,143,018</u>	<u>27</u>	<u>3,544,900</u>	<u>30</u>
	Non-operating income and expenses					
7100	Interest income	6(21)	6,903	-	77	-
7010	Other income	6(22)	63,244	-	51,083	1
7020	Other gains and losses		(2)	-	(145)	-
7050	Finance costs	6(7)	(569)	-	(815)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	<u>388,906</u>	<u>3</u>	<u>371,093</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>458,482</u>	<u>3</u>	<u>421,293</u>	<u>4</u>
7900	Profit before income tax		<u>4,601,500</u>	<u>30</u>	<u>3,966,193</u>	<u>34</u>
7950	Income tax expense	6(25)	(978,113)	(6)	(824,750)	(7)
8200	Profit for the year		<u>\$ 3,623,387</u>	<u>24</u>	<u>\$ 3,141,443</u>	<u>27</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 162	-	\$ 245	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		<u>162</u>	<u>-</u>	<u>245</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		36,406	-	(10,792)	-
8368	Gains (losses) on hedging instrument	6(2)	286,161	2	(91,188)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		(9,997)	-	1,808	-
8399	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(25)	(57,232)	(1)	18,238	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>255,338</u>	<u>1</u>	<u>(81,934)</u>	<u>(1)</u>
8300	Other comprehensive income (loss) for the year		<u>\$ 255,500</u>	<u>1</u>	<u>(\$ 81,689)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 3,878,887</u>	<u>25</u>	<u>\$ 3,059,754</u>	<u>26</u>
	Basic earnings per share	6(26)				
9750	Basic earnings per share		\$ 7.04		\$ 6.10	
	Diluted earnings per share	6(26)				
9850	Diluted earnings per share		\$ 7.03		\$ 6.09	

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

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital		Retained Earnings				Other equity interest			Total equity
	Common stock	Preference stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<u>Year ended December 31, 2021</u>										
	\$ 5,150,004	\$ -	\$ 7,996,585	\$ 1,510,832	\$ 116,319	\$ 6,796,121	(\$ 96,897)	\$ 2,749	\$ 18,666	\$ 21,494,379
Balance at January 1, 2021	-	-	-	-	-	3,141,443	-	-	-	3,141,443
Profit for the year	-	-	-	-	-	-	(10,792)	245	(71,142)	(81,689)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(10,792)	245	(71,142)	(81,689)
Total comprehensive income (loss) for the year	-	-	-	-	-	3,141,443	(10,792)	245	(71,142)	3,059,754
Appropriation and distribution of										
Legal reserve	-	-	-	258,555	-	(258,555)	-	-	-	-
Special reserve	-	-	-	-	(40,837)	40,837	-	-	-	-
Cash dividends	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	3,632	-	-	-	-	-	-	3,632
Balance at December 31, 2021	\$ 5,150,004	\$ -	\$ 8,000,217	\$ 1,769,387	\$ 75,482	\$ 7,917,345	(\$ 107,689)	\$ 2,994	(\$ 52,476)	\$ 22,755,264
<u>Year ended December 31, 2022</u>										
Balance at January 1, 2022	\$ 5,150,004	\$ -	\$ 8,000,217	\$ 1,769,387	\$ 75,482	\$ 7,917,345	(\$ 107,689)	\$ 2,994	(\$ 52,476)	\$ 22,755,264
Profit for the year	-	-	-	-	-	3,623,387	-	-	-	3,623,387
Other comprehensive income for the year	-	-	-	-	-	-	36,406	162	218,932	255,500
Total comprehensive income for the year	-	-	-	-	-	3,623,387	36,406	162	218,932	3,878,887
Appropriation and distribution of										
Legal reserve	-	-	-	314,144	-	(314,144)	-	-	-	-
Special reserve	-	-	-	-	81,689	(81,689)	-	-	-	-
Cash dividends	-	-	-	-	-	(2,163,002)	-	-	-	(2,163,002)
Issuance of preference stock	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000
Compensation cost of share-based payments	-	-	10,150	-	-	-	-	-	-	10,150
Balance at December 31, 2022	\$ 5,150,004	\$ 500,000	\$ 12,510,367	\$ 2,083,531	\$ 157,171	\$ 8,981,897	(\$ 71,283)	\$ 3,156	\$ 166,456	\$ 29,481,299

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

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 4,601,500	\$ 3,966,193
Adjustments			
Adjustments to reconcile net profit to net cash used in operating activities			
Expected credit losses and financial guarantee		2,311,719	1,656,329
Net gain on financial assets at fair value through profit and loss	(	2,848)	-
Net losses on disposals of property, plant and equipment		-	145
Depreciation	6(23)	196,821	227,608
Reversal of impairment loss recognized on leased assets	6(6)	(4,236)	(8,533)
Share of profit of subsidiaries, associates, and joint ventures accounted for using equity method	6(5)	-	-
Interest expense		(388,906)	(371,093)
Interest income	6(7)(20)	1,652,135	784,472
Dividend income	6(19)(21)	(13,331,566)	(10,021,396)
Profit from lease modification		(911)	(918)
Share-based payments	6(7)	(758)	-
Share-based payments	6(15)	10,150	-
Changes in operating assets and liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		2,848	-
Notes and accounts receivable	(	38,036,206)	(37,093,213)
Inventories		7,005	12,851
Prepayments		815,354	265,050
Other receivables		2,974	2,906
Other financial assets	(	29,800)	3,600
Changes in operating liabilities			
Notes payable	(	12,091)	1,020
Accounts payable		47,391	3,456
Accounts payable - related parties	(	40,921)	38,279
Other payables		126,870	323,592
Current financial guarantee liabilities	(	14,109)	(16,221)
Other current liabilities, others		-	(8)
Cash outflow generated from operations	(	42,087,585)	(40,225,881)
Cash dividends received		911	918
Interest received		13,327,590	10,034,924
Interest paid	(	1,560,776)	(854,156)
Income tax paid	(	834,006)	(692,141)
Net cash flows used in operating activities	(	31,153,866)	(31,736,336)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment accounted for using equity method	6(5)	(800,000)	(810,000)
Acquisition of property, plant and equipment	6(6)	(685,602)	(849,215)
Proceeds from disposal of property, plant and equipment	6(6)	95,006	-
Decrease (increase) in other non-current assets, others		172,157	(215,682)
Net cash flows used in investing activities	(	1,218,439)	(1,874,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(27)	16,026,599	11,170,000
Repayments of principal portion of lease liabilities	6(27)	(25,080)	(30,095)
Increase in short-term notes and bills payable	6(27)	4,083,400	21,480,000
Proceeds from issuance of bonds payable	6(13)(27)	10,000,000	5,200,000
Repayments of bonds payable	6(13)(27)	-	(2,400,000)
Increase in guarantee deposits received	6(27)	169,836	108,965
Cash dividends paid	6(18)(27)	(2,163,002)	(1,802,501)
Proceeds from issuance of preference stock	6(16)	5,000,000	-
Net cash flows from financing activities		33,091,753	33,726,369
Net increase in cash and cash equivalents		719,448	115,136
Cash and cash equivalents at beginning of year		250,551	135,415
Cash and cash equivalents at end of year		\$ 969,999	\$ 250,551

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

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

To the Board of Directors and Stockholders of Hotai Finance Company Limited

Opinion

We have audited the accompanying consolidated balance sheets of Hotai Finance Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing 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 consolidated financial statements* section of our report. We are independent of the Group 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. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2022 consolidated financial statements are as follows:

Evaluation of provision for impairment of accounts receivable

Description

Please refer to Note 4(10) to the consolidated financial statements for accounting policy on provision for impairment of accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions, and Note 6(4) for details of accounts receivable.

