



# HOTAI FINANCE CORPORATION

## 2024 Annual Shareholders' Meeting Handbook

(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 29, 2024

# Table of Contents

<b>I. Meeting Agenda</b> .....	1
<b>II. Report</b> .....	2
<b>III. Ratification</b> .....	5
<b>IV. Discussion</b> .....	7
<b>V. Election</b> .....	9
<b>VI. Other Matters</b> .....	10
<b>VII. Extemporaneous motions</b> .....	10
<b>IX. Appendix</b>	
1. 2023 Business Report .....	11
2. Audit Committee Report .....	14
3. 2023 financial statements .....	15
4. Table of 2023 Profit Distribution.....	36
5. The Articles of Incorporation Revising Contrast .....	37
6. Operation Procedure for Endorsements and Guarantees Revising Contrast .....	38
7. List of Director and Independent Director Candidate .....	39
8. Details of the Release of Director’s Non-Compete Restrictions....	45
<b>X. Exhibits</b>	
1. The Articles of Incorporation.....	49
2. Rules and Procedures of Shareholders' Meetings.....	55
3. Operation Procedure for Endorsements and Guarantees .....	58
4. Rules for Election of Directors .....	63
5. Shareholdings of Directors .....	64

# **I. Meeting agenda**

## **2024 Annual General Shareholders' Meeting**

Meeting Time : May 29, 2024 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) 2023 Business Report
  - (2) 2023 Audit Committee Report
  - (3) Distribution of employees' remuneration of 2023
  - (4) Distribution of 2023 Profits
  - (5) Implementation report of corporate bond
3. Ratifications
  - (1) Ratification of 2023 Business Report and Financial Statements
  - (2) Ratification of Proposed Distribution of 2023 Profits
4. Discussion
  - (1) Stock dividends and the issue of new shares
  - (2) Amendment to the " The Articles of Incorporation "
  - (3) Amendment to the " Operation Procedure for Endorsements and Guarantees "
5. Election
  - (1) Reelection of directors for the 11th Board
6. Other Matters
  - (1) Proposal for release of the non-competition restriction imposed on directors
7. Extemporaneous motions
8. Adjournment

## **II. Reports**

### **1. 2023 Business Report**

#### **Explanation :**

Please refer to Appendix 1 for the Company's 2023 business report (page 11~13).

### **2. 2023 Audit Committee Report**

#### **Explanation :**

Please refer to Appendix 2 for the Audit Committee Report (page 14).

### **3. Distribution of employees' remuneration of 2023**

#### **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\$ 48,459,673 as employees' remuneration, and the remuneration shall be distributed in cash. The proposal has been adopted by resolution at the 24th meeting of the 10th Board of Directors.

## 4. Distribution of 2023 Profits

### Explanation :

(1) The distribution shall be declared and made in accordance with Article 240, Paragraph 5 of the Company Act and Article 28-2 of the Company's Articles of Incorporation.

(2) The Company's 2023 profit was resolved by the 10th term of the Board of Directors at the 24th meeting to approve cash dividends as follows:

Preferred shares A: NT\$210,000,000 (NT\$4.2 per share)

Preferred shares B: NT\$77,054,795 (~NT\$1.54 per share)

Common shares: NT\$1,699,501,344 (NT\$3 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.

(3) 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 corporate bond

### Explanation :

(1) The Company issued the following corporate bond:

Issuance	2023 1st unsecured corporate bond	2023 2nd secured corporate bond
Issue Size	NT\$ 4 billion	NT\$ 5 billion
Coupon	Fixed 1.50%	Fixed 1.49%
Maturity	5 years (2023/3/28~2028/3/28)	2 years (2023/10/27~2025/10/27)
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	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	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	Successfully completed	Successfully completed

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

### **III. Ratifications**

#### **1. Ratification of 2023 Business Report and Financial Statements**

Proposed by Board of Directors

##### **Explanation :**

- (1) The Company's 2023 Business Report and Financial Statements have been adopted by resolution at the 24th 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 11~13) and Appendix 3 (page 15~35) for the Company's 2023 Business Report and Financial Statements.

##### **Resolution :**

## **2. Ratification of Proposed Distribution of 2023 Profits**

Proposed by Board of Directors

### **Explanation :**

(1) After setting aside 10% of the 2023 profits as legal reserve, the Company, pursuant to the resolution at the 24th meeting of the 10th Board of Directors, shall distribute as follows:

(i) Cash dividends to preferred shares A:

NT\$210,000,000 (NT\$4.2 per share)

(ii) Cash dividends to preferred shares B:

NT\$77,054,795 (Approx. NT\$1.54 per share)

(iii) Cash dividends to common shares:

NT\$1,699,501,344 (NT\$3.0 per share)

Stock dividend to common shares:

NT\$566,500,450 (NT\$1.0 per share)

(2) Please refer to Appendix 4 for the Table of 2023 Profit Distribution (page 36).

### **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\$ 566,500,450 stock dividend from 2023 distributable earnings to issue a total amount of 56,650,045 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 :**

In response to the Company's practical needs, the amendments to certain provisions of the Company's "The Articles of Incorporation" accordingly. Please refer to Appendix 5 (page 37) for the comparison.

### **Resolution :**

## **3. Amendment to the "Operation Procedure for Endorsements and Guarantees"**

Proposed by Board of Directors

### **Explanation :**

In response to the Company's practical needs, the amendments to certain provisions of the Company's " Operation Procedure for Endorsements and Guarantees " accordingly. Please refer to Appendix 6 (page 38) for the comparison.

### **Resolution:**

## **V. Election**

### **1. Reelection of directors for the 11th Board**

Proposed by Board of Directors

#### **Explanation :**

- (1) The term of the 10th Board of Directors is expired on July 21<sup>st</sup>, 2024. The Company proposes to implement a reelection; therefore, the tenure of existing board members is due until the 2024 Annual General Shareholders' Meeting.
- (2) The Company shall have 9 directors (including 3 independent directors) for 3 years tenure. The term of the 11th Board of Directors is from May 29<sup>th</sup>, 2024 to May 28<sup>th</sup>, 2027.
- (3) The Company adopts a candidate nomination system for director election in accordance with Article 16 of the Company Act. Please refer to Appendix 7 (page 39~44) for the list of director and independence director candidate.

#### **Voting Results :**

## **VI. Other Matters**

### **1. 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 8 (Page 45~48). 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:**

## **VII. Extemporary motions**

## **VIII. Adjournment**

## Hotai Finance Co., Ltd

### 2023 Business Report

#### I. Review of Operating Achievements in 2023

In 2023, the global supply chain slowly returned to normal. However, despite the slowdown of the increase in the interest rate by the FED in the US, inflation remained high, resulting in the sluggish growth momentum of the global economy. At the junction of trade and technology competitions, Taiwan is materially affected by global political and economic conditions. In 2023, the economic growth rate in Taiwan was merely 1.40%, representing a decrease of 1.19% from the growth rate of 2.59 in 2022. Even though facing rising capital costs and limited growth in the economic environment, the Company continued to reinforce its products and digital transformation. In 2023, its business performance achieved a new high. The operating income reached NT\$28.66 billion, representing a growth of 26% from the preceding year. The consolidated. The consolidated assets of the Company exceeded NT\$310 billion, representing an increase of 22% from the preceding year. The consolidated net profit after tax was NT\$4.09 billion, and EPS was NT\$6.41 per share.

Regarding the core business of car installment, when facing the active attempts of banks and companies within the rental industry to secure the market share, the Company continued to roll out diversified and customized installment plans to secure cooperation opportunities with the distributors and secondhand car companies for TOYOTA, LEXUS, and other brands. The overall car installment performance maintained a stable growth. Regarding the corporate finance business, we continued to expand its business by focusing on supplier channels, developing product policies, and improving service quality by specializing in professional knowledge. In terms of the motorcycle installment market, we continued to expand its market share by optimizing its product strategies, strengthening its customer engagement, and providing premium specialist services. Product installments cover 3C, aesthetic medicine, home appliance, renovation, and car maintenance/repair. We launched Pay4U product installment services to satisfy the requirements of different customer groups for consumption installment. With the expansion of its business scale, Hotai's assets in 2023 exceeded NT\$240 billion, representing a growth of 18% from the preceding year.

With the continual effects of benefits arising from the integration of HINO channels, HEJING achieved a leading position, and its cooperation with distributors of other brands has become closer. Its assets of the year broke through NT\$20 billion, representing a growth of 86% from the preceding year.

