

**HOTAI MOTOR CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 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
DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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HOTAI MOTOR CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Hotai Motor Co., Ltd.

Representative: Huang, Nan-Kuang

March 11, 2026

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

PWCR25004817

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

Opinion

We have audited the accompanying consolidated balance sheets of Hotai Motor Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Evaluation of provision for impairment of accounts receivable in Hotai Finance Co., Ltd., the subsidiary

Description

Refer to Note 4(11) for accounting policies on allowance for uncollectible accounts receivable, Note 5(2)C for the critical accounting estimates and assumptions on the policies of allowance for uncollectible accounts receivable and Note 6(5) for the details of accounts receivable.

Hotai Finance Co., Ltd. ("Hotai Finance"), a subsidiary of Hotai Motor Co., Ltd., is primarily engaged in the installment sales and leases of vehicles. In the supply chain of motor vehicles, the role of Hotai Finance is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

When accounts receivable are past due over 31 days, Hotai Finance already considers the collectability of those accounts in doubt. In addition to enhancing the collection process from customers, management also assesses the probability of overdue accounts becoming impaired over the past years. Impairment is for those doubtful accounts receivable depending on the length of overdue days and considering forward-looking factors such as the future economic conditions. Management evaluates the individual circumstances of each overdue amount to decide whether to measure the loss allowance.

The assessment mentioned above involves management's judgment and factors that may be affected by the past events, current condition, and the future economic conditions. The results will directly influence the amounts recognized. Therefore, the estimation of the loss allowance is identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above matter are summarized as follows:

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report.
2. For those accounts past due over 31 days, Hotai Finance will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and based on Hotai Finance's policy. In order to evaluate the reasonableness of the provision for impairment policy, we understood and assessed the occurrence percentage of actual impairment losses compared to the overdue accounts receivable over the past years, and other forward-looking information. In addition, we sampled and examined the expected credit losses report, and checked system information to ensure the consistency.
3. Sampled and examined the supporting documents of individual evaluation made by the management to evaluate the reasonableness of the expected credit loss recognized.

Claims reserve and ceded claims reserve of the subsidiary, Hotai Insurance Co., Ltd.

Description

Refer to Note 4(37) for accounting policies on claims reserve (including ceded), Note 5(2)D for the critical accounting estimates and assumptions on the policies of claims reserve (including ceded) and Note 6(9) for the details of accounting policies applied on claims reserve and ceded claims reserve.

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. ("Hotai Insurance"), the subsidiary of Hotai Motor Co., Ltd., is derived from the reasonable amount of ultimate claims prior and after reinsurance based on the actuarial department's historical claims development trend and experience.

Since the calculation method and assumptions selection of claims reserve (including those ceded) involve subjective judgment and relatively high degree of uncertainty, and the estimation results have a material impact on the financial statements, we have thus included claims reserve and ceded claims reserve as a key audit matter in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the key audit matter mentioned above are summarized as follows:

1. Understood and assessed Hotai Insurance's policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve (including those ceded) calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assist us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
 - (1) Examined the reasonableness of the assessment method for the reserves;
 - (2) Examined the reasonableness of the assumptions used by Hotai Insurance;
 - (3) Recalculated unreported and unsettled claims reserve using assumptions adopted by Hotai Insurance Co., Ltd. in order to confirm the accuracy and the reasonableness of the allowances.
4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claim amount.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain subsidiary and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The assets of these companies amounted to NT\$10,412,098 thousand and NT\$9,208,468 thousand, constituting 2.00% and 1.80% of the consolidated total assets as at December 31, 2025 and 2024, respectively, the revenue of this subsidiary amounted to NT\$108,895 thousand and NT\$99,324 thousand, constituting 0.039% and 0.035% of the consolidated total revenue for the years then ended, respectively and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$482,429 thousand and NT\$521,427 thousand, constituting 2.14% and 1.94% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion with an *Other matter* section on the parent company only financial statements of the Group as at and for the years ended December 31, 2025 and 2024.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2026

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

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 23,971,458	5	\$ 18,968,725	3
1120	Financial assets at fair value through profit or loss-current	6(2)	7,791,043	1	7,754,355	2
1145	Financial assets at amortized cost-current		387,446	-	-	-
1150	Derivative financial assets for hedging	6(4)	146,193	-	260,887	-
1190	Other financial assets-current	6(1) and 8	5,297,943	1	4,159,048	1
1195	Contract assets-current	6(28)	183,054	-	67,725	-
1201	Notes receivable	6(5), 7 and 8	20,414,962	4	17,125,715	3
1202	Accounts receivable	6(5), 7 and 8	279,728,165	54	283,638,544	55
1203	Other receivables	7	2,919,252	1	2,828,705	1
1270	Inventories	6(7)	17,238,736	3	19,891,943	4
1280	Prepayments	6(8)	7,098,668	1	8,412,375	2
1310	Reinsurance contract assets, net	6(9)	5,596,925	1	5,082,534	1
	Total current assets		<u>370,773,845</u>	<u>71</u>	<u>368,190,556</u>	<u>72</u>
Non-current assets						
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,012,237	-	1,006,453	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	13,988,170	3	13,107,751	3
1435	Financial assets at amortized cost-non-current		400,547	-	-	-
1470	Investments accounted for using the equity method	6(10)	21,818,413	4	22,432,577	4
1480	Other financial assets-non-current	6(1) and 8	195,662	-	189,400	-
1500	Property, plant and equipment, net	6(11) and 8	75,553,798	15	72,195,375	14
1595	Right-of-use assets, net	6(12)	3,964,830	1	3,831,714	1
1600	Investment property, net	6(14)	1,926,890	-	1,966,246	-
1700	Intangible assets, net	6(15)	2,678,260	-	765,740	-
1800	Deferred income tax assets, net	6(33)	4,338,480	1	3,671,441	1
1900	Other assets	6(5)(9)(16)	24,373,823	5	23,202,319	5
	Total non-current assets		<u>150,251,110</u>	<u>29</u>	<u>142,369,016</u>	<u>28</u>
1XXX	Total assets		<u>\$ 521,024,955</u>	<u>100</u>	<u>\$ 510,559,572</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2110	Short-term loans	6(17)	\$ 109,321,048	21	\$ 134,152,135	26
2120	Short-term notes and bills payable	6(18)	169,574,560	32	139,501,975	27
2140	Financial liabilities at fair value through profit or loss-current	6(2)	7,048	-	-	-
2150	Derivative financial liabilities for hedging	6(4)	687,433	-	855,551	-
2165	Contract liabilities-current	6(28)	1,531,162	-	1,363,237	-
2201	Notes payable		1,459,989	-	1,377,202	-
2202	Accounts payable	7	10,214,252	2	12,985,248	4
2203	Accrued expenses	6(21) and 7	8,273,520	2	7,812,895	2
2204	Other payables	7	2,638,846	1	2,541,234	1
2250	Commissions payable	7	125,934	-	287,549	-
2260	Due to reinsurance and ceding companies		870,370	-	1,566,549	-
2270	Claims payable		32,132	-	23,528	-
2310	Current income tax liabilities		4,098,819	1	2,322,803	-
2320	Advance receipts		299,282	-	255,186	-
2330	Long-term liabilities-current portion	6(19)(20)	22,682,626	4	33,029,050	7
2335	Current lease liabilities	7	526,984	-	614,143	-
2350	Other current liabilities	6(9)(23)(24)	23,549,580	5	22,382,808	4
	Total current liabilities		<u>355,893,585</u>	<u>68</u>	<u>361,071,093</u>	<u>71</u>
Non-current liabilities						
2550	Long-term loans	6(20)	8,733,259	2	5,174,127	2
2600	Provisions	6(9)(23)	13,222,070	3	11,786,649	2
2620	Guarantee deposits received	6(24)	12,019,629	2	11,824,521	2
2625	Non-current lease liabilities	7	2,267,423	-	1,984,070	-
2630	Deferred income tax liabilities	6(33)	5,133,111	1	4,597,116	1
	Total non-current liabilities		<u>41,375,492</u>	<u>8</u>	<u>35,366,483</u>	<u>7</u>
2XXX	Total liabilities		<u>397,269,077</u>	<u>76</u>	<u>396,437,576</u>	<u>78</u>
Equity attributable to shareholders of the parent						
	Share capital	6(25)				
3110	Common stock		5,571,028	1	5,571,028	1
	Capital surplus	6(26)				
3200	Capital surplus		2,919,185	1	2,871,305	1
	Retained earnings	6(27)				
3310	Legal reserve		19,892,318	4	17,836,393	3
3320	Special reserve		381,843	-	381,843	-
3330	Unappropriated earnings		50,684,894	10	44,928,842	9
	Other equity					
3400	Other equity interest		6,708,911	1	6,694,406	1
31XX	Total equity attributable to shareholders of the parent		<u>86,158,179</u>	<u>17</u>	<u>78,283,817</u>	<u>15</u>
32XX	Non-controlling interest		<u>37,597,699</u>	<u>7</u>	<u>35,838,179</u>	<u>7</u>
3XXX	Total equity		<u>123,755,878</u>	<u>24</u>	<u>114,121,996</u>	<u>22</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
	Total liabilities and equity		<u>\$ 521,024,955</u>	<u>100</u>	<u>\$ 510,559,572</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
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
Revenues						
4010	Interest income	6(3)(29)	\$ 21,205,352	8	\$ 23,218,605	8
4020	Premiums revenue	6(30)	10,082,170	4	8,555,841	3
4040	Reinsurance commission revenue		948,138	-	959,120	-
4050	Fee income		10,416	-	10,329	-
4060	Share of profit of associates and joint ventures accounted for using the equity method	6(10)				
			2,537,173	1	2,959,587	1
4090	Gains on financial assets and liabilities at fair value through profit or loss	6(2)	677,832	-	1,395,672	-
4105	Realized gains on financial assets at fair value through other comprehensive income		576,832	-	500,956	-
4160	Net sales revenue	6(28)				
4161	Sales revenue		223,296,416	79	223,340,594	79
4162	Sales returns	(	( 702,788)	-	(998,011)	-
4163	Sales discounts and allowances	(	( 2,674,259)	(1)	(3,329,798)	(1)
4170	Rental revenue		20,670,188	7	19,854,312	8
4180	Service revenue	6(28) and 7	2,882,565	1	3,072,845	1
4200	Gains on disposal of investment	6(2)	18,527	-	-	-
4210	Gains on disposals of property, plant and equipment		60,197	-	709,257	-
4230	Income from investment property	6(14)	183,167	-	400,024	-
4260	Foreign exchange gains		694,514	-	246,621	-
4270	Other income		1,931,501	1	1,918,326	1
4256	Reversal gains on expected credit of investment		110	-	124	-
4245	Gains (losses) on reclassification under the overlay approach	6(2)	190,977	-	(228,391)	-
4280	Unrealized profits from sales	(	( 62,214)	-	(82,160)	-
4290	Realized profits from sales		82,160	-	69,323	-
	Total revenues		<u>282,608,974</u>	<u>100</u>	<u>282,573,176</u>	<u>100</u>
Expenses						
5010	Interest expenses	(	( 7,279,139)	(3)	(7,165,517)	(3)
5030	Underwriting expenses		104	-	(1,397)	-
5040	Commission expenses	7	(3,514,059)	(1)	(4,474,127)	(2)
5050	Claims payment	(	( 4,745,417)	(2)	(4,294,950)	(2)
5070	Net changes in other insurance liabilities	6(9)	(668,509)	-	485,833	-
5190	Cost of sales	6(7) and 7	(194,631,197)	(69)	(195,195,824)	(68)
5200	Cost of rental revenue	(	( 16,462,045)	(6)	(15,663,589)	(6)
5210	Cost of services	(	( 2,913,442)	(1)	(2,832,819)	(1)
5230	Operating expenses	6(31)(32) and 7				
5231	Selling expenses	(	( 10,749,621)	(4)	(11,182,455)	(4)
5232	General and administrative expenses	(	( 8,371,568)	(3)	(8,214,265)	(2)
5233	Research and development expenses	(	( 371,356)	-	(260,692)	-
5287	Expected credit impairment losses of non-investment	12(2)	(4,847,262)	(1)	(5,566,856)	(2)
5270	Expenses and losses from investment property	6(14)	(42,502)	-	(36,226)	-
5320	Other expenses	(	( 591,665)	-	(288,659)	-
	Total expenses		<u>(255,187,678)</u>	<u>(90)</u>	<u>(254,691,543)</u>	<u>(90)</u>
6100	Income before income tax from continuing operations		27,421,296	10	27,881,633	10
6200	Income tax expense	6(33)	(4,952,129)	(2)	(3,931,145)	(1)
6500	Profit for the year		<u>\$ 22,469,167</u>	<u>8</u>	<u>\$ 23,950,488</u>	<u>9</u>

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss) for the year					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
6617 Gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 165,770	-	\$ 1,857,116	1
6625 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method-					
6610 Total components of other comprehensive income that may not be reclassified to profit or loss		<u>72,567</u>	-	<u>136,536</u>	-
6650 Components of other comprehensive (loss) income that may be reclassified to profit or loss		<u>238,337</u>	-	<u>1,993,652</u>	<u>1</u>
6651 Financial statement translation differences of foreign operations		2,469	-	745,129	-
6659 Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	15,167	-	(12,129)	-
6661 Gain (loss) on hedging instrument	6(4)	77,468	-	(95,510)	-
6675 Other comprehensive income (loss) reclassified by using overlay approach	6(2)	(190,977)	-	228,391	-
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		(29,111)	-	44,115	-
6689 Income tax related to components of other comprehensive (loss) income that may be reclassified to profit or loss	6(33)	(12,291)	-	11,303	-
6600 Total components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(137,275)</u>	-	<u>921,299</u>	-
6700 Other comprehensive income for the year-net		<u>\$ 101,062</u>	-	<u>\$ 2,914,951</u>	<u>1</u>
6700 Total comprehensive income for the year		<u>\$ 22,570,229</u>	<u>8</u>	<u>\$ 26,865,439</u>	<u>10</u>
Profit attributable to:					
6810 Owners of parent		\$ 18,900,453	7	\$ 20,467,026	8
6820 Non-controlling interests		<u>3,568,714</u>	<u>1</u>	<u>3,483,462</u>	<u>1</u>
		<u>\$ 22,469,167</u>	<u>8</u>	<u>\$ 23,950,488</u>	<u>9</u>
Comprehensive income attributable to:					
6910 Owners of parent		\$ 18,968,537	7	\$ 23,225,455	9
6920 Non-controlling interests		<u>3,601,692</u>	<u>1</u>	<u>3,639,984</u>	<u>1</u>
		<u>\$ 22,570,229</u>	<u>8</u>	<u>\$ 26,865,439</u>	<u>10</u>
Basic earnings per share	6(34)	\$	33.93	\$	36.74
Diluted earnings per share	6(34)	\$	33.90	\$	36.71

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 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 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 year ended December 31, 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 year	-	-	-	-	20,467,026	-	-	-	-	20,467,026	3,483,462	23,950,488
	Other comprehensive income (loss) for the year	-	-	-	-	92,225	590,185	1,889,657	234,283	(47,921)	2,758,429	156,522	2,914,951
	Total comprehensive income (loss)	-	-	-	-	20,559,251	590,185	1,889,657	234,283	(47,921)	23,225,455	3,639,984	26,865,439
	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 equity of associates and joint ventures accounted for using equity method	-	202	-	-	-	-	-	-	-	202	-	202
	Changes in ownership interests in subsidiaries	-	297	-	-	-	-	-	-	-	297	-	297
	Reorganization	-	(26,566)	-	-	-	-	-	-	-	(26,566)	26,566	-
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	69,600	69,600
	Balance at December 31, 2024	\$ 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
For the year ended December 31, 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 year	-	-	-	-	18,900,453	-	-	-	-	18,900,453	3,568,714	22,469,167
	Other comprehensive income (loss) for the year	-	-	-	-	53,579	(24,565)	198,511	(190,015)	30,574	68,084	32,978	101,062
	Total comprehensive income (loss)	-	-	-	-	18,954,032	(24,565)	198,511	(190,015)	30,574	18,968,537	3,601,692	22,570,229
	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 ownership interests in subsidiaries	-	47	-	-	-	-	-	-	-	47	58	105
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	741,787	741,787
	Balance at December 31, 2025	\$ 5,571,028	\$ 2,919,185	\$ 19,892,318	\$ 381,843	\$ 50,684,894	(\$ 107,907)	\$ 6,466,175	\$ 377,824	(\$ 27,181)	\$ 86,158,179	\$ 37,597,699	\$ 123,755,878

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31		
	Notes	2025	2024
Cash flows from operating activities			
Profit before tax		\$ 27,421,296	\$ 27,881,633
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)	14,559,109	13,808,858
Amortization	6(31)	187,684	158,800
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)	(677,832)	(1,395,672)
Expected credit impairment loss and financial guarantee expense		32,849	27,759
Reversal gains on expected credit of investment		(110)	(124)
Expected credit impairment loss on non-investment		4,847,262	5,566,856
Profit or loss reclassified by applying overlay approach	6(2)	(190,977)	228,391
Impairment loss of rental assets	6(11)	22,848	80,707
Interest expense		7,279,139	7,165,517
Interest income	6(29)	(21,205,352)	(23,218,605)
Dividend income		(576,832)	(500,956)
Share of profit of associates accounted for using the equity method	6(10)	(2,537,173)	(2,959,587)
Net gain on disposal of property, plant and equipment		(60,197)	(709,257)
Net gain on disposal of investment property		-	(255,515)
Gain on disposal of investments	7	(18,527)	-
Unrealized profit from sales		62,214	82,160
Realized profit from sales		(82,160)	(69,323)
(Profit) loss on lease modification	6(12)	(267)	56
Exchange gain or loss		79,770	91,249
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		635,360	(28,740)
Contract assets		(115,329)	38,930
Notes and accounts receivable		(3,776,663)	(22,750,885)
Other receivables		(34,392)	(256,329)
Inventories		10,085,931	4,001,113
Prepayments		977,331	474,701
Reinsurance contract assets		(566,577)	(1,241,697)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		7,048	(407,727)
Contract liabilities		167,925	(86,339)
Notes and accounts payable		(2,750,322)	(800,059)
Accrued expenses		463,878	145,776
Other payables		84,273	279,792
Commission payable		(161,615)	26,623
Provisions		1,435,421	1,599,505
Due to reinsurance and ceding companies		(696,179)	(1,197)
Claims payable		8,604	(9,824)
Advance receipts		44,096	56,908
Other current liabilities		861,777	760,234
Other liabilities		-	(1,221)
Cash inflow generated from operations		35,813,311	7,782,511
Interest received		21,151,017	23,201,011
Cash dividends received		3,101,814	3,376,381
Interest paid		(7,267,449)	(7,078,627)
Income tax paid		(3,556,755)	(2,806,430)
Net cash flows from operating activities		49,241,938	24,474,846

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		(\$ 555,634)	(\$ 411,660)
Acquisition of financial assets at amortized cost		(850,000)	-
Proceeds from disposal of financial assets at amortized cost		55,030	-
Acquisition of investments accounted for using the equity method		(14,000)	(638,389)
Net cash flow from acquisition of subsidiaries		(501,122)	(216,578)
Acquisition of property, plant and equipment	6(11)	(24,920,014)	(25,882,165)
Proceeds from disposal of property, plant and equipment		311,443	613,451
Proceeds from disposal of assets held for sale		-	685,000
Acquisition of investment properties	6(14)	-	(1,352)
Proceeds from the disposal of investment property		-	372,883
Acquisition of intangible assets	6(15)	(390,712)	(90,676)
Proceeds from disposal of intangible assets		4,196	881
Increase in other financial assets		(1,119,903)	(1,031,046)
Decrease in other assets		75,291	3,137,468
Net cash flows used in investing activities		(27,905,425)	(23,462,183)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(36)	(25,776,499)	32,638,908
Increase (decrease) in short-term notes and bills payable	6(36)	30,072,585	(8,614,114)
Proceeds from issuance of bonds	6(36)	8,600,000	-
Repayments of bonds	6(35)	(22,000,000)	-
Proceeds from long-term loans	6(36)	8,803,673	1,455,517
Repayments of long-term loans	6(36)	(2,190,965)	(19,367,410)
Increase in guarantee deposits received	6(36)	500,103	1,750,684
Cash dividends paid	6(27)(36)	(11,142,055)	(11,142,055)
Repayment of principal portion of lease liability	6(36)	(574,683)	(540,978)
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		(99,979)	69,600
Net cash flows used in financing activities		(16,342,875)	(5,859,682)
Net effect of changes in foreign currency exchange rates		9,095	672,851
Net increase (decrease) in cash and cash equivalents		5,002,733	(4,174,168)
Cash and cash equivalents at beginning of year		18,968,725	23,142,893
Cash and cash equivalents at end of year		\$ 23,971,458	\$ 18,968,725

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

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 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 March 11, 2026.

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, ‘Amendments to the classification and measurement of financial instruments’	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.

In accordance with the IFRS 17 effective date and transition provisions, the subsidiary, Hotai Insurance, will retrospectively restate the comparative financial statements presented in year 2025 under IFRS 17. At the date of initial application of IFRS 17, Hotai Insurance will re-designate financial assets under IFRS 9; however, it will not restate financial assets for the comparative period, nor will it apply the classification overlay approach to adjust comparative-period financial assets.

Applying IFRS 17 will increase Hotai Insurance's restated shareholders' equity (net of tax) as of January 1, 2025 by 11%, or approximately \$725,509 thousand. This adjustment mainly reflects the net effect of the following changes: deferring and amortizing insurance acquisition cash flows within IFRS 17 fulfilment cash flows; considering the impact of current discount rates (primarily

on incurred claims liabilities); measuring the risk adjustment for non-financial risk (RA); and adopting the General Measurement Model (GMM). The preparation of IFRS 17 comparative-period information for year 2025 is proceeding on schedule.

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
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	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

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 applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, “Regulations Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance” 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”).

(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 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) The consolidated financial statements are prepared based on the valuation and disclosures of the entities' financial statements audited by the independent auditors.

B. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 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	
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	General investment	100.00	100.00	
Hotai Motor Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	77.93	77.93	
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Sales of vehicles and parts and repairing of vehicles	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	
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	Note 2
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Trading of vehicle products/accessories	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	
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	20.00	20.00	Note 1
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	70.00	70.00	
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Assembly of vehicle bodies	50.00	50.00	Note 1

Investor	Investee	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Hotai Motor Co., Ltd.	Hotai Auto Body Sales Co., Ltd.	Sales of vehicle bodies	100.00	100.00	
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	18.00	18.00	Note 1
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	Equity investments in Mainland China, (trading and repairing of vehicles and their parts)	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	
Tienjin Ho Yu Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	75.00	75.00	
Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Consulting services	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	
Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	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	
Hotong Motor Investment Co., Ltd.	Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	70.00	70.00	
Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Property management	100.00	100.00	

Investor	Investee	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sale Service Co., Ltd.	Sales and repairing of vehicles	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	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	
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	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	Note 1, 12
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Advertisement design and production	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	-	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	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Sales of imported cars	100.00	100.00	
Shanghai Heling Motor Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	40.00	40.00	Note 1
Shanghai Hozhan Motor Service Co., Ltd.	Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	-	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	Note 1
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	30.00	30.00	Note 1
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	Leasing of vehicles	65.52	66.04	Note 13
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Installment trading and leasing of various vehicles	45.39	45.39	Note 2
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	Property and casualty insurance services	22.05	22.05	Note 1
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	41.10	41.10	Note 1
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	27.40	27.40	Note 1
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taxi service	100.00	100.00	
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taxi service	100.00	100.00	
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	
Hotai Leasing Co., Ltd.	Hoyun International Limited	General investment	49.50	49.50	Note 1
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	50.82	50.82	Note 8
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of vehicles	49.18	49.18	Note 1

Investor	Investee	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Tourism industry	100.00	100.00	
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment trading of various vehicles	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar power	80.00	80.00	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Installment of equipment sales	100.00	100.00	Note 3
Hotai Finance Co., Ltd.	HFC (Cambodia) Microfinance PLC.	Financing and leasing services	66.00	35.00	Note 16
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Energy storage	100.00	100.00	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar power	99.00	99.00	
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar power	96.97	96.97	
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar power	99.00	99.00	
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar power	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar power	100.00	100.00	
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar power	100.00	100.00	
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar power	100.00	100.00	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Solar power	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Solar power	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Solar power	86.62	70.00	Note 6
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar power	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	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of cars	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	-	100.00	Note 10
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	-	100.00	Note 10
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	100.00	100.00	
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	General investment	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	
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	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Trading of air conditioning equipment and their peripherals	100.00	100.00	
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Freight forwarders	51.00	51.00	

Investor	Investee	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Freight forwarders	100.00	100.00	
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	Freight forwarders	100.00	100.00	
Air Master International Co., Ltd.	He Zhan Development Co., Ltd.	Trading of air conditioning equipment	100.00	100.00	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	100.00	100.00	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Electronic parts and components manufacturing	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	
Eastern Motor Co., Ltd.	Daleon Auto Parts and Accessories Corporation	Wholesale and retail of vehicles parts and accessories	100.00	100.00	
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taxi dispatch service	0.68	0.68	Note 1
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	E-commerce platform services	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	Note 1
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Trading of buses	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 established in April 2024. In December 2025, the subsidiary He Jun Energy Co., Ltd. acquired an additional 16.62% equity interest in its subsidiary, Jun Te Energy Co., Ltd., for NT\$18,615 thousand, increasing its ownership to 86.62%.

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. Refer to Note 6(35) for details.

Note 9: The subsidiary was established in September 2024.

Note 10: The dissolution and liquidation were completed 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 July 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.

Note 16: In December 2025, the subsidiary Hotai Finance Co., Ltd. acquired an additional 31% equity interest in HFC (Cambodia) Microfinance PLC for USD\$20.89 million, increasing its ownership to 66.00% and obtaining control; accordingly, it has been included in the scope of consolidation. Refer to Note 6(35) 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 December 31, 2025 and 2024, the non-controlling interest amounted to \$37,597,699 and \$35,838,179, 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			
		December 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Hotai Finance Co., Ltd. (Note)	Taiwan	\$ 25,402,237	54.610%	\$ 24,837,381	54.610%
Hotai Leasing Co., Ltd.	Taiwan	2,168,857	34.475%	2,145,902	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.	
	December 31, 2025	December 31, 2024
Current assets	\$ 301,637,976	\$ 302,835,328
Non-current assets	27,947,517	25,344,062
Current liabilities	(276,026,176)	(283,713,332)
Non-current liabilities	(10,163,061)	(2,799,475)
Total net assets	\$ 43,396,256	\$ 41,666,583

	Hotai Leasing Co., Ltd.	
	December 31, 2025	December 31, 2024
Current assets	\$ 4,772,657	\$ 4,402,717
Non-current assets	57,043,878	54,997,496
Current liabilities	(40,582,376)	(34,961,922)
Non-current liabilities	(14,697,920)	(17,834,617)
Total net assets	\$ 6,536,239	\$ 6,603,674

Statements of comprehensive income

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2025	2024
Revenue	\$ 23,704,115	\$ 28,963,830
Profit before income tax	4,290,663	4,413,550
Income tax expense	(853,298)	(1,139,224)
Profit for the period	3,437,365	3,274,326
Other comprehensive income for the period, net of tax	66,939	137,748
Total comprehensive income for the year	\$ 3,504,304	\$ 3,412,074
Comprehensive income attributable to non-controlling interests	\$ 1,875,337	\$ 1,702,052
Dividends paid to non-controlling interests	\$ 1,446,907	\$ 1,212,070

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2025	2024
Revenue	\$ 29,679,362	\$ 29,073,752
Profit before income tax	1,144,159	1,261,888
Income tax expense	(296,782)	(344,362)
Profit for the period	847,377	917,526
Other comprehensive income for the period, net of tax	9,322	76,737
Total comprehensive income for the year	\$ 856,699	\$ 994,263
Comprehensive income attributable to non-controlling interests	\$ 306,423	\$ 391,044
Dividends paid to non-controlling interests	\$ 313,817	\$ 228,839

Statements of cash flows

	Hotai Finance Co., Ltd.	
	Years ended December 31,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 6,905,580	(\$ 12,317,831)
Net cash used in investing activities	(3,242,481)	(2,656,196)
Net cash (used in) provided by financing activities	(4,028,380)	16,779,559
Net effect of changes in foreign currency exchange rates	10,775	302,115
(Decrease) increase in cash and cash equivalents	(354,506)	2,107,647
Cash and cash equivalents, beginning of year	4,985,831	2,878,184
Cash and cash equivalents, end of year	\$ 4,631,325	\$ 4,985,831

	Hotai Leasing Co., Ltd.	
	Years ended December 31,	
	2025	2024
Net cash provided by operating activities	\$ 20,158,883	\$ 19,394,083
Net cash used in investing activities	(21,381,404)	(22,604,418)
Net cash provided by financing activities	1,220,475	3,373,079
(Decrease) increase in cash and cash equivalents	(2,046)	162,744
Cash and cash equivalents, beginning of year	368,589	205,845
Cash and cash equivalents, end of year	\$ 366,543	\$ 368,589

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollar ("NTD"), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within “foreign exchange gains or losses”.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

Consolidated subsidiaries are engaged in installment sales, and the operating cycle usually exceeds 1 year. The consolidated subsidiaries use the operating cycle as its criterion for classifying current or non-current assets and liabilities related to installment sales. For other assets and liabilities, the criteria are as follows:

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits and short-term notes and bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. The Group could designate financial assets at fair value through profit or loss using overlay approach when financial assets meet the following conditions:
- (a) It is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39; and
 - (b) It is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures the financial assets at fair value with any gain or loss recognized in profit or loss.
- D. The Group recognizes the dividend income when the right to receive dividends is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- E. The Group reclassifies between profit or loss and other comprehensive income an amount for the designated financial assets applying overlay approach. Accordingly, the amount reclassified is equal to the difference between:
- (a) The amount reported in profit or loss for the designated financial assets applying overlay approach if IFRS 9 had been applied; and
 - (b) The amount that would have been reported in profit or loss for the designated financial assets applying overlay approach if IAS 39 had been applied.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
- (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(11) Impairment of financial assets

- A. For financial assets at fair value through other comprehensive income and financial assets at amortized cost including account receivable, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.
- B. The Group will perform the following procedure when the financial assets are assessed as having a significant increase in credit risk after initial recognition:
 - (a) Financial assets at fair value through other comprehensive income
 - Reclassify the amount of credit loss which originally are unrealized gains (losses) of accumulated losses of other comprehensive income as profit or loss.
 - (b) Financial assets at amortized cost
 - Decrease its carrying amount through an allowance account. When financial assets at amortized cost are assessed as no longer recoverable, write-off the allowance accounts. For proceeds that were previously written-off and subsequently recovered, credit the allowance account. Except for financial assets at amortized cost that are assessed as no longer recoverable and written-off allowance accounts, the carrying amount of allowance accounts are recognized in profit or loss.

(12) Loss allowance of the subsidiary, Hotai Insurance Co., Ltd.

The Group's subsidiary, Hotai Insurance Co., Ltd., provisioned for an appropriate allowance loss in accordance with IFRS 9 and IFRS 4, as well as the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises", for receivables, financial assets and reinsurance assets measured at amortized cost and reinsurance contract assets.

(13) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained the control of the financial asset.

(14) Leasing arrangements (lessor) - lease receivables/operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during to the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Inventories

Inventories are stated at the lower of cost and net realizable value. Except for the cost of inventories of Ho Tai Development Co., Ltd. which is determined using the weighted-average method, the cost of inventories of all other entities in the group is determined using the moving average method. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(16) Investments accounted for using the equity method/associates

- i. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(17) Property, plant and equipment

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

benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate using IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

(18) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(19) Investment property

A. An investment property is stated initially at its cost and measured subsequently using the cost model.

B. The significant improvements, additions, and betterments of an item of investment property shall be recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. General repairs and maintenance are charged to current expenses.

C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain and loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain and loss on investment property under net

investment income (loss). Except for land, property (including accessory equipment) is depreciated on a straight-line basis over its estimated useful life of 2~60 years. Each part of an item of investment property with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

- D. Investment property of the Group's subsidiary including the office building and land rented in the form of an operating lease are to generate rental income or capital increase or both. Investment property is recognized initially at cost plus transaction costs incurred and subsequently applies cost model measuring at cost net of accumulated depreciation and impairment. Part of the property may be held by the Group and another part generates rental income or capital increase. If the property held by the Group can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase, or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

(20) Intangible assets

A. Computer software

Intangible assets held by the Group pertain to computer software which are stated at cost and subsequently measured using the cost model. The computer software has a finite useful life and is amortized on a straight-line basis over its estimated economic useful life of 2~25 years.

B. Goodwill

Goodwill arises from business combination accounted for using the acquisition method. Goodwill acquired in business combination shall be tested for impairment at least once a year. Impairment loss is recognized when the goodwill is impaired. Impairment loss of goodwill that has been recognized shall not be reversed.

C. Client relationship

Arising from business combination and amortized on a straight-line basis over 30 years.

D. Electricity sales agreement

Electricity sales agreement is stated at cost and amortized on a straight-line basis over 16~17.5 years.

E. Trademark right

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortized, but is tested annually for impairment.

(21) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(22) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(23) Notes and accounts payable

- A. Liabilities for purchases of raw materials, goods or services and notes payables resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures the financial liabilities at fair value with any gain or loss recognized in profit or loss

(25) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(26) Ordinary corporate bonds

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of

transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(27) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(28) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(29) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship is cash flow hedge, a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and

- ii. The cumulative change in fair value of the hedged item from inception of the hedge.
- (b) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.
- (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with item (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(30) Provisions

Provisions (warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses. For details of provisions for other insurance liabilities, please refer to Note 4(37).

(31) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(32) Classification of insurance contracts

The insurance and reinsurance businesses of the Group for insurance contracts newly issued or undertaken are accounted for in accordance with IFRS 4. They are tested in accordance with the subsidiary's internal control procedures to classify newly issued insurance products. Currently, insurance policies sold by the Group are all insurance contracts.

Insurance contract is a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held. The definition of significant transferred risks employed by the Group refers to an occurrence of any event or incident that leads to the Group's additional significant payment.

(33) Direct insurance income and expenses

A. Direct premiums are recognized in the year the insurance policies are issued without regard to the effective dates of the policies except premiums related to open cover policies which are recognized in the year they are earned. Premiums adjustments, including policy cancellations, are recorded in the year they occur.

B. Claims are accrued after the claim letters are received.

C. Commission expenses are accrued after the policies are issued.

(34) Reinsurance contract

Reinsurance premiums ceded and reinsurance premiums are recognized on the date the bills are received. A sufficient and reasonable method should be adopted to estimate reinsurance premiums ceded. Relevant revenues and expenses (such as reinsurance commission expenses and revenues, handling fee expenses and revenues, reinsurance claims recovery, etc.) shall all be recognized.

With the classification of reinsurance contracts, the Group assesses whether significant insurance risk transferred to the reinsurer. If the significant insurance risks of reinsurance contracts are not transferred to reinsurer, the subsidiary should treat reinsurance contracts as deposit accounting.

The Group evaluates the impairment losses and unrecoverable amounts of reinsurance reserve assets, claims recoverable from reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies. When there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer, the cedant reduces the carrying amount accordingly and recognizes the provision for impairment loss. Allowance for doubtful debts of recoverable from the reinsurers, due from reinsurers and ceding companies and funds held by other insurance companies is recognized when the cedant may not receive all amounts.

(35) Salvage and subrogation

Salvage legally assumed from the claim procedure by direct underwriting business and subrogation legally acquired for the rights of the subject matter and relevant claims expenses are recognized when the actual recovery is definite, and the amount can be reliably measured.

(36) Underwriting pools and coinsurance

The Group has participated in the coinsurance of compulsory automobile liability insurance, residential earthquake fund, engineering insurance association, injury insurance for acts of terrorism co-insurance organizations and Nuclear Energy Insurance Federation of the Republic of China. The Company recognizes coinsurance premiums based on its participation share.

(37) Insurance liabilities

All reserves of insurance contracts that the Group recognized are based on “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, “Regulations Governing the Setting Aside and for Management of the Reserves of Compulsory Automobile Liability Insurance”, “Regulations Governing the Setting Aside of Nuclear Reserve by Property Insurance Enterprises”, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance”, “Notes for Strengthening Reserve of Pool Members Residential Earthquake”, “Regulations Governing Various Reserves for Commercial Earthquake Insurance and Typhoon Flood Insurance by Property Insurance Enterprises” and “Notes for Strengthening Catastrophe Reserve of Property Insurance Enterprises”, and shall be certified by actuary authorized by the Financial Supervisory Commission. Provision for reserve is also applicable for assumed reinsurance and ceded reinsurance business but is not applicable for special reserve and liability adequacy reserve.

Except for the reserves for one-year group accident insurance which is provided based on the higher of actual insurance premium or insurance premium calculated in accordance with the Letter No. Tai-Cai-Bao-Zi-852367814, the provision for other insurance liabilities is based on the following:

A. Unearned premium reserve

Unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period based on unexpired risks of effective and unexpired contracts or covered risks.

B. Claims reserve

Claims reserve with a coverage period are provided based on claim experience and expenses of various insurance types and are calculated based on actuarial principles. Besides, reserves are provided for “claims reported but not paid” and “claims incurred but not reported”. For “claims reported but not paid”, a reserve has been provided on an individual claim basis for each type of insurance.

C. Special reserve

Special reserves include “catastrophe reserve” and “risk claim reserve”. Except for compulsory automobile liability insurance, nuclear insurance, residential earthquake insurance and commercial earthquake and typhoon flood insurance which are covered by other regulations requiring reserves for them to be recognized under liability, the additional provision for special reserve less income tax should be recognized as special reserve under equity after annual closing. The release of special reserve shall be made through special reserve under equity based on its net value after tax.

D. Premium deficiency reserve

Potential claims and expenses are estimated for effective contracts yet to mature and injury insurance contracts with a coverage period. If the assessed amount is more than unearned premium reserve and expected premium income, the insufficient amount is recognized as premium deficiency reserve by product types.

E. Liability adequacy reserve

In accordance with IFRS 4, ‘Insurance Contracts’ and the regulations of The Actuarial Institute of the Republic of China, the subsidiary’s liability adequacy test is performed using the gross premium valuation method based on all contracts of the subsidiary. At the end of each reporting period, the test is performed by comparing the carrying amount of insurance liabilities less related deferred acquisition costs and related intangible assets with current estimates of future cash flows under its insurance contracts. If the carrying amount is insufficient, the provision for liability adequacy reserve for the entire deficiency is recognized in profit or loss in the period.

F. Unqualified ceded reserve

Unqualified reinsurance ceded reserve under “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, should be disclosed in financial statements.

Among the reserves above, except for unearned premium reserve for long-term fire insurance which was calculated at a rate of 7.8% based on the coefficient table of unearned premium reserve for long-term fire insurance, the other reserves were not calculated by discounting.

(38) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(39) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(40) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(41) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are approved by the Board of Directors; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance in the Company's financial statements in the period in which they are approved by the Company's shareholders.

(42) Revenue recognition

A. Sales of goods

- (a) The Group sells vehicles and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue was recognized based on the contract price net of sales discount. Accumulated experience and other known reason is used to estimate and provide for the sales discounts and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- (c) The Group's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.
- (d) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- (e) The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-

alone selling price basis. The stand-alone selling price per point is estimated based on the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated based on the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

- (f) Installment sales for vehicles – the Group engages in installment sales which mainly aims to receive interest income rather than gross profit. There is no gross profit from such transactions. The accounting treatment is to recognize future proceeds from loans receivable and not to recognize sales revenue and cost of sales when the transaction occurs. When the amount of installment payment exceeds the price of cash sale, the difference is recognized as unrealized interest income and listed as a deduction to installment notes and accounts receivable, and interest is recognized using interest method annually over the installment period.

B. Lease revenue

Based on the Group's lease term, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset, while others are classified as operating leases. Under finance lease, the amounts receivable from the lessee are recognized as lease receivables, and finance income is amortized over the accounting periods to reflect the constant periodic rate of return for each period. Lease income from an operating lease is recognised in profit or loss on a straight-line basis over the lease term.

- C. The Group provides services related to vehicles and vehicle air conditioning. When the results of service provision transactions can be reliably estimated, revenue is recognized based on the percentage of completion method. The degree of completion is estimated by the proportion of actual costs incurred to the estimated total transaction costs as of the financial reporting date. When the results of the transaction cannot be reliably estimated, revenue is recognized within the range of costs already incurred that are likely to be recoverable.

- D. Recognition of premium revenue and deferred acquisition cost of the insurance business were as follows:

- (a) For the revenue recognition policies on insurance and reinsurance contracts, please refer to Notes 4(33) and (34).
- (b) Commission revenue is recognized on the accrual basis of the service period.

E. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or one operating period. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(43) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(44) Corporate Mergers

- A. This Group uses the acquisition method for corporate mergers. The merger consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued, including the fair value of any assets and liabilities arising from contingent consideration agreements. The costs related to the acquisition are recognized as expenses when incurred. The identifiable assets and liabilities acquired and assumed in the corporate merger are measured at fair value on the acquisition date. The Group uses individual acquisition transactions as a basis. The non-controlling interests are part of the current equity and the holders have the right to enjoy a proportional share of the net assets of the company upon liquidation. They can choose to measure the identifiable net assets of the acquired party in proportion to the fair value on the acquisition date or based on the proportion of non-controlling interests in the acquired party. Other components of non-controlling interests are measured at fair value on the acquisition date.
- B. If the total fair value of the transferred consideration, the non-controlling interests of the acquired party, and the fair value of previously held equity in the acquired party exceeds the fair value of identifiable assets and liabilities acquired and assumed, the difference is recognized as goodwill on the acquisition date. If the total fair value of the identifiable assets and liabilities acquired and assumed exceeds the transferred consideration, the non-controlling interests of the acquired party, and the fair value of previously held equity in the acquired party, the difference is recognized as current profit or loss on the acquisition date.

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>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 14,047	\$ 14,158
Checking accounts and demand deposits	15,468,673	14,068,313
Cash equivalents		
Time deposits	2,256,706	1,600,794
Short-term notes and bills	6,232,032	3,285,460
	<u>\$ 23,971,458</u>	<u>\$ 18,968,725</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 December 31, 2025 and 2024, the Group presented its long-term time deposits of \$4,302,991 and \$3,712,585, 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>December 31, 2025</u>	<u>December 31, 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	\$ 1,695,929	\$ 1,666,404
Derivative instruments	138,107	245,823
Financial instruments	502,553	1,000,000
Listed stocks	3,126,037	2,410,788
Listed preference share	59,980	59,980
Exchange Traded Funds	1,433,180	1,423,333
Valuation adjustment	835,257	948,027
	<u>\$ 7,791,043</u>	<u>\$ 7,754,355</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 1,012,237</u>	<u>\$ 1,006,453</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities at fair value through profit or loss</u>		
Current items:		
Financial liabilities held for trading Derivative instruments	\$ 7,048	\$ -

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>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial instruments mandatorily measured at fair value through profit or loss</u>		
Derivative instruments	(\$ 114,765)	\$ 653,550
Domestic and foreign beneficiary certificates	50,633	31,200
Financial instruments	-	(151)
Listed stocks	491,751	368,455
Listed preference share	1,283	3,022
Exchange Traded Funds	208,647	306,216
Corporate bonds	40,283	33,380
	<u>\$ 677,832</u>	<u>\$ 1,395,672</u>

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

<u>Derivative instruments</u>	<u>December 31, 2025</u>	
	Contract amount (Notional principal)	Contract period
	(in thousands)	
Current items:		
Forward foreign exchange contracts	<u>USD 326,700</u>	2025/07/24~2026/04/09

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

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

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. On December 31, 2025 and 2024, such financial assets designated using overlay approach are as follows:

Items	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss designated using overlay approach		
Listed stocks	\$ 1,810,684	\$ 1,406,813
Listed preference shares	59,980	59,980
Exchange Traded Funds	1,433,180	1,423,333
Beneficiary certificates	410,000	260,000
Foreign beneficiary certificates	160,152	160,152
Corporate bonds	500,000	500,000
Valuation adjustment	432,413	623,390
	<u>\$ 4,806,409</u>	<u>\$ 4,433,668</u>

For the years ended December 31, 2025 and 2024, the reclassifications between profit or loss and other comprehensive income of such financial assets designated using overlay approach are as follows:

	Years ended December 31, □	
	2025	2024
Gains recognized in profit or loss under IFRS 9	\$ 820,699	\$ 641,534
Less: Gains recognized in profit or loss under IAS 39	<u>1,011,676</u>	<u>413,143</u>
(Losses) gains reclassified under overlay approach	(<u>\$ 190,977</u>)	(<u>\$ 228,391</u>)
Effect from change in tax	(<u>\$ 940</u>)	(<u>\$ 5,920</u>)

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

(a)

Type of structured entities	Book value at December 31, 2025	Book value at December 31, 2024	Description
Real estate private placement fund	<u>\$ 111,100</u>	<u>\$ 115,801</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(2) for more information.

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

Items	December 31, 2025	December 31, 2024
Non-current items:		
Debt instrument		
Government bonds	\$ 804,548	\$ 804,192
Corporate bonds	600,000	-
	1,404,548	804,192
Valuation adjustment (including loss allowance)	4,475	(10,692)
Less: Operation bonds	(300,000)	(300,000)
	1,109,023	493,500
Equity instruments		
Listed stocks and unlisted stocks	6,839,994	6,740,868
Valuation adjustment	6,039,153	5,873,383
	12,879,147	12,614,251
	\$ 13,988,170	\$ 13,107,751

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 \$12,879,147 and \$12,614,251, respectively, as of December 31, 2025 and 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 December 31, 2025 and 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	Years ended December 31,	
	2025	2024
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 15,167	(\$ 12,129)
Interest income recognized in profit or loss	\$ 15,285	\$ 10,382
	15,167	(\$ 12,129)
	15,285	10,382
	15,167	(\$ 12,129)
	15,285	10,382

Items	Years ended December 31,	
	2025	2024
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	\$ 165,770	\$ 1,857,116
	165,770	1,857,116
	165,770	1,857,116

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

	December 31, 2025		December 31, 2024	
	Current assets	Current liabilities	Current assets	Current liabilities
Cash flow hedges				
<u>Exchange rate risk and interest rate risk</u>				
Cross currency swaps	\$ 29,128	(\$ 687,433)	\$ 260,887	(\$ 855,551)
Interest rate swaps	117,065	-	-	-
	<u>\$ 146,193</u>	<u>(\$ 687,433)</u>	<u>\$ 260,887</u>	<u>(\$ 855,551)</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 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:

	December 31, 2025					Year ended December 31, 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 interest rate risk</u>								
Cross currency swaps transactions	USD 30,000	2024/3/28~2026/3/27	\$ -	(\$ 15,034)	\$ -	31.96	1.84	\$ -
	JPY 38,800,000	2024/2/20~2028/5/26	29,128	(71,799)	-	0.20~0.21	1.98~2.44	-
	JPY 28,315,000	2023/10/23~2028/6/9	-	(600,600)	-	0.05	3.31~4.20	-
Interest rate swaps	NTD 22,250,000	2025/4/24~2027/6/28	117,065	-	-	-	1.44~1.48	-

	December 31, 2025	
	Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
Hedged items		
Cash flow hedges:		
<u>Exchange rates risk and interest rate risk</u>		
Short-term borrowings	<u>\$ 37,200,151</u>	<u>(\$ 515,401)</u>

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	
		Liabilities carrying amount	Valuation on liabilities' carrying amount due to cash flow hedges
Hedged items			
Cash flow hedges:			
<u>Exchange rates risk and interest rate risk</u>			
Short-term borrowings		\$ 20,668,117	(\$ 494,313)

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	238,891	(131,098)
Reclassified to profit or loss as the hedged item has affected profit or loss	(161,423)	35,588
Income tax relating to the hedge effectiveness -amount recognized in other comprehensive (loss) income	(13,231)	5,383
At December 31	(\$ 37,812)	(\$ 102,049)

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>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 1,231,258	\$ 1,366,049
Installment notes receivable	18,671,126	15,526,501
Accounts receivable	5,960,611	5,403,112
Installment accounts receivable	293,503,019	296,454,863
Lease payments and notes receivable	38,150,111	42,038,030
Premiums receivable	446,747	473,315
Overdue receivable	53,028	60,796
Less: Unrealized interest revenue	(31,431,593)	(34,733,765)
Unearned finance income of finance lease	(3,802,155)	(4,220,853)
	<u>322,782,152</u>	<u>322,368,048</u>
Less: Allowance for doubtful accounts	(5,971,896)	(5,900,054)
Notes and accounts receivable, net	<u>\$ 316,810,256</u>	<u>\$ 316,467,994</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	<u>\$ 300,143,127</u>	<u>\$ 300,764,259</u>
Non-current (shown as other assets)	<u>\$ 16,667,129</u>	<u>\$ 15,703,735</u>

A. As of December 31, 2025 and 2024, the subsidiary - Hotai Finance Co., Ltd.'s notes receivable were pledged as collateral amounting to \$17,085,835 and \$20,083,670, 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>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 315,403,380	\$ 315,793,370
Up to 30 days	2,572,558	973,291
31 to ~ 90 days	2,526,615	2,892,841
91 to ~ 180 days	1,486,247	2,303,707
Over 181 days	793,352	404,839
	<u>\$ 322,782,152</u>	<u>\$ 322,368,048</u>

The above aging analysis was based on past due date.

C. As of December 31, 2025 and 2024, the balances of receivables (including notes receivable) from contracts with customers amounted to \$7,189,748 and \$8,243,583, respectively.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Up to 12 months	\$ 111,915,422	\$ 107,456,563
Over 12 months	200,258,723	204,524,801
	<u>\$ 312,174,145</u>	<u>\$ 311,981,364</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. As of December 31, 2025, the balance of the asset-backed notes trust was \$3,287,358.

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 reverse repurchase agreements held by the Group do not meet 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:

December 31, 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	\$ 4,356,233	\$ -	\$ 4,356,233	\$ -	\$ 4,349,204	\$ 7,029

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

(7) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Vehicles and parts	\$ 12,312,195	(\$ 242,128)	\$ 12,070,067
Air conditioners and parts	3,718,031	(483,430)	3,234,601
Other goods	308,702	(3,106)	305,596
Inventory in transit	1,628,472	-	1,628,472
	<u>\$ 17,967,400</u>	<u>(\$ 728,664)</u>	<u>\$ 17,238,736</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>

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

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

	Years ended December 31,	
	2025	2024
Cost of goods sold	\$ 194,576,321	\$ 195,243,403
Loss (gain) on reversal of market value decline of inventories	54,876	(47,579)
	<u>\$ 194,631,197</u>	<u>\$ 195,195,824</u>

(8) Prepayments

	December 31, 2025	December 31, 2024
Prepayments to commissions	\$ 1,146,332	\$ 1,689,857
Prepayments to suppliers	3,387,763	3,914,068
Offset against business tax payable	604,123	637,042
Prepaid insurance premiums	702,521	757,769
Other prepayments	1,257,929	1,413,639
	<u>\$ 7,098,668</u>	<u>\$ 8,412,375</u>

(9) Reinsurance contract assets and insurance liabilities

A. Details of reinsurance contract assets are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Claims recoverable from reinsurers	\$ 457,823	\$ 519,418
Due from reinsurance and ceding companies	579,559	172,229
Reinsurance reserve assets		
-Ceded unearned premium reserve	1,899,766	1,856,541
-Ceded claims reserve	4,985,254	4,807,979
-Ceded premium deficiency reserve	-	454
Due from reinsurance and ceding companies		
-overdue	<u>66,840</u>	<u>37,309</u>
	\$ 7,989,242	\$ 7,393,930
Less: Loss allowance	<u>(60,404)</u>	<u>(31,669)</u>
	<u>\$ 7,928,838</u>	<u>\$ 7,362,261</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	\$ 5,596,925	\$ 5,082,534
Non-current (shown as other assets)	<u>\$ 2,331,913</u>	<u>\$ 2,279,727</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
Provisions during the year	<u>28,735</u>	<u>9,370</u>
At December 31	<u>\$ 60,404</u>	<u>\$ 31,669</u>

C. Details of insurance liabilities are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unearned premium reserve	\$ 7,716,719	\$ 7,201,014
Claims reserve	10,288,548	9,542,327
Special reserve	1,880,947	1,791,302
Premium deficiency reserve	<u>19,862</u>	<u>10,397</u>
	<u>\$ 19,906,076</u>	<u>\$ 18,545,040</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current (shown as other current liabilities)	\$ 13,056,296	\$ 12,187,003
Non-current (shown as provisions)	<u>\$ 6,849,780</u>	<u>\$ 6,358,037</u>

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

	2025		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 7,201,014	\$ 1,856,541	\$ 5,344,473
Provision during the year	7,716,719	1,899,766	5,816,953
Recovery during the year	(7,201,014)	(1,856,541)	(5,344,473)
At December 31	<u>\$ 7,716,719</u>	<u>\$ 1,899,766</u>	<u>\$ 5,816,953</u>

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 6,728,243	\$ 2,060,022	\$ 4,668,221
Provision during the year	7,201,014	1,856,541	5,344,473
Recovery during the year	(6,728,243)	(2,060,022)	(4,668,221)
At December 31	<u>\$ 7,201,014</u>	<u>\$ 1,856,541</u>	<u>\$ 5,344,473</u>

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

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

	December 31, 2025		
	Gross amount	Ceded amount	Net amount
Reported but not paid	\$ 5,027,592	\$ 2,624,567	\$ 2,403,025
Incurred but not reported	5,260,956	2,360,687	2,900,269
	<u>\$ 10,288,548</u>	<u>\$ 4,985,254</u>	<u>\$ 5,303,294</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>

(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 year	10,288,548	4,985,254	5,303,294
Recovery during the year	(9,542,327)	(4,807,979)	(4,734,348)
At December 31	<u>\$ 10,288,548</u>	<u>\$ 4,985,254</u>	<u>\$ 5,303,294</u>

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 8,927,366	\$ 3,608,658	\$ 5,318,708
Provision during the year	9,542,327	4,807,979	4,734,348
Recovery during the year	(8,927,366)	(3,608,658)	(5,318,708)
At December 31	<u>\$ 9,542,327</u>	<u>\$ 4,807,979</u>	<u>\$ 4,734,348</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 year	19,862	-	19,862
Recovery during the year	(10,397)	(454)	(9,943)
At December 31	<u>\$ 19,862</u>	<u>\$ -</u>	<u>\$ 19,862</u>

	2024		
	Gross amount	Ceded amount	Net amount
At January 1	\$ 7,659	\$ -	\$ 7,659
Provision during the year	10,397	454	9,943
Recovery during the year	(7,659)	-	(7,659)
At December 31	<u>\$ 10,397</u>	<u>\$ 454</u>	<u>\$ 9,943</u>

G. Movement of special reserve is as follows:

	2025	2024
At January 1	\$ 1,791,302	\$ 1,695,059
Provision during the year	89,645	102,673
Recovery during the year	-	(6,430)
At December 31	<u>\$ 1,880,947</u>	<u>\$ 1,791,302</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:

	December 31, 2025	December 31, 2024
Decrease in special reserve under liability	\$ 33,450	\$ 33,450
Increase in special reserve under retained earnings	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>December 31, 2025</u>	<u>December 31, 2024</u>
Decrease in special reserve under liability	\$ 223,894	\$ 223,894
Increase in special reserve under retained earnings	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 years ended December 31, 2025 and 2024.

(10) Investments accounted for using the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Kuozui Motors, Ltd.	\$ 6,688,551	\$ 6,915,444
Central Motor Co., Ltd.	2,997,607	2,942,561
Tau Miao Motor Co., Ltd.	2,072,122	1,994,716
Kau Du Automobile Co., Ltd.	1,560,177	1,537,072
Kuotu Motor Co., Ltd.	1,754,029	1,687,419
Taipei Toyota Motor Co., Ltd.	1,531,083	1,485,995
Nan Du Motor Co., Ltd.	1,436,257	1,356,434
Lang Yang Toyota Motor Co.,Ltd.	327,089	317,520
HFC (Cambodia) Microfinance PLC.(Note)	-	559,387
Heng Fong Energy Co., Ltd.	389,466	400,500
Formosa Flexible Packaging Corp.	416,302	415,203
Yokohama Tire Taiwan Co., Ltd., etc.	2,645,730	2,820,326
	<u>\$ 21,818,413</u>	<u>\$ 22,432,577</u>

Note: : In order to expand new business, Ly Hour Leasing PLC changed its name to HFC (Cambodia) Microfinance PLC. in August 2024. Please refer to Note 6(35).

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 December 31, 2025 and 2024, the carrying amount of the Group’s individually immaterial associates amounted to \$21,818,413 and \$22,432,577, respectively.

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Comprehensive income for the period	<u>\$ 2,580,107</u>	<u>\$ 3,175,337</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 \$2,537,173 and \$2,959,587 for the years ended December 31, 2025 and 2024, respectively, and were valued based on the investees' financial statements that were audited 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	86,889	75,429	1,634	-	1,420,143	142,082	44,109	21,543,411	40,455	1,565,862	24,920,014
Acquired through business combination	-	-	-	-	6,592	-	-	-	1,202	-	7,794
Disposals	-	(33)	(3)	-	(70,549)	(10,049)	(2,242)	(167,850)	(520)	-	(251,246)
Reclassifications	-	2,190,060	-	-	65,845	(63,531)	36,216	(7,331,812)	41,978	(2,327,354)	(7,388,598)
Depreciation charge	-	(252,841)	(2,136)	(57)	(460,480)	(104,932)	(58,244)	(12,955,237)	(67,247)	-	(13,901,174)
Impairment loss	-	-	-	-	(15,288)	(321)	-	(7,239)	-	-	(22,848)
Net exchange differences	-	(918)	1	-	(907)	-	34	(3,611)	(118)	-	(5,519)
Closing net book amount as at December 31	<u>\$ 11,808,165</u>	<u>\$ 6,775,529</u>	<u>\$ 13,945</u>	<u>\$ 189</u>	<u>\$ 5,620,780</u>	<u>\$ 283,040</u>	<u>\$ 292,122</u>	<u>\$ 48,843,877</u>	<u>\$ 285,569</u>	<u>\$ 1,630,582</u>	<u>\$ 75,553,798</u>
<u>At December 31</u>											
Cost	\$ 11,835,015	\$ 9,980,009	\$ 139,680	\$ 60,187	\$ 7,917,414	\$ 587,222	\$ 825,524	\$ 72,483,054	\$ 978,362	\$ 1,630,582	\$ 106,437,049
Accumulated depreciation and impairment	(26,850)	(3,204,480)	(125,735)	(59,998)	(2,296,634)	(304,182)	(533,402)	(23,639,177)	(692,793)	-	(30,883,251)
	<u>\$ 11,808,165</u>	<u>\$ 6,775,529</u>	<u>\$ 13,945</u>	<u>\$ 189</u>	<u>\$ 5,620,780</u>	<u>\$ 283,040</u>	<u>\$ 292,122</u>	<u>\$ 48,843,877</u>	<u>\$ 285,569</u>	<u>\$ 1,630,582</u>	<u>\$ 75,553,798</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	51,019	66,558	9,570	197	1,487,145	105,452	51,420	22,859,457	104,215	1,147,132	25,882,165
Acquired through business combination	-	-	-	-	429,290	-	-	-	-	-	429,290
Disposals	(62,374)	(19,923)	(7)	-	(62,928)	(21,071)	(1,251)	(144,794)	(495)	-	(312,843)
Reclassifications	111,998	226,248	-	-	4,558	(3,129)	2,835	(6,913,356)	-	(104,918)	(6,675,764)
Depreciation charge	-	(205,222)	(2,097)	(47)	(379,300)	(131,318)	(51,342)	(12,297,275)	(67,872)	-	(13,134,473)
(Impairment loss) reversal gain	-	-	-	-	-	4,494	-	(85,201)	-	-	(80,707)
Net exchange differences	-	14,925	120	-	14,085	-	2,831	36,994	849	-	69,804
Closing net book amount as at December 31	<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>
<u>At December 31</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>

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>December 31, 2025</u>	<u>December 31, 2024</u>
Land (including superficies)	\$ 2,124,700	\$ 2,262,147
Buildings and structures	1,839,634	1,566,432
Office equipment	496	3,135
	<u>\$ 3,964,830</u>	<u>\$ 3,831,714</u>
	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation Charge</u>	<u>Depreciation Charge</u>
Land	\$ 185,356	\$ 177,691
Buildings and structures	440,245	424,669
Machinery and equipment	-	1,096
Office equipment	2,640	5,924
	<u>\$ 628,241</u>	<u>\$ 609,380</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets amounted to \$787,497 and \$919,764, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 56,104	\$ 51,973
Expense on short-term lease contracts and leases of low-value assets	119,954	184,497
Gain (loss) on lease modification	267	(56)

E. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for lease amounted to \$750,741 and \$777,448, 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>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Finance income from the net investment in the finance lease	<u>\$ 3,401,932</u>	<u>\$ 3,955,959</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Less than 1 year	\$ 22,537,385	\$ 25,954,604
Between 1 and 2 years	8,721,962	10,074,246
Between 2 and 3 years	3,527,647	3,390,024
Between 3 to 4 years	1,432,836	1,263,227
Between 4 to 5 years	827,947	546,400
More than 6 years	197,991	115,939
	<u>\$ 37,245,768</u>	<u>\$ 41,344,440</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Undiscounted lease payments	\$ 37,245,768	\$ 41,344,440
Unearned finance income	(3,802,155)	(4,220,853)
Net investment in the lease	<u>\$ 33,443,613</u>	<u>\$ 37,123,587</u>

E. For the years ended December 31, 2025 and 2024, the Group recognized rent income in the amounts of \$20,670,188 and \$19,854,312, 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>December 31, 2025</u>	<u>December 31, 2024</u>
Less than 1 year	\$ 15,346,661	\$ 14,278,094
Between 1 and 2 years	9,658,513	9,478,681
Between 2 and 3 years	4,630,009	4,609,001
Between 3 to 4 years	1,751,240	1,679,968
Between 4 to 5 years	568,749	536,028
More than 6 years	30,695	27,040
	<u>\$ 31,985,867</u>	<u>\$ 30,608,812</u>

(14) Investment property

	2025		
	Land	Buildings and structures	Total
<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	-	(9,771)	(9,771)
Depreciation	-	(29,694)	(29,694)
Net exchange differences	-	109	109
Closing net book amount as at December 31	<u>\$ 943,836</u>	<u>\$ 983,054</u>	<u>\$ 1,926,890</u>
<u>At December 31</u>			
Cost	\$ 943,836	\$ 1,297,939	\$ 2,241,775
Accumulated depreciation	-	(314,885)	(314,885)
	<u>\$ 943,836</u>	<u>\$ 983,054</u>	<u>\$ 1,926,890</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	-	1,352	1,352
Disposals	(106,033)	(11,335)	(117,368)
Reclassifications	(111,998)	(125,460)	(237,458)
Depreciation	-	(65,005)	(65,005)
Net exchange differences	-	44,026	44,026
Closing net book amount as at December 31	<u>\$ 943,836</u>	<u>\$ 1,022,410</u>	<u>\$ 1,966,246</u>
<u>At December 31</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>

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

	Years ended December 31,	
	2025	2024
Rental income from investment property	\$ 183,167	\$ 144,509
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation)	\$ 42,502	\$ 36,226

B. The fair value of the investment properties held by the Group was \$3,051,587 and \$3,127,421 as of December 31, 2025 and 2024, respectively. Except for the subsidiary, Hotai Insurance Co., Ltd., other values are based on the recent transaction prices of similar properties in the respective regions of investment properties, taking into account factors such as location, scale, and usage. Hotai Insurance Co., Ltd. appoints external independent appraisers to calculate and estimate the price of investment property every three years using at least two appraisal techniques among income approach, comparison method and cost approach, basing on observable price in an active market as well as according to the nature, location and situation of individual asset under “Regulations on Real Estate Appraisal”. The most recent appraisal appointed by an external independent appraisers was in 2025. 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	-	390,712	390,712
Acquired through business combinations	163,514	1,196,748	1,360,262
Amortization	-	(153,647)	(153,647)
Reclassifications	-	319,277	319,277
Disposals	-	(4,196)	(4,196)
Net change differences	-	112	112
Closing net book amount as at December 31	<u>\$ 233,111</u>	<u>\$ 2,445,149</u>	<u>\$ 2,678,260</u>
<u>At December 31</u>			
Cost	\$ 895,434	\$ 2,954,853	\$ 3,850,287
Accumulated amortization and impairment	(662,323)	(509,704)	(1,172,027)
	<u>\$ 233,111</u>	<u>\$ 2,445,149</u>	<u>\$ 2,678,260</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	-	90,676	90,676
Acquired through business combinations	12,790	85,216	98,006
Amortization	-	(127,321)	(127,321)
Reclassifications	-	27,338	27,338
Disposals	-	(881)	(881)
Net change differences	-	5,058	5,058
Closing net book amount as at December 31	<u>\$ 69,597</u>	<u>\$ 696,143</u>	<u>\$ 765,740</u>
<u>At December 31</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>

Details of amortization of intangible assets are as follows:

	Years ended December 31,	
	2025	2024
Administrative expenses	<u>\$ 153,647</u>	<u>\$ 127,321</u>
(16) <u>Other assets</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Long-term accounts receivable (Including long-term notes and accounts receivable)	\$ 18,090,890	\$ 17,115,653
Reinsurance contract assets	2,331,913	2,279,727
Operation bonds	300,000	300,000
Guarantee deposits paid	703,396	733,644
Prepayments for business facilities	630,616	442,435
Others	2,317,008	2,330,860
	<u>\$ 24,373,823</u>	<u>\$ 23,202,319</u>
(17) <u>Short-term borrowings</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Type of loans</u>		
Bank borrowings		
Unsecured borrowings	\$ 43,248,586	\$ 83,301,557
Mortgage borrowings	-	2,500,000
Mid-term syndicated loans for working capital	63,924,232	45,390,498
Securitised asset-backed notes borrowings	2,088,887	2,892,728
Other short-term borrowings	59,343	67,352
	<u>\$ 109,321,048</u>	<u>\$ 134,152,135</u>
Annual interest rate	<u>1.30%~10.00%</u>	<u>0.49%~5.11%</u>

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

- A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross-currency swap, the rate range of short-term loans were 1.77%~10.00% 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 December 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, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JYP 110 billion with 4 financial institutions including MUFG Bank Ltd. in order to fulfil its working capital. The duration is 30 months (starting from June 9, 2025 to December 7, 2027). The loan can be drawn several times and is revolving. The payment term is to repay the full drawn amount at the maturity.
- G. The subsidiary, Hotai Finance Co., Ltd., has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 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.
- H. 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.
- I. 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.

- J. 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.
- K. 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.
- L. 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.
- M. 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.
- N. 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.
- O. The Company 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.
- P. 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.
- Q. 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.
- R. Asset-backed securities borrowing are provided in Note 6(5)E.
- S. 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 December 31, 2025, the Group has not breached the financial commitments.

(18) Short-term notes and bills payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commercial paper payable	\$ 169,820,000	\$ 139,663,400
Less: Unamortized discount	(245,440)	(161,425)
	<u>\$ 169,574,560</u>	<u>\$ 139,501,975</u>
Annual interest rate	<u>1.60%~2.19%</u>	<u>1.61%~2.24%</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bonds payable	\$ 17,800,000	\$ 31,200,000

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% paid annually, with a 3-year period, and will be outstanding from October 8, 2025 to October 8, 2028; Tranche B carries a coupon rate of 1.97% paid annually, with a 5-year period, 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% paid annually 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% paid annually 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. The corporate bond was fully repaid at maturity.
- 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% paid annually 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% paid annually 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% paid annually 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% paid annually 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.

(20) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2025	December 31, 2024
Long-term bank borrowings				
Credit borrowings	Borrowing period is from August 2022 to December 2025; interest is repayable monthly	1.58%~ 2.01%	\$ -	\$ 300,000
	Borrowing period is from December 2023 to December 2026; interest is repayable monthly	2.26%	3,240,000	3,600,000
	Borrowing period is from December 2023 to December 2026; interest is repayable monthly	1.85%	100,000	100,000
	Borrowing period is from December 2023 to April 2030; interest and principal are repayable monthly	2.43%~ 2.48%	354,736	-
	Borrowing period is from December 2023 to December 2029; interest and principal are repayable monthly	2.29%~ 2.48%	-	425,045
Commercial papers payable	From March 2025 to April 2027; interest is repayable monthly	1.87%~ 1.91%	1,198,938	-
	From July 2022 to March 2025; interest is repayable monthly	1.14%~ 2.04%	-	1,298,047
Secured borrowings(Note)	Borrowing period is from October 2020 to December 2031; interest and principal are repayable monthly	1.67%~ 2.68%	1,344,103	-
	Borrowing period is from October 2020 to August 2031; interest and principal are repayable monthly	1.67%~ 2.68%	-	1,280,085
Mid-term syndicated contract	Borrowing period is from March 2025 to March 2028; interest and principal are repayable monthly	2.33%~ 2.41%	7,378,108	-
			\$ 13,615,885	\$ 7,003,177
Less: long-term liabilities, current portion			(4,882,626)	(1,829,050)
			<u>\$ 8,733,259</u>	<u>\$ 5,174,127</u>

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

As of December 31, 2025, the maturities of long-term loans are as follows:

Duration of maturity	Loan amount
Up to 1 year	\$ 4,882,626
1 to 2 years	177,583
Over 2 years	8,555,676
	<u>\$ 13,615,885</u>

(21) Accrued expenses

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Wages and salaries payable	\$ 2,954,440	\$ 2,970,101
Dealer bonus payable	583,440	576,971
Remuneration payable to employees	1,069,514	1,027,629
Remuneration payable to directors	448,840	445,852
Interest payable	454,017	464,653
Others	2,763,269	2,327,689
	<u>\$ 8,273,520</u>	<u>\$ 7,812,895</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 years ended December 31, 2025 and 2024, were \$511,949 and \$515,398, respectively.

(23) Provisions

	<u>2025</u>	<u>2024</u>
At January 1	\$ 6,509,943	\$ 5,691,364
Additional provisions during the year	2,190,522	1,860,720
Used during the period	(1,069,724)	(1,024,760)
Unused amounts reversed	(166,991)	(17,381)
At December 31	<u>\$ 7,463,750</u>	<u>\$ 6,509,943</u>

Analysis of provision for warranty is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current (shown as other current liabilities)	\$ 1,091,460	\$ 1,081,331
Non-current	<u>\$ 6,372,290</u>	<u>\$ 5,428,612</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>December 31, 2025</u>	<u>December 31, 2024</u>
Deposits received for car rentals	\$ 20,671,041	\$ 20,171,559
Others	86,968	86,347
	<u>\$ 20,758,009</u>	<u>\$ 20,257,906</u>

Analysis of guarantee deposits received for warranty is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current (shown as other current liabilities)	\$ 8,738,380	\$ 8,433,385
Non-current	\$ 12,019,629	\$ 11,824,521

(25) Share capital

As of December 31, 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 at least 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. The earnings distribution plans for the fiscal years 2024 and 2023, approved by the shareholders' meetings on June 13, 2025 and May 30, 2024, respectively, are as follows:

	Years ended December 31, 2024		Years ended December 31, 2023	
	Amount	dividend per share (dollars)	Amount	dividend per share (dollars)
Legal reserve	\$ 2,055,925		\$ 2,283,111	
Cash dividends	11,142,055	\$ 20.0	11,142,055	\$ 20.0

E. On March 11, 2026, the Board of Directors of the Company resolved those total dividends for the distribution of earnings for the year of 2025 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:

Year ended December 31, 2025

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 160,379,156	\$ 1,499,600	\$ 9,821,010	\$ 71,437,582	\$ 243,137,348
Inter segments	(9,536,342)	(20,731)	(219,539)	(10,558,802)	(20,335,414)
Revenue from external customer contracts	<u>\$ 150,842,814</u>	<u>\$ 1,478,869</u>	<u>\$ 9,601,471</u>	<u>\$ 60,878,780</u>	<u>\$ 222,801,934</u>
Timing of revenue recognition					
At a point in time	\$ 150,842,814	\$ 1,288,580	\$ 9,601,471	\$ 58,022,877	\$ 219,755,742
Over time	-	190,289	-	2,855,903	3,046,192
	<u>\$ 150,842,814</u>	<u>\$ 1,478,869</u>	<u>\$ 9,601,471</u>	<u>\$ 60,878,780</u>	<u>\$ 222,801,934</u>

Year ended December 31, 2024

	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Other segments	Total
Segments	\$ 160,057,276	\$ 1,561,550	\$ 9,720,623	\$ 70,841,107	\$ 242,180,556
Inter segments	(10,154,022)	(288)	(268,599)	(9,672,017)	(20,094,926)
Revenue from external customer contracts	<u>\$ 149,903,254</u>	<u>\$ 1,561,262</u>	<u>\$ 9,452,024</u>	<u>\$ 61,169,090</u>	<u>\$ 222,085,630</u>
Timing of revenue recognition					
At a point in time	\$ 149,903,254	\$ 1,372,591	\$ 9,452,024	\$ 58,844,656	\$ 219,572,525
Over time	-	188,671	-	2,324,434	2,513,105
	<u>\$ 149,903,254</u>	<u>\$ 1,561,262</u>	<u>\$ 9,452,024</u>	<u>\$ 61,169,090</u>	<u>\$ 222,085,630</u>

B. Contract assets and liabilities

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract assets:		
Contract assets - construction contracts	\$ 183,054	\$ 67,725
Contract liabilities:		
Contract liabilities - sales of goods	\$ 1,527,123	\$ 1,360,692
Contract liabilities -customer loyalty programs	4,039	2,545
	<u>\$ 1,531,162</u>	<u>\$ 1,363,237</u>

For the years ended December 31, 2025 and 2024, revenue recognized that was included in the contract liability balance at the beginning of the period amounted to \$1,295,511 and \$1,421,698, respectively.

(29) Interest income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Installment revenue	\$ 17,283,587	\$ 18,735,350
Finance leasing revenue	3,401,932	3,955,959
Interest from deposits and short-term notes	432,520	424,284
Other interest income	87,313	103,012
	<u>\$ 21,205,352</u>	<u>\$ 23,218,605</u>

(30) Premium

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Written premium	\$ 14,930,672	\$ 13,548,081
Reinsurance premium	506,663	489,857
Less: Reinsurance expense	(4,882,683)	(4,805,844)
Net change in unearned premiums reserve	(472,482)	(676,253)
	<u>\$ 10,082,170</u>	<u>\$ 8,555,841</u>

(31) Expenses by nature

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Employee benefit expense	\$ 12,733,777	\$ 13,532,159
Depreciation	14,559,109	13,808,858
Amortization	187,684	158,800
	<u>\$ 27,480,570</u>	<u>\$ 27,499,817</u>

(32) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 10,737,423	\$ 11,562,724
Labor and health insurance fees	845,792	827,066
Pension costs	511,949	515,398
Other personnel expenses	638,613	626,971
	<u>\$ 12,733,777</u>	<u>\$ 13,532,159</u>

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

B. For the years ended December 31, 2025 and 2024, employees' remuneration were accrued at \$224,420 and \$222,926, respectively; while directors' remuneration were accrued at \$448,840 and \$445,852, respectively. The aforementioned amounts were recognized in salary expenses. For the years ended December 31, 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. On March 11, 2026, the employees' compensation and directors' remuneration that were resolved at the meeting of Board of Directors amounted to \$224,420 and \$448,840, respectively. The employees' remuneration will be distributed in the form of cash.

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:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax expense recognized in the current period	\$ 5,165,349	\$ 3,114,063
Tax on undistributed surplus earnings	472,079	525,390
Prior year income tax overestimation	(316,773)	(64,654)
Total current tax	<u>5,320,655</u>	<u>3,574,799</u>
Deferred tax:		
Origination and reversal of temporary differences	(368,526)	356,346
Total deferred tax	<u>(368,526)</u>	<u>356,346</u>
Income tax expense	<u>\$ 4,952,129</u>	<u>\$ 3,931,145</u>

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

	Years ended December 31,	
	2025	2024
Cash flow hedges	\$ 13,231	(\$ 5,383)
Changes in fair value of financial assets designated using overlay approach	(\$ 940)	(\$ 5,920)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2025	2024
Income tax expense at the statutory rate (Note)	\$ 6,895,264	\$ 6,687,560
Effects from adjustments based on regulation	(2,098,441)	(1,482,584)
Realized investment losses	-	(1,734,567)
Additional 5% surtax on undistributed earnings	472,079	525,390
Prior year income tax overestimation	(316,773)	(64,654)
Income tax expense	<u>\$ 4,952,129</u>	<u>\$ 3,931,145</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2025				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Others	December 31
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory obsolescence	\$ 121,721	\$ 1,454	\$ -	\$ -	\$ 123,175
Provision for warranty	1,051,950	202,580	-	-	1,254,530
Bad debt expense	1,165,107	178,894	-	-	1,344,001
Provision of allowance for loss on rental assets	82,804	1,512	-	-	84,316
Loss carryforward	1,111,648	149,171	-	-	1,260,819
Others	<u>138,211</u>	<u>118,472</u>	<u>940</u>	<u>14,016</u>	<u>271,639</u>
	<u>3,671,441</u>	<u>652,083</u>	<u>940</u>	<u>14,016</u>	<u>4,338,480</u>
-Deferred tax liabilities:					
Land value increment tax	(631,512)	-	-	-	(631,512)
Gain on investments accounted for using equity method	(1,952,395)	32,260	-	-	(1,920,135)
Difference between finance and tax due to depreciation	(1,897,977)	(197,391)	-	-	(2,095,368)
Others	<u>(115,232)</u>	<u>(118,426)</u>	<u>(13,231)</u>	<u>(239,207)</u>	<u>(486,096)</u>
	<u>(4,597,116)</u>	<u>(283,557)</u>	<u>(13,231)</u>	<u>(239,207)</u>	<u>(5,133,111)</u>
	<u>(\$ 925,675)</u>	<u>\$ 368,526</u>	<u>(\$ 12,291)</u>	<u>(\$ 225,191)</u>	<u>(\$ 794,631)</u>

	2024				December 31
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Others	
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory obsolescence	\$ 122,846	(\$ 1,125)	\$ -	\$ -	\$ 121,721
Provision for warranty	881,005	170,945	-	-	1,051,950
Bad debt expense	1,009,222	155,885	-	-	1,165,107
Provision of allowance for loss on rental assets	100,744	(17,940)	-	-	82,804
Loss carryforward	1,500,607	(388,959)	-	-	1,111,648
Others	232,996	(100,956)	5,920	251	138,211
	<u>3,847,420</u>	<u>(182,150)</u>	<u>5,920</u>	<u>251</u>	<u>3,671,441</u>
-Deferred tax liabilities:					
Land value increment tax	(631,512)	-	-	-	(631,512)
Gain on investments accounted for using equity method	(1,955,976)	3,581	-	-	(1,952,395)
Difference between finance and tax due to depreciation	(1,683,356)	(214,621)	-	-	(1,897,977)
Others	(127,330)	36,844	5,383	(30,129)	(115,232)
	<u>(4,398,174)</u>	<u>(174,196)</u>	<u>5,383</u>	<u>(30,129)</u>	<u>(4,597,116)</u>
	<u>(\$ 550,754)</u>	<u>(\$ 356,346)</u>	<u>\$ 11,303</u>	<u>(\$ 29,878)</u>	<u>(\$ 925,675)</u>

D. Expiration dates of unused loss carryforward amounts of unrecognized deferred tax assets of the Group's subsidiaries are as follows:

December 31, 2025				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2022	\$ 38,589,357	\$ 32,076,136	\$ 26,133,828	2032
2024	8,217,954	8,215,095	8,215,095	2034

December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until
2022	\$ 38,589,357	\$ 33,640,735	\$ 28,503,176	2032
2024	8,217,954	8,217,954	8,217,954	2034

E. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

F. 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

	Year ended December 31, 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	<u>\$ 18,900,453</u>	<u>557,103</u>	<u>\$ 33.93</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 18,900,453	557,103	
Assumed conversion of all dilutive potential common shares-Employees' compensation	<u>-</u>	<u>480</u>	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 18,900,453</u>	<u>557,583</u>	<u>\$ 33.90</u>
	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent	<u>\$ 20,467,026</u>	<u>557,103</u>	<u>\$ 36.74</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent	\$ 20,467,026	557,103	
Assumed conversion of all dilutive potential common shares-Employees' compensation	<u>-</u>	<u>431</u>	
Profit attributable to common shareholders of the parent plus assumed conversion of all dilutive potential common shares	<u>\$ 20,467,026</u>	<u>557,534</u>	<u>\$ 36.71</u>

(35) Transactions with non-controlling interest

A. Organizational restructuring

In August 2024, the subsidiary, Hotai Finance Co., Ltd., sold 50.82% equity interests in Hoing Mobility Service Co., Ltd. to the subsidiary, Hotai Leasing Co., Ltd., at a consideration of \$413,849, and therefore the shareholding ratio was decreased to 0%; while the shareholding ratio of Hotai Leasing Co., Ltd. was increased to 50.82%. The difference between the consideration received and the carrying amount resulted in a increase in the non-controlling interest by \$26,566 and an decrease in the equity attributable to owners of the parent by \$26,566.

B. Acquisition of Subsidiary

(a) The subsidiary, Hotai Finance Co., Ltd., acquired 31% of the shares of HFC (Cambodia) Microfinance PLC. (hereinafter referred to as HFC MFI) in December 2025 with cash consideration of approximately USD 20.89 million. The subsidiary originally held 35% of the voting shares of HFC MFI, which were classified as equity-method investments. As a result of the new acquisition, the holdings amount increased to 66%, thereby obtaining control over HFC MFI. This company operates financing and leasing businesses in the Cambodia region. The subsidiary, Hotai Finance Co., Ltd., expects that following the acquisition, it can continue to develop its overseas leasing business.

- (b) Before the business combination, the subsidiary Hotai Finance Co., Ltd. already held 35% interest in HFC MFI, and recognized a gain of \$16,616 from the remeasurement to fair value.
- (c) Since the merger in December 2025, the subsidiary Hotai Finance Co., Ltd. has recorded \$0 in both revenue and pre-tax profit contributed by HFC MFI. Assuming HFC MFI had been included in the consolidation from January 1, 2025, the subsidiary Hotai Finance Co., Ltd.'s revenue and pre-tax profit would have been \$23,992,568 and \$4,308,667, respectively.
- (d) The following information relates to the fair value of the consideration paid for the acquisition of HFC MFI, the assets acquired, liabilities assumed at the acquisition date, and the non-controlling interest's share of the identifiable net assets of the acquired entity as of the acquisition date:

	<u>December 2025</u>
Acquisition consideration	
Cash	\$ 653,982
Fair value of previously held interest in HFC MFI as of acquisition date	574,204
Non-controlling interests' share of identifiable net assets of the acquiree	548,468
	<u>\$ 1,776,654</u>
Fair value of identifiable assets acquired and liabilities assumed	
Cash	\$ 152,860
Accounts receivable	1,074,876
Finance lease receivables	375,700
Other receivables	1,820
Prepayments	1,119
Other financial assets	25,144
Property, plant and equipment	7,794
Intangible assets	1,196,748
Deferred income tax assets	14,016
Other non-current assets	456
Short-term loans	(969,456)
Other payables	(20,722)
Current income tax liabilities	(8,008)
Deferred income tax liabilities	(239,207)
Total identifiable net assets	<u>1,613,140</u>
Goodwill	<u>\$ 163,514</u>

- (e) The allocation of the acquisition price for obtaining HFC MFI has not yet been completed as of December 31, 2025. The fair values of the identifiable intangible assets and goodwill acquired are preliminarily estimated at \$1,196,748 and \$163,514, respectively. The related purchase price allocation will be completed within one year.

(36) 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	(25,776,499)	30,072,585	(13,400,000)	6,612,708
Impact of changes in foreign exchange rate	-	-	-	-
Changes in other non-cash items	945,412	-	3,053,576	(3,053,576)
December 31, 2025	<u>\$ 109,321,048</u>	<u>\$ 169,574,560</u>	<u>\$ 22,682,626</u>	<u>\$ 8,733,259</u>
	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	500,103	(574,683)	(11,142,055)	(13,707,841)
Impact of changes in foreign exchange rate	-	(4,501)	-	(4,501)
Changes in other non-cash items	-	775,378	11,142,049	12,862,839
December 31, 2025	<u>\$ 20,758,009</u>	<u>\$ 2,794,407</u>	<u>\$ 6,328</u>	<u>\$ 333,870,237</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	32,638,908	(8,614,114)	-	(17,911,893)
Impact of changes in foreign exchange rate	30,582	-	-	(6,621)
Changes in other non-cash items	17,944	-	(2,363,040)	2,656,442
December 31, 2024	<u>\$ 134,152,135</u>	<u>\$ 139,501,975</u>	<u>\$ 33,029,050</u>	<u>\$ 5,174,127</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	1,750,684	(540,978)	(11,142,055)	(3,819,448)
Impact of changes in foreign exchange rate	-	12,413	-	36,374
Changes in other non-cash items	-	919,820	11,142,188	12,373,354
December 31, 2024	<u>\$ 20,257,906</u>	<u>\$ 2,598,213</u>	<u>\$ 6,334</u>	<u>\$ 334,719,740</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)	"
Toyota South Africa Motors (Pty) Ltd.	"
Toyota-Motor-Europe-Nv/Sa (TME)	"
Toyota-Motor-Sales-USA(TMS)	"
Toyota Motor Asia (Thailand) Co., Ltd.	"
TOYOTA MOBILITY PARTS CORPORATION	"
Toyota Motor Manufacturing Canada Inc.	"
Triple S Digital Co., Ltd.	"
Hino Motors, Ltd. (HINO)	"
Toyota Motor Corporation (TMC)	"
Ho Chuang Insurance Agency Co., Ltd.	"
Ho An Insurance Agency Co., Ltd. (Ho An)	"
Ho Yu Investment Co., Ltd. (Ho Yu)	"
Toyota Motor (China) Investment Co., Ltd. (TMCI)	"
Formosa Flexible Packaging Corp.	Associates
Zhongyang Motor Co., Ltd.	"
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"
Yokohama Tire Taiwan Co., Ltd.	"
Shi-Ho Screw Industrial Co., Ltd.	"
Kuai Shun Transportation Co., Ltd.	"
Wang Fu Co., Ltd.	"
Nan I Motor Co., Ltd.	"
ChongQing Yudu Toyota Automobile Sales and Service Co., Ltd.	"
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"
ChongQing Taikang Heling Lexus Motor Sales & Service Co., Ltd. (ChongQing Taikang Heling)	"
Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"
Taizhou Zhongdu Lexus Motor Sale & Service Co., Ltd.	"
Tung Yu Motor Co., Ltd.	"

Names of related parties	Relationship with the Group
Innovation Auto Parts Co., Ltd.	//
Guangzhou Gac Changho Autotech Corporation	//
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	//
Nitto Seiko Technology	//
Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd.	//
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd. (Tianjin Binhai Heling)	//
Kuozui Motors, Ltd. (Kuozui)	//
Kuotu Motor Co., Ltd. (Kuotu)	//
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	//
Tau Miao Motor Co., Ltd. (Tau Miao)	//
Central Motor Co., Ltd. (Central Motor)	//
Nan Du Motor Co., Ltd. (Nan Du)	//
Kau Du Automobile Co., Ltd. (Kau Du)	//
Lang Yang Toyota Motor Co., Ltd.	//
Ho Cheng Auto Parts Co., Ltd.	//
Hozao Enterprise Co., Ltd.	//
Heng Yun Investment Co., Ltd.	//
Fan Tai Transportation Co., Ltd. (Fan Tai)	//
Yi Tai Transportation Co., Ltd. (Yi Tai)	//
Hua Tai Transportation Co., Ltd.	//
AIM Technology Corp.	//
Guanguan Machinery Co., Ltd.	//
Kao Jin Co., Ltd.	//
Tau Jin Enterprise Co., Ltd.	//
Nantian Technology Co., Ltd.	//
He Ru Co., Ltd.	//
New Auto Parts Co., Ltd.	//
Shye Shing Enterprise Co., Ltd.	//
Zhonghao Automobile Co., Ltd.	//
Gochabar Co., Ltd.	//
Grinnodot Inc.	//
Engod Corporation	//
Daikin Taiwan Applied Air Conditioning Systems Co., Ltd.	//

Names of related parties	Relationship with the Group
Sunnyfounder Electric Co., Ltd.	//
The Company's Directors, president, vice president and others	Key management

(2) Significant related party transactions and balances

A. Revenue

	Years ended December 31,	
	2025	2024
(a) Sales revenue:		
-Associates		
Central Motor	\$ 31,280,845	\$ 31,573,681
Tau Miao	28,895,476	29,203,278
Taipei Motor	23,507,111	22,997,862
Kuotu	22,595,350	21,150,450
Kau Du	21,724,203	22,040,663
Others	25,652,941	25,594,018
-Entities controlled by key management	112,745	94,753
	<u>\$ 153,768,671</u>	<u>\$ 152,654,705</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.

	Years ended December 31,	
	2025	2024
(b) Rental revenue:		
-Associates	\$ 164,799	\$ 154,013
-Entities controlled by key management	4,234	4,101
	<u>\$ 169,033</u>	<u>\$ 158,114</u>

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

	Years ended December 31,	
	2025	2024
(c) Service revenue:		
Service sales:		
-Associates	\$ 88,940	\$ 89,803
-Entities controlled by key management	305	18,896
Contracted operating revenue:		
-Associates	23,422	26,215
	<u>\$ 112,667</u>	<u>\$ 134,914</u>

	Years ended December 31,	
	2025	2024
(d) Subsidy income for price difference from installments:		
-Associates	\$ 482,146	\$ 375,441
	Years ended December 31,	
	2025	2024
(e) Warranty revenue		
(shown as deductions to cost of sales):		
-Associates		
Kuozui	\$ 259,450	\$ 243,332
-Entities controlled by key management		
TMA-Singapore	602,721	420,148
Others	430	750
	<u>\$ 862,601</u>	<u>\$ 664,230</u>
	Years ended December 31,	
	2025	2024
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 204,567	\$ 195,346
Others	153,772	154,801
-Entities controlled by key management	48,879	38,532
	<u>\$ 407,218</u>	<u>\$ 388,679</u>
	Years ended December 31,	
	2025	2024
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 129,930	\$ 149,329
Others	234,624	240,073
-Entities controlled by key management		
TMC	232,577	26,386
Others	54,899	54,043
	<u>\$ 652,030</u>	<u>\$ 469,831</u>

B. Expenditures

	Years ended December 31,	
	2025	2024
(a) Purchases of goods:		
-Associates		
Kuozui	\$ 54,287,413	\$ 61,700,058
Others	2,735,263	2,757,194
-Entities controlled by key management		
TMC	56,253,622	54,709,415
Others	15,611,626	14,976,268
	<u>\$ 128,887,924</u>	<u>\$ 134,142,935</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.

	Years ended December 31,	
	2025	2024
(b) Warranty cost:		
-Associates		
Central Motor	\$ 162,125	\$ 135,522
Kuotu	145,698	128,627
Tau Miau	144,917	124,788
Kau Du	112,788	92,965
Others	212,257	193,685
-Entities controlled by key management	1,380	1,003
	<u>\$ 779,165</u>	<u>\$ 676,590</u>

	Years ended December 31,	
	2025	2024
(c) Freight:		
-Associates		
Fan Tai	\$ 260,764	\$ 243,204
Yi Tai	138,402	181,817
Others	2,103	1,880
	<u>\$ 401,269</u>	<u>\$ 426,901</u>

	Years ended December 31,	
	2025	2024
(d) Commission expense:		
-Associates	\$ 202,634	\$ 194,619
-Entities controlled by key management		
Ho An	1,512,383	1,436,077
	<u>\$ 1,715,017</u>	<u>\$ 1,630,696</u>

	Years ended December 31,	
	2025	2024
(e) Others:		
-Associates		
Kuotu	\$ 8,512,742	\$ 7,810,183
Kau Du	4,203,228	4,280,167
Tau Miau	4,268,525	3,837,825
Taipei Motor	2,151,578	2,500,099
Nan Du	1,642,259	1,231,197
	<u>\$ 20,778,332</u>	<u>\$ 19,659,471</u>

As described in Note 4(42), 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>December 31, 2025</u>	<u>December 31, 2024</u>
(a) Receivables from related parties:		
-Associates	\$ 1,581,284	\$ 1,536,780
-Entities controlled by key management	17,061	19,013
	<u>\$ 1,598,345</u>	<u>\$ 1,555,793</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
(b) Other receivables from related parties:		
-Associates		
Kuozui	\$ 73,653	\$ 52,640
Kuotu	56,456	74,311
Others	119,105	104,327
-Entities controlled by key management	5,521	3,047
	<u>\$ 254,735</u>	<u>\$ 234,325</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
(c) Accounts payable:		
-Associates	\$ 968,391	\$ 1,245,083
-Entities controlled by key management		
TMC	3,893,788	5,018,602
Others	432,170	434,343
	<u>\$ 5,294,349</u>	<u>\$ 6,698,028</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>		
(d) Accrued expenses and other payables:				
-Associates	\$ 579,253	\$ 343,790		
-Entities controlled by key management	<u>307</u>	<u>97</u>		
	<u>\$ 579,560</u>	<u>\$ 343,887</u>		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>		
(e) Commissions payable:				
-Entities controlled by key management				
Ho An	\$ 29,536	\$ 162,646		
	<u>29,536</u>	<u>162,646</u>		
D. <u>Prepayments to suppliers</u>				
	<u>December 31, 2025</u>	<u>December 31, 2024</u>		
-Entities controlled by key management	<u>\$ 76,847</u>	<u>\$ 116,519</u>		
E. <u>Property transactions</u>				
(a) Acquisition of rental assets and equipment				
	<u>Years ended December 31,</u>			
	<u>2025</u>	<u>2024</u>		
-Associates				
Kuotu	\$ 4,003,555	\$ 4,469,869		
Taipei Motor	2,109,430	2,149,547		
Central Motor	1,644,921	1,709,083		
Tau Miao	1,558,717	1,516,467		
Others	2,223,776	2,212,265		
-Entities controlled by key management	<u>7,208</u>	<u>56,649</u>		
	<u>\$ 11,547,607</u>	<u>\$ 12,113,880</u>		
(b) Disposal of property, plant and equipment:				
	<u>Years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Disposal</u>	<u>Gain on</u>	<u>Disposal</u>	<u>Gain on</u>
	<u>proceeds</u>	<u>disposal</u>	<u>proceeds</u>	<u>disposal</u>
-Associates				
Kau Du	\$ -	\$ -	\$ 327,302	\$ 220,796
Others	3,104	1,176	3,381	1,430
-Entities controlled by key management				
Ho An	<u>-</u>	<u>-</u>	<u>685,000</u>	<u>406,620</u>
	<u>\$ 3,104</u>	<u>\$ 1,176</u>	<u>\$ 1,015,683</u>	<u>\$ 628,846</u>

(c) Disposal of investment property: (There was no such situation in the year 2025.)

	<u>Year ended December 31, 2024</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
-Associates		
Kau Du	\$ 378,698	\$ 255,515

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>December 31, 2025</u>	<u>December 31, 2024</u>
Lease liabilities:		
-Entities controlled by key management		
Ho Yu	\$ 46,309	\$ 68,367
-Associates	53,919	69,034
	<u>\$ 100,228</u>	<u>\$ 137,401</u>

G. Loans to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
-Associates		
Chongqing Taikang Heling	\$ 134,870	\$ 134,703

(3) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 549,806	\$ 557,905

8. Pledged Assets

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

<u>Pledged asset</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Purpose</u>
Notes and accounts receivable	\$ 17,085,835	\$ 20,083,670	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	Operation bonds
Guarantee deposits paid	703,396	733,644	Operation bonds and performance bonds
Restricted assets (Note 2)			
-Demand and time deposits	539,268	510,677	Credit line for short-term borrowings, performance guarantee and issuance of L/C (Note 3)
-Property, plant and equipment	1,300,401	983,176	Long-term borrowings
	<u>\$ 19,928,900</u>	<u>\$ 22,611,167</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 December 31, 2025 and 2024, the certificates of deposit amounting to \$12,537 and \$12,518, 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 December 31, 2025, are summarized as follows:

(a) The Company

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
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.
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 December 31, 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 \$1,723,894, \$761,900 and \$25,415, respectively.

C. On December 18, 2025, the Company's Board of Directors resolved to acquire from Hino Motors, Ltd. an 80% equity interest in each of the following companies: Minami Kanto Hino Motors, Ltd., Hokkaido Hino Motors, Ltd., Higashi Hokkaido Hino Motors, Ltd., Miyagi Hino Motors, Ltd., and Fukushima Hino Motors, Ltd., and to execute a definitive share purchase agreement. The provisional transfer price is JPY 27.026 billion, subject to adjustment in accordance with the agreement.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

For the appropriation of retained earnings of 2025, please refer to Note 6(27).

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 Company'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

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 8,803,280	\$ 8,760,808
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	12,879,147	12,614,251
Qualifying debt instrument	1,109,023	493,500
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	23,971,458	18,968,725
Notes receivable	20,414,962	17,125,715
Accounts receivable	279,728,165	283,638,544
Long-term notes and accounts receivable	16,667,129	15,703,735
Other receivables	2,919,252	2,828,705
Guarantee deposits paid	1,003,396	1,033,644
Other financial assets	5,493,605	4,348,448
Financial assets for hedging	146,193	260,887
	<u>\$ 373,135,610</u>	<u>\$ 365,776,962</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 7,048	\$ -
Financial liabilities at amortized cost		
Short-term loans	109,321,048	134,152,135
Short-term notes and bills payable	169,574,560	139,501,975
Notes payable	1,459,989	1,377,202
Accounts payable	10,214,252	12,985,248
Accrued expenses	8,273,520	7,812,895
Other payables	2,638,846	2,541,234
Commission payable	125,934	287,549
Corporate bonds payable (including current portion)	17,800,000	31,200,000
Long-term borrowings (including current portion)	13,615,885	7,003,177
Guarantee deposits received	20,758,009	20,257,906
Other financial liabilities	23,273	24,664
Lease liabilities	2,794,407	2,598,213
Financial liabilities for hedging	687,433	855,551
	<u>\$ 357,294,204</u>	<u>\$ 360,597,749</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:

	December 31, 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	25,131	31.4300	\$ 789,867	USD	23,714	32.7850	\$ 777,463
JPY:NTD	JPY	12,337,767	0.2008	2,477,424	JPY	990,349	0.2099	207,874
RMB:NTD	CNY	2,070	4.4957	9,306	CNY	6,285	4.4901	28,220
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	USD	143,944	31.4300	\$ 4,524,160	USD	224,309	32.7850	\$ 7,353,971
JPY:NTD	JPY	193,291	0.2008	38,813	JPY	205,658	0.2099	43,168
RMB:NTD	CNY	9,055	4.4957	40,709	CNY	12,876	4.4901	57,815

- v. The total exchange gains, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to \$694,514 and \$246,621, 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:

	Year ended December 31, 2025			Year ended December 31, 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%	\$ 7,899	\$ -	1%	\$ 7,775	\$ -
JPY:NTD	1%	24,774	-	1%	2,079	-
RMB:NTD	1%	93	-	1%	282	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	45,242	-	1%	73,540	-
JPY:NTD	1%	388	-	1%	432	-
RMB:NTD	1%	407	-	1%	578	-

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 years ended December 31, 2025 and 2024 would have increased/decreased by \$706,782 and \$941,360, 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 December 31, 2025 and 2024, HFC has financial instruments with off-balance-sheet credit risk amounting to \$1,779,600 and \$2,010,675, respectively, and HFC has collected notes for installment payment on behalf of the banks amounting to \$11,651 and \$19,227, 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 assesses 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 \$180,239.
- 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>December 31, 2025</u>					
Neither past due nor impaired	\$ 305,052,063	\$ -	\$ -	\$ 116,917	\$ 305,168,980
Past due or case assessment	-	2,111,351	3,410,019	-	5,521,370
	<u>\$ 305,052,063</u>	<u>\$ 2,111,351</u>	<u>\$ 3,410,019</u>	<u>\$ 116,917</u>	<u>\$ 310,690,350</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>

- 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 years ended December 31, 2025 and 2024, the movements of the loss allowance of trade receivables were as follows:

	Year ended December 31, 2025			
	Lifetime			Total
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	
At January 1	\$ 3,411,606	\$ 599,045	\$ 1,739,318	\$ 5,749,969
Transfer and measurement stages	(114,716)	(76,664)	191,380	-
Provision for impairment	70,484	(8,194)	6,707,986	6,770,276
Write-offs	-	-	(6,822,770)	(6,822,770)
Effect of foreign exchange	(8,809)	1,146	19,489	11,826
Others	34,878	1,170	36,044	72,092
At December 31	<u>\$ 3,393,443</u>	<u>\$ 516,503</u>	<u>\$ 1,871,447</u>	<u>\$ 5,781,393</u>
	Year ended December 31, 2024			
	Lifetime			Total
	12 months expected credit loss	Significant increase in credit risk	Impairment of credit	
At January 1	\$ 3,373,672	\$ 520,169	\$ 1,510,069	\$ 5,403,910
Transfer and measurement stages	(81,194)	4,332	76,862	-
Provision for impairment	85,256	71,706	6,610,726	6,767,688
Write-offs	-	-	(6,471,917)	(6,471,917)
Effect of foreign exchange	33,872	2,838	13,578	50,288
At December 31	<u>\$ 3,411,606</u>	<u>\$ 599,045</u>	<u>\$ 1,739,318</u>	<u>\$ 5,749,969</u>

For the years ended December 31, 2025 and 2024, gain on recoverable bad debts amounted to \$2,000,587 and \$1,229,109, respectively, presented as a deduction item to expected credit loss.

- x. As of December 31, 2025 and 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:

December 31, 2025	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loans	\$ 62,438,816	\$ 37,352,923	\$ 12,095,609
Short-term notes and bills payable	149,415,262	17,545,952	3,541,959
Notes payable	1,459,989	-	-
Accounts payable	10,214,252	-	-
Accrued expenses	8,273,520	-	-
Other payables	2,638,846	-	-
Commission payable	125,934	-	-
Lease liabilities	586,974	440,506	2,109,790
Bonds payable	5,436,084	223,260	12,756,298
Long-term loans (including current portion)	5,156,120	325,492	8,720,036

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

Derivative financial liabilities:

December 31, 2025	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Cross currency swaps	\$ 155,046	\$ 145,896	\$ 386,491
Forward exchange contracts	7,048	-	-

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

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

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic and foreign beneficiary certificates	\$ 1,573,497	\$ -	\$ 111,100	\$ 1,684,597
Forward exchange contracts	-	138,107	-	138,107
Bond investment	-	1,012,237	-	1,012,237
Equity securities	3,888,617	-	-	3,888,617
Exchange traded funds	1,577,169	-	-	1,577,169
Financial instruments	-	502,553	-	502,553
Derivative financial assets for hedging	-	146,193	-	146,193
Financial assets at fair value through other comprehensive income				
Bond investment (Note)	-	1,409,023	-	1,409,023
Equity securities	<u>12,020,151</u>	<u>-</u>	<u>858,996</u>	<u>12,879,147</u>
	<u>\$19,059,434</u>	<u>\$ 3,208,113</u>	<u>\$ 970,096</u>	<u>\$23,237,643</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 7,048	\$ -	\$ 7,048
Derivative financial liabilities for hedging	<u>-</u>	<u>687,433</u>	<u>-</u>	<u>687,433</u>
	<u>\$ -</u>	<u>\$ 694,481</u>	<u>\$ -</u>	<u>\$ 694,481</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>
<u>Assets</u>				
<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	<u>11,825,187</u>	<u>-</u>	<u>789,064</u>	<u>12,614,251</u>
	<u>\$18,217,918</u>	<u>\$ 3,306,663</u>	<u>\$ 904,865</u>	<u>\$22,429,446</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging	<u>\$ -</u>	<u>\$ 855,551</u>	<u>\$ -</u>	<u>\$ 855,551</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, domestic investments of the Company's subsidiary, Hotai Insurance Co., Ltd., take the quoted price of Taipei Exchange while foreign investments take the quoted price of the Swiss Exchange's financial information system as the fair value aside from infrastructure fