

**HOTAI MOTOR CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2024 AND 2023**

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
SEPTEMBER 30, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
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INDEPENDENT AUDITORS' REVIEW REPORT  
(TRANSLATED FROM CHINESE)

PWCR24001851

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

***Introduction***

We have reviewed the accompanying consolidated balance sheets of Hotai Motor Co., Ltd. and subsidiaries (the "Group") as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

***Scope of review***

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

***Basis for qualified conclusion***

As explained in Notes 4(3) and 6(10), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Total assets of these subsidiaries and investments accounted for using the equity method amounted to NT\$112,296,889 thousand and NT\$87,996,789 thousand, constituting 22% and 19% of the consolidated total assets as at September 30, 2024 and 2023, respectively. Total liabilities amounted to NT\$49,216,671 thousand and NT\$34,045,581 thousand, constituting 12% and 9% of

the consolidated total liabilities as at September 30, 2024 and 2023, respectively. And the total comprehensive income amounted to NT\$1,762,492 thousand, NT\$1,987,968 thousand, NT\$5,139,724 thousand and NT\$5,191,685 thousand, constituting 50%, 21%, 25% and 22% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Hsiao, Chun-Yuan

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Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2024

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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 MOTOR CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

			September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 22,706,642	5	\$ 23,142,893	5	\$ 17,891,087	4
1120	Financial assets at fair value through profit or loss-current	6(2)	6,834,541	1	6,324,510	1	6,009,106	1
1150	Derivative financial assets for hedging	6(4)	453,783	-	570,885	-	511,615	-
1190	Other financial assets-current	6(1) and 8	4,078,071	1	3,236,271	1	3,033,803	1
1195	Contract assets-current	6(28)	127,073	-	106,655	-	103,223	-
1201	Notes receivable	6(5), 7 and 8	17,238,706	3	13,949,300	3	14,491,801	3
1202	Accounts receivable	6(5), 7 and 8	284,530,047	56	272,178,742	56	259,898,265	56
1203	Other receivables	7	2,781,892	1	2,382,482	1	2,428,569	1
1270	Inventories	6(7)	15,747,531	3	16,979,700	3	15,304,471	3
1280	Prepayments	6(8)	8,760,332	2	8,955,709	2	10,052,164	2
1290	Assets held for sale		-	-	276,351	-	919	-
1310	Reinsurance contract assets, net	6(9)	5,236,392	1	4,312,902	1	4,297,235	1
Total current assets			368,495,010	73	352,416,400	73	334,022,258	72
Non-current assets								
1410	Financial assets at fair value through profit or loss-non-current	6(2)	975,677	-	1,011,886	-	1,004,770	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	11,603,921	2	10,850,980	2	11,076,204	2
1470	Investments accounted for using the equity method	6(10)	23,337,070	5	21,506,912	4	21,107,282	4
1480	Other financial assets-non-current	6(1)	101,154	-	81,131	-	86,930	-
1500	Property, plant and equipment, net	6(11)	70,968,482	14	66,017,903	14	64,988,069	14
1595	Right-of-use assets, net	6(12)	3,850,783	1	3,473,684	1	3,749,079	1
1600	Investment property, net	6(14)	1,976,231	-	2,340,699	-	2,518,876	1
1700	Intangible assets, net	6(15)	768,543	-	672,864	-	671,078	-
1800	Deferred income tax assets, net	6(33)	3,899,907	1	3,847,420	1	3,938,304	1
1900	Other assets	6(5)(9)(16)	21,142,986	4	23,660,471	5	22,340,548	5
Total non-current assets			138,624,754	27	133,463,950	27	131,481,140	28
1XXX	Total Assets		\$ 507,119,764	100	\$ 485,880,350	100	\$ 465,503,398	100

(Continued)

**HOTAI MOTOR CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current Liabilities</b>							
2110	Short-term loans	6(17)	\$ 139,321,427	27	\$ 101,464,701	21	\$ 111,041,897	24
2120	Short-term notes and bills payable	6(18)	135,535,464	27	148,116,089	31	139,378,700	30
2140	Financial liabilities at fair value through profit or loss-current	6(2)	142,099	-	407,727	-	-	-
2150	Derivative financial liabilities for hedging	6(4)	142,275	-	1,087,983	-	1,301,539	-
2165	Contract liabilities-current	6(28)	1,480,416	-	1,449,575	-	1,593,730	-
2201	Notes payable		1,705,418	-	1,635,144	-	1,463,036	-
2202	Accounts payable	7	10,333,373	3	13,466,699	3	10,450,325	2
2203	Accrued expenses	6(21) and 7	6,328,558	1	7,612,447	2	6,703,396	2
2204	Other payables	7	2,281,152	-	2,261,442	1	1,747,944	1
2250	Commissions payable	7	273,010	-	260,926	-	215,292	-
2260	Due to reinsurance and ceding companies		1,684,424	-	1,567,746	-	1,738,968	1
2270	Claims payable		33,773	-	33,352	-	39,143	-
2310	Current income tax liabilities		1,635,280	-	1,561,696	-	1,075,805	-
2320	Advance receipts		327,367	-	198,279	-	165,557	-
2330	Long-term liabilities-current portion	6(19)(20)	33,496,375	8	35,392,090	7	33,320,677	7
2335	Current lease liabilities	7	629,781	-	464,216	-	475,320	-
2350	Other current liabilities	6(9)(23)(24)	23,175,856	5	22,264,785	5	23,954,120	5
	<b>Total current liabilities</b>		<u>358,526,048</u>	<u>71</u>	<u>339,244,897</u>	<u>70</u>	<u>334,665,449</u>	<u>72</u>
	<b>Non-current liabilities</b>							
2550	Long-term loans	6(20)	11,295,147	3	20,436,199	4	9,693,998	2
2600	Provisions	6(9)(23)	11,701,217	2	10,187,144	2	9,620,461	2
2620	Guarantee deposits received	6(24)	11,589,751	2	9,431,626	2	9,179,417	2
2625	Non-current lease liabilities	7	1,977,316	-	1,742,742	-	1,960,789	-
2630	Deferred income tax liabilities	6(33)	4,596,104	1	4,398,174	1	4,290,213	1
2660	Other liabilities		-	-	1,221	-	2	-
	<b>Total non-current liabilities</b>		<u>41,159,535</u>	<u>8</u>	<u>46,197,106</u>	<u>9</u>	<u>34,744,880</u>	<u>7</u>
2XXX	<b>Total Liabilities</b>		<u>399,685,583</u>	<u>79</u>	<u>385,442,003</u>	<u>79</u>	<u>369,410,329</u>	<u>79</u>
	<b>Equity attributable to shareholders of the parent</b>							
	Share capital	6(25)						
3110	Common stock		5,571,028	1	5,571,028	1	5,571,028	1
	Capital surplus	6(26)						
3200	Capital surplus		2,870,244	-	2,897,372	1	2,897,444	1
	Retained earnings	6(27)						
3310	Legal reserve		17,836,393	4	15,553,282	3	15,553,282	4
3320	Special reserve		381,843	-	381,843	-	381,843	-
3330	Unappropriated earnings		40,406,934	8	37,794,757	8	33,419,624	7
	Other equity							
3400	Other equity interest		5,108,842	1	4,028,202	1	4,746,706	1
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>72,175,284</u>	<u>14</u>	<u>66,226,484</u>	<u>14</u>	<u>62,569,927</u>	<u>14</u>
32XX	<b>Non-controlling interest</b>		<u>35,258,897</u>	<u>7</u>	<u>34,211,863</u>	<u>7</u>	<u>33,523,142</u>	<u>7</u>
3XXX	<b>Total equity</b>		<u>107,434,181</u>	<u>21</u>	<u>100,438,347</u>	<u>21</u>	<u>96,093,069</u>	<u>21</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after balance sheet date	11						
	<b>Total liabilities and equity</b>		<u>\$ 507,119,764</u>	<u>100</u>	<u>\$ 485,880,350</u>	<u>100</u>	<u>\$ 465,503,398</u>	<u>100</u>

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items		Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Revenues										
4010	Interest income	6(3)(29)	\$ 5,779,704	9	\$ 5,495,315	8	\$ 17,521,292	8	\$ 15,455,586	7
4020	Premiums revenue	6(30)	2,306,209	3	2,170,802	3	6,208,562	3	6,519,653	3
4040	Reinsurance commission revenue		236,551	-	294,687	1	726,109	1	858,033	-
4050	Fee income		2,686	-	2,720	-	7,786	-	8,053	-
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)	649,390	1	902,139	1	2,202,847	1	2,601,946	1
4090	Gains on financial assets and liabilities at fair value through profit or loss	6(2)	( 600,772)	( 1)	183,046	-	622,870	-	1,169,062	1
4105	Realized gains on financial assets at fair value through other comprehensive income		86,495	-	65,350	-	327,274	-	194,921	-
4160	Net sales revenue	6(28)								
4161	Sales revenue		53,231,574	79	56,544,494	80	167,164,285	80	169,852,084	81
4162	Sales returns		( 291,122)	-	( 831,953)	( 1)	( 796,411)	-	( 1,904,833)	( 1)
4163	Sales discounts and allowances		( 775,266)	( 1)	( 675,873)	( 1)	( 2,316,314)	( 1)	( 2,449,174)	( 1)
4170	Rental revenue		5,242,391	8	4,867,130	7	15,334,521	7	14,257,932	7
4180	Service revenue	6(28) and 7	561,996	1	748,049	1	1,846,098	1	1,920,244	1
4210	Gains on disposals of property, plant and equipment		17,293	-	80,534	-	688,149	-	179,017	-
4230	Income from investment property	6(14)	36,307	-	17,486	-	364,709	-	107,101	-
4260	Foreign exchange gains		287,918	-	153,504	-	315,919	-	227,395	-
4270	Other income		532,232	1	495,410	1	1,415,915	1	1,091,640	1
4256	Reversal gains (losses) on expected credit of investment		49	-	( 48)	-	68	-	232	-
4280	Unrealized profits from sales		49,582	-	( 20,195)	-	( 84,378)	-	( 108,484)	-
4290	Realized profits from sales		-	-	-	-	69,323	-	44,701	-
	Total revenues		67,353,217	100	70,492,597	100	211,618,624	100	210,025,109	100
Expenses										
5010	Interest expenses		( 1,876,694)	( 3)	( 1,520,421)	( 2)	( 5,247,435)	( 2)	( 4,167,164)	( 2)
5030	Underwriting expenses		( 107)	-	( 219)	-	( 328)	-	( 509)	-
5040	Commission expenses	7	( 969,625)	( 1)	( 1,246,235)	( 2)	( 3,604,447)	( 2)	( 3,710,056)	( 2)
5050	Claims payment		( 1,146,822)	( 2)	( 1,140,165)	( 2)	( 3,030,523)	( 1)	( 11,434,047)	( 5)
5070	Net changes in other insurance liabilities	6(9)	139,474	-	376,906	1	442,448	-	8,834,159	4
5190	Cost of sales	6(7) and 7	( 46,080,382)	( 69)	( 49,172,705)	( 70)	( 146,017,090)	( 69)	( 146,801,675)	( 70)
5200	Cost of rental revenue		( 4,229,392)	( 6)	( 3,857,620)	( 5)	( 12,122,221)	( 6)	( 11,173,422)	( 5)
5210	Cost of services		( 614,077)	( 1)	( 634,938)	( 1)	( 1,699,727)	( 1)	( 1,705,776)	( 1)
5230	Operating expenses	6(31)(32) and 7								
5231	Selling expenses		( 2,746,919)	( 4)	( 2,704,569)	( 4)	( 8,341,544)	( 4)	( 8,022,417)	( 4)
5232	General and administrative expenses		( 1,901,077)	( 3)	( 1,964,311)	( 3)	( 5,906,121)	( 3)	( 5,681,817)	( 3)
5233	Research and development expenses		( 116,499)	-	( 39,131)	-	( 188,280)	-	( 101,889)	-
5287	Expected credit impairment losses of non-investment	12(2)	( 1,504,475)	( 2)	( 934,636)	( 1)	( 3,995,762)	( 2)	( 2,414,512)	( 1)

(Continued)



HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
5270 Expenses and losses from investment property	6(14)	(\$ 10,219)	-	(\$ 7,279)	-	(\$ 24,703)	-	(\$ 24,653)	-
5275 (Losses) gains on reclassification under the overlay approach	6(2)	154,127	-	9,960	-	94,519	-	382,778	-
5320 Other expenses		(110,365)	-	(65,921)	-	(287,508)	-	(142,103)	-
Total expenses		(61,013,052)	(91)	(62,901,285)	(89)	(190,117,760)	(90)	(186,928,659)	(89)
6100 <b>Income before income tax from continuing operations</b>		6,340,165	9	7,591,312	11	21,500,864	10	23,096,450	11
6200 Income tax expense	6(33)	(1,211,767)	(1)	(407,401)	(1)	(2,649,275)	(1)	(2,045,031)	(1)
6500 <b>Profit for the period</b>		<u>\$ 5,128,398</u>	<u>8</u>	<u>\$ 7,183,911</u>	<u>10</u>	<u>\$ 18,851,589</u>	<u>9</u>	<u>\$ 21,051,419</u>	<u>10</u>
<b>Other comprehensive income (loss) for the period</b>									
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>									
6617 Gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 1,733,901)	(2)	\$ 1,284,868	2	\$ 348,358	-	\$ 2,891,020	2
6610 Total components of other comprehensive income (loss) that may not be reclassified to profit or loss		(1,733,901)	(2)	1,284,868	2	348,358	-	2,891,020	2
6650 <b>Components of other comprehensive (loss) income that may be reclassified to profit or loss</b>									
6651 Financial statement translation differences of foreign operations		220,268	-	560,696	1	871,703	1	152,827	-
6659 Unrealized (loss) gains from investments in debt instruments measured at fair value through other comprehensive income	6(3)	9,596	-	(1,993)	-	(6,244)	-	45,776	-
6661 Gain on hedging instrument	6(4)	98,796	-	19,332	-	51,137	-	(128,162)	-
6675 Other comprehensive income (loss) reclassified by using overlay approach	6(2)	(154,127)	-	(9,960)	-	94,519	-	382,778	-
6665 Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method components of other comprehensive income that may be reclassified to profit or loss		(4,863)	-	19,210	-	2,447	-	(9,773)	-
6689 Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	6(33)	(9,660)	-	3,953	-	1,854	-	27,776	-
Total components of other comprehensive income that will be reclassified to profit or loss		160,010	-	591,238	1	1,015,416	1	471,222	-
6600 <b>Other comprehensive income (loss) for the period-net</b>		(\$ 1,573,891)	(2)	\$ 1,876,106	3	\$ 1,363,774	1	\$ 3,362,242	2
6700 <b>Total comprehensive income for the period</b>		<u>\$ 3,554,507</u>	<u>6</u>	<u>\$ 9,060,017</u>	<u>13</u>	<u>\$ 20,215,363</u>	<u>10</u>	<u>\$ 24,413,661</u>	<u>12</u>
Profit attributable to:									
6810 Owners of parent		\$ 4,280,619	7	\$ 6,345,600	9	\$ 16,037,343	8	\$ 18,455,979	9
6820 Non-controlling interests		847,779	1	838,311	1	2,814,246	1	2,595,440	1
		<u>\$ 5,128,398</u>	<u>8</u>	<u>\$ 7,183,911</u>	<u>10</u>	<u>\$ 18,851,589</u>	<u>9</u>	<u>\$ 21,051,419</u>	<u>10</u>
Comprehensive income attributable to:									
6910 Owners of parent		\$ 2,588,644	5	\$ 8,154,356	12	\$ 17,117,983	9	\$ 21,897,898	11
6920 Non-controlling interests		965,863	1	905,661	1	3,097,380	1	2,515,763	1
		<u>\$ 3,554,507</u>	<u>6</u>	<u>\$ 9,060,017</u>	<u>13</u>	<u>\$ 20,215,363</u>	<u>10</u>	<u>\$ 24,413,661</u>	<u>12</u>
Basic earnings per share									
	6(34)	\$ 7.69		\$ 11.39		\$ 28.79		\$ 33.13	
Diluted earnings per share									
	6(34)	\$ 7.69		\$ 11.38		\$ 28.77		\$ 33.11	

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 21,500,864	\$ 23,096,450
Adjustments to reconcile profit (loss) before tax to net cash provide by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(11)(12)(14)(31)	10,229,173	9,563,941
Amortization	6(31)	108,183	109,836
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)	( 622,870 )	( 1,169,062 )
Expected gain on reversal of investment		( 68 )	( 232 )
Expected credit impairment loss on non-investment		3,995,762	2,414,512
Profit or loss reclassified by applying overlay approach	6(2)	94,519	382,778
Reversal gain on rental assets	6(11)	( 13,084 )	( 23,081 )
Provision for financial guarantee expense		18,603	13,660
Interest expense		5,247,435	4,167,164
Interest income	6(29)	( 17,521,292 )	( 15,455,586 )
Dividend income		( 327,274 )	( 229,824 )
Share of profit of associates accounted for using the equity method	6(10)	( 2,202,847 )	( 2,601,946 )
Net gain on disposal of property, plant and equipment		( 688,149 )	( 179,017 )
Gains on disposals of investment property		( 255,515 )	-
Unrealized profit from sales		84,378	108,484
Realized profit from sales		( 69,323 )	( 44,701 )
Loss (gain) on lease modification	6(12)	3	( 1,100 )
Exchange gain or loss		( 110,660 )	47,194
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		149,048	( 243,246 )
Contract assets		( 20,418 )	( 46,202 )
Notes and accounts receivable		( 19,759,721 )	( 42,952,683 )
Other receivables		( 357,091 )	( 594,311 )
Inventories		6,708,477	2,814,301
Prepayments		505,606	( 522,036 )
Reinsurance contract assets		( 1,588,971 )	( 1,841,054 )
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		( 265,628 )	( 162,608 )
Contract liabilities		30,841	75,583
Notes and accounts payable		( 2,993,410 )	( 341,568 )
Accrued expenses		( 1,415,678 )	78,304
Other payables		19,710	82,190
Commission payable		12,084	( 278,143 )
Provisions		1,514,073	903,847
Due to reinsurance and ceding companies		116,678	924,460
Claims payable		421	( 274,443 )
Advance receipts		129,088	( 72,215 )
Other current liabilities		1,473,947	( 7,149,064 )
Other liabilities		( 1,221 )	( 34 )
Cash outflow generated from operations		3,725,673	( 29,399,452 )
Interest received		17,478,973	15,452,602
Cash dividends received		1,364,525	926,420
Interest paid		( 5,118,135 )	( 4,216,376 )
Income tax paid		( 2,758,269 )	( 2,805,117 )
Net cash flows from (used in) operating activities		14,692,767	20,041,923

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>Cash flows from investing activities</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		( \$ 410,759 )	\$ 302,939
Acquisition of investments accounted for using the equity method		( 638,839 )	( 512,880 )
Net cash flow from acquisition of subsidiaries		( 216,578 )	( 599,722 )
Acquisition of property, plant and equipment	6(11)	( 19,699,694 )	( 18,687,275 )
Proceeds from disposal of property, plant and equipment		594,086	955,256
Proceeds from disposal of assets held for sale		685,000	1,172,080
Acquisition of investment properties	6(14)	( 250 )	( 1,149 )
Proceeds from disposal of investment property		372,585	-
Acquisition of intangible assets	6(15)	( 56,339 )	( 86,340 )
Proceeds from disposal of intangible assets		589	-
(Increase) decrease in other financial assets		( 861,823 )	305,547
Decrease (increase) in other assets		3,147,283	( 763,785 )
Net cash flows used in investing activities		( 17,084,739 )	( 17,915,329 )
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(35)	37,120,274	6,245,346
(Decrease) increase in short-term notes and bills payable	6(35)	( 12,580,625 )	24,738,487
Proceeds from issuance of bonds	6(35)	-	4,000,000
Proceeds from long-term loans	6(35)	1,847,779	9,551,666
Repayments of long-term loans	6(35)	( 13,182,760 )	( 7,696,519 )
Increase in guarantee deposits received	6(35)	1,595,249	1,417,684
Cash dividends paid	6(27)(35)	( 11,142,055 )	( 1,092,358 )
Repayment of principal portion of lease liability	6(35)	( 446,544 )	( 508,358 )
Cash dividends paid from subsidiaries to non-controlling interests		( 2,109,834 )	( 1,893,528 )
Preference share issued by subsidiaries		-	4,800,000
Change in non-controlling interests		33,600	380,000
Net cash flows from financing activities		1,135,084	39,942,420
Net effect of changes in foreign currency exchange rates		820,637	276,358
Net (decrease) increase in cash and cash equivalents		( 436,251 )	2,261,526
Cash and cash equivalents at beginning of period		23,142,893	15,629,561
Cash and cash equivalents at end of period		\$ 22,706,642	\$ 17,891,087

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. History and Organization

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

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

These consolidated financial statements were reported to the Board of Directors on November 12, 2024.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by FSC and became into effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027

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

A. IFRS 17, 'Insurance contracts'

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

B. Amendments to IFRS 17, 'Insurance contracts'

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

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

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

D. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies, except for the compliance statement, basis of preparation, and basis of consolidation described below, are consistent with those in Note 4 of the consolidated financial statements for the year 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) The insurance liabilities and reinsurance reserve assets recognized in accordance with specific statutory requirements and regulations relevant to insurance enterprises.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- (f) From January 1, 2024 to September 30, 2024, the subsidiaries of the individual financial reports included in this consolidated financial statements, except for Hozan Investment Co., Ltd., Hotai Finance Co., Ltd., Hotai Leasing Co., Ltd., Hotai Insurance Co., Ltd., Hoyun International Limited, Hoyun International Leasing Co., Ltd., and Shanghai Ho-Yu (BVI) Investment Co.,Ltd., which are included based on their financial reports reviewed by independent auditors during the same period and excluded from the consolidated financial statements. The remaining subsidiaries are evaluated and disclosed based on their unaudited financial statements for the same period. From January 1, 2023 to September 30, 2023, the



subsidiaries of the individual financial reports included in this consolidated financial statements, except for Hozan Investment Co., Ltd., Hotai Finance Co., Ltd., Hotai Leasing Co., Ltd., Hotai Insurance Co., Ltd., Hoyun International Limited, Hoyun International Leasing Co., Ltd., Hoing Mobility Service Corporation and Shanghai Ho-Yu (BVI) Investment Co., Ltd., which are included based on their financial reports reviewed by independent auditors during the same period and excluded from the consolidated financial statements. The remaining subsidiaries are evaluated and disclosed based on their unaudited financial statements for the same period.

B. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Equity investments in Mainland China (trading and repairing of vehicles and their parts)	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	General investment	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	77.93	77.93	77.93	Note 5
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	Hotai Development Co., Ltd.	Agent for sales of air conditioning system and contracting of air conditioning construction	45.01	45.01	45.01	Note 2
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Trading of vehicle products/accessories	51.00	51.00	51.00	
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	20.00	20.00	20.00	Note 1
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	70.00	70.00	70.00	
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Assembly of vehicle bodies	50.00	50.00	50.00	Note 1
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Sales of vehicle bodies	100.00	100.00	100.00	
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	18.00	18.00	18.00	Note 1
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tianjin Ho Yu Investment Co., Ltd.	Equity investments in Mainland China, (trading and repairing of vehicles and their parts)	70.00	70.00	70.00	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Hotong Motor Investment Co., Ltd.	Operation decision making, capital and financial management, information services, employee trainings and other services	100.00	100.00	100.00	
Tianjin Ho Yu Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	75.00	75.00	75.00	

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting services	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products / accessories and property management	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	70.00	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	70.00	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	100.00	100.00	100.00	
Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sale Service Co., Ltd.	Sales and repairing of vehicles	70.00	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Tianjin Hoxi Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	100.00	-	-	Note 15
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Zaozhuang Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	25.00	25.00	25.00	Note 1
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	23.81	Note 1
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Advertisement design and production	100.00	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	52.38	23.81	23.81	Note 1, 13
Shanghai Heling Motor Service Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	100.00	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Sales of imported cars	100.00	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	40.00	40.00	40.00	Note 1
Shanghai Hozhan Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	23.81	23.81	23.81	Note 1
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	30.00	30.00	Note 1
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	30.00	30.00	Note 1
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Leasing of vehicles	66.04	66.04	66.04	
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Installment trading and leasing of various vehicles	45.39	45.39	45.39	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	22.05	22.05	22.05	Note 1, 5
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	41.10	41.10	41.10	Note 1
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	27.40	27.40	27.40	Note 1
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taxi service	100.00	100.00	100.00	
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taxi service	100.00	100.00	100.00	
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	50.50	
Hotai Leasing Co., Ltd.	Hoyun International Limited	General investment	49.50	49.50	49.50	Note 1
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	50.82	-	-	Note 16
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	-	50.82	50.82	Note 16
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	49.18	49.18	49.18	Note 1
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Tourism industry	100.00	100.00	100.00	
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment trading of various vehicles	81.00	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	80.00	80.00	80.00	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Installment of equipment sales	100.00	-	-	Note 11
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Energy storage	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar power	99.00	99.00	90.00	Note 9
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar power	96.97	96.97	90.00	Note 9
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar power	99.00	99.00	90.00	Note 9
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	100.00	100.00	Note 3
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar power	100.00	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar power	100.00	100.00	100.00	Note 7
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar power	100.00	100.00	100.00	Note 7
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar power	100.00	100.00	100.00	Note 8

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Solar power	100.00	-	-	Note 12
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Solar power	100.00	-	-	Note 12
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Solar power	70.00	-	-	Note 14
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar power	100.00	100.00	100.00	Note 8
Hoyun International Limited	Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of cars	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	100.00	100.00	100.00	Note 6
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	General investment	100.00	100.00	100.00	
Toyota Material Handling Taiwan Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd.	Sales of vehicles and parts for industry use	100.00	100.00	100.00	Note 10
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Repairing of air conditioning equipment and trading of their parts	100.00	100.00	100.00	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Trading of air conditioning equipment and their peripherals	100.00	100.00	100.00	
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Freight forwarders	51.00	51.00	51.00	
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Freight forwarders	100.00	100.00	100.00	
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Freight forwarders	100.00	100.00	100.00	
Air Master International Co., Ltd.	He Zhan Development Co., Ltd.	Trading of air conditioning equipment	100.00	100.00	100.00	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	100.00	100.00	100.00	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	61.77	61.77	61.77	
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	Wholesale and retail of vehicles parts and accessories	100.00	100.00	100.00	
Eastern Motor Co., Ltd.	Daleon Auto Parts & Accessories Corporation	Wholesale and retail of vehicles parts and accessories	100.00	100.00	100.00	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	0.68	0.68	0.68	Note 1
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	0.50	0.50	0.50	Note 1
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Assembly of vehicle bodies	20.00	20.00	20.00	Note 1
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Trading of buses	100.00	-	-	Note 17

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Hoyun International Leasing Co., Ltd.	Hoyun International Leasing Co., Ltd. Trust of Asset-Backed Commercial Paper for Supporting Industrial Upgrading of Small and Micro Enterprises in the First Quarter of 2024	Structured entities	-	-	-	Note 18

Note 1: The Group holds more than 50% shareholding in the subsidiary.

Note 2: The abovementioned investees whose equity were held directly or indirectly by the Group not exceeding 50%, were regarded as subsidiaries and consolidated in the Company's financial statements, since the Company could control over a half of voting rights in the Board of Directors.

Note 3: The subsidiary was established in February, 2023.

Note 4: The subsidiary was acquired in March, 2023.

Note 5: On June 2, 2023, the subsidiary, Hozan Investment Co., Ltd., participated in the cash capital increase of the subsidiary, Hotai Insurance Co., Ltd., with an amount of \$4,500,000. After the capital increase, its shareholding ratio became 22.05%. The Company did not participate in the subscription, and the shareholding ratio decreased from 92.86% to 77.93%.

Note 6: In June, 2023, Hemei Consulting (Suzhou) Co., Ltd. changed its registration and renamed itself as Hemei International Trading (Suzhou) Co., Ltd.

Note 7: The subsidiary was acquired in August, 2023.

Note 8: The subsidiary was acquired in September, 2023.

Note 9: On October 11, 2023, the subsidiary, He Jun Energy Co., Ltd., participated in the cash capital increase of subsidiaries, Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd., amounting to \$23,000, \$20,700 and \$26,640, respectively. After the capital increase, their shareholding ratio became 96.97%, 99% and 99%, respectively.

Note 10: In November, 2023, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. changed its registration and renamed itself as Shanghai Hotai Toyota Forklift Co., Ltd.

Note 11: The subsidiary was established in January, 2024.

Note 12: The subsidiary was acquired in March, 2024.

Note 13: In March, 2024, the subsidiary, Shanghai Heling Motor Co., Ltd. acquired 28.57% shares of Shanghai Hede Used Vehicle Co., Ltd. for RMB 1,400 thousand. After the acquisition, the shareholding ratio increased from 23.81% to 52.38%.