In terms of the green energy industry, as a comprehensive energy service for energy generation, charging, storage, and sales, the contracted capacity of solar power

generation recorded by HEJUN Energy through self-building, consolidation, and continual participation in the AFC services of Taipower achieved over 200MW, representing a growth of 12% from the preceding year. In addition, it cooperated with department stores and group channels to install over 100 charging poles. Furthermore, it obtained the license for the energy supplier to optimize its comprehensive energy service layout for energy generation, charging, storage, and sales step by step so as to continue to explore the business opportunities related to net zero carbon emissions.

On the other hand, Ho Ing Mobility, the leader of the car and motorcycle rental business, benefited from the lifted restrictions during the pandemic. With the all-rounding opening up of cross-border movement, the domestic and foreign demand for travel and business trips resumed, and the outlook for the car renting business was positive. The number of cars invested and the number of iRent members both recorded stable growth. It owned over 8,000 vehicles, representing an increase of 2% from the preceding year.

We also recorded excellent performance in terms of our expansion in overseas market. For the operation in Mainland China, after the 20th National Congress of the Communist Party of China in 2022, China continued to adopt the basic policy of “stable growth” with a focus on the physical economy for economic development. Apart from actively expanding its car rental layout, HOYUN International Leasing Co., Ltd. has also been proactively exploring its equipment rental business, expanding photovoltaic products and medical products, and exploring business opportunities from CR customers. In 2023, its assets exceeded NT\$8.7 billion, representing a growth of 29% from the preceding year. In addition, the Company entered into cross-border cooperation with Ly Hour Leasing PLC to set Cambodia as the starting point for the Company to expand into the ASEAN market. After gaining a firm foothold, the Company will seek other investment opportunities.

## **II. 2024 Business Plan and Future Prospect**

Looking into 2024, geopolitics risks and inflation pressure will continue to affect the economic status worldwide. However, it is estimated that Taiwan will benefit from the inventory destocking of the global semiconductor industry and resume its growth, which will drive domestic economic development. With the increasingly comprehensive EV infrastructure and increasing demand, the continuation of ESG policies, and other profitable factors, the Company will continue to record brilliant performance.

In response to future business growth, the Company will continue to reinforce the car installment business and plan for diverse attractive installment projects to improve the

penetration rate of brands and expand its secondhand car installment business. Regarding the corporate finance business, the Company will continue to focus on four major industry fields, including medical equipment, construction machines and tools, manufacturing and processing equipment, and corporate financing, as the major development focus. For the installment market of heavy and general motorcycles, we are expanding our cooperation with companies/brands and channels to improve our penetration rate. We actively develop online and offline brand channels for product installments to provide diverse financial services.

HEJING will be responsible for continuously developing the heavy motorcycle business, exploring large-scale customers, and improving the operations of all brands to maintain its leading advantages. In the backdrop of the establishment of the Taiwan Carbon Solution Exchange and the continual promulgation of long-term net carbon emission policies by the government, HEJUN Energy provides comprehensive energy services in the fields of energy generation, energy storage, and energy consumption so as to realize the prospect of net zero sustainability. In the post-pandemic era, apart from securing the re-emerging travel upsurge, Ho Ing Mobility also expands its penetration in the parking lot business and chauffeur business and makes use of AI and Big Data to reinforce the smart mobile ecology system in order to provide optimal smart mobile services to consumers. The scale of HOYUN International Leasing Co., Ltd. in the Mainland Area continues to grow, and its personnel, joints, and business have become stable. It will focus on the operation of local car companies and the improvement of operating efficiency and management efficacy as the priority. It will actively expand new momentum for its operations and continue to achieve new milestones.

In 2024, despite the uncertainties in the macroeconomy, the Company will continue to reinforce its product solutions and optimize its services with the improvements in the macroeconomy. It will enhance its operating nature, deepen its digital transformation and secure the quality of its assets. It is expected that its businesses and investments will continue to grow steadily and create excellent performance.

Yuan-Sheng Liu

Yen-Liang Lin

Chia-Ming Tsai

Chairman of the Board

Executive Officer

Chief Accounting Officer

# **Hotai Finance Corporation**

## **Audit Committee Report**

To: The 2024 Annual General Shareholders' Meeting of Hotai Finance Co., Ltd. (the "Company")

The Board of Directors has prepared the Company's 2023 Financial Statements (included the Consolidated Financial Statements), Business Report, and proposal for allocation of profits. The CPA CHUN-YUAN HSIAO and CHIA-HUNG LIN 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 2023 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 :  
Ming-You Huang

independent directors :  
Wei-Lin Mao

independent directors :  
Min-Chieh Chang

March 12, 2024



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, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the 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 2023 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 2023 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 accounts 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\$1,191,426 thousand and NT\$31,988 thousand, constituting 0.48% and 0.02% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income (loss) amounted to NT\$3,128 thousand and NT\$(975), constituting 0.09% and (0.03%) of the total comprehensive income for the years then ended, respectively.

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

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

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

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

### ***Auditors' responsibilities for the audit of the 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.

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Hsiao, Chun-Yuan

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Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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

As the financial statements are the responsibility of 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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 289,213	-	\$ 969,999	1
1139	Hedging financial assets-current	6(2)	371,651	-	341,901	-
1150	Notes receivable, net	6(3) and 8	7,805,226	3	7,120,910	3
1170	Accounts receivable, net	6(3) and 7	218,201,023	88	186,862,870	88
1200	Other receivables		21,575	-	8,823	-
130X	Inventories		3,346	-	4,181	-
1410	Prepayments	6(4)	2,649,120	1	2,898,499	1
1476	Other current financial assets	8	105,600	-	150,400	-
11XX	<b>Current Assets</b>		<u>229,446,754</u>	<u>92</u>	<u>198,357,583</u>	<u>93</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income-non- current		3,919	-	3,519	-
1550	Investments accounted for using equity method	6(5)	7,015,203	3	4,725,737	2
1600	Property, plant and equipment, net	6(6)	1,409,201	1	1,198,335	1
1755	Right-of-use assets	6(7)	54,219	-	65,797	-
1760	Investment property, net	6(9)	442,210	-	445,060	-
1840	Deferred income tax assets	6(25)	355,156	-	240,565	-
1930	Long-term notes and accounts receivable	6(3)	10,791,641	4	7,271,134	4
1990	Other non-current assets, others		248,749	-	56,274	-
15XX	<b>Non-current assets</b>		<u>20,320,298</u>	<u>8</u>	<u>14,006,421</u>	<u>7</u>
1XXX	<b>Total assets</b>		<u>\$ 249,767,052</u>	<u>100</u>	<u>\$ 212,364,004</u>	<u>100</u>

(Continued)

HOTAI FINANCE CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term loans	6(10)	\$ 55,133,025	22	\$ 55,296,335	26
2110	Short-term notes and bills payable	6(11)	122,564,008	49	100,961,765	48
2126	Hedging financial liabilities-current	6(2)	1,073,425	1	586,800	-
2150	Notes payable		6,542	-	16,406	-
2170	Accounts payable		61,701	-	126,676	-
2180	Accounts payable - related parties	7	223,514	-	157,958	-
2200	Other payables	6(12) and 7	1,607,989	1	1,947,935	1
2230	Current income tax liabilities		716,043	-	602,572	-
2280	Lease liabilities-current	7	21,545	-	23,791	-
2320	Bonds payable	6(13)	31,200,000	13	22,200,000	11
2370	Financial guarantee liabilities-current		27,486	-	39,598	-
2399	Guarantee deposits received-current		643,331	-	515,285	-
21XX	<b>Total current liabilities</b>		<u>213,278,609</u>	<u>86</u>	<u>182,475,121</u>	<u>86</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(25)	353,394	-	360,686	-
2580	Lease liabilities-non-current	7	33,669	-	43,195	-
2645	Guarantee deposits received-non-current		3,771	-	3,703	-
25XX	<b>Total non-current liabilities</b>		<u>390,834</u>	<u>-</u>	<u>407,584</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>213,669,443</u>	<u>86</u>	<u>182,882,705</u>	<u>86</u>
<b>Equity</b>						
Share capital 6(16)						
3110	Common stock		5,665,004	2	5,150,004	3
3120	Preference stock		1,000,000	-	500,000	-
Capital surplus 6(17)						
3200	Capital surplus		17,011,275	7	12,510,367	6
Retained earnings 6(18)						
3310	Legal reserve		2,445,870	1	2,083,531	1
3320	Special reserve		23,732	-	157,171	-
3350	Unappropriated retained earnings		10,066,623	4	8,981,897	4
Other equity interest						
3400	Other equity interest		(114,895)	-	98,329	-
3XXX	<b>Total equity</b>		<u>36,097,609</u>	<u>14</u>	<u>29,481,299</u>	<u>14</u>
Significant contingent liabilities and 9 unrecognized contract commitments						
Significant events after the balance 11 sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 249,767,052</u>	<u>100</u>	<u>\$ 212,364,004</u>	<u>100</u>