The Group's primary business is providing installment sales and leases of vehicles and lease services. In the supply chain of motor vehicles, the role of the Group is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, the Group is responsible for the collections of accounts receivable and manages overdue accounts.

When accounts receivable are past due over 30 days, the Group already considers the collectability of those accounts in doubt. In addition to enhancing collection progress from customers, management also assesses the probability of overdue accounts becoming impaired over the past years. Impairment is provided for those doubtful accounts receivable depending on the length of overdue days and consider 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 above involves management's judgement and multiple factors that may be affected by the past events, current conditions, 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 system.
2. For those accounts past due over 30 days, the Group will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and the Group's policy. We understood and assessed the occurrence percentage of actual impairment compared to the overdue accounts receivable over the past years, and the forward-looking information, to evaluate the reasonableness of the provision for impairment policy. In addition, we sampled and examined the group category of expected credit losses report, and checked the consistency with system information.
3. Examined and evaluated samples of the categorized group report of the loss of expected credit and compared it with the system information.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain consolidated subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$285,092 thousand, constituting 0.11% of the consolidated total assets as at December 31, 2022, and the operating revenue amounted to NT\$3,606 thousand, constituting 0.02% of the consolidated total operating revenue for the year then ended.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter section on the parent company only financial statements of Hotai Finance Company Limited as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Fang-Yu

Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

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

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,382,775	1	\$ 1,058,573	1
1110	Financial assets at fair value through profit or loss-current	6(2)	300,000	-	-	-
1139	Hedging financial assets-current	6(3)	504,827	-	-	-
1150	Notes receivable, net	6(4) and 8	9,340,046	4	8,452,119	4
1170	Accounts receivable, net	6(4), 7 and 8	216,928,982	85	172,174,148	86
1200	Other receivables	7	82,568	-	69,294	-
130X	Inventories		5,979	-	2,976	-
1410	Prepayments	6(5) and 7	6,886,170	3	6,629,871	3
1476	Other current financial assets	8	373,119	-	439,157	-
11XX	Current Assets		<u>236,804,466</u>	<u>93</u>	<u>188,826,138</u>	<u>94</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income-non-current		3,519	-	3,357	-
1550	Investments accounted for using equity method	6(6)	115,502	-	103,148	-
1600	Property, plant and equipment, net	6(7)	6,886,804	3	5,976,675	3
1755	Right-of-use assets	6(8)	368,464	-	358,235	-
1760	Investment property, net	6(10)	284,766	-	-	-
1840	Deferred income tax assets	6(30)	826,857	-	698,427	-
1930	Long-term notes and accounts receivable	6(4)	8,463,807	3	4,082,784	2
1990	Other non-current assets, others	8	1,610,903	1	1,510,432	1
15XX	Non-current assets		<u>18,560,622</u>	<u>7</u>	<u>12,733,058</u>	<u>6</u>
1XXX	Total assets		<u>\$ 255,365,088</u>	<u>100</u>	<u>\$ 201,559,196</u>	<u>100</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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	%
Liabilities						
Current liabilities						
2100	Short-term loans	6(11)	\$ 83,933,343	33	\$ 57,098,277	28
2110	Short-term notes and bills payable	6(12)	104,986,596	41	96,914,188	48
2126	Hedging financial liabilities-current	6(3)	586,800	-	578,276	-
2150	Notes payable		762,215	1	685,111	1
2170	Accounts payable		355,928	-	108,727	-
2180	Accounts payable-related parties	7	158,458	-	205,079	-
2200	Other payables	6(13) and 7	3,165,332	1	2,960,046	2
2230	Current income tax liabilities		724,843	-	512,634	-
2280	Current lease liabilities	7	114,848	-	136,059	-
2320	Bonds payable	6(14)	22,200,000	9	12,200,000	6
2320	Long-term liabilities-current portion	6(15)	7,891	-	-	-
2370	Current financial guarantee liabilities		39,598	-	53,707	-
2399	Guarantee deposits received-current	6(16)	4,275,142	2	3,707,171	2
2399	Other current liabilities, others		65,667	-	61,293	-
21XX	Total current liabilities		<u>221,376,661</u>	<u>87</u>	<u>175,220,568</u>	<u>87</u>
Non-current liabilities						
2540	Long-term loans	6(15)	254,832	-	132,902	-
2570	Deferred income tax liabilities	6(30)	360,686	-	227,252	-
2580	Lease liabilities-non-current	7	255,831	-	226,765	-
2645	Guarantee deposits received-non-current	6(16)	224,064	-	258,030	-
25XX	Total non-current liabilities		<u>1,095,413</u>	<u>-</u>	<u>844,949</u>	<u>-</u>
2XXX	Total Liabilities		<u>222,472,074</u>	<u>87</u>	<u>176,065,517</u>	<u>87</u>
Equity						
Share capital						
3110	Common stock	6(19)	5,150,004	2	5,150,004	2
3120	Preference stock		500,000	-	-	-
Capital surplus						
3200	Capital surplus	6(20)	12,510,367	5	8,000,217	4
Retained earnings						
3310	Legal reserve	6(21)	2,083,531	1	1,769,387	1
3320	Special reserve		157,171	-	75,482	-
3350	Unappropriated earnings		8,981,897	4	7,917,345	4
Other equity interest						
3400	Other equity interest		98,329	-	(157,171)	-
31XX	Total equity attributable to shareholders of the parent		<u>29,481,299</u>	<u>12</u>	<u>22,755,264</u>	<u>11</u>
36XX	Non-controlling interest		<u>3,411,715</u>	<u>1</u>	<u>2,738,415</u>	<u>2</u>
3XXX	Total equity		<u>32,893,014</u>	<u>13</u>	<u>25,493,679</u>	<u>13</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant event after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 255,365,088</u>	<u>100</u>	<u>\$ 201,559,196</u>	<u>100</u>

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(22) and 7	\$ 22,787,250	100	\$ 17,957,948	100
5000	Operating costs	6(23) and 7	(8,174,315)	(36)	(6,028,233)	(34)
5900	Gross profit		<u>14,612,935</u>	<u>64</u>	<u>11,929,715</u>	<u>66</u>
	Operating expenses	6(28)(29) and 7				
6100	Selling expenses		(6,293,747)	(28)	(5,080,166)	(28)
6200	General and administrative expenses		(1,726,702)	(7)	(1,416,642)	(8)
6450	Expected credit losses		(1,842,082)	(8)	(1,110,859)	(6)
6000	Total operating expenses		<u>(9,862,531)</u>	<u>(43)</u>	<u>(7,607,667)</u>	<u>(42)</u>
6900	Operating profit		<u>4,750,404</u>	<u>21</u>	<u>4,322,048</u>	<u>24</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	22,678	-	5,496	-
7010	Other income	6(25)	615,636	3	344,625	2
7020	Other gains and losses	6(26)	(8,645)	-	14,656	-
7050	Finance costs	6(27)	(4,059)	-	(4,965)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(19,496)	-	(18,251)	-
7000	Total non-operating income and expenses		<u>606,114</u>	<u>3</u>	<u>341,561</u>	<u>2</u>
7900	Profit before income tax		<u>5,356,518</u>	<u>24</u>	<u>4,663,609</u>	<u>26</u>
7950	Income tax expense	6(30)	(1,286,934)	(6)	(1,133,417)	(6)
8200	Profit for the year		<u>\$ 4,069,584</u>	<u>18</u>	<u>\$ 3,530,192</u>	<u>20</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		Amount	%	Amount	%
Other comprehensive income (loss) for the year					
Components of other comprehensive income that may not be reclassified to profit or loss					
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 162	-	\$ 245	-
8310 Total components of other comprehensive income that may not be reclassified to profit or loss		<u>162</u>	-	<u>245</u>	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statement translation differences of foreign operations		72,090	-	(21,369)	-
8368 Gains (losses) on hedging instrument	6(3)	266,365	1	(87,608)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(30)	(57,232)	-	18,238	-
8360 Total components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>281,223</u>	<u>1</u>	<u>(90,739)</u>	<u>(1)</u>
8300 Other comprehensive income (loss) for the year, net of tax		<u>\$ 281,385</u>	<u>1</u>	<u>(\$ 90,494)</u>	<u>(1)</u>
8500 Total comprehensive income for the year		<u>\$ 4,350,969</u>	<u>19</u>	<u>\$ 3,439,698</u>	<u>19</u>
Profit attributable to:					
8610 Owners of parent		\$ 3,623,387	16	\$ 3,141,443	18
8620 Non-controlling interests		446,197	2	388,749	2
		<u>\$ 4,069,584</u>	<u>18</u>	<u>\$ 3,530,192</u>	<u>20</u>
Comprehensive income attributable to:					
8710 Owners of parent		\$ 3,878,887	17	\$ 3,059,754	17
8720 Non-controlling interests		472,082	2	379,944	2
		<u>\$ 4,350,969</u>	<u>19</u>	<u>\$ 3,439,698</u>	<u>19</u>
Earnings per share (in dollars)	6(31)				
9750 Basic earnings per share		\$	7.04	\$	6.10
9850 Diluted earnings per share		\$	7.03	\$	6.09

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Total	Non-controlling interest	Total equity
	Share capital			Retained earnings				Other equity interest					
	Common stock	Preference stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total			
Year ended December 31, 2021													
	\$ 5,150,004	\$ -	\$ 7,996,585	\$ 1,510,832	\$ 116,319	\$ 6,796,121	\$ (96,897)	\$ 2,749	\$ 18,666	\$ 21,494,379	\$ 2,168,471	\$ 23,662,850	
Balance at January 1, 2021	-	-	-	-	-	3,141,443	-	-	-	3,141,443	388,749	3,530,192	
Profit for the year	-	-	-	-	-	-	(10,792)	245	(71,142)	(81,689)	(8,805)	(90,494)	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(10,792)	245	(71,142)	(81,689)	(8,805)	(90,494)	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	(10,792)	245	(71,142)	(81,689)	(8,805)	(90,494)	
Appropriation and distribution of retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	258,555	-	(258,555)	-	-	-	-	-	-	
Special reserve	-	-	-	-	(40,837)	40,837	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)	-	(1,802,501)	
Changes in equity of associates and joint ventures accounted for using equity method	-	-	3,632	-	-	-	-	-	-	3,632	-	3,632	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	190,000	190,000	
Balance at December 31, 2021	\$ 5,150,004	\$ -	\$ 8,000,217	\$ 1,769,387	\$ 75,482	\$ 7,917,345	\$ (107,689)	\$ 2,994	\$ (52,476)	\$ 22,755,264	\$ 2,738,415	\$ 25,493,679	
Year ended December 31, 2022													
Balance at January 1, 2022	\$ 5,150,004	\$ -	\$ 8,000,217	\$ 1,769,387	\$ 75,482	\$ 7,917,345	\$ (107,689)	\$ 2,994	\$ (52,476)	\$ 22,755,264	\$ 2,738,415	\$ 25,493,679	
Profit for the year	-	-	-	-	-	3,623,387	36,406	162	218,932	255,500	446,197	4,069,584	
Other comprehensive income for the year	-	-	-	-	-	-	36,406	162	218,932	255,500	25,885	281,385	
Total comprehensive income for the year	-	-	-	-	-	3,623,387	36,406	162	218,932	3,878,887	472,082	4,350,969	
Appropriation and distribution of retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	314,144	-	(314,144)	-	-	-	-	-	-	
Special reserve	-	-	-	-	81,689	(81,689)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(2,163,002)	-	-	-	(2,163,002)	-	(2,163,002)	
Issuance of preference stock	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000	-	5,000,000	
Compensation cost of share-based payments	-	-	10,150	-	-	-	-	-	-	10,150	-	10,150	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	201,218	201,218	
Balance at December 31, 2022	\$ 5,150,004	\$ 500,000	\$ 12,510,367	\$ 2,083,531	\$ 157,171	\$ 8,981,897	\$ (71,283)	\$ 3,156	\$ 166,456	\$ 29,481,299	\$ 3,411,715	\$ 32,893,014	

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
Cash Flows From Operating Activities			
Profit before tax		\$ 5,356,518	\$ 4,663,609
Adjustments to reconcile net profit to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses and financial guarantee expenses		2,685,773	1,753,133
Depreciation	6(28)	1,435,359	1,338,225
Share-based payment	6(18)	10,150	-
Reversal of impairment loss recognized on leased assets	6(7)	(4,236)	(8,533)
Gains on financial assets at fair value through profit or loss	6(2)(26)	(3,264)	-
Net gains on disposals of property, plant and equipment	6(26)	(3,236)	(2,668)
Interest expense	6(23)(27)	2,572,427	1,489,215
Interest income	6(22)(24)	(16,306,889)	(12,380,771)
Dividend income		(911)	(918)
Profit from lease modification	6(8)	(770)	(75)
Share of profit or loss of associates accounted for using equity method	6(6)	19,496	18,251
Exchange loss (gain)		3,805	(1,147)
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		(296,736)	-
Notes and accounts receivable		(52,699,883)	(41,477,327)
Other receivables		5,667	(18,275)
Inventories		363,189	590,305
Prepayments		(248,300)	(308,503)
Other financial assets		(1,981)	(88,090)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		100,181	(236,446)
Other payables		253,887	391,351
Current financial guarantee liabilities		(14,109)	(16,221)
Other current liabilities, others		4,374	32,071
Cash outflow generated from operations		(56,769,489)	(44,262,814)
Cash dividends received		911	918
Interest received		16,287,954	12,396,324
Interest paid		(2,431,301)	(1,537,164)
Income tax paid		(1,126,953)	(1,116,191)
Net cash flows used in operating activities		(44,038,878)	(34,518,927)
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment	6(33)	(2,497,377)	(3,075,435)
Net cash flow from acquisition of subsidiaries		(13,228)	-
Acquisition of investments accounted for using equity method	6(6)	(31,850)	-
Proceeds from disposal of property, plant and equipment		8,391	6,951
Increase in other non-current assets		(13,351)	(402,297)
Net cash flows used in investing activities		(2,547,415)	(3,470,781)
Cash Flows From Financing Activities			
Increase in short-term loans	6(34)	26,581,698	15,274,739
Increase in short-term notes and bills payable	6(34)	8,113,400	20,980,000
Proceeds from long-term loans	6(34)	4,235	134,067
Repayments of long-term loans	6(34)	(1,315)	(221,050)
Proceeds from issuance of bonds payable	6(34)	10,000,000	5,200,000
Repayments of bonds payable	6(34)	-	(2,400,000)
Increase in guarantee deposits received	6(34)	534,005	751,867
Cash dividends paid	6(21)(34)	(2,163,002)	(1,802,501)
Proceeds from issuance of preference stock	6(19)	5,000,000	-
(Decrease) increase in other payables	6(34) and 7	(296,867)	738,261
Repayment of principal portion of lease liabilities	6(7)(31)	(151,410)	(171,858)
Change in non-controlling interests		200,000	190,000
Net cash flows from financing activities		47,820,744	38,673,525
Effect of exchange rate changes		89,751	(15,664)
Increase in cash and cash equivalents		1,324,202	668,153
Cash and cash equivalents at beginning of year		1,058,573	390,420
Cash and cash equivalents at end of year		\$ 2,382,775	\$ 1,058,573

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

Hotai Finance Co., Ltd.