Note 14: The subsidiary was established in April, 2024.

Note 15: The subsidiary was established in July 2024.

Note 16: In August 2024, the subsidiary, Hotai Finance Co., Ltd., sold 50.82% equity interests in Hoing Mobility Service Co., Ltd. to the subsidiary, Hotai Leasing Co., Ltd., at a consideration of \$413,849, and therefore the shareholding ratio was decreased to 0%; while the shareholding ratio of Hotai Leasing Co., Ltd. was increased to 50.82%.

Note 17: The subsidiary was established in September 2024.

Note 18: The structured entity was a trust established in September 2024. The equity interests in the entity were not held directly or indirectly by the Group. Therefore, the Group judged whether it has control over the entity based on the substantial relationship with the entity and the evaluation of its risks and rewards. Accordingly, the entity was included in the scope of consolidation. Refer to Note 6(5) for details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the non-controlling interest amounted to \$35,258,897, \$34,211,863 and \$33,523,142, respectively. The information of non-controlling interests that are material to the Group and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd. (Note)	Taiwan	\$ 24,635,140	54.61%	\$ 24,051,904	54.61%
Hotai Leasing Co., Ltd.	Taiwan	1,998,114	33.96%	1,947,816	33.96%

  

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2023	
		Amount	Ownership (%)
Hotai Finance Co., Ltd. (Note)	Taiwan	\$ 23,620,596	54.61%
Hotai Leasing Co., Ltd.	Taiwan	1,893,627	33.96%

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

Summarized financial information of the subsidiaries:

Balance sheets

	Hotai Finance Co., Ltd.		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 303,780,202	\$ 284,254,876	\$ 276,354,679
Non-current assets	25,105,288	27,884,836	25,913,453
Current liabilities	( 285,221,049)	( 270,124,770)	( 261,053,278)
Non-current liabilities	( 2,699,423)	( 2,020,104)	( 2,013,028)
Total net assets	<u>\$ 40,965,018</u>	<u>\$ 39,994,838</u>	<u>\$ 39,201,826</u>

	Hotai Leasing Co., Ltd.		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 6,624,941	\$ 5,161,023	\$ 4,767,955
Non-current assets	52,054,177	44,004,147	43,387,078
Current liabilities	( 34,766,293)	( 27,440,326)	( 30,225,762)
Non-current liabilities	( 17,749,854)	( 15,988,889)	( 12,352,893)
Total net assets	<u>\$ 6,162,971</u>	<u>\$ 5,735,955</u>	<u>\$ 5,576,378</u>

Statements of comprehensive income

	Hotai Finance Co., Ltd.	
	Three months ended September 30,	
	2024	2023
Revenue	\$ 7,180,512	\$ 7,499,578
Profit before income tax	1,073,205	1,487,214
Income tax expense	( 270,086)	( 340,747)
Profit for the period	803,119	1,146,467
Other comprehensive income for the period, net of tax	149,852	176,302
Total comprehensive income for the period	<u>\$ 952,971</u>	<u>\$ 1,322,769</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 410,521</u>	<u>\$ 596,401</u>
Dividends paid to non-controlling interests	<u>\$ 928,098</u>	<u>\$ 1,016,394</u>

  

	Hotai Finance Co., Ltd.	
	Nine months ended September 30,	
	2024	2023
Revenue	\$ 22,648,420	\$ 20,984,582
Profit before income tax	3,591,188	4,155,086
Income tax expense	( 821,506)	( 1,051,170)
Profit for the period	2,769,682	3,103,916
Other comprehensive income (loss) for the period, net of tax	300,827	( 85,216)
Total comprehensive income for the period	<u>\$ 3,070,509</u>	<u>\$ 3,018,700</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 1,462,975</u>	<u>\$ 1,467,257</u>
Dividends paid to non-controlling interests	<u>\$ 928,098</u>	<u>\$ 1,016,394</u>

	Hotai Leasing Co., Ltd.	
	Three months ended September 30,	
	2024	2023
Revenue	\$ 7,089,870	\$ 5,746,907
Profit before income tax	186,625	385,455
Income tax expense	( 81,784)	( 88,128)
Profit for the period	104,841	297,327
Other comprehensive income for the period, net of tax	57,141	89,335
Total comprehensive income for the period	\$ 161,982	\$ 386,662
Comprehensive income attributable to non-controlling interests	\$ 55,006	\$ 131,302
Dividends paid to non-controlling interests	\$ 228,825	\$ 215,005

	Hotai Leasing Co., Ltd.	
	Nine months ended September 30,	
	2024	2023
Revenue	\$ 19,532,359	\$ 16,777,863
Profit before income tax	899,259	1,094,751
Income tax expense	( 248,279)	( 228,016)
Profit for the period	650,980	866,735
Other comprehensive income for the period, net of tax	145,205	20,344
Total comprehensive income for the period	\$ 796,185	\$ 887,079
Comprehensive income attributable to non-controlling interests	\$ 270,369	\$ 301,234
Dividends paid to non-controlling interests	\$ 228,825	\$ 215,005

#### Statements of cash flows

	Hotai Finance Co., Ltd.	
	Nine months ended September 30,	
	2024	2023
Net cash used in operating activities	(\$ 11,229,583)	(\$ 35,791,643)
Net cash used in investing activities	( 2,066,688)	( 3,886,371)
Net cash provided by financing activities	18,319,561	42,742,271
Net effect of changes in foreign currency exchange rates	97,681	22,876
Increase in cash and cash equivalents	5,120,971	3,087,133
Cash and cash equivalents, beginning of period	2,878,184	2,382,775
Cash and cash equivalents, end of period	\$ 7,999,155	\$ 5,469,908



	Hotai Leasing Co., Ltd.	
	Nine months ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 13,431,486	\$ 12,660,740
Net cash used in investing activities	( 16,958,564)	( 15,089,660)
Net cash provided by financing activities	3,722,773	2,516,869
Increase in cash and cash equivalents	195,695	87,949
Cash and cash equivalents, beginning of period	114,943	120,151
Cash and cash equivalents, end of period	<u>\$ 310,638</u>	<u>\$ 208,100</u>

(4) Property, plant and equipment

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

Buildings and structures	3 ~ 60 years
Utility equipment	5 ~ 10 years
Office equipment	1 ~ 25 years
Machinery and equipment	1 ~ 15 years
Leasehold improvements	1 ~ 35 years

## 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

### (2) Critical accounting estimates and assumptions

#### A. Revenue recognition

The Group estimates sales discounts and returns refund liabilities for sales returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Group reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(28) for the information of sales of goods.

#### B. Provisions for warranty

In order to enhance customers' confidence on the quality of products, the Company provides additional warranty services apart from the warranty offered by the original manufacturer. Provisions for warranty is estimated based on historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year, and is revaluated on a regular basis. Please refer to Note 6(23) "Provisions" for more information.

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

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

#### D. Insurance liabilities

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

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

experts by each case and the remaining shall be incurred but not reported reserve.

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

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

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

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

Analysis of insurance risk sensitivity is provided in Note 12(6) B.

### (3) Reasons and effects relating to changes in accounting estimate

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. In order to truly reflect the actual usage conditions of main assets and accurately report the Company's financial condition, operating performance and changes in financial condition, the Group extended the useful life of the solar power equipment to 25 years starting from July 1, 2024. The effect on the depreciation charge arising from changes in accounting estimate for the year ended December 31, 2024 and future years is as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2025	Year ended December 31, 2026	Year ended December 31, 2027	Future years
Increase (decrease) in depreciation charge	(\$ 11,982)	(\$ 47,928)	(\$ 47,928)	(\$ 47,928)	\$ 167,748

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	\$ 14,526	\$ 14,622	\$ 14,886
Checking accounts and demand deposits	17,873,743	11,000,543	12,000,763
Cash equivalents			
Time deposits	1,126,803	2,378,756	2,056,894
Short-term notes and bills	3,691,570	9,748,972	3,818,544
	<u>\$ 22,706,642</u>	<u>\$ 23,142,893</u>	<u>\$ 17,891,087</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group presented its long-term time deposits of \$3,386,157, \$2,446,930 and \$2,203,108 respectively, under other financial assets-current and non-current.
- C. Of the short-term notes held by the Company's subsidiary, Hotai Insurance Co., Ltd., investments in notes issued under reverse repurchase agreements have obtained notes as collateral. For related explanations, please refer to Note 6(6).

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets at fair value through profit or loss</u>			
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Domestic and foreign beneficiary certificates	\$ 1,746,405	\$ 2,442,236	\$ 2,392,237
Derivative instruments	-	-	213,575
Financial instruments	1,002,024	734,327	486,152
Listed stocks	2,196,242	1,384,924	1,366,193
Listed preference share	59,980	59,980	59,980
Exchange Traded Funds	1,181,012	1,158,716	1,001,520
Valuation adjustment	648,878	544,327	489,449
	<u>\$ 6,834,541</u>	<u>\$ 6,324,510</u>	<u>\$ 6,009,106</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Corporate bonds	<u>\$ 975,677</u>	<u>\$ 1,011,886</u>	<u>\$ 1,004,770</u>
<u>Financial liabilities at fair value through profit or loss</u>			
Current items:			
Derivative instruments	<u>\$ 142,099</u>	<u>\$ 407,727</u>	<u>\$ -</u>

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

Items	Three months ended September 30,	
	2024	2023
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 260,682)	(\$ 31,598)
Domestic and foreign beneficiary certificates	12,381	( 19,303)
Financial instruments	-	1,482
Listed stocks	( 300,360)	216,063
Listed preference share	( 14)	1,279
Exchange Traded Funds	( 60,758)	6,462
Corporate bonds	8,661	8,661
	<u>(\$ 600,772)</u>	<u>\$ 183,046</u>

Items	Nine months ended September 30,	
	2024	2023
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 265,628	\$ 323,608
Domestic and foreign beneficiary certificates	26,966	4,478
Financial instruments	( 151)	542
Listed stocks	55,033	610,756
Listed preference share	1,136	896
Exchange Traded Funds	280,315	209,211
Corporate bonds	( 6,057)	19,571
	<u>\$ 622,870</u>	<u>\$ 1,169,062</u>

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

Derivative instruments	September 30, 2024	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 332,490</u>	2024/04/25~2025/02/07

Derivative instruments	December 31, 2023	
	Contract amount (Notional principal)	Contract period
	(in thousands)	
Current items:		
Forward foreign exchange contracts	USD 383,850	2023/08/23~2024/06/06

Derivative instruments	September 30, 2023	
	Contract amount (Notional principal)	Contract period
	(in thousands)	
Current items:		
Forward foreign exchange contracts	USD 362,180	2023/05/29~2024/03/08

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

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C.
- E. On September 30, 2024, December 31, 2023 and September 30, 2023, such financial assets designated using overlay approach are as follows:

Items	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through profit or loss designated using overlay			
Listed stocks	\$ 1,310,993	\$ 640,675	\$ 703,839
Listed preference shares	59,980	59,980	59,980
Exchange Traded Funds	1,181,012	1,158,716	1,001,520
Beneficiary certificates	420,000	170,000	170,000
Foreign beneficiary certificates	160,152	160,152	160,152
Corporate bonds	500,000	500,000	500,000
Valuation adjustment	489,518	394,999	312,020
	<u>\$ 4,121,655</u>	<u>\$ 3,084,522</u>	<u>\$ 2,907,511</u>

For the three months and nine months ended September 30, 2024 and 2023, the reclassifications between profit or loss and other comprehensive income of such financial assets designated using overlay approach are as follows:

	Three months ended September 30,	
	2024	2023
(Losses) gains recognized in profit or loss under IFRS 9	(\$ 133,000)	\$ 121,544
Less: Gains recognized in profit or loss under IAS 39	21,127	131,504
Losses reclassified under overlay approach	(\$ 154,127)	(\$ 9,960)
Effect from change in tax	(\$ 277)	(\$ 3,647)
	Nine months ended September 30,	
	2024	2023
Gains recognized in profit or loss under IFRS 9	\$ 433,257	\$ 654,953
Less: Gains recognized in profit or loss under IAS 39	338,738	272,175
Gains reclassified under overlay approach	\$ 94,519	\$ 382,778
Effect from change in tax	(\$ 4,507)	(\$ 6,165)

E. In accordance with IFRS 12 ‘Disclosure of interests in other entities’, information on equity of the structured entities which were not controlled by the Group is as follows:

(a)

Type of structured entities	Book value at September 30, 2024	Book value at December 31, 2023	Book value at September 30, 2023	Description
Real estate private placement fund	\$ 122,865	\$ 145,402	\$ 154,335	Note

Note: Investment fund is set for raising capital, and investors acquire long-term capital gains through investing in restricted fund.

- (b) The intention of the Group for holding these structured entities which were not controlled by the Group is for earning investment income.
- (c) The Group recognized equity of the structured entities which were not consolidated into the financial statements under financial assets at fair value through profit or loss. The maximum exposed risk of such entities is the carrying amount of held assets, and the related risk exposure of the investment position is restricted by contract terms and issuance terms. Please refer to Note 12 for more information.

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Debt instrument			
Government bonds	\$ 804,104	\$ 704,341	\$ 704,257
Valuation adjustment (including loss allowance)	( 4,807)	1,437	855
Less: Operation bonds	( 300,000)	( 398,200)	( 398,200)
	<u>499,297</u>	<u>307,578</u>	<u>306,912</u>
Equity instruments			
Listed stocks and unlisted stocks	6,739,999	6,527,135	6,528,333
Valuation adjustment	<u>4,364,625</u>	<u>4,016,267</u>	<u>4,240,959</u>
	<u>11,104,624</u>	<u>10,543,402</u>	<u>10,769,292</u>
	<u>\$ 11,603,921</u>	<u>\$ 10,850,980</u>	<u>\$ 11,076,204</u>

- A. The Group has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$11,104,624, \$10,543,402 and \$10,769,292, respectively, as of September 30, 2024, December 31, 2023 and September 30, 2023.
- B. Under the Insurance Law of the Republic of China, Hotai Insurance Co., Ltd. is required to deposit 15% of its registered operating capital with the Central Bank of Republic of China. As of September 30, 2024, December 31, 2023 and September 30, 2023, government bonds with par value of \$300,000, \$398,200 and \$398,200, and cash of \$0, \$3,802,100 and \$3,802,100 were deposited.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Items	Three months ended September 30,	
	2024	2023
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 9,596	(\$ 1,997)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	-	3
Reclassified due to derecognition	-	1
	<u>\$ 9,596</u>	<u>(\$ 1,993)</u>
Interest income recognized in profit or loss	<u>\$ 2,730</u>	<u>\$ 1,682</u>



Items	Nine months ended September 30,	
	2024	2023
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	(\$ 6,244)	\$ 11,135
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	-	( 262)
Reclassified due to derecognition	-	34,903
	(\$ 6,244)	\$ 45,776
Interest income recognized in profit or loss	\$ 7,662	\$ 7,905

Items	Three months ended September 30,	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	(\$ 1,733,901)	\$ 1,284,868

Items	Nine months ended September 30,	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 348,358	\$ 2,891,020

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

(4) Hedging financial assets and liabilities

	September 30, 2024		December 31, 2023		September 30, 2023	
	Current assets	Current liabilities	Current assets	Current liabilities	Current assets	Current liabilities
Cash flow hedges						
<u>Exchange rate risk and interest rate risk</u>						
Cross currency swaps	\$ 453,783	(\$ 142,275)	\$ 570,885	(\$ 1,087,983)	\$ 511,615	(\$ 1,301,539)

A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Group's foreign currency borrowings are exposed to the impact of variable exchange rate and interest rates, the Group uses cross currency swap to control the exchange rate risk and interest rates under their acceptable range.

B. Transaction information associated with the Group adopting hedge accounting is as follows:

Hedging instruments	September 30, 2024					Nine months ended September 30, 2024				
	Notional amount (in thousand dollars)		Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss	
Cash flow hedges :										
<u>Exchange rate risk and</u>										
<u>Interest rate risk</u>										
Cross currency swaps	USD	36,050	2022/1/12~	\$ 102,867	\$ -	\$ -	6.37~6.55	4.11~5.30	\$ -	
transactions	USD	102,000	2025/1/13	7,652	( 25,225)	-	31.96~32.16	1.80~1.84	-	
	JPY	51,200,000	2024/3/28~	314,990	( 78,687)	-	0.21~0.23	1.91~2.32	-	
	JPY	8,828,000	2026/3/27	28,274	( 38,363)	-	0.05	3.78~4.20	-	
			2035/5/2~							
			2026/2/12							
			2023/10/23~							
			2027/3/10							

September 30, 2024				
			Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
Hedged items				
Cash flow hedges:				
<u>Exchange rates risk and interest rate risk</u>				
Short-term borrowings			\$ 17,396,999	\$ 264,535

Hedging instruments	December 31, 2023					Year ended December 31, 2023			
	Notional amount (in thousand dollars)		Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss
Cash flow hedges:									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps	USD	67,550	2022/1/12~ 2025/1/13	\$ 199,234	\$ -	\$ -	6.33~6.55	4.11~5.30	\$ -
transactions	USD	30,000	2023/9/7~ 2024/9/6	-	( 30,648)	-	31.97	1.85	-
	JPY	66,100,000	2021/9/30~ 2025/5/2	114,975	( 1,042,778)	-	0.21~0.25	0.83~2.32	-
	JPY	4,000,000	2023/10/23~ 2026/10/23	-	( 14,557)	-	0.05	4.20	-
	EUR	75,000	2022/9/12~ 2024/9/12	256,676	-	-	30.60	2.04	-

December 31, 2023				
			Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
Hedged items				
Cash flow hedges:				
<u>Exchange rates risk and interest rate risk</u>				
Short-term borrowings			\$ 21,301,981	(\$ 513,765)

Hedging instruments	September 30, 2023					Nine months ended September 30, 2023			
	Notional amount		Contract	Assets	Liabilities	Changes in fair			Gains (losses) on valuation of
	(in thousand			carrying	carrying	value in relation	Average	Average	ineffective hedge that will be
	dollars)		period	amount	amount	hedge	exchange	interest	recognized in financial
						ineffectiveness	rates	rates	assets/liabilities at fair value
						basis			through profit or loss
Cash flow hedges:									
<u>Exchange rate risk and</u>									
<u>Interest rate risk</u>									
Cross currency swaps transactions	USD	67,550	2022/1/12~2025/1/13	\$ 249,626	\$ -	\$ -	6.33~6.55	4.11~5.30	\$ -
	JPY	30,000	2023/9/7~2024/9/6	11,896	-	-	31.97	1.85	-
	JPY	58,800,000	2021/9/30~2025/5/2	-	( 1,301,539)	-	0.23~0.25	0.83~2.24	-
	EUR	75,000	2022/9/12~2024/9/12	250,093	-	-	30.60	2.04	-

		September 30, 2023	
		Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
<b>Hedged items</b>			
Cash flow hedges:			
<u>Exchange rates risk and interest rate risk</u>			
Short-term borrowings		\$ 19,228,091	(\$ 861,660)

### C. Cash flow hedges

	2024	2023
<u>Other equity- cash flow hedges reserve</u>		
At January 1	(\$ 11,922)	\$ 156,657
Gains (losses) on hedge effectiveness-amount recognized in other comprehensive income	18,072 (	95,555)
Reclassified to profit or loss as the hedged item has affected profit or loss	33,065 (	32,607)
Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	( 2,653)	31,077
At September 30	\$ 36,562	\$ 59,572

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	\$ 2,745,627	\$ 1,795,749	\$ 2,644,707
Installment notes receivable	14,595,520	11,907,542	11,589,735
Accounts receivable	6,483,944	8,045,502	6,672,779
Installment accounts receivable	294,777,047	288,529,881	275,933,833
Lease payments and notes receivable	41,955,799	36,084,956	34,455,319
Premiums receivable	750,579	568,670	582,362
Overdue receivable	<u>33,561</u>	<u>54,733</u>	<u>18,699</u>
	361,342,077	346,987,033	331,897,434
Less: Unrealized interest revenue	( 36,187,123)	( 38,338,575)	( 36,341,454)
Unearned finance income of finance lease	( 4,198,749)	( 3,538,721)	( 3,376,076)
Allowance for doubtful accounts	( <u>5,836,603</u> )	( <u>5,490,846</u> )	( <u>5,344,305</u> )
Notes and accounts receivable, net	<u>\$ 315,119,602</u>	<u>\$ 299,618,891</u>	<u>\$ 286,835,599</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	<u>\$ 301,768,753</u>	<u>\$ 286,128,042</u>	<u>\$ 274,390,066</u>
Non-current (shown as other assets)	<u>\$ 13,350,849</u>	<u>\$ 13,490,849</u>	<u>\$ 12,445,533</u>

A. As of September 30, 2024, December 31, 2023 and September 30, 2023, the subsidiary - Hotai Finance Co., Ltd.'s notes receivable, accounts receivable and lease payment and notes receivable were pledged as collateral amounting to \$21,683,793, \$12,654,914 and \$11,684,978, respectively. Information on the Group's notes receivable, accounts receivable and lease payments and notes receivable pledged as collateral is provided in Note 8.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 355,108,362	\$ 342,491,225	\$ 328,138,595
Up to 30 days	664,908	290,307	255,645
31 to ~ 90 days	2,936,862	2,494,294	2,052,034
91 to ~ 180 days	2,319,736	1,623,809	1,404,730
Over 180 days	<u>312,209</u>	<u>87,398</u>	<u>46,430</u>
	<u>\$ 361,342,077</u>	<u>\$ 346,987,033</u>	<u>\$ 331,897,434</u>

The above aging analysis was based on past due date.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,227,186, \$9,551,940 and \$8,960,622, respectively.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Up to 12 months	\$ 105,607,335	\$ 97,087,665	\$ 93,080,770
Over 12 months	203,765,232	203,349,758	194,442,798
	<u>\$ 309,372,567</u>	<u>\$ 300,437,423</u>	<u>\$ 287,523,568</u>

E. Lease payments receivable

(a) In September 2024, the subsidiary, Hoyun International Leasing Co., Ltd., securitized its financial assets by transferring financing lease receivables with an aggregate carrying amount of RMB 1.5 billion to Huaneng Guicheng Trust Corp., Ltd. These assets were placed into a trust for the issuance of asset-backed securities. The trust qualifies as a structured entity, as defined, with stringent contractual clauses that restrict the decision-making powers of the entity. The significant activities are predetermined in the contract, which is directed by the subsidiary, Hoyun International Leasing Co., Ltd., thereby granting the Group control over the structured entity. As described in Note 4(3), the structured entity is included in the consolidated financial statements.

The issued asset-backed securities were divided into senior tranches amounting to RMB 1.11 billion and subordinated tranches amounting to RMB 390 million. The subsidiary, Hoyun International Leasing Co., Ltd., subscribed to all of the subordinated asset-backed securities, thereby receiving RMB 1.11 billion in cash, which was recognized as short-term borrowings. The key characteristics of the issued asset-backed securities are as follows:

Class of asset-backed securities	Issue amount (In thousands)	Expected due date	Interest rate	Payment frequency
Senior	RMB 1,110,000	September 27, 2025	3.15%	Monthly
Subordinated	RMB 390,000	April 27, 2029	None	None (Note)

Note: The principal and interest payments of the subordinated asset-backed notes will commence after the principal and interest of the senior notes have been fully paid.

(b) Refer to Note 6(13) for more details.

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

#### (6) Offsetting financial assets and financial liabilities

A. The derivatives and reverse repurchase agreement held by the Group do not conform to the offsetting requirements under paragraph 42 of IAS 32. However, the subsidiary has entered into enforceable master netting arrangements or similar agreements with counterparties. Upon the event of a delinquency (default, insolvency or bankruptcy) of a party, the counterparties may set-off the netting arrangement or pursue legal action against the collateral. The related amount of the collateral received is its fair value. However, the offsetting amount is limited to recognized

financial assets (liabilities).

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

September 30, 2024						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)- (e)
				Financial instruments (d)	Collateral received (e)	
Reverse repurchase agreement	\$ 2,789,597	\$ -	\$ 2,789,597	\$ -	\$ 2,776,050	\$ 13,547

December 31, 2023						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)- (e)
				Financial instruments (d)	Collateral received (e)	
Reverse repurchase agreement	\$ 3,398,418	\$ -	\$ 3,398,418	\$ -	\$ 3,376,684	\$ 21,734

September 30, 2023						
Financial assets						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheets		Net amount (f)=(c)-(d)- (e)
				Financial instruments (d)	Collateral received (e)	
Reverse repurchase agreement	\$ 3,441,560	\$ -	\$ 3,441,560	\$ -	\$ 3,428,642	\$ 12,918

(7) Inventories

September 30, 2024			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 8,868,425	(\$ 281,897)	\$ 8,586,528
Air conditioners and parts	3,913,185	( 428,226)	3,484,959
Other goods	950,994	( 6,133)	944,861
Inventory in transit	2,731,183	-	2,731,183
	<u>\$ 16,463,787</u>	<u>(\$ 716,256)</u>	<u>\$ 15,747,531</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 10,584,310	(\$ 281,608)	\$ 10,302,702
Air conditioners and parts	3,737,391	( 433,054)	3,304,337
Other goods	577,220	( 6,705)	570,515
Inventory in transit	2,802,146	-	2,802,146
	<u>\$ 17,701,067</u>	<u>(\$ 721,367)</u>	<u>\$ 16,979,700</u>
September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 8,531,813	(\$ 121,150)	\$ 8,410,663
Air conditioners and parts	4,298,279	( 348,474)	3,949,805
Other goods	705,698	( 5,824)	699,874
Inventory in transit	2,244,129	-	2,244,129
	<u>\$ 15,779,919</u>	<u>(\$ 475,448)</u>	<u>\$ 15,304,471</u>

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

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

Three months ended September 30,		
	2024	2023
Cost of goods sold	\$ 46,078,382	\$ 49,175,859
Loss (gain) on reversal of market value decline of inventories	<u>2,000</u>	<u>( 3,153)</u>
	<u>\$ 46,080,382</u>	<u>\$ 49,172,706</u>

Nine months ended September 30,		
	2024	2023
Cost of goods sold	\$ 146,022,201	\$ 146,808,416
Gain on reversal of on market value decline of inventories	<u>( 5,111)</u>	<u>( 6,741)</u>
	<u>\$ 146,017,090</u>	<u>\$ 146,801,675</u>

The Group reversed a previous inventory write-down and recognised as decrease in cost of goods sold because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group for the nine months ended September 30, 2024 and 2023.

(8) Prepayments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments to commissions	\$ 1,862,705	\$ 2,743,722	\$ 2,968,803
Prepayments to suppliers	4,085,733	3,835,740	4,096,435
Offset against business tax payable	275,323	419,882	400,679
Prepaid insurance premiums	706,123	703,742	690,485
Other prepayments	1,830,448	1,252,623	1,895,762
	<u>\$ 8,760,332</u>	<u>\$ 8,955,709</u>	<u>\$ 10,052,164</u>

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Claims recoverable from reinsurers	\$ 513,228	\$ 395,571	\$ 327,254
Due from reinsurance and ceding companies	64,582	51,401	105,862
Reinsurance reserve assets			
-Ceded unearned premium reserve	2,037,264	2,060,022	2,097,459
-Ceded claims reserve	5,036,745	3,608,658	3,475,972
-Ceded premium deficiency reserve	36,519	-	-
Due from reinsurance and ceding companies-overdue	48,933	27,211	25,153
	<u>7,737,271</u>	<u>6,142,863</u>	<u>6,031,700</u>
Less: Loss allowance	( <u>27,736</u> )	( <u>22,299</u> )	( <u>24,405</u> )
	<u>\$ 7,709,535</u>	<u>\$ 6,120,564</u>	<u>\$ 6,007,295</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	<u>\$ 5,236,392</u>	<u>\$ 4,312,902</u>	<u>\$ 4,297,235</u>
Non-current (shown as other assets)	<u>\$ 2,473,143</u>	<u>\$ 1,807,662</u>	<u>\$ 1,710,060</u>

For the credit risk of reinsurance contract assets, please refer to Note 12(5).

B. Movements of loss allowance/allowance for bad debts of reinsurance contract assets are as follows:

	<u>2024</u>	<u>2023</u>
At January 1	\$ 22,299	\$ 14,099
Provision during the period	5,437	10,306
At September 30	<u>\$ 27,736</u>	<u>\$ 24,405</u>



C. Details of insurance liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unearned premium reserve	\$ 7,338,494	\$ 6,728,241	\$ 6,789,256
Claims reserve	9,866,535	8,927,367	9,415,058
Special reserve	1,739,880	1,695,060	1,662,093
Premium deficiency reserve	45,827	7,659	-
	<u>\$ 18,990,736</u>	<u>\$ 17,358,327</u>	<u>\$ 17,866,407</u>
	September 30, 2024	December 31, 2023	September 30, 2023
Current (shown as other current liabilities)	<u>\$ 12,488,763</u>	<u>\$ 11,751,999</u>	<u>\$ 12,694,038</u>
Non-current (shown as provisions)	<u>\$ 6,501,973</u>	<u>\$ 5,606,328</u>	<u>\$ 5,172,369</u>

D. Movements of ceded unearned premium reserve and unearned premium reserve are as follows:

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 6,728,243	\$ 2,060,023	\$ 4,668,220
Provision during the period	7,338,494	2,037,264	5,301,230
Recovery during the period	( 6,728,243)	( 2,060,023)	( 4,668,220)
At September 30	<u>\$ 7,338,494</u>	<u>\$ 2,037,264</u>	<u>\$ 5,301,230</u>
	2023		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 6,390,579	\$ 1,290,493	\$ 5,100,086
Provision during the period	6,789,256	2,097,459	4,691,797
Recovery during the period	( 6,390,579)	( 1,290,493)	( 5,100,086)
At September 30	<u>\$ 6,789,256</u>	<u>\$ 2,097,459</u>	<u>\$ 4,691,797</u>

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

(a) As of September 30, 2024, December 31, 2023 and September 30, 2023, details of claims reserve and ceded claims reserve are as follows:

	September 30, 2024		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 5,411,388	\$ 3,283,707	\$ 2,127,681
Incurred but not reported	4,455,147	1,753,038	2,702,109
	<u>\$ 9,866,535</u>	<u>\$ 5,036,745</u>	<u>\$ 4,829,790</u>

	December 31, 2023		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 3,852,081	\$ 1,824,261	\$ 2,027,820
Incurred but not reported	5,075,286	1,784,397	3,290,889
	<u>\$ 8,927,367</u>	<u>\$ 3,608,658</u>	<u>\$ 5,318,709</u>
	September 30, 2023		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 3,677,075	\$ 1,732,063	\$ 1,945,012
Incurred but not reported	5,737,983	1,743,909	3,994,074
	<u>\$ 9,415,058</u>	<u>\$ 3,475,972</u>	<u>\$ 5,939,086</u>

(b) Movements of claims reserve and ceded claims reserve are as follows:

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 8,927,366	\$ 3,608,658	\$ 5,318,708
Provision during the period	9,866,535	5,036,745	4,829,790
Recovery during the period	( 8,927,366)	( 3,608,658)	( 5,318,708)
At September 30	<u>\$ 9,866,535</u>	<u>\$ 5,036,745</u>	<u>\$ 4,829,790</u>
	2023		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 11,379,006	\$ 2,489,734	\$ 8,889,272
Provision during the period	9,415,058	3,475,972	5,939,086
Recovery during the period	( 11,379,006)	( 2,489,734)	( 8,889,272)
At September 30	<u>\$ 9,415,058</u>	<u>\$ 3,475,972</u>	<u>\$ 5,939,086</u>

F. Movement of ceded unearned premium reserve and unearned premium reserve are as follows:

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 7,659	\$ -	\$ 7,659
Provision during the period	45,827	36,519	9,308
Recovery during the period	( 7,659)	-	( 7,659)
At September 30	<u>\$ 45,827</u>	<u>\$ 36,519</u>	<u>\$ 9,308</u>
	2023		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 5,898,278	\$ -	\$ 5,898,278
Recovery during the period	( 5,898,278)	-	( 5,898,278)
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G. Movement of special reserve is as follows:

	2024	2023
At January 1	\$ 1,695,059	\$ 1,647,788
Provision during the period	50,796	23,903
Recovery during the period	( 5,975)	( 9,598)
At September 30	<u>\$ 1,739,880</u>	<u>\$ 1,662,093</u>

For the subsidiary, Hotai Insurance Co., Ltd., the insurance types of the special reserve include compulsory automobile liability insurance, nuclear insurance, policy earthquake insurance and typhoon and flood insurance.

H. Pursuant to Jin-Guan-Pao-Tsai Letter No. 11204940091, “Guidelines for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, special reserve recognized under liabilities shall first be used to make up required catastrophe reserve and risk claim reserve for commercial earthquake insurance and typhoon flood insurance. The remaining, net of income tax, shall be recognized as special reserve under stockholders’ equity in accordance with IAS 12.

If the above is not taken into consideration, the effects on liabilities, equity, profit and earnings per share to Hotai Insurance Co., Ltd. are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Decrease in special reserve under liability	\$ 33,450	\$ 33,450	\$ 33,450
Increase in special reserve under retained earnings	38,334	38,334	38,335

I. Pursuant to Jin-Guan-Pao-Chan Letter No. 10102531541, “Guidelines for Strengthening Reserve of Pool Members Residential Earthquake” and Jin-Guan-Pao-Tsai Letter No. 10102517091, “Regulations Governing the Setting Aside of Nuclear Reserve by Property Insurance Enterprises”, Hotai Insurance Co., Ltd. maintains a special reserve for the residential earthquake insurance and nuclear insurance provisioned under insurance liabilities.

If the above is not taken into consideration, the effects on liabilities, equity and profit to Hotai Insurance Co., Ltd. are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Decrease in special reserve under liability	\$ 223,894	\$ 223,894	\$ 223,894
Increase in special reserve under retained earnings	185,832	185,832	185,832

Both special reserve of the residential earthquake insurance and nuclear insurance have no provision or recovery and have no effect on net income before tax and earnings per share before tax for the three months and nine months ended September 30, 2024 and 2023.

(10) Investments accounted for using the equity method

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Kuozui Motors, Ltd.	\$ 8,088,682	\$ 6,782,034	\$ 7,201,904
Central Motor Co., Ltd.	2,886,427	2,905,564	2,868,168
Tau Miao Motor Co., Ltd.	1,956,691	2,004,989	1,948,775
Kau Du Automobile Co., Ltd.	1,517,806	1,544,248	1,517,764
Kuotu Motor Co., Ltd.	1,646,824	1,626,315	1,571,781
Taipei Toyota Motor Co., Ltd.	1,445,731	1,467,974	1,421,518
Nan Du Motor Co., Ltd.	1,324,993	1,318,219	1,274,701
Lang Yang Toyota Motor Co., Ltd.	311,835	311,454	310,429
Ly Hour Leasing PLC	556,013	547,724	-
Heng Fong Energy Co., Ltd.	402,220	405,316	-
Formosa Flexible Packaging Corp.	404,991	401,697	396,678
Yokohama Tire Taiwan Co., Ltd., etc.	2,794,857	2,191,378	2,595,564
	<u>\$ 23,337,070</u>	<u>\$ 21,506,912</u>	<u>\$ 21,107,282</u>

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

As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$23,337,070, \$21,506,912 and \$21,107,282, respectively.

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Comprehensive income for the period	<u>\$ 634,955</u>	<u>\$ 921,349</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Comprehensive income for the period	<u>\$ 2,159,227</u>	<u>\$ 2,592,173</u>

B. The Group's investments have no quoted market price. The share of profit of investments accounted for using the equity method amounted to \$649,390, \$902,139, \$2,202,847 and \$2,601,946 for the three months and nine months ended September 30, 2024 and 2023, respectively, and were valued based on the investees' financial statements that were not reviewed by independent auditors.

# (11) Property, plant and equipment

2024

			Utility equipment		Office equipment		Machinery and equipment		Leasehold improvements	Construction in progress	Total
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)			
<u>At January 1,</u>											
Cost	\$ 11,647,483	\$ 7,397,775	\$ 128,252	\$ 59,990	\$ 5,004,159	\$ 733,181	\$ 673,513	\$ 64,166,956	\$ 846,694	\$ 1,349,860	\$ 92,007,863
Accumulated depreciation and impairment	( 26,850)	( 2,716,529)	( 121,389)	( 59,894)	( 1,821,585)	( 367,818)	( 405,757)	( 19,856,566)	( 613,572)	-	( 25,989,960)
	<u>\$ 11,620,633</u>	<u>\$ 4,681,246</u>	<u>\$ 6,863</u>	<u>\$ 96</u>	<u>\$ 3,182,574</u>	<u>\$ 365,363</u>	<u>\$ 267,756</u>	<u>\$ 44,310,390</u>	<u>\$ 233,122</u>	<u>\$ 1,349,860</u>	<u>\$ 66,017,903</u>
Opening net book amount as at January 1	\$ 11,620,633	\$ 4,681,246	\$ 6,863	\$ 96	\$ 3,182,574	\$ 365,363	\$ 267,756	\$ 44,310,390	\$ 233,122	\$ 1,349,860	\$ 66,017,903
Additions	-	40,545	9,569	-	1,010,251	75,228	21,598	17,602,468	73,978	866,057	19,699,694
Acquired through business combination	-	-	-	-	429,492	-	-	-	-	-	429,492
Disposals	( 62,373)	( 15,001)	-	-	( 42,192)	( 13,457)	( 491)	( 181,072)	-	-	( 314,586)
Reclassifications	111,998	241,597	-	-	4,637	( 2,475)	3,176	( 5,476,308)	-	( 105,556)	( 5,222,931)
Depreciation charge	-	( 157,213)	( 1,505)	( 34)	( 343,284)	( 98,901)	( 39,608)	( 9,040,288)	( 49,918)	-	( 9,730,751)
Reversal gain	-	-	-	-	-	4,338	-	8,746	-	-	13,084
Net exchange differences	-	16,736	136	-	13,745	-	3,166	41,796	998	-	76,577
Closing net book amount as at September 30	<u>\$ 11,670,258</u>	<u>\$ 4,807,910</u>	<u>\$ 15,063</u>	<u>\$ 62</u>	<u>\$ 4,255,223</u>	<u>\$ 330,096</u>	<u>\$ 255,597</u>	<u>\$ 47,265,732</u>	<u>\$ 258,180</u>	<u>\$ 2,110,361</u>	<u>\$ 70,968,482</u>
<u>At September 30</u>											
Cost	\$ 11,697,108	\$ 7,720,544	\$ 138,159	\$ 59,990	\$ 6,351,302	\$ 717,428	\$ 703,867	\$ 68,481,598	\$ 908,113	\$ 2,110,361	\$ 98,888,470
Accumulated depreciation and impairment	( 26,850)	( 2,912,634)	( 123,096)	( 59,928)	( 2,096,079)	( 387,332)	( 448,270)	( 21,215,866)	( 649,933)	-	( 27,919,988)
	<u>\$ 11,670,258</u>	<u>\$ 4,807,910</u>	<u>\$ 15,063</u>	<u>\$ 62</u>	<u>\$ 4,255,223</u>	<u>\$ 330,096</u>	<u>\$ 255,597</u>	<u>\$ 47,265,732</u>	<u>\$ 258,180</u>	<u>\$ 2,110,361</u>	<u>\$ 70,968,482</u>

Note: Rental assets are exclusively for leasing business by Hotai Leasing Co., Ltd., Hotai Finance Co., Ltd. and other subsidiaries. The rental assets for disposal should be reclassified to inventories at their carrying value when the assets are no longer leased and are ready to be sold. Proceeds from disposal are reclassified as sales revenue and the related cost of sales should be recognized.

2023

	2023										
			Utility equipment		Office equipment		Machinery and equipment				
	Land	Buildings and structures	Owner-occupied	Lease	Owner-occupied	Lease (Note)	Owner-occupied	Lease (Note)	Leasehold improvements	Construction in progress	Total
<u>At January 1,</u>											
Cost	\$ 12,482,536	\$ 6,096,113	\$ 137,843	\$ 59,990	\$ 2,895,848	\$ 764,199	\$ 573,027	\$ 58,670,085	\$ 779,793	\$ 2,128,054	\$ 84,587,488
Accumulated depreciation and impairment	( 26,850)	( 2,575,623)	( 130,565)	( 59,850)	( 1,524,830)	( 401,296)	( 373,486)	( 18,353,084)	( 586,394)	-	( 24,031,978)
	<u>\$ 12,455,686</u>	<u>\$ 3,520,490</u>	<u>\$ 7,278</u>	<u>\$ 140</u>	<u>\$ 1,371,018</u>	<u>\$ 362,903</u>	<u>\$ 199,541</u>	<u>\$ 40,317,001</u>	<u>\$ 193,399</u>	<u>\$ 2,128,054</u>	<u>\$ 60,555,510</u>
Opening net book amount as at January 1	\$ 12,455,686	\$ 3,520,490	\$ 7,278	\$ 140	\$ 1,371,018	\$ 362,903	\$ 199,541	\$ 40,317,001	\$ 193,399	\$ 2,128,054	\$ 60,555,510
Additions	472	26,278	286	-	1,058,541	211,082	57,058	16,566,198	73,874	693,486	18,687,275
Acquired through business combination	-	-	-	-	825,077	-	-	-	-	-	825,077
Disposals	( 557,826)	( 1,430)	-	-	( 113,388)	( 10,309)	( 1,883)	( 87,210)	( 4,193)	-	( 776,239)
Reclassifications	( 557,968)	1,540,470	-	-	131,215	( 56,879)	11,348	( 4,719,158)	2,114	( 1,577,356)	( 5,226,214)
Depreciation charge	-	( 168,454)	( 1,192)	( 33)	( 223,161)	( 114,181)	( 35,258)	( 8,522,508)	( 38,517)	-	( 9,103,304)
Reversal gain	-	-	-	-	-	1,294	-	21,787	-	-	23,081
Net exchange differences	-	1,256	1	-	464	71	69	992	29	1	2,883
Closing net book amount as at September 30	<u>\$ 11,340,364</u>	<u>\$ 4,918,610</u>	<u>\$ 6,373</u>	<u>\$ 107</u>	<u>\$ 3,049,766</u>	<u>\$ 393,981</u>	<u>\$ 230,875</u>	<u>\$ 43,577,102</u>	<u>\$ 226,706</u>	<u>\$ 1,244,185</u>	<u>\$ 64,988,069</u>
<u>At September 30,</u>											
Cost	\$ 11,367,214	\$ 7,654,015	\$ 128,156	\$ 59,990	\$ 4,832,141	\$ 717,320	\$ 623,591	\$ 63,235,507	\$ 828,011	\$ 1,244,185	\$ 90,690,130
Accumulated depreciation and impairment	( 26,850)	( 2,735,405)	( 121,783)	( 59,883)	( 1,782,375)	( 323,339)	( 392,716)	( 19,658,405)	( 601,305)	-	( 25,702,061)
	<u>\$ 11,340,364</u>	<u>\$ 4,918,610</u>	<u>\$ 6,373</u>	<u>\$ 107</u>	<u>\$ 3,049,766</u>	<u>\$ 393,981</u>	<u>\$ 230,875</u>	<u>\$ 43,577,102</u>	<u>\$ 226,706</u>	<u>\$ 1,244,185</u>	<u>\$ 64,988,069</u>

Note : Rental assets are exclusively for leasing business by Hotai Leasing Co., Ltd., Hotai Finance Co., Ltd. and other subsidiaries. The rental assets for disposal should be reclassified to inventories at carrying value when the assets are no longer leased and are ready to be sold. Proceeds from disposal are reclassified as sales revenue and the related cost of sales should be recognized.

(12) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings and structures and office equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Land	\$ 2,287,204	\$ 1,933,217	\$ 2,172,180
Buildings and structures	1,558,956	1,531,832	1,566,811
Machinery and equipment	274	1,096	1,370
Office equipment	4,349	7,539	8,718
	<u>\$ 3,850,783</u>	<u>\$ 3,473,684</u>	<u>\$ 3,749,079</u>

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 44,754	\$ 44,223
Buildings and structures	107,189	111,998
Machinery and equipment	202	274
Office equipment	1,287	1,178
	<u>\$ 153,432</u>	<u>\$ 157,673</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 130,353	\$ 131,969
Buildings and structures	317,789	309,666
Machinery and equipment	822	822
Office equipment	3,633	3,210
	<u>\$ 452,597</u>	<u>\$ 445,667</u>

C. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets amounted to \$201,036, \$62,536, \$755,485 and \$651,464 respectively.

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 13,314	\$ 12,561
Expense on short-term lease contracts and leases of low-value assets	64,788	18,693
(Loss) gain on lease modification	( 18)	953

	Nine months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 37,961	\$ 36,609
Expense on short-term lease contracts and leases of low-value assets	118,906	72,963
(Loss) gain on lease modification	( 3)	1,100
E. For the three months and nine months ended September 30, 2024 and 2023, the Group's total cash outflow for lease (including short-term lease contracts and leases of low-value assets) amounted to \$164,911, \$158,620, \$603,411 and \$617,930, respectively.		

(13) Leasing arrangements - lessor

- A. The Group leases various assets including land, buildings, machinery and equipment and business vehicles. Rental contracts are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The Group leases machinery and equipment, business vehicles and so on under a finance lease. Based on the terms of the lease contract, the ownership of assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Three months ended September 30,	
	2024	2023
Finance income from the net investment in the finance lease	\$ 1,024,734	\$ 881,975

	Nine months ended September 30,	
	2024	2023
Finance income from the net investment in the finance lease	\$ 2,949,438	\$ 2,521,841

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

	September 30, 2024	December 31, 2023	September 30, 2023
Less than 1 year	\$ 27,094,977	\$ 22,364,062	\$ 22,444,698
Between 1 and 2 years	10,078,032	8,599,444	8,496,495
Between 2 and 3 years	3,135,256	2,377,689	2,376,957
Between 3 to 4 years	1,089,040	690,499	665,308
Between 4 to 5 years	484,387	466,291	418,960
More than 6 years	49,588	31,769	22,438
	<u>\$ 41,931,280</u>	<u>\$ 34,529,754</u>	<u>\$ 34,424,856</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Undiscounted lease payments	\$ 41,931,280	\$ 34,529,754	\$ 34,424,856
Unearned finance income	( 4,198,749)	( 3,538,721)	( 3,376,076)
Net investment in the lease	<u>\$ 37,732,531</u>	<u>\$ 30,991,033</u>	<u>\$ 31,048,780</u>



- E. For the three months and nine months ended September 30, 2024 and 2023, the Group recognized rent income in the amounts of \$5,242,391, \$4,867,130, \$15,334,521 and \$14,257,932, respectively, based on the operating lease agreement, which does not include variable lease payments.
- F. The maturity analysis of the undiscounted lease payments receivable under the operating leases is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Less than 1 year	\$ 14,290,235	\$ 13,578,521	\$ 13,275,378
Between 1 and 2 years	9,524,868	8,755,196	8,545,612
Between 2 and 3 years	4,666,697	4,374,618	4,260,863
Between 3 to 4 years	1,693,541	1,557,098	1,519,349
Between 4 to 5 years	552,139	549,534	542,688
More than 6 years	27,349	26,893	15,237
	<u>\$ 30,754,829</u>	<u>\$ 28,841,860</u>	<u>\$ 28,159,127</u>

(14) Investment property

	2024		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,161,867	\$ 1,462,420	\$ 2,624,287
Accumulated depreciation	-	( 283,588)	( 283,588)
	<u>\$ 1,161,867</u>	<u>\$ 1,178,832</u>	<u>\$ 2,340,699</u>
Opening net book amount as at January 1	\$ 1,161,867	\$ 1,178,832	\$ 2,340,699
Additions	-	250	250
Disposals	( 106,033)	( 11,037)	( 117,070)
Reclassifications	( 111,998)	( 139,425)	( 251,423)
Depreciation	-	( 45,825)	( 45,825)
Net exchange differences	-	49,600	49,600
Closing net book amount as at September 30	<u>\$ 943,836</u>	<u>\$ 1,032,395</u>	<u>\$ 1,976,231</u>
Cost	\$ 943,836	\$ 1,316,519	\$ 2,260,355
Accumulated depreciation	-	( 284,124)	( 284,124)
	<u>\$ 943,836</u>	<u>\$ 1,032,395</u>	<u>\$ 1,976,231</u>

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,825,260	\$ 1,408,890	\$ 3,234,150
Accumulated depreciation	-	( 333,226)	( 333,226)
	<u>\$ 1,825,260</u>	<u>\$ 1,075,664</u>	<u>\$ 2,900,924</u>
Opening net book amount as at January 1	\$ 1,825,260	\$ 1,075,664	\$ 2,900,924
Additions	-	1,149	1,149
Reclassifications	( 387,505)	18,863	( 368,642)
Depreciation	-	( 14,970)	( 14,970)
Net exchange differences	-	415	415
Closing net book amount as at September 30	<u>\$ 1,437,755</u>	<u>\$ 1,081,121</u>	<u>\$ 2,518,876</u>
Cost	\$ 1,437,755	\$ 1,432,096	\$ 2,869,851
Accumulated depreciation	-	( 350,975)	( 350,975)
	<u>\$ 1,437,755</u>	<u>\$ 1,081,121</u>	<u>\$ 2,518,876</u>

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

	Three months ended September 30,	
	2024	2023
Rental income from investment property	<u>\$ 36,307</u>	<u>\$ 17,486</u>
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 10,219</u>	<u>\$ 7,279</u>

	Nine months ended September 30,	
	2024	2023
Rental income from investment property	<u>\$ 109,194</u>	<u>\$ 107,101</u>
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 24,703</u>	<u>\$ 24,653</u>

B. The fair value of the investment properties held by the Group was \$3,165,073, \$3,362,006 and \$3,531,317 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Except for the subsidiary, Hotai Insurance Co., Ltd., other values are based on the recent transaction prices of similar properties in the respective regions of investment properties, taking into account factors such as location, scale, and usage.

Hotai Insurance Co., Ltd. appoints external independent appraisers to calculate and estimate the price of investment property every three years using at least two appraisal techniques among income approach, comparison method and cost approach, basing on observable price in an active market as well as according to the nature, location and situation of individual asset under “Regulations on Real Estate Appraisal”. The most recent appraisal appointed by an external independent appraisers was in 2021. It also prepares an internal assessment every year, and if a significant difference has been identified, the Company will engage an external independent appraiser revaluing the fair values of investment property under “Regulations on Real Estate Appraisal” and take the result as the basis of the adjustments for financial statement disclosures. The valuations based on the aforementioned method were categorized within Level 3 in the fair value hierarchy as assessed and its main input was capitalization rate.

(15) Intangible assets

	2024		
	Goodwill	Other intangible assets	Total
<u>At January 1</u>			
Cost	\$ 719,130	\$ 1,005,355	\$ 1,724,485
Accumulated amortization and impairment	( 662,323)	( 389,298)	( 1,051,621)
	<u>\$ 56,807</u>	<u>\$ 616,057</u>	<u>\$ 672,864</u>
Opening net book amount as at January 1	\$ 56,807	\$ 616,057	\$ 672,864
Additions-acquired separately	-	56,339	56,339
Acquired through business combinations	12,790	85,216	98,006
Amortization	-	( 84,581)	( 84,581)
Reclassifications	-	22,135	22,135
Disposals	-	( 589)	( 589)
Net change differences	-	4,369	4,369
Closing net book amount as at September 30	<u>\$ 69,597</u>	<u>\$ 698,946</u>	<u>\$ 768,543</u>
<u>At September 30</u>			
Cost	\$ 731,920	\$ 1,162,128	\$ 1,894,048
Accumulated amortization and impairment	( 662,323)	( 463,182)	( 1,125,505)
	<u>\$ 69,597</u>	<u>\$ 698,946</u>	<u>\$ 768,543</u>

	2023		
	Goodwill	Other intangible assets	Total
<u>At January 1</u>			
Cost	\$ 662,323	\$ 475,624	\$ 1,137,947
Accumulated amortization and impairment	( 662,323)	( 290,968)	( 953,291)
	<u>\$ -</u>	<u>\$ 184,656</u>	<u>\$ 184,656</u>
Opening net book amount as at January 1	\$ -	\$ 184,656	\$ 184,656
Additions-acquired separately	-	86,340	86,340
Acquired through business combinations	225,327	217,530	442,857
Amortization	-	( 54,184)	( 54,184)
Reclassifications	-	11,570	11,570
Net change differences	-	( 161)	( 161)
Closing net book amount as at September 30	<u>\$ 225,327</u>	<u>\$ 445,751</u>	<u>\$ 671,078</u>

At September 30

Cost	\$ 887,650	\$ 790,018	\$ 1,677,668
Accumulated amortization and impairment	( 662,323)	( 344,267)	( 1,006,590)
	<u>\$ 225,327</u>	<u>\$ 445,751</u>	<u>\$ 671,078</u>

Details of amortization of intangible assets are as follows:

	Three months ended September 30,	
	2024	2023
Administrative expenses	<u>\$ 25,679</u>	<u>\$ 22,282</u>

	Nine months ended September 30,	
	2024	2023
Administrative expenses	<u>\$ 84,581</u>	<u>\$ 54,184</u>

(16) Other assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Long-term accounts receivable (Including long-term notes and accounts receivable)	\$ 14,700,265	\$ 14,595,600	\$ 13,456,224
Reinsurance contract assets	2,473,143	1,807,662	1,710,060
Operation bonds	300,000	4,200,300	4,200,300
Guarantee deposits paid	711,791	677,137	660,623
Prepayments for business facilities	468,904	364,172	301,866
Others	2,488,883	2,015,600	2,011,475
	<u>\$ 21,142,986</u>	<u>\$ 23,660,471</u>	<u>\$ 22,340,548</u>

(17) Short-term borrowings

<u>Type of loans</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bank borrowings			
Unsecured borrowings	\$ 91,621,212	\$ 55,608,821	\$ 60,425,470
Mortgage borrowings	14,296,960	12,492,482	11,602,483
Mid-term syndicated loans for working capital	28,395,129	33,363,398	39,013,944
Securitised asset-backed notes borrowings	5,008,126	-	-
	<u>\$ 139,321,427</u>	<u>\$ 101,464,701</u>	<u>\$ 111,041,897</u>
Annual interest rate	<u>0.49%~5.9%</u>	<u>0.49%~6.33%</u>	<u>0.57%~6.33%</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the details of loans are as follows:

- A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross-currency swap, the rate range of short-term loans were 0.50%~4.30%, 0.83%~4.40% and 0.83%~4.40%, respectively.
- B. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$ 29,500,000 with 11 financial institutions including CTBC Bank Co., Ltd., in order to fulfil its working capital. The duration is 36 months (from June 28, 2024 to June 28, 2027). The loan can be drawn several times and is revolving. The payment terms is to repay the full drawn amount at the maturity date.
- C. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 880 million with 5 financial institutions including Mizuho Bank, Ltd. in order to fulfil its working capital. The duration is 12 months (from May 5, 2024 to May 6, 2025). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the drawn down period.
- D. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 510 million with 6 financial institutions including E.SUN Commercial Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from March 25, 2024 to March 25, 2027). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- E. The subsidiary, He Jing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$ 10 million with 12 financial institutions including Mega International Commercial Bank Ltd. in order to fulfil its working capital. The duration is 36 months (starting from July 12, 2023

- to July 12, 2026). The loan can be drawn several times and is revolving. The payment terms is to repay the full drawn amount at the maturity date.
- F. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfil its working capital. The duration is 36 months (from February 24, 2023 to February 24, 2026). The loan can be drawn several times. Of the total loan, \$6,025,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$7,975,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
  - G. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 12 months (from December 6, 2023, to December 6, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full amount at the maturity date.
  - H. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 1 billion with 13 financial institutions including Mizuho Bank, Ltd. in order to fulfil its working capital. The duration is 36 months (from July 3, 2023 to July 27, 2026). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the drawn down period.
  - I. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 980 million with 12 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. Within six months from the contract signing date (from July 26, 2022 to January 26, 2023), the loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the drawn down period.
  - J. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$15,000,000 with 18 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from June 29, 2022 to June 27, 2025). The loan can be drawn several times. Of the total loan, \$7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining amount of \$7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.
  - K. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from September 9, 2021 to September 9, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amounts at the maturity date.
  - L. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 500 million with 6 financial institutions including CTBC Bank Co., Ltd., in order to fulfil its working capital. The duration is 36 months (from March 31, 2021 to March 29, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
  - M. Financial commitments of the Group made for the above mentioned syndicated loans and partial loans from other financial institutions require the Group to maintain specific current ratio, ratio of self-owned capital, interest coverage ratio, net value, net tangible assets, debt/equity ratio, shareholder equity ratio, net tangible assets ratio and non-performing loans ratio during the contract periods.
- As of September 30, 2024, the Group has not breached the financial commitments.

(18) Short-term notes and bills payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Commercial paper payable	\$ 135,763,400	\$ 148,251,742	\$ 139,511,400
Less: Unamortized discount	( 227,936)	( 135,653)	( 132,700)
	<u>\$ 135,535,464</u>	<u>\$ 148,116,089</u>	<u>\$ 139,378,700</u>
Annual interest rate	<u>1.61% ~ 2.23%</u>	<u>0.70% ~ 2.63%</u>	<u>0.66% ~ 2.63%</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bonds payable	<u>\$ 31,200,000</u>	<u>\$ 31,200,000</u>	<u>\$ 26,200,000</u>

The information on corporate bonds issued by the Group's subsidiary, Hotai Finance Co., Ltd., that has been approved by the Competent Authority are as follows:

- A. The second secured ordinary corporate bonds was issued in 2023. The total amount was \$5,000,000, the coupon rate was 1.49% with a 2-year period, the outstanding period was from October 27, 2023 to October 27, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- B. The first unsecured ordinary corporate bonds was issued in 2023. The total amount was \$4,000,000, the coupon rate was 1.50% with a 5-year period, the outstanding period was from March 28, 2023 to March 28, 2028, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- C. The second secured ordinary corporate bonds was issued in 2022. The total amount was \$7,000,000, the coupon rate was 1.50% with a 3-year period, the outstanding period was from June 6, 2022 to June 6, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- D. The first secured ordinary corporate bonds was issued in 2022. The total amount was \$3,000,000, the coupon rate was 0.57% with a 3-year period, the outstanding period was from January 13, 2022 to January 13, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- E. The second unsecured ordinary corporate bonds was issued in 2021. The total amount was \$3,000,000, the coupon rate was 0.56% with a 5-year period, the outstanding period was from July 22, 2021 to July 22, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- F. The first unsecured ordinary corporate bonds was issued in 2021. The total amount was \$2,200,000, the coupon rate was 0.55% with a 5-year period, the outstanding period was from April 15, 2021 to April 15, 2026, and the bonds would be repaid at face value in a lump sum with cash on the due date.
- G. The first unsecured ordinary corporate bonds was issued in 2020. The total amount was \$7,000,000, the coupon rate was 0.70% with a 5-year period, the outstanding period was from April 22, 2020 to April 22, 2025, and the bonds would be repaid at face value in a lump sum with cash on the due date.

(20) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024	December 31, 2023	September 30, 2023
Long-term bank borrowings						
Credit borrowings	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20%~6.47%	None	\$ 151,758	\$ 146,948	\$ 152,145
	From October 2022 to June 2024; interest is repayable monthly	1.64%~1.89%	None	-	-	2,000,000
	From August 2022 to December 2026; interest is repayable monthly	1.58%~2.22%	None	4,000,000	4,000,000	-
	From August 2022 to December 2025; interest is repayable monthly	1.58%~2.01%	None	-	-	300,000
	From September 2023 to August 2029; interest and principal are repayable monthly	2.29%~2.74%	None	433,894	-	-
	From January 2023 to December 2028, interest and principal are repayable monthly	2.24%~2.61%	None	-	808,128	-
	From May 2022 to May 2026; interest is repayable monthly (Note)	1.812%~1.947%	None	6,000,000	15,000,000	7,500,000
Commercial papers payable	From July 2021 to March 2025	0.65%~2.06%	Notes receivable for lease payments (please refer to Note 8)	-	-	5,595,612
	From February 2021 to March 2025	0.65%~2.03%	Notes receivable for lease payments (please refer to Note 8)	-	4,096,875	-
	From October 2021 to March 2025	0.65%~2.20%	Notes receivable for lease payments (please refer to Note 8)	1,698,816	-	-
Secured borrowings	Borrowing period is from June 2017 to May 2038; interest and principal are repayable monthly	2.18%~2.95%	Property, plant and equipment (please refer to Note 8)	-	-	1,266,918
	Borrowing period is from July 2019 to December 2030; interest and principal are repayable monthly	2.27%~2.81%	Property, plant and equipment (please refer to Note 8)	-	576,338	-
	Borrowing period is from October 2020 to August 2031; interest and principal are repayable monthly	1.67%~2.65%	Property, plant and equipment (please refer to Note 8)	1,307,054	-	-
				13,591,522	24,628,289	16,814,675
Less: long-term liabilities, current portion				( 2,296,375)	( 4,192,090)	( 7,120,677)
				\$ 11,295,147	\$ 20,436,199	\$ 9,693,998
Interest rate range				0.65%~6.47%	0.65%~6.47%	0.65%~2.95%

Note: The Company has entered into a mid-term syndicated contract for a credit line of \$30,000,000 with 10 financial institutions including CTBC Bank Co., Ltd., in order to fulfil its working capital. Of the total loan, \$15,000,000 can be drawn several times within nine months from the first drawdown but is non-revolving. The remaining amount of \$15,000,000 is revolving and the payment term is to repay the full drawn at maturity date. The duration is 36 months (starting from May 14, 2023 to May 13, 2026). The company has eliminated credit limits of \$15,000,000 and \$3,000,000 in July 2023 and March 2024, respectively. Financial commitments of the Company made for the above-mentioned syndicated loans require the Company to maintain specific current ratio, interest coverage ratio and net value during the contract periods. As of



September 30, 2024, the Company has not breached the financial commitments.

As of September 30, 2024, the maturities of long-term loans are as follows:

<u>Duration of maturity</u>	<u>Loan amount</u>
Up to 1 year	\$ 2,296,375
1 to 2 years	6,274,118
2 to 3 years	4,007,315
3 to 4 years	288,891
4 to 5 years	724,823
	<u>\$ 13,591,522</u>

(21) Accrued expenses

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Wages and salaries payable	\$ 2,378,394	\$ 2,930,262	\$ 2,494,208
Dealer bonus payable	374,961	347,438	321,774
Remuneration payable to employees	755,554	932,027	760,825
Remuneration payable to directors	343,551	473,011	373,050
Interest payable	541,770	409,982	354,376
Others	1,934,328	2,519,727	2,399,163
	<u>\$ 6,328,558</u>	<u>\$ 7,612,447</u>	<u>\$ 6,703,396</u>

(22) Pensions

Defined contribution pension plan

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (“PRC”) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the mainland China subsidiaries have no further obligations.
- C. The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2024 and 2023, were \$132,276, \$75,886, \$382,887 and \$308,628, respectively.

(23) Provisions

	2024	2023
At January 1	\$ 5,691,364	\$ 4,928,549
Additional provisions during the period	1,385,134	1,601,393
Used during the period	( 735,924)	( 949,029)
Unused amounts reversed	( 57,305)	( 50,554)
At September 30	<u>\$ 6,283,269</u>	<u>\$ 5,530,359</u>

Analysis of provision for warranty is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current (shown as other current liabilities)	<u>\$ 1,084,025</u>	<u>\$ 1,110,548</u>	<u>\$ 1,082,267</u>
Non-current	<u>\$ 5,199,244</u>	<u>\$ 4,580,816</u>	<u>\$ 4,448,092</u>

The Group provides warranties on vehicles and air conditioners sold. Provision for warranty is estimated based on historical warranty data of vehicles, air conditioners and related products.

(24) Guarantee deposits received

	September 30, 2024	December 31, 2023	September 30, 2023
Deposits received for car rentals	\$ 20,012,523	\$ 18,404,530	\$ 18,209,248
Others	89,948	102,692	108,583
	<u>\$ 20,102,471</u>	<u>\$ 18,507,222</u>	<u>\$ 18,317,831</u>

Analysis of guarantee deposits received for warranty is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current (shown as other current liabilities)	<u>\$ 8,512,720</u>	<u>\$ 9,075,597</u>	<u>\$ 9,138,414</u>
Non-current	<u>\$ 11,589,751</u>	<u>\$ 9,431,626</u>	<u>\$ 9,179,417</u>

(25) Share capital

On June 27, 2023, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of \$109,236. This involved issuing 10,923,584 new shares with a par value of \$10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on August 9, 2023. As of September 30, 2024, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,571,028 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The Company has issued 557,102,768 ordinary shares outstanding.

(26) Capital surplus

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

(27) Retained earnings

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

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

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

The Board of Directors of the Company may distribute all or part of the dividends and bonuses in cash by the adoption of a resolution by a majority voting of the directors present at a meeting of its Board of Directors attended by two-thirds of the directors of the Company, and report to the shareholders' meeting, to which the aforementioned provision should be resolved by the shareholders' meeting shall not be applied.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion more than 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022 issued by FSC on March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. On June 27, 2023, the stockholders of the Company resolved those total dividends for the distribution of unappropriated earnings was \$1,201,594 consisting of \$2 in dollars of cash dividend and \$0.2 in dollars of stock dividend per share.
- E. On March 13, 2024, the Board of Directors of the Company resolved those total dividends for the distribution of earnings for the year of 2023 was \$11,142,055 consisting of \$20 in dollars of cash dividend per share.
- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(32).

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(28) Revenue from contracts with customers

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Three months ended September 30, 2024

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 36,879,264	\$ 345,596	\$ 2,708,079	\$ 18,221,767	\$ 58,154,706
Inter segments	( 2,866,503)	( 70)	( 51,519)	( 2,509,432)	( 5,427,524)
Revenue from external customer contracts	<u>\$ 34,012,761</u>	<u>\$ 345,526</u>	<u>\$ 2,656,560</u>	<u>\$ 15,712,335</u>	<u>\$ 52,727,182</u>
Timing of revenue recognition					
At a point in time	\$ 34,012,761	\$ 306,708	\$ 2,656,560	\$ 14,810,170	\$ 51,786,199
Over time	-	38,818	-	902,165	940,983
	<u>\$ 34,012,761</u>	<u>\$ 345,526</u>	<u>\$ 2,656,560</u>	<u>\$ 15,712,335</u>	<u>\$ 52,727,182</u>

Three months ended September 30, 2023

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 40,633,394	\$ 514,001	\$ 2,318,536	\$ 17,083,336	\$ 60,549,267
Inter segments	( 2,417,157)	( 4)	( 89,563)	( 2,257,826)	( 4,764,550)
Revenue from external customer contracts	<u>\$ 38,216,237</u>	<u>\$ 513,997</u>	<u>\$ 2,228,973</u>	<u>\$ 14,825,510</u>	<u>\$ 55,784,717</u>
Timing of revenue recognition					
At a point in time	\$ 38,216,237	\$ 470,280	\$ 2,228,973	\$ 14,038,906	\$ 54,954,396
Over time	-	43,717	-	786,604	830,321
	<u>\$ 38,216,237</u>	<u>\$ 513,997</u>	<u>\$ 2,228,973</u>	<u>\$ 14,825,510</u>	<u>\$ 55,784,717</u>

Nine months ended September 30, 2024

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 120,999,101	\$ 1,206,243	\$ 7,832,494	\$ 50,757,197	\$ 180,795,035
Inter segments	( 7,743,342)	( 273)	( 217,689)	( 6,936,073)	( 14,897,377)
Revenue from external customer contracts	<u>\$ 113,255,759</u>	<u>\$ 1,205,970</u>	<u>\$ 7,614,805</u>	<u>\$ 43,821,124</u>	<u>\$ 165,897,658</u>
Timing of revenue recognition					
At a point in time	\$ 113,255,759	\$ 1,084,406	\$ 7,614,805	\$ 41,755,052	\$ 163,710,022
Over time	-	121,564	-	2,066,072	2,187,636
	<u>\$ 113,255,759</u>	<u>\$ 1,205,970</u>	<u>\$ 7,614,805</u>	<u>\$ 43,821,124</u>	<u>\$ 165,897,658</u>

Nine months ended September 30, 2023

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 121,635,464	\$ 1,461,895	\$ 6,588,575	\$ 51,917,462	\$ 181,603,396
Inter segments	( 7,619,049)	( 418)	( 271,732)	( 6,293,876)	( 14,185,075)
Revenue from external customer contracts	<u>\$ 114,016,415</u>	<u>\$ 1,461,477</u>	<u>\$ 6,316,843</u>	<u>\$ 45,623,586</u>	<u>\$ 167,418,321</u>
Timing of revenue recognition					
At a point in time	\$ 114,016,415	\$ 1,313,977	\$ 6,315,806	\$ 43,570,797	\$ 165,216,995
Over time	-	147,500	1,037	2,052,789	2,201,326
	<u>\$ 114,016,415</u>	<u>\$ 1,461,477</u>	<u>\$ 6,316,843</u>	<u>\$ 45,623,586</u>	<u>\$ 167,418,321</u>

**B. Contract assets and liabilities**

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Contract assets:			
Contract assets - construction contracts	<u>\$ 127,073</u>	<u>\$ 106,655</u>	<u>\$ 103,223</u>
Contract liabilities:			
Contract liabilities - sales of goods	\$ 1,477,483	\$ 1,447,571	\$ 1,591,465
Contract liabilities -customer loyalty programs	<u>2,933</u>	<u>2,004</u>	<u>2,265</u>
	<u>\$ 1,480,416</u>	<u>\$ 1,449,575</u>	<u>\$ 1,593,730</u>

For the nine months ended September 30, 2024 and 2023, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$1,112,688 and \$1,018,354, respectively.

(29) Interest income

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Installment revenue	\$ 4,638,590	\$ 4,518,057
Finance leasing revenue	1,024,734	881,975
Interest from deposits and short-term notes	89,345	80,635
Other interest income	<u>27,035</u>	<u>14,648</u>
	<u>\$ 5,779,704</u>	<u>\$ 5,495,315</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Installment revenue	\$ 14,200,276	\$ 12,637,322
Finance leasing revenue	2,949,438	2,521,841
Interest from deposits and short-term notes	294,190	255,685
Other interest income	<u>77,388</u>	<u>40,738</u>
	<u>\$ 17,521,292</u>	<u>\$ 15,455,586</u>

(30) Premium

	Three months ended September 30,	
	2024	2023
Written premium	\$ 3,560,225	\$ 3,184,043
Reinsurance premium	90,680	88,070
Less: Reinsurance expense	( 1,190,173)	( 1,160,538)
Net change in unearned premiums reserve	( 154,523)	59,227
	<u>\$ 2,306,209</u>	<u>\$ 2,170,802</u>

	Nine months ended September 30,	
	2024	2023
Written premium	\$ 10,332,764	\$ 9,333,600
Reinsurance premium	319,678	365,693
Less: Reinsurance expense	( 3,810,870)	( 3,587,928)
Net change in unearned premiums reserve	( 633,010)	408,288
	<u>\$ 6,208,562</u>	<u>\$ 6,519,653</u>

(31) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 3,115,703	\$ 2,422,221
Depreciation	3,413,067	3,264,558
Amortization	37,095	40,911
	<u>\$ 6,565,865</u>	<u>\$ 5,727,690</u>

	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 9,718,892	\$ 8,639,484
Depreciation	10,229,173	9,563,941
Amortization	108,183	109,836
	<u>\$ 20,056,248</u>	<u>\$ 18,313,261</u>

(32) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 2,645,553	\$ 2,027,952
Labor and health insurance fees	189,357	172,886
Pension costs	132,276	75,886
Other personnel expenses	148,517	145,497
	<u>\$ 3,115,703</u>	<u>\$ 2,422,221</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 8,235,847	\$ 7,329,785
Labor and health insurance fees	637,503	539,030
Pension costs	382,887	308,628
Other personnel expenses	462,655	462,041
	<u>\$ 9,718,892</u>	<u>\$ 8,639,484</u>

A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. Independent directors will not receive any distributable profit. If a company has accumulated deficit, earnings should be channelled to cover losses.

B. For the three months and nine months ended September 30, 2024 and 2023, employees' remuneration were accrued at \$49,281, \$61,502, \$171,775 and \$186,525, respectively; while directors' remuneration were accrued at \$98,562, \$123,003, \$343,551 and \$373,050, respectively. The aforementioned amounts were recognized in salary expenses.

For the nine months ended September 30, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2% of distributable profit of current year as of the end of reporting period.

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

(33) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2024	2023
Current tax:		
Current tax expense recognized in the current period	\$ 1,290,509	\$ 387,451
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	( 7,082)	( 14,477)
Total current tax	<u>1,283,427</u>	<u>372,974</u>
Deferred tax:		
Origination and reversal of temporary differences	( 71,660)	34,427
Total deferred tax	<u>( 71,660)</u>	<u>34,427</u>
Income tax expense	<u>\$ 1,211,767</u>	<u>\$ 407,401</u>

	Nine months ended September 30,	
	2024	2023
Current tax:		
Current tax expense recognized in the current period	\$ 2,029,811	\$ 1,775,663
Tax on undistributed surplus earnings	504,476	50,941
Prior year income tax overestimation	( 32,309)	( 30,800)
Total current tax	<u>2,501,978</u>	<u>1,795,804</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>147,297</u>	<u>249,227</u>
Total deferred tax	<u>147,297</u>	<u>249,227</u>
Income tax expense	<u>\$ 2,649,275</u>	<u>\$ 2,045,031</u>

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

	Three months ended September 30,	
	2024	2023
Cash flow hedges	<u>\$ 9,937</u>	<u>(\$ 750)</u>
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 444</u>
Changes in fair value of financial assets designated using overlay approach	<u>(\$ 277)</u>	<u>(\$ 3,647)</u>

	Nine months ended September 30,	
	2024	2023
Cash flow hedges	<u>\$ 2,653</u>	<u>(\$ 31,077)</u>
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 9,466</u>
Changes in fair value of financial assets designated using overlay approach	<u>(\$ 4,507)</u>	<u>(\$ 6,165)</u>

- B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.
- C. The subsidiary, Hotai Insurance Co., Ltd., carried out capital reductions to offset losses on June 11, 2024. As a result, the Company recognized income tax benefits of \$1,782,548.
- D. Subsidiaries, Hotai Insurance Co., Ltd., and Hozan Investment Co., Ltd., carried out capital reduction to offset losses on June 9, 2023, and June 13, 2023, respectively. As a result, the Company recognized income tax benefits of \$2,336,120.



(34) Earnings per share

Three months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 4,280,619	557,103	\$ 7.69
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 4,280,619	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	-	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 4,280,619	557,103	\$ 7.69
Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 6,345,600	557,103	\$ 11.39
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 6,345,600	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	131	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 6,345,600	557,234	\$ 11.38

Nine months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	<u>\$ 16,037,343</u>	<u>557,103</u>	<u>\$ 28.79</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 16,037,343	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	336	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 16,037,343</u>	<u>557,439</u>	<u>\$ 28.77</u>
Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	<u>\$ 18,455,979</u>	<u>557,103</u>	<u>\$ 33.13</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 18,455,979	557,103	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	285	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 18,455,979</u>	<u>557,388</u>	<u>\$ 33.11</u>

For the three months and nine months ended September 30, 2023, the adjustment of the number of shares in circulation outside the Company is retroactively adjusted based on the capital increase ratio in 2023.

(35) Changes in liabilities from financing activities

2024				
	Short-term loans	Short-term notes and bills payable	Long-term liabilities- current portion	Long-term loans
January 1, 2024	\$ 101,464,701	\$ 148,116,089	\$ 35,392,090	\$ 20,436,199
Changes in cash flow from financing activities	37,120,274	( 12,580,625)	-	( 11,334,981)
Impact of changes in foreign exchange rate	( 41,408)	-	-	4,810
Changes in other non-cash items	777,860	-	( 1,895,715)	2,189,119
September 30, 2024	<u>\$ 139,321,427</u>	<u>\$ 135,535,464</u>	<u>\$ 33,496,375</u>	<u>\$ 11,295,147</u>
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1, 2024	\$ 18,507,222	\$ 2,206,958	\$ 6,201	\$ 326,129,460
Changes in cash flow from financing activities	1,595,249	( 446,544)	( 11,142,055)	3,211,318
Impact of changes in foreign exchange rate	-	71,195	-	34,597
Changes in other non-cash items	-	775,488	11,142,053	12,988,805
September 30, 2024	<u>\$ 20,102,471</u>	<u>\$ 2,607,097</u>	<u>\$ 6,199</u>	<u>\$ 342,364,180</u>
2023				
	Short-term loans	Short-term notes and bills payable	Long-term liabilities- current portion	Long-term loans
January 1, 2023	\$ 105,333,597	\$ 114,640,213	\$ 24,305,569	\$ 12,399,285
Changes in cash flow from financing activities	6,245,346	24,738,487	4,000,000	1,855,147
Impact of changes in foreign exchange rate	42,608	-	4,586	-
Changes in other non-cash items	( 579,654)	-	5,010,522	( 4,560,434)
September 30, 2023	<u>\$ 111,041,897</u>	<u>\$ 139,378,700</u>	<u>\$ 33,320,677</u>	<u>\$ 9,693,998</u>
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1, 2023	\$ 16,941,150	\$ 2,380,827	\$ 7,145	\$ 276,007,786
Changes in cash flow from financing activities	1,417,684	( 508,358)	( 1,092,358)	36,655,948
Impact of changes in foreign exchange rate	-	2,127	-	49,321
Changes in other non-cash items	( 41,003)	561,513	1,099,787	1,490,731
September 30, 2023	<u>\$ 18,317,831</u>	<u>\$ 2,436,109</u>	<u>\$ 14,574</u>	<u>\$ 314,203,786</u>

## 7. Related Party Transactions

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

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

Names of related parties	Relationship with the Group
Tung Tai Asset Management Co., Ltd.	Associates
Tung Yu Motor Co., Ltd.	Associates
Innovation Auto Parts Co., Ltd.	Associates
Guangzhou Gac Changho Autotech Corporation	Associates
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Associates
Nitto Precision Screw Industrial (Zhejiang) Co., Ltd.	Associates
Tianjin Yongda Communication Technology Co., Ltd.	Associates
Zheng-Ren Energy Co., Ltd.	Associates
Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Associates
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd. (Tianjin Binhai Heling)	Associates
Kuozui Motors, Ltd. (Kuozui)	Associates
Kuotu Motor Co., Ltd. (Kuotu)	Associates
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	Associates
Tau Miao Motor Co., Ltd. (Tau Miao)	Associates
Central Motor Co., Ltd. (Central Motor)	Associates
Nan Du Motor Co., Ltd. (Nan Du)	Associates
Kau Du Automobile Co., Ltd. (Kau Du)	Associates
Lang Yang Toyota Motor Co., Ltd.	Associates
Ho Cheng Auto Parts Co., Ltd.	Associates
Hozao Enterprise Co., Ltd.	Associates
Hohung Motors Co., Ltd.	Associates
Horung Motors Co., Ltd.	Associates
Zhong Cheng Motors Co., Ltd.	Associates
Heng Yun Investment Co., Ltd.	Associates
Fan Tai Transportation Co., Ltd. (Fan Tai)	Associates
Yi Tai Transportation Co., Ltd. (Yi Tai)	Associates
Hua Tai Transportation Co., Ltd.	Associates
AIM Technology Corp.	Associates
Guangguan Machinery CO., Ltd.	Associates
Kao Jin Co., Ltd.	Associates
Tau Jin Enterprise Co., Ltd.	Associates
Nantian Technology Co., Ltd.	Associates
He Ru Co, Ltd.	Associates
New Auto Parts Co., Ltd.	Associates
Shye Shing Enterprise Co., Ltd.	Associates
Zhonghao Automobile Co., Ltd.	Associates
Gochabar Co., Ltd.	Associates
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

		<u>Three months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
(a) Sales revenue:			
-Associates			
Central Motor	\$	7,181,788	\$ 8,279,150
Tau Miao		6,590,434	7,528,944
Taipei Motor		5,245,484	5,732,943
Kau Du		5,009,542	5,579,628
Kuotu		4,879,082	5,151,714
Others		5,628,982	6,519,824
-Entities controlled by key management		12,381	11,667
	\$	<u>34,547,693</u>	<u>\$ 38,803,870</u>

		<u>Nine months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
Sales revenue:			
-Associates			
Central Motor	\$	23,728,160	\$ 24,140,232
Tau Miao		21,913,526	21,978,837
Taipei Motor		17,372,183	17,650,444
Kau Du		16,706,266	16,397,163
Kuotu		16,250,227	16,597,534
Others		18,860,496	18,831,816
-Entities controlled by key management		65,279	49,129
	\$	<u>114,896,137</u>	<u>\$ 115,645,155</u>

Sales from the Company and subsidiaries to related parties are based on the price lists in force and terms that would be available to third parties. Terms are shown in table 6 of Note 13(1) significant transactions information.

		<u>Three months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
(b) Rental revenue:			
-Associates	\$	36,243	\$ 35,027
-Entities controlled by key management		937	2,845
	\$	<u>37,180</u>	<u>\$ 37,872</u>

	Nine months ended September 30,	
	2024	2023
Rental revenue:		
-Associates	\$ 114,934	\$ 110,790
-Entities controlled by key management	3,127	8,237
	<u>\$ 118,061</u>	<u>\$ 119,027</u>

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

	Three months ended September 30,	
	2024	2023
(c) Service revenue:		
Service sales:		
-Associates	\$ 23,818	\$ 25,090
-Entities controlled by key management	1,694	7,667
Contracted operating revenue:		
-Associates	5,667	6,798
	<u>\$ 31,179</u>	<u>\$ 39,555</u>

	Nine months ended September 30,	
	2024	2023
Service revenue:		
Service sales:		
-Associates	\$ 68,350	\$ 67,699
-Entities controlled by key management	18,459	23,008
Contracted operating revenue:		
-Associates	19,402	18,521
	<u>\$ 106,211</u>	<u>\$ 109,228</u>

	Three months ended September 30,	
	2024	2023
(d) Subsidy income for price difference from installments:		
-Associates	<u>\$ 118,896</u>	<u>\$ 57,282</u>

	Nine months ended September 30,	
	2024	2023
Subsidy income for price difference from installments:		
-Associates	<u>\$ 260,494</u>	<u>\$ 146,826</u>

		Three months ended September 30,	
		2024	2023
(e) Warranty revenue			
-Associates			
Kuozui	\$	68,564	\$ 47,853
-Entities controlled by key management			
TMAP		77,926	93,817
Others		310	540
	\$	<u>146,800</u>	<u>\$ 142,210</u>

		Nine months ended September 30,	
		2024	2023
Warranty revenue (shown as deductions to cost of sales):			
-Associates			
Kuozui	\$	181,588	\$ 114,754
-Entities controlled by key management			
TMAP		286,817	232,918
Others		429	1,914
	\$	<u>468,834</u>	<u>\$ 349,586</u>

		Three months ended September 30,	
		2024	2023
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):			
-Associates			
Kuotu	\$	29,175	\$ 68,140
Others		29,840	34,058
-Entities controlled by key management			
		8,219	4,962
	\$	<u>67,234</u>	<u>\$ 107,160</u>

		Nine months ended September 30,	
		2024	2023
Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):			
-Associates			
Kuotu	\$	145,890	\$ 185,860
Others		110,805	105,925
-Entities controlled by key management			
		34,417	24,466
	\$	<u>291,112</u>	<u>\$ 316,251</u>



		Three months ended September 30,	
		2024	2023
(g) Miscellaneous income:			
-Associates			
Kuotu	\$	30,498	\$ 36,951
Others		67,574	59,342
-Entities controlled by key management		17,375	21,505
	\$	<u>115,447</u>	<u>\$ 117,798</u>

		Nine months ended September 30,	
		2024	2023
Miscellaneous income:			
-Associates			
Kuotu	\$	111,982	\$ 105,004
Others		169,408	156,260
-Entities controlled by key management		63,847	62,752
	\$	<u>345,237</u>	<u>\$ 324,016</u>

B. Expenditures

		Three months ended September 30,	
		2024	2023
(a) Purchases of goods:			
-Associates			
Kuozui	\$	14,964,946	\$ 15,189,246
Others		602,420	656,132
-Entities controlled by key management			
TMC		11,686,232	11,467,948
Others		3,489,137	3,919,768
	\$	<u>30,742,735</u>	<u>\$ 31,233,094</u>

		Nine months ended September 30,	
		2024	2023
Purchases of goods:			
-Associates			
Kuozui	\$	46,254,192	\$ 47,478,039
Others		1,962,809	1,892,941
-Entities controlled by key management			
TMC		39,232,452	41,379,469
Others		11,039,963	10,678,405
	\$	<u>98,489,416</u>	<u>\$ 101,428,854</u>

The Company and subsidiaries sold domestic cars which were purchased from Kuozui and imported cars and parts which were purchased from TMC, HINO, TMCI, TMAP, TMS and TME. Payment terms are shown in table 5 of Note 13(1) Significant transactions information.