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

**HOTAI FINANCE CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		Amount	%	Amount	%	
4000	Operating revenue	6(19) and 7	\$ 18,578,111	100	\$ 15,235,369	100
5000	Operating costs	6(20)	( 6,152,700)	( 33)	( 3,822,962)	( 25)
5950	Gross profit		12,425,411	67	11,412,407	75
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		( 4,088,001)	( 22)	( 4,756,459)	( 31)
6200	General and administrative expenses		( 1,209,818)	( 7)	( 1,030,414)	( 7)
6450	Expected credit losses		( 2,858,079)	( 15)	( 1,482,516)	( 10)
6000	Total operating expenses		( 8,155,898)	( 44)	( 7,269,389)	( 48)
6900	Operating profit		4,269,513	23	4,143,018	27
	Non-operating income and expenses					
7100	Interest income	6(21)	7,934	-	6,903	-
7010	Other income	6(22)	90,596	1	63,244	-
7020	Other gains and losses		3,325	-	( 2)	-
7050	Finance costs	6(7)	( 390)	-	( 569)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)				
			426,530	2	388,906	3
7000	Total non-operating income and expenses		527,995	3	458,482	3
7900	<b>Profit before income tax</b>		4,797,508	26	4,601,500	30
7950	Income tax expense	6(25)	( 1,107,696)	( 6)	( 978,113)	( 6)
8200	<b>Profit for the year</b>		\$ 3,689,812	20	\$ 3,623,387	24
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 400	-	\$ 162	-
8330	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		( 210)	-	-	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		190	-	162	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statement translation differences of foreign operations		( 59,449)	-	36,406	-
8368	(Losses) gains on hedging instruments	6(2)	( 181,395)	( 1)	286,161	2
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		( 11,849)	-	( 9,997)	-
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(25)	36,279	-	( 57,232)	( 1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		( 213,414)	( 1)	255,338	1
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 213,414)	( 1)	\$ 255,500	1
8500	<b>Total comprehensive income for the year</b>		\$ 3,476,588	19	\$ 3,878,887	25
	Basic earnings per share	6(26)				
9750	Basic earnings per share		\$ 6.41		\$ 6.40	
	Diluted earnings per share	6(26)				
9850	Diluted earnings per share		\$ 6.40		\$ 6.39	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Share capital			Retained earnings			Other equity interest			Total equity
	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	(Losses) gains on hedging instruments	
<b>Year ended December 31, 2022</b>										
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 dividend on common stock	-	-	-	-	-	( 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
<b>Year ended December 31, 2023</b>										
Balance at January 1, 2023	\$ 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
Profit for the year	-	-	-	-	-	3,689,812	-	-	-	3,689,812
Other comprehensive income (loss) for the year	-	-	-	-	-	-	( 59,449 )	190	( 156,965 )	( 213,224 )
Total comprehensive income (loss) for the year	-	-	-	-	-	3,689,812	( 59,449 )	190	( 156,965 )	3,476,588
Appropriation and distribution of										
Legal reserve	-	-	-	362,339	-	( 362,339 )	-	-	-	-
Special reserve reserved	-	-	-	-	( 133,439 )	133,439	-	-	-	-
Dividend on preferred stock	-	-	-	-	-	( 58,685 )	-	-	-	( 58,685 )
Cash dividend on common stock	-	-	-	-	-	( 1,802,501 )	-	-	-	( 1,802,501 )
Stock dividend on common stock	515,000	-	-	-	-	( 515,000 )	-	-	-	-
Issuance of preference stock	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000
Compensation cost of share-based payments	-	-	908	-	-	-	-	-	-	908
Balance at December 31, 2023	\$ 5,665,004	\$ 1,000,000	\$ 17,011,275	\$ 2,445,870	\$ 23,732	\$ 10,066,623	(\$ 127,732)	\$ 3,346	\$ 9,491	\$ 36,097,609

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>Cash Flows From Operating Activities</b>			
Profit before tax		\$ 4,797,508	\$ 4,601,500
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		3,841,207	2,311,719
Net gains on financial assets at fair value through profit and loss		-	( 2,848 )
Net losses on disposals of property, plant and equipment		97	-
Depreciation	6(23)	138,728	196,821
Reversal of impairment loss recognized on leased assets	6(6)	( 2,437 )	( 4,236 )
Share of profit of subsidiaries, associates, and joint ventures accounted for using equity method	6(5)	( 426,530 )	( 388,906 )
Interest expense	6(7)(20)	3,085,977	1,652,135
Interest income	6(19)(21)	( 16,561,836 )	( 13,331,566 )
Dividend income		( 900 )	( 911 )
Profit from lease modification	6(7)	-	( 758 )
Share-based payments	6(15)	908	10,150
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating assets			
Financial assets at fair value through profit or loss		-	2,848
Notes and accounts receivable		( 39,384,183 )	( 38,036,206 )
Inventories		9,872	7,005
Prepayments		249,379	815,354
Other receivables		( 2,129 )	2,974
Other financial assets		44,800	( 29,800 )
Net changes in liabilities relating to operating activities			
Notes payable		( 9,864 )	( 12,091 )
Accounts payable		( 64,975 )	47,391
Accounts payable-related parties		65,556	( 40,921 )
Other payables		( 409,512 )	126,870
Financial guarantee liabilities-current		( 12,112 )	( 14,109 )
Cash outflow generated from operations		( 44,640,446 )	( 42,087,585 )
Cash dividends received		235,037	911
Interest received		16,551,213	13,327,590
Interest paid		( 3,014,168 )	( 1,560,776 )
Income tax paid		( 1,079,829 )	( 834,006 )
Net cash flows from used in operating activities		( 31,948,193 )	( 31,153,866 )
<b>Cash Flows From Investing Activities</b>			
Acquisition of investment accounted for using equity method	6(5)	( 2,165,581 )	( 800,000 )
Acquisition of property, plant and equipment	6(6)	( 329,689 )	( 685,602 )
Proceeds from disposal of property, plant and equipment	6(6)	-	95,006
(Increase) decrease in other non-current assets, others		( 192,475 )	172,157
Net cash flows used in investing activities		( 2,687,745 )	( 1,218,439 )
<b>Cash Flows From Financing Activities</b>			
Increase in short-term loans	6(27)	112,170	16,026,599
Repayments of principal portion of lease liabilities	6(27)	( 23,946 )	( 25,080 )
Increase in short-term notes and bills payable	6(27)	21,600,000	4,083,400
Proceeds from issuance of bonds payable	6(13)(27)	9,000,000	10,000,000
Increase in guarantee deposits received	6(27)	128,114	169,836
Cash dividends paid	6(18)(27)	( 1,861,186 )	( 2,163,002 )
Proceeds from issuance of preference stock	6(16)	5,000,000	5,000,000
Net cash flows from financing activities		33,955,152	33,091,753
Net (decrease) increase in cash and cash equivalents		( 680,786 )	719,448
Cash and cash equivalents at beginning of year		969,999	250,551
Cash and cash equivalents at end of year		\$ 289,213	\$ 969,999

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

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

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2023 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 accounts 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 and 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 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\$1,726,977 thousand and NT\$285,092 thousand, constituting 0.55% and 0.11% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT\$66,679 thousand and NT\$3,606 thousand, constituting 0.23% and 0.02% of the consolidated total operating revenue for the years then ended December 31, 2023 and 2022, respectively.

***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, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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.