Table of 2022 Profit Distribution

Unit : NT dollars

Item	Subtotal	Total
Unappropriated earnings from previous period		5,358,510,640
Profit before income tax of current year	4,601,499,123	
Less: Income tax	978,112,602	
Plus : Net profit after tax of current year		3,623,386,521
Less : Legal reserve (10%)		362,338,652
Plus : Special reserve		133,439,436
Distributable earnings of current period		8,752,997,945
Distributable Items		
Cash dividends to preferred shares (NT\$1.17 per share)		58,684,932
Cash dividends to common shares (NT\$3.5 per share)		1,802,501,425
Stock dividend to common share (NT\$1.0 per share)		515,000,410
Unappropriated earnings at the end of period		6,376,811,178

Liu, Yuan-Sheng
Chairman of the Board

Lin, Yen-Liang
Executive Officer

Tsai, Chia-Ming
Chief Accounting Officer

Hotai Finance Co., Ltd.

Comparison of amendments to the “The Articles of Incorporation”

Article After Revising	Original Article	Remarks
<p>Article 17: The directors shall form a board of directors. The functions of the board shall be:</p> <ul style="list-style-type: none"> a. Preparation of operation plans; b. Preparation of proposals for distribution or appropriation of profits or losses of the company; c. Recommendation of capital increases or decreases; d. Construction of organization structure and policies; e. Appointment or dismissal of the <u>managerial officers</u>; f. Establishment and abolishment of branches; g. Review of the budget and the financial statements of the company; and h. Other functions prescribed by the Company Act or authorized by the shareholders' meeting. 	<p>Article 17: The directors shall form a board of directors. The functions of the board shall be:</p> <ul style="list-style-type: none"> a. Preparation of operation plans; b. Preparation of proposals for distribution or appropriation of profits or losses of the company; c. Recommendation of capital increases or decreases; d. Construction of organization structure and policies; e. Appointment or dismissal of the <u>President and managers</u>; f. Establishment and abolishment of branches; g. Review of the budget and the financial statements of the company; and h. Other functions prescribed by the Company Act or authorized by the shareholders' meeting. 	Administrative requirements.
<p>Article 24: The Company shall have <u>managerial officers</u> in charge of the Company operations in accordance with the resolutions of the board of directors.</p>	<p>Article 24: The Company shall have <u>President</u> in charge of the Company operations in accordance with the resolutions of the board of directors.</p>	Administrative requirements.
<p>Article 28-1: At the end of each accounting year, the Company's profit shall first be paid for income taxes and put forwards making up the prior years' losses. Then, 10 percent of the net profit shall set aside as statutory surplus reserve. Where such legal reserve amounts to the <u>total paid-in capital</u>, this provision shall not apply. ... (Omitted)...</p>	<p>Article 28-1: At the end of each accounting year, the Company's profit shall first be paid for income taxes and put forwards making up the prior years' losses. Then, 10 percent of the net profit shall set aside as statutory surplus reserve. Where such legal reserve amounts to the <u>total capital</u>, this provision shall not apply. ... (Omitted)...</p>	According to Article 137 of the Company Act
<p>Article 33: ... (Omitted)... ;the eighteenth virson on on June 23, 2022. <u>;the nineteenth virson on on May 31, 2023.</u></p>	<p>Article 33: ... (Omitted)... ;the eighteenth virson on on June 23, 2022.</p>	New addition for amendment date.

Hotai Finance Co., Ltd.

Handling Procedure for the Transaction of Derivatives Revising Contrast

Article After Revising			Original Article			Remarks
Article 2 Principles and Guidelines (Omitted) 3. Authorization and Delegation (1) Financial & Accounting Division A~C.(Omitted) D. Approval authority of financial derivatives a. Authorization Quantum for the Forward Foreign Exchange hedging, Interest Rate Swap (IRS) and Cross Currency Swap (CCS) Transactions of Hedging Nature.			Article 2 Principles and Guidelines (Omitted) 3. Authorization and Delegation (1) Financial & Accounting Division A~C.(Omitted) D. Approval authority of financial derivatives a. Authorization Quantum for the Forward Foreign Exchange hedging, Interest Rate Swap (IRS) and Cross Currency Swap (CCS) Transactions of Hedging Nature.			Practically demand
Authorized person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position	Authorized person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position	
Chief of the Financial Department	Not more than US\$ 10,000,000	Not more than US\$ 240,000,000	Chief of the Financial Department	Not more than US\$ 10,000,000	Not more than US\$ 240,000,000	
General Manager	Not more than US\$ 20,000,000	Not more than US\$ 500,000,000	General Manager	Not more than US\$ 20,000,000	Not more than US\$ 500,000,000	
Chairman	<u>more than US\$ 20,000,000</u>	<u>more than US\$ 500,000,000</u>	Chairman	<u>Not more than US\$ 30,000,000</u>	<u>Not more than US\$ 600,000,000</u>	
b. Authorization Quantum for the Transaction of Other Hedging Commodities.			b. Authorization Quantum for the Transaction of Other Hedging Commodities.			
Authorized person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position	Authorized person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position	
Chief of the Financial Department	Not more than US\$ 3,000,000	Not more than US\$ 5,000,000	Chief of the Financial Department	Not more than US\$ 3,000,000	Not more than US\$ 5,000,000	
General Manager	Not more than US\$ 10,000,000	Not more than US\$ 20,000,000	General Manager	Not more than US\$ 10,000,000	Not more than US\$ 20,000,000	
Chairman	<u>more than US\$ 10,000,000</u>	<u>more than US\$ 20,000,000</u>	Chairman	<u>Not more than US\$ 20,000,000</u>	<u>Not more than US\$ 40,000,000</u>	

Details of the Release of Director's Non-Compete Restrictions

Title	Name	Current Positions at Other Companies
Chairman	Ho Zan Investment Co., Ltd., represented by Liu, Yuan-Sheng	Director, Zheng Ren Energy Co., Ltd. Director, Heng Fong Energy Co., Ltd.
Director	Ho Zan Investment Co., Ltd., represented by Su, Chwen-Shing	Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd.
Director	Ho Zan Investment Co., Ltd., represented by Leon Soo	Director, Tianjin Ho-Con Finance Leasing Co., Ltd.
Director	Toyota financial service corporation, represented by Shin Abe	Director, Hotai Leasing Co., Ltd. Director, Ho Ing Mobility Service Co., Ltd. Director, Hoyun International Leasing Co., Ltd. VP of APR, Toyota Financial Services Corporation Director, Toyota Financial Services Singapore Director, SGCM PTE. Ltd. Director, QUOTZ PTE. Ltd. Director, QUOTZ (TAIWAN) PTE. Ltd.
Independent Director	Huang, Ming-You	Independent Director, Solomon Technology Co., Ltd.

Hotai Finance Co., Ltd. The Articles of Incorporation

2022.6.23

Section I - General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Act of Taiwan and its official business name shall be 和潤企業股份有限公司 in Chinese, and HOTAI FINANCE CO., LTD. in English.

Article 2

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

1. F113010 Wholesale of Machinery
2. F213080 Retail Sale of Machinery and Equipment
3. F113020 Wholesale of Household Appliance
4. F213010 Retail Sale of Household Appliance
5. F113050 Wholesale of Business Machinery Equipment
6. F213030 Retail sale of Business Machinery Equipment
7. F114010 Wholesale of Automobiles
8. F214010 Retail Sale of Automobiles
9. F114020 Wholesale of Motorcycles
10. F214020 Retail Sale of Motorcycles
11. F114030 Wholesale of Motor Vehicle Parts and Supplies
12. F214030 Retail Sale of Motor Vehicle Parts and Supplies
13. F113100 Wholesale of Pollution Controlling Equipment
14. F213100 Retail Sale of Pollution Controlling Equipment
15. HZ01010 Accounts Receivable Purchase
16. I601010 Rental and Leasing Business
17. JZ99050 Agency Services
18. IZ11010 Overdue Account Receivable Management Services
19. I201010 Credit Bureau Services
20. ZZ99999 All business items that are not prohibited or restricted by Act, except those that are subject to special approval.
21. G101091 Pickup Truck Rental and Leasing
22. G101041 Passenger Car Rental and Leasing
23. F108031 Wholesale of Drugs, Medical Goods
24. F208031 Retail sale of Medical Equipment
25. HZ02010 Financial Institution Creditor's Right(Money) Purchase
26. HZ02020 Financial Institution Creditor's Right(Money) Appraisal and Auction
27. J303010 Magazine and Periodical Publication
28. D101050 Steam and Electricity Paragenesis
29. D101060 self-usage power generation equipment utilizing renewable energy industry
30. D401010 Heat Energy Supplying
31. E601010 Electric Appliance Construction
32. E601020 Electric Appliance Installation
33. E603040 Fire Fighting Equipments Construction
34. E603050 Cybernation Equipments Construction
35. E604010 Machinery Installation Construction
36. E605010 Computing Equipments Installation Construction
37. E606010 Electricity Equipments Checking and Maintenance
38. EZ05010 Apparatus Installation Construction
39. F401010 International Trade
40. IG03010 Energy Technical Services
41. J101010 Buildings Cleaning Service

Article 3

The Company's headquarter is located in Taipei City, Taiwan. With the approval of the

board of directors, the Company may establish branch offices within or outside Taiwan.

Article 4

“Public Announcement” of the Company shall be made in accordance with the Company Act and other applicable laws and regulations.

Section II - Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of 10,000,000,000 New Taiwan Dollars, divided into 1,000,000,000 shares, at ten New Taiwan Dollars each, and may be issued in installments under approval of board of directors, where a portion of the shares may be in the form of preferred shares.

Article 5-1

The rights, obligation, and other important issuance terms of the Company's preferred shares are as

1、The fiscal year-end earnings of the Company shall be applied to the following uses in order: payments of taxes, making-up of deficit, legal reserve, special reserve by law, and the remaining shall be paid to holders of preferred shares as the current year's dividends.

2、The dividends of preferred shares are capped at 8% per annum on the issue price. Cash dividends will be distributed annually in arrears. Once the Company's Audited Financial Reports have been acknowledged in the annual general meeting of the shareholders, the Board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.

3、The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares in the following circumstances:(a) there are no earnings in a fiscal year, (b) the earnings are insufficient to distribute dividends of preferred shares. The cancellation of dividend payment should not constitute an event of default. The preferred shares are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or omitted dividends in the future.

4、Not entitled to common shares' cash or stock dividends derived from earnings or capital reserve.

5、The order of claim for distribution of property is prior to ordinary shares. The claim of all series of preferred shareholders are equal, but subordinate to the holders of debts. The repayment shall be capped at the respective issue amount of preferred shares upon liquidation.

6、Preferred shareholders do not have voting rights or suffrage. However, they have voting rights with respect to agendas related to the rights and obligations of preferred shares in shareholders' meetings.

7、Cannot be converted to common shares and Holders do not have the right to request the company to redeem preferred shares.

8、The preferred shares are perpetual. Preferred shares may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company. Unredeemed preferred shares shall continue to have the rights and obligations of issuance terms prescribed in this Article. The distribution of the payable dividends until redemption date shall be calculated based on the actual number of days the preferred shares remained outstanding in that year as the Company resolved on dividend distribution.

The Board of Directors is authorized to resolve preferred share matters including names, issuance date, and other pragmatic terms in accordance with Articles of Incorporation and related commercial laws by market circumstances and investors' willingness.

Article 6

The total amount of the Company's investment in other companies shall not be subject to forty percent (40%) of the Company's paid-up capital.

Article 7

All the Company's share certificates shall bear the shareholder's name and shall be serially numbered, and the share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank. The Company may issue shares without printing share certificate, and shall register the issued shares with a centralized securities depository enterprise. The same applies in case of issue other securities.

Article 8

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

Article 9

The transfer of share certificates shall not be filed with the Company within 60 days prior to the date of the annual shareholders' meeting or within 30 days prior to the special shareholders' meeting or within 5 days prior to the date fixed for allocating dividends, bonuses or other benefits. The affairs of share certificates shall be ascertained by referring to Regulations Governing the Administration of Shareholder Services of Public Companies unless specified otherwise by law and securities regulations.

Section III - Shareholder's Meeting

Article 10

Shareholders' meeting shall be of the following two kinds:

1. Regular meeting of shareholders: To be held at least once every year and convened within six months after close of each fiscal year.
2. Special meeting of shareholders: To be held when necessary. A shareholders' meeting shall, unless otherwise provided for Company Act, be convened by the board of directors.
3. The preferred shareholders' meeting may be convened when it deemed necessary in accordance with applicable laws and regulations.

Article 10-1

The company's shareholders' meeting may be held by video conference or other means announced by the central competent authorities.

Article 11

Unless otherwise provided in laws, during the session of a shareholders' meeting, the chairman of the board of directors shall be the chairperson of the meeting. Where the chairman of the board of directors is on leave or absent or cannot exercise his/her power and authority for any cause, he/she shall designate one managing director to act on his/her behalf. Where the chairman of the board of directors is on leave or absent or cannot exercise his/her power and authority for any cause, he/she shall designate one director to act on his/her behalf. Where the chairman fails to designate a proxy, the directors shall elect among them an acting chairperson of the meeting. The shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 12

The meeting notice of shareholders' meeting, including date, location and resolutions, shall be delivered to each shareholders 30 days prior to the annual shareholders' meeting or 15 days prior to the special shareholders' meeting. The notice of shareholders' meeting may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement. The notice and public announcement of shareholders' meeting shall be ascertained by referring to the Article 172 of Company Act.