		Three months ended September 30,	
		2024	2023
(b) Warranty cost:			
-Associates			
Central Motor	\$	29,734	\$ 37,656
Kuotu		31,570	36,800
Tau Miao		26,600	33,594
Kau Du		19,279	24,441
Nan Du		21,565	22,004
Taipei Motor		18,538	22,438
Others		4,813	3,996
-Entities controlled by key management		452	88
	\$	<u>152,551</u>	<u>\$ 181,017</u>

		Nine months ended September 30,	
		2024	2023
Warranty cost:			
-Associates			
Central Motor	\$	93,608	\$ 93,703
Kuotu		90,942	89,484
Tau Miao		83,847	83,875
Kau Du		63,435	61,215
Nan Du		60,477	52,201
Taipei Motor		52,756	58,081
Others		12,079	11,481
-Entities controlled by key management		1,003	1,362
	\$	<u>458,147</u>	<u>\$ 451,402</u>

		Three months ended September 30,	
		2024	2023
(c) Freight:			
-Associates			
Fan Tai	\$	49,718	\$ 53,681
Yi Tai		51,591	47,749
Others		204	801
	\$	<u>101,513</u>	<u>\$ 102,231</u>

		Nine months ended September 30,	
		2024	2023
Freight:			
-Associates			
Fan Tai	\$	173,217	\$ 155,740
Yi Tai		136,130	149,914
Others		1,220	2,110
	\$	<u>310,567</u>	<u>\$ 307,764</u>

		Three months ended September 30,	
		2024	2023
(d) Commission expense:			
-Associates		\$ 51,651	\$ 40,561
-Entities controlled by key management			
Ho An		355,103	331,499
		<u>\$ 406,754</u>	<u>\$ 372,060</u>

		Nine months ended September 30,	
		2024	2023
Commission expense:			
-Associates		\$ 146,042	\$ 110,977
-Entities controlled by key management			
Ho An		1,059,267	956,085
		<u>\$ 1,205,309</u>	<u>\$ 1,067,062</u>

		Three months ended September 30,	
		2024	2023
(e) Others:			
-Associates			
Kuotu		\$ 1,999,707	\$ 1,915,984
Kau Du		1,092,169	1,052,432
Tau Miao		1,004,039	1,072,722
Taipei Motor		624,696	688,216
Nan Du		259,771	713,586
		<u>\$ 4,980,382</u>	<u>\$ 5,442,940</u>

		Nine months ended September 30,	
		2024	2023
Others:			
-Associates			
Kuotu		\$ 5,682,925	\$ 5,280,430
Central Motor		-	1,643
Kau Du		3,203,210	3,310,545
Tau Miao		3,019,256	3,474,246
Taipei Motor		1,878,995	2,273,459
Nan Du		946,151	1,487,433
		<u>\$ 14,730,537</u>	<u>\$ 15,827,756</u>

As described in Note 4(43) in the consolidated financial statements for the year ended December 31, 2023, Hotai Finance Co., Ltd. receives only interest income rather than gross profit from the installment sales with related parties. Therefore, sales revenue and cost of sales are presented in net amount and movable properties arising from the transaction are all pledged

as collateral. Terms of purchases from related parties are in agreement with third parties. Terms are shown in table 7 of Note 13(1) significant transactions information.

C. Receivables from (payables to) related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
(a) Receivables from related parties:			
-Associates	\$ 1,877,050	\$ 3,694,442	\$ 1,863,715
-Entities controlled by key management	4,198	12,562	4,472
	<u>\$ 1,881,248</u>	<u>\$ 3,707,004</u>	<u>\$ 1,868,187</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
(b) Other receivables from related parties:			
-Associates	\$ 155,297	\$ 192,257	\$ 218,683
-Entities controlled by key management	2,401	9,532	5,090
	<u>\$ 157,698</u>	<u>\$ 201,789</u>	<u>\$ 223,773</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
(c) Accounts payable:			
-Associates			
Kuozui	\$ 873,917	\$ 1,561,055	\$ 958,561
Others	606,383	716,948	803,727
-Entities controlled by key management			
TMC	3,488,095	4,812,353	3,808,419
Others	336,292	520,857	476,310
	<u>\$ 5,304,687</u>	<u>\$ 7,611,213</u>	<u>\$ 6,047,017</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
(d) Accrued expenses and other payables:			
-Associates	\$ 334,385	\$ 386,454	\$ 510,013
-Entities controlled by key management	150	1,391	1,193
	<u>\$ 334,535</u>	<u>\$ 387,845</u>	<u>\$ 511,206</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
(e) Commissions payable:			
-Entities controlled by key management			
Ho An	\$ 141,389	\$ 129,850	\$ 68,119

D. Prepayments to suppliers

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
-Entities controlled by key management	\$ <u>169,431</u>	\$ <u>109,234</u>	\$ <u>178,801</u>

E. Property transactions

(a) Acquisition of rental assets and equipment

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
-Associates		
Kuotu	\$ 1,252,390	\$ 971,877
Taipei Motor	518,959	405,457
Central Motor	453,319	515,871
Tau Miao	410,082	361,325
Others	575,493	567,044
-Entities controlled by key management	50,868	3,848
	<u>\$ 3,261,111</u>	<u>\$ 2,825,422</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
-Associates		
Kuotu	\$ 3,498,330	\$ 2,989,127
Taipei Motor	1,717,672	1,369,766
Central Motor	1,296,364	1,390,658
Tau Miao	1,154,039	1,008,390
Others	1,529,797	1,513,697
-Entities controlled by key management	53,875	20,360
	<u>\$ 9,250,077</u>	<u>\$ 8,291,998</u>

(b) Disposal of property, plant and equipment:

	<u>Three months ended September 30,</u>			
	<u>2024</u>		<u>2023</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
-Associates	<u>\$ 1,857</u>	<u>\$ 1,215</u>	<u>\$ 4,625</u>	<u>\$ 149</u>

	Nine months ended September 30,			
	2024		2023	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
-Associates				
Kau Du	\$ 327,302	\$ 220,796	\$ -	\$ -
Others	3,381	1,430	8,302	2,594
-Entities controlled by key management				
Ho An	685,000	406,620	-	-
	<u>\$ 1,015,683</u>	<u>\$ 628,846</u>	<u>\$ 8,302</u>	<u>\$ 2,594</u>

(c) Disposal of investment property:

	Nine months ended September 30,	
	2024	
	Disposal proceeds	Gain on disposal
-Associates		
Kau Du	<u>\$ 378,698</u>	<u>\$ 255,515</u>

F. Leasing arrangements - lessee

The Group entered into the lease agreement with related parties based on the market price and the rent is paid on a monthly basis according to the agreement.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Lease liabilities:			
-Entities controlled by key management			
Ho Yu	\$ 73,801	\$ 51,470	\$ 56,935
-Associates	<u>72,715</u>	<u>3,364</u>	<u>6,172</u>
	<u>\$ 146,516</u>	<u>\$ 54,834</u>	<u>\$ 63,107</u>

G. Loans to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
-Associates			
Chongqing Taikang Heling	<u>\$ 135,355</u>	<u>\$ 129,672</u>	<u>\$ 132,573</u>

(3) Key management remuneration

	Three months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	<u>\$ 125,915</u>	<u>\$ 144,707</u>
	Nine months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	<u>\$ 424,184</u>	<u>\$ 437,269</u>

## 8. Pledged Assets

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

Pledged asset	September 30, 2024	December 31, 2023	September 30, 2023	Purpose
Notes and accounts receivable (Note 1)	\$ 21,683,793	\$ 12,654,914	\$ 11,684,978	Credit enhancements for asset-backed note borrowings, short-term borrowings and commercial papers payable
Financial assets at fair value through other comprehensive income (Note 2)	300,000	398,200	398,200	Operation bonds
Guarantee deposits paid	711,791	4,479,237	4,462,723	Operation bonds and performance bonds
Restricted assets (Note 3)				
-Demand and time deposits	780,238	613,874	919,334	Credit line for short-term borrowings, performance guarantee and issuance of L/C
-Property, plant and equipment	1,277,388	1,310,352	1,658,886	Long-term borrowings
	<u>\$ 24,753,210</u>	<u>\$ 19,456,577</u>	<u>\$ 19,124,121</u>	

Note 1: As of September 30, 2024, December 31, 2023 and September 30, 2023, guarantee notes receivable were pledged as collaterals for short-term borrowings and commercial paper payable to banks amounting to \$21,683,793, \$12,654,914 and \$11,684,978, respectively.

Note 2: Shown as 'other assets'.

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

Note 4: As of September 30, 2024, December 31, 2023 and September 30, 2023, the certificates of deposit amounting to \$12,065, \$11,260 and \$11,419, respectively, were pledged to the financial institution to issue the letter of credit required by the unexpired insurance policies worldwide underwritten by the subsidiary, Hotai Insurance Co., Ltd.

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

A. Significant contracts signed by the Company with related parties and non-related parties as of September 30, 2024, are summarized as follows:

Type of contracts	Party involved	Contract period	Main contents
(a) <u>The Company</u>			
Distributor agreement	Toyota Motor Corporation	January 1, 2022 to December 31, 2024 (renewed in 2024, contract period: January 1, 2025 to December 31, 2027)	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.
	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (Hino)	
Agreement on sale and purchase of Kuozui product	Kuozui Motors, Ltd.	Except for execution of termination clause, contract terms remain effective from July 1, 1995 (Hino) and January 1, 2022 (Toyota).	Kuozui Motors, Ltd. agrees to provide vehicles, parts and accessories, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
Product dealership agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2024 to May 14, 2027	Authorized dealers sell vehicles, parts and automobile products provided by the Company.

Type of contracts	Party involved	Contract period	Main contents
Contracted operating contracts	Kuotu Motor Co., Ltd. Kuozei Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from July 1, 2009 Starting from June 1, 2002 Starting from January 1, 2003 Except for termination signed by both parties, contracts remain effective.	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
(b) <u>Chang Yuan Motor Co., Ltd.</u> Trading contracts	Kuozei Motors, Ltd.	Starting from January 1, 2003, except for termination signed by both parties or breach of contract, contracts remain effective.	Kuozei Motors, Ltd. agrees to provide vehicles, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
(c) <u>Toyota Material Handling Taiwan Ltd.</u> Distributor agreement	Toyota Industries Corporation	April 1, 2023 to March 31, 2026	Sales of imported Toyota vehicles and parts for industrial and industry use in Taiwan.

B. As of September 30, 2024, the Group has signed equipment purchase contracts, real estate purchase contracts and engineering project payments that have not yet resulted in capital expenditures. The amounts for these contracts are \$1,396,434, \$804,084 and \$2,046,662, respectively.

#### 10. Significant Disaster Loss

None.

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

The Board of Directors of the subsidiary, Hotai Finance Co., Ltd., during its meeting on November 7, 2024, approved to issue unsecured and secured ordinary corporate bonds in the limit amount of no more than \$12,000,000 and \$15,000,000, respectively.

#### 12. Others

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and considering future capital requirements and long-term capital plan in order to maintain an optimal capital structure to reduce the cost of capital, support operations and maximize returns for shareholders. Information on the capital management policy that the Group's subsidiary, Hotai Insurance Co., Ltd., made based on the Insurance Law of the Republic of China is provided in Note 12(12).

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(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 7,810,218	\$ 7,336,396	\$ 7,013,876
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	11,104,624	10,543,402	10,769,292
Qualifying debt instrument	499,297	307,578	306,912
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	22,706,642	23,142,893	17,891,087
Notes receivable	17,238,706	13,949,300	14,491,801
Accounts receivable	284,530,047	272,178,742	259,898,265
Long-term notes and accounts receivable	13,350,849	13,490,849	12,445,533
Other receivables	2,781,892	2,382,482	2,428,569
Guarantee deposits paid	1,011,791	4,877,437	4,860,923
Other financial assets	4,179,225	3,317,402	3,120,733
Financial assets for hedging	453,783	570,885	511,615
	<u>\$ 365,667,074</u>	<u>\$ 352,097,366</u>	<u>\$ 333,738,606</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 142,099	\$ 407,727	\$ -
Financial liabilities at amortized cost			
Short-term loans	139,321,427	101,464,701	111,041,897
Short-term notes and bills payable	135,535,464	148,116,089	139,378,700
Notes payable	1,705,418	1,635,144	1,463,036
Accounts payable	10,333,373	13,466,699	10,450,325
Accrued expenses	6,328,558	7,612,447	6,703,396
Other payables	2,281,152	2,261,442	1,747,944
Commission payable	273,010	260,926	215,292
Corporate bonds payable (including current portion)	31,200,000	31,200,000	26,200,000
Long-term borrowings (including current portion)	13,591,522	24,628,289	16,814,675
Guarantee deposits received	20,102,471	18,507,222	18,317,831
Other financial liabilities	26,704	27,486	28,690
Lease liabilities	2,607,097	2,206,958	2,436,109
Financial liabilities for hedging	142,275	1,087,983	1,301,539
	<u>\$ 363,590,570</u>	<u>\$ 352,883,113</u>	<u>\$ 336,099,434</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and cross currency swap contracts are used to fix variable future cash flows.
  - (b) Risk management is carried out by finance departments of companies within the Group under policies approved by the Board of Directors. Finance departments identify, evaluate and hedge financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
  - (c) Information on the additional risk management policy of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(4).
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange rate arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. Details of financial assets or liabilities at fair value through profit or loss and financial assets and liabilities for hedging are provided in Notes 6(2) and 6(4). Moreover, the Group enters into cross currency swap contracts to hedge the foreign exchange risk arising from foreign currency loan underwritten by financial institutions, shown as derivative financial assets and liabilities for hedging. The information is provided in Note 6(4).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). After taking into consideration the use of cross currency swap contracts, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:



	Nine months ended September 30, 2024			Nine months ended September 30, 2023		
	Sensitivity analysis			Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 9,693	\$ -	1%	\$ 16,532	\$ -
JPY:NTD	1%	2,270	-	1%	1,639	-
RMB:NTD	1%	50	-	1%	487	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 54,769	\$ -	1%	\$ 54,756	\$ -
JPY:NTD	1%	464	-	1%	328	-
RMB:NTD	1%	587	-	1%	456	-

#### Price risk and interest rate risk

- i. The Company's and the subsidiaries' financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are domestic quasi money market fund and listed stocks which are influenced by fluctuation in market price.
- ii. The subsidiary's, Hotai Finance Co., Ltd., main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk.
- iii. The subsidiary, Hotai Finance Co., Ltd., assessed the market risk of cross currency swap by using PVBP (Present Value of Basis Point). However, the contracted notional principal equal to the amount of hedged liabilities, and the duration, resetting date, date of receiving and paying of interest and principal and the index of measuring interest were both the same, which can use to offset the market risk, thus, the Group did not expect significant market risk.
- iv. The subsidiary, Hotai Finance Co., Ltd., is not exposed to the risk arising from variations in the market interest rates as the debt products the subsidiary issued are all fixed rate liabilities.
- v. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant and considering the use of cross currency swap contracts, profit after tax for the nine months ended September 30, 2024 and 2023 would have increased by \$846,275 and \$658,927, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal

or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The subsidiary, Hotai Finance Co., Ltd. (HFC), entered into agreements with banks for handling financing through pledging new and used vehicles. In accordance with the agreements, HFC is responsible for expansion of client lists, assisting expansion of installment loans for cars and unsecured loans. If borrowers are late for payment, HFC shall repay on behalf of the borrowers, and request claims of the borrowings and mortgage of vehicles. As of September 30, 2024, December 31, 2023 and September 30, 2023, HFC has financial instruments with off-balance-sheet credit risk amounting to \$2,206,994, \$2,380,898 and \$2,584,047 respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$18,091, \$26,667 and \$34,284, respectively. HFC assesses financial guarantee contract liabilities which may arise from rendering the above services based on historical experience and recognizes financial guarantee expense which is shown as 'other current liabilities'.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i.) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii.) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- v. For the subsidiaries, Hotai Finance Co., Ltd. and Hoyun International Leasing Co., Ltd., the default occurs when the contract payments are past due over 60 days. Additionally, when the contract payments are past due over 90 days and are not expected to be recovered, the default has occurred.
- vi. The Group classified accounts receivable and contract assets based on customers' default and used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. Not including the subsidiaries, Hotai Finance Co., Ltd., Hoyun International Leasing Co., Ltd. and Hotai Insurance Co., Ltd., estimated loss allowance arising from accounts receivable and contract assets amounted to \$94,888.
- vii. The following indicators are used by the Group to determine whether the credit impairment of debt instruments has occurred:
  - (i.) It becomes probable that the issuer or the borrower will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii.) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii.) Default or delinquency in interest or principal repayments; and
  - (iv.) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. For accounts receivables and notes receivable of the subsidiary, Hotai Finance Co., Ltd. and its subsidiaries, the credit rating levels are presented below:

	12 months expected credit loss	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
<u>September 30, 2024</u>					
Neither past due nor impaired	\$343,807,253	\$ -	\$ -	\$108,768	\$343,916,021
Past due or case assessment	-	1,551,315	3,009,331	-	4,560,646
	<u>\$343,807,253</u>	<u>\$1,551,315</u>	<u>\$3,009,331</u>	<u>\$108,768</u>	<u>\$348,476,667</u>
<u>December 31, 2023</u>					
Neither past due nor impaired	\$329,951,950	\$ -	\$ -	\$209,093	\$330,161,043
Past due or case assessment	-	1,383,387	2,476,960	-	3,860,347
	<u>\$329,951,950</u>	<u>\$1,383,387</u>	<u>\$2,476,960</u>	<u>\$209,093</u>	<u>\$334,021,390</u>
<u>September 30, 2023</u>					
Neither past due nor impaired	\$316,264,761	\$ -	\$ -	\$213,313	\$316,478,074
Past due or case assessment	-	1,205,697	2,031,451	-	3,237,148
	<u>\$316,264,761</u>	<u>\$1,205,697</u>	<u>\$2,031,451</u>	<u>\$213,313</u>	<u>\$319,715,222</u>

- ix. The subsidiary, Hotai Finance Co., Ltd., used historical expense and the forward-looking information, such as forecastability of future economic environment to assess the default possibility. For the nine months ended September 30, 2024 and 2023, the movements of the loss allowance of trade receivables were as follows:

	Nine months ended September 30, 2024			
	Lifetime			Total
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	
At January 1	\$ 3,373,672	\$ 520,169	\$ 1,510,069	\$ 5,403,910
Transfer and measurement stages	( 65,420)	7,968	57,452	-
Provision for impairment	( 52,656)	70,605	4,875,090	4,893,039
Write-offs	-	-	( 4,622,493)	( 4,622,493)
Effect of foreign exchange	31,130	3,796	16,294	51,220
	<u>\$ 3,286,726</u>	<u>\$ 602,538</u>	<u>\$ 1,836,412</u>	<u>\$ 5,725,676</u>

	Nine months ended September 30, 2023			
	Lifetime			
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	Total
At January 1	\$ 2,989,387	\$ 349,790	\$ 1,369,707	\$ 4,708,884
Transfer and measurement stages	( 52,531)	( 141,774)	194,305	-
Provision for impairment	412,745	258,353	2,437,174	3,108,272
Write-offs	-	-	( 2,557,747)	( 2,557,747)
Effect of foreign exchange	650	29	( 55)	624
	<u>\$ 3,350,251</u>	<u>\$ 466,398</u>	<u>\$ 1,443,384</u>	<u>\$ 5,260,033</u>

For the nine months ended September 30, 2024 and 2023, gain on recoverable bad debts amounted to \$926,944 and \$694,606, respectively, presented as a deduction item to expected credit loss.

- x. As of September 30, 2024, December 31, 2023 and September 30, 2023, information relating to credit risk of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(5)A.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance departments of companies within the Group. Finance departments of companies within the Group monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>September 30, 2024</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 126,472,829	\$ 11,407,070	\$ 3,046,279
Short-term notes and bills payable	103,303,192	11,996,723	20,235,549
Notes payable	1,705,418	-	-
Accounts payable	10,333,373	-	-
Accrued expenses	6,328,558	-	-
Other payables	2,281,152	-	-
Commission payable	273,010	-	-
Lease liabilities	554,077	492,831	1,879,663
Bonds payable	17,269,925	10,285,620	4,089,589
Long-term loans (including current portion)	2,317,870	6,298,420	5,120,202

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 85,958,140	\$ 15,159,913	\$ 7,928,475
Short-term notes and bills payable	124,089,562	15,933,249	8,093,278
Notes payable	1,635,144	-	-
Accounts payable	13,466,699	-	-
Accrued expenses	7,612,447	-	-
Other payables	2,261,442	-	-
Commission payable	260,926	-	-
Lease liabilities	484,109	391,384	1,550,441
Bonds payable	343,500	22,211,960	9,347,534
Long-term loans (including current portion)	4,192,090	884,727	19,551,472



Non-derivative financial liabilities:

<u>September 30, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 90,506,212	\$ 14,765,331	\$ 6,945,936
Short-term notes and bills payable	122,450,968	9,931,593	6,996,139
Notes payable	1,463,036	-	-
Accounts payable	10,450,325	-	-
Accrued expenses	6,703,396	-	-
Other payables	1,747,944	-	-
Commission payable	215,292	-	-
Lease liabilities	516,286	407,745	1,157,945
Bonds payable	269,000	17,195,918	9,369,941
Long-term loans (including current portion)	7,120,677	1,384,427	8,309,571

Derivative financial liabilities:

<u>September 30, 2024</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 90,715	\$ 13,197	\$ 38,363
Forward exchange contracts	142,099	-	-

Derivative financial liabilities:

<u>December 31, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 1,024,638	\$ 48,788	\$ 14,557
Forward exchange contracts	407,727	-	-

Derivative financial liabilities:

<u>September 30, 2023</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 1,243,930	\$ 57,609	\$ -

- iv. Information on insurance contracts risk of the Company's subsidiary, Hotai Insurance Co., Ltd., is provided in Note 12(5).

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 1,621,255	\$ -	\$ 122,865	\$ 1,744,120
Bond investment	-	975,677	-	975,677
Equity securities	2,459,913	-	-	2,459,913
Exchange traded funds	1,628,484	-	-	1,628,484
Financial instruments	-	1,002,024	-	1,002,024
Derivative financial assets for hedging	-	453,783	-	453,783
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	799,297	-	799,297
Equity securities	<u>10,358,263</u>	<u>-</u>	<u>746,361</u>	<u>11,104,624</u>
	<u>\$16,067,915</u>	<u>\$ 3,230,781</u>	<u>\$ 869,226</u>	<u>\$20,167,922</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ 142,099	\$ -	\$ -	\$ 142,099
Derivative financial liabilities for hedging	<u>-</u>	<u>142,275</u>	<u>-</u>	<u>142,275</u>
	<u>\$ 142,099</u>	<u>\$ 142,275</u>	<u>\$ -</u>	<u>\$ 284,374</u>

Note: Including operation bonds.

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 2,290,342	\$ -	\$ 145,402	\$ 2,435,744
Bond investment	-	1,011,886	-	1,011,886
Equity securities	1,791,387	-	-	1,791,387
Exchange traded funds	1,362,900	-	-	1,362,900
Financial instruments	-	734,479	-	734,479
Derivative financial assets for hedging	-	570,885	-	570,885
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	705,778	-	705,778
Equity securities	<u>10,074,148</u>	<u>-</u>	<u>469,254</u>	<u>10,543,402</u>
	<u>\$15,518,777</u>	<u>\$ 3,023,028</u>	<u>\$ 614,656</u>	<u>\$19,156,461</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 407,727	\$ -	\$ 407,727
Derivative financial liabilities for hedging	<u>-</u>	<u>1,087,983</u>	<u>-</u>	<u>1,087,983</u>
	<u>\$ -</u>	<u>\$ 1,495,710</u>	<u>\$ -</u>	<u>\$ 1,495,710</u>

Note: Including operation bonds.

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 2,232,853	\$ -	\$ 154,335	\$ 2,387,188
Forward exchange contracts	-	213,575	-	213,575
Bond investment	-	1,004,770	-	1,004,770
Equity securities	1,820,879	-	-	1,820,879
Exchange traded funds	1,100,011	-	-	1,100,011
Financial instruments	-	487,453	-	487,453
Derivative financial assets for hedging	-	511,615	-	511,615
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	705,112	-	705,112
Equity securities	<u>10,294,593</u>	<u>-</u>	<u>474,699</u>	<u>10,769,292</u>
	<u>\$15,448,336</u>	<u>\$ 2,922,525</u>	<u>\$ 629,034</u>	<u>\$18,999,895</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging	<u>\$ -</u>	<u>\$ 1,301,539</u>	<u>\$ -</u>	<u>\$ 1,301,539</u>

Note: Including operation bonds

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

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

- ii. Except for financial instruments with active markets, domestic investments of the Company's subsidiary, Hotai Insurance Co., Ltd., take the quoted price of Taipei Exchange while foreign investments take the quoted price of the Swiss Exchange's financial information system as the fair value aside from real estate private placement fund that are assessed by balance sheet approach. The fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward foreign currency contracts are generally assessed using forward exchange rates.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2024 and 2023:

	<u>2024</u>	
	<u>Beneficiary</u>	<u>Equity securities</u>
	<u>certificates</u>	
At January 1	\$ 145,402	\$ 469,254
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	245,107
Recorded as losses on financial assets at fair value through profit or loss	( 22,537)	-
Acquired during the period	-	32,000
At September 30	<u>\$ 122,865</u>	<u>\$ 746,361</u>

	2023	
	Beneficiary certificates	Equity securities
At January 1	\$ 177,738	\$ 391,875
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	66,824
Recorded as losses on financial assets at fair value through profit or loss	( 30,825)	-
Disposed during the period	7,422	16,000
At September 30	<u>\$ 154,335</u>	<u>\$ 474,699</u>

- F. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1, Level 2, and Level 3.
- G. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 746,361	Asset liability method, Market comparable companies method	Net assets value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Infrastructure fund and real estate private placement fund	122,865	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 469,254	Asset liability method, Market comparable companies method	Net assets value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Infrastructure fund and real estate private placement fund	145,402	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative instrument:					
Unlisted shares	\$ 474,699	Asset liability method, Market comparable companies method	Net assets value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Infrastructure fund and real estate private placement fund	154,335	Net assets value	Not applicable	Not applicable	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of September 30, 2024, December 31, 2023 and September 30, 2023.

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

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

(a) Risk Governance Structure and Responsibilities

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

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

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

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

1st line: Business management takes risks and is responsible for day-to-day risk management.

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

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

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

(b) Risk Reporting and Measurement System

i. Risk Reporting

Each department branch of the subsidiary, Hotai Insurance Co., Ltd., periodically delivers risk information to the risk management department for monitoring purpose. The mitigating actions and response plans are required while breaching the risk-type limits.

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

ii. Measurement System

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

(c) Insurance Risk and Underwriting Guidelines

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

(d) Total Risk Profiling and Insurance Risk Management

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

(e) Concentration Exposures on Insurance Risk

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

Line of Business	September 30, 2024	December 31, 2023	September 30, 2023
Fire insurance	\$ 100,000	\$ 100,000	\$ 100,000
Fire & A.P. insurance	100,000	100,000	100,000
Long-term residential fire insurance	100,000	100,000	100,000
Residential fire insurance	100,000	100,000	100,000
Marine cargo insurance	20,000	20,000	20,000
Inland marine insurance	20,000	20,000	20,000
Automobile insurance	Nil	Nil	Nil
General liability insurance	50,000	50,000	50,000
Engineering insurance	100,000	100,000	100,000
Fidelity insurance	60,000	60,000	60,000
Other property insurance	100,000	100,000	100,000
Personal accident insurance	50,000	50,000	50,000

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

(f) Asset/Liability Management

The Asset/Liability Management Investment Committee (ALMIC) meeting is held on a quarterly basis to monitor the asset/liability matching duration of the subsidiary, Hotai Insurance Co., Ltd., and evaluate liquidity risk by ensuring the fulfillment of due liabilities and future claims provisions.

(g) When a specific event occurs, the commitment to bear additional liabilities or invest additional owner's equity, and its management, supervision, and control procedures

The subsidiary, Hotai Insurance Co., Ltd., in accordance with the "Regulations Governing Capital Adequacy of Insurance Companies", had compiled capital adequacy management reports every half year to regularly monitor and implement capital adequacy management. Currently, the subsidiary, Hotai Insurance Co., Ltd., complies with the provision that the ratio of own capital to risk capital shall not be less than two hundred percent.

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

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

A. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and other financial assets based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- (b) Except for using historical loss rate as a basis and forecastable macroeconomic information to estimate expected credit loss in line with IAS, the subsidiary, Hotai Insurance Co., Ltd., also provisioned allowance for loss in line with "Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts" and related procedures.
- (c) The subsidiary, Hotai Insurance Co., Ltd., adopts following assumptions under IFRS 9 to



assess whether there has been a significant increase in credit risk since initial recognition:

- i. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - ii. For bonds or banks that issue non-short-term certificates of deposit, if any external credit rating agency rates these bonds and banks as investment grade, the credit risk of these financial assets is low. However, if the rating of these bonds and banks are degraded to non-investment grade, the credit risk of these financial assets was significantly increased.
- (d) The subsidiary, Hotai Insurance Co., Ltd., adopts IFRS 9 to presume the following assumptions that financial assets have been impaired:
- i. If the contract payments were past due over 90 days based on the terms, there has been an impairment and default on that instrument since initial recognition.
  - ii. If companies that issue bonds or banks that issue non-short-term certificates of deposit experience significant financial difficulties and enter into bankruptcy or financial reorganization, the credit of the financial assets would be considered impaired.
  - iii. If the Company actively clears these financial assets in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”, and the financial assets could no longer be recovered, the financial assets should be written-off after it is reported to the Board of Directors. However, the subsidiary, Hotai Insurance Co., Ltd., will continue executing the recourse procedures to secure their rights.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the subsidiary, Hotai Insurance Co., Ltd., included receivable (excluding interest receivables from bonds and interest receivables from time deposits) and other assets (excluding operating margin and restricted time deposits) in the scope of impairment assessment. The expected loss rate is as follows:

September 30, 2024						
	12 months		Significant increase in credit risk		Impairment of credit	
	Not overdue or overdue for no more than 30 days		Overdue for more than 30 days		Overdue for more than 90 days	
Expected loss rate	0%		0%		0%	
Total book value	\$	1,114,251	\$	-	\$	-
Allowance for losses		9,000		-		-
December 31, 2023						
	12 months		Significant increase in credit risk		Impairment of credit	
	Not overdue or overdue for no more than 30 days		Overdue for more than 30 days		Overdue for more than 90 days	
Expected loss rate	0%		0%		0%	
Total book value	\$	969,475	\$	-	\$	-
Allowance for losses		9,000		-		-

September 30, 2023					
	12 months		Significant increase in credit risk		Impairment of credit
	Not overdue or overdue for no more than 30 days		Overdue for more than 30 days		Overdue for more than 90 days
	0%		0%		0%
Expected loss rate	0%		0%		0%
Total book value	\$	968,894	\$	-	\$ 160
Allowance for losses		9,000		-	160

The subsidiary, Hotai Insurance Co., Ltd., refers to the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”. For the nine months ended September 30, 2024 and 2023, the movements of allowance for loss are as follows:

2024					
	12 months		Significant increase in credit risk		Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”
	Impairment of credit		Total		
At January 1	\$ -	\$ -	\$ -	\$ 21,445	\$ 21,445
Amounts reversed during the period	-	-	-	2,230	2,230
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,675</u>	<u>\$ 23,675</u>
2023					
	12 months		Significant increase in credit risk		Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”
	Impairment of credit		Total		
At January 1	\$ -	\$ -	\$ 160	\$ 24,385	\$ 24,545
Provisions during the period	-	-	-	(4,809)	(4,809)
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 19,576</u>	<u>\$ 19,736</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the allowance for loss of abovementioned financial assets was \$23,675, \$21,445 and \$19,736, respectively, and the maximum exposure to credit risk was \$1,090,576, \$948,030 and \$949,318, respectively.

- (e) As of September 30, 2024, December 31, 2023 and September 30, 2023, the subsidiary, Hotai Insurance Co., Ltd., has financial assets at fair value through other comprehensive income (including operating bonds), interest receivables from bonds, non-short term time deposits (excluding valuation adjustment) and interest receivables from time deposits amounting to \$2,576,556, \$2,465,488 and \$2,471,464, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

Credit risk rating	September 30, 2024	December 31, 2023	September 30, 2023
tw AAA	\$ 807,217	\$ 707,120	\$ 710,331
tw AA+	-	-	9,082
tw AA	354,283	349,529	348,815
tw AA-	150,366	110,780	110,447
tw A+	338,407	322,092	310,945
tw A	926,283	975,967	981,844
	<u>\$ 2,576,556</u>	<u>\$ 2,465,488</u>	<u>\$ 2,471,464</u>

The probable expected loss rates of abovementioned financial assets within 12 months were 0%~0.04%, 0%~0.04% and 0%~0.04%, respectively, the amounts of allowance for loss were \$502, \$569 and \$565 respectively, and the maximum exposure amounts were \$2,576,054, \$2,464,919 and \$2,470,899, respectively. Aforementioned amounts of allowance for loss were using the forecastability of Standard & Poor's research report to adjust historical and timely information to assess the expected loss rate. For the nine months ended September 30, 2024 and 2023, the movements of allowance for loss are as follows:

	2024	2023
At January 1	\$ 569	\$ 797
Provisions (amounts reversed) during the period	( 67)	( 232)
At September 30	<u>\$ 502</u>	<u>\$ 565</u>

(f) Reinsurance Credit Risk

The counterparties of the subsidiary, Hotai Insurance Co., Ltd., in conducting reinsurance transactions are companies with good credit ratings. Also, the subsidiary, Hotai Insurance Co., Ltd., transacts with numerous counterparties to diversify credit risk. The possibility of expected defaults is remote. In addition, the reinsurer list that the subsidiaries transacts with has been reviewed and approved by the subsidiary, Hotai Insurance Co., Ltd., and all are qualified reinsurance ceded companies. Policy underwriting units also non-routinely check on the newest approved reinsurance list. For the nine months ended September 30, 2024 and 2023, the reinsurance companies reinsurance premiums ceded and credit rating levels are as follows (if the reinsurance companies' reinsurance transactions is through reinsurance brokers, then the credit rating levels as follows is based on the reinsurance broker):

Nine months ended September 30, 2024

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 480	0.01
AA	570,450	16.01
AA-	131,102	3.68
A+	1,684,758	47.27
A	92,799	2.60
A-	433	0.01
BBB+	5,865	0.17
Unrated	1,077,986	30.25
Total	<u>\$ 3,563,873</u>	<u>100.00</u>

Nine months ended September 30, 2023

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 584	0.02
AA	517,426	15.47
AA-	42,579	1.27
A++	2,373	0.07
A+	2,021,123	60.43
A	96,702	2.89
A-	2,282	0.07
BBB+	17,278	0.52
Unrated	644,284	19.26
Total	<u>\$ 3,344,631</u>	<u>100.00</u>

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

#### B. Liquidity risk

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

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

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

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

##### (b) Liquidity risk management

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

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

i. Non-derivative financial liabilities

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>September 30, 2024</u>				
Insurance liabilities	\$ 12,488,763	\$ 4,495,481	\$ 265,793	\$ 1,740,699
Payables	2,466,837	-	-	-
Deposits-in	164	1,643	-	-
Lease liabilities	63,694	94,603	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2023</u>				
Insurance liabilities	\$ 11,752,000	\$ 3,692,008	\$ 218,509	\$ 1,695,810
Payables	2,433,604	-	-	-
Deposits-in	320	1,487	-	-
Lease liabilities	24,763	21,941	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>September 30, 2023</u>				
Insurance liabilities	\$ 12,475,107	\$ 3,510,298	\$ 217,923	\$ 1,663,079
Payables	2,476,838	-	-	-
Deposits-in	467	1,340	-	-
Lease liabilities	35,792	17,508	-	-

ii. Derivatives

As of September 30, 2024, the subsidiary, Hotai Insurance Co., Ltd., has derivative instruments at net settlement whose duration are all within 3 months from reporting period-end to the due date of contract.

C. Market risk

Market risk refers to the risk of changes in values or cash flows of accounts on the subsidiary, Hotai Insurance Co., Ltd.'s financial statements due to changes in financial markets. Major risk factors are as follows:

- Equity market prices
- Interest rate and credit spreads
- Currency exchange rates

The subsidiary, Hotai Insurance Co., Ltd., defines its risk tolerance and regularly measures and reviews this risk by adoption of “assets allocation strategy”. In compliance with the subsidiary’s “Risk Management Policy”, the subsidiary’s “Investment Policy Statement”, and regulations of the competent authority, the subsidiary imposes investment limit on individual investment targets, restricts investments in assets with low liquidity, and manages the difference between the interest rate sensitive assets and the interest rate sensitive liabilities. To ensure effective market risk management, the subsidiary, Hotai Insurance Co., Ltd. also implements relevant stress tests in compliance with requirement by the competent authority. The table below further describes the subsidiary, Hotai Insurance Co., Ltd.’s current risk management mechanism in terms of individual risk factor:

(a) Price risk

The price risk is arising from the uncertainty of the prices of beneficiary certificates. However, the subsidiary Hotai Insurance Co., Ltd. has appropriately spread the price risk through diversified portfolio to decrease the risk of investments centralised in any specific industry or issuance institution.

With other conditions unchanged, the reasonable sensitivity analysis on stock price change is shown below:

September 30, 2024				
	Change of variables		Change in other comprehensive income	
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$	364,598
	Decrease in price	10%	(	364,598)
September 30, 2023				
	Change of variables		Change in other comprehensive income	
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$	240,274
	Decrease in price	10%	(	240,274)

(b) Interest rate risk

Interest rate risk refers to the risk from market interest rate change which results in change of fair value of financial instruments. The major investment for the subsidiary, Hotai Insurance Co., Ltd., is fixed interest rate debt investment. Increase in interest rate will result in decrease in fair value. However, due to focus on long-term stability and predictable income, the short-term interest rate change would have insignificant impact to the subsidiary. Thus, no major interest rate risk is expected.

With other conditions unchanged, the reasonable sensitivity analysis on interest rate change is shown below:

September 30, 2024				
	Change of variables		Change in fair value	
Fixed-income investments	Increase in interest rate	100 basis point	(\$	53,471)
	Decrease in interest rate	100 basis point		53,471
September 30, 2023				
	Change of variables		Change in fair value	
Fixed-income investments	Increase in interest rate	100 basis point	(\$	56,903)
	Decrease in interest rate	100 basis point		56,903

(c) Foreign exchange risk

Foreign exchange risk refers to the risk from fluctuations in fair value of assets or future cash flow due to foreign exchange volatility.

The major foreign exchange risk of the subsidiary, Hotai Insurance Co., Ltd., results from US dollar position. The US dollar foreign exchange rate is shown below:

	September 30, 2024	December 31, 2023	September 30, 2023
Foreign exchange rate	31.60	30.71	32.39

The US dollar assets and liabilities are shown as below:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
USD Assets	USD 10,251 thousand	USD 11,411 thousand	USD 11,142 thousand
USD Liabilities	USD 3,124 thousand	USD 1,528 thousand	USD 6,635 thousand

Foreign exchange risk will affect the subsidiary, Hotai Insurance Co., Ltd.'s foreign currency denominated assets and liabilities. All foreign currency denominated investment assets held by the subsidiary has been commissioned by investors for hedging, using the foreign exchange swap contracts to effectively control the risk. Under the circumstance that other variables remain unchanged and after deducting the nominal principal of hedge items, the sensitivity analysis for reasonable fluctuations in exchange rates is as follows:

<u>September 30, 2024</u>		
	<u>Change on variable</u>	<u>Impact on net (loss) income</u>
USD assets, net	Appreciate 5% against NTD (\$	11,261)
	Depreciate 5% against NTD	11,261

  

<u>September 30, 2023</u>		
	<u>Change on variable</u>	<u>Impact on net (loss) income</u>
USD assets, net	Appreciate 5% against NTD (\$	7,274)
	Depreciate 5% against NTD	7,274

#### (6) Insurance risk information

##### A. Insurance risk concentration

Insurance businesses undertaken by the subsidiary, Hotai Insurance Co., Ltd., comprise fire insurance, engineering insurance, accident insurance, transportation insurance, automobile insurance, and personal accident insurance. Among them, as the subject matters of transportation insurance, automobile insurance, and personal accident insurance have mobility, the level of risk is deemed relatively dispersed. The subject matter of accident insurance has legality, and the risks in relation to accident insurance and aforesaid insurances are all dispersed through coverage limit control.

Besides, as the subject matters of fire insurance and engineering insurance do not have mobility, the level of risk is deemed relatively concentrated. The subsidiary, Hotai Insurance Co., Ltd., disperses the risks mainly through reinsurance ceding. For the nine months ended September 30, 2024 and 2023, the insurance risk concentration degree of premiums income and self-retained premiums from effective insurance contracts of fire insurance and engineering insurance are listed below:

<u>Nine months ended September 30, 2024</u>		
<u>Line of Business</u>	<u>Premiums revenue</u>	<u>Retention premiums</u>
Fire insurance	\$ 1,617,555	\$ 237,964
Engineering insurance	443,471	121,505

  

<u>Nine months ended September 30, 2023</u>		
<u>Line of Business</u>	<u>Premiums revenue</u>	<u>Retention premiums</u>
Fire insurance	\$ 1,399,156	\$ 446,475
Engineering insurance	253,539	62,684

The subsidiary, Hotai Insurance Co., Ltd., has established catastrophe claims system to record losses of various line of insurance businesses and risks assumed by the subsidiary, including earthquake, typhoon, fire accident, air crash, and man-made catastrophes. The system also

provides information for reinsurance brokers to implement catastrophe measurement models and perform analysis on expected occurrence years such as 10 years, 50 years, 100 years, and 250 years. The model covers fire insurance, engineering insurance, marine insurance, automobile insurance, as well as earthquake and typhoon risks. The model provides monthly report of cumulative risk assessment for the purpose of monitoring the risk. With strict reinsurance strategies and arrangements, as well as system monitoring cumulative risk, the subsidiary, Hotai Insurance Co., Ltd., can appropriately and effectively prevent high risk concentration to achieve a goal of risk dispersion.

B. Analysis of insurance risk sensitivity

The subsidiary, Hotai Insurance Co., Ltd., estimates claim reserve fund mainly through a series of development modules and various estimated loss ratios. With concern of unexpected factors, such as external environmental change (change of regulation or judicial order), trend or different ways of claims paid, these could change the loss development and expected loss ratio and therefore influence the estimated result of claims reserve. Therefore, the subsidiary, Hotai Insurance Co., Ltd., conducted a sensitivity test for the nine months ended September 30, 2024 and 2023 and the result is shown below:

Line of Business	Nine months ended September 30, 2024			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 206,429	\$ 151,428	\$ 206,429	\$ 151,428
Automobile third party liability insurance	120,988	90,046	120,988	90,046
Personal property insurance	2,722	2,570	2,722	2,570
Commercial property insurance	65,405	5,925	65,405	5,925
Liability insurance	39,571	26,639	39,571	26,639
Marine cargo insurance	11,499	5,888	11,499	5,888
Engineering insurance	16,080	3,747	16,080	3,747
Personal accident insurance	28,641	26,262	28,641	26,262
Credit insurance	8	8	8	8
Health insurance	7,583	7,090	7,583	7,090
Foreign inward reinsurance	198	177	198	177



Line of Business	Nine months ended September 30, 2023			
	Expected loss ratio increased by 5%		Expected loss ratio decreased by 5%	
	Increase in claim reserve before reinsurance	Increase in claim reserve after reinsurance	Decrease in claim reserve before reinsurance	Decrease in claim reserve after reinsurance
Automobile property damage insurance	\$ 184,717	\$ 146,239	\$ 184,717	\$ 146,239
Automobile third party liability insurance	103,135	82,934	103,135	82,934
Personal property insurance	2,492	1,895	2,492	1,895
Commercial property insurance	57,932	18,098	57,932	18,098
Liability insurance	44,707	32,076	44,707	32,076
Marine cargo insurance	9,278	6,038	9,278	6,038
Engineering insurance	9,561	2,367	9,561	2,367
Personal accident insurance	32,631	30,831	32,631	30,831
Health insurance	13,856	13,054	13,856	13,054
Foreign inward reinsurance	568	353	568	353

Sensitivity test determines the impact on profit and loss based on before-reinsurance and after-reinsurance calculation from the increase or decrease by 5% in the expected loss ratio for the nine months ended September 30, 2024 and 2023.

C. Loss development pattern

As of September 30, 2024, December 31, 2023 and September 30, 2023, the loss development pattern of the subsidiary, Hotai Insurance Co., Ltd., are as follows:

(a) Direct business

September 30, 2024	Accident Year					
Development Year	Before 2020	2021	2022	2023	Nine months ended September 30, 2024	Total
End of underwriting year	\$ 35,678,037	\$ 5,817,499	\$ 41,070,594	\$ 11,472,535	\$ 7,536,771	
One year after underwriting year	35,570,853	5,627,586	41,730,838	10,226,298	-	
Two years after underwriting year	34,938,335	5,429,797	41,717,902	-	-	
Three years after underwriting year	35,020,081	5,293,690	-	-	-	
Four years after underwriting year	34,484,548	-	-	-	-	
Estimated ultimate losses	34,484,548	5,293,690	41,717,902	10,226,298	7,536,771	
Paid losses	( 34,048,576)	( 4,384,055)	( 40,222,294)	( 8,421,888)	( 2,887,436)	
Total reserve	<u>\$ 435,972</u>	<u>\$ 909,635</u>	<u>\$ 1,495,608</u>	<u>\$ 1,804,410</u>	<u>\$ 4,649,335</u>	\$ 9,294,960
Adjustment item (Note)						571,575
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 9,866,535</u>

December 31, 2023	Accident Year					
Development Year	Before 2019	2020	2021	2022	2023	Total
End of underwriting year	\$ 31,265,039	\$ 4,699,953	\$ 5,817,499	\$ 41,070,594	\$ 11,472,535	
One year after underwriting year	30,978,084	4,769,156	5,627,586	41,730,838	-	
Two years after underwriting year	30,801,697	4,489,255	5,429,797	-	-	
Three years after underwriting year	30,449,080	4,429,177	-	-	-	
Four years after underwriting year	30,590,904	-	-	-	-	
Estimated ultimate losses	30,590,904	4,429,177	5,429,797	41,730,838	11,472,535	
Paid losses	( 29,791,098)	( 4,036,270)	( 4,299,218)	( 40,019,865)	( 7,123,350)	
Total reserve	<u>\$ 799,806</u>	<u>\$ 392,907</u>	<u>\$ 1,130,579</u>	<u>\$ 1,710,973</u>	<u>\$ 4,349,185</u>	\$ 8,383,450
Adjustment item (Note)						543,917
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 8,927,367</u>

September 30, 2023

	Accident Year					
					Nine months ended	
Development Year	Before 2019	2020	2021	2022	September 30, 2023	Total
End of underwriting year	\$ 31,265,039	\$ 4,699,953	\$ 5,817,499	\$ 41,070,594	\$ 10,036,246	
One year after underwriting year	30,978,084	4,769,156	5,627,586	41,641,898	-	
Two years after underwriting year	30,801,697	4,489,255	5,704,356	-	-	
Three years after underwriting year	30,449,080	4,406,153	-	-	-	
Four years after underwriting year	30,632,552	-	-	-	-	
Estimated ultimate losses	30,632,552	4,406,153	5,704,356	41,641,898	10,036,246	
Paid losses	( 29,787,816)	( 3,990,466)	( 4,289,366)	( 39,854,528)	( 5,689,524)	
Total reserve	<u>\$ 844,736</u>	<u>\$ 415,687</u>	<u>\$ 1,414,990</u>	<u>\$ 1,787,370</u>	<u>\$ 4,346,722</u>	\$ 8,809,505
Adjustment item (Note)						<u>605,553</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 9,415,058</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

## (b) Retention business

September 30, 2024

	Accident Year					
					Nine months ended	
Development Year	Before 2020	2021	2022	2023	September 30, 2024	Total
End of underwriting year	\$ 25,748,795	\$ 4,565,572	\$ 39,328,137	\$ 9,335,805	\$ 3,993,429	
One year after underwriting year	25,738,193	4,386,827	39,909,114	8,468,879	-	
Two years after underwriting year	25,250,950	4,242,107	39,914,325	-	-	
Three years after underwriting year	25,136,260	4,031,053	-	-	-	
Four years after underwriting year	24,571,372	-	-	-	-	
Estimated ultimate losses	24,571,372	4,031,053	39,914,325	8,468,879	3,993,429	
Paid losses	( 24,291,847)	( 3,695,531)	( 39,135,131)	( 7,298,354)	( 2,136,514)	
Total reserve	<u>\$ 279,525</u>	<u>\$ 335,522</u>	<u>\$ 779,194</u>	<u>\$ 1,170,525</u>	<u>\$ 1,856,915</u>	\$ 4,421,681
Adjustment item (Note)						<u>408,109</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 4,829,790</u>

December 31, 2023

	Accident Year					
Development Year	Before 2019	2020	2021	2022	2023	Total
End of underwriting year	\$ 21,917,428	\$ 4,058,783	\$ 4,565,572	\$ 39,328,137	\$ 9,335,805	
One year after underwriting year	21,690,012	4,130,722	4,386,827	39,909,114	-	
Two years after underwriting year	21,607,471	3,877,850	4,242,107	-	-	
Three years after underwriting year	21,373,100	3,826,326	-	-	-	
Four years after underwriting year	21,309,934	-	-	-	-	
Estimated ultimate losses	21,309,934	3,826,326	4,242,107	39,909,114	9,335,805	
Paid losses	( 20,990,075)	( 3,572,891)	( 3,707,481)	( 39,066,723)	( 6,332,838)	
Total reserve	<u>\$ 319,859</u>	<u>\$ 253,435</u>	<u>\$ 534,626</u>	<u>\$ 842,391</u>	<u>\$ 3,002,967</u>	\$ 4,953,278
Adjustment item (Note)						<u>365,431</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 5,318,709</u>

September 30, 2023

	Accident Year					
					Nine months ended	
Development Year	Before 2019	2020	2021	2022	September 30, 2023	Total
End of underwriting year	\$ 21,917,429	\$ 4,058,783	\$ 4,565,572	\$ 39,328,137	\$ 8,570,746	
One year after underwriting year	21,690,012	4,130,722	4,386,827	39,813,739	-	
Two years after underwriting year	21,607,471	3,877,850	4,451,025	-	-	
Three years after underwriting year	21,373,100	3,808,738	-	-	-	
Four years after underwriting year	21,336,073	-	-	-	-	
Estimated ultimate losses	21,336,073	3,808,738	4,451,025	39,813,739	8,570,746	
Paid losses	( 20,987,239)	( 3,550,046)	( 3,698,508)	( 38,968,670)	( 5,239,428)	
Total reserve	<u>\$ 348,834</u>	<u>\$ 258,692</u>	<u>\$ 752,517</u>	<u>\$ 845,069</u>	<u>\$ 3,331,318</u>	\$ 5,536,430
Adjustment item (Note)						<u>402,656</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 5,939,086</u>

Note: Adjustment items include estimated claims for earthquake insurance, compulsory automobile insurance, nuclear insurance, and the total sum of non-distributable claim reserve fund.

Based on the table above, the estimated cumulative loss amount of each accident year is estimated based on the current available information, however, the actual amounts may be deviated from the estimation due to the loss development in the following years.

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

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>September 30, 2024</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,977,670	\$ 5,977,670	\$ -
Receivables	1,008,800	1,008,800	-
Current income tax assets	9,676	-	9,676
Financial assets at fair value through profit or loss	4,121,655	3,645,978	475,677
Financial assets at fair value through other comprehensive income	499,297	-	499,297
Other financial assets	1,743,299	1,743,299	-
Right-of-use assets	148,777	-	148,777
Investment property	385,949	-	385,949
Reinsurance contract assets	7,709,535	5,236,392	2,473,143
Property and equipment	4,116,647	-	4,116,647
Intangible assets	132,014	-	132,014
Deferred income tax assets	1,137,589	-	1,137,589
Other assets	825,817	413,546	412,271
<u>Liabilities</u>			
Payables	\$ 2,466,837	\$ 2,466,837	\$ -
Insurance liabilities	18,990,736	12,488,763	6,501,973
Lease liabilities	151,650	63,694	87,956
Deferred income tax liabilities	41,980	-	41,980
Other liabilities	325,053	323,410	1,643

	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>December 31, 2023</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,442,868	\$ 5,442,868	\$ -
Receivables	869,102	869,102	-
Current income tax assets	13,481	-	13,481
Financial assets at fair value through profit or loss	3,084,522	2,572,636	511,886
Financial assets at fair value through other comprehensive income	307,577	-	307,577
Other financial assets	1,738,231	1,738,231	-
Right-of-use assets	42,265	-	42,265
Investment property	394,950	-	394,950
Reinsurance contract assets	6,120,565	4,312,902	1,807,663
Property and equipment	3,891,752	-	3,891,752
Intangible assets	114,716	-	114,716
Deferred income tax assets	1,438,969	-	1,438,969
Other assets	4,666,526	359,812	4,306,714
<u>Liabilities</u>			
Short-term borrowings	\$ 3,500,000	\$ 3,500,000	\$ -
Payables	2,433,604	2,433,604	-
Insurance liabilities	17,358,327	11,752,000	5,606,327
Lease liabilities	44,184	24,763	19,421
Deferred income tax liabilities	44,130	-	44,130
Other liabilities	484,128	482,641	1,487

	Book value	Within 12 months	Over 12 months
<u>September 30, 2023</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,104,528	\$ 5,104,528	\$ -
Receivables	878,934	878,934	-
Current income tax assets	10,353	-	10,353
Financial assets at fair value through profit or loss	2,907,511	2,402,741	504,770
Financial assets at fair value through other comprehensive income	306,912	199,560	107,352
Other financial assets	1,736,191	1,736,191	-
Right-of-use assets	45,271	-	45,271
Investment property	395,581	-	395,581
Reinsurance contract assets	6,007,295	4,297,235	1,710,060
Property and equipment	3,822,723	-	3,822,723
Intangible assets	128,277	-	128,277
Deferred income tax assets	1,607,543	-	1,607,543
Other assets	4,669,337	355,113	4,314,224
<u>Liabilities</u>			
Short-term borrowings	\$ 3,500,000	\$ 3,500,000	\$ -
Payables	2,476,838	2,476,838	-
Insurance liabilities	17,866,407	12,475,107	5,391,300
Lease liabilities	48,364	34,792	13,572
Deferred income tax liabilities	47,761	-	47,761
Other liabilities	256,295	254,955	1,340

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

The subsidiary, Hotai Insurance Co., Ltd., entrusts the securities investment trust business to operate and manage the investment in domestic listed company stocks, domestic and foreign bonds, and short-term notes and bills. The entrusted contract is limited by the legal upper limit. As of September 30, 2024, December 31, 2023 and September 30, 2023, the fund amounts were \$1,900,000, \$1,000,000 and \$1,000,000, respectively.

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

Three months ended September 30, 2024						
Category of insurance	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 141,621	\$ 54,002	\$ 56,892	\$ 138,731	\$ 2,991	\$ 135,740
Elective insurance	3,559,535	36,678	1,133,281	2,462,932	151,532	2,311,400
	3,701,156	90,680	1,190,173	2,601,663	154,523	2,447,140
Discount	-	-	-	-	-	-
	<u>\$ 3,701,156</u>	<u>\$ 90,680</u>	<u>\$ 1,190,173</u>	<u>\$ 2,601,663</u>	<u>\$ 154,523</u>	<u>\$ 2,447,140</u>
Nine months ended September 30, 2024						
Category of insurance	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 425,343	\$ 157,666	\$ 171,778	\$ 411,231	\$ 7,889	\$ 403,342
Elective insurance	10,514,475	162,012	3,639,092	7,037,395	625,121	6,412,274
	10,939,818	319,678	3,810,870	7,448,626	633,010	6,815,616
Discount	3	-	-	3	-	3
	<u>\$ 10,939,821</u>	<u>\$ 319,678</u>	<u>\$ 3,810,870</u>	<u>\$ 7,448,629</u>	<u>\$ 633,010</u>	<u>\$ 6,815,619</u>

Three months ended September 30, 2023						
Category of insurance	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 132,676	\$ 50,247	\$ 53,647	\$ 129,276	\$ 3,033	\$ 126,243
Elective insurance	3,198,740	37,823	1,106,891	2,129,672	( 62,261)	2,191,933
	3,331,416	88,070	1,160,538	2,258,948	( 59,228)	2,318,176
Discount	2	-	-	2	-	2
	<u>\$ 3,331,418</u>	<u>\$ 88,070</u>	<u>\$ 1,160,538</u>	<u>\$ 2,258,950</u>	<u>(\$ 59,228)</u>	<u>\$ 2,318,178</u>
Nine months ended September 30, 2023						
Category of insurance	Written premiums (1)	Reinsurance premiums (2)	Reinsurance premiums ceded (3)	Retention premiums (4)=(1)+(2)-(3)	Net change in unearned premium (5)	Retention earned premiums (6)=(4)-(5)
Compulsory insurance	\$ 407,674	\$ 145,885	\$ 166,278	\$ 387,281	\$ 12,295	\$ 374,986
Elective insurance	9,480,594	219,808	3,421,650	6,278,752	( 420,583)	6,699,335
	9,888,268	365,693	3,587,928	6,666,033	( 408,288)	7,074,321
Discount	4	-	-	4	-	4
	<u>\$ 9,888,272</u>	<u>\$ 365,693</u>	<u>\$ 3,587,928</u>	<u>\$ 6,666,037</u>	<u>(\$ 408,288)</u>	<u>\$ 7,074,325</u>

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

Three months ended September 30, 2024

<u>Category of insurance</u>	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (2)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 84,358	\$ 47,746	\$ 49,566	\$ 82,538
Elective insurance	1,682,422	10,616	480,665	1,212,373
	<u>\$ 1,766,780</u>	<u>\$ 58,362</u>	<u>\$ 530,231</u>	<u>\$ 1,294,911</u>

Nine months ended September 30, 2024

<u>Category of insurance</u>	Claim expenditures (1)	Reinsurance claim expenditures (2)	Reinsurance claims recovery (2)	Retention claim expenditures (4)=(1)+(2)-(3)
Compulsory insurance	\$ 255,114	\$ 124,662	\$ 150,881	\$ 228,895
Elective insurance	4,702,595	33,749	1,535,230	3,201,114
	<u>\$ 4,957,709</u>	<u>\$ 158,411</u>	<u>\$ 1,686,111</u>	<u>\$ 3,430,009</u>



		Three months ended September 30, 2023			
		Claim expenditures	Reinsurance claim expenditures	Reinsurance claims recovery	Retention claim expenditures
<u>Category of insurance</u>		(1)	(2)	(2)	(4)=(1)+(2)-(3)
Compulsory insurance		\$ 84,345	\$ 44,253	\$ 50,595	\$ 78,003
Elective insurance		1,456,367	11,943	307,793	1,160,517
		<u>\$ 1,540,712</u>	<u>\$ 56,196</u>	<u>\$ 358,388</u>	<u>\$ 1,238,520</u>
		Nine months ended September 30, 2023			
		Claim expenditures	Reinsurance claim expenditures	Reinsurance claims recovery	Retention claim expenditures
<u>Category of insurance</u>		(1)	(2)	(2)	(4)=(1)+(2)-(3)
Compulsory insurance		\$ 212,585	\$ 113,508	\$ 126,174	\$ 199,919
Elective insurance		12,002,179	234,504	807,342	11,429,341
		<u>\$ 12,214,764</u>	<u>\$ 348,012</u>	<u>\$ 933,516</u>	<u>\$ 11,629,260</u>

(11) Financial information of compulsory automobile insurance:

The subsidiary, Hotai Insurance Co., Ltd., sets independent accounting for its compulsory automobile liability insurance in accordance with Compulsory Automobile Liability Insurance Act, recording the insurance' business and financial condition.

A. As of September 30, 2024, December 31, 2023 and September 30, 2023, balance sheets for compulsory automobile liability insurance are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,912,426	\$ 1,858,420	\$ 1,852,398
Notes receivable	3,940	4,458	3,033
Premiums receivable	8,514	10,722	7,569
Claims recoverable from reinsurers	28,159	29,441	32,411
Due from reinsurance and ceding companies	34,160	16,208	31,517
Ceded unearned premium reserve	120,949	118,198	116,518
Ceded claim reserve	163,466	170,568	194,977
Temporary payments and suspense accounts	64	69	-
Total assets	<u>\$ 2,271,678</u>	<u>\$ 2,208,084</u>	<u>\$ 2,238,423</u>
<b>Liabilities</b>			
Claims payable	\$ 864	\$ 18,009	\$ 15,256
Due to reinsurance and ceding	34,715	19,604	32,956
Unearned premium reserve	315,289	304,649	299,435
Claims reserve	431,434	419,095	471,066
Special reserve	1,482,536	1,437,715	1,404,749
Temporary payments and suspense accounts	6,840	9,012	14,961
Total liabilities	<u>\$ 2,271,678</u>	<u>\$ 2,208,084</u>	<u>\$ 2,238,423</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the subsidiary, Hotai Insurance Co., Ltd., has long-term time deposits amounting to \$1,716,800, \$1,711,800 and \$1,709,755, respectively, shown as other financial assets in the Group's balance sheets.

B. Details of revenues and costs for compulsory automobile liability insurance for the three months and nine months ended September 30, 2024 and 2023 are as follows:

	Three months ended September 30,	
	2024	2023
Operating revenues		
Written premiums	\$ 94,820	\$ 89,411
Reinsurance premiums	54,002	50,247
Less: Reinsurance premiums ceded	( 56,892)	( 53,647)
Net change in unearned premium reserve	( 2,991)	( 3,033)
Retention earned premiums	88,939	82,978
Interest income	6,103	5,468
Total	<u>\$ 95,042</u>	<u>\$ 88,446</u>
Operating costs		
Claim expenditures	\$ 84,358	\$ 84,345
Reinsurance claim expenditures	47,746	44,253
Less: Reinsurance claims recovery	( 49,566)	( 50,595)
Retention claim expenditures	82,538	78,003
Net change in claims reserve	1,213	16,482
Net change in special reserve	15,027	( 2,604)
Total	<u>\$ 98,778</u>	<u>\$ 91,881</u>
	Nine months ended September 30,	
	2024	2023
Operating revenues		
Written premiums	\$ 286,286	\$ 277,121
Reinsurance premiums	157,666	145,885
Less: Reinsurance premiums ceded	( 171,778)	( 166,278)
Net change in unearned premium reserve	( 7,889)	( 12,295)
Retention earned premiums	264,285	244,433
Interest income	17,878	15,987
Total	<u>\$ 282,163</u>	<u>\$ 260,420</u>
Operating costs		
Claim expenditures	\$ 255,114	\$ 212,585
Reinsurance claim expenditures	124,662	113,508
Less: Reinsurance claims recovery	( 150,881)	( 126,174)
Retention claim expenditures	228,895	199,919
Net change in claims reserve	19,441	56,444
Net change in special reserve	44,821	14,305
Total	<u>\$ 293,157</u>	<u>\$ 270,668</u>

(12) Capital management- Hotai Insurance Co., Ltd.

The primary objectives of the subsidiary, Hotai Insurance Co., Ltd., when managing capital are to safeguard capital adequacy and solvency of the subsidiary in order to support the subsidiary's sustainable development and continuously create interests for shareholder.

Taiwan insurance enterprises usually measure whether the capital is adequate in accordance with the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. The subsidiary, Hotai Insurance Co., Ltd., calculates the capital adequacy ratio once every half year in accordance with "Regulations Governing Capital Adequacy of Insurance Enterprises" to ensure that it can continuously meet the statutory capital requirement. In addition, net worth ratio will be included in the monitor indicators of capital adequacy ratio.

Capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. The subsidiary, Hotai Insurance Co., Ltd., calculates capital adequacy ratio in accordance with "Regulations Governing Capital Adequacy of Insurance Companies". Currently, the RBC ratio is lower than the requirement of 200% because of the selling of severe and special infectious pneumonia related to epidemic prevention insurance products. In 2023, to comply with the regulations of the "Regulations Governing Capital Adequacy of Insurance Enterprises", a financial improvement plan had been proposed and implemented that included measures such as reducing capital to offset losses, conducting a private placement of common shares to raise cash, and disposing of real estate assets to expand capital. As of September 30, 2024, the subsidiary, Hotai Insurance Co., Ltd.'s ratio of self-owned capital to risk-based capital was higher than 200%. Under Article 15 of "Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance", the net worth ratios of the subsidiary, Hotai Insurance Co., Ltd., as of September 30, 2024, December 31, 2023 and September 30, 2023 were 21.00%, 15.15% and 12.41%, respectively.

(13) The total amount of current assets and liabilities of the subsidiary, Hotai Finance Co., Ltd., that are expected to be recovered and repaid within or over 12 months

<u>September 30, 2024</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 7,999,155	\$ 7,999,155	\$ -
Current financial assets for hedging	453,783	411,638	42,145
Accounts and notes receivable, net	289,301,134	111,907,723	177,393,411
Other receivables	135,105	135,105	-
Inventories	2,726	2,726	-
Prepayments	5,603,826	4,413,173	1,190,653
Other current financial assets	284,473	284,473	-
<u>Liabilities</u>			
Short-term borrowings	\$ 123,625,178	\$ 109,473,065	\$ 14,152,113
Short-term notes and bills payable	119,196,645	87,713,911	31,482,734
Current financial liabilities for hedging	142,275	90,715	51,560
Notes payable	1,625,201	1,625,201	-
Accounts payable (including related parties)	649,282	649,282	-
Other payables	3,121,751	3,121,751	-
Current income tax liabilities	448,676	448,676	-
Lease liabilities-current	93,184	93,184	-
Financial guarantee liabilities-current	26,704	26,704	-
Bonds payable	31,200,000	17,000,000	14,200,000
Guarantee deposits received-current	4,490,190	2,088,223	2,401,967
Other current liabilities, others	154,404	154,404	-

<u>December 31, 2023</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,878,184	\$ 2,878,184	\$ -
Current financial assets for hedging	570,885	477,832	93,053
Accounts and notes receivable, net	273,468,608	100,295,043	173,173,565
Other receivables	78,696	78,696	-
Inventories	4,962	4,962	-
Prepayments	6,747,521	5,146,271	1,601,250
Other current financial assets	506,020	506,020	-
<u>Liabilities</u>			
Short-term borrowings	\$ 92,619,765	\$ 70,073,763	\$ 22,546,002
Short-term notes and bills payable	133,524,317	109,497,790	24,026,527
Current financial liabilities for hedging	1,087,983	1,024,638	63,345
Notes payable	1,522,704	1,522,704	-
Accounts payable (including related parties)	707,786	707,786	-
Other payables	3,390,682	3,390,682	-
Current income tax liabilities	854,078	854,078	-
Lease liabilities-current	144,040	144,040	-
Financial guarantee liabilities-current	27,486	27,486	-
Bonds payable	31,200,000	-	31,200,000
Guarantee deposits received-current	4,404,620	1,971,759	2,432,861
Other current liabilities, others	46,109	46,109	-

<u>September 30, 2023</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 5,469,908	\$ 5,469,908	\$ -
Current financial assets for hedging	511,615	386,624	124,991
Accounts and notes receivable, net	262,479,180	97,505,357	164,973,823
Other receivables	120,647	120,647	-
Inventories	3,803	3,803	-
Prepayments	7,217,482	5,620,740	1,596,742
Other current financial assets	552,044	552,044	-
<u>Liabilities</u>			
Short-term borrowings	\$ 96,208,838	\$ 74,864,987	\$ 21,343,851
Short-term notes and bills payable	126,556,875	109,629,143	16,927,732
Current financial liabilities for hedging	1,301,539	1,243,930	57,609
Notes payable	1,363,933	1,363,933	-
Accounts payable (including related parties)	544,260	544,260	-
Other payables	3,236,933	3,236,933	-
Current income tax liabilities	532,451	532,451	-
Lease liabilities-current	144,049	144,049	-
Financial guarantee liabilities-current	28,690	28,690	-
Bonds payable	26,200,000	-	26,200,000
Guarantee deposits received-current	4,455,111	1,932,912	2,522,199
Other current liabilities, others	55,652	55,652	-

### 13. Supplementary Disclosures

Related information of significant transactions for the nine months ended September 30, 2024 are as follows:

#### (1) Significant transactions information

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

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of September 30, 2024:

Company Name	Derivative	Contract Amount		Maturity Date	Book Value	Fair Value
	Instruments	(in thousands)				
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD	332,490	2024/10/9~ 2025/2/7	(\$ 142,099)	(\$ 142,099)
Hotai Finance Co., Ltd.	Cross currency swaps	JPY	51,200,000	2024/11/5~ 2026/2/12	236,303	236,303
Hotai Finance Co., Ltd.	Cross currency swaps	USD	102,000	2024/11/12~ 2026/3/27	( 17,573)	( 17,573)
Hoyun International Leasing Co.. Ltd.	Cross currency swaps	USD	31,250	2025/1/10~ 2025/1/13	92,604	92,604
Hoyun International Leasing Co.. Ltd.	Cross currency swaps	JPY	8,828,000	2025/9/12~ 2027/3/10	( 10,089)	( 10,089)
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Cross currency swaps	USD	4,800	2024/10/18	10,263	10,263

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

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

(4) Major shareholders information

Major shareholders information: Please refer to table 12.



#### 14. Segment Information

##### (1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Company considers the business from an operating perspective, and the reportable operating segments are as follows:

- A. Distributor of Toyota and Hino products segments: distributor for sale of Toyota and Hino vehicles, parts and other products to dealers. This segment refers to Hotai Motor Co., Ltd. As of September 30, 2024, the Company's self-owned capital ratio was 74%.
- B. Installment trading segments: trading various vehicles in installments.
- C. Leasing segments: leasing of various vehicles in installments.
- D. Property insurance segments: engaging in various property insurance.
- E. Overseas sales agent segment: Sales agent in the mainland Chinese market.
- F. Other segments: business activities and operating segments not included above.

##### (2) Measurement of segment information

- A. The accounting policies of operating segments are consistent with the summary of material accounting policies summarized in Note 4 of the consolidated financial statements for the year ended December 31, 2023.
- B. The pre-tax net income is used to measure the Company's operating segment profit (loss) and performance of the operating segments.

##### (3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Nine months ended September 30, 2024			
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 116,806,312	\$ 15,898,287	\$ 26,044,730	\$ 7,490,393
Inter-segment revenue (Note)	12,427,914	487,855	804,761	607,057
Total segment revenue	<u>\$ 129,234,226</u>	<u>\$ 16,386,142</u>	<u>\$ 26,849,491</u>	<u>\$ 8,097,450</u>
Segment income (loss) (Note)	<u>\$ 16,662,205</u>	<u>\$ 3,342,140</u>	<u>\$ 1,567,562</u>	<u>\$ 1,797,121</u>
Segment assets	<u>\$ 97,011,998</u>	<u>\$ 281,068,991</u>	<u>\$ 106,289,335</u>	<u>\$ 27,822,467</u>

Nine months ended September 30, 2024

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 13,933,701	\$ 31,445,201	\$ -	\$ 211,618,624
Inter-segment revenue (Note)	915,884	8,374,935	( 23,618,406)	-
Total segment revenue	<u>\$ 14,849,585</u>	<u>\$ 39,820,136</u>	<u>(\$ 23,618,406)</u>	<u>\$ 211,618,624</u>
Segment income (loss) (Note)	<u>(\$ 393,905)</u>	<u>\$ 5,944,679</u>	<u>(\$ 7,418,938)</u>	<u>\$ 21,500,864</u>
Segment assets	<u>\$ 20,738,105</u>	<u>\$ 85,877,048</u>	<u>(\$ 111,688,180)</u>	<u>\$ 507,119,764</u>

Nine months ended September 30, 2023

Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 117,984,345	\$ 14,204,023	\$ 23,287,545	\$ 8,741,939
Inter-segment revenue (Note)	13,136,325	466,688	945,254	554,672
Total segment revenue	<u>\$ 131,120,670</u>	<u>\$ 14,670,711</u>	<u>\$ 24,232,799</u>	<u>\$ 9,296,611</u>
Segment income (loss) (Note)	<u>\$ 18,092,935</u>	<u>\$ 3,648,674</u>	<u>\$ 2,003,650</u>	<u>\$ 3,341,693</u>
Segment assets	<u>\$ 90,596,087</u>	<u>\$ 264,511,286</u>	<u>\$ 88,525,426</u>	<u>\$ 27,620,456</u>

Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 14,050,188	\$ 31,757,069	\$ -	\$ 210,025,109
Inter-segment revenue (Note)	1,417,190	8,367,468	( 24,887,597)	-
Total segment revenue	<u>\$ 15,467,378</u>	<u>\$ 40,124,537</u>	<u>(\$ 24,887,597)</u>	<u>\$ 210,025,109</u>
Segment income (loss) (Note)	<u>\$ 933,283</u>	<u>\$ 6,209,858</u>	<u>(\$ 11,133,643)</u>	<u>\$ 23,096,450</u>
Segment assets	<u>\$ 22,003,977</u>	<u>\$ 74,601,418</u>	<u>(\$ 102,355,252)</u>	<u>\$ 465,503,398</u>

Note: Inter-segment revenue is revenue from goods sold and services rendered between segments. Sales and transfers between consolidated entities are deemed as transactions with third parties and are measured at present market price.

(4) Reconciliation for segment income (loss)

- A. The Company's Chief Operating Decision-Maker assesses performance of operating segments and allocates resources based on pre-tax net income, thus, reconciliation is not needed.
- B. The total assets reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the Company's financial statements.

Table 1

Hotai Motor Co., Ltd.																		
Loans to others																		
Nine months ended September 30, 2024																		
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)																		
Table 1																		
Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote	
													Item	Value				
1	Shanghai Heling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$ 553,794	\$ 541,419	\$ -	2.15%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 865,103	\$ 1,730,206	Note 1	
2	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	227,307	225,591	-	2.15%	Short-term financing	-	Operations	-	None	-	359,126	718,252	Note 1	
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	110,759	103,772	-	2.15%	Short-term financing	-	Operations	-	None	-	139,718	279,436	Note 1	
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	318,230	315,828	90,101	2.15%	Short-term financing	-	Operations	-	None	-	578,058	1,156,116	Note 1	
5	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	454,615	451,182	170,773	2.15%	Short-term financing	-	Operations	-	None	-	1,023,748	2,047,496	Note 1	
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	9,092	9,024	-	2.15%	Short-term financing	-	Operations	-	None	-	12,349	24,698	Note 1	
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	25,004	24,815	21,521	2.15%	Short-term financing	-	Operations	-	None	-	31,343	62,686	Note 1	
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	159,115	157,914	-	2.15%	Short-term financing	-	Operations	-	None	-	285,968	571,936	Note 1	
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	227,307	225,591	89,876	2.15%	Short-term financing	-	Operations	-	None	-	339,808	679,616	Note 1	
10	Shanghai Hotai Toyota Forklift Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	159,115	157,914	96,237	2.15%	Short-term financing	-	Operations	-	None	-	211,350	422,700	Note 1	
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	310,125	270,709	-	2.15%	Short-term financing	-	Operations	-	None	-	389,900	779,800	Note 1	
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	318,230	315,828	130,302	2.15%	Short-term financing	-	Operations	-	None	-	444,343	888,686	Note 1	
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	243,669	157,914	77,062	2.15%	Short-term financing	-	Operations	-	None	-	301,390	602,780	Note 1	
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	100,015	99,260	59,691	2.15%	Short-term financing	-	Operations	-	None	-	134,230	268,460	Note 1	
15	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	265,821	239,127	124,391	2.15%	Short-term financing	-	Operations	-	None	-	305,859	611,718	Note 1	
16	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	310,125	293,269	47,103	2.15%	Short-term financing	-	Operations	-	None	-	380,119	760,238	Note 1	
17	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	155,062	135,355	-	2.15%	Short-term financing	-	Operations	-	None	-	261,035	522,070	Note 1	
18	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	Other receivables	Y	36,369	36,095	36,095	2.15%	Short-term financing	-	Operations	-	None	-	51,090	102,180	Note 1	
19	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,277	27,071	9,024	2.15%	Short-term financing	-	Operations	-	None	-	35,436	70,872	Note 1	
20	Tianjin Ho-Yu Toyota Motor Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	22,152	20,303	-	2.15%	Short-term financing	-	Operations	-	None	-	40,849	81,697	Note 3	
21	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,277	27,071	27,071	2.15%	Short-term financing	-	Operations	-	None	-	54,392	108,783	Note 3	
22	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Other receivables	Y	659,191	654,215	519,762	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Other receivables	Y	181,846	180,473	54,999	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Other receivables	Y	272,769	270,709	208,542	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	272,769	270,709	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Other receivables	Y	45,461	45,118	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Other receivables	Y	9,092	9,024	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	
22	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Other receivables	Y	13,638	13,535	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2	

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
								Item					Value				
22	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Other receivables	Y	\$ 181,846	\$ 180,473	\$ 130,933	2.45%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 9,303,416	\$ 18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Other receivables	Y	181,846	180,473	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd.	Other receivables	Y	136,384	135,355	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	272,769	270,709	62,895	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	227,307	225,591	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Other receivables	Y	136,384	135,355	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Other receivables	Y	181,846	180,473	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Other receivables	Y	664,553	360,946	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	272,769	270,709	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	227,307	225,591	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Other receivables	Y	159,115	157,914	33,839	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	Other receivables	Y	45,461	45,118	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Other receivables	Y	45,461	45,118	-	2.45%	Short-term financing	-	Operations	-	None	-	9,303,416	18,606,832	Note 2
22	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	Other receivables	Y	159,115	157,914	80,491	2.45%	Short-term financing	-	Operations	-	None	-	1,860,683	3,721,366	Note 4
22	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	Other receivables	Y	136,384	135,355	101,832	2.45%	Short-term financing	-	Operations	-	None	-	1,860,683	3,721,366	Note 4
22	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Other receivables	Y	136,384	135,355	-	2.45%	Short-term financing	-	Operations	-	None	-	1,860,683	3,721,366	Note 4
22	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co., Ltd.	Other receivables	Y	909,229	902,365	902,365	2.95%	Short-term financing	-	Operations	-	None	-	1,860,683	3,721,366	Note 4
22	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Other receivables	Y	136,384	135,355	135,355	2.95%	Short-term financing	-	Operations	-	None	-	1,860,683	3,721,366	Note 4
23	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	898,624	676,774	-	3.90%	Short-term financing	-	Operations	-	None	-	6,399,290	12,798,580	Note 5
23	Hoyun International Leasing Co. Ltd.	Homei International Trade (Suzhou) Co., Ltd.	Other receivables	Y	227,307	225,591	27,071	3.9%~4.1%	Short-term financing	-	Operations	-	None	-	6,399,290	12,798,580	Note 5
24	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co.,Ltd.	Other receivables	Y	40,000	40,000	10,000	1.85%~2.65%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
24	He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Other receivables	Y	30,000	30,000	-	1.85%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
24	He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Other receivables	Y	10,000	10,000	-	1.85%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
24	He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd	Other receivables	Y	45,000	45,000	-	1.85%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
24	He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	Other receivables	Y	20,000	20,000	-	1.85%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
24	He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Other receivables	Y	10,000	10,000	-	1.85%	Short-term financing	-	Operations	-	None	-	91,587	183,175	Note 6
25	He Jing Co., Ltd.	C	Accounts receivable	N	85,000	-	-	-%	Short-term financing	-	Operations	-	None	-	302,209	1,208,835	Note 7
25	He Jing Co., Ltd.	D	Accounts receivable	N	140,000	70,000	67,236	6%~10%	Short-term financing	-	Operations	928	Real estate	49,500	302,209	1,208,835	Note 7
25	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	30,000	27,829	5%~10%	Short-term financing	-	Operations	384	Stock	24,000	302,209	1,208,835	Note 7
25	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	30,000	-	5%~10%	Short-term financing	-	Operations	-	Stock	26,250	302,209	1,208,835	Note 7
25	He Jing Co., Ltd.	G	Accounts receivable	N	300,000	300,000	-	5%~10%	Short-term financing	-	Operations	-	Stock	438,000	302,209	1,208,835	Note 7
25	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	300,000	287,537	5%~10%	Short-term financing	-	Operations	3,968	Stock	438,000	302,209	1,208,835	Note 7
26	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	70,000	67,874	6%~10%	Short-term financing	-	Operations	299	Real estate	99,160	595,938	1,191,877	Note 8
26	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	15,000	8,286	4%~11%	Short-term financing	-	Operations	36	Guarantee	3,000	595,938	1,191,877	Note 8
26	Hotai Finance Development Co., Ltd.	C	Accounts receivable	N	400,000	400,000	-	5~10%	Short-term financing	-	Operations	-	Stock	584,000	595,938	1,191,877	Note 8

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
26	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	\$ 50,000	\$ 50,000	\$ -	5~10%	Short-term financing	-	Operations	-	Golf club membership card	\$ 42,600	\$ 595,938	\$ 1,191,877	Note 8

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

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

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

Note 4: The limit on total loans to the creditor (Hotong Motor Investment Co., Ltd.) and borrower (Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.,Nanjing HoZhan Motor Sales and Service Co., Ltd., Qingdao Heling Lexus Automobile Sales Service Co., Ltd., Hoyun International Leasing Co., Ltd., Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.) for operations short-term financing is prescribed in the Hotong Motor Investment Co., Ltd.’s “Procedures for Provision of Loans”; the limit on loans to others is 40% of the company’s net value and to a single entity is 20% of the company’s net value.

Note 5: For loans granted by ( Hoyun International Leasing Co., Ltd.) to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders’ equity and limit on loans granted to a single party is 100% of the total shareholders’equity.

Note 6: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed.

Note 7: For the short-term financing granted by the creditor (He Jin Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 40% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed.

Note 8: For the short-term financing granted by the creditor (Hotai Finance Development Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 40% of net worth and limit on loans granted to a single party is 20% of net worth as prescribed.

Hotai Motor Co., Ltd.

Provision of endorsements and guarantees to others

Nine months ended September 30, 2024

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

Table 2

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding balance during the nine months ended September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Note 4	\$ 21,652,585	\$ 2,000,000	\$ -	\$ -	\$ -	-	\$ 36,087,642	Y	N	N	Note 2
0	Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Note 4	21,652,585	600,000	600,000	600,000	-	0.83%	36,087,642	Y	N	N	Note 2
1	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	Note 4	36,986,157	2,195,464	-	-	-	-	36,986,157	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	Note 4	36,986,157	982,481	970,378	727,478	-	2.62%	36,986,157	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Note 4	36,986,157	3,000,000	3,000,000	1,654,676	-	8.11%	36,986,157	Y	N	N	Note 3
1	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Note 4	36,986,157	4,100,000	4,100,000	700,000	-	11.09%	36,986,157	Y	N	N	Note 3

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

1. The Company is ‘0’.

2. The subsidiaries are numbered in order starting from ‘1’.

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

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

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

Note 4: The Company owns directly or indirectly more than 50% of the voting shares.

Hotai Motor Co., Ltd.

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

Nine months ended September 30, 2024

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

Table 3

				As of September 30, 2024				
Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	Number of shares	Book Value	Ownership (%)	Fair value	Footnote
Hotai Motor Co., Ltd.	Listed stocks - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	21,745,299	\$ 854,590	0.15%	\$ 854,590	
	Listed stocks - Toyota Motor Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,956,000	9,018,295	0.10%	9,018,295	
	Listed stocks - Shihlin Electric & Engineering Corporation Etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	483,256	0.00%~0.42%	483,256	
	Unlisted stocks - Taian Insurance Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	667,443	0.42%~10.00%	667,443	
	Corporate bonds - Nan Shan Life Insurance Perpetual Subordinated Bonds	None	Financial assets at fair value through profit or loss - non-current	-	500,000	-	500,000	
	Listed stocks - Toyota Motor Corporation	-	Financial assets at fair value through profit or loss - current	1,781,500	1,006,900	0.01%	1,006,900	
Hozan Investment Co., Ltd.	Unlisted stocks - Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,553	0.50%	4,553	
	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	47,963,633	548,344	-	548,344	
Carmax Co., Ltd.	Unlisted stocks - Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,751	0.06%~0.50%	4,751	
Ho Tai Development Co., Ltd.	Listed stocks - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	2,122	-	2,122	
	Unlisted stocks - Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,751	0.06%~0.50%	4,751	
	Financial instruments - PSC DSU 100% Principal Guaranteed (TWD)	Not applicable	Financial assets at fair value through profit or loss - current	-	1,002,024	-	1,002,024	
Ho Tai Service & Marketing Co., Ltd	Beneficiary certificates - BOT Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	1,853,787	23,027	-	23,027	
Hotai Finance Co., Ltd.	Unlisted stocks - Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,553	0.50%	4,553	
He Jun Energy Co., Ltd.	Unlisted stocks - Perpetual New Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,200,000	31,540	8.00%	31,540	
Hotai Leasing Co., Ltd.	Unlisted stocks - Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,553	0.50%	4,553	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Unlisted stocks - YU-TU (BVI) Finance Investment Corporation	None	Financial assets at fair value through other comprehensive income - non-current	-	24,217	10.48%	24,217	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	18,882,417	202,822	-	202,882	
	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	18,015,334	234,784	-	234,784	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	929,671	9,986	-	9,986	
	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	6,468,880	84,306	-	84,306	
	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	458,630	5,243	-	5,243	
ChyuanAn Transport Co.,Ltd	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	2,225,036	25,438	-	25,438	
YuCheng Transport Co.,Ltd	Beneficiary certificates- CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	3,996,389	45,689	-	45,689	

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

Hotai Motor Co., Ltd.  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Nine months ended September 30, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at		Addition		Disposal			Balance as at		Footnote	
					January 1, 2024							September 30, 2024			
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Hotai Leasing Co., Ltd.	Unlisted stocks - Hoing Mobility Service Co., Ltd.	Investments accounted for using equity method	Hotai Finance Co., Ltd.	Associate	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	Note 2
Hotai Finance Co., Ltd.	Unlisted stocks - Hoing Mobility Service Co., Ltd.	Investments accounted for using equity method	Hotai Leasing Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-	-	Note 2
Hotai Finance Co., Ltd.	Unlisted stocks -Hotai Finance Development Co., Ltd.	Investments accounted for using equity method	Hotai Finance Development Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	Note 2
He Jun Energy Co., Ltd.	Unlisted stocks -Kai Lan Power Co., Ltd	Investments accounted for using equity method	Kai Lan Power Co., Ltd	Associate	-	-	-	-	-	-	-	-	-	-	Note 2
Hozan Investment Co., Ltd.	Beneficiary certificates - CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	99,561,136	1,126,554	44,679,882	510,000	96,277,386	1,097,000	1,083,455	13,545	47,963,633	548,344	
Hozan Investment Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	45,879,413	487,515	-	-	45,879,413	489,630	485,000	4,630	-	-	
Ho Tai Development Co., Ltd.	Financial instruments - PSC DSU 100% Principle Guaranteed (TWD)	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	700,000	-	1,502,024	-	1,206,349	1,200,000	6,349	-	1,002,024	
Hotai Finance Co., Ltd.	Beneficiary certificates - CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	26,353,470	300,000	26,353,470	300,171	300,000	171	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,162,938	1,000,000	68,162,938	1,000,418	1,000,000	418	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	25,268,081	400,000	25,268,081	400,134	400,000	134	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	6,515,189	1,200,000	6,515,189	1,200,361	1,200,000	361	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	30,927,742	500,000	30,927,742	500,230	500,000	230	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	59,639,894	1,000,000	59,639,894	1,000,382	1,000,000	382	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	40,553,145	500,000	40,553,145	500,162	500,000	162	-	-	
Hotai Finance Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	35,617,356	500,000	35,617,356	500,146	500,000	146	-	-	
He Jing Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,020,971	1,000,000	68,020,971	1,000,463	1,000,000	463	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	222,156,205	3,120,000	222,156,205	3,121,936	3,120,000	1,936	-	-	
Hotai Finance Development Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	888,375,397	14,377,000	888,375,397	14,381,585	14,377,000	4,585	-	-	

Note : Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.  
Note 2: Please refer to Note 10 for details.



Hotai Motor Co., Ltd.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

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

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Hotai Finance Co., Ltd.	5th floor, Units ABC and 6th floor, Units ABCD in Land Lot No. 28~30, 34~39, Zhongxing section, Sanchong Dist., New Taipei City	2023.5.4	\$ 922,360	\$ 184,440	Kuo Yang Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Valuations by professional appraisers (Note 1 and Note2)	Future operation demand	None

Note 1: Based on the appraisal report and market conditions provided by Bond Real Estate Appraisal Firm (appraised value of \$926,388) and Chinese Credit Real Estate Appraisal Firm (appraised value of \$940,904).

Note 2: In May, 2023, Hotai Finance Co., Ltd. signed a real estate purchase and sale agreement with a non-related party for the purchase of land and buildings in the Zhongxing section, Sanchong District, New Taipei City.

As the ownership has not been transferred yet, it is recorded under "Other Non-current Assets - Others".

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

Hotai Motor Co., Ltd.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

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

Table 6

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Disposal amount (Note 3)	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the counterparty	Reason for disposal	Basis or reference used in setting the price	Other commitments
Hotai Development Co., Ltd.	9~12F., No. 143, Fuxing N. Rd., Songshan Dist., Taipei City	2024.1.8	1989.12.30	\$ 278,380	\$ 685,000	Completed	\$ 406,620	Ho An Insurance Agency Co., Ltd.	Related party	Operational development demand	Valuations by professional appraisers (Note 1)	None
Hotai Finance Co., Ltd.	No. 737, Minzu 1st Rd., Zuoying Dist., Kaohsiung City	2024.3.12	2008.12.18	218,073	706,000	Completed	476,311 (Note4)	Kau Du Automobile Co., Ltd.	Related party	Future operation demand	Valuations by professional appraisers (Note 2)	None

Note 1: Based on the appraisal report and market conditions provided by Rui Pu International Real Estate Appraisal Firm (appraised value of \$715,000).

Note 2: Based on the appraisal report and market conditions provided by V-Land International Appraisers Joint Firm (appraised value of \$704,500).

Note 3: Transaction amount is the total contract price.

Note 4: The gain or loss on disposal is calculated by deducting the book value from the transaction amount, and deducting land value increment tax and other necessary transaction costs totaling \$11,616 thousand.

Note 5: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Hotai Motor Co., Ltd.  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Nine months ended September 30, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Hotai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	\$ 39,232,452	37%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 3,488,095)	49%		
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	37,875,452	36%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Major supplier of domestic cars, so it is not applicable.	Normal	( 628,704)	9%		
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	23,655,997	20%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	313,005	13%		
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Sales	21,845,277	18%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	293,846	12%		
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Sales	17,319,249	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	250,928	10%		
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Sales	16,641,631	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	170,683	7%		
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Sales	16,177,558	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	145,824	6%		
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Sales	14,379,745	12%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	223,306	9%		
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Sales	3,225,027	3%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	The imported large vehicles and parts are sold to the company, so it is not applicable.	Normal	803,921	33%		
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	2,416,292	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	32,371	1%		
Hotai Motor Co., Ltd.	Toyota Motor Asia (Singapore) Pte., Ltd.	Entity controlled by the Company's key management	Purchases	2,401,576	2%	Pays its accounts 15 days after the end of each month	Major supplier of parts, so it is not applicable.	Normal	( 262,491)	4%		
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	Sales	2,175,438	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	48,668	2%		
Hotai Motor Co., Ltd.	Toyota-Motor-Sales-USA	Entity controlled by the Company's key management	Purchases	1,520,600	1%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	-	-		
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Sales	969,264	1%	Collection at sight	Normal	Normal	101,223	4%		
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	897,208	1%	Pays its accounts 16 days after the end of each month	Major supplier of vechicle tires, so it is not applicable.	Normal	( 102,371)	1%		
Hotai Motor Co., Ltd.	Hino Motors, Ltd.	Entity controlled by the Company's key management	Purchases	286,058	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	( 20,306)	-		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	Sales	\$ 114,932	-	Pays its accounts 16 days after the end of each month	Normal	Normal	\$ 14,307	1%	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	698,420	90%	Payment in advance	Normal	Normal	-	-	
Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Associates	Sales	111,386	11%	Collects its accounts 30 days after the end of each month	Normal	Normal	8,956	43%	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Associates	Sales	135,237	9%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	106,631	6%	Payment in advance	Normal	Normal	-	-	
Shanghai Heling Lexus Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,341,659	88%	Payment in advance	Normal	Normal	-	-	
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	644,574	81%	Payment in advance	Normal	Normal	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,066,782	98%	Payment in advance	Normal	Normal	-	-	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	756,865	93%	Payment in advance	Normal	Normal	-	-	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,114,818	86%	Payment in advance	Normal	Normal	-	-	
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	624,947	81%	Payment in advance	Normal	Normal	-	-	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	8,378,741	69%	Pays its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Major supplier of domestic cars, so it is not applicable.	Not applicable	( 245,213)	20%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	102,095	1%	Collects its accounts on the next Monday and Wednesday after the end of each week	Normal	Normal	2,749	-	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	347,299	3%	Collection at sight	Normal	Normal	60,405	3%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	Purchases	297,972	56%	Pays its accounts 15 days after the end of each month	Major supplier of large vehicles and parts, so it is not applicable.	Not applicable	( 22,732)	8%	
Eastern Motor Co., Ltd	Hotai Leasing Co., Ltd.	Associates	Sales	289,691	12%	Collects its accounts 30 days after the end of each month	Normal	Normal	35,072	29%	
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Sales	1,690,392	26%	Collects its accounts 30 days after the end of each month	Normal	Normal	159,567	17%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Sales	1,032,251	16%	Collects its accounts 40 days after the end of each month	Normal	Normal	179,154	19%	
Carmax Co., Ltd.	AIM Technology Corp.	Associates	Purchases	873,746	19%	Pays its accounts 21 days after the end of each month	Normal	Normal	( 86,426)	13%	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases(sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Carmax Co., Ltd.	Wang Fu Co., Ltd.	Associates	Sales	\$ 112,696	2%	Collects its accounts 35 days after next monthly billings	Normal	Normal	\$ 24,356	3%	
Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	304,201	65%	Collects its accounts 30 days after the end of each month	Normal	Normal	67,096	75%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	617,597	87%	Collects its accounts 10 days after the end of each month	Normal	Normal	82,345	71%	
Hotai Leasing Co., Ltd.	Hoing Mobility Service Corporation	Subsidiary	Sales	201,448	3%	Collection at sight	Normal	Normal	27,013	1%	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	303,159	97%	Collects its accounts 26 days after next monthly billings	Normal	Normal	41,461	98%	
Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	109,373	99%	Collects its accounts 26 days after next monthly billings	Normal	Normal	8,769	99%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Associates	Sales	175,609	39%	Collects its accounts 180 days after the end of each month	Normal	Normal	57,436	16%	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Purchases	3,247,758	20%	Payment at sight	Normal	Normal	( 132,310)	36%	
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Purchases	1,620,090	10%	Payment at sight	Normal	Normal	( 43,597)	12%	
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	Purchases	1,198,355	7%	Payment at sight	Normal	Normal	-	-	
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Purchases	1,031,767	6%	Payment at sight	Normal	Normal	( 2,530)	1%	
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Purchases	858,182	5%	Payment at sight	Normal	Normal	( 9,245)	3%	
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Purchases	413,747	3%	Payment at sight	Normal	Normal	-	-	
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Purchases	125,475	1%	Payment at sight	Normal	Normal	-	-	
Hoing Mobility Service Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Purchases	249,671	25%	Payment at sight	Normal	Normal	-	-	

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

Hotai Motor Co., Ltd.  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
September 30, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Accounts receivable	\$ 145,824	99.11	\$ -	—	\$ 145,824	\$ -
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Accounts receivable	223,306	58.09	-	—	223,306	-
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable	250,928	63.58	-	—	250,928	-
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Accounts receivable	293,846	62.77	-	—	293,846	-
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Accounts receivable	170,683	70.61	-	—	170,683	-
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable	313,005	63.66	-	—	313,005	-
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable	803,921	8.72	-	—	803,921	-
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Accounts receivable	101,223	18.95	-	—	101,223	-
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Accounts receivable	179,154	5.44	-	—	179,154	-
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Accounts receivable	159,567	7.13	-	—	159,567	-
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Associates	Accounts receivable	57,436	2.05	-	—	57,436	-

Hotai Motor Co., Ltd.  
Significant inter-company transactions during the reporting periods  
Nine months ended September 30, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Sales revenue	\$ 3,225,027	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	2%
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	1,262,605	Closes its accounts 16 days after the end of following two months	1%
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	803,921	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,175,438	"	1%
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	159,310	Pays its accounts 30 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	114,932	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	969,264	"	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	101,223	"	-
1	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	130,302	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	3	Other receivables	208,542	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	519,762	"	-
1	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	124,391	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	3	Other payables	170,773	"	-
1	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	3	Other receivables	130,933	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	3	Other receivables	101,832	"	-
1	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co. Ltd.	3	Other receivables	902,365	"	-
2	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	111,386	"	-
3	Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	135,237	Collection in advance	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	Transaction terms	
4	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	\$ 347,299	Collection at sight	-
5	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Sales revenue	1,690,392	Collects its accounts 30 days after the end of each month	1%
5	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	186,347	"	-
6	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	304,201	"	-
7	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	617,597	Collects its accounts 10 days after the end of each month	-
8	Hotai Leasing Co., Ltd.	Hoing Mobility Service Corporation	3	Sales revenue	201,448	Collection at sight	-
9	Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	196,635	Collects its accounts after next monthly billings	-
10	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Service revenue	198,373	Collects its accounts 60 days after the end of each month	-
11	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	303,159	Collects its accounts 26 days after next monthly billings	-
12	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	109,373	"	-
13	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	3	Sales revenue	175,609	Collects its accounts 180 days after the end of each month	-

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

(1.)The parent company is numbered "0".

(2.)The subsidiaries are numbered starting from "1".

Note 2 : The relationships among the transaction parties are as follows, just indicate the type. (If it is the same transaction between the parent company and its subsidiaries or among the subsidiaries, it is not necessary to disclose it repeatedly. For instance: a transaction the parent company to a subsidiary, if the parent company has disclosed it, then the subsidiary does not need to disclose it again; a transaction between subsidiaries, if one subsidiary has disclosed it, then the other subsidiary does not need to disclose it again):

(1.)The parent company to the subsidiary.

(2.)The subsidiary to the parent company.

(3.)The subsidiary to another subsidiary.

Note 3 : Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.



Hotai Motor Co., Ltd.

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

Nine months ended September 30, 2024

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

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognized by the Company for the nine months ended September 30, 2024		Footnote
				Balance at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value				
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	\$ 3,446,601	\$ 3,446,601	108,897,360	100.00	\$ 9,113,109	(\$ 231,985)	(\$ 231,985)		Subsidiary
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	3,850,409	371,801	371,801		Subsidiary
Hotai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	Taiwan	Sales of vehicles and parts for industry use	50,000	50,000	94,602,868	100.00	1,290,882	123,682	123,682		Subsidiary
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	49,889,053	100.00	554,369	18,937	18,937		Subsidiary
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Taiwan	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,905,826	1,116,781	569,558		Subsidiary
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	35,802	13,240	2,648		Subsidiary
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	12,004,622	12,004,622	254,032	100.00	18,956,905	2,108,087	2,108,087		Subsidiary
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	180,000	180,000	18,000,000	18.00	165,312	2,528	455		Subsidiary
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Taiwan	Property and casualty insurance services	26,000,000	26,000,000	155,867,346	77.93	4,606,034	1,486,536	1,158,545		Subsidiary
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	615,342	615,342	79,100,000	70.00	737,324	61,281	42,897		Subsidiary
Hotai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	Taiwan	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	4,173,663	953,903	452,919		Subsidiary
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	500,000	500,000	50,000,000	50.00	537,257	32,506	16,253		Subsidiary
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Taiwan	Sales of vehicle bodies	37,010	37,010	4,000,000	100.00	57,837	16,033	16,033		Subsidiary
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	1,010,667	1,010,667	17,553,761	20.18	1,646,824	744,053	150,150		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Taiwan	Import and export of all kinds of tires and inner tubes	3,000	3,000	3,000	25.00	115,680	87,594	21,898		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	186,851	186,851	14,806,073	23.67	1,324,993	630,400	149,216		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,445,594	513,934	178,900		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	Taiwan	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	8,088,682	4,347,062	1,306,648		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	Taiwan	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	126,913	10,772	2,277		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	256,000	256,000	2,000,000	20.00	311,835	57,190	10,926		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,956,691	704,116	137,318		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	1,235,931	1,235,931	22,161,150	20.00	1,517,806	466,603	88,668		Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	Taiwan	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	404,991	13,239	5,883		Investee company accounted for using the equity method

				Initial investment amount		Shares held as at September 30, 2024			Investment income (loss)		
Investor	Investee	Location	Main business activities	Balance at	Balance as at	Number of shares	Ownership	Book value	Net profit (loss) of	Investment income (loss)	Footnote
				September 30, 2024	December 31, 2023				the investee for the nine months ended September 30, 2024	recognized by the Company for the nine months ended September 30, 2024	
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	\$ 2,098,966	\$ 2,098,966	15,000,000	20.00	\$ 2,886,427	\$ 623,277	\$ 122,350	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	16,500	16,500	1,650,000	15.00	17,688	4,556	683	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	12,000	12,000	1,200,000	10.00	8,177	( 17,524)	( 1,752)	Investee company accounted for using the equity method
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	110,775	110,775	3,500,000	70.00	134,311	( 13,446)	-	Sub-subsi-diary
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	200,000	200,000	20,000,000	20.00	214,756	32,506	-	Subsidiary
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	Taiwan	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	7,888	1,805	-	Sub-subsi-diary
Eastern Motor Co., Ltd.	Daleon Auto Parts and Accessories Corporation	Taiwan	Wholesale and retail of vehicles parts and accessories	500	500	50,000	100.00	601	10	-	Sub-subsi-diary
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	5,650	5,650	565,000	0.50	5,650	61,281	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	( 18,979)	-	Sub-subsi-diary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	116,399	13,240	-	Subsidiary
Carmax Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	38,500	38,500	3,850,000	35.00	41,272	4,556	-	Investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Taiwan	Leasing of vehicles	181,907	181,907	127,150,159	66.04	3,906,528	805,400	-	Sub-subsi-diary
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,025	62,010	282,879,511	45.39	12,426,699	2,590,848	-	Sub-subsi-diary
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd	Taiwan	Property and casualty insurance services	11,331,887	11,331,887	44,108,996	22.05	1,303,451	1,486,536	-	Subsidiary
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	Taiwan	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	423,359	20,910	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	77	77	2,000	-	137	513,934	-	Investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	Taiwan	General investment	298,864	298,864	20,470,156	40.00	351,600	130,580	-	Subsidiary's investee company accounted for using the equity method
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	413,849	-	35,810,824	50.82	288,197	( 159,799)	-	Sub-subsi-diary
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,253,340	1,253,340	39,600,000	49.50	3,167,424	487,883	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	-	310,000	-	-	-	( 159,799)	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Taiwan	Installment trading of various vehicles	2,430,000	2,430,000	244,610,118	81.00	2,525,770	96,147	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar power business	800,000	800,000	80,000,000	80.00	733,849	2,528	-	Subsidiary
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Taiwan	Installment trading of various equipments	3,000,000	-	300,000,000	100.00	2,963,935	( 36,065)	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,278,660	1,278,660	40,400,000	50.50	3,232,269	487,883	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	73,951	( 18,979)	-	Sub-subsi-diary
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Cambodia	Leasing of vehicles	538,050	538,050	5,600,000	35.00	556,013	30,401	-	Sub-subsi-diary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Taiwan	Energy storage business	22,000	22,000	2,200,000	100.00	15,859	( 5,109)	-	Sub-subsi-diary
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar power business	32,781	32,781	3,200,000	96.97	33,126	953	-	Sub-subsi-diary

				Initial investment amount		Shares held as at September 30, 2024			Investment income (loss)		
Investor	Investee	Location	Main business activities	Balance at	Balance as at	Number of shares	Ownership	Book value	Net profit (loss) of	Investment income (loss)	Footnote
				September 30, 2024	December 31, 2023				the investee for the nine months ended September 30, 2024	recognized by the Company for the nine months ended September 30, 2024	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Taiwan	Solar power business	\$ 20,816	\$ 20,816	2,079,000	99.00	\$ 21,588	\$ 907	\$ -	Sub-subsidiary
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Taiwan	Solar power business	27,706	27,706	2,673,000	99.00	24,946	( 418)	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity sales related business	1,000	1,000	100,000	100.00	636	( 225)	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar power business	42,227	42,227	4,000,000	100.00	41,815	607	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Taiwan	Solar power business	88,685	88,685	9,200,000	100.00	93,827	2,783	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Solar power business	163,017	163,017	10,000,000	100.00	172,168	6,904	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Taiwan	Solar power business	474,783	474,783	5,000,000	100.00	477,992	19,528	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Taiwan	Solar power business	81,202	-	4,000,000	100.00	82,556	2,257	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Taiwan	Solar power business	162,766	-	94,011	100.00	167,220	8,370	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar power business	78,400	-	7,840,000	70.00	78,405	8	-	Sub-subsidiary
He Jun Energy Co., Ltd.	Zheng Ren Energy Co., Ltd.	Taiwan	Solar power business	154,980	86,730	15,498,000	35.00	137,162	( 9,723)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Taiwan	Energy storage business	410,000	410,000	41,000,000	20.00	402,220	( 14,935)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	36,000	36,000	3,600,000	30.00	24,530	( 17,524)	-	Investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Grinnodot Inc.	Taiwan	Solar power business	149,092	-	871,884	20.00	146,507	( 12,925)	-	Sub-subsidiary's investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Kai Lan Power Co., Ltd.	Taiwan	Energy storage business	360,000	-	36,000,000	40.00	356,451	( 20,138)	-	Sub-subsidiary's investee company accounted for using the equity method
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Taiwan	Solar power business	27,037	27,037	2,000,000	100.00	35,322	4,971	-	Sub-subsidiary
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	34,655,635	49.18	278,897	( 159,799)	-	Sub-subsidiary
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Taiwan	Tourism industry	10,000	10,000	1,600,000	100.00	22,300	5,536	-	Sub-subsidiary
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	180,000	180,000	18,000,000	41.10	108,857	( 18,979)	-	Sub-subsidiary
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taiwan	Taxi service	9,748	9,748	3,400,000	100.00	36,219	392	-	Sub-subsidiary
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taiwan	Taxi service	39,225	39,225	7,000,000	100.00	98,081	555	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	94,950	94,950	3,000,000	100.00	98,766	( 2,674)	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Taiwan	Repairing of air conditioning equipment and trading of their	100,000	100,000	27,190,239	100.00	891,323	92,596	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Taiwan	Trading of air conditioning equipment and their parts	50,000	50,000	5,000,000	100.00	106,229	7,342	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Taiwan	Freight forwarders	51,000	51,000	5,100,000	51.00	150,364	40,158	-	Sub-subsidiary
Ho Tai Development Co., Ltd.	Daikin Applied Systems (Taiwan) Co., Ltd.	Taiwan	Manufacturing and trading of conditioning equipment	61,047	-	6,104,700	34.00	61,047	-	-	Subsidiary accounted for using the equity method
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Taiwan	Freight forwarders	10,000	10,000	1,000,000	100.00	18,917	4,812	-	Sub-subsidiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Taiwan	Freight forwarders	25,000	25,000	2,500,000	100.00	75,300	37,159	-	Sub-subsidiary
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co.,Ltd.	Taiwan	Trading of buses	40,000	-	4,000,000	100.00	40,000	-	-	Sub-subsidiary

Hotai Motor Co., Ltd.

Information on investments in Mainland China-Basic information

Nine months ended September 30, 2024

Table 11

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

Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024														
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Maximum outstanding balance during the nine months ended September 30, 2024	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income (loss) of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2024	Book value of investment in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote	
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 4,052,624	Note(2)	\$ 677,627	\$ -	\$ 222,087	\$ 455,540	(\$ 218,124)	100.00	(\$ 218,124)	\$ 8,854,052	\$ 1,549,567	Note 2.3	
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	106,661	Note(2)	106,661	-	-	106,661	( 30,502)	100.00	( 30,502)	296,121	-	Note 2.3	
ChongQing Yudu Toyota Automobile Sales & Service Co., Ltd.	Sales and repairing of vehicles	135,355	Note(2)	11,631	-	-	11,631	-	10.48	-	11,631	-	Note 2.3	
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	94,950	Note(2)	31,650	-	-	31,650	-	40.00	-	-	-	Note 2.3	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	189,900	Note(2)	189,900	-	-	189,900	( 13,485)	100.00	( 13,485)	330,499	-	Note 2.3	
Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	94,950	Note(2)	94,950	-	-	94,950	16,167	100.00	16,167	147,905	-	Note 2.3	
Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	158,250	Note(2)	110,775	-	-	110,775	( 13,446)	70.00	( 9,412)	191,794	-	Note 2.3	
Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	110,775	Note(3)	83,081	-	-	83,081	( 81,367)	100.00	( 81,367)	671,750	-	Note 2.3	
ChongQing Yurun Toyota Automobile Service Co., Ltd.	Sales and repairing of vehicles	135,355	Note(2)	12,462	-	-	12,462	-	10.48	-	12,462	26,106	Note 2.3	
Shanghai Hotai Toyota Forklift Co., Ltd.	Sales of vehicles and parts for industry use	189,900	Note(2)	189,900	-	-	189,900	2,935	100.00	2,935	214,312	-	Note 2.3	
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	432,023	Note(2)	294,345	-	-	294,345	( 8,727)	100.00	( 8,727)	252,184	-	Note 2.3	
Zaozhung Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	45,118	Note(3)	-	-	-	-	621	100.00	621	51,719	-	Note 2.3	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	183,570	Note(2)	183,570	-	-	183,570	1,507	100.00	1,507	286,894	-	Note 2.3	
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Sales and repairing of vehicles	205,725	Note(2)	205,725	-	-	205,725	( 13,187)	100.00	( 13,187)	333,120	-	Note 2.3	
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,532,000	Note(2)	2,532,000	-	-	2,532,000	487,883	55.61	271,312	3,558,957	514,959	Note 2.1	
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	721,892	Note(3)	-	-	-	-	39,796	55.61	22,131	467,889	-	Note 2.3	
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	676,774	Note(3)	-	-	-	-	35,489	55.61	19,736	372,527	-	Note 2.3	
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of licence plate	451	Note(3)	-	-	-	-	( 10)	55.61	( 6)	3,665	-	Note 2.3	
Hangzhou Wangyou Network Technology Co., Ltd.	Leasing of licence plate	451	Note(3)	-	-	-	-	-	55.61	-	1,065	-	Note 2.3	

Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024													
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Maximum outstanding balance during the nine months ended September 30, 2024	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income (loss) of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2024	Book value of investment in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	\$ 135,806	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 2,758)	55.61	(\$ 1,534)	\$ 73,531	\$ -	Note 2.3
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	94,950	Note(2)	94,950	-	-	94,950	( 2,674)	45.01	( 1,204)	43,264	-	Note 2.3
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	379,800	Note(3)	-	-	-	-	1,392	100.00	1,392	427,536	-	Note 2.3
Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	309,511	Note(3)	-	-	-	-	1,734	100.00	1,734	302,621	-	Note 2.3
Tianjin Hexi District Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	90,236	Note (3)	-	-	-	-	-	100.00	-	90,236	-	Note 2.3
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	379,800	Note(3)	-	-	-	-	( 9,178)	35.00	( 3,212)	48,841	-	Note 2.3
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	42,095	Note(1)	42,095	-	-	42,095	40,842	51.00	20,829	230,174	-	Note 2.3
Guangzhou Gac Changho Autotech Corporation	Trading of vehicle products/accessories	101,069	Note(1)	45,481	-	-	45,481	63,256	22.95	14,517	48,245	253,818	Note 2.3
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	316,500	Note(3)	-	-	-	-	1,701	35.00	596	175,088	-	Note 2.3
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	474,750	Note(3)	-	-	-	-	1,454	35.00	509	228,573	-	Note 2.3
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	379,800	Note(3)	-	-	-	-	1,735	35.00	607	229,066	-	Note 2.3
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	443,100	Note(3)	-	-	-	-	( 26,086)	35.00	( 9,130)	19,473	-	Note 2.3
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,950	Note(3)	-	-	-	-	( 73)	100.00	( 45)	3,600	-	Note 2.3
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,512	Note(3)	-	-	-	-	250	100.00	250	12,603.00	-	Note 2.3
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	482,318	Note(3)	-	-	-	-	( 50,933)	100.00	( 54,096)	570,541	-	Note 2.3
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	1,037,720	Note(3)	-	-	-	-	4,883	100.00	4,883	1,028,700	-	Note 2.3
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service	13,535	Note(3)	-	-	-	-	4,500	100.00	4,500	35,907	-	Note 2.3
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	90,236	Note(3)	-	-	-	-	( 2,535)	100.00	( 2,535)	131,659	-	Note 2.3
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	45,118	Note(3)	-	-	-	-	( 34,566)	50.00	( 17,283)	( 37,961)	-	Note 2.3

Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024													
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Maximum outstanding balance during the nine months ended September 30, 2024	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income (loss) of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2024	Book value of investment in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	\$ 316,500	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 10,930)	100.00	(\$ 10,930)	\$ 274,884	\$ -	Note 2.3
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	332,325	Note(3)	-	-	-	-	( 8,865)	100.00	( 8,865)	323,748	-	Note 2.3
Tianjin Binhai Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	135,355	Note(3)	-	-	-	-	( 16,688)	35.00	( 5,841)	37,487	-	Note 2.3
Tianjin Yongda Communication Technology Co., Ltd.	Trading of vehicle products / accessories and property management	265,205	Note(3)	-	-	-	-	519	35.00	( 3,329)	164,167	-	Note 2.3
Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	135,355	Note(3)	-	-	-	-	1,027	70.00	719	81,624	-	Note 2.3
Taiyuan Zhongdu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	136,095	Note(3)	-	-	-	-	( 36,489)	35.00	( 12,771)	25,139	-	Note 2.3
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	22,559	Note(3)	-	-	-	-	( 112)	100.00	( 10,200)	476,406	-	Note 2.3
Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	252,662	Note(3)	-	-	-	-	( 5,694)	70.00	( 14,634)	618,279	-	Note 2.3
Qingdao Heling Lexus Automoiile Sales Service Co., Ltd.	Sales and repairing of vehicles	315,828	Note(3)	-	-	-	-	( 38,408)	70.00	( 26,886)	172,408	-	Note 2.3
Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	767,010	Note(3)	-	-	-	-	7,597	100.00	7,597	792,533	-	Note 2.3
Hoyun International Leasing Co., Ltd.	Structured entities	-	Note (4)	-	-	-	-	-	-	-	-	-	
The first phase of small and micro asset-backed notes trust for supporting industrial upgrade in 2024													Note (4)

Note 1: The investmets are classified as follows:  
Note(1) Direct investment in Mainland China.  
Note(2) Investment in Mainland China companies through a company invested and established in a third region.  
Note(3) Others.  
Note(4) The trust that conforms to the definition of a structured entity is summarized in detail in Note 6(5).

Note 2:The amount of investment income (loss) recognized for the nine months ended September 30, 2024 is based on:  
(1) The financial statements were reviewed by R.O.C parent company's CPA.  
(2) The financial statements were reviewed by other independent auditors in PricewaterhouseCoopers, Taiwan.  
(3) Others

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Motor Co., Ltd.	\$ 2,087,130	\$ 5,489,938	\$ 64,460,509

Hotai Motor Co., Ltd.  
Major shareholders information  
September 30, 2024

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Ho Yu Investment Co., Ltd.	49,234,677	8.83%
Toyota Motor Corporation	45,294,234	8.13%
Li Gang Enterprise Co., Ltd.	41,380,740	7.42%
Jin Yuan Shan Investment Co., Ltd.	36,792,950	6.60%