

Bulletin

Capital Injection From Hotai Finance Co. Ltd.'s Initial Public Offering Plan Underpins The Company's Strong Capitalization

November 15, 2019

Taiwan Ratings Corp. said today that its ratings and outlook on **Hotai Finance Co. Ltd.** (twAA-/Stable/twA-1+) are not affected by the company's announcement that it will raise new capital as part of its preparation for initial public offering (IPO) on the Taiwan Stock Exchange. On Nov. 14, 2019, Hotai Finance announced it will raise new capital amounting to New Taiwan Dollar (NT\$) 7.4 billion as part of its IPO, with the base date for the capital increase set at Dec. 5, 2019.

We estimate the capital injection will raise Hotai Finance's capital base by about 60%. However, such an increase has no impact on our assessment of the company's strong capitalization. This is underpinned by our view of Hotai Finance's commitment to maintain strong capitalization on a consolidated basis over the next one to two years. We expect the company to achieve this through a proactive capital policy as well as the good and stable profitability of its Taiwan financing business. We also expect Hotai Finance to remain the core entity of the Hotai Motor Corp. group and to support the group's strategic growth map.

This report does not constitute a rating action.

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