Article 13

In each meeting of shareholders, a shareholder may delegate a proxy by filling a form printed by the Company representing a power of attorney stating the scope of authority delegated to the person attending the meeting of shareholders. Beside the Article 177 of

Company Act, the policies of shareholder appoint proxy shall also be ascertained by referring to the set forth in the preceding Paragraph and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14

Each share of stock shall be entitled to one vote, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, the voting procedures shall follow the related provisions issued by the competent authorities.

Article 15

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

Article 15-1

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within 20 days after the close of the meeting. The distribution of the minutes of shareholders' meeting may be effected by means of electronic form or public notice.

Section IV - Directors, Managers and Audit Committee

Article 16

The Company shall have nine directors. The term of office of the directors will be 3 years and they will be eligible for re-election. The percentage of shareholdings of all the directors selected is subject to the provisions separately prescribed by Company Act and the competent authority in charge of securities affairs. To comply with Article 14-2 of the Securities and Exchange Act, the Company may appoint independent directors. The aforesaid board of directors shall have three independent directors, and six non-independent directors. Directors shall be elected by adopting candidates nomination system as specified of Company Act.

The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent directors elected shall be calculated separately. The ones with more votes are the ones being independent or non-independent directors. The company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy.

Article 17

The directors shall form a board of directors. The functions of the board shall be:

- a. Preparation of operation plans;
- b. Preparation of proposals for distribution or appropriation of profits or losses of the company;
- c. Recommendation of capital increases or decreases;
- d. Construction of organization structure and policies;
- e. Appointment or dismissal of the managerial officers;
- f. Establishment and abolishment of branches;
- g. Review of the budget and the financial statements of the company; and
- h. Other functions prescribed by the Company Act or authorized by the shareholders' meeting.

Article 18

The chairman of the board of directors shall be elected from among the directors by a majority vote at the meeting of a board of directors attended by at least two thirds (2/3) of the directors. The Company shall have a vice chairman through the same way if necessary. The chairman of the board of directors shall represent the company.

Article 19

Except otherwise prescribed by the Company Act of Taiwan, the meeting of the board of

directors shall be convened by its chairman. Except as otherwise provided in Company Act of Taiwan, a meeting of board of directors may be held if attended by a majority of total directors and resolutions shall be adopted with the concurrence of the majority of the directors present at the meeting. In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. Notices of board of directors' meetings could be through written, fax or electronic.

Article 20

The chairman of the board of directors shall preside at the meeting of the board of directors. In case the chairman is to be absent or cannot exercise his powers for any cause whatsoever, he/she may designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect one from among themselves. A director shall attend meetings of the board of directors in person, if he/she may not attend, he/she shall by written authorization, appoint another director to attend on his/her behalf of meetings of the board of directors, and to vote for him on all matters presented at such meeting. The proxy shall accept the designation of one director only. In case the independent directors not attend, he/she shall only appoint another independent director to attend the meeting as proxy. The meeting of the board of directors may be preceded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 21

In compliance with the Securities and Exchange Act, the Company may establish an Audit Committee, which shall consist of all independent directors. The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Act, Securities and Exchange Act and other relevant regulations of Republic of China. The exercise of power by audit committee members and related matters shall be set forth in accordance with the laws and regulations. The regulation of Audit Committee shall be specified by board of directors. In compliance with laws and operation requirements, the Company may establish remuneration committee or function committees. Establishment and scope of duty of relevant committees shall follow relevant rules promulgated by the competent authorities. The regulation of function committees shall be specified by board of directors.

Article 22

Board of directors is authorized to determine the compensation for directors, the standards of the industry shall take into account.

Article 23

The Company may have managerial officers. The decision to engage, terminate and pay for the managers shall be held in the meeting of board of directors if attended by a majority of total directors and resolutions shall be adopted with the concurrence of the majority of the directors present at the meeting.

Article 24

The Company shall have President in charge of the Company operations in accordance with the resolutions of the board of directors.

Section - V Account

Article 25

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

Article 26

After the close of each fiscal year, in accordance with Article 228 of the Company Act, the following reports shall be prepared by board of directors, and submitted to the audit committee before 30 days of regular shareholders' meeting:

- a. Business Report;
- b. Financial Statements;
- c. The surplus earning distribution or loss offsetting proposals.

Article 27

The payment of dividends shall be proportionate to the number of shares held by each of the shareholders. Except distribution of reserve in accordance with competent laws and regulations, the Company shall not pay dividends when there is no surplus profit.

Article 28

One percent of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 28-1

At the end of each accounting year, the Company's profit shall first be paid for income taxes and put forwards making up the prior years' losses. Then, 10 percent of the net profit shall set aside as statutory surplus reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. According to related regulation, make provision, reverse special reserve, and pay for preferred shares dividends with unappropriated warnings shall be accumulated retained earnings for shareholders. After distributing to the shareholders as dividends from the distributable retained earnings, the board of directors may consider proposing distribution of shareholders' bonus; which proposal shall be adopted in the shareholders' meeting before execution. The Company is currently at a developing stage. The Company's dividend distribution policy is subject to the Company's current and future investment environment, fund requirements, and competition from local and abroad, as well as taking into consideration of the interests of shareholders and the long-term financial planning. Shareholder dividends shall not be less than 50% of earnings available for appropriation for the year and cash dividends shall not be less 10% of total dividends.

Article 28-2

The Board of Directors of the Company may, with the presence of at least two-thirds of the directors and by a resolution of a majority of the directors present, resolve to distribute all or part of the dividends and bonuses payable in cash and report the resolution.

Article 29

Dividends will be paid only to those shareholders whose names are filed and recorded in the shareholders' register five days prior to the date fixed for distributing dividends.

Section VII Supplementary Provisions

Article 30

The Company may act as a guarantor externally as required for business in accordance with the government's regulation. The Company may undertake the activities of guarantee in accordance with operation, and the affairs of guarantee shall be enforced by referring to the Operation Procedure of Endorse Guarantee.

Article 31

The Company's articles of organization and enforcement rules thereof shall be defined separately.

Article 32

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

Article 33

The Articles of Incorporation is executed by all the incorporators on May 6, 1999, and conducted the first revision on July 9, 1999; the second revision on December 27, 1999; the third revision on June 19, 2001; the fourth revision on June 25, 2002; the fifth revision on December 26, 2002; the sixth revision on August 13, 2003; the seventh revision on Nonmember 15, 2004; the eighth revision on June 13, 2005; the ninth revision on June 18, 2008; the tenth revision on June 23, 2009; the eleventh revision on June 20, 2012; the twelfth revision on June 29, 2015; the thirteenth revision on June 22, 2016; the fourteenth revision on June 28, 2018; the fifteenth revision on November 7, 2018; the sixteenth revision on June 25, 2019; the seventeenth revision on June 24, 2020; the eighteenth version on June 23, 2022.

Hotai Finance Co., Ltd.
Rules and Procedures of Shareholders' Meeting

2021.07.22

Article 1

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

Article 2

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

Article 3

Shareholders attending the Meeting shall be with attendance certification. The Company shall prepare an attendance book for shareholders to sign in. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book.

Article 4

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

Article 5

The Chairman of Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of Board of Directors cannot preside at the Meeting, the Chairman shall appoint one of the Directors to represent him/her. If the Chairman of Board of Directors does not appoint one, the Directors should elect one person from amongst themselves. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. If there is more than one person entitled to convene the Meeting, they should elect each other themselves.

Article 6

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

Persons handling affairs of the Meeting shall wear identification cards.

Article 7

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

Article 8

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the

aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of Company Act. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of Company Act. If during the process of the Meeting the number of outstanding shares Represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of Company Act.

Article 9

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

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, who is entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

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

Article 10

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

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

Article 11

The inquiries related to the report items set forth in the agenda from the shareholders or their representatives shall only be raised after the chairman or his/her representative finishes the reading or reporting of such report items. Each shareholder shall not, for each discussion item, speak more than once, each time not exceeding 3 minutes. For other items, each shareholder shall not speak more than twice, each time not exceeding 5 minutes.

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

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

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise the

chairman shall stop such interruption.

Article 12

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

Article 13

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

Article 14

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

Article 15

Except otherwise specified in Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The result of voting shall be announced at the Meeting and placed in minutes. The meeting minutes shall be recorded and preserved in accordance with Article 183 of the Articles of Incorporation of the Company.

Article 16

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

Article 17

During the Meeting, the chairman may, at his/her discretion, set time for intermission. In case of incident of force majeure such as air raid warning, earthquakes and outbreak of fire, the chairman may decide to temporarily suspend the Meeting until the emergency is being solved for an hour and announce when the Meeting will resume.

Article 18

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

Article 19

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

Article 20

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

Hotai Finance Co., Ltd.
Handling Procedure for the Transaction of Derivatives

2022.06.23

Article 1

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

Article 2 Principles and Guidelines

1. Types of Transaction

- (1) The financial derivatives, which the Company engages in, means Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts. Whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- (2) This Handling Procedure shall also apply to bond margin transaction; provided that it may not apply to callable bond transaction.

2. Management (Hedge) Strategy

- (1) The Company shall conduct the financial derivatives transaction based on the hedging purpose. The Company shall mainly choose commodities that could enable the Company to avoid the risk arising out of or from the operation of the Company, and to obtain the currencies which could meet the requirement of the Company's import and export transactions.
- (2) The Company shall conduct foreign exchange hedging operation in order to handle overseas subsidiary's needs for financing in foreign currency.
- (3) The Company shall not engage in transaction of other specific purposes.

3. Authorization and Delegation

(1) Financial & Accounting Division

A. Transaction Staffs

- a. The transaction staffs shall be in charge of the draw up of the strategy regarding the overall financial commodity transactions of the Company.
- b. The transaction staffs shall, depending on the actual requirement, collect market information, conduct trend tracking and risk evaluation, and draw up the operation strategy. Upon approval by the responsible person, said strategy shall become the principle for conduct of the transaction.
- c. The transaction staff shall execute the transaction pursuant to the authorized discretion (as further prescribed in Article 4 below) and the current strategy.
- d. Where the transaction staffs consider that the current strategy cannot apply due to the material change of the financial market, they shall immediately provide evaluation report and re-draw up strategy, and propose them to the General Manager. Upon approval by the General Manager, said strategy shall become the principle for conduct of the transaction.

B. Confirmer

The confirmer shall

- a. execute confirmation of transactions.
- b. review and check whether the transactions are conducted pursuant to the authorized discretion (as further prescribed in Article 4 below) and the current strategy.
- c. conduct quarterly evaluations and submit said evaluations to General Manager.
- d. handle accounting issues.

- e. conduct the report and disclosure procedure in accordance with the regulations promulgated by SEC.
- C. Delivery Staffs
Execution of the delivery matters.
- D. Approval authority of financial derivatives
 - a. Authorization Quantum for the Forward Foreign Exchange hedging, Interest Rate Swap (IRS) and Cross Currency Swap (CCS) Transactions of Hedging Nature.

Authorized Person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position
Chief of the Financial Department	Not more than US\$ 10,000,000	Not more than US\$ 240,000,000
General Manager	Not more than US\$ 20,000,000	Not more than US\$ 500,000,000
Chairman	Not more than US\$ 30,000,000	Not more than US\$ 600,000,000

- b. Authorization Quantum for the Transaction of Other Hedging Commodities

Authorized Person	Authorized Quantum Per Order	Authorized Quantum for Net Accumulated Position
Chief of the Financial Department	Not more than US\$ 3,000,000	Not more than US\$ 5,000,000
General Manager	Not more than US\$ 10,000,000	Not more than US\$ 20,000,000
Chairman	Not more than US\$ 20,000,000	Not more than US\$ 40,000,000

- c. Financial derivatives transactions of the Company which require the approval of the Board of Directors pursuant to the Procedures or other applicable laws or regulations are considered material financial derivatives transactions.
 - d. If any of the directors express dissent from the decision or issue a statement in writing when a transaction involving financial derivatives is submitted to the Company's Board of Directors for discussion, their opinions shall be recorded in the meeting minutes of the Board. The opinions of independent directors shall also be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall also be recorded in the meeting minutes of the Board.
 - e. Material financial derivatives transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 8 of the Procedures shall apply.
- (2) Audit Department
The audit department shall be responsible for understanding the feasibility of internal control for the transaction of derivatives and inspecting whether the transaction department complies with the operating procedure. In addition, it shall also analyze the transaction circulation and draw up an audit report, and report to the Board when material fault is found.
- (3) Performance Evaluation
A. The performance evaluation shall be made based on the profit or loss between the

- exchange cost on the book and the transaction of financial derivatives.
- B. In order to fully control and express the exact risk of the transactions, the Company adopts quarterly evaluation method to conduct the profit-and-loss evaluation.
 - C. Financial Department shall provide General Manager with foreign exchange position evaluation, foreign exchange market trend and market analysis for his/her reference.
- (4) The stipulation for the maximum monetary amount of contract and maximum monetary amount of loss
- A. Maximum monetary amount of contract
Financial Department shall control the overall position of the Company in order to hedge the transaction risk. The monetary amount of hedging transaction shall not exceed the total monetary amount required by the Company for actual import and export.
 - B. Maximum monetary amount of loss
For respective contracts of the hedging transaction, the maximum monetary amount of loss shall be 20% of the contracted amount; for all contracts of the hedging transaction, the maximum monetary amount of loss shall be 5% of the corporation's net worth.

Article 3 Risk Management Measure

1. Credit Risk Management
Trading counter party: Mainly to the renowned domestic or international financial institutions and could provide professional information to the Company.
2. Market Risk Management
The market risk management shall be conducted based on the foreign exchange market provided by banks; futures market is excluded.
3. Circulation Risk Management
In order to secure the market circulation, the Company shall mainly choose those financial derivatives with higher circulation (i.e. it may be disposed at all times). The trading financial institution shall have sufficient information and the ability to conduct the transaction in any market at all times.
4. Cash Flow Risk Management
In order to secure the stability of the revolving of operating fund, the Company shall conduct the financial derivatives transaction solely by using self-owned fund. In addition, the determination of the operating monetary amount shall consider the Company's fund requirement for the forthcoming three months, which is based on the cash flow forecast.
5. Operation Risk Management
 - (1) In order to avoid operation risk, the conduct of financial derivative transactions shall comply with the authorization quantum and operation procedure and be subject to internal audit.
 - (2) No plurality of positions among transaction staff, confirmation staff and the delivery staff is permitted.
 - (3) The risk evaluation staff, risk supervision staff and risk control staff shall belong to different units from those of the staffs mentioned in Article 3-5-(2), and shall report to the Board or the high level officers who are not responsible for the transaction or position determination.
 - (4) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
6. Commodity Risk Management
The transaction staffs shall have comprehensive and correct professional knowledge on financial commodities. In order to avoid any risk arising from financial commodities, they shall require the banks to fully disclose the risk.

7. Legal Risk Management

In order to avoid legal risk, any document to be executed between the Company and any financial institution shall not be signed until it has been reviewed by the Foreign Exchange Department and Legal Department or the Company's legal counsel.

Article 4 Internal Audit System

1. Internal audit personnel shall examine the adequacy of internal controls of financial derivatives transactions periodically, conduct monthly audit on the Trading Division for compliance of the Procedures, analyze trading cycle, and prepare audit reports. In the event of a major violation, internal audit personnel shall report to the audit committee in writing.
2. The Company shall conduct the financial derivative transactions pursuant to this Handling Procedure. In the event of any material violation of this Handling Procedure, certain punishment shall be imposed on the related persons, depending on the degree of violation.
3. The internal audit staffs shall, prior to the end of February of the ensuing year, submit the "Audit Report" and "Annual Report for the Internal Audit Operation" to the SEC; prior to the end of May of the ensuing year, submit the "Progress on the Correction of Irregular Matters" to the SEC for record.

Article 5 Method of Regular Evaluation

1. The Board shall authorize high level officers to regularly conduct supervision and evaluation on whether the derivative commodity transactions have been managed pursuant to the transaction procedure provided by the Company, and whether the risk taken by the Company is within the permitted scope. In the event of any irregularity (e.g. the positions that the Company holds have exceeded the maximum monetary amount of loss) in the market price evaluation report, said high level officers shall immediately report to the Board and take countermeasures.
2. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

Article 6 The Board's Supervision and Management Principle for the Financial Derivative Transactions

1. The Board shall appoint high level officers to take charge of the supervision and control of the risk arising from the derivative commodity transactions at all times. The management principles are as follows:
 - (1) Regularly evaluate the feasibility of the currently applied risk management measures; strictly comply with the "Criteria for Handling Acquisition or Disposal of Assets" promulgated by SEC and "Handling Procedure for the Transaction of Derivatives" promulgated by the Company.
 - (2) Supervise the transactions and the profit-and-loss situation, in the event of any irregularity, they shall take necessary countermeasures and immediately report to the Board. In the case that the Company has established Independent Directors, the Independent Directors' attendance and provision of opinion are required for the Board Meeting.
2. Regularly evaluate whether the performance of the derivative commodity transactions meets the current operation strategy, and whether the risk taken by the Company is within the permitted scope.
3. A company shall report to the after meeting of the board of directors after it authorizes the relevant personnel to handle derivate trading in accordance with its Procedures for Engaging in Derivatives Trading.
4. A record book shall be established for the derivative commodity transactions, which shall specifically record the types, monetary amounts, dates of approval by the Board and evaluation items provided in Article 5-2, 6-1 and Article 6-2.

Article 7 Procedure for Disclosure and Report

1. The Company shall, prior to the 10th day of each month, input into the web site designated by the SEC the derivative commodity transaction result of previous month by the Company and its

- subsidiaries that are not domestic public company.
2. In the event the loss from the engagement in the derivatives transaction by the Company and its subsidiaries that are not domestic public company reaches the overall or respective contract loss maximum limits provided by this Handling Procedures, the Company shall, within two (2) days after the occurrence of said events, disclose and report the related information into the web site designated by the SEC.
 3. In the event there is any error or omission in the content of the items disclosed by the Company, the Company shall re-disclose and re-report the whole content of said items.

Article 8

The Procedures have been approved by the audit committee and adopted by the Board of Directors and shareholders meeting; the same approval process shall apply to any amendments to the Procedures.

When the Procedures are submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board. If the Company fails to obtain the approval of a majority of all members of the audit committee as provided in the first paragraph, the Procedures may be adopted by the approval of at least two-thirds of all members of the Board. The resolution of the audit committee shall be recorded in the meeting minutes of the Board.

As referred to in the preceding paragraph, "all members of the audit committee" shall mean the incumbent members of the audit committee, and "all members of the Board" shall mean the incumbent members of the Board of Directors.

Article 9

The relevant laws and regulations shall govern matters not expressly stated herein.

Hotai Finance Co., Ltd.
Rules for Election of Directors

2021.7.22

Article 1

The directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

In the election of directors of the Company, the directors shall be elected through cumulative voting, the names of voters may be represented by shareholders' numbers. When electing the Company's directors, each share shall be entitled to one vote for each director to be elected. The holder of the shares may cast all votes for one candidate, or may distribute the votes among several candidates.

Article 3

In the election of directors of the Company, the Company adopts the candidate nomination system due to Article 192-1 of Company Law of Republic of China.

The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately. Candidates who acquire more votes (electronic votes included) should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behalf of the candidate who is not present.

Article 4

At the beginning of the election, the chairman shall appoint several persons each to check, tell and record the ballots.

Article 5

Ballots shall be prepared by the Company and note the number of voting rights by represented shareholders' numbers. The one who elect electronically do not use ballots.

Article 6

(Deleted)

Article 7

Ballots shall be deemed void under the following conditions:

1. Not follow the rules specified herein;
2. Blank ballots not completed by the voter;
3. Illegible writing;
4. The candidate whose name is entered in the ballot does not conform to the director candidate list;
5. Ballots with other written characters or symbols in addition to the number of voting rights allotted.

Article 8

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 9

The Company shall issue notifications to the directors elected.

Article 10

Others provided in Company Law or relevant regulation of Republic of China shall be followed as the Rules for Election of Directors has no related regulation.

Article 11

The Rules for Election of Directors and any revision thereof shall become effective with an approval at the shareholders' meeting.

Shareholdings of Directors

As of April 2, 2023. Unit : Share

Title	Name	Authorized Representative	Shareholding Common share	% Common share
			Shareholding Preferred share	% Preferred share
Chairman	Ho Zan Investment Co., Ltd.	Liu, Yuan-Sheng	233,782,831	45.3947%
			-	-
Director	Ho Zan Investment Co., Ltd.	Su, Chwen-Shing	233,782,831	45.3947%
			-	-
Director	Ho Zan Investment Co., Ltd.	Roger Huang	233,782,831	45.3947%
			-	-
Director	Ho Zan Investment Co., Ltd.	Leon Soo	233,782,831	45.3947%
			-	-
Director	Ho Zan Investment Co., Ltd.	Ryan Huang	233,782,831	45.3947%
			-	-
Director	Toyota Financial Services Corporation	Shin Abe	118,249,872	22.9611%
			-	-
Independent Director	Huang, Ming-You		-	-
			-	-
Independent Director	Mao, Wei-Lin		-	-
			-	-
Total common shares and preferred shares			352,032,703	68.3558%
			-	-

1. Paid-up capital:5,650,004,070(NTD), Total shares issued :
515,000,407 common shares, 50,000,000 preferred shares.
2. According to Article 26 of Securities Exchange Act of the Republic of China, the minimum required percentage of shares held by all directors is as follows :
Share ownership of directors required by law : 18,080,013 Shares.
3. The share ownership of directors has met the minimum legal requirement.
4. The Audit Committee of the Company will replace the functions of supervisors. Therefore, the minimum legal requirement of supervisor shareholding does not apply.



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