

**HOTAI MOTOR CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2025 AND 2024**

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
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2025 AND 2024
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INDEPENDENT AUDITORS' REVIEW REPORT
(TRANSLATED FROM CHINESE)

PWCR25002183

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, 2025 and 2024, 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, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises 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\$88,720,475 thousand and NT\$112,296,889 thousand, constituting 17% and 22% of the consolidated total assets as at September 30, 2025 and 2024, respectively. Total liabilities

amounted to NT\$27,470,802 thousand and NT\$49,216,671 thousand, constituting 7% and 12% of the consolidated total liabilities as at September 30, 2025 and 2024, respectively. And the total comprehensive income amounted to NT\$1,593,547 thousand, NT\$1,762,492 thousand, NT\$4,479,220 thousand and NT\$5,139,724 thousand, constituting 19%, 50%, 32% and 25% 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, 2025 and 2024, 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.

Hsiao, Chun-Yuan

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2025

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, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 22,661,016	4	\$ 18,968,725	3	\$ 22,706,642	5
1120	Financial assets at fair value through profit or loss-current	6(2)	7,115,329	1	7,754,355	2	6,834,541	1
1145	Financial assets at amortized cost — current		385,378	-	-	-	-	-
1150	Derivative financial assets for hedging	6(4)	220,163	-	260,887	-	453,783	-
1190	Other financial assets-current	6(1) and 8	4,038,758	1	4,159,048	1	4,078,071	1
1195	Contract assets-current	6(28)	293,505	-	67,725	-	127,073	-
1201	Notes receivable	6(5), 7 and 8	19,620,471	4	17,125,715	3	17,053,284	3
1202	Accounts receivable	6(5), 7 and 8	277,379,849	54	283,638,544	55	282,335,714	56
1203	Other receivables	7	2,756,153	1	2,656,405	1	2,781,892	1
1270	Inventories	6(7)	18,148,048	4	19,891,943	4	15,747,531	3
1280	Prepayments	6(8)	6,982,756	1	8,412,375	2	8,760,332	2
1310	Reinsurance contract assets, net	6(9)	5,375,050	1	5,082,534	1	5,236,392	1
	Total current assets		<u>364,976,476</u>	<u>71</u>	<u>368,018,256</u>	<u>72</u>	<u>366,115,255</u>	<u>73</u>
Non-current assets								
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,002,728	-	1,006,453	-	975,677	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	12,548,066	2	13,107,751	3	11,603,921	2
1470	Investments accounted for using the equity method	6(10)	23,622,557	5	22,432,577	4	23,337,070	5
1480	Other financial assets-non-current	6(1) and 8	86,810	-	189,400	-	101,154	-
1500	Property, plant and equipment, net	6(11) and 8	75,368,790	15	72,195,375	14	70,968,482	14
1595	Right-of-use assets, net	6(12)	3,595,396	1	3,831,714	1	3,850,783	1
1600	Investment property, net	6(14)	1,923,210	-	1,966,246	-	1,976,231	-
1700	Intangible assets, net	6(15)	1,029,478	-	765,740	-	768,543	-
1800	Deferred income tax assets, net	6(33)	3,864,500	1	3,671,441	1	3,899,907	1
1900	Other assets	6(5)(9)(16)	23,988,790	5	23,374,619	5	23,522,741	4
	Total non-current assets		<u>147,030,325</u>	<u>29</u>	<u>142,541,316</u>	<u>28</u>	<u>141,004,509</u>	<u>27</u>
1XXX	Total Assets		<u>\$ 512,006,801</u>	<u>100</u>	<u>\$ 510,559,572</u>	<u>100</u>	<u>\$ 507,119,764</u>	<u>100</u>

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HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2025		December 31, 2024		September 30, 2024		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current Liabilities								
2110	Short-term loans	6(17)	\$ 116,390,572	23	\$ 134,152,135	26	\$ 139,321,427	27
2120	Short-term notes and bills payable	6(18)	164,085,627	33	139,501,975	27	135,535,464	27
2140	Financial liabilities at fair value through profit or loss-current	6(2)	4,800	-	-	-	142,099	-
2150	Derivative financial liabilities for hedging	6(4)	529,689	-	855,551	-	142,275	-
2165	Contract liabilities-current	6(28)	1,891,567	-	1,363,237	-	1,480,416	-
2201	Notes payable		933,673	-	1,377,202	-	1,705,418	-
2202	Accounts payable	7	13,075,725	3	12,985,248	4	10,333,373	3
2203	Accrued expenses	6(21) and 7	6,666,217	1	7,812,895	2	6,328,558	1
2204	Other payables	7	3,733,183	1	2,541,234	1	2,281,152	-
2250	Commissions payable	7	242,151	-	287,549	-	273,010	-
2260	Due to reinsurance and ceding companies		1,024,912	-	1,566,549	-	1,684,424	-
2270	Claims payable		31,754	-	23,528	-	33,773	-
2310	Current income tax liabilities		2,967,953	1	2,322,803	-	1,635,280	-
2320	Advance receipts		265,708	-	255,186	-	327,367	-
2330	Long-term liabilities-current portion	6(19)(20)	17,494,121	3	33,029,050	7	33,496,375	8
2335	Current lease liabilities	7	554,596	-	614,143	-	629,781	-
2350	Other current liabilities	6(9)(23)(24)	24,581,339	5	22,382,808	4	23,175,856	5
	Total current liabilities		<u>354,473,587</u>	<u>70</u>	<u>361,071,093</u>	<u>71</u>	<u>358,526,048</u>	<u>71</u>
Non-current liabilities								
2550	Long-term loans	6(20)	11,376,005	2	5,174,127	2	11,295,147	3
2600	Provisions	6(9)(23)	13,086,971	3	11,786,649	2	11,701,217	2
2620	Guarantee deposits received	6(24)	11,774,978	2	11,824,521	2	11,589,751	2
2625	Non-current lease liabilities	7	1,903,735	-	1,984,070	-	1,977,316	-
2630	Deferred income tax liabilities	6(33)	4,782,823	1	4,597,116	1	4,596,104	1
	Total non-current liabilities		<u>42,924,512</u>	<u>8</u>	<u>35,366,483</u>	<u>7</u>	<u>41,159,535</u>	<u>8</u>
2XXX	Total Liabilities		<u>397,398,099</u>	<u>78</u>	<u>396,437,576</u>	<u>78</u>	<u>399,685,583</u>	<u>79</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Common stock	6(25)	5,571,028	1	5,571,028	1	5,571,028	1
Capital surplus								
3200	Capital surplus	6(26)	2,919,138	1	2,871,305	1	2,870,244	1
Retained earnings								
3310	Legal reserve	6(27)	19,892,318	3	17,836,393	3	17,836,393	3
3320	Special reserve		381,843	-	381,843	-	381,843	-
3330	Unappropriated earnings		45,578,194	9	44,928,842	9	40,406,934	8
Other equity								
3400	Other equity interest		4,811,305	1	6,694,406	1	5,108,842	1
31XX	Total equity attributable to shareholders of the parent		<u>79,153,826</u>	<u>15</u>	<u>78,283,817</u>	<u>15</u>	<u>72,175,284</u>	<u>14</u>
32XX	Non-controlling interest		<u>35,454,876</u>	<u>7</u>	<u>35,838,179</u>	<u>7</u>	<u>35,258,897</u>	<u>7</u>
3XXX	Total equity		<u>114,608,702</u>	<u>22</u>	<u>114,121,996</u>	<u>22</u>	<u>107,434,181</u>	<u>21</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after balance sheet date	11						
	Total liabilities and equity		<u>\$ 512,006,801</u>	<u>100</u>	<u>\$ 510,559,572</u>	<u>100</u>	<u>\$ 507,119,764</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, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2025		2024		2025		2024		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Revenues										
4010	Interest income	6(3)(29)	\$ 5,194,606	7	\$ 5,779,704	9	\$ 16,077,135	8	\$ 17,521,292	8
4020	Premiums revenue	6(30)	2,676,943	4	2,306,209	3	7,493,864	4	6,208,562	3
4040	Reinsurance commission revenue		201,076	-	236,551	-	619,517	-	726,109	-
4050	Fee income		2,718	-	2,686	-	7,807	-	7,786	-
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)	617,956	1	649,390	1	2,042,185	1	2,202,847	1
4090	(Losses) gains on financial assets and liabilities at fair value through profit or loss	6(2)	1,406,028	2	(600,772)	(1)	178,622	-	622,870	-
4105	Realized gains on financial assets at fair value through other comprehensive income		99,962	-	86,495	-	388,808	-	327,274	-
4160	Net sales revenue	6(28)								
4161	Sales revenue		56,687,339	79	53,231,574	79	168,166,480	79	167,164,285	79
4162	Sales returns		(224,026)	-	(291,122)	-	(593,299)	-	(796,411)	-
4163	Sales discounts and allowances		(658,188)	(1)	(775,266)	(1)	(2,249,333)	(1)	(2,316,314)	(1)
4170	Rental revenue		4,873,484	6	4,779,504	7	15,499,237	7	14,871,634	8
4180	Service revenue	6(28) and 7	1,071,174	1	1,024,883	2	2,121,597	1	2,308,985	1
4210	(Losses) gains on disposals of property, plant and equipment		19,569	-	17,293	-	47,878	-	688,149	-
4230	Income from investment property	6(14)	38,891	-	36,307	-	136,761	-	364,709	-
4260	Foreign exchange gains		(246,781)	-	287,918	-	446,952	-	315,919	-
4270	Other income		565,357	1	532,232	1	1,464,562	1	1,415,915	1
4245	(Losses) gains on reclassification under the overlay approach	6(2)	(202,479)	-	154,127	-	114,211	(94,519)	-	-
4280	Unrealized profits from sales		(54,894)	-	49,582	(108,404)	(84,378)	-	-	-
4290	Realized profits from sales		-	-	-	-	82,160	-	69,323	-
	Total revenues		<u>72,068,735</u>	<u>100</u>	<u>67,507,295</u>	<u>100</u>	<u>211,936,740</u>	<u>100</u>	<u>211,524,037</u>	<u>100</u>
Expenses										
5010	Interest expenses		(1,833,223)	(3)	(1,876,694)	(3)	(5,450,861)	(3)	(5,247,435)	(2)
5030	Underwriting expenses		(156)	-	(107)	-	(401)	-	(328)	-
5040	Commission expenses	7	(791,644)	(1)	(969,625)	(1)	(2,642,999)	(1)	(3,604,447)	(2)
5050	Claims payment		(1,181,311)	(2)	(1,146,822)	(2)	(3,518,330)	(2)	(3,030,523)	(1)
5070	Net changes in other insurance liabilities	6(9)	(205,656)	-	(139,474)	-	(693,251)	-	(442,448)	-
5190	Cost of sales	6(7) and 7	(48,961,224)	(68)	(46,080,382)	(68)	(146,355,468)	(69)	(146,017,090)	(69)
5200	Cost of rental revenue		(4,054,318)	(6)	(4,057,508)	(7)	(12,427,030)	(6)	(11,950,337)	(6)
5210	Cost of services		(1,012,136)	(1)	(981,066)	(1)	(2,105,916)	(1)	(2,066,716)	(1)
5230	Operating expenses	6(31)(32) and 7								
5231	Selling expenses		(2,515,001)	(3)	(2,551,814)	(4)	(7,846,860)	(4)	(8,146,439)	(4)
5232	General and administrative expenses		(2,208,647)	(3)	(1,901,077)	(3)	(5,998,875)	(3)	(5,906,121)	(3)
5233	Research and development expenses		(103,512)	-	(116,499)	-	(266,021)	-	(188,280)	-
5286	Expected credit losses on investments		-	-	49	(37)	-	68	-	-
5287	Expected credit impairment losses of non-investment	12(2)	(1,205,150)	(2)	(1,504,475)	(2)	(3,863,237)	(1)	(3,995,762)	(2)
5240	Gain (loss) on disposal of investment		-	-	-	(6,880)	-	-	-	-

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HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2025		2024		2025		2024		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
5270	Expenses and losses from investment property	6(14)	(\$ 10,998)	-	(\$ 10,219)	-	(\$ 29,639)	-	(\$ 24,703)	-
5320	Other expenses		(119,949)	-	(110,365)	-	(317,588)	-	(287,508)	-
	Total expenses		(64,202,925)	(89)	(61,167,130)	(91)	(191,523,393)	(90)	(190,023,173)	(90)
6100	Income before income tax from continuing operations		7,865,810	11	6,340,165	9	20,413,347	10	21,500,864	10
6200	Income tax expense	6(33)	(1,474,359)	(2)	(1,211,767)	(1)	(4,097,968)	(2)	(2,649,275)	(1)
6500	Profit for the period		<u>\$ 6,391,451</u>	<u>9</u>	<u>\$ 5,128,398</u>	<u>8</u>	<u>\$ 16,315,379</u>	<u>8</u>	<u>\$ 18,851,589</u>	<u>9</u>
	Other comprehensive income (loss) for the period									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
6617	Loss (gain) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,265,728	2	(\$ 1,733,901)	(3)	(\$ 1,162,579)	(1)	\$ 348,358	-
6610	Total components of other comprehensive income (loss) that may not be reclassified to profit or loss		<u>1,265,728</u>	<u>2</u>	<u>(1,733,901)</u>	<u>(3)</u>	<u>(1,162,579)</u>	<u>(1)</u>	<u>348,358</u>	<u>-</u>
6650	Components of other comprehensive (loss) income that may be reclassified to profit or loss									
6651	Financial statement translation differences of foreign operations		710,623	1	220,268	-	(857,021)	-	871,703	1
6659	Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	5,494	-	9,596	-	14,274	-	(6,244)	-
6661	Gain (loss) on hedging instrument	6(4)	(77,926)	-	98,796	-	30,559	-	51,137	-
6675	Other comprehensive income (loss) reclassified by using overlay approach	6(2)	202,479	-	(154,127)	-	(114,211)	-	94,519	-
6665	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method components of other comprehensive income that may be reclassified to profit or loss		24,617	-	(4,863)	-	(38,806)	-	2,447	-
6689	Income tax related to components of other comprehensive (loss) income that may be reclassified to profit or loss	6(33)	23,072	-	(9,660)	-	(5,106)	-	1,854	-
	Total components of other comprehensive income that will be reclassified to profit or loss		<u>888,359</u>	<u>1</u>	<u>160,010</u>	<u>-</u>	<u>(970,311)</u>	<u>-</u>	<u>1,015,416</u>	<u>1</u>
6600	Other comprehensive (loss) income for the period-net		<u>\$ 2,154,087</u>	<u>3</u>	<u>(\$ 1,573,891)</u>	<u>(3)</u>	<u>(\$ 2,132,890)</u>	<u>(1)</u>	<u>\$ 1,363,774</u>	<u>1</u>
6700	Total comprehensive income for the period		<u>\$ 8,545,538</u>	<u>12</u>	<u>\$ 3,554,507</u>	<u>5</u>	<u>\$ 14,182,489</u>	<u>7</u>	<u>\$ 20,215,363</u>	<u>10</u>
	Profit attributable to:									
6810	Owners of parent		\$ 5,583,025	8	\$ 4,280,619	7	\$ 13,847,332	7	\$ 16,037,343	8
6820	Non-controlling interests		808,426	1	847,779	1	2,468,047	1	2,814,246	1
			<u>\$ 6,391,451</u>	<u>9</u>	<u>\$ 5,128,398</u>	<u>8</u>	<u>\$ 16,315,379</u>	<u>8</u>	<u>\$ 18,851,589</u>	<u>9</u>
	Comprehensive income attributable to:									
6910	Owners of parent		\$ 7,573,315	11	\$ 2,588,644	4	\$ 11,964,231	6	\$ 17,117,983	9
6920	Non-controlling interests		972,223	1	965,863	1	2,218,258	1	3,097,380	1
			<u>\$ 8,545,538</u>	<u>12</u>	<u>\$ 3,554,507</u>	<u>5</u>	<u>\$ 14,182,489</u>	<u>7</u>	<u>\$ 20,215,363</u>	<u>10</u>
	Basic earnings per share	6(34)	\$ 10.03		\$ 7.69		\$ 24.86		\$ 28.79	
	Diluted earnings per share	6(34)	\$ 10.01		\$ 7.69		\$ 24.84		\$ 28.77	

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, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
		Retained earnings					Other equity interest							
Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other comprehensive income (loss) reclassified by using overlay approach	Gain (loss) on hedging instruments	Total	Non-controlling interests	Total equity		
For the nine months ended September 30, 2024														
	Balance at January 1, 2024	\$ 5,571,028	\$ 2,897,372	\$ 15,553,282	\$ 381,843	\$ 37,794,757	(\$ 673,527)	\$ 4,378,007	\$ 333,556	(\$ 9,834)	\$ 66,226,484	\$ 34,211,863	\$ 100,438,347	
	Profit for the period	-	-	-	-	16,037,343	-	-	-	-	16,037,343	2,814,246	18,851,589	
	Other comprehensive income for the period	-	-	-	-	-	614,758	340,988	99,015	25,879	1,080,640	283,134	1,363,774	
	Total comprehensive income	-	-	-	-	16,037,343	614,758	340,988	99,015	25,879	17,117,983	3,097,380	20,215,363	
	Appropriation and distribution of retained earnings:													
	Legal reserve	-	-	2,283,111	-	(2,283,111)	-	-	-	-	-	-	-	
	Cash dividends	-	-	-	-	(11,142,055)	-	-	-	-	(11,142,055)	(2,109,834)	(13,251,889)	
	Changes in ownership interests in subsidiaries	-	(27,128)	-	-	-	-	-	-	-	(27,128)	25,888	(1,240)	
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	33,600	33,600	
	Balance at September 30, 2024	\$ 5,571,028	\$ 2,870,244	\$ 17,836,393	\$ 381,843	\$ 40,406,934	(\$ 58,769)	\$ 4,718,995	\$ 432,571	\$ 16,045	\$ 72,175,284	\$ 35,258,897	\$ 107,434,181	
For the nine months ended September 30, 2025														
	Balance at January 1, 2025	\$ 5,571,028	\$ 2,871,305	\$ 17,836,393	\$ 381,843	\$ 44,928,842	(\$ 83,342)	\$ 6,267,664	\$ 567,839	(\$ 57,755)	\$ 78,283,817	\$ 35,838,179	\$ 114,121,996	
	Profit for the period	-	-	-	-	13,847,332	-	-	-	-	13,847,332	2,468,047	16,315,379	
	Other comprehensive income (loss) for the period	-	-	-	-	-	(632,553)	(1,148,700)	(114,015)	12,167	(1,883,101)	(249,789)	(2,132,890)	
	Total comprehensive income (loss)	-	-	-	-	13,847,332	(632,553)	(1,148,700)	(114,015)	12,167	11,964,231	2,218,258	14,182,489	
	Appropriation and distribution of retained earnings:													
	Legal reserve	-	-	2,055,925	-	(2,055,925)	-	-	-	-	-	-	-	
	Cash dividends	-	-	-	-	(11,142,055)	-	-	-	-	(11,142,055)	(2,614,576)	(13,756,631)	
	Difference between consideration and carrying amount of subsidiaries disposed	-	47,833	-	-	-	-	-	-	-	47,833	30,559	78,392	
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(17,544)	(17,544)	
	Balance at September 30, 2025	\$ 5,571,028	\$ 2,919,138	\$ 19,892,318	\$ 381,843	\$ 45,578,194	(\$ 715,895)	\$ 5,118,964	\$ 453,824	(\$ 45,588)	\$ 79,153,826	\$ 35,454,876	\$ 114,608,702	

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, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Nine months ended September 30		
	Notes	2025	2024
Cash flows from operating activities			
Profit before tax		\$ 20,413,347	\$ 21,500,864
Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities			
Income and expense having no effect on cash flows			
Depreciation	6(11)(12)(14)(31)	10,911,964	10,229,173
Amortization	6(31)	130,189	108,183
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)		
Losses (reversal gains) on expected credit of investment		(178,622)	(622,870)
Expected credit impairment loss on non-investment		37	(68)
Profit or loss reclassified by applying overlay approach	6(2)	3,863,237	3,995,762
Impairment loss (reversal gain) of rental assets	6(11)	(114,211)	94,519
Provision for financial guarantee expense		6,091	(13,084)
Interest expense		19,002	18,603
Interest income	6(29)	5,450,861	5,247,435
Dividend income		(16,077,135)	(17,521,292)
Share of profit of associates accounted for using the equity method	6(10)	(388,808)	(327,274)
Net gain on disposal of property, plant and equipment		2,042,185	(2,202,847)
Net gains on disposals of investment property		(47,878)	(688,149)
Unrealized profit from sales		-	255,515
Realized profit from sales		108,404	84,378
Loss on disposal of investment		(82,160)	(69,323)
(Profit) loss on lease modification	6(12)	6,880	-
Exchange gain or loss		(161)	3
Exchange gain or loss		131,938	(110,660)
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		821,373	149,048
Contract assets		(225,780)	(20,418)
Notes and accounts receivable		(497,983)	(19,759,721)
Other receivables		(40,584)	(357,091)
Inventories		6,635,059	6,708,477
Prepayments		1,411,738	505,606
Reinsurance contract assets		(456,482)	(1,588,971)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		4,800	(265,628)
Contract liabilities		528,330	30,841
Notes and accounts payable		(450,315)	(2,993,410)
Accrued expenses		(1,158,393)	(1,415,678)
Other payables		1,191,949	19,710
Commission payable		(45,398)	12,084
Provisions		1,300,322	1,514,073
Due to reinsurance and ceding companies		(541,637)	116,678
Claims payable		8,226	421
Advance receipts		10,522	129,088
Other current liabilities		1,789,762	1,473,947
Other liabilities		-	(1,221)
Cash inflow generated from operations		32,396,299	3,725,673
Interest received		16,017,971	17,478,973
Cash dividends received		1,146,596	1,364,525
Interest paid		(5,430,343)	(5,118,135)
Income tax paid		(3,456,198)	(2,758,269)
Net cash flows from operating activities		40,674,325	14,692,767

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2025	2024
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 588,619)	(\$ 410,759)
Acquisition of financial assets at amortized cost		(385,378)	-
Acquisition of investments accounted for using the equity method		(14,000)	(638,839)
Net cash flow from acquisition of subsidiaries		-	(216,578)
Acquisition of property, plant and equipment	6(11)	(18,925,689)	(19,699,694)
Proceeds from disposal of property, plant and equipment		244,597	594,086
Proceeds from disposal of assets held for sale		-	685,000
Acquisition of investment properties	6(14)	-	(250)
Proceeds from disposal of investment property		-	372,585
Acquisition of intangible assets	6(15)	(371,994)	(56,339)
Proceeds from disposal of intangible assets		-	589
Decrease (increase) in other financial assets		222,843	(861,823)
Decrease in other assets		17,688	3,147,283
Net cash flows used in investing activities		(19,800,552)	(17,084,739)
Cash flows from financing activities			
(Decrease) increase in short-term loans	6(35)	(18,065,401)	37,120,274
Increase (decrease) in short-term notes and bills payable	6(35)	24,583,652	(12,580,625)
Proceeds from issuance of bonds	6(35)	3,000,000	-
Repayment of bonds	6(35)	(17,000,000)	-
Proceeds from long-term loans	6(35)	6,617,825	1,847,779
Repayments of long-term loans	6(35)	(1,950,876)	(13,182,760)
Increase in guarantee deposits received	6(35)	359,226	1,595,249
Cash dividends paid	6(27)(35)	(11,142,055)	(11,142,055)
Repayment of principal portion of lease liability	6(35)	(422,204)	(446,544)
Cash dividends paid from subsidiaries to non-controlling interests		(2,614,576)	(2,109,834)
Proceeds from disposal of ownership interests in subsidiaries (without losing control)		79,521	-
Change in non-controlling interests		(33,619)	33,600
Net cash flows (used in) from financing activities		(16,588,507)	1,135,084
Net effect of changes in foreign currency exchange rates		(592,975)	820,637
Net increase (decrease) in cash and cash equivalents		3,692,291	(436,251)
Cash and cash equivalents at beginning of period		18,968,725	23,142,893
Cash and cash equivalents at end of period		\$ 22,661,016	\$ 22,706,642

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, 2025 AND 2024

(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 authorized for issuance by the Board of Directors on November 12, 2025.

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[®]”) 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 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Financial Instruments-Classification and Measurement'	January 1, 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026

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' (the "IFRS 17") 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.

Impact description of implementing IFRS 17

IFRS 17 (including amendments), is scheduled to be officially implemented and effective from January 1, 2026. Subsidiary Hotai Insurance will comply with and apply the relevant provisions of IFRS 17, summarizing the impacts as follows:

The measurement principles for IFRS 17 generally require the use of the General Measurement Model. However, it is expected that most of Hotai Insurance's business will meet one of the following conditions, allowing the use of the simplified "Premium Allocation Approach":

(a) It is reasonably expected that the simplified measurement model's assessment of the liability for remaining coverage for the group will not significantly differ from the result under the General Measurement Model.

(b) The coverage period for each contract in the group is within one year.

The measurement of liabilities for remaining insurance coverage under the simplified Premium Allocation Approach involves initial recognition of premiums received, minus insurance acquisition costs, and then adding up the amounts recognized as insurance revenue by the financial reporting date. The measurement of incurred claims liabilities is the same as under the General Measurement Model. A comparison between IFRS 4's unearned premium reserves and claims reserves assessment and the results under IFRS 17 using the premium allocation approach indicates minimal differences. The main impacts arise from the discounting of reserves, more detailed onerous contract testing, and the inclusion of risk adjustments for non-financial risks.

As of the transition date assessment, over 95% of Hotai Insurance's insurance and reinsurance contracts apply the premium allocation approach.

IFRS 17 is expected to significantly change the presentation and disclosure in financial statements. In the statement of comprehensive income, financial performance should be separated into:

(a) Insurance service result, including insurance revenue and insurance service expenses (i.e., incurred claims and other incurred insurance service expenses);

(b) Insurance finance income or expenses;

(c) Separate reporting of income or expense for issued insurance contracts and reinsurance contracts held.

Compared to IFRS 4, IFRS 17 will no longer reflect the premiums underwritten during the year and the net change in unearned premiums. Instead, it will be expressed as "insurance revenue" corresponding to the insurance services provided during the financial reporting period. Additionally, IFRS 17 requires consideration of the impact of discount rates and allows the choice to account for changes in the locked-in discount rate at the time of insurance contract issuance and the current discount rate changes in profit or loss or other comprehensive income (OCI) to mitigate volatility caused by interest rate changes. As Hotai Insurance's business is predominantly short-term in nature, the impact of discount rate changes is not expected to be significant; thus, it chooses to account for insurance finance income or expenses in profit or loss, expecting no significant financial volatility.

In contrast to IFRS 4, on the balance sheet, other changes primarily involve no longer separately reporting receivables (and payables) related to insurance contracts (including reinsurance contracts) separately from insurance contract liabilities and reinsurance contract assets. Consequently, total assets and liabilities under IFRS 17 are expected to decrease.

Hotai Insurance anticipates that the implementation of IFRS 17 using the Premium Allocation Approach during the transition period will have key financial impacts on the opening balance, including deferral of insurance acquisition cash flows (i.e., increasing equity), discounting of claims reserves (i.e., increasing equity), and adjustments for non-financial risk impacts on claims reserves (i.e., decreasing equity). The offsetting effects of discounting and risk adjustments on claims reserves are expected to limit the actual impact at the transition date.

The transition date is defined as the start of the reporting period of the immediate prior year to the initial application date, thus for Hotai Insurance, the transition date is January 1, 2025. According to the standards, unless impracticable, the full retrospective approach should be applied to measure at the transition date under IFRS 17. If impractical, the modified retrospective approach or fair value approach should be used:

- (a) Modified Retrospective Approach: Achieving results as close as possible to those under a full retrospective approach without undue cost or effort.
- (b) Fair Value Approach: Determining the contractual service margin as the difference between the fair value of the insurance contract group as measured under IFRS 13 at the transition date and the liability for remaining coverage measured on that date.

Based on the fact that most insurance contract combinations and groups are short-term products and apply the Premium Allocation Approach, contracts with inception dates in 2024 and onwards adopt the full retrospective approach, while for contracts with inception dates before 2023, except for long-term fire insurance using the fair value approach, other lines will apply the modified retrospective approach.

During the transition period, Hotai Insurance is conducting conversion work according to the IFRS 17 new standard implementation plan, including establishing accounting policies, insurance contract data, and actuarial models to facilitate the preparation of the opening balance sheet and various financial reporting tasks. Nevertheless, the financial impact of its implementation remains uncertain. Hotai Insurance is currently unable to provide the impact amounts on shareholders' equity and the statement of comprehensive income as of January 1, 2026, based on the assessment outlined above for converting from IFRS 4 to IFRS 17.

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.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027

Note: The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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 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 2024. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. 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 Enterprises Engaging in Insurance and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. The consolidated financial report should be read in conjunction with the consolidated financial report for the fiscal year 2024.

(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, 2025 to September 30, 2025, the subsidiaries of the individual financial reports included in this consolidated financial statements, except for Hozan Investment Co., Ltd., Hotai Finance Co., Ltd., He Jing 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. 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.

B. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
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	

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
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.	Ho Tai 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	
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	

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
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 Sales & Service Co., Ltd..	Sales and repairing of vehicles	100.00	100.00	100.00	Note 7
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	Note 1, 12
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	52.38	Note 1, 5, 12
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	
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	Note 1, 12
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	65.52	66.04	66.04	Note 13
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

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
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 Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	50.82	50.82	50.82	Note 8
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	100.00	100.00	Note 3
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	99.00	
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar power	96.97	96.97	96.97	
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar power	99.00	99.00	99.00	
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar power	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar power	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar power	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar power	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Solar power	100.00	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Solar power	100.00	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Solar power	70.00	70.00	70.00	Note 6
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar power	100.00	100.00	100.00	
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	Note 10
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	-	100.00	100.00	Note 10

Investor	Investee	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	100.00	100.00	100.00	
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	
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	
Carmax Co., Ltd.	Carmax Racing International Co., Ltd.	Trading of vehicle products/accessories	100.00	-	-	Note 11
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 and 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	100.00	100.00	Note 9
Hoyun International Leasing Co., Ltd.	Hoyun International Leasing Co., Ltd. The first phase of small and micro asset-backed notes trust for supporting industrial upgrade in 2024	Structured entities	-	-	-	Note 14
Hoyun International Leasing Co., Ltd.	Hoyun International Leasing Co., Ltd. The first phase of Hoyun Tongying asset-backed notes trust in 2025	Structured entities	-	-	-	Note 15

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 January 2024.

Note 4: The subsidiary was acquired in March 2024.

Note 5: 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 6: The subsidiary was acquired in April 2024.

Note 7: The subsidiary was established in July 2024.

Note 8: In August 2024, the subsidiary, Hotai Finance Co., Ltd., sold 50.82% equity interests in Hoing Mobility Service Corporation to the subsidiary, Hotai Leasing Co., Ltd, for a transaction amount of \$413,849.

Note 9: The subsidiary was established in September 2024.

Note 10: The subsidiary was deregistered in February 2025.

Note 11: The subsidiary was established in April 2025.

Note 12: The subsidiary was deregistered in August 2025.

Note 13: The subsidiary Hozan Investment Co., Ltd. sold shares of Hoyun International Leasing Co., Ltd. on September 22, 2025, reducing its ownership stake to 65.52%.

Note 14: 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. The entity completed the relevant termination procedures in September 2025. Refer to Note 6(5) for details.

Note 15: This structured entity is a trust established in September 2025. The Group holds no direct or indirect equity interest in this entity; however, based on the substance of its relationship with the entity and an assessment of the associated risks and rewards, the Group is considered to have control over it and therefore includes it within 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, 2025, December 31, 2024 and September 30, 2024, the non-controlling interest amounted to \$35,454,876, \$35,838,179 and \$35,258,897, 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, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd. (Note)	Taiwan	\$ 24,784,716	54.610%	\$ 24,837,381	54.610%
Hotai Leasing Co., Ltd.	Taiwan	2,024,346	34.475%	2,145,902	33.958%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2024	
		Amount	Ownership (%)
Hotai Finance Co., Ltd. (Note)	Taiwan	\$ 24,635,140	54.610%
Hotai Leasing Co., Ltd.	Taiwan	1,998,114	33.958%

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

Summarised financial information of the subsidiaries:

Balance sheets

	Hotai Finance Co., Ltd.		
	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 296,517,485	\$ 302,835,328	\$ 303,780,202
Non-current assets	26,053,803	25,344,062	25,105,288
Current liabilities	(273,347,523)	(283,713,332)	(285,221,049)
Non-current liabilities	(7,746,783)	(2,799,475)	(2,699,423)
Total net assets	\$ 41,476,982	\$ 41,666,583	\$ 40,965,018

	Hotai Leasing Co., Ltd.		
	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 4,763,136	\$ 4,402,714	\$ 4,245,186
Non-current assets	56,980,526	54,706,524	54,433,932
Current liabilities	(36,412,752)	(34,961,919)	(34,766,293)
Non-current liabilities	(19,202,395)	(17,828,036)	(17,749,854)
Total net assets	\$ 6,128,515	\$ 6,319,283	\$ 6,162,971

Statements of comprehensive income

	<u>Hotai Finance Co., Ltd.</u>	
	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 5,856,701	\$ 7,180,512
Profit before income tax	969,582	1,073,205
Income tax expense	(247,304)	(270,086)
Profit for the period	722,278	803,119
Other comprehensive income for the period, net of tax	232,013	149,852
Total comprehensive income for the period	<u>\$ 954,291</u>	<u>\$ 952,971</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 467,026</u>	<u>\$ 410,521</u>
Dividends paid to non-controlling interests	<u>\$ 1,446,907</u>	<u>\$ 928,098</u>
	<u>Hotai Finance Co., Ltd.</u>	
	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 17,939,839	\$ 22,648,420
Profit before income tax	3,078,860	3,591,188
Income tax expense	(647,956)	(821,506)
Profit for the period	2,430,904	2,769,682
Other comprehensive (loss) income for the period, net of tax	(316,054)	300,827
Total comprehensive income for the period	<u>\$ 2,114,850</u>	<u>\$ 3,070,509</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 1,223,340</u>	<u>\$ 1,462,975</u>
Dividends paid to non-controlling interests	<u>\$ 1,446,907</u>	<u>\$ 928,098</u>
	<u>Hotai Leasing Co., Ltd.</u>	
	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 7,085,123	\$ 7,089,870
Profit before income tax	218,870	186,625
Income tax expense	(79,755)	(81,784)
Profit for the period	139,115	104,841
Other comprehensive income for the period, net of tax	153,184	57,141
Total comprehensive income for the period	<u>\$ 292,299</u>	<u>\$ 161,982</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 102,348</u>	<u>\$ 55,006</u>
Dividends paid to non-controlling interests	<u>\$ 313,817</u>	<u>\$ 228,825</u>

	<u>Hotai Leasing Co., Ltd.</u>	
	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 21,641,749	\$ 19,532,359
Profit before income tax	835,521	899,259
Income tax expense	(236,481)	(248,279)
Profit for the period	599,040	650,980
Other comprehensive (loss) income for the period, net of tax	(150,064)	145,205
Total comprehensive income for the period	<u>\$ 448,976</u>	<u>\$ 796,185</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 161,904</u>	<u>\$ 270,369</u>
Dividends paid to non-controlling interests	<u>\$ 313,817</u>	<u>\$ 228,825</u>

Statements of cash flows

	<u>Hotai Finance Co., Ltd.</u>	
	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Net cash provided by (used in) operating activities	\$ 9,820,736	(\$ 11,229,583)
Net cash used in investing activities	(1,813,681)	(2,066,688)
Net cash (used in) provided by financing activities	(7,419,957)	18,319,561
Net effect of changes in foreign currency exchange rates	(258,124)	97,681
Increase in cash and cash equivalents	328,974	5,120,971
Cash and cash equivalents, beginning of period	<u>4,985,831</u>	<u>2,878,184</u>
Cash and cash equivalents, end of period	<u>\$ 5,314,805</u>	<u>\$ 7,999,155</u>

	<u>Hotai Leasing Co., Ltd.</u>	
	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Net cash provided by operating activities	\$ 14,681,758	\$ 13,431,486
Net cash used in investing activities	(16,037,394)	(16,958,564)
Net cash provided by financing activities	<u>1,425,054</u>	<u>3,722,773</u>
Increase in cash and cash equivalents	69,418	195,695
Cash and cash equivalents, beginning of period	<u>368,589</u>	<u>114,943</u>
Cash and cash equivalents, end of period	<u>\$ 438,007</u>	<u>\$ 310,638</u>

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.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Cash on hand and revolving funds	\$ 17,850	\$ 14,158	\$ 14,526
Checking accounts and demand deposits	15,935,063	14,068,313	17,873,743
Cash equivalents			
Time deposits	1,625,614	1,600,794	1,126,803
Short-term notes and bills	5,082,489	3,285,460	3,691,570
	<u>\$ 22,661,016</u>	<u>\$ 18,968,725</u>	<u>\$ 22,706,642</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, 2025, December 31, 2024 and September 30, 2024, the Group presented its long-term time deposits of \$3,531,717, \$3,712,585 and \$3,386,157, 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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</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	\$ 2,422,122	\$ 1,666,404	\$ 1,746,405
Derivative instruments	323,389	245,823	-
Financial instruments	301,137	1,000,000	1,002,024
Listed stocks	1,946,805	2,410,788	2,196,242
Listed preference share	59,980	59,980	59,980
Exchange Traded Funds	1,352,713	1,423,333	1,181,012
Valuation adjustment	709,183	948,027	648,878
	<u>\$ 7,115,329</u>	<u>\$ 7,754,355</u>	<u>\$ 6,834,541</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Corporate bonds	<u>\$ 1,002,728</u>	<u>\$ 1,006,453</u>	<u>\$ 975,677</u>
<u>Financial liabilities at fair value through profit or loss</u>			
Current items:			
Financial liabilities held for trading Derivative instruments	<u>\$ 4,800</u>	<u>\$ -</u>	<u>\$ 142,099</u>

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

<u>Items</u>	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 766,706	(\$ 260,682)
Domestic and foreign beneficiary certificates	37,406	12,381
Listed stocks	389,997	(300,360)
Listed preference share	(370)	(14)
Exchange Traded Funds	203,629	(60,758)
Corporate bonds	8,660	8,661
	<u>\$ 1,406,028</u>	<u>(\$ 600,772)</u>

Items	Nine months ended September 30,	
	2025	2024
Financial instruments mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 72,766	\$ 265,628
Domestic and foreign beneficiary certificates	27,961	26,966
Financial instruments	-	(151)
Listed stocks	(68,175)	55,033
Listed preference share	826	1,136
Exchange Traded Funds	123,130	280,315
Corporate bonds	22,114	(6,057)
	<u>\$ 178,622</u>	<u>\$ 622,870</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, 2025	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 487,100</u>	2025/4/22~2026/3/10

Derivative instruments	December 31, 2024	
	Contract amount (Notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 459,940</u>	2024/08/23~2025/05/08

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

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. For credit risk information related to financial assets at fair value through profit or loss, please refer to Note 12(2) C.

E. On September 30, 2025, December 31, 2024 and September 30, 2024, such financial assets

designated using overlay approach are as follows:

Items	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at fair value through profit or loss designated using overlay approach			
Listed stocks	\$ 777,891	\$ 1,406,813	\$ 1,310,993
Listed preference shares	59,980	59,980	59,980
Exchange Traded Funds	1,352,713	1,423,333	1,181,012
Beneficiary certificates	261,332	260,000	420,000
Foreign beneficiary certificates	160,152	160,152	160,152
Corporate bonds	500,000	500,000	500,000
Valuation adjustment	509,179	623,390	489,518
	<u>\$ 3,621,247</u>	<u>\$ 4,433,668</u>	<u>\$ 4,121,655</u>

For the three months and nine months ended September 30, 2025 and 2024, 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,	
	2025	2024
Gains (losses) recognized in profit or loss under IFRS 9	\$ 489,750	(\$ 133,000)
Less: Gains recognized in profit or loss under IAS 39	287,271	21,127
Gains (losses) reclassified under overlay approach	<u>\$ 202,479</u>	<u>(\$ 154,127)</u>
Effect from change in tax	<u>\$ 1,260</u>	<u>(\$ 277)</u>
	Nine months ended September 30,	
	2025	2024
Gains recognized in profit or loss under IFRS 9	\$ 333,238	\$ 433,257
Less: Gains recognized in profit or loss under IAS 39	447,449	338,738
(Losses) gains reclassified under overlay approach	<u>(\$ 114,211)</u>	<u>\$ 94,519</u>
Effect from change in tax	<u>(\$ 183)</u>	<u>(\$ 4,507)</u>

F. 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, 2025	Book value at December 31, 2024	Book value at September 30, 2024	Description
Real estate private placement fund	<u>\$ 114,886</u>	<u>\$ 115,801</u>	<u>\$ 122,865</u>	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 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, 2025	December 31, 2024	September 30, 2024
Non-current items:			
Debt instrument			
Government bonds	\$ 804,464	\$ 804,192	\$ 804,104
Corporate bonds	<u>600,000</u>	<u>-</u>	<u>-</u>
	1,404,464	804,192	804,104
Valuation adjustment (including loss allowance)	3,582	(10,692)	(4,807)
Less: Operation bonds	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
	<u>1,108,046</u>	<u>493,500</u>	<u>499,297</u>
Equity instruments			
Listed stocks and unlisted stocks	6,729,216	6,740,868	6,739,999
Valuation adjustment	<u>4,710,804</u>	<u>5,873,383</u>	<u>4,364,625</u>
	<u>11,440,020</u>	<u>12,614,251</u>	<u>11,104,624</u>
	<u>\$ 12,548,066</u>	<u>\$ 13,107,751</u>	<u>\$ 11,603,921</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 \$11,440,020, \$12,614,251 and \$11,104,624, respectively, as of September 30, 2025, December 31, 2024 and September 30, 2024.
- 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, 2025, December 31, 2024 and September 30, 2024, government bonds with par value of \$300,000 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,	
	2025	2024
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	<u>\$ 5,494</u>	<u>\$ 9,596</u>
Interest income recognized in profit or loss	<u>\$ 4,028</u>	<u>\$ 2,730</u>

Items	Nine months ended September 30,	
	2025	2024
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 14,274	(\$ 6,244)
Interest income recognized in profit or loss	\$ 9,704	\$ 7,662
	Three months ended September 30,	
Items	2025	2024
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 1,265,728	(\$ 1,733,901)
	Nine months ended September 30,	
Items	2025	2024
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	(\$ 1,162,579)	\$ 348,358

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, 2025		December 31, 2024		September 30, 2024	
	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	\$ 155,391	(\$ 529,689)	\$ 260,887	(\$ 855,551)	\$ 453,783	(\$ 142,275)
Interest rate swaps	64,772	-	-	-	-	-
	<u>\$ 220,163</u>	<u>(\$ 529,689)</u>	<u>\$ 260,887</u>	<u>(\$ 855,551)</u>	<u>\$ 453,783</u>	<u>(\$ 142,275)</u>

A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Group's USD, JPY, EUR denominated borrowings are exposed to the impact of variable exchange rate and interest rates, the Group uses cross currency swap and interest rate swaps 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, 2025				Nine months ended September 30, 2025				
	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 transactions	USD	102,000	2024/3/28~ 2026/3/27	\$ -	(\$ 59,824)	\$ -	30.75~ 31.96	1.75~ 1.84	\$ -
	JPY	63,800,000	2024/2/20~ 2028/5/26	144,367	(301,397)	-	0.20~ 0.22	1.98~ 2.44	-
	JPY	28,420,000	2023/10/23~ 2028/6/9	11,024	(168,468)	-	0.05	3.31~ 4.20	-
Interest rate swaps	NTD	22,250,000	2025/4/24~ 2027/6/28	64,772	-	-	-	1.44~ 1.48	-

September 30, 2025

Hedged items

Cash flow hedges:

Exchange rates risk and interest rate risk

Short-term borrowings

Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
\$ 44,556,884	(\$ 241,674)

Hedging instruments	December 31, 2024				Year ended December 31, 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 transactions	USD	31,250	2022/1/12~ 2025/1/13	\$ 124,918	\$ -	\$ -	6.37~ 6.38	4.11~ 4.19	\$ -
	USD	102,000	2024/3/28~ 2026/3/27	67,899	-	-	31.96~ 32.50	1.84~ 1.93	-
	JPY	51,529,948	2023/5/2~ 2026/2/12	-	(473,522)	-	0.21~ 0.23	1.92~ 2.36	-
	JPY	24,028,000	2023/10/23~ 2027/12/7	68,070	(382,029)	-	0.05	3.71~ 4.20	-

December 31, 2024

Hedged items

Cash flow hedges:

Exchange rates risk and interest rate risk

Short-term borrowings

Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
\$ 20,668,117	(\$ 494,313)

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 Interest rate risk</u>									
Cross currency swaps transactions	USD	36,050	2022/1/12~ 2025/1/13	\$ 102,867	\$ -	\$ -	6.37~ 6.55	4.11~ 5.30	\$ -
	USD	102,000	2024/3/28~ 2026/3/27	7,652	(25,225)	-	31.96~ 32.16	1.80~ 1.84	-
	JPY	51,200,000	2023/5/2~ 2026/2/12	314,990	(78,687)	-	0.21~ 0.23	1.91~ 2.32	-
	JPY	8,828,000	2023/10/23~ 2027/3/10	28,274	(38,363)	-	0.05	3.78~ 4.20	-

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

C. Cash flow hedges

	2025	2024
<u>Other equity- cash flow hedges reserve</u>		
At January 1	(\$ 102,049)	(\$ 11,922)
Gains (losses) on hedge effectiveness-amount recognized in other comprehensive income	144,911	18,072
Reclassified to profit or loss as the hedged item has affected profit or loss	(114,352)	33,065
Income tax relating to the hedge effectiveness-amount recognized in other comprehensive (loss) income	(5,289)	(2,653)
At September 30	(\$ 76,779)	\$ 36,562

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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivable	\$ 1,254,026	\$ 1,366,049	\$ 1,818,046
Installment notes receivable	17,738,758	15,526,501	14,723,325
Accounts receivable	8,083,957	5,403,112	5,834,558
Installment accounts receivable	290,716,960	296,454,863	295,426,433
Lease payments and notes receivable	35,308,898	42,038,030	42,755,575
Premiums receivable	685,101	473,315	750,579
Overdue receivable	50,616	60,796	33,561
Less: Unrealized interest revenue	(31,393,991)	(34,733,765)	(36,174,724)
Unearned finance income of finance lease	(3,419,301)	(4,220,853)	(4,211,148)
	<u>319,025,024</u>	<u>322,368,048</u>	<u>320,956,205</u>
Less: Allowance for doubtful accounts	(5,923,612)	(5,900,054)	(5,836,603)
Notes and accounts receivable, net	<u>\$ 313,101,412</u>	<u>\$ 316,467,994</u>	<u>\$ 315,119,602</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	<u>\$ 297,000,320</u>	<u>\$ 300,764,259</u>	<u>\$ 299,388,998</u>
Non-current (shown as other assets)	<u>\$ 16,101,092</u>	<u>\$ 15,703,735</u>	<u>\$ 15,730,604</u>

A. As of September 30, 2025, December 31, 2024 and September 30, 2024, the subsidiary - Hotai Finance Co., Ltd.'s notes receivable were pledged as collateral amounting to \$16,355,800, \$20,083,670 and \$21,683,793, respectively. Information on the Group's 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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Not past due	\$ 313,107,480	\$ 315,793,370	\$ 314,722,490
Up to 30 days	835,072	973,291	664,908
31 to ~ 90 days	2,865,563	2,892,841	2,936,862
91 to ~ 180 days	1,567,225	2,303,707	2,319,736
Over 181 days	649,684	404,839	312,209
	<u>\$ 319,025,024</u>	<u>\$ 322,368,048</u>	<u>\$ 320,956,205</u>

The above aging analysis was based on past due date.

C. As of September 30, 2025, December 31, 2024 and September 30, 2024, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,335,810, \$8,243,583 and \$9,227,186, respectively.

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Up to 12 months	\$ 109,408,670	\$ 107,456,563	\$ 105,675,615
Over 12 months	199,047,048	204,524,801	204,474,143
	<u>\$ 308,455,718</u>	<u>\$ 311,981,364</u>	<u>\$ 310,149,758</u>

E. Lease payments receivable

(a) In July 2025 and 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 997 million and 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 in July 2025 were divided into senior tranches amounting to RMB 740 million and subordinated tranches amounting to RMB 257 million. The subsidiary, Hoyun International Leasing Co., Ltd., subscribed to all of the subordinated asset-backed securities, thereby receiving RMB 740 million in cash, which was recognized as short-term borrowings. The key characteristics of the issued asset-backed securities are as follows:

<u>Class of asset-backed securities</u>	<u>Issue amount (In thousands)</u>	<u>Expected due date</u>	<u>Interest rate</u>	<u>Payment frequency</u>
Senior	RMB 740,000	August 27, 2026	3.00%	Monthly
Subordinated	RMB 256,715	September 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.

In September 2024, asset-backed notes were issued in two tranches: a senior tranche of RMB 1.11 billion and a subordinated tranche of RMB 390 million. The subsidiary, Hoyun International Leasing Co., Ltd., subscribed for all of the subordinated asset-backed notes; accordingly, cash of RMB 1.11 billion was received, and the proceeds were recognized as short-term borrowings. The key features of the issued asset-backed notes are as follows:

<u>Class of asset-backed securities</u>	<u>Issue amount (In thousands)</u>	<u>Expected due date</u>	<u>Interest rate</u>	<u>Payment frequency</u>
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.

The subsidiary Hoyun International Leasing Co., Ltd.'s special-purpose securitization trust established in September 2024 fully repaid the senior asset-backed notes, and pursuant to the contract, the trust was terminated; the related termination procedures were completed in September 2025. As this structured entity has been dissolved, the Group has ceased its consolidation in the financial statements.

(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, 2025						
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	\$ 4,740,143	\$ -	\$ 4,740,143	\$ -	\$ 4,737,023	\$ 3,120

December 31, 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	\$ 2,660,568	\$ -	\$ 2,660,568	\$ -	\$ 2,644,669	\$ 15,899

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

(7) Inventories

	September 30, 2025		
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 7,771,101	(\$ 232,937)	\$ 7,538,164
Air conditioners and parts	4,510,278	(481,312)	4,028,966
Other goods	545,803	(8,549)	537,254
Inventory in transit	6,043,664	-	6,043,664
	<u>\$ 18,870,846</u>	<u>(\$ 722,798)</u>	<u>\$ 18,148,048</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 14,852,013	(\$ 235,347)	\$ 14,616,666
Air conditioners and parts	3,736,149	(431,242)	3,304,907
Other goods	783,864	(7,199)	776,665
Inventory in transit	1,193,705	-	1,193,705
	<u>\$ 20,565,731</u>	<u>(\$ 673,788)</u>	<u>\$ 19,891,943</u>
	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>

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,	
	2025	2024
Cost of goods sold	\$ 48,915,898	\$ 46,078,382
Loss on reversal of market value decline of inventories	45,326	2,000
	<u>\$ 48,961,224</u>	<u>\$ 46,080,382</u>
	Nine months ended September 30,	
	2025	2024
Cost of goods sold	\$ 146,306,458	\$ 146,022,201
Loss (gain) on reversal of market value decline of inventories	49,010	(5,111)
	<u>\$ 146,355,468</u>	<u>\$ 146,017,090</u>

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because obsolete and devalued inventories were partially sold during the nine months ended September 30, 2025 and 2024.

(8) Prepayments

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Prepayments to commissions	\$ 1,253,043	\$ 1,689,857	\$ 1,862,705
Prepayments to suppliers	3,586,220	3,914,068	4,085,733
Offset against business tax payable	323,005	637,042	275,323
Prepaid insurance premiums	652,671	757,769	706,123
Other prepayments	1,167,817	1,413,639	1,830,448
	<u>\$ 6,982,756</u>	<u>\$ 8,412,375</u>	<u>\$ 8,760,332</u>

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Claims recoverable from reinsurers	\$ 334,429	\$ 519,418	\$ 513,228
Due from reinsurance and ceding companies	261,501	172,229	64,582
Reinsurance reserve assets			
-Ceded unearned premium reserve	2,077,873	1,856,541	2,037,264
-Ceded claims reserve	5,139,818	4,807,979	5,036,745
-Ceded premium deficiency reserve	516	454	36,519
Due from reinsurance and ceding companies-overdue	31,479	37,309	48,933
	<u>\$ 7,845,616</u>	<u>\$ 7,393,930</u>	<u>\$ 7,737,271</u>
Less: Loss allowance	(26,872)	(31,669)	(27,736)
	<u>\$ 7,818,744</u>	<u>\$ 7,362,261</u>	<u>\$ 7,709,535</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	<u>\$ 5,375,050</u>	<u>\$ 5,082,534</u>	<u>\$ 5,236,392</u>
Non-current (shown as other assets)	<u>\$ 2,443,694</u>	<u>\$ 2,279,727</u>	<u>\$ 2,473,143</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>2025</u>	<u>2024</u>
At January 1	\$ 31,669	\$ 22,299
(Reversal) provisions during the period	(4,797)	5,437
At September 30	<u>\$ 26,872</u>	<u>\$ 27,736</u>

C. Details of insurance liabilities are as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Unearned premium reserve	\$ 7,858,136	\$ 7,201,014	\$ 7,338,494
Claims reserve	10,501,596	9,542,327	9,866,535
Special reserve	1,850,082	1,791,302	1,739,880
Premium deficiency reserve	17,500	10,397	45,827
	<u>\$ 20,227,314</u>	<u>\$ 18,545,040</u>	<u>\$ 18,990,736</u>

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current (shown as other current liabilities)	\$ 13,336,078	\$ 12,187,003	\$ 12,488,763
Non-current (shown as provisions)	<u>\$ 6,891,236</u>	<u>\$ 6,358,037</u>	<u>\$ 6,501,973</u>

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

	<u>2025</u>		
	<u>Gross amount</u>	<u>Ceded amount</u>	<u>Net amount</u>
At January 1	\$ 7,201,014	\$ 1,856,541	\$ 5,344,473
Provision during the period	7,858,136	2,077,873	5,780,263
Recovery during the period	(7,201,014)	(1,856,541)	(5,344,473)
At September 30	<u>\$ 7,858,136</u>	<u>\$ 2,077,873</u>	<u>\$ 5,780,263</u>

	<u>2024</u>		
	<u>Gross amount</u>	<u>Ceded amount</u>	<u>Net amount</u>
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>

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

(a) As of September 30, 2025, December 31, 2024 and September 30, 2024, details of claims reserve and ceded claims reserve are as follows:

	<u>September 30, 2025</u>		
	<u>Gross amount</u>	<u>Ceded amount</u>	<u>Net amount</u>
Reported but not paid	\$ 5,346,407	\$ 2,996,641	\$ 2,349,766
Incurred but not reported	5,155,189	2,143,177	3,012,012
	<u>\$ 10,501,596</u>	<u>\$ 5,139,818</u>	<u>\$ 5,361,778</u>

	December 31, 2024		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 5,109,676	\$ 2,981,994	\$ 2,127,682
Incurred but not reported	4,432,651	1,825,985	2,606,666
	<u>\$ 9,542,327</u>	<u>\$ 4,807,979</u>	<u>\$ 4,734,348</u>
	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>

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

	2025		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 9,542,327	\$ 4,807,979	\$ 4,734,348
Provision during the period	10,501,596	5,139,818	5,361,778
Recovery during the period	(9,542,327)	(4,807,979)	(4,734,348)
At September 30	<u>\$ 10,501,596</u>	<u>\$ 5,139,818</u>	<u>\$ 5,361,778</u>
	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>

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

	2025		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 10,397	\$ 454	\$ 9,943
Provision during the period	17,500	516	16,984
Recovery during the period	(10,397)	(454)	(9,943)
At September 30	<u>\$ 17,500</u>	<u>\$ 516</u>	<u>\$ 16,984</u>
	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>

G. Movement of special reserve is as follows:

	<u>2025</u>	<u>2024</u>
At January 1	\$ 1,791,302	\$ 1,695,059
Provision during the period	58,780	44,821
At September 30	<u>\$ 1,850,082</u>	<u>\$ 1,739,880</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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Decrease in special reserve under liability	\$ 33,450	\$ 33,450	\$ 33,450
Increase in special reserve under retained earnings	38,334	38,334	38,334

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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</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, 2025 and 2024.

(10) Investments accounted for using the equity method

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Kuozui Motors, Ltd.	\$ 8,049,953	\$ 6,915,444	\$ 8,088,682
Central Motor Co., Ltd.	2,979,313	2,942,561	2,886,427
Tau Miao Motor Co., Ltd.	2,042,940	1,994,716	1,956,691
Kau Du Automobile Co., Ltd.	1,542,298	1,537,072	1,517,806
Kuotu Motor Co., Ltd.	1,728,772	1,687,419	1,646,824
Taipei Toyota Motor Co., Ltd.	1,502,640	1,485,995	1,445,731
Nan Du Motor Co., Ltd.	1,396,542	1,356,434	1,324,993
Lang Yang Toyota Motor Co.,Ltd.	322,485	317,520	311,835
HFC (Cambodia) Microfinance PLC.(Note)	526,702	559,387	556,013
Heng Fong Energy Co., Ltd.	392,163	400,500	402,220
Formosa Flexible Packaging Corp.	418,954	415,203	404,991
Yokohama Tire Taiwan Co., Ltd., etc.	<u>2,719,795</u>	<u>2,820,326</u>	<u>2,794,857</u>
	<u>\$ 23,622,557</u>	<u>\$ 22,432,577</u>	<u>\$ 23,337,070</u>

Note: In order to expand new business, Ly Hour Leasing PLC changed its name to HFC (Cambodia) Microfinance PLC. in 2024.

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, 2025, December 31, 2024 and September 30, 2024, the carrying amount of the Group's individually immaterial associates amounted to \$23,622,557, \$22,432,577 and \$23,337,070, respectively.

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Comprehensive income for the period	<u>\$ 677,268</u>	<u>\$ 634,955</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Comprehensive income for the period	<u>\$ 1,960,011</u>	<u>\$ 2,159,227</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 \$617,956, \$649,390, \$2,042,185 and \$2,202,847 for the three months and nine months ended September 30, 2025 and 2024, respectively, and were valued based on the investees' financial statements that were not reviewed by independent auditors.

(11) Property, plant and equipment

2025

	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	\$ 11,748,126	\$ 7,698,780	\$ 138,043	\$ 60,187	\$ 6,807,830	\$ 704,184	\$ 728,194	\$ 68,820,377	\$ 936,369	\$ 2,392,074	\$ 100,034,164
Accumulated depreciation and impairment	(26,850)	(2,934,948)	(123,594)	(59,941)	(2,132,406)	(384,393)	(455,945)	(21,054,162)	(666,550)	-	(27,838,789)
	<u>\$ 11,721,276</u>	<u>\$ 4,763,832</u>	<u>\$ 14,449</u>	<u>\$ 246</u>	<u>\$ 4,675,424</u>	<u>\$ 319,791</u>	<u>\$ 272,249</u>	<u>\$ 47,766,215</u>	<u>\$ 269,819</u>	<u>\$ 2,392,074</u>	<u>\$ 72,195,375</u>
Opening net book amount as at January 1	\$ 11,721,276	\$ 4,763,832	\$ 14,449	\$ 246	\$ 4,675,424	\$ 319,791	\$ 272,249	\$ 47,766,215	\$ 269,819	\$ 2,392,074	\$ 72,195,375
Additions	59,994	61,960	874	-	981,547	73,446	20,261	16,430,712	67,493	1,229,402	18,925,689
Disposals	- (18)	(3)	- (55,752)	(11,156)	(2,072)	(127,365)	(353)	- (196,719)	-	-	(196,719)
Reclassifications	-	1,236,149	-	(11,785)	2,840	21,233	(4,906,407)	-	(1,393,732)	(5,051,702)	(5,051,702)
Depreciation charge	- (165,702)	(1,676)	(43)	(348,781)	(79,859)	(40,527)	(9,718,791)	(50,857)	-	(10,406,236)	(10,406,236)
(Impairment loss) reversal gain	-	-	-	(6,202)	209	-	(98)	-	-	(6,091)	(6,091)
Net exchange differences	- (17,317)	(120)	-	(20,547)	-	(3,300)	(49,120)	(1,122)	-	(91,526)	(91,526)
Closing net book amount as at September 30	<u>\$ 11,781,270</u>	<u>\$ 5,878,904</u>	<u>\$ 13,524</u>	<u>\$ 203</u>	<u>\$ 5,213,904</u>	<u>\$ 305,271</u>	<u>\$ 267,844</u>	<u>\$ 49,395,146</u>	<u>\$ 284,980</u>	<u>\$ 2,227,744</u>	<u>\$ 75,368,790</u>
<u>At September 30</u>											
Cost	\$ 11,808,120	\$ 8,949,936	\$ 138,489	\$ 60,187	\$ 7,502,650	\$ 641,682	\$ 760,278	\$ 72,524,298	\$ 975,743	\$ 2,227,744	\$ 105,589,127
Accumulated depreciation and impairment	(26,850)	(3,071,032)	(124,965)	(59,984)	(2,288,746)	(336,411)	(492,434)	(23,129,152)	(690,763)	-	(30,220,337)
	<u>\$ 11,781,270</u>	<u>\$ 5,878,904</u>	<u>\$ 13,524</u>	<u>\$ 203</u>	<u>\$ 5,213,904</u>	<u>\$ 305,271</u>	<u>\$ 267,844</u>	<u>\$ 49,395,146</u>	<u>\$ 284,980</u>	<u>\$ 2,227,744</u>	<u>\$ 75,368,790</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.

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 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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Land	\$ 2,071,106	\$ 2,262,147	\$ 2,287,204
Buildings and structures	1,523,451	1,566,432	1,558,956
Machinery and equipment	-	-	274
Office equipment	839	3,135	4,349
	<u>\$ 3,595,396</u>	<u>\$ 3,831,714</u>	<u>\$ 3,850,783</u>

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 45,454	\$ 44,754
Buildings and structures	111,563	107,189
Machinery and equipment	-	202
Office equipment	463	1,287
	<u>\$ 157,480</u>	<u>\$ 153,432</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 138,855	\$ 130,353
Buildings and structures	325,131	317,789
Machinery and equipment	-	822
Office equipment	2,296	3,633
	<u>\$ 466,282</u>	<u>\$ 452,597</u>

C. For the three months and nine months ended September 30, 2025 and 2024, the additions to right-of-use assets amounted to \$50,768, \$201,036, \$348,700 and \$775,485, respectively.

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

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 14,382	\$ 13,314
Expense on short-term lease contracts and leases of low-value assets	56,551	64,788
Loss on lease modification	-	(18)

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 41,376	\$ 37,961
Expense on short-term lease contracts and leases of low-value assets	101,468	118,906
Gain on lease modification	161	(3)

E. For the three months and nine months ended September 30, 2025 and 2024, the Group's total cash outflow for lease amounted to \$199,421, \$164,911, \$565,048 and \$603,411, respectively.

(13) Leasing arrangements - lessor

A. The Group leases various assets including land, buildings, machinery and equipment, business vehicles and multifunction printers. 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:

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Finance income from the net investment in the finance lease	<u>\$ 789,759</u>	<u>\$ 1,024,734</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Finance income from the net investment in the finance lease	<u>\$ 2,604,510</u>	<u>\$ 2,949,438</u>

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Less than 1 year	\$ 21,222,617	\$ 25,954,604	\$ 27,094,977
Between 1 and 2 years	7,888,247	10,074,246	10,078,032
Between 2 and 3 years	3,016,447	3,390,024	3,135,256
Between 3 to 4 years	1,290,803	1,263,227	1,089,040
Between 4 to 5 years	720,438	546,400	484,387
More than 6 years	205,981	115,939	49,588
	<u>\$ 34,344,533</u>	<u>\$ 41,344,440</u>	<u>\$ 41,931,280</u>

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Undiscounted lease payments	\$ 34,344,533	\$ 41,344,440	\$ 41,931,280
Unearned finance income	(3,419,301)	(4,220,853)	(4,211,148)
Net investment in the lease	<u>\$ 30,925,232</u>	<u>\$ 37,123,587</u>	<u>\$ 37,720,132</u>

- E. For the three months and nine months ended September 30, 2025 and 2024, the Group recognized rent income in the amounts of \$4,873,484, \$4,779,504, \$15,499,237 and \$14,871,634, 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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Less than 1 year	\$ 15,279,764	\$ 14,278,094	\$ 14,290,235
Between 1 and 2 years	9,803,598	9,478,681	9,524,868
Between 2 and 3 years	4,725,397	4,609,001	4,666,697
Between 3 to 4 years	1,762,451	1,679,968	1,693,541
Between 4 to 5 years	578,972	536,028	552,139
More than 6 years	20,495	27,040	27,349
	<u>\$ 32,170,677</u>	<u>\$ 30,608,812</u>	<u>\$ 30,754,829</u>

(14) Investment property

	<u>2025</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 943,836	\$ 1,313,292	\$ 2,257,128
Accumulated depreciation	-	(290,882)	(290,882)
	<u>\$ 943,836</u>	<u>\$ 1,022,410</u>	<u>\$ 1,966,246</u>
Opening net book amount as at January 1	\$ 943,836	\$ 1,022,410	\$ 1,966,246
Reclassifications	-	57,809	57,809
Depreciation	-	(39,446)	(39,446)
Net exchange differences	-	(61,399)	(61,399)
Closing net book amount as at September 30	<u>\$ 943,836</u>	<u>\$ 979,374</u>	<u>\$ 1,923,210</u>
<u>At September 30</u>			
Cost	\$ 943,836	\$ 1,281,728	\$ 2,225,564
Accumulated depreciation	-	(302,354)	(302,354)
	<u>\$ 943,836</u>	<u>\$ 979,374</u>	<u>\$ 1,923,210</u>

	2024		
	Land	Buildings and structures	Total
<u>At January 1</u>			
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>
<u>At September 30</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>

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

	Three months ended September 30,	
	2025	2024
Rental income from investment property	<u>\$ 38,891</u>	<u>\$ 36,307</u>
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 10,998</u>	<u>\$ 10,219</u>

	Nine months ended September 30,	
	2025	2024
Rental income from investment property	<u>\$ 136,761</u>	<u>\$ 109,194</u>
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	<u>\$ 29,639</u>	<u>\$ 24,703</u>

B. The fair value of the investment properties held by the Group was \$2,938,964, \$3,127,421 and \$3,165,073 as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively. 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 2024. 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

	2025		
	Goodwill	Other intangible assets	Total
<u>At January 1</u>			
Cost	\$ 731,920	\$ 1,197,799	\$ 1,929,719
Accumulated amortization and impairment	(662,323)	(501,656)	(1,163,979)
	<u>\$ 69,597</u>	<u>\$ 696,143</u>	<u>\$ 765,740</u>
Opening net book amount as at January 1	\$ 69,597	\$ 696,143	\$ 765,740
Additions-acquired separately	-	371,994	371,994
Amortization	-	(106,475)	(106,475)
Net change differences	-	(1,781)	(1,781)
Closing net book amount as at September 30	<u>\$ 69,597</u>	<u>\$ 959,881</u>	<u>\$ 1,029,478</u>
<u>At September 30</u>			
Cost	\$ 731,920	\$ 1,557,957	\$ 2,289,877
Accumulated amortization and impairment	(662,323)	(598,076)	(1,260,399)
	<u>\$ 69,597</u>	<u>\$ 959,881</u>	<u>\$ 1,029,478</u>
	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>

Details of amortization of intangible assets are as follows:

	Three months ended September 30,	
	2025	2024
Administrative expenses	<u>\$ 43,195</u>	<u>\$ 26,079</u>

	Nine months ended September 30,		
	2025		2024
Administrative expenses	\$ 106,475		\$ 84,581
(16) <u>Other assets</u>			
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Long-term accounts receivable (Including long-term notes and accounts receivable)	\$ 17,495,336	\$ 17,115,653	\$ 17,080,020
Reinsurance contract assets	2,443,694	2,279,727	2,473,143
Operation bonds	300,000	300,000	300,000
Guarantee deposits paid	720,435	733,644	711,791
Prepayments for business facilities	714,344	442,435	468,904
Others	2,314,981	2,503,160	2,488,883
	<u>\$ 23,988,790</u>	<u>\$ 23,374,619</u>	<u>\$ 23,522,741</u>

(17) Short-term borrowings

Type of loans	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Bank borrowings			
Unsecured borrowings	\$ 52,005,179	\$ 83,301,557	\$ 91,621,212
Mortgage borrowings	-	2,500,000	14,296,960
Mid-term syndicated loans for working capital	61,164,247	45,390,498	28,395,129
Securitised asset-backed notes borrowings	3,162,806	2,892,728	5,008,126
Other short-term borrowings	58,340	67,352	-
	<u>\$ 116,390,572</u>	<u>\$ 134,152,135</u>	<u>\$ 139,321,427</u>
Annual interest rate	<u>1.27%~4.68%</u>	<u>0.49%~5.11%</u>	<u>0.49%~5.9%</u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the details of loans are as follows:

- A. The Group uses interest rate swap and cross currency swap agreement to control the exchange rate risk and interest rate risk. After the interest rate swap and cross-currency swap, the rate range of short-term loans were 1.75%~4.22%, 0.50%~4.30% and 0.50%~4.30%, respectively.
- B. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$13,250,000 with 20 financial institutions including CTBC Bank Co., Ltd, in order to fulfil its working capital. The duration is 36 months from the date of first drawdown. The loan can be drawn several times. Of this amount, \$5,900,000 is non-revolving and is repayable in full at maturity; the remaining \$7,350,000 is revolving and is repayable in full at maturity for any amounts drawn. As of September 30, 2025, no drawdowns had been made.
- C. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 875 million with 11 financial institutions including Fubon Bank (China) Co., Ltd. in order to fulfil its working capital. The duration is within 9 months from the agreement date (from April 25, 2025 to January 25, 2026). 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.

- D. The subsidiary, Hotai Finance Development Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$ 10,000,000 with 11 financial institutions including Yuanta Commercial Bank Co., Ltd., and Bank SinoPac Co., Ltd., in order to fulfil its working capital. The duration is 36 months (from March 21, 2025 to March 21, 2028). The loan can be drawn several times. Of the total loan, \$4,400,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$5,600,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- E. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 35 billion with 13 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 36 months (from July 16, 2025 to May 26, 2028). The loan can be drawn several and is non-revolving times. 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 JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 10.5 months (from December 6, 2024 to October 20, 2025). The loan can be drawn several times and is non-revolving. The payment terms 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 \$ 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. Of the total loan, \$14,750,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$14,750,000 is revolving and the payment term is to repay the full drawn 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 1.33 billion with 5 financial institutions including Mizuho Bank, Ltd. in order to fulfil its working capital. Within 6 months from the agreement date (from May 9, 2024 to November 8, 2024). 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.
- I. 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 within 12 months from the first withdrawal date (from March 25, 2024 to March 24, 2025). 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, He Jing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$10,000,000 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.
- K. 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.

- L. 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.
- M. 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.
- N. 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.
- O. 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.
- P. 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.
- Q. Asset-backed securities borrowing are provided in Note 6(5).
- R. 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, 2025, the Group has not breached the financial commitments.

(18) Short-term notes and bills payable

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Commercial paper payable	\$ 164,420,000	\$ 139,663,400	\$ 135,763,400
Less: Unamortized discount	(334,373)	(161,425)	(227,936)
	<u>\$ 164,085,627</u>	<u>\$ 139,501,975</u>	<u>\$ 135,535,464</u>
Annual interest rate	<u>1.58%~2.22%</u>	<u>1.61%~2.24%</u>	<u>1.61%~2.23%</u>

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Bonds payable	<u>\$ 17,200,000</u>	<u>\$ 31,200,000</u>	<u>\$ 31,200,000</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 unsecured ordinary corporate bonds were issued in 2025 and became effective on September 26, 2025, with a total amount of \$5,600,000. The bonds are divided into two tranches with differing terms: Tranche A carries a coupon rate of 1.93%, has a tenor of 3 years, and will be outstanding from October 8, 2025 to October 8, 2028; Tranche B carries a coupon rate of 1.97%, has a tenor of 5 years, and will be outstanding from October 8, 2025 to October 8, 2030. Both tranches will be repaid in cash at par in a single lump sum at maturity.
- B. The first secured ordinary corporate bonds were issued in 2025. The total amount was \$3,000,000, the coupon rate was 1.83% with a 3-year period, the outstanding period was from July 21, 2025 to July 21, 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 were 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.
- D. The first unsecured ordinary corporate bonds were 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.
- E. The second secured ordinary corporate bonds were 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. The corporate bond was fully repaid at maturity.
- F. The first secured ordinary corporate bonds were 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. The corporate bond was fully repaid at maturity.
- G. The second unsecured ordinary corporate bonds were 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.
- H. The first unsecured ordinary corporate bonds were 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.
- I. The first unsecured ordinary corporate bonds were 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. The corporate bond was fully repaid at maturity.

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(20) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	September 30, 2025	December 31, 2024	September 30, 2024
Long-term bank borrowings					
Credit borrowings	Borrowing period is from December 2022 to December 2026; interest is repayable monthly	1.85%~2.26%	\$ 3,850,000	\$ -	\$ -
	Borrowing period is from August 2022 to December 2026; interest is repayable monthly	1.58%~2.26%	-	4,000,000	4,000,000
	Borrowing period is from December 2023 to April 2030; interest and principal are repayable monthly	2.43%~2.48%	394,262	-	-
	Borrowing period is from December 2023 to December 2029; interest and principal are repayable monthly	2.29%~2.48%	-	425,045	-
	Borrowing period is from September 2023 to August 2029, interest and principal are repayable monthly	2.29%~2.74%	-	-	433,894
	Borrowing period is from May 2023 to December 2024; interest is repayable monthly	1.81%~1.95%	-	-	6,000,000
	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20%~6.47%	-	-	151,758
Commercial papers payable	From March 2025 to April 2027	1.87%~1.90%	1,199,451	-	-
	From July 2022 to March 2025	1.14%~2.04%	-	1,298,047	-
	From October 2021 to March 2025	0.65%~2.20%	-	-	1,698,816
Secured borrowings(Note)	Borrowing period is from October 2020 to December 2031; interest and principal are repayable monthly	1.67%~2.68%	1,250,737	-	-
	Borrowing period is from October 2020 to August 2031; interest and principal are repayable monthly	1.67%~2.68%	-	1,280,085	-
	Borrowing period is from October 2020 to August 2031; interest and principal are repayable monthly	1.67%~2.65%	-	-	1,307,054
Mid-term syndicated contract	Borrowing period is from March 2025 to March 2028; interest and principal are repayable monthly	2.33%~2.41%	4,975,676	-	-
			\$ 11,670,126	\$ 7,003,177	\$ 13,591,522
Less: long-term liabilities, current portion			(294,121)	(1,829,050)	(2,296,375)
			\$ 11,376,005	\$ 5,174,127	\$ 11,295,147

Note: The information regarding the collateral is detailed in Note 8.

As of September 30, 2025, the maturities of long-term loans are as follows:

Duration of maturity	Loan amount
Up to 1 year	\$ 294,121
1 to 2 years	5,219,874
2 to 3 years	5,333,069
3 to 4 years	470,694
4 to 5 years	352,368
	<u>\$ 11,670,126</u>

(21) Accrued expenses

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Wages and salaries payable	\$ 2,391,015	\$ 2,970,101	\$ 2,378,394
Dealer bonus payable	630,901	576,971	374,961
Remuneration payable to employees	805,921	1,027,629	755,554
Remuneration payable to directors	333,814	445,852	343,551
Interest payable	476,368	464,653	541,770
Others	2,028,198	2,327,689	1,934,328
	<u>\$ 6,666,217</u>	<u>\$ 7,812,895</u>	<u>\$ 6,328,558</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, 2025 and 2024, were \$130,305, \$132,276, \$387,513 and \$382,887, respectively.

(23) Provisions

	<u>2025</u>	<u>2024</u>
At January 1	\$ 6,509,943	\$ 5,691,364
Additional provisions during the period	1,613,395	1,385,134
Used during the period	(795,428)	(735,924)
Unused amounts reversed	(87,083)	(57,305)
At September 30	<u>\$ 7,240,827</u>	<u>\$ 6,283,269</u>

Analysis of provision for warranty is as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current (shown as other current liabilities)	\$ 1,045,092	\$ 1,081,331	\$ 1,084,025
Non-current	<u>\$ 6,195,735</u>	<u>\$ 5,428,612</u>	<u>\$ 5,199,244</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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Deposits received for car rentals	\$ 20,534,017	\$ 20,171,559	\$ 20,012,523
Others	83,115	86,347	89,948
	<u>\$ 20,617,132</u>	<u>\$ 20,257,906</u>	<u>\$ 20,102,471</u>

Analysis of guarantee deposits received for warranty is as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current (shown as other current liabilities)	\$ 8,842,154	\$ 8,433,385	\$ 8,512,720
Non-current	\$ 11,774,978	\$ 11,824,521	\$ 11,589,751

(25) Share capital

As of September 30, 2025, the Company's authorised 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 through the adoption of a resolution by a majority vote of the directors present at a meeting of its Board of Directors attended by two-thirds of the directors of the Company, and reported to the shareholders' meeting. The aforementioned provision that requires a resolution at the shareholders' meeting is not applicable.

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 May 30, 2024, the stockholders 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.
- E. On June 13, 2025, the stockholders of the Company resolved those total dividends for the distribution of earnings for the year of 2024 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).

(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, 2025

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 41,686,964	\$ 388,670	\$ 2,397,954	\$ 18,177,800	\$ 62,651,388
Inter segments	(2,909,185)	(10,460)	(54,558)	(2,800,886)	(5,775,089)
Revenue from external customer contracts	<u>\$ 38,777,779</u>	<u>\$ 378,210</u>	<u>\$ 2,343,396</u>	<u>\$ 15,376,914</u>	<u>\$ 56,876,299</u>
Timing of revenue recognition					
At a point in time	\$ 38,777,779	\$ 298,938	\$ 2,343,396	\$ 14,374,934	\$ 55,795,047
Over time	-	79,272	-	1,001,980	1,081,252
	<u>\$ 38,777,779</u>	<u>\$ 378,210</u>	<u>\$ 2,343,396</u>	<u>\$ 15,376,914</u>	<u>\$ 56,876,299</u>

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	\$ 3,170,966	\$ 18,221,767	\$ 58,617,593
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>\$ 3,119,447</u>	<u>\$ 15,712,335</u>	<u>\$ 53,190,069</u>
Timing of revenue recognition					
At a point in time	\$ 34,012,761	\$ 306,708	\$ 3,119,447	\$ 14,810,170	\$ 52,249,086
Over time	-	38,818	-	902,165	940,983
	<u>\$ 34,012,761</u>	<u>\$ 345,526</u>	<u>\$ 3,119,447</u>	<u>\$ 15,712,335</u>	<u>\$ 53,190,069</u>

Nine months ended September 30, 2025

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 122,000,658	\$ 1,099,783	\$ 6,763,753	\$ 52,411,670	\$ 182,275,864
Inter segments	(6,935,919)	(11,353)	(161,204)	(7,721,943)	(14,830,419)
Revenue from external customer contracts	<u>\$ 115,064,739</u>	<u>\$ 1,088,430</u>	<u>\$ 6,602,549</u>	<u>\$ 44,689,727</u>	<u>\$ 167,445,445</u>
Timing of revenue recognition					
At a point in time	\$ 115,064,739	\$ 941,528	\$ 6,602,549	\$ 42,662,887	\$ 165,271,703
Over time	<u>-</u>	<u>146,902</u>	<u>-</u>	<u>2,026,840</u>	<u>2,173,742</u>
	<u>\$ 115,064,739</u>	<u>\$ 1,088,430</u>	<u>\$ 6,602,549</u>	<u>\$ 44,689,727</u>	<u>\$ 167,445,445</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	\$ 8,295,381	\$ 50,757,197	\$ 181,257,922
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>\$ 8,077,692</u>	<u>\$ 43,821,124</u>	<u>\$ 166,360,545</u>
Timing of revenue recognition					
At a point in time	\$ 113,255,759	\$ 1,084,406	\$ 8,077,692	\$ 41,755,052	\$ 164,172,909
Over time	<u>-</u>	<u>121,564</u>	<u>-</u>	<u>2,066,072</u>	<u>2,187,636</u>
	<u>\$ 113,255,759</u>	<u>\$ 1,205,970</u>	<u>\$ 8,077,692</u>	<u>\$ 43,821,124</u>	<u>\$ 166,360,545</u>

B. Contract assets and liabilities

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Contract assets:			
Contract assets - construction contracts	<u>\$ 293,505</u>	<u>\$ 67,725</u>	<u>\$ 127,073</u>
Contract liabilities:			
Contract liabilities - sales of goods	\$ 1,887,322	\$ 1,360,692	\$ 1,477,483
Contract liabilities -customer loyalty programs	<u>4,245</u>	<u>2,545</u>	<u>2,933</u>
	<u>\$ 1,891,567</u>	<u>\$ 1,363,237</u>	<u>\$ 1,480,416</u>

For the nine months ended September 30, 2025 and 2024, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$703,948 and \$1,112,688, respectively.

(29) Interest income

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Installment revenue	\$ 4,309,863	\$ 4,638,590
Finance leasing revenue	789,759	1,024,734
Interest from deposits and short-term notes	84,212	89,345
Other interest income	10,772	27,035
	<u>\$ 5,194,606</u>	<u>\$ 5,779,704</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Installment revenue	\$ 13,098,473	\$ 14,200,276
Finance leasing revenue	2,604,510	2,949,438
Interest from deposits and short-term notes	307,361	294,190
Other interest income	66,791	77,388
	<u>\$ 16,077,135</u>	<u>\$ 17,521,292</u>

(30) Premium

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Written premium	\$ 3,559,918	\$ 3,560,225
Reinsurance premium	89,529	90,680
Less: Reinsurance expense	(1,064,301)	(1,190,173)
Net change in unearned premiums reserve	91,797	(154,523)
	<u>\$ 2,676,943</u>	<u>\$ 2,306,209</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Written premium	\$ 11,467,250	\$ 10,332,764
Reinsurance premium	340,834	319,678
Less: Reinsurance expense	(3,878,430)	(3,810,870)
Net change in unearned premiums reserve	(435,790)	(633,010)
	<u>\$ 7,493,864</u>	<u>\$ 6,208,562</u>

(31) Expenses by nature

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Employee benefit expense	\$ 3,805,474	\$ 3,115,703
Depreciation	3,675,546	3,413,067
Amortization	50,303	37,095
	<u>\$ 7,531,323</u>	<u>\$ 6,565,865</u>

	Nine months ended September 30,	
	2025	2024
Employee benefit expense	\$ 9,819,709	\$ 9,718,892
Depreciation	10,911,964	10,229,173
Amortization	130,189	108,183
	<u>\$ 20,861,862</u>	<u>\$ 20,056,248</u>

(32) Employee benefit expense

	Three months ended September 30,	
	2025	2024
Wages and salaries	\$ 3,224,850	\$ 2,645,553
Labor and health insurance fees	261,333	189,357
Pension costs	130,305	132,276
Other personnel expenses	188,986	148,517
	<u>\$ 3,805,474</u>	<u>\$ 3,115,703</u>

	Nine months ended September 30,	
	2025	2024
Wages and salaries	\$ 8,256,595	\$ 8,235,847
Labor and health insurance fees	658,583	637,503
Pension costs	387,513	382,887
Other personnel expenses	517,018	462,655
	<u>\$ 9,819,709</u>	<u>\$ 9,718,892</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 the Company has accumulated deficit, earnings should be channelled to cover losses. At least 20% of the employee' compensation amount specified above shall be distributed to front-line employee' compensation. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
- B. For the three months and nine months ended September 30, 2025 and 2024, employees' remuneration were accrued at \$65,659, \$49,281, \$166,907 and \$171,775, respectively; while directors' remuneration were accrued at \$131,319, \$98,562 \$333,814 and \$343,551, respectively. The aforementioned amounts were recognized in salary expenses.