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Hsiao, Chun-Yuan  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 12, 2024

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Lin, Chia-Hung

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' 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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,878,184	1	\$ 2,382,775	1
1110	Financial assets at fair value through profit or loss-current	6(2)	-	-	300,000	-
1139	Hedging financial assets-current	6(3)	570,885	-	504,827	-
1150	Notes receivable, net	6(4) and 8	11,912,779	4	9,340,046	4
1170	Accounts receivable, net	6(4), 7 and 8	261,555,829	84	216,928,982	85
1200	Other receivables		78,696	-	82,568	-
130X	Inventories		4,962	-	5,979	-
1410	Prepayments	6(5) and 7	6,747,521	2	6,886,170	3
1476	Other current financial assets	8	506,020	-	373,119	-
11XX	<b>Total current Assets</b>		<u>284,254,876</u>	<u>91</u>	<u>236,804,466</u>	<u>93</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income-non-current		19,656	-	3,519	-
1550	Investments accounted for using equity method	6(6)	1,134,293	1	115,502	-
1600	Property, plant and equipment, net	6(7) and 8	9,090,069	3	6,886,804	3
1755	Right-of-use assets	6(8)	497,696	-	368,464	-
1760	Investment property, net	6(10)	282,607	-	284,766	-
1780	Intangible assets	6(11)	443,288	-	-	-
1840	Deferred income tax assets	6(30)	1,004,499	-	826,857	-
1930	Long-term notes and accounts receivable	6(4)	13,491,252	4	8,463,807	3
1990	Other non-current assets, others	8	1,921,476	1	1,610,903	1
15XX	<b>Total non-current assets</b>		<u>27,884,836</u>	<u>9</u>	<u>18,560,622</u>	<u>7</u>
1XXX	<b>Total assets</b>		<u>\$ 312,139,712</u>	<u>100</u>	<u>\$ 255,365,088</u>	<u>100</u>

(Continued)



**HOTAI FINANCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term loans	6(12)	\$ 92,619,765	30	\$ 83,933,343	33
2110	Short-term notes and bills payable	6(13)	133,524,317	43	104,986,596	41
2126	Hedging financial liabilities-current	6(3)	1,087,983	-	586,800	-
2150	Notes payable		1,522,704	1	762,215	1
2170	Accounts payable		484,272	-	355,928	-
2180	Accounts payable - related parties	7	223,514	-	158,458	-
2200	Other payables	7	3,390,682	1	3,165,332	1
2230	Current income tax liabilities		854,078	-	724,843	-
2280	Current lease liabilities	7	144,040	-	114,848	-
2320	Bonds payable	6(14)	31,200,000	10	22,200,000	9
2320	Long-term liabilities, current portion	6(15)	595,200	-	7,891	-
2370	Current financial guarantee liabilities		27,486	-	39,598	-
2399	Guarantee deposits received-current	6(16)	4,404,620	1	4,275,142	2
2399	Other current liabilities, others		46,109	-	65,667	-
21XX	<b>Total current liabilities</b>		<u>270,124,770</u>	<u>86</u>	<u>221,376,661</u>	<u>87</u>
<b>Non-current liabilities</b>						
2540	Long-term loans	6(15)	936,215	1	254,832	-
2570	Deferred income tax liabilities	6(30)	473,579	-	360,686	-
2580	Lease liabilities-non-current	7	354,326	-	255,831	-
2645	Guarantee deposits received-non-current	6(16)	255,984	-	224,064	-
25XX	<b>Total non-current liabilities</b>		<u>2,020,104</u>	<u>1</u>	<u>1,095,413</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>272,144,874</u>	<u>87</u>	<u>222,472,074</u>	<u>87</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(19)	5,665,004	2	5,150,004	2
3120	Preference stock		1,000,000	-	500,000	-
Capital surplus						
3200	Capital surplus	6(20)	17,011,275	6	12,510,367	5
Retained earnings						
3310	Legal reserve	6(21)	2,445,870	1	2,083,531	1
3320	Special reserve		23,732	-	157,171	-
3350	Unappropriated earnings		10,066,623	3	8,981,897	4
Other equity interest						
3400	Other equity interest		( 114,895)	-	98,329	-
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>36,097,609</u>	<u>12</u>	<u>29,481,299</u>	<u>12</u>
36XX	Non-controlling interest		<u>3,897,229</u>	<u>1</u>	<u>3,411,715</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>39,994,838</u>	<u>13</u>	<u>32,893,014</u>	<u>13</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant event after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 312,139,712</u>	<u>100</u>	<u>\$ 255,365,088</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, 2023 AND 2022

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

Items	Notes	Year ended December 31				
		2023		2022		
		Amount	%	Amount	%	
4000	Operating revenue	6(22) and 7	\$ 28,660,435	100	\$ 22,787,250	100
5000	Operating costs	6(23) and 7	( 11,967,337)	( 42)	( 8,174,315)	( 36)
5900	Gross profit		<u>16,693,098</u>	<u>58</u>	<u>14,612,935</u>	<u>64</u>
	Operating expenses	6(28)(29) and 7				
6100	Selling expenses		( 5,947,300)	( 21)	( 6,293,747)	( 28)
6200	General and administrative expenses		( 2,115,489)	( 7)	( 1,726,702)	( 7)
6450	Expected credit losses		( 3,404,375)	( 12)	( 1,842,082)	( 8)
6000	Total operating expenses		( 11,467,164)	( 40)	( 9,862,531)	( 43)
6900	Operating profit		<u>5,225,934</u>	<u>18</u>	<u>4,750,404</u>	<u>21</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	27,751	-	22,678	-
7010	Other income	6(25)	334,325	1	615,636	3
7020	Other gains and losses	6(26)	( 22,754)	-	( 8,645)	-
7050	Finance costs	6(27)	( 6,375)	-	( 4,059)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	( 27,670)	-	( 19,496)	-
7000	Total non-operating income and expenses		<u>305,277</u>	<u>1</u>	<u>606,114</u>	<u>3</u>
7900	<b>Profit before income tax</b>		<u>5,531,211</u>	<u>19</u>	<u>5,356,518</u>	<u>24</u>
7950	Income tax expense	6(30)	( 1,439,055)	( 5)	( 1,286,934)	( 6)
8200	<b>Profit for the year</b>		<u>\$ 4,092,156</u>	<u>14</u>	<u>\$ 4,069,584</u>	<u>18</u>

(Continued)

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

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

Items	Notes	Year ended December 31			
		2023		2022	
		Amount	%	Amount	%
<b>Other comprehensive income (loss) for the year</b>					
<b>Components of other comprehensive income that may not be reclassified to profit or loss</b>					
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 137	-	\$ 162	-
8310 Total components of other comprehensive income that may not be reclassified to profit or loss		<u>137</u>	-	<u>162</u>	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statement translation differences of foreign operations		( 112,003)	-	72,090	-
8368 (losses) Gains on hedging instrument	6(3)	( 204,858)	( 1)	266,365	1
8399 Income tax related to components of other comprehensive income (losses) that will be reclassified to profit or loss	6(30)	<u>36,279</u>	-	( 57,232)	-
8360 Total components of other comprehensive income (loss) that will be reclassified to profit or loss		( 280,582)	( 1)	<u>281,223</u>	1
8300 <b>Other comprehensive income (loss) for the year, net of tax</b>		( \$ 280,445)	( 1)	\$ 281,385	1
8500 <b>Total comprehensive income for the year</b>		<u>\$ 3,811,711</u>	<u>13</u>	<u>\$ 4,350,969</u>	<u>19</u>
Profit attributable to:					
8610 Owners of the parent		\$ 3,689,812	13	\$ 3,623,387	16
8620 Non-controlling interests		<u>402,344</u>	<u>1</u>	<u>446,197</u>	<u>2</u>
		<u>\$ 4,092,156</u>	<u>14</u>	<u>\$ 4,069,584</u>	<u>18</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 3,476,588	12	\$ 3,878,887	17
8720 Non-controlling interests		<u>335,123</u>	<u>1</u>	<u>472,082</u>	<u>2</u>
		<u>\$ 3,811,711</u>	<u>13</u>	<u>\$ 4,350,969</u>	<u>19</u>
Earnings per share (in dollars)	6(31)				
9750 Basic earnings per share		\$	6.41	\$	6.40
9850 Diluted earnings per share		<u>\$</u>	<u>6.40</u>	<u>\$</u>	<u>6.39</u>

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Notes	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 (losses) from financial assets measured at fair value through other comprehensive income	(Losses) gains on hedging instruments				
<b>Year ended December 31, 2022</b>													
	\$ 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	
Balance at January 1, 2022	-	-	-	-	-	3,623,387	-	-	-	3,623,387	446,197	4,069,584	
Profit for the year	-	-	-	-	-	-	36,406	162	218,932	255,500	25,885	281,385	
Other comprehensive income for the year	-	-	-	-	-	-	36,406	162	218,932	3,878,887	472,082	4,350,969	
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Appropriation and distribution of retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	314,144	-	(314,144)	-	-	-	-	-	-	
Special reserve	-	-	-	81,689	-	(81,689)	-	-	-	-	-	-	
Cash dividend on common stock	-	-	-	-	-	(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	
<b>Year ended December 31, 2023</b>													
Balance at January 1, 2023	\$ 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	
Profit for the year	-	-	-	-	-	3,689,812	(56,449)	190	(156,965)	3,689,812	402,344	4,092,156	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(56,449)	190	(156,965)	(213,224)	(67,221)	(280,445)	
Total comprehensive income (loss)	-	-	-	-	-	-	(56,449)	190	(156,965)	3,476,588	335,123	3,811,711	
Appropriation and distribution of retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	362,339	-	(362,339)	-	-	-	-	-	-	
Special reserve reversed	-	-	-	(133,439)	-	133,439	-	-	-	-	-	-	
Dividend on preferred stock	-	-	-	-	-	(58,685)	-	-	-	(58,685)	-	(58,685)	
Cash dividend on common stock	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)	(229,609)	(2,032,110)	
Stock dividend on common stock	515,000	-	-	-	-	(515,000)	-	-	-	-	-	-	
Issuance of preference stock	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000	-	5,000,000	
Compensation cost of share-based payments	-	-	908	-	-	-	-	-	-	908	-	908	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	380,000	380,000	
Balance at December 31, 2023	\$ 5,665,004	\$ 1,000,000	\$ 17,011,275	\$ 2,445,870	\$ 23,732	\$ 10,066,623	\$ (127,732)	\$ 3,346	\$ 9,491	\$ 36,097,609	\$ 3,897,229	\$ 39,994,838	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>Cash Flows From Operating Activities</b>			
Profit before tax		\$ 5,531,211	\$ 5,356,518
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		4,411,363	2,685,773
Depreciation	6(28)	1,485,314	1,435,359
Amortization	6(11)	12,468	-
Reversal of impairment loss recognized on leased assets	6(7)	( 2,437 )	( 4,236 )
Gains on financial assets at fair value through profit or loss	6(2)(26)	( 6,313 )	( 3,264 )
Share-based payments	6(18)	908	10,150
Net losses (gains) on disposals of property, plant and equipment	6(26)	112	( 3,236 )
Interest expense	6(23)(27)	4,522,930	2,572,427
Interest income	6(22)(24)	( 20,832,677 )	( 16,306,889 )
Dividend income		( 900 )	( 911 )
Profit from lease modification	6(8)	( 887 )	( 770 )
Share of profit or loss of associates accounted for using equity method	6(6)	27,670	19,496
Exchange gain		-	3,805
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating assets			
Financial assets at fair value through profit or loss		306,313	( 296,736 )
Notes and accounts receivable		( 5,622,431 )	( 52,699,883 )
Other receivables		24,632	5,667
Inventories		781,988	363,189
Prepayments		176,359	( 248,300 )
Other financial assets		( 117,438 )	( 1,981 )
Net changes in liabilities relating to operating activities			
Notes and accounts payable		929,840	100,181
Other payables		( 294,246 )	253,887
Current financial guarantee liabilities		( 12,112 )	( 14,109 )
Other current liabilities, others		( 21,534 )	4,374
Cash outflow generated from operations		( 59,699,867 )	( 56,769,489 )
Cash dividends received		900	911
Interest received		20,822,329	16,287,954
Interest paid		( 4,451,559 )	( 2,431,301 )
Income tax paid		( 1,442,906 )	( 1,126,953 )
Net cash flows used in operating activities		( 44,771,103 )	( 44,038,878 )
<b>Cash Flows From Investing Activities</b>			
Acquisition of property, plant and equipment	6(33)	( 3,273,932 )	( 2,497,377 )
Net cash flow from acquisition of subsidiaries		( 600,756 )	( 13,228 )
Acquisition of financial assets at fair value through other comprehensive income		( 16,000 )	-
Acquisition of investments accounted for using equity method	6(6)	( 1,046,461 )	( 31,850 )
Proceeds from disposal of property, plant and equipment		15,794	8,391
Increase in other non-current assets		( 501,517 )	( 13,351 )
Net cash flows used in investing activities		( 5,422,872 )	( 2,547,415 )
<b>Cash Flows From Financing Activities</b>			
Increase in short-term loans	6(34)	8,839,685	26,581,698
Increase in short-term notes and bills payable	6(34)	28,530,012	8,113,400
Proceeds from long-term loans	6(34)	1,434,102	4,235
Repayments of long-term loans	6(34)	( 790,498 )	( 1,315 )
Proceeds from issuance of bonds payable	6(14)(34)	9,000,000	10,000,000
Increase in guarantee deposits received	6(34)	160,596	534,005
Cash dividends paid	6(34)	( 1,861,186 )	( 2,163,002 )
Proceeds from issuance of preference stock	6(19)	5,000,000	5,000,000
Increase (decrease) in other payables	6(34) and 7	423,085	( 296,867 )
Repayment of principal portion of lease liabilities	6(34)	( 149,623 )	( 151,410 )
Cash dividends distributed by subsidiaries to non-controlling interests		( 229,609 )	-
Change in non-controlling interests		380,000	200,000
Net cash flows from financing activities		50,736,564	47,820,744
Effect of exchange rate changes		( 47,180 )	89,751
Increase in cash and cash equivalents		495,409	1,324,202
Cash and cash equivalents at beginning of year		2,382,775	1,058,573
Cash and cash equivalents at end of year		\$ 2,878,184	\$ 2,382,775

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

# Hotai Finance Co., Ltd.

## Table of 2023 Profit Distribution

Unit : NT dollars

Item	Subtotal	Total
Unappropriated earnings from previous period		6,376,811,178
Profit before income tax of current year	4,797,507,600	
Less: Income tax	1,107,695,713	
<b>Plus : Net profit after tax of current year</b>		<b>3,689,811,887</b>
Less : Legal reserve (10%)		368,981,188
Less : Special reserve		91,163,354
<b>Distributable earnings of current period</b>		<b>9,606,478,523</b>
<b>Distributable Items</b>		
Cash dividends to preferred shares A (NT\$4.2 per share)		210,000,000
Cash dividends to preferred shares B (NT\$1.54 per share)		77,054,795
Cash dividends to common shares (NT\$3.0 per share)		1,699,501,344
Stock dividend to common share (NT\$1.0 per share)		566,500,450
<b>Unappropriated earnings at the end of period</b>		<b>7,053,421,934</b>

Yuan-Sheng Liu  
Chairman of the Board

Yen-Liang Lin  
Executive Officer

Chia-Ming Tsai  
Chief Accounting Officer

## Hotai Finance Co., Ltd.

## Comparison of amendments to the “The Articles of Incorporation”

Article After Revising	Original Article	Remarks
<p>Article 16 The Company has <u>5 to 15</u> Directors with a term of office of three years, and they can be re-elected and re-appointed. The total shareholding ratio of all Directors of the Company shall be subject to the requirements of the Company Act and the competent authority for securities. Among the number of Directors <u>mentioned above</u>, there shall be no less than three Independent Directors. The candidate nomination system is adopted for the election of Directors, and the shareholders’ meeting shall elect Directors from the list of <u>Director candidates</u>. ... (Omitted)</p>	<p>Article 16 The Company shall have <u>nine</u> 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. <u>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.</u> Directors shall be elected by adopting candidates’ nomination system <u>as specified of Company Act</u>. ... (Omitted)</p>	<p>Practically demand</p>
<p>Article 33: ... (Omitted)... ; the eighteenth amendment was made on June 23, 2022. ; <u>the 20th amendment was made on May 29, 2024.</u></p>	<p>Article 33: ... (Omitted)... ;the eighteenth amendment was made on June 23, 2022.</p>	<p>New addition for amendment date.</p>

**Hotai Finance Co., Ltd.**

## Operation Procedure for Endorsements and Guarantees Revising Contrast

Article After Revising	Original Article	Remarks
<b>Article 8 (Deleted)</b>	<p><b>Article 8 Cancellation of the Endorsements /Guarantees</b></p> <p>1. In the event of any cancellation of endorsement/guarantee due to repayment of debt or extension of payment, the endorsed/guaranteed company shall formally send a letter enclosing the original endorsement/guarantee related documents to the Financial Department of the Company. The Financial Department shall place the seal of "Cancellation" on said documents and return them to the endorsed/guaranteed company; provided, however, the Company shall keep the said letter for record.</p> <p>2. The Financial Department shall at all times record the cancellation amount into the Endorsement/Guarantee Record Book in order to reduce the aggregate amount endorsed/guaranteed by the Company.</p>	Practically demand



## List of Director and Independent Director Candidate

Director	Education and Experience	Current Positions	Shareholding
Hozan Investment Co., Ltd. Yuan-Sheng Liu	Master's in Sanminism, National Chengchi University Executive Vice President, Hotai Motor Co., Ltd.	Chairman, Hotai Finance Co., Ltd. Chairman, Hotai Leasing Co., Ltd. Chairman, Hozao Enterprise Co., Ltd. Chairman, HEJING Co., Ltd. Chairman, HEJUN Energy Co., Ltd. Chairman, Hotai Finance Development Co., Ltd. Director, Hotai Insurance Co., Ltd. Director, Zheng Ren Energy Co., Ltd. Director, Heng Fong Energy Co., Ltd.	257,161,874
Hozan Investment Co., Ltd. Chwen-Shing Su	MBA, Massachusetts Institute of Technology Director and President, Hotai Motor Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd.	Director, Hotai Finance Co., Ltd. Director and President, Hotai Motor Co., Ltd. Chairman, Hozan Investment Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Cyber Connection Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miau Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Leasing Co., Ltd.	257,161,874

Director	Education and Experience	Current Positions	Shareholding
<p>Hozan Investment Co., Ltd.</p> <p>Roger Huang</p>	<p>PhD, Department of Aquaculture, National Taiwan Ocean University</p> <p>Managing Director, Wei-Chuan U.S.A., Inc.</p>	<p>Director, Hozao Enterprise Co., Ltd.</p> <p>Director, Hoing Mobility Service, Co., Ltd.</p> <p>Director, Cheng Sun Trading Co., Ltd.</p> <p>Director, Jin Yuan Shan Investment Co., Ltd.</p> <p>Director, Li Gang Enterprise Co., Ltd.</p> <p>Director, Hotong Motor Investment Co., Ltd.</p> <p>Director, Hoyun International Leasing Co., Ltd.</p> <p>Director, Carmax Auto Tech (Shanghai) Co., Ltd.</p> <p>Supervisor, Denso Taiwan Corp.</p> <p>Supervisor, CJ Holding Co., Ltd.</p> <p>Director, Hotai Finance Co., Ltd.</p> <p>Managing Director, Wei-Chuan U.S.A., Inc.</p> <p>Director, Hozao Enterprise Co., Ltd.</p> <p>Director, Hoyu Investment Co., Ltd.</p> <p>Director, Chun Ching Co., Ltd.</p> <p>Director, Carmax Auto Tech (Shanghai) Co., Ltd.</p> <p>Director, Shanghai Hoyu Motor Service Co., Ltd.</p> <p>Director, Shanghai Heling Motor Service Co., Ltd.</p> <p>Director, Shanghai Hozhan Motor Service Co., Ltd.</p> <p>Director, Shanghai Yangpu Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Chongqing Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tangshan Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.</p> <p>Director, Nanchang Heling Lexus Motor Sales &amp; Service Co., Ltd.</p>	<p>257,161,874</p>

Director	Education and Experience	Current Positions	Shareholding
Hozan Investment Co., Ltd. Leon Soo	Wharton School of the University of Pennsylvania Director, Hotai Motor Co., Ltd.	<p>Director, Tianjin Heling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Tianjin Hozhan Motor Service Co., Ltd.  Director, Tianjin Heyu Toyota Sales &amp; Service Co., Ltd.  Director, Beijing Heling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Linyi Heling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Linyi Ho-Yu Motor Sales &amp; Service Co., Ltd.  Director, Shanghai Jiading Heling Lexus Motor Service Co., Ltd.  Director, Tianjin Binhai New Area Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Ltd.  Supervisor, Shanghai Fengyi Construction Decoration Limited Company  Supervisor, Chang Yuan Motor Co., Ltd.</p> <p>Director, Hotai Finance Co., Ltd.  Chairman, Golden Orange Corporation  Chairman, Shanghai Fengyi Construction Decoration Limited Company  Chairman, Shanghai Hede Used Cars Operation Co., Ltd.  Vice Chairman, Hoyu Investment Co., Ltd.  Vice Chairman, Hotong Motor Investment Co., Ltd.  Director, Hotai Motor Co., Ltd.  Director, Kuozui Motors Co., Ltd.  Director, Ho Tai Development Co., Ltd.  Director, Hoing Mobility Service, Co., Ltd.  Director, Jin Yuan Shan Investment Co., Ltd.  Director, Cheng Sun Trading Co., Ltd.  Director, YH Development Limited</p>	257,161,874

Director	Education and Experience	Current Positions	Shareholding
<p>Hozan Investment Co., Ltd.</p> <p>Ryan Huang</p>	<p>Kellogg School of Management and Hong Kong University of Science and Technology, MBA</p> <p>Vice Chairman, Hoyun International Lease Co., Ltd.</p>	<p>Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd.</p> <p>Managing Director, Shanghai Hochen Auto Technology Co., Ltd.</p> <p>Managing Director and President, Shanghai Ho-Mian Auto Technology Co., Ltd.</p> <p>Managing Director, Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.</p> <p>Managing Director and President, Shanghai Guangxin Culture Media Co., Ltd.</p> <p>Director, Hotai Finance Co., Ltd.</p> <p>Vice Chairman, Hoyun International Lease Co., Ltd.</p> <p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, Ho-An Insurance Agency Co., Ltd.</p> <p>Director, Ho-Chuang Insurance Agency Co., Ltd.</p> <p>Director, Hotong Motor Investment Co., Ltd.</p> <p>Director, Shanghai Fengyi Construction Decoration Limited Company</p> <p>Director, Shanghai Hede Used Cars Operation Co., Ltd.</p> <p>Director, Tianjin Ho-Yi International Trading Co., Ltd.</p> <p>Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd.</p> <p>Director, Carmax Auto Tech (Shanghai) Co., Ltd.</p> <p>Director, Taizhou Zhong Du Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Taiyuan Zhong Du Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tianjin Ho-Con Finance Leasing Co., Ltd.</p> <p>Director, Chongqing Yudu Toyota Sales Co., Ltd.</p> <p>Director, Chongqing Yurun Automobile Sales &amp; Service Co., Ltd.</p> <p>Director, Chongqing Yuguo Automobile Accessory Co. Ltd.</p> <p>Supervisor, Triples Information Co., Ltd.</p>	<p>257,161,874</p>

Director	Education and Experience	Current Positions	Shareholding
<p>Toyota Financial Services Corporation Tetsuo Higuchi</p>	<p>Master of Business Administration, Hitotsubashi University, Japan DCEO of APR, Toyota Financial Services Corporation</p>	<p>Supervisor, San Xing (Shanghai) Business Management Consulting Co., Ltd. Supervisor, Guangzhou Guangqi Commercial Change Automobile Technology Co., Ltd. Supervisor, Linyi Ho-Yu Motor Sales &amp; Service Co., Ltd. Supervisor, Beijing Heling Lexus Motor Sales &amp; Service Co., Ltd. Supervisor, Linyi Heling Lexus Motor Sales &amp; Service Co., Ltd. Supervisor, Jinzhong Central Toyota Motor Sales &amp; Service Co., Ltd. Supervisor, Tianjin Binhai New Area Heling Lexus Motor Sales &amp; Service Co., Ltd. Ltd. Supervisor, Nanjing Hozhan Motor Service Co., Ltd. Supervisor, Qingdao Heling Lexus Motor Sales &amp; Service Co., Ltd. Supervisor, Chongqing Taikang Heling Lexus Motor Sales &amp; Service Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Ho Ing Mobility Service Co., Ltd. Director, Hoyun International Leasing Co., Ltd. DCEO of APR, Toyota Financial Services Corporation Chairman, Toyota Financial Services Vietnam Director, Toyota Financial Services Korea Director, Toyota Financial Services Singapore Director, Toyota Financial Services Philippines Director, Toyota Financial Services India Director, Toyota Capital Malaysia Director, Toyota Leasing Thailand</p>	<p>130,074,859</p>

Independent director	Education and Experience	Current Positions	Shareholding
Ming-You Huang	Department of Accounting, Soochow University Deputy Chairman, PricewaterhouseCoopers Taiwan Vice Chairman, PwC Tax Consulting Co., Ltd.	Independent Director, Hotai Finance Co., Ltd. Chairman, Chuancheng Investment Consulting Co., Ltd. Chairman, Chuancheng Wangwang Investment Co., Ltd. CPA, Zhicheng Accounting Firm Independent Director, Zinwell Corporation Independent Director, Taroko Textile Corporation Independent Director, Solomon Technology Co., Ltd. Director, Ascent Development Co., Ltd. Director, Bole Film Co., Ltd. Director, Jollify4ever Co., Ltd. Director, Jollify Venture Co., Ltd.	0
Min-Chieh Chang	Master of Institute of Industrial Technology, Pittsburgh State University Vice President of Hotai Motor Co., Ltd. President of NanDu Motor Co., Ltd.	Independent Director, Hotai Finance Co., Ltd.	0
Yu-Chih Liu	PhD of Computer Science, Southern Methodist University	Professor of Information Management Department, Yuan Ze University Dean of Academic Affairs Office, Yuan Ze University Editorial Board member of Project Management Journal	0

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

Title	Name	Current Positions at Other Companies
Director	Ho Zan Investment Co., Ltd., represented by Yuan-Sheng Liu	Chairman, Hotai Leasing Co., Ltd. Chairman, Hozao Enterprise Co., Ltd. Chairman, HEJING Co., Ltd. Chairman, HEJUN Energy Co., Ltd. Chairman, Hotai Finance Development Co., Ltd. Director, Hotai Insurance Co., Ltd. Director, Zheng Ren Energy Co., Ltd. Director, Heng Fong Energy Co., Ltd.
Director	Ho Zan Investment Co., Ltd., represented by Chwen-Shing Su	Director and President, Hotai Motor Co., Ltd. Chairman, Hozan Investment Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Cyber Connection Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd. Director, Hotong Motor Investment Co., Ltd. Director, Hoyun International Leasing Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd.
Director	Ho Zan Investment Co., Ltd., represented by Roger Huang	Managing Director, Wei-Chuan U.S.A., Inc. Director, Hozao Enterprise Co., Ltd. Director, Hoyu Investment Co., Ltd. Director, Chun Ching Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Director, Shanghai Hoyu Motor Service Co., Ltd. Director, Shanghai Heling Motor Service Co., Ltd.

Title	Name	Current Positions at Other Companies
		<p>Director, Shanghai Hozhan Motor Service Co., Ltd.</p> <p>Director, Shanghai Yangpu Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Chongqing Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tangshan Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.</p> <p>Director, Nanchang Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tianjin Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tianjin Hozhan Motor Service Co., Ltd.</p> <p>Director, Tianjin Heyu Toyota Sales &amp; Service Co., Ltd.</p> <p>Director, Beijing Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Linyi Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Linyi Ho-Yu Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Shanghai Jiading Heling Lexus Motor Service Co., Ltd.</p> <p>Director, Tianjin Binhai New Area Heling Lexus Motor Sales &amp; Service Co., Ltd.</p>
Director	Ho Zan Investment Co., Ltd., represented by Leon Soo	<p>Chairman, Golden Orange Corporation</p> <p>Chairman, Shanghai Fengyi Construction Decoration Limited Company</p> <p>Chairman, Shanghai Hede Used Cars Operation Co., Ltd.</p> <p>Vice Chairman, Hoyu Investment Co., Ltd.</p> <p>Vice Chairman, Hotong Motor Investment Co., Ltd.</p> <p>Director, Hotai Motor Co., Ltd.</p> <p>Director, Kuozui Motors Co., Ltd.</p> <p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, Hoing Mobility Service, Co., Ltd.</p> <p>Director, Jin Yuan Shan Investment Co., Ltd.</p> <p>Director, Cheng Sun Trading Co., Ltd.</p> <p>Director, YH Development Limited</p>



Title	Name	Current Positions at Other Companies
		<p>Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd.</p> <p>Managing Director, Shanghai Hochen Auto Technology Co., Ltd.</p> <p>Managing Director and President, Shanghai Ho-Mian Auto Technology Co., Ltd.</p> <p>Managing Director, Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.</p> <p>Managing Director and President, Shanghai Guangxin Culture Media Co., Ltd.</p>
Director	Ho Zan Investment Co., Ltd., represented by Ryan Huang	<p>Vice Chairman, Hoyun International Lease Co., Ltd.</p> <p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, Ho-An Insurance Agency Co., Ltd.</p> <p>Director, Ho-Chuang Insurance Agency Co., Ltd.</p> <p>Director, Hotong Motor Investment Co., Ltd.</p> <p>Director, Shanghai Fengyi Construction Decoration Limited Company</p> <p>Director, Shanghai Hede Used Cars Operation Co., Ltd.</p> <p>Director, Tianjin Ho-Yi International Trading Co., Ltd.</p> <p>Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd.</p> <p>Director, Carmax Auto Tech (Shanghai) Co., Ltd.</p> <p>Director, Taizhou Zhong Du Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Taiyuan Zhong Du Heling Lexus Motor Sales &amp; Service Co., Ltd.</p> <p>Director, Tianjin Ho-Con Finance Leasing Co., Ltd.</p> <p>Director, Chongqing Yudu Toyota Sales Co., Ltd.</p> <p>Director, Chongqing Yurun Automobile Sales &amp; Service Co., Ltd.</p> <p>Director, Chongqing Yuguo Automobile Accessory Co. Ltd.</p>

Title	Name	Current Positions at Other Companies
Director	Toyota financial service corporation, represented by Tetsuo Higuchi	Director, Hotai Leasing Co., Ltd. Director, Ho Ing Mobility Service Co., Ltd. Director, Hoyun International Leasing Co., Ltd. DCEO of APR, Toyota Financial Services Corporation Chairman, Toyota Financial Services Vietnam Director, Toyota Financial Services Korea Director, Toyota Financial Services Singapore Director, Toyota Financial Services Philippines Director, Toyota Financial Services India Director, Toyota Capital Malaysia Director, Toyota Leasing Thailand
Independent Director	Ming-You Huang	Chairman, Chuancheng Investment Consulting Co., Ltd. Chairman, Chuancheng Wangwang Investment Co., Ltd. Independent Director, Zinwell Corporation Independent Director, Taroko Textile Corporation Independent Director, Solomon Technology Co., Ltd. Director, Ascent Development Co., Ltd. Director, Bole Film Co., Ltd. Director, Jollify4ever Co., Ltd. Director, Jollify Venture Co., Ltd.

## Hotai Finance Co., Ltd. The Articles of Incorporation

2023.5.31

### 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 managerial officers 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; the nineteenth virson on on May 31, 2023.



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.**  
**Operation Procedure for Endorsements and Guarantees**

2022.06.23

**Article 1**

The Procedures Governing Loaning Funds to Others by the Company is stipulated in accordance with the "Securities and Exchange Act Article 36-1".

**Article 2**

Matters in relation to the Company's endorsements and guarantees shall be handled pursuant to this Operation Procedure.

**Article 3**

The scope of application of this Operation Procedure shall include:

1. Financial endorsements/guarantees:
  - (1) Discounted bill financing;
  - (2) Endorsement or guarantee made for the financing needs of other companies;
  - (3) Issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own business to an entity other than the financial institutions.
2. Custom duty endorsements/guarantees: means endorsement or guarantee for the Company itself or other companies in respect of custom duty matters.
3. Other endorsements/guarantees: means other endorsements or guarantees which cannot be included in the above two categories.
4. The Company's creation of a pledge or mortgage on its chattel or real estate as security for the loans of another company.

**Article 4 Subject of Endorsement/Guarantee**

The company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which the company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the company. The companies, directly or indirectly, with acquisition of more than 90% of voting shares can make endorsements/guarantees. However, the endorsements/guarantees amount shall not exceed 10% of the net worth of the company. In the case when company directly or indirectly acquires 100% shares of the subject is excluded from this limitation.

The Company may, in order to fulfill the needs of the construction project, with other company of the same type of business or joint funders, provide mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations. All shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such

endorsements/guarantees may be made free of the restriction of the preceding paragraph. Above called "Investment" means a company is directly invested by the Company or in which the Company directly and indirectly holds 100% of the voting shares.

#### **Article 5 Quantum for the Endorsements/Guarantees**

1. The amount of endorsements/guarantees made by the Company and its Subsidiary shall not exceed 100% of the Company's net worth as stated in its latest financial statement. Any single enterprise shall not exceed 100% of the Company's net worth as stated in its latest financial statement. The net worth of the Company shall be determined in accordance with its reviewed by a certified public accountant("CPA").
2. In addition to above restriction, the amount of the Company's endorsements and guarantees for any company that has business relations with the Company shall not exceed the total trading amount between the Company and said company. The term "trading amount" means the purchase amount or the sale amount between said two parties, whichever is higher.

#### **Article 6 Endorsement and Guarantee Procedure**

1. The to-be-endorsed/guaranteed company shall submit an application to the Financial Department (the " Financial Department") of the Company. The Financial Department shall conduct credit check on the to-be-endorsed/guaranteed company, evaluate the risk and prepare evaluation report. After the Financial Department has approved said endorsement/guarantee, it shall submit the case to the General Manager and Chairman for their approvals. Where situation necessitates, the Company shall obtain collaterals as guaranty.
2. The Financial Department shall conduct credit check and risk evaluation on the to-be-endorsed/guaranteed company, the evaluation items shall include:
  - (1) Necessity and reasonability of the endorsement/guarantee;
  - (2) Evaluate whether the endorsed/guaranteed amount is reasonable based on the financial situation of the to-be-endorsed/guaranteed company.
  - (3) Whether the aggregate endorsed/guaranteed amount or the endorsed/guaranteed amount for single enterprise is within the limit.
  - (4) As to the Company's endorsements and guarantees for any company that has business relations with the Company, evaluate the endorsed amount and the total trading amount between the Company and said company and see whether it is within the limit.
  - (5) Evaluate the Company's operation risk, financial status and influence on the shareholders' equity.
  - (6) Evaluation on whether the obtaining of security is necessary and evaluation on the value of the security.
  - (7) Provision of the credit check and risk evaluation records regarding the endorsement/guarantee.

#### **Article 7 Determination and Authorization**

1. The endorsement/guarantee of the Company shall not be made until it approved by the Board. In the case that the Company resolves the endorsement/guarantee, the Board shall fully consider the opinions of the respective Independent Directors, and record the pros and cons opinions of the Independent Directors in the Board meeting minutes together with the reasons they have explained. The Board may then authorize the Chairman the right to approve any single

endorsement/guarantee for no more than NT\$ 50,000,000 in accordance with this Operation Procedure, and report to the most recent Board meeting for their ratification thereafter.

2. In accordance to Article 4 No.2, before Company provides guarantees for subsidiaries which it has acquisition of more than 90% of voting shares, the endorsement/guarantee shall first be approved by the Board. However, in the case when the parent company provides guarantees to another company which it, directly or indirectly, acquires 100% shares of the subject is excluded from this limitation.
3. In the event that, due to business requirements, the Company needs to make endorsement/guarantee for an amount exceeding the quantum provided by this Operation Procedure, and said endorsement/guarantee conforms to the conditions provided by this Operation Procedure, it shall propose said endorsement/guarantee to the Board for prior approval and request at least 50% of the number of the directors to provide joint guarantee against the potential loss that may arise from such endorsement/guarantee, amend this Operation Procedure and propose it to the Shareholders' Meeting for ratification. In the event that the Shareholders' Meeting does not agree with said endorsement/guarantee, the Company shall create a plan to cancel the exceeding part of endorsement/guarantee within certain period. The Board shall fully consider the opinions of the respective Independent Directors during the discussion of the Board Meeting, and record the pros and cons opinions of the Independent Directors in the Board meeting minutes together with the reasons they have explained.
4. Material endorsement/guarantee shall be approved by over 50% of all members of the audit committee and submitted to the Board of Directors for resolution. Otherwise, it 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. "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 8 Cancellation of the Endorsements/Guarantees**

1. In the event of any cancellation of endorsement/guarantee due to repayment of debt or extension of payment, the endorsed/guaranteed company shall formally send a letter enclosing the original endorsement/guarantee related documents to the Financial Department of the Company. The Financial Department shall place the seal of "Cancellation" on said documents and return them to the endorsed/guaranteed company; provided, however, the Company shall keep the said letter for record.
2. The Financial Department shall at all times record the cancellation amount into the Endorsement/Guarantee Record Book in order to reduce the aggregate amount endorsed/guaranteed by the Company.

#### **Article 9 Internal Control**

1. Financial Department shall establish an Endorsement/Guarantee Record Book specifically recording the subject of endorsement/guarantee, amount of endorsement/guarantee, dates of approval by the Board and the Chairman, dates of endorsement/guarantee and items required to be deliberately evaluated in accordance with above provisions.
2. The internal auditing personnel shall audit this "Operation Procedure" and its implementation every quarter, as well as create a written record. In the event of any material violation of this

Operation Procedure, auditing personnel shall immediately report it to the audit committee in writing.

3. The endorsement/guarantee of the Company shall be conducted pursuant to this Operation Procedure. In the event of any material violation, certain punishment shall be imposed on the manager or in-charge personnel, depending on the degree of violation.
4. In the event that, due to changes in situation, the endorsement/guarantee made by the Company later becomes unqualified under this Operation Procedure, or the endorsement/guarantee amount exceeds the limit under this Operation Procedure due to changes in the calculation basis, the Company shall discharge the endorsement/guarantee amount or the amount in excess on the date the agreement term expires or within a designated period pursuant to an internal plan. The above timeframe shall be reported to the audit committee.
5. When the public company or its subsidiary is applying for endorsements/guarantees for a subsidiary, which has a net worth lower than 1/2 of its actual capital, besides carefully evaluating the necessity, reasonableness and risk of the loan, a subsequent risk control plan shall also be adapted in event of possible risk.
6. Internal control regulation:
  - (1) The Company shall require improvement proposal from the supported subsidiary.
  - (2) The Company shall regularly review the improvement process, and ask subsidiary to provide the report to GM/ chairman if needed.
  - (3) The Company shall follow up the improvement process every quart.

#### **Article 10 The Procedure for the Use and safekeeping of the Chop of the Company**

1. The Company shall use the company chop (the "Chop") registered with the Ministry of Economic Affairs ("MOEA") for the use of endorsement/guarantee. The Chop shall be under the safekeeping of a special personnel and may be used to issue negotiable instruments only following the Company's internal procedure. The appointment and the change of the personnel safekeeping the Chop shall be approved by the Board.
2. In the case that the Company provides guarantees in favor of a foreign company, the Guarantee Agreement shall be signed by the person who was authorized by the Board.

#### **Article 11 Public Announcement and Filing Procedure**

1. The Company shall make public announcement and filing regarding its last month's outstanding amount of endorsements/guarantees (including its subsidiaries' amount), on the 10th day of each month.
2. In the event that the amount of endorsements/guarantees of the Company reaches either of the following standards, it shall make public announcement and filing within two days from the occurrence of said endorsement/guarantee:
  - (1) The total amount of endorsements/guarantees reaches fifty percent or more of the Company's net worth as stated in its latest financial statement. Or after the Company's public announcement and filing pursuant to this clause, it engages in further endorsement/guarantee and the additional amount outstanding exceeds five percent of the Company's net worth stated in its latest financial statement.
  - (2) The amount of endorsements/guarantees in favor of any single enterprise reaches twenty percent or more of the Company's net worth as stated in its latest financial statement. Or

after the Company's public announcement and filing pursuant to this clause, it engages in further endorsement/guarantee and the additional amount outstanding exceeds five percent of the Company's net worth stated in its latest financial statement.

- (3) The amount of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investments accounted for using equity method, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.
  - (4) The aggregate amount of endorsements/guarantees provided to any single enterprise due to business relations exceeds the total trading amount between the Company and said enterprise in the most recent year. Or, after the Company's public announcement and filing pursuant to this clause, it engages in further endorsement/guarantee and the additional amount outstanding exceeds five percent of the Company's net worth stated in its latest financial statement.
  - (5) "Date of occurrence" in this Operation Procedure means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparties and amount of the loan or endorsement/guarantee, whichever date is earlier.
3. As the Company is not a domestic public company, all the above-mentioned items that require public announcements and filing shall be announced and filed by the Company.

#### **Article 12**

In the event that the subsidiary of the Company intends to lend money to others

1. The Company shall supervise the subsidiary " to establish the procedures governing the lending money to others.
2. The subsidiary shall submit the lending and collecting reports by 6th of each month in order to audit or disclose regarding to regulations.

#### **Article 13**

The Company shall evaluate and recognize the contingent loss arising from the endorsements/guarantees. In addition, it shall duly disclose information regarding the endorsements/guarantees in its financial statement, and provide the CPA with related materials for the convenience of their conduct while auditing and in the issuance of a reasonable audit report.

#### **Article 14**

This Operation Procedure shall be revised based on the Article 7-4 and reported to the Shareholders' Meeting for approval upon the passing of the Board of Directors' resolution. If any director raises an objection with a record or a written notice, the Company shall submit these objections report to the shareholders' meeting for their discussion.

When this Operation Procedure is being discussed at the Board of Directors' meeting, the opinions of the independent director(s) shall be fully considered. Their opinions and reasons for and against the motions shall be recorded in the minutes of the Board of Directors' meeting.

#### **Article 15**

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 March 31, 2024. Unit : Share

Title	Name	Shareholding		%	
		Common share	Preferred shares	Common share	Preferred share
Chairman	Ho Zan Investment Co., Ltd. Representative: Yuan-Sheng Liu	257,161,874	-	45.39%	-
Director	Ho Zan Investment Co., Ltd. Representative: Chwen-Shing Su Roger Huang Leon Soo Ryan Huang	257,161,874	-	45.39%	-
Director	Toyota Financial Services Corporation Representative: Tetsuo Higuchi	130,074,859	-	22.96%	-
Independent Director	Ming-You Huang	-	-	-	-
Independent Director	Wei-Lin Mao	-	-	-	-
Independent Director	Min-Chieh Chang	-	-	-	-
Total		387,236,733	-	68.36%	-
Total common shares and preferred shares		387,236,733		58.10%	

1. Paid-up capital:6,665,004,480(NTD), Total shares issued :  
566,500,448 common shares, 50,000,000 preferred shares A, 50,000,000 preferred shares B.
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 : 21,328,014 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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