For the nine months ended September 30, 2025 and 2024, 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,	
	2025	2024
Current tax:		
Current tax expense recognized in the current period	\$ 1,371,789	\$ 1,290,509
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	(21,388)	(7,082)
Total current tax	<u>1,350,401</u>	<u>1,283,427</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>123,958</u>	(71,660)
Total deferred tax	<u>123,958</u>	(71,660)
Income tax expense	<u>\$ 1,474,359</u>	<u>\$ 1,211,767</u>

	Nine months ended September 30,	
	2025	2024
Current tax:		
Current tax expense recognized in the current period	\$ 3,998,775	\$ 2,029,811
Tax on undistributed surplus earnings	437,255	504,476
Prior year income tax overestimation	(325,604)	(32,309)
Total current tax	<u>4,110,426</u>	<u>2,501,978</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,458)	147,297
Total deferred tax	(12,458)	147,297
Income tax expense	<u>\$ 4,097,968</u>	<u>\$ 2,649,275</u>

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

	Three months ended September 30,	
	2025	2024
Cash flow hedges	<u>(\$ 24,332)</u>	<u>\$ 9,937</u>
Changes in fair value of financial assets designated using overlay approach	<u>\$ 1,260</u>	<u>(\$ 277)</u>

	Nine months ended September 30,	
	2025	2024
Cash flow hedges	<u>\$ 5,289</u>	<u>\$ 2,653</u>
Changes in fair value of financial assets designated using overlay approach	<u>(\$ 183)</u>	<u>(\$ 4,507)</u>

B. The Company's income tax returns through 2023 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 \$1,734,567.

(34) Earnings per share

	<u>Three months ended September 30, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	<u>\$ 5,583,025</u>	<u>557,103</u>	<u>\$ 10.03</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 5,583,025	557,103	
Assumed conversion of all dilutive potential common shares-Employees' compensation	<u>-</u>	<u>53</u>	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 5,583,025</u>	<u>557,156</u>	<u>\$ 10.01</u>
	<u>Three months ended September 30, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	<u>\$ 4,280,619</u>	<u>557,103</u>	<u>\$ 7.69</u>
<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	<u>-</u>	<u>-</u>	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 4,280,619</u>	<u>557,103</u>	<u>\$ 7.69</u>

Nine months ended September 30, 2025			
	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	\$ 13,847,332	557,103	\$ 24.86
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 13,847,332	557,103	
Assumed conversion of all dilutive potential common shares-Employees' compensation	-	378	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	\$ 13,847,332	557,481	\$ 24.84

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	\$ 16,037,343	557,103	\$ 28.79
<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	\$ 16,037,343	557,439	\$ 28.77

(35) Changes in liabilities from financing activities

2025				
	Short-term loans	Short-term notes and bills payable	Long-term liabilities- current portion	Long-term loans
January 1, 2025	\$ 134,152,135	\$ 139,501,975	\$ 33,029,050	\$ 5,174,127
Changes in cash flow from financing activities	(18,065,401)	24,583,652	(14,000,000)	4,666,949
Impact of changes in foreign exchange rate	(662,707)	-	-	-
Changes in other non-cash items	966,545	-	(1,534,929)	1,534,929
September 30, 2025	\$ 116,390,572	\$ 164,085,627	\$ 17,494,121	\$ 11,376,005

	2025			
	Guarantee deposits received	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
January 1, 2025	\$ 20,257,906	\$ 2,598,213	\$ 6,334	\$ 334,719,740
Changes in cash flow from financing activities	359,226	(422,204)	(11,142,055)	(14,019,833)
Impact of changes in foreign exchange rate	-	(40,643)	-	(703,350)
Changes in other non-cash items	-	322,965	11,142,049	12,431,559
September 30, 2025	<u>\$ 20,617,132</u>	<u>\$ 2,458,331</u>	<u>\$ 6,328</u>	<u>\$ 332,428,116</u>
	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>

7. Related Party Transactions

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

Names of related parties	Relationship with the Group
Toyota Industries Corporation	Entities controlled by key management
Toyota Motor Asia (Singapore) Pte., Ltd. (TMA- Singapore)	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
TOYOTA MOBILITY PARTS CORPORATION	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

Names of related parties	Relationship with the Group
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
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 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
Taizhou Zhongdu Lexus Motor Sale & Service Co., Ltd.	Associates
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 Seiko Technology	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

Names of related parties	Relationship with the Group
Lang Yang Toyota Motor Co., Ltd.	Associates
Ho Cheng Auto Parts Co., Ltd.	Associates
Hozao Enterprise 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
Guanguan 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
Grinnodot Inc.	Associates
Engod Corporation	Associates
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

	Three months ended September 30,	
	2025	2024
(a) Sales revenue:		
-Associates		
Central Motor	\$ 8,026,905	\$ 7,181,788
Tau Miao	7,358,387	6,590,434
Taipei Motor	6,138,101	5,245,484
Kau Du	5,675,650	5,009,542
Kuotu	5,827,028	4,879,082
Nan Du	4,929,936	4,331,517
Others	1,596,154	1,297,465
-Entities controlled by key management	29,430	12,381
	<u>\$ 39,581,591</u>	<u>\$ 34,547,693</u>

	Nine months ended September 30,	
	2025	2024
Sales revenue:		
-Associates		
Central Motor	\$ 23,879,037	\$ 23,728,160
Tau Miao	21,951,238	21,913,526
Taipei Motor	18,050,871	17,372,183
Kau Du	16,588,483	16,706,266
Kuotu	17,378,321	16,250,227
Nan Du	14,496,730	14,421,734
Others	4,613,119	4,438,762
-Entities controlled by key management	89,515	65,279
	<u>\$ 117,047,314</u>	<u>\$ 114,896,137</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 4 of Note 13(1) significant transactions information.

	Three months ended September 30,	
	2025	2024
(b) Rental revenue:		
-Associates	\$ 42,860	\$ 36,243
-Entities controlled by key management	997	937
	<u>\$ 43,857</u>	<u>\$ 37,180</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Rental revenue:		
-Associates	\$ 124,594	\$ 114,934
-Entities controlled by key management	<u>2,828</u>	<u>3,127</u>
	<u>\$ 127,422</u>	<u>\$ 118,061</u>

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

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
(c) Service revenue:		
Service sales:		
-Associates	\$ 23,873	\$ 23,818
-Entities controlled by key management	82	1,694
Contracted operating revenue:		
-Associates	<u>6,093</u>	<u>5,667</u>
	<u>\$ 30,048</u>	<u>\$ 31,179</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Service revenue:		
Service sales:		
-Associates	\$ 67,865	\$ 68,350
-Entities controlled by key management	219	18,459
Contracted operating revenue:		
-Associates	<u>17,609</u>	<u>19,402</u>
	<u>\$ 85,693</u>	<u>\$ 106,211</u>

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
(d) Subsidy income for price difference from installments:		
-Associates	<u>\$ 123,563</u>	<u>\$ 118,896</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Subsidy income for price difference from installments:		
-Associates	<u>\$ 312,664</u>	<u>\$ 260,494</u>

		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(e) Warranty revenue			
-Associates			
Kuozui	\$	83,094	\$ 68,564
-Entities controlled by key management			
TMA-Singapore		155,729	77,926
Others		84	310
	\$	<u>238,907</u>	<u>\$ 146,800</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Warranty revenue:			
-Associates			
Kuozui	\$	169,574	\$ 181,588
-Entities controlled by key management			
TMA-Singapore		440,872	286,817
Others		286	429
	\$	<u>610,732</u>	<u>\$ 468,834</u>
		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(f) Advertisement subsidy and sales promotion revenue			
(shown as deductions to advertisement expense):			
-Associates			
Kuotu	\$	53,266	\$ 29,175
Others		35,343	29,840
-Entities controlled by key management		5,832	8,219
	\$	<u>94,441</u>	<u>\$ 67,234</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Advertisement subsidy and sales promotion revenue			
(shown as deductions to advertisement expense):			
-Associates			
Kuotu	\$	176,138	\$ 145,890
Others		118,375	110,805
-Entities controlled by key management		33,763	34,417
	\$	<u>328,276</u>	<u>\$ 291,112</u>

		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(g) Miscellaneous income:			
-Associates			
Kuotu	\$	32,293	\$ 30,498
Others		63,091	67,574
-Entities controlled by key management		14,975	17,375
	\$	<u>110,359</u>	<u>\$ 115,447</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Miscellaneous income:			
-Associates			
Kuotu	\$	99,940	\$ 111,982
Others		161,514	169,408
-Entities controlled by key management		52,730	63,847
	\$	<u>314,184</u>	<u>\$ 345,237</u>

B. Expenditures

		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(a) Purchases of goods:			
-Associates			
Kuozui	\$	13,973,893	\$ 14,964,946
Others		733,026	602,420
-Entities controlled by key management			
TMC		13,535,011	11,686,232
Others		3,755,425	3,489,137
	\$	<u>31,997,355</u>	<u>\$ 30,742,735</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Purchases of goods:			
-Associates			
Kuozui	\$	40,782,385	\$ 46,254,192
Others		2,034,637	1,962,809
-Entities controlled by key management			
TMC		43,918,064	39,232,452
Others		11,510,654	11,039,963
	\$	<u>98,245,740</u>	<u>\$ 98,489,416</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, TMA-Singapore, TMS and TME. Payment terms are shown in table 4 of Note 13(1) Significant transactions information.

		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(b) Warranty cost:			
-Associates			
Central Motor	\$	45,240	\$ 29,734
Kuotu		41,003	31,570
Tau Miao		41,703	26,600
Kau Du		29,489	19,279
Nan Du		27,279	21,565
Taipei Motor		25,219	18,538
Others		5,121	4,813
-Entities controlled by key management		<u>569</u>	<u>452</u>
	\$	<u>215,623</u>	\$ <u>152,551</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Warranty cost:			
-Associates			
Central Motor	\$	110,090	\$ 93,608
Kuotu		102,516	90,942
Tau Miao		99,048	83,847
Kau Du		74,920	63,435
Nan Du		68,067	60,477
Taipei Motor		59,661	52,756
Others		11,743	12,079
-Entities controlled by key management		<u>1,211</u>	<u>1,003</u>
	\$	<u>527,256</u>	\$ <u>458,147</u>
		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(c) Freight:			
-Associates			
Fan Tai	\$	68,830	\$ 49,718
Yi Tai		35,145	51,591
Others		<u>608</u>	<u>204</u>
	\$	<u>104,583</u>	\$ <u>101,513</u>

		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Freight:			
-Associates			
Fan Tai	\$	190,884	\$ 173,217
Yi Tai		103,918	136,130
Others		<u>1,727</u>	<u>1,220</u>
	\$	<u>296,529</u>	<u>\$ 310,567</u>
		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(d) Commission expense:			
-Associates			
	\$	58,111	\$ 51,651
-Entities controlled by key management			
Ho An		<u>356,195</u>	<u>355,103</u>
	\$	<u>414,306</u>	<u>\$ 406,754</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
Commission expense:			
-Associates			
	\$	158,683	\$ 146,042
-Entities controlled by key management			
Ho An		<u>1,109,324</u>	<u>1,059,267</u>
	\$	<u>1,268,007</u>	<u>\$ 1,205,309</u>
		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
(e) Others:			
-Associates			
Kuotu	\$	1,961,116	\$ 1,999,707
Kau Du		939,066	1,092,169
Tau Miao		1,256,845	1,004,039
Taipei Motor		493,296	624,696
Nan Du		<u>410,132</u>	<u>259,771</u>
	\$	<u>5,060,455</u>	<u>\$ 4,980,382</u>

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Others:		
-Associates		
Kuotu	\$ 6,308,573	\$ 5,682,925
Kau Du	3,087,253	3,203,210
Tau Miao	3,210,200	3,019,256
Taipei Motor	1,640,898	1,878,995
Nan Du	1,166,634	946,151
	<u>\$ 15,413,558</u>	<u>\$ 14,730,537</u>

As described in Note 4(43) in the consolidated financial statements for the year ended December 31, 2024, 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 4 of Note 13(1) significant transactions information.

C. Receivables from (payables to) related parties

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
(a) Receivables from related parties:			
-Associates	\$ 3,011,092	\$ 1,536,780	\$ 1,877,050
-Entities controlled by key management	9,652	19,013	4,198
	<u>\$ 3,020,744</u>	<u>\$ 1,555,793</u>	<u>\$ 1,881,248</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
(b) Other receivables from related parties:			
-Associates	\$ 319,763	\$ 231,278	\$ 155,297
-Entities controlled by key management	1,976	3,047	2,401
	<u>\$ 321,739</u>	<u>\$ 234,325</u>	<u>\$ 157,698</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
(c) Accounts payable:			
-Associates			
Kuozui	\$ 757,107	\$ 497,552	\$ 873,917
Others	692,164	747,531	606,383
-Entities controlled by key management			
TMC	6,702,522	5,018,602	3,488,095
Others	378,463	434,343	336,292
	<u>\$ 8,530,256</u>	<u>\$ 6,698,028</u>	<u>\$ 5,304,687</u>

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
(d) Accrued expenses and other payables:			
-Associates	\$ 195,771	\$ 343,790	\$ 334,385
-Entities controlled by key management	<u>751</u>	<u>97</u>	<u>150</u>
	<u>\$ 196,522</u>	<u>\$ 343,887</u>	<u>\$ 334,535</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
(e) Commissions payable:			
-Entities controlled by key management			
Ho An	<u>\$ 129,729</u>	<u>\$ 162,646</u>	<u>\$ 141,389</u>
D. <u>Prepayments to suppliers</u>			
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
-Entities controlled by key management	<u>\$ 145,426</u>	<u>\$ 116,519</u>	<u>\$ 169,431</u>
E. <u>Property transactions</u>			
(a) Acquisition of rental assets and equipment			
		<u>Three months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
-Associates			
Kuotu		\$ 891,754	\$ 1,252,390
Taipei Motor		374,983	518,959
Central Motor		284,053	453,319
Tau Miao		238,380	410,082
Others		437,300	575,493
-Entities controlled by key management		(95)	<u>50,868</u>
		<u>\$ 2,226,375</u>	<u>\$ 3,261,111</u>
		<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
-Associates			
Kuotu		\$ 3,174,050	\$ 3,498,330
Taipei Motor		1,773,519	1,717,672
Central Motor		1,389,609	1,296,364
Tau Miao		1,232,468	1,154,039
Others		1,827,216	1,529,797
-Entities controlled by key management		<u>6,037</u>	<u>53,875</u>
		<u>\$ 9,402,899</u>	<u>\$ 9,250,077</u>

(b) Disposal of property, plant and equipment:

	Three months ended September 30, 2024			
	Disposal proceeds		Gain on disposal	
-Associates	\$ 1,857		\$ 1,215	
	Nine months ended September 30,			
	2025		2024	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
-Associates				
Kau Du	\$ -	\$ -	\$ 327,302	\$ 220,796
Others	3,104	1,176	3,381	1,430
-Entities controlled by key management				
Ho An	-	-	685,000	406,620
	<u>\$ 3,104</u>	<u>\$ 1,176</u>	<u>\$ 1,015,683</u>	<u>\$ 628,846</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, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Lease liabilities:			
-Entities controlled by key management			
Ho Yu	\$ 51,868	\$ 68,367	\$ 73,801
-Associates	53,935	69,034	72,715
	<u>\$ 105,803</u>	<u>\$ 137,401</u>	<u>\$ 146,516</u>

G. Loans to related parties

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
-Associates			
Chongqing Taikang Heling	<u>\$ 137,196</u>	<u>\$ 134,703</u>	<u>\$ 135,355</u>

(3) Key management remuneration

	Three months ended September 30,	
	2025	2024
Salaries and other short-term employee benefits	\$ 163,257	\$ 125,915
	Nine months ended September 30,	
	2025	2024
Salaries and other short-term employee benefits	\$ 407,607	\$ 424,184

8. Pledged Assets

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

Pledged asset	September 30, 2025	December 31, 2024	September 30, 2024	Purpose
Notes and accounts receivable	\$ 16,355,800	\$ 20,083,670	\$ 21,683,793	Credit enhancements for asset-backed note borrowings, short-term borrowings and commercial papers payable
Financial assets at fair value through other comprehensive income (Note 1)	300,000	300,000	300,000	Operation bonds
Guarantee deposits paid	720,435	733,644	711,791	Operation bonds and performance bonds
Restricted assets (Note 2)				
-Demand and time deposits	586,309	510,677	780,238	Credit line for short-term borrowings, performance guarantee and issuance of L/C (Note 3)
-Property, plant and equipment	1,470,087	983,176	1,277,388	Long-term borrowings
	<u>\$ 19,432,631</u>	<u>\$ 22,611,167</u>	<u>\$ 24,753,210</u>	

Note 1: Shown as 'other assets'.

Note 2: Shown as 'other financial assets -current' and 'other financial assets-non-current'.

Note 3: As of September 30, 2025, December 31, 2024 and September 30, 2024, the certificates of deposit amounting to \$12,175, \$12,518 and \$12,065, 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, 2025, are summarized as follows:

(a) The Company

Type of contracts	Party involved	Contract period	Main contents
Distributor agreement	Toyota Motor Corporation	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 authorisation, to the Company for sale purpose in Taiwan.

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Product dealership agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2024 to May 14, 2027	Authorised dealers sell vehicles, parts and automobile products provided by the Company.
Contracted operating contracts	Kuotu Motor Co., Ltd.	Starting from July 1, 2009	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
	Kuozui Motors, Ltd.	Starting from June 1, 2002	
	Chang Yuan Motor Co., Ltd.	Starting from January 1, 2003 Except for termination signed by both parties, contracts remain effective.	

(b) Chang Yuan Motor Co., Ltd.

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Trading contracts	Kuozui Motors, Ltd.	Starting from January 1, 2003, except for termination signed by both parties or breach of contract, contracts remain effective.	Kuozui Motors, Ltd. agrees to provide vehicles, which are manufactured under authorisation, to the Company for sale purpose in Taiwan.

(c) Toyota Material Handling Taiwan Ltd.

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</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, 2025, 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 \$1,669,749, \$664,140 and \$86,710, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On November 6, 2025, the Board of Directors of the subsidiary, Hotai Finance Co., Ltd., approved a plan to issue unsecured and secured straight corporate bonds, with maximum aggregate principal amounts not to exceed \$11,500,000 and \$8,000,000, 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 maximise 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).

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</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	\$ 8,118,057	\$ 8,760,808	\$ 7,810,218
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	11,440,020	12,614,251	11,104,624
Qualifying debt instrument	1,108,046	493,500	499,297
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	22,661,016	18,968,725	22,706,642
Financial assets at amortized cost	385,378	-	-
Notes receivable	19,620,471	17,125,715	17,053,284
Accounts receivable	277,379,849	283,638,544	282,335,714
Long-term notes and accounts receivable	16,101,092	15,703,735	15,730,604
Other receivables	2,756,153	2,656,405	2,781,892
Guarantee deposits paid	1,020,435	1,033,644	1,011,791
Other financial assets	4,125,568	4,348,448	4,179,225
Financial assets for hedging	220,163	260,887	453,783
	<u>\$ 364,936,248</u>	<u>\$ 365,604,662</u>	<u>\$ 365,667,074</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 4,800	\$ -	\$ 142,099
Financial liabilities at amortized cost			
Short-term loans	116,390,572	134,152,135	139,321,427
Short-term notes and bills payable	164,085,627	139,501,975	135,535,464
Notes payable	933,673	1,377,202	1,705,418
Accounts payable	13,075,725	12,985,248	10,333,373
Accrued expenses	6,666,217	7,812,895	6,328,558
Other payables	3,733,183	2,541,234	2,281,152
Commission payable	242,151	287,549	273,010
Corporate bonds payable (including current portion)	17,200,000	31,200,000	31,200,000
Long-term borrowings (including current portion)	11,670,126	7,003,177	13,591,522
Guarantee deposits received	20,617,132	20,257,906	20,102,471
Other financial liabilities	22,923	24,664	26,704
Lease liabilities	2,458,331	2,598,213	2,607,097
Financial liabilities for hedging	529,689	855,551	142,275
	<u>\$ 357,630,149</u>	<u>\$ 360,597,749</u>	<u>\$ 363,590,570</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 companies treasury.
- 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 are provided in Note 6(2). 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:

	September 30, 2025			December 31, 2024		
	Foreign currency Exchange		Book value	Foreign currency Exchange		Book value
	amount	rate		amount	rate	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 24,838	30.4450	\$ 756,193	USD 23,714	32.7850	\$ 777,463
JPY:NTD	JPY 7,201,998	0.2058	1,482,171	JPY 990,349	0.2099	207,874
RMB:NTD	CNY 7,759	4.2741	33,163	CNY 6,285	4.4901	28,220
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 285,049	30.4450	\$ 8,678,317	USD 224,309	32.7850	\$ 7,353,971
JPY:NTD	JPY 221,661	0.2058	45,618	JPY 205,658	0.2099	43,168
RMB:NTD	CNY 13,036	4.2741	55,717	CNY 12,876	4.4901	57,815

	September 30, 2024		
	Foreign currency Exchange		Book value
	amount	rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 30,625	31.6500	\$ 969,281
JPY:NTD	JPY 1,021,293	0.2223	227,033
RMB:NTD	CNY 1,111	4.5118	5,013
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 173,047	31.6500	\$ 5,476,938
JPY:NTD	JPY 208,920	0.2223	46,443
RMB:NTD	CNY 13,004	4.5118	58,671

- v. The total exchange (losses) gains, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2025 and 2024 amounted to \$(246,781), \$287,918, \$446,952 and \$315,919, respectively.
- vi. The Group took the use of cross currency swap contracts into account and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	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%	\$ 7,562	\$ -	1%	\$ 9,693	\$ -
JPY:NTD	1%	14,822	-	1%	2,270	-
RMB:NTD	1%	332	-	1%	50	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$ 86,783	\$ -	1%	\$ 54,769	\$ -
JPY:NTD	1%	456	-	1%	464	-
RMB:NTD	1%	557	-	1%	587	-

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. 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, 2025 and 2024 would have increased/decreased by \$662,639 and \$846,275, 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, 2025, December 31, 2024 and September 30, 2024, HFC has financial instruments with off-balance-sheet credit risk amounting to \$1,793,582, \$2,010,675 and \$2,206,994, respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$12,793, \$19,227 and \$18,091, 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 \$164,371.
- 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 receivable and notes receivable of the subsidiary, Hotai Finance Co., Ltd., 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, 2025</u>					
Neither past due nor impaired	\$ 298,716,141	\$ -	\$ -	\$ 108,891	\$ 298,825,032
Past due or case assessment	-	2,815,004	2,863,597	-	5,678,601
	<u>\$ 298,716,141</u>	<u>\$ 2,815,004</u>	<u>\$ 2,863,597</u>	<u>\$ 108,891</u>	<u>\$ 304,503,633</u>
	12 months expected credit loss	Lifetime			Total
<u>December 31, 2024</u>					
Neither past due nor impaired	\$ 305,806,564	\$ -	\$ -	\$ 74,665	\$ 305,881,229
Past due or case assessment	-	1,535,826	3,294,028	-	4,829,854
	<u>\$ 305,806,564</u>	<u>\$ 1,535,826</u>	<u>\$ 3,294,028</u>	<u>\$ 74,665</u>	<u>\$ 310,711,083</u>

<u>September 30, 2024</u>	12 months expected credit loss	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
Neither past due nor impaired	\$ 303,708,245	\$ -	\$ -	\$ 108,768	\$ 303,817,013
Past due or case assessment	-	1,551,315	3,009,331	-	4,560,646
	<u>\$ 303,708,245</u>	<u>\$ 1,551,315</u>	<u>\$ 3,009,331</u>	<u>\$ 108,768</u>	<u>\$ 308,377,659</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, 2025 and 2024, the movements of the loss allowance of trade receivables were as follows:

	Nine months ended September 30, 2025			
	Lifetime			
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	Total
At January 1	\$ 3,411,606	\$ 599,045	\$ 1,739,318	\$ 5,749,969
Transfer and measurement stages	(76,514)	(61,217)	137,731	-
Provision for impairment	2,891	194,180	5,101,774	5,298,845
Write-offs	-	-	(5,253,969)	(5,253,969)
Effect of foreign exchange	(16,409)	(6,198)	(24,996)	(47,603)
At September 30	<u>\$ 3,321,574</u>	<u>\$ 725,810</u>	<u>\$ 1,699,858</u>	<u>\$ 5,747,242</u>

	Nine months ended September 30, 2024			
	Lifetime			
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	Total
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
At September 30	<u>\$ 3,286,726</u>	<u>\$ 602,538</u>	<u>\$ 1,836,412</u>	<u>\$ 5,725,676</u>

For the nine months ended September 30, 2025 and 2024, gain on recoverable bad debts amounted to \$1,465,721 and \$926,944, respectively, presented as a deduction item to expected credit loss.

- x. As of September 30, 2025, December 31, 2024 and September 30, 2024, 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:

September 30, 2025	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 86,659,435	\$ 19,271,485	\$ 12,497,987
Short-term notes and bills payable	144,919,686	18,183,774	2,048,099
Notes payable	933,673	-	-
Accounts payable	13,075,725	-	-
Accrued expenses	6,666,217	-	-
Other payables	3,733,183	-	-
Commission payable	242,151	-	-
Lease liabilities	555,647	415,835	1,787,074
Bonds payable	10,340,520	114,900	7,073,960
Long-term loans (including current portion)	451,380	5,300,692	6,279,161

Non-derivative financial liabilities:

December 31, 2024	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 110,636,641	\$ 11,155,425	\$ 13,372,148
Short-term notes and bills payable	112,977,936	10,034,447	18,029,325
Notes payable	1,377,202	-	-
Accounts payable	12,985,248	-	-
Accrued expenses	7,812,895	-	-
Other payables	2,541,234	-	-
Commission payable	287,549	-	-
Lease liabilities	557,822	484,850	1,788,280
Bonds payable	22,211,262	5,272,824	4,074,466
Long-term loans (including current portion)	1,955,704	4,136,155	1,213,373

Non-derivative financial liabilities:

September 30, 2024	<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

Derivative financial liabilities:

September 30, 2025	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 361,221	\$ 40,271	\$ 128,197
Forward exchange contracts	4,800	-	-

Derivative financial liabilities:

December 31, 2024	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 468,646	\$ 107,010	\$ 279,895

Derivative financial liabilities:

September 30, 2024	<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	-	-

- 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, financial assets at amortized cost, 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, 2025</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	\$ 2,298,729	\$ -	\$ 114,886	\$ 2,413,615
Forward exchange contracts	-	323,389	-	323,389
Bond investment	-	1,002,728	-	1,002,728
Equity securities	2,335,438	-	-	2,335,438
Exchange traded funds	1,741,750	-	-	1,741,750
Financial instruments	-	301,137	-	301,137
Derivative financial assets for hedging	-	220,163	-	220,163
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,408,046	-	1,408,046
Equity securities	<u>10,706,908</u>	<u>-</u>	<u>733,112</u>	<u>11,440,020</u>
	<u>\$17,082,825</u>	<u>\$ 3,255,463</u>	<u>\$ 847,998</u>	<u>\$21,186,286</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	\$ -	\$ 4,800	\$ -	\$ 4,800
Derivative financial liabilities for hedging	-	529,689	-	529,689
	<u>\$ -</u>	<u>\$ 534,489</u>	<u>\$ -</u>	<u>\$ 534,489</u>

Note: Including operation bonds.

<u>December 31, 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	\$ 1,546,809	\$ -	\$ 115,801	\$ 1,662,610
Forward exchange contracts	-	245,823	-	245,823
Bond investment	-	1,006,453	-	1,006,453
Equity securities	2,949,217	-	-	2,949,217
Exchange traded funds	1,896,705	-	-	1,896,705
Financial instruments	-	1,000,000	-	1,000,000
Derivative financial assets for hedging	-	260,887	-	260,887
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	793,500	-	793,500
Equity securities	11,825,187	-	789,064	12,614,251
	<u>\$18,217,918</u>	<u>\$ 3,306,663</u>	<u>\$ 904,865</u>	<u>\$22,429,446</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging	\$ -	\$ 855,551	\$ -	\$ 855,551
Note: Including operation bonds.				
<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	10,358,263	-	746,361	11,104,624
	<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	-	142,275	-	142,275
	<u>\$ 142,099</u>	<u>\$ 142,275</u>	<u>\$ -</u>	<u>\$ 284,374</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 certificates</u>	<u>Open-end fund</u>	<u>Exchange traded funds</u>
Market quoted price	Closing price	Closing price	Net asset value	Closing price

- ii. Except for financial instruments with active markets mentioned above, the subsidiary, Hotai Insurance Co., Ltd., determines the fair value of its domestic investments based on publicly quoted prices from the Taipei Exchange, with reference to valuations prepared by independent financial valuation specialists, who use the discounted cash flow method with inputs that are typically market-observable. For foreign investments, except that real estate private equity funds are valued based on net asset value, fair value for the others is determined using publicly quoted prices from the Swiss Exchange's financial information system.
 - 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, 2025 and 2024:

	2025	
	Beneficiary certificates	Equity securities
At January 1	\$ 115,801	\$ 789,064
Recorded as unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income		- (55,952)
Recorded as losses on financial assets at fair value through profit or loss	(915)	-
At September 30	\$ 114,886	\$ 733,112

	2024	
	Beneficiary certificates	Equity securities
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>

F. For the nine months ended September 30, 2025 and 2024, 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, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 733,112	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Real estate private placement fund	114,886	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 789,064	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Real estate private placement fund	115,801	Net assets value	Not applicable	Not applicable	Not applicable

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative instrument:					
Unlisted shares	\$ 746,361	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
Real estate private placement fund	122,865	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, 2025, December 31, 2024 and September 30, 2024.

(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 authorisation, 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, 2025	December 31, 2024	September 30, 2024
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	30,000	50,000	50,000
Engineering insurance	100,000	100,000	100,000
Fidelity insurance	90,000	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, 2025, December 31, 2024 and September 30, 2024, 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 deposits) in the scope of impairment assessment. The expected loss rate is as follows:

	September 30, 2025		
	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%	100%
Total book value	\$ 1,069,404	\$ -	\$ -
Allowance for losses	9,000	-	-
	December 31, 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%	100%
Total book value	\$ 935,704	\$ -	\$ -
Allowance for losses	9,000	-	-

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%	100%
Total book value	\$ 1,114,251	\$ -	\$ -
Allowance for losses	9,000	-	-

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, 2025 and 2024, the movements of allowance for loss are as follows:

2025					
	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”	Total
At January 1	\$ -	\$ -	\$ -	\$ 22,305	\$ 22,305
Amounts reversed during the period	-	-	-	2,799	2,799
At September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,104</u>	<u>\$ 25,104</u>
2024					
	12 months	Significant increase in credit risk	Impairment of credit	Amount of provision in line with the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”	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>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the allowance for loss of abovementioned financial assets was \$25,104, \$22,305 and \$23,675, respectively, and the maximum exposure to credit risk was \$1,044,300, \$913,399 and \$1,090,576, respectively.

- (e) As of September 30, 2025, December 31, 2024 and September 30, 2024, 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 \$3,274,844, \$2,673,761 and \$2,576,556, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

Credit risk rating	September 30, 2025	December 31, 2024	September 30, 2024
tw AAA	\$ 1,010,274	\$ 908,507	\$ 807,217
tw AA	193,198	396,077	354,283
tw AA-	853,249	250,983	150,366
tw A+	351,318	278,164	338,407
tw A	866,805	840,030	926,283
	<u>\$ 3,274,844</u>	<u>\$ 2,673,761</u>	<u>\$ 2,576,556</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 \$483, \$446 and \$502, respectively, and the maximum exposure amounts were \$3,274,361, \$2,673,315 and \$2,576,054, 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, 2025 and 2024, the movements of allowance for loss are as follows:

	2025	2024
At January 1	\$ 446	\$ 569
Provisions (reversal) during the period	37	(67)
At September 30	<u>\$ 483</u>	<u>\$ 502</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, 2025 and 2024, 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, 2025

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA	\$ 758,847	20.91
AA-	183,531	5.06
A+	1,354,456	37.33
A	100,169	2.76
A-	1,497	0.04
Unrated	1,230,250	33.90
Total	<u>\$ 3,628,750</u>	<u>100.00</u>

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	\$ 3,563,873	100.00

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, 2025</u>				
Insurance liabilities	\$ 13,336,078	\$ 4,714,301	\$ 326,416	\$ 1,850,519
Payables	1,806,360	-	-	-
Deposits-in	1,391	444	-	-
Lease liabilities	67,371	46,246	-	-

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2024</u>				
Insurance liabilities	\$ 12,187,003	\$ 4,270,671	\$ 295,664	\$ 1,791,702
Payables	2,449,345	-	-	-
Deposits-in	985	822	-	-
Lease liabilities	63,126	81,657	-	-

	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	-	-

ii. Derivatives

As of September 30, 2025, December 31, 2024 and September 30, 2024, the subsidiary, Hotai Insurance Co., Ltd., has no derivative instruments liabilities.

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, 2025		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 311,852
	Decrease in price	10%	(311,852)

	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)

(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, 2025		
	Change of variables		Change in fair value
Fixed-income investments	Increase in interest rate	100 basis point	(\$ 69,053)
	Decrease in interest rate	100 basis point	69,053

	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

(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, 2025	December 31, 2024	September 30, 2024
Foreign exchange rate	30.54	32.79	31.60

The US dollar assets and liabilities are shown as below:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
USD Assets	USD 11,398 thousand	USD 7,306 thousand	USD 10,251 thousand
USD Liabilities	USD 248 thousand	USD 736 thousand	USD 3,124 thousand

Foreign exchange risk will affect the subsidiary, Hotai Insurance Co., Ltd.'s foreign currency denominated assets and liabilities. 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, 2025</u>	
	<u>Change on variable</u>	<u>Impact on net (loss) income</u>
USD assets, net	Appreciate 5% against NTD (\$	17,024)
	Depreciate 5% against NTD	17,024

	<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

(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, 2025 and 2024, 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, 2025</u>	
<u>Line of Business</u>	<u>Premiums revenue</u>	<u>Retention premiums</u>
Fire insurance	\$ 1,813,383	\$ 544,511
Engineering insurance	982,735	243,681

	<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

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, 2025 and 2024 and the result is shown below:

Line of Business	Nine months ended September 30, 2025			
	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	\$ 221,398	\$ 179,360	\$ 221,398	\$ 179,360
Automobile third party liability insurance	132,542	106,862	132,542	106,862
Personal property insurance	2,840	2,623	2,840	2,623
Commercial property insurance	74,156	21,787	74,156	21,787
Liability insurance	35,548	22,005	35,548	22,005
Marine cargo insurance	12,920	6,418	12,920	6,418
Engineering insurance	34,980	6,890	34,980	6,890
Personal accident insurance	27,752	25,769	27,752	25,769
Credit insurance	-	98	-	98
Health insurance	6,774	6,773	6,774	6,773
Foreign inward reinsurance	644	623	644	623

Nine months ended September 30, 2024

Line of Business	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

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, 2025 and 2024.

C. Loss development pattern

As of September 30, 2025, December 31, 2024 and September 30, 2024, the loss development pattern of the subsidiary, Hotai Insurance Co., Ltd., are as follows:

(a) Direct business

September 30, 2025	Accident Year					Total
	Before 2021	2022	2023	2024	Nine months ended September 30, 2025	
Development Year						
End of underwriting year	\$ 41,388,352	\$ 41,070,594	\$ 11,472,535	\$ 9,397,030	\$ 7,011,790	
One year after underwriting year	40,565,921	41,730,838	10,167,743	9,186,352	-	
Two years after underwriting year	40,449,878	41,609,044	9,930,310	-	-	
Three years after underwriting year	39,633,491	41,588,146	-	-	-	
Four years after underwriting year	39,069,601	-	-	-	-	
Estimated ultimate losses	39,069,601	41,588,146	9,930,310	9,186,352	7,011,790	
Paid losses	(38,532,257)	(40,394,141)	(8,583,414)	(6,424,727)	(2,876,321)	
Total reserve	\$ 537,344	\$ 1,194,005	\$ 1,346,896	\$ 2,761,625	\$ 4,135,469	\$ 9,975,339
Adjustment item (Note)						526,257
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						\$ 10,501,596

December 31, 2024	Accident Year					Total
	Before 2020	2021	2022	2023	2024	
Development Year						
End of underwriting year	\$ 35,678,037	\$ 5,817,499	\$ 41,070,594	\$ 11,472,535	\$ 9,397,030	
One year after underwriting year	35,570,853	5,627,586	41,730,838	10,167,743	-	
Two years after underwriting year	34,938,335	5,429,797	41,609,044	-	-	
Three years after underwriting year	35,020,081	5,162,747	-	-	-	
Four years after underwriting year	34,470,744	-	-	-	-	
Estimated ultimate losses	34,470,744	5,162,747	41,609,044	10,167,743	9,397,030	
Paid losses	(34,050,264)	(4,460,685)	(40,250,119)	(8,570,332)	(4,411,554)	
Total reserve	\$ 420,480	\$ 702,062	\$ 1,358,925	\$ 1,597,411	\$ 4,985,476	\$ 9,064,354
Adjustment item (Note)						477,973
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						\$ 9,542,327

September 30, 2024	Accident Year					September 30, 2024	Total
	Before 2020	2021	2022	2023	Nine months ended		
<u>Development Year</u>							
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>

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, 2025	Accident Year				September 30, 2025	Total	
	Before 2021	2022	2023	2024			Nine months ended
<u>Development Year</u>							
End of underwriting year	\$ 30,303,765	\$ 39,328,137	\$ 9,335,805	\$ 5,438,841	\$ 4,664,136		
One year after underwriting year	29,637,777	39,909,114	8,422,129	5,522,457	-		
Two years after underwriting year	29,378,367	39,825,689	8,264,331	-	-		
Three years after underwriting year	28,568,957	39,712,278	-	-	-		
Four years after underwriting year	28,593,333	-	-	-	-		
Estimated ultimate losses	28,593,333	39,712,278	8,264,331	5,522,457	4,664,136		
Paid losses	(28,319,023)	(39,186,759)	(7,388,250)	(4,559,059)	(2,329,811)		
Total reserve	<u>\$ 274,310</u>	<u>\$ 525,519</u>	<u>\$ 876,081</u>	<u>\$ 963,398</u>	<u>\$ 2,334,325</u>		\$ 4,973,633
Adjustment item (Note)							388,145
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 5,361,778</u>

December 31, 2024	Accident Year					Total	
	Before 2020	2021	2022	2023	2024		
<u>Development Year</u>							
End of underwriting year	\$ 25,748,795	\$ 4,565,572	\$ 39,328,137	\$ 9,335,805	\$ 5,438,841		
One year after underwriting year	25,738,193	4,386,827	39,909,114	8,422,129	-		
Two years after underwriting year	25,250,950	4,242,107	39,825,689	-	-		
Three years after underwriting year	25,136,260	4,017,641	-	-	-		
Four years after underwriting year	24,551,316	-	-	-	-		
Estimated ultimate losses	24,551,316	4,017,641	39,825,689	8,422,129	5,438,841		
Paid losses	(24,293,418)	(3,714,175)	(39,160,859)	(7,404,139)	(3,296,517)		
Total reserve	<u>\$ 257,898</u>	<u>\$ 303,466</u>	<u>\$ 664,830</u>	<u>\$ 1,017,990</u>	<u>\$ 2,142,324</u>		\$ 4,386,508
Adjustment item (Note)							347,840
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 4,734,348</u>

September 30, 2024	Accident Year				September 30, 2024	Total	
	Before 2020	2021	2022	2023			Nine months ended
<u>Development Year</u>							
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)							408,109
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)							<u>\$ 4,829,790</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>September 30, 2025</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 7,934,534	\$ 7,934,534	\$ -
Receivables	977,465	977,465	-
Financial assets at fair value through profit or loss	3,621,247	3,118,519	502,728
Financial assets at fair value through other comprehensive income	1,108,046	-	1,108,046
Other financial assets	1,836,317	1,836,317	-
Right-of-use assets	106,773	-	106,773
Investment property	379,825	-	379,825
Reinsurance contract assets	7,818,744	5,375,050	2,443,694
Property and equipment	4,426,833	-	4,426,833
Intangible assets	402,457	-	402,457
Deferred income tax assets	852,106	-	852,106
Other assets	507,713	108,884	398,829
<u>Liabilities</u>			
Payables	\$ 1,806,360	\$ 1,806,360	\$ -
Current income tax liabilities	67,206	67,206	-
Insurance liabilities	20,227,314	13,336,078	6,891,236
Lease liabilities	110,121	67,371	42,750
Deferred income tax liabilities	42,272	-	42,272
Other liabilities	341,626	341,183	443

<u>December 31, 2024</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 6,479,058	\$ 6,479,058	\$ -
Receivables	837,857	837,857	-
Current income tax assets	7,718	-	7,718
Financial assets at fair value through profit or loss	4,433,668	3,927,214	506,454
Financial assets at fair value through other comprehensive income	493,500	-	493,500
Other financial assets	1,843,354	1,743,354	100,000
Right-of-use assets	136,974	-	136,974
Investment property	384,435	-	384,435
Reinsurance contract assets	7,362,261	5,082,534	2,279,727
Property and equipment	4,147,934	-	4,147,934
Intangible assets	110,949	-	110,949
Deferred income tax assets	1,055,930	-	1,055,930
Other assets	787,302	385,432	401,870
<u>Liabilities</u>			
Payables	\$ 2,449,345	\$ 2,449,345	\$ -
Current income tax liabilities	2,037	2,037	-
Insurance liabilities	18,545,040	12,187,003	6,358,037
Lease liabilities	140,275	63,126	77,149
Deferred income tax liabilities	42,854	-	42,854
Other liabilities	532,960	532,138	822

	<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

(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, 2025, December 31, 2024 and September 30, 2024, the fund amounts were \$1,200,000, \$1,900,000 and \$1,900,000, respectively.

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

Three months ended September 30, 2025						
Category of insurance	Written premiums (a)	Reinsurance premiums (b)	Reinsurance premiums ceded (c)	Retention premiums (d)=(a)+(b)-(c)	Net change in unearned premium (e)	Retention earned premiums (f)=(d)-(e)
Compulsory insurance	\$ 140,459	\$ 55,121	\$ 56,030	\$ 139,550	\$ 410	\$ 139,140
Elective insurance	3,566,521	34,408	1,008,271	2,592,658	(92,207)	2,684,865
	3,706,980	89,529	1,064,301	2,732,208	(91,797)	2,824,005
Discount	(2)	-	-	(2)	-	(2)
	<u>\$ 3,706,978</u>	<u>\$ 89,529</u>	<u>\$ 1,064,301</u>	<u>\$ 2,732,206</u>	<u>(\$ 91,797)</u>	<u>\$ 2,824,003</u>
Nine months ended September 30, 2025						
Category of insurance	Written premiums (a)	Reinsurance premiums (b)	Reinsurance premiums ceded (c)	Retention premiums (d)=(a)+(b)-(c)	Net change in unearned premium (e)	Retention earned premiums (f)=(d)-(e)
Compulsory insurance	\$ 434,795	\$ 162,349	\$ 174,605	\$ 422,539	\$ 3,605	\$ 418,934
Elective insurance	11,558,789	178,485	3,703,825	8,033,449	432,185	7,601,264
	11,993,584	340,834	3,878,430	8,455,988	435,790	8,020,198
Discount	(2)	-	-	(2)	-	(2)
	<u>\$ 11,993,582</u>	<u>\$ 340,834</u>	<u>\$ 3,878,430</u>	<u>\$ 8,455,986</u>	<u>\$ 435,790</u>	<u>\$ 8,020,196</u>

Three months ended September 30, 2024

Category of insurance	Written premiums (a)	Reinsurance premiums (b)	Reinsurance premiums ceded (c)	Retention premiums (d)=(a)+(b)-(c)	Net change in unearned premium (e)	Retention earned premiums (f)=(d)-(e)
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	-	-	-	-	-	-
	\$ 3,701,156	\$ 90,680	\$ 1,190,173	\$ 2,601,663	\$ 154,523	\$ 2,447,140

Nine months ended September 30, 2024

Category of insurance	Written premiums (a)	Reinsurance premiums (b)	Reinsurance premiums ceded (c)	Retention premiums (d)=(a)+(b)-(c)	Net change in unearned premium (e)	Retention earned premiums (f)=(d)-(e)
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
	\$ 10,939,821	\$ 319,678	\$ 3,810,870	\$ 7,448,629	\$ 633,010	\$ 6,815,619

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

Three months ended September 30, 2025				
<u>Category of insurance</u>	Claim expenditures (a)	Reinsurance claim expenditures (b)	Reinsurance claims recovery (c)	Retention claim expenditures (d)=(a)+(b)-(c)
Compulsory insurance	\$ 75,049	\$ 34,371	\$ 45,059	\$ 64,361
Elective insurance	1,539,831	20,949	330,957	1,229,823
	<u>\$ 1,614,880</u>	<u>\$ 55,320</u>	<u>\$ 376,016</u>	<u>\$ 1,294,184</u>
Nine months ended September 30, 2025				
<u>Category of insurance</u>	Claim expenditures (a)	Reinsurance claim expenditures (b)	Reinsurance claims recovery (c)	Retention claim expenditures (d)=(a)+(b)-(c)
Compulsory insurance	\$ 223,417	\$ 126,920	\$ 134,242	\$ 216,095
Elective insurance	4,775,922	328,439	1,440,981	3,663,380
	<u>\$ 4,999,339</u>	<u>\$ 455,359</u>	<u>\$ 1,575,223</u>	<u>\$ 3,879,475</u>

Three months ended September 30, 2024				
<u>Category of insurance</u>	Claim expenditures (a)	Reinsurance claim expenditures (b)	Reinsurance claims recovery (c)	Retention claim expenditures (d)=(a)+(b)-(c)
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 (a)	Reinsurance claim expenditures (b)	Reinsurance claims recovery (c)	Retention claim expenditures (d)=(a)+(b)-(c)
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>

(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, 2025, December 31, 2024 and September 30, 2024, balance sheets for compulsory automobile liability insurance are as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Assets			
Cash and cash equivalents	\$ 2,014,851	\$ 1,958,621	\$ 1,912,426
Notes receivable	3,298	5,511	3,940
Premiums receivable	8,049	10,083	8,514
Claims recoverable from reinsurers	30,054	14,546	28,159
Due from reinsurance and ceding companies	35,646	17,453	34,160
Ceded unearned premium reserve	123,459	122,002	120,949
Ceded claim reserve	138,112	130,133	163,466
Temporary payments and suspense accounts	15	34	64
Total assets	<u>\$ 2,353,484</u>	<u>\$ 2,258,383</u>	<u>\$ 2,271,678</u>
Liabilities			
Claims payable	\$ 537	\$ 199	\$ 864
Due to reinsurance and ceding companies	34,949	33,037	34,715
Unearned premium reserve	323,870	318,808	315,289
Claims reserve	397,663	364,106	431,434
Special reserve	1,592,738	1,533,958	1,482,536
Temporary payments and suspense accounts	3,727	8,275	6,840
Total liabilities	<u>\$ 2,353,484</u>	<u>\$ 2,258,383</u>	<u>\$ 2,271,678</u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the subsidiary, Hotai Insurance Co., Ltd., has long-term time deposits amounting to \$1,736,800, \$1,716,800 and \$1,716,800, 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, 2025 and 2024 are as follows:

	<u>Three months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating revenues		
Written premiums	\$ 93,375	\$ 94,820
Reinsurance premiums	55,121	54,002
Less: Reinsurance premiums ceded	(56,030)	(56,892)
Net change in unearned premium reserve	(410)	(2,991)
Retention earned premiums	92,056	88,939
Interest income	6,519	6,103
Total	<u>\$ 98,575</u>	<u>\$ 95,042</u>
Operating costs		
Claim expenditures	\$ 75,049	\$ 84,358
Reinsurance claim expenditures	34,371	47,746
Less: Reinsurance claims recovery	(45,059)	(49,566)
Retention claim expenditures	64,361	82,538
Net change in claims reserve	11,651	1,213
Net change in special reserve	24,520	15,027
Total	<u>\$ 100,532</u>	<u>\$ 98,778</u>
	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating revenues		
Written premiums	\$ 291,001	\$ 286,286
Reinsurance premiums	162,349	157,666
Less: Reinsurance premiums ceded	(174,605)	(171,778)
Net change in unearned premium reserve	(3,605)	(7,889)
Retention earned premiums	275,140	264,285
Interest income	19,558	17,878
Total	<u>\$ 294,698</u>	<u>\$ 282,163</u>
Operating costs		
Claim expenditures	\$ 223,417	\$ 255,114
Reinsurance claim expenditures	126,920	124,662
Less: Reinsurance claims recovery	(134,242)	(150,881)
Retention claim expenditures	216,095	228,895
Net change in claims reserve	25,578	19,441
Net change in special reserve	58,780	44,821
Total	<u>\$ 300,453</u>	<u>\$ 293,157</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". In the past two years, 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, 2025, December 31, 2024 and September 30, 2024 were 24.61%, 22.68% and 21.00%, 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, 2025</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 5,314,805	\$ 5,314,805	\$ -
Financial assets at amortized cost	385,378	122,427	262,951
Current financial assets for hedging	220,163	-	220,163
Accounts and notes receivable, net	260,995,601	95,510,610	165,484,991
Operating lease receivables, net	1,250	1,250	-
Finance lease receivable, net	24,767,185	17,134,624	7,632,561
Other receivables	139,022	139,022	-
Inventories	5,457	5,457	-
Prepayments	4,549,574	3,823,109	726,465
Other current financial assets	139,050	139,050	-
<u>Liabilities</u>			
Short-term borrowings	\$ 104,977,369	\$ 74,021,620	\$ 30,955,749
Short-term notes and bills payable	140,625,564	120,639,414	19,986,150
Current financial liabilities for hedging	529,689	361,221	168,468
Notes payable	826,296	826,296	-
Accounts payable (including related parties)	721,239	721,239	-
Other payables	3,598,906	3,598,906	-
Current income tax liabilities	695,612	695,612	-
Lease liabilities-current	72,142	72,142	-
Financial guarantee liabilities-current	22,923	22,923	-
Bonds payable	17,200,000	10,200,000	7,000,000
Guarantee deposits received-current	3,828,975	1,630,080	2,198,895
Other current liabilities, others	104,687	104,687	-

<u>December 31, 2024</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 4,985,831	\$ 4,985,831	\$ -
Current financial assets for hedging	260,887	237,073	23,814
Accounts and notes receivable, net	259,678,812	91,391,884	168,286,928
Operating lease receivables, net	5,546	5,546	-
Finance lease receivable, net	32,130,469	21,718,127	10,412,342
Other receivables	85,171	85,171	-
Inventories	3,036	3,036	-
Prepayments	5,527,649	4,451,078	1,076,571
Other current financial assets	157,927	157,927	-
<u>Liabilities</u>			
Short-term borrowings	\$ 120,843,955	\$ 95,992,880	\$ 24,851,075
Short-term notes and bills payable	119,849,017	92,379,006	27,470,011
Current financial liabilities for hedging	855,551	468,646	386,905
Notes payable	1,224,979	1,224,979	-
Accounts payable (including related parties)	757,488	757,488	-
Other payables	3,492,067	3,492,067	-
Current income tax liabilities	655,273	655,273	-
Lease liabilities-current	88,065	88,065	-
Financial guarantee liabilities-current	24,664	24,664	-
Bonds payable	31,200,000	22,000,000	9,200,000
Guarantee deposits received-current	4,426,509	2,020,754	2,405,755
Other current liabilities, others	64,761	64,761	-

<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	256,138,982	89,398,502	166,740,480
Operating lease receivables, net	5,732	5,732	-
Finance lease receivable, net	33,156,420	22,503,489	10,652,931
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	-

13. Supplementary Disclosures

Related information of significant transactions for the nine months ended September 30, 2025 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 significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. 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 4.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Significant inter-company transactions during the reporting period: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

(c) The amount of property transactions and the amount of the resulting gains or losses: None.

(d) 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.

(e) 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.

(f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

14. Segment Information

(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, 2025, 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.

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

Nine months ended September 30, 2025

Items	Distributor of			
	Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 118,377,041	\$ 14,243,425	\$ 24,937,077	\$ 8,878,000
Inter-segment revenue (Note)	11,446,011	436,102	483,254	526,332
Total segment revenue	<u>\$ 129,823,052</u>	<u>\$ 14,679,527</u>	<u>\$ 25,420,331</u>	<u>\$ 9,404,332</u>
Segment income (Note)	<u>\$ 16,189,974</u>	<u>\$ 3,206,279</u>	<u>\$ 830,510</u>	<u>\$ 1,387,612</u>
Segment assets	<u>\$ 107,505,671</u>	<u>\$ 290,483,755</u>	<u>\$ 98,213,113</u>	<u>\$ 29,981,652</u>

Items	Overseas			Total
	sales agent segments	Other segments	Reconciliation and elimination	
Revenue from external customers	\$ 15,009,842	\$ 30,491,355	\$ -	\$ 211,936,740
Inter-segment revenue (Note)	1,508,095	8,110,584	(22,510,378)	-
Total segment revenue	<u>\$ 16,517,937</u>	<u>\$ 38,601,939</u>	<u>(\$ 22,510,378)</u>	<u>\$ 211,936,740</u>
Segment income (loss) (Note)	<u>(\$ 283,072)</u>	<u>\$ 5,079,975</u>	<u>(\$ 5,997,931)</u>	<u>\$ 20,413,347</u>
Segment assets	<u>\$ 19,633,079</u>	<u>\$ 81,263,956</u>	<u>(\$ 115,074,425)</u>	<u>\$ 512,006,801</u>

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 (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>

Items	Overseas			Total
	sales agent segments	Other segments	Reconciliation and elimination	
Revenue from external customers	\$ 13,933,701	\$ 31,350,614	\$ -	\$ 211,524,037
Inter-segment revenue (Note)	915,884	8,374,935	(23,618,406)	-
Total segment revenue	<u>\$ 14,849,585</u>	<u>\$ 39,725,549</u>	<u>(\$ 23,618,406)</u>	<u>\$ 211,524,037</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>

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.

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Hotai Motor Co., Ltd.
Loans to others
For the nine months ended September 30, 2025
(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, 2025	Balance at September 30, 2025	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	\$ 548,783	\$ 427,406	\$ -	1.60%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 593,963	\$ 1,187,926	Note 1
2	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	228,659	170,962	1,881	1.60%	Short-term financing	-	Operations	-	None	-	263,782	527,563	Note 1
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	109,925	106,852	-	1.60%	Short-term financing	-	Operations	-	None	-	157,431	314,862	Note 1
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	320,123	256,444	131,000	1.60%	Short-term financing	-	Operations	-	None	-	467,245	934,490	Note 1
5	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	457,319	427,406	194,983	1.60%	Short-term financing	-	Operations	-	None	-	975,588	1,951,176	Note 1
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	9,146	8,548	-	1.60%	Short-term financing	-	Operations	-	None	-	12,202	24,405	Note 1
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	26,382	25,644	25,089	1.60%	Short-term financing	-	Operations	-	None	-	34,786	69,573	Note 1
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	128,222	-	1.60%	Short-term financing	-	Operations	-	None	-	257,780	515,561	Note 1
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	228,659	149,592	96,166	1.60%	Short-term financing	-	Operations	-	None	-	287,021	574,041	Note 1
10	Shanghai Hotai Toyota Forklift Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	149,592	19,105	1.60%	Short-term financing	-	Operations	-	None	-	203,474	406,948	Note 1
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	274,391	213,703	-	1.60%	Short-term financing	-	Operations	-	None	-	289,641	579,282	Note 1
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	320,123	256,444	148,182	1.60%	Short-term financing	-	Operations	-	None	-	379,331	758,661	Note 1
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	149,592	85,567	1.60%	Short-term financing	-	Operations	-	None	-	283,393	566,785	Note 1
14	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	100,610	94,029	22,268	1.60%	Short-term financing	-	Operations	-	None	-	125,857	251,713	Note 1
15	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	43,970	42,741	-	1.60%	Short-term financing	-	Operations	-	None	-	84,502	169,005	Note 1
16	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	242,379	192,333	176,305	1.60%	Short-term financing	-	Operations	-	None	-	267,066	534,133	Note 1
17	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	297,257	213,703	167,928	1.60%	Short-term financing	-	Operations	-	None	-	290,488	580,976	Note 1
18	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	137,196	128,222	-	1.60%	Short-term financing	-	Operations	-	None	-	233,833	467,666	Note 1
19	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	Other receivables	Y	39,573	38,467	7,266	1.60%	Short-term financing	-	Operations	-	None	-	49,311	98,622	Note 1
20	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,439	25,644	8,548	1.60%	Short-term financing	-	Operations	-	None	-	32,463	64,926	Note 1
21	Tianjin Ho-Yu Toyota Motor Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	20,579	17,096	-	1.60%	Short-term financing	-	Operations	-	None	-	37,517	75,034	Note 3
22	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,439	25,644	25,644	1.60%	Short-term financing	-	Operations	-	None	-	51,421	102,842	Note 3
23	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	21,985	21,370	20,943	1.60%	Short-term financing	-	Operations	-	None	-	46,118	92,236	Note 3
24	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Other receivables	Y	663,112	641,109	468,651	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Other receivables	Y	182,928	170,962	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Other receivables	Y	329,776	320,555	84,797	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	256,444	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Other receivables	Y	45,732	42,741	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2025	Balance at September 30, 2025	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			
24	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Other receivables	Y	\$ 9,146	\$ 8,548	\$ -	2.10%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Other receivables	Y	13,720	12,822	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Other receivables	Y	182,928	170,962	121,768	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Other receivables	Y	182,928	170,962	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd.	Other receivables	Y	137,196	128,222	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	256,444	76,463	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	228,659	213,703	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Other receivables	Y	137,196	128,222	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Other receivables	Y	182,928	170,962	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Other receivables	Y	365,855	341,925	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Other receivables	Y	131,910	128,222	23,764	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	213,703	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	228,659	213,703	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Other receivables	Y	160,062	149,592	61,974	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	Other receivables	Y	45,732	42,741	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Other receivables	Y	45,732	42,741	-	2.10%	Short-term financing	-	Operations	-	None	-	8,235,863	16,471,727	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	Other receivables	Y	160,062	149,592	31,243	2.10%	Short-term financing	-	Operations	-	None	-	1,647,173	3,294,345	Note 4
24	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	Other receivables	Y	219,850	213,703	125,358	2.10%	Short-term financing	-	Operations	-	None	-	1,647,173	3,294,345	Note 4
24	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Other receivables	Y	137,196	128,222	-	2.10%	Short-term financing	-	Operations	-	None	-	1,647,173	3,294,345	Note 4
24	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co., Ltd.	Other receivables	Y	914,638	812,072	812,072	2.60%	Short-term financing	-	Operations	-	None	-	1,647,173	3,294,345	Note 4
24	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	137,196	128,222	128,222	2.95%	Short-term financing	-	Operations	-	None	-	1,647,173	3,294,345	Note 4
25	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	914,638	854,812	-	3.55%	Short-term financing	-	Operations	-	None	-	6,011,694	12,023,387	Note 5
25	Hoyun International Leasing Co. Ltd.	Homei International Trade (Suzhou) Co., Ltd.	Other receivables	Y	457,319	427,406	-	3.55%	Short-term financing	-	Operations	-	None	-	6,011,694	12,023,387	Note 5
26	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	80,000	80,000	30,000	2.48%	Short-term financing	-	Operations	-	None	-	271,558	543,116	Note 6
26	He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Other receivables	Y	10,000	-	-	-%	Short-term financing	-	Operations	-	None	-	271,558	543,116	Note 6
26	He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Other receivables	Y	13,000	13,000	-	1.85%	Short-term financing	-	Operations	-	None	-	271,558	543,116	Note 6
27	He Jing Co., Ltd.	D	Accounts receivable	N	70,000	67,236	67,236	6%-10%	Short-term financing	-	Operations	928	Real estate	64,690	650,204	1,300,408	Note 7
27	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operations	-	None	-	650,204	1,300,408	Note 7
27	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operations	-	None	-	650,204	1,300,408	Note 7

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2025	Balance at September 30, 2025	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			
27	He Jing Co., Ltd.	G	Accounts receivable	N	\$ 300,000	\$ -	\$ -	-%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 650,204	\$ 1,300,408	Note 7
27	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	282,871	282,871	4.5%-10%	Short-term financing	-	Operations	3,904	Stock	373,200	650,204	1,300,408	Note 7
28	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	-	-	-%	Short-term financing	-	Operations	-	None	-	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	-	-	-%	Short-term financing	-	Operations	-	None	-	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	95,857	95,857	45,857	5%-10%	Short-term financing	-	Operations	321	Golf club membership card	43,200	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	F	Accounts receivable	N	250,000	207,608	207,608	5%-10%	Short-term financing	-	Operations	1,453	Real estate	297,000	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	H	Accounts receivable	N	90,000	89,008	89,008	5%-10%	Short-term financing	-	Operations	623	Real estate	66,000	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	I	Accounts receivable	N	26,000	6,682	6,682	5%-10%	Short-term financing	-	Operations	47	Real estate	21,000	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	J	Accounts receivable	N	55,000	-	-	-%	Short-term financing	-	Operations	-	None	-	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	K	Accounts receivable	N	50,000	37,734	37,734	5%-10%	Short-term financing	-	Operations	264	Stock	63,225	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	L	Accounts receivable	N	119,976	119,673	119,673	5%-10%	Short-term financing	-	Operations	838	Stock	184,275	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	M	Accounts receivable	N	25,000	-	-	-%	Short-term financing	-	Operations	-	None	-	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	N	Accounts receivable	N	120,000	105,652	105,652	5%-10%	Short-term financing	-	Operations	740	Real estate	100,000	592,950	1,185,900	Note 8
28	Hotai Finance Development Co., Ltd.	O	Accounts receivable	N	300,000	282,871	282,871	4.5%-10%	Short-term financing	-	Operations	1,980	Stock	373,200	592,950	1,185,900	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., Shanghai Fengyi Construction Decoration Co., Ltd. and Qingdao Heling Lexus Automobile Sales Service 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 Jing 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.

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
For the nine months ended September 30, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 2

Number (Note 1)	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, 2025	Outstanding endorsement/ guarantee amount at September 30, 2025	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 Auto Body Sales Co., Ltd.	Note 6	\$ 23,746,148	\$ 600,000	\$ 600,000	\$ 237,000	\$ -	0.76%	\$ 39,576,913	Y	N	N	Note 2
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	Note 6	37,292,182	1,338,152	1,244,743	276,228	-	3.34%	37,292,182	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Note 6	37,292,182	3,000,000	3,000,000	214,273	-	8.04%	37,292,182	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Note 6	37,292,182	15,720,000	15,720,000	7,700,000	-	42.15%	37,292,182	Y	N	N	"
2	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Vehicle Leasing Ltd.	Note 6	2,885,613	137,196	128,222	58,341	-	2.13%	3,005,847	Y	N	Y	Note 4
3	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Note 6	1,895,785	10,000	10,000	-	-	0.16%	3,159,641	Y	N	N	Note 5

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 its total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity.

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

Note 4: For Hoyun International Leasing Co. Ltd., the limit on total endorsement is no more than 50% of its total equity. Additionally, the total amount of endorsements and guarantees provided jointly by the parent company and its subsidiaries shall not exceed 50% of the parent company's total equity; the limit on endorsement for any single entity is no more than 48% of the Company's total equity and shall not exceed 30% of the parent company's total equity.

Note 5: For Hotai Leasing Co., Ltd., the limit on total endorsement is no more than 50% of its total equity; the limit on endorsement for any single entity is no more than 30% of the Company's total equity.

Note 6: The Company owns directly or indirectly more than 50% of the voting shares.

Hotai Motor Co., Ltd.

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

For the nine months ended September 30, 2025

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

Table 3

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2025				
				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	22,397,657	\$ 951,900	0.15%	\$ 951,900	
Hotai Motor Co., Ltd.	Listed stocks - Toyota Motor Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,956,000	9,357,031	0.10%	9,357,031	
Hotai Motor Co., Ltd.	Listed stocks - Shihlin Electric & Engineering Corporation Etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	397,978	0.00%-0.42%	397,978	
Hotai Motor Co., Ltd.	Unlisted stocks - Taian Insurance Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	661,460	0.42%-9.27%	661,460	
Hotai Motor Co., Ltd.	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	
Hotai Motor Co., Ltd.	Listed stocks - Toyota Motor Corporation	-	Financial assets at fair value through profit or loss - current	2,294,500	1,345,557	0.01%	1,345,557	
Hozan Investment Co., Ltd.	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	18,382,184	200,502	-	200,502	
Hozan Investment Co., Ltd.	Beneficiary certificates - CTBC Hua Win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	70,905,949	822,942	-	822,942	
Ho Tai Development Co., Ltd.	Financial instruments - PSC DSU 100% Principal Guaranteed (TWD)	Not applicable	Financial assets at fair value through profit or loss - current	-	301,137	-	301,137	
Hotai Connected Co., Ltd	Beneficiary certificates - Franklin Templeton Sinoam Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	53,036,261	578,488	-	578,488	
Hotai Connected Co., Ltd	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	18,015,334	238,316	-	238,316	
He Jing Co., Ltd.	Beneficiary right of real estate trust - Chaofu Real Estate Management Co., Ltd.	None	Financial assets at amortized cost - current	-	115,140	-	115,140	
Hotai Finance Development Co., Ltd.	Beneficiary right of real estate trust - Chaofu Real Estate Management Co., Ltd.	None	Financial assets at amortized cost - current	-	270,238	-	270,238	

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

Hotai Motor Co., Ltd.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the nine months ended September 30, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

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	\$ 43,918,064	40%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 6,702,522)	65%	
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	36,218,442	33%	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	(706,323)	7%	
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	23,784,917	20%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	450,815	13%	
Hotai Motor Co., Ltd.	Tau Miau Motor Co., Ltd.	Associates	Sales	21,876,984	18%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	462,536	13%	
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Sales	17,990,750	15%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	445,896	13%	
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Sales	17,300,318	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	320,732	9%	
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Sales	16,521,378	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	347,405	10%	
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Sales	14,447,398	12%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	336,143	10%	
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Sales	2,909,041	2%	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	282,139	8%	
Hotai Motor Co., Ltd.	Toyota Motor Asia (Singapore) Pte., Ltd.	Entity controlled by the Company's key management	Purchases	2,599,547	2%	Pays its accounts 15 days after the end of each month	Major supplier of parts, so it is not applicable.	Normal	(259,594)	3%	
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	2,405,952	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	49,442	1%	
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	Sales	2,195,601	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	60,786	2%	
Hotai Motor Co., Ltd.	Toyota-Motor-Sales-USA	Entity controlled by the Company's key management	Purchases	1,578,105	1%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(31,478)	-	
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Sales	1,000,907	1%	Collection at sight	Normal	Normal	512,169	15%	
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	932,958	1%	Pays its accounts 16 days after the end of each month	Major supplier of vehicle tires, so it is not applicable.	Normal	(108,817)	1%	

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.	Hino Motors, Ltd.	Entity controlled by the Company's key management	Purchases	\$ 351,172	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 18,208)	-	
Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	Subsidiary	Sales	154,065	-	Collection at sight	Normal	Normal	129,350	4%	
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	Sales	100,183	-	Collects its accounts 16 days after the end of each month	Normal	Normal	12,245	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	711,730	85%	Payment in advance	Normal	Normal	-	-	
Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Associates	Sales	228,753	22%	Collection 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	205,096	12%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Associates	Sales	147,675	9%	Collection 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	1,382,664	87%	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	657,794	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	959,167	94%	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	751,746	90%	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	1,044,004	87%	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	705,827	77%	Payment in advance	Normal	Normal	-	-	
Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Associates	Sales	158,945	17%	Collection in advance	Normal	Normal	-	-	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	4,563,943	54%	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	(50,784)	9%	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	506,129	4%	Collection at sight	Normal	Normal	38,055	2%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	117,464	1%	Collects its accounts on the next Monday and Wednesday after the end of each week	Normal	Normal	9,589	1%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	Purchases	285,012	54%	Pays its accounts 15 days after the end of each month	The imported large vehicles and parts are sold to the company,	Not applicable	(26,620)	8%	
Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	306,302	12%	Collects its accounts 30 days after the end of each month	Normal	Normal	29,735	23%	

Table 4 Page 2

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)	
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Sales	\$ 1,563,331	23%	Collects its accounts 30 days after the end of each month	Normal	Normal	\$ 252,958	21%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Sales	1,052,002	15%	Collects its accounts 40 days after the end of each month	Normal	Normal	223,010	19%	
Carmax Co., Ltd.	AIM Technology Corp.	Associates	Purchases	904,618	18%	Pays its accounts 21 days after the end of each month	Normal	Normal	(142,079)	19%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	Associates	Sales	112,847	2%	Collects its accounts 35 days after next monthly billings	Normal	Normal	23,949	2%	
Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	317,339	61%	Collects its accounts 30 days after the end of each month	Normal	Normal	72,238	65%	
Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	Sales	114,664	22%	Collects its accounts 30 days after the end of each month	Normal	Normal	21,356	19%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	598,075	86%	Collects its accounts 10 days after the end of each month	Normal	Normal	67,224	75%	
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Subsidiary	Sales	141,155	3%	Collection at sight	Normal	Normal	49,873	-	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	257,706	98%	Collects its accounts 26 days after next monthly billings	Normal	Normal	37,107	100%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Subsidiary	Sales	200,230	61%	Collects its accounts 180 days after the end of each month	Normal	Normal	38,385	33%	
Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	Associates	Sales	409,508	86%	Collects its accounts 180 days after the end of each month	Normal	Normal	157,116	96%	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Purchases	3,140,053	20%	Payment at sight	Normal	Normal	(71,100)	23%	Note
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Purchases	590,148	4%	Payment at sight	Normal	Normal	(1,590)	1%	"
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Purchases	1,756,636	11%	Payment at sight	Normal	Normal	(10,463)	3%	"
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Purchases	130,082	1%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Purchases	1,207,358	8%	Payment at sight	Normal	Normal	(1,300)	-	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Purchases	972,757	6%	Payment at sight	Normal	Normal	(540)	-	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	Purchases	1,340,482	8%	Payment at sight	Normal	Normal	(1,600)	1%	"

Note: Hotai Leasing Co., Ltd., Hoing Mobility Service Co., Ltd. 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, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2025	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 \$ 320,732	108.64	\$ -	-	\$ 320,732	\$ -
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Accounts receivable 336,143	85.40	-	-	336,143	-
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable 445,896	83.31	-	-	445,896	-
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Accounts receivable 462,536	94.61	-	-	462,536	-
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Accounts receivable 347,405	95.29	-	-	347,405	-
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable 450,815	101.93	-	-	450,815	-
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable 282,139	15.25	-	-	282,139	-
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Accounts receivable 512,169	4.41	-	-	512,169	-
Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	Subsidiary	Accounts receivable 129,350	3.18	-	-	129,350	-
Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	Associates	Accounts receivable 157,116	6.95	-	-	157,116	-
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Accounts receivable 223,010	5.22	-	-	223,010	-
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Accounts receivable 252,958	8.07	-	-	252,958	-

Hotai Motor Co., Ltd.
Significant inter-company transactions during the reporting periods
For the nine months ended September 30, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

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	\$ 2,909,041	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	1%
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	680,476	Closes its accounts 16 days after the end of following two months	-
0	Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	282,139	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	2,195,601	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	1%
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	267,915	Pays its accounts 30 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	100,183	Collects its accounts 16 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,000,907	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	512,169	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	1	Sales revenue	154,065	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	1	Accounts receivable	129,350	Collection at sight	-
1	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	148,182	Pays 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	468,651	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	131,000	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	176,305	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	167,928	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	194,983	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	3	Other receivables	121,768	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	125,358	Collects its accounts 30 days after the end of each month	-

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	
1	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co. Ltd.	3	Other receivables	\$ 812,072	Collects its accounts 30 days after the end of each month	-
2	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	3	Sales revenue	228,753	Collection in advance	-
3	Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	147,675	Collection in advance	-
4	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Sales revenue	158,945	Collection in advance	-
5	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	506,129	Collection at sight	-
6	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	306,302	Collects its accounts 30 days after the end of each month	-
7	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Sales revenue	1,563,331	Collects its accounts 30 days after the end of each month	1%
7	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	203,673	Collects its accounts 30 days after the end of each month	-
8	Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	3	Sales revenue	114,664	Collects its accounts 30 days after the end of each month	-
8	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	317,339	Collects its accounts 30 days after the end of each month	-
9	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	598,075	Collects its accounts 10 days after the end of each month	-
10	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	3	Sales revenue	141,155	Collection at sight	-
11	Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	195,824	Collects its accounts after the end of next month	-
12	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	168,686	Collects its accounts 60 days after the end of each month	-
13	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	257,706	Collects its accounts 26 days after next monthly billings	-
14	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	3	Sales revenue	200,230	Collects its accounts 180 days after the end of each month	-
15	Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	3	Sales revenue	409,508	Collects its accounts 180 days after the end of each month	-
15	Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	3	Accounts receivable	157,116	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)
For the nine months ended September 30, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2025			Net profit (loss) of the investee for the nine months ended September 30, 2025	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Footnote
				Balance as at September 30, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	\$ 3,315,380	\$ 3,315,380	108,897,360	100.00	\$ 8,265,840	(\$ 136,637)	(\$ 136,637)	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	4,278,767	349,966	349,966	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	1,309,671	137,590	137,590	Subsidiary
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	51,929,840	100.00	569,385	14,557	14,557	Subsidiary
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Taiwan	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	2,012,130	1,185,574	604,643	Subsidiary
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	40,074	31,576	6,315	Subsidiary
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	12,004,622	12,004,622	254,032	100.00	20,115,362	1,823,596	1,821,226	Subsidiary
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	504,000	504,000	50,400,000	18.00	500,632	65,932	11,868	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	5,803,679	1,108,486	863,917	Subsidiary
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	615,342	615,342	79,100,000	70.00	832,912	90,699	63,489	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	4,357,293	539,978	243,033	Subsidiary
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	500,000	500,000	50,000,000	50.00	541,286	32,392	16,196	Subsidiary
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Taiwan	Sales of vehicle bodies	37,010	37,010	5,428,025	100.00	65,974	10,107	10,107	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	1,728,772	752,936	151,943	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	107,350	68,732	17,183	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	1,396,542	638,694	151,179	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	1,502,498	480,568	167,286	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	8,049,953	3,771,234	1,134,508	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	123,875	7,997	1,691	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	322,485	68,561	13,200	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	2,042,940	736,114	143,717	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	1,542,298	452,174	85,782	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	418,954	14,269	6,341	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	2,094,293	2,094,293	15,000,000	20.00	2,979,313	657,409	129,176	Investee company accounted for using the equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2025				Net profit (loss) of the investee for the nine months ended September 30, 2025	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Footnote
				Balance as at September 30, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value				
Hotai Motor Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	\$ 16,500	\$ 16,500	1,650,000	15.00	\$ 18,192	\$ 7,152	\$ 1,073	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	6,488	(15,370)	(1,537)	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	106,558	106,558	3,500,000	70.00	122,149	(13,233)	-	Sub-subsidiary	
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	200,000	200,000	20,000,000	20.00	216,634	32,392	-	Subsidiary	
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	Taiwan	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	7,361	1,278	-	Sub-subsidiary	
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	762	166	-	Sub-subsidiary	
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	5,650	5,650	565,000	0.50	5,650	90,699	-	Subsidiary	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	3,960	-	Sub-subsidiary	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	130,335	31,576	-	Subsidiary	
Carmax Co., Ltd.	Carmax Racing International Co., Ltd.	Taiwan	Trading of vehicle products/accessories	30,000	-	3,000,000	100.00	29,644	(356)	-	Sub-subsidiary	
Carmax Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	38,500	38,500	3,850,000	35.00	42,448	7,152	-	Investee company accounted for using the equity method	
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Taiwan	Leasing of vehicles	181,907	181,907	126,153,159	65.52	3,867,255	626,842	-	Sub-subsidiary	
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,025	62,025	282,879,511	45.39	12,762,475	2,405,738	-	Sub-subsidiary	
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	1,642,373	1,108,486	-	Subsidiary	
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	Taiwan	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	463,805	43,156	-	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	-	142	480,568	-	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	361,976	140,542	-	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	413,849	35,810,824	50.82	264,066	(56,531)	-	Sub-subsidiary	
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,205,622	1,205,622	39,600,000	49.50	2,975,564	(14,976)	-	Sub-subsidiary	
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Taiwan	Installment trading of various vehicles	2,430,000	2,430,000	253,831,919	81.00	2,633,326	102,409	-	Sub-subsidiary	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar power business	2,240,000	2,240,000	224,000,000	80.00	2,225,031	65,932	-	Subsidiary	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Taiwan	Installment trading of various equipments	3,000,000	3,000,000	300,000,000	100.00	3,018,967	54,218	-	Sub-subsidiary	
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,229,978	1,229,978	40,400,000	50.50	3,036,533	(14,976)	-	Sub-subsidiary	
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	74,010	3,960	-	Sub-subsidiary	
Hotai Finance Co., Ltd.	HFC (Cambodia) Microfinance PLC.	Cambodia	Leasing of vehicles	517,565	517,565	5,600,000	35.00	526,702	11,615	-	Sub-subsidiary'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	7,624	(6,348)	-	Sub-subsidiary	
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar power business	32,781	32,781	3,200,000	96.97	33,037	897	-	Sub-subsidiary	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Taiwan	Solar power business	20,816	20,816	2,079,000	99.00	21,531	625	-	Sub-subsidiary	
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Taiwan	Solar power business	27,706	27,706	2,673,000	99.00	23,825	(750)	-	Sub-subsidiary	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2025			Net profit (loss) of the investee for the nine months ended September 30, 2025	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Footnote
				Balance as at September 30, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
				\$	\$			\$			
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity sales related business	10,000	1,000	1,000,000	100.00	11,912	2,264	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar power business	42,227	42,227	4,000,000	100.00	41,564	1,160	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Taiwan	Solar power business	88,685	88,685	9,200,000	100.00	95,574	3,376	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Solar power business	163,017	163,017	10,000,000	100.00	161,502	7,976	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Taiwan	Solar power business	474,783	474,783	5,000,000	100.00	443,268	25,844	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Taiwan	Solar power business	81,202	81,202	4,000,000	100.00	78,774	2,554	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Taiwan	Solar power business	162,216	162,216	94,011	100.00	165,297	10,564	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar power business	78,400	78,400	7,840,000	70.00	78,331	(302)	-	Sub-subsiidiary
He Jun Energy Co., Ltd.	Zheng Ren Energy Co., Ltd.	Taiwan	Solar power business	168,980	154,980	16,898,000	35.00	144,438	(14,251)	-	Sub-subsiidiary'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	392,163	(42,354)	-	Sub-subsiidiary'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	19,122	(15,370)	-	Investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Grinnodot Inc.	Taiwan	Solar power business	149,092	149,092	3,046,679	20.00	145,586	(7,456)	-	Sub-subsiidiary'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	360,000	36,000,000	40.00	357,454	(7,943)	-	Sub-subsiidiary'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	30,364	7,251	-	Sub-subsiidiary
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	34,655,635	49.18	256,589	(56,531)	-	Sub-subsiidiary
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Taiwan	Tourism industry	10,000	10,000	2,400,000	100.00	31,839	6,125	-	Sub-subsiidiary
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	180,000	180,000	18,000,000	41.10	108,946	3,960	-	Sub-subsiidiary
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taiwan	Taxi service	9,748	9,748	3,400,000	100.00	36,897	590	-	Sub-subsiidiary
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taiwan	Taxi service	39,225	39,225	7,000,000	100.00	99,030	1,181	-	Sub-subsiidiary
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	91,335	91,335	3,000,000	100.00	84,886	(9,414)	-	Sub-subsiidiary
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Taiwan	Repairing of air conditioning equipment and trading of their parts	100,000	100,000	27,190,239	100.00	896,011	79,027	-	Sub-subsiidiary
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	109,993	9,390	-	Sub-subsiidiary
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Taiwan	Freight forwarders	51,000	51,000	5,100,000	51.00	166,289	30,552	-	Sub-subsiidiary
Ho Tai Development Co., Ltd.	Daikin Applied Systems (Taiwan) Co., Ltd.	Taiwan	Manufacturing and trading of conditioning equipment	61,047	61,047	6,104,700	34.00	33,587	(7,640)	-	Subsiidiary's investee company 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	19,341	4,484	-	Sub-subsiidiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Taiwan	Freight forwarders	25,000	25,000	2,500,000	100.00	69,029	25,987	-	Sub-subsiidiary
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Taiwan	Trading of buses	40,000	40,000	4,000,000	100.00	60,924	19,716	-	Sub-subsiidiary

Hotai Motor Co., Ltd.
Information on investments in Mainland China-Basic information
For the nine months ended September 30, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

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, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	Net income (loss) of investee for the nine months ended September 30, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Book value of investment in Mainland China as of September 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,898,330	Note(2)	\$ 438,195	\$ -	\$ -	\$ 438,195	(\$ 127,126)	100.00	(\$ 127,126)	\$ 8,110,137	\$ 1,549,567	Note 2.3
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	102,600	Note(2)	102,600	-	-	102,600	(20,974)	100.00	(20,974)	243,039	-	Note 2.3
ChongQing Yudu Toyota Automobile Sales & Service Co., Ltd.	Sales and repairing of vehicles	128,222	Note(2)	11,189	-	-	11,189	-	10.48	-	11,189	-	Note 2.3
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	91,335	Note(2)	30,445	-	-	30,445	-	40.00	-	-	-	Note 2.3
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	182,670	Note(2)	182,670	-	-	182,670	(19)	100.00	(19)	289,623	-	Note 2.3
Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	91,335	Note(2)	91,335	-	-	91,335	11,819	100.00	11,819	169,120	-	Note 2.3
Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	152,225	Note(2)	106,558	-	-	106,558	(13,233)	70.00	(9,263)	174,497	-	Note 2.3
Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	106,558	Note(3)	79,918	-	-	79,918	(31,253)	100.00	(31,253)	563,054	-	Note 2.3
ChongQing Yurun Toyota Automobile Service Co., Ltd.	Sales and repairing of vehicles	128,222	Note(2)	11,988	-	-	11,988	-	10.48	-	11,988	26,106	Note 2.3
Shanghai Hotai Toyota Forklift Co., Ltd.	Sales of vehicles and parts for industry use	182,670	Note(2)	182,670	-	-	182,670	458	100.00	458	203,009	-	Note 2.3
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	415,574	Note(2)	283,139	-	-	283,139	(5,605)	100.00	(5,605)	228,290	-	Note 2.3
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	42,741	Note(3)	-	-	-	-	818	100.00	818	50,120	-	Note 2.3
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	176,581	Note(2)	176,581	-	-	176,581	5,278	100.00	5,278	272,286	-	Note 2.3
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Sales and repairing of vehicles	197,893	Note(2)	197,893	-	-	197,893	(17,153)	100.00	(17,153)	273,524	-	Note 2.3
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,435,600	Note(2)	2,435,600	-	-	2,435,600	(14,976)	55.61	(8,328)	3,343,404	514,959	Note 2.1
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	854,812	Note(3)	-	-	-	-	44,250	55.61	24,607	568,747	-	Note 2.3
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	641,109	Note(3)	-	-	-	-	55,757	55.61	31,006	395,005	-	Note 2.3
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of licence plate	-	Note(3)	-	-	-	-	-	55.61	-	-	-	Note 3

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, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	Net income (loss) of investee for the nine months ended September 30, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Book value of investment in Mainland China as of September 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hangzhou Wangyou Network Technology Co., Ltd.	Leasing of licence plate	\$ -	Note(3)	\$ -	\$ -	\$ -	\$ -	\$ -	55.61	\$ -	\$ -	\$ -	Note 3
Homei International Trade (Suzhou) Co., Ltd.	Goods trading business	213,703	Note(3)	-	-	-	-	7,156	55.61	3,979	122,324	-	Note 2.3
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	91,335	Note(2)	91,335	-	-	91,335	(9,414)	45.01	(4,237)	36,387	-	Note 2.3
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	365,340	Note(3)	-	-	-	-	(7,323)	100.00	(7,323)	372,088	-	Note 2.3
Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	293,201	Note(3)	-	-	-	-	6,496	100.00	6,496	289,817	-	Note 2.3
Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	85,481	Note (3)	-	-	-	-	2,428	100.00	2,428	86,903	-	Note 2.3
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	365,340	Note(3)	-	-	-	(22,284)	35.00	(7,799)	35,920	-	-	Note 2.3
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	40,492	Note(1)	40,492	-	-	40,492	43,858	51.00	22,367	218,681	-	Note 2.3
Guangzhou Gac Changho Autotech Corporation	Trading of vehicle products/accessories	97,221	Note(1)	43,749	-	-	43,749	33,570	22.95	7,704	38,705	286,798	Note 2.3
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	304,450	Note(3)	-	-	-	(417)	35.00	(146)	167,351	-	-	Note 2.3
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	456,675	Note(3)	-	-	-	-	7,406	35.00	2,592	220,431	-	Note 2.3
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	365,340	Note(3)	-	-	-	(9,142)	35.00	(3,200)	213,405	-	-	Note 2.3
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	426,230	Note(3)	-	-	-	(22,300)	35.00	(7,805)	9,841	-	-	Note 2.3
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	-	Note(3)	-	-	-	-	-	100.00	-	-	-	Note 6
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,274	Note(3)	-	-	-	-	222	100.00	222	12,422	-	Note 2.3
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	456,901	Note(3)	-	-	-	(31,010)	100.00	(34,083)	484,866	-	-	Note 2.3
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	983,034	Note(3)	-	-	-	-	7,207	100.00	7,207	982,716	-	Note 2.3
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service	12,822	Note(3)	-	-	-	-	4,702	100.00	4,702	39,437	-	Note 2.3
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	85,481	Note(3)	-	-	-	-	3,189	100.00	3,189	129,010	-	Note 2.3
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	42,741	Note(3)	-	-	-	-	8,037	50.00	4,018	(34,854)	-	Note 2.3

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, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	Net income (loss) of investee for the nine months ended September 30, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2025	Book value of investment in Mainland China as of September 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	\$ 304,450	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 7,254)	100.00	(\$ 7,254)	\$ 250,607	\$ -	Note 2.3
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	319,673	Note(3)	-	-	-	-	(5,723)	100.00	(5,723)	281,361	-	Note 2.3
Tianjin Binhai Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	128,222	Note(3)	-	-	-	-	(2,329)	35.00	(815)	34,928	-	Note 2.3
Tianjin Yongda Communication Technology Co., Ltd.	Trading of vehicle products / accessories and property management	251,229	Note(3)	-	-	-	-	106	35.00	(3,374)	151,118	-	Note 2.3
Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	128,222	Note(3)	-	-	-	-	(26,073)	70.00	(18,251)	54,428	-	Note 2.3
Taiyuan Zhongdu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	130,914	Note(3)	-	-	-	-	2,835	35.00	992	21,440	-	Note 2.3
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	21,370	Note(3)	-	-	-	-	814	100.00	(8,986)	434,953	-	Note 2.3
Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	239,347	Note(3)	-	-	-	-	(4,896)	70.00	(13,771)	572,132	-	Note 2.3
Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Sales and repairing of vehicles	299,184	Note(3)	-	-	-	-	(8,224)	70.00	(5,757)	155,720	-	Note 2.3
Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	726,591	Note(3)	-	-	-	-	10,024	100.00	10,024	765,217	-	Note 2.3
Hoyun International Leasing Co., Ltd. The first phase of small and micro asset-backed notes trust for supporting industrial upgrade in 2024	Structured entities	-	Note(3)	-	-	-	-	-	-	-	-	-	Note 4
Hoyun International Leasing Co., Ltd. The first phase of Hoyun Tongying asset-backed notes trust in 2025	Structured entities	-	Note(3)	-	-	-	-	-	-	-	-	-	Note 4

Note 1: The investments 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 2: The amount of investment income (loss) recognized for the nine months ended September 30, 2025 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: The companies completed dissolution and liquidation in February 2025.

Note 4: The trust that conforms to the definition of a structured entity is summarized in detail in Note 6(5).

Note 5: Related amounts in the following table are expressed in NTS.

Note 6: The company was dissolved and liquidated in August 2025.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	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.	\$ 1,815,399	\$ 5,088,654	\$ 68,765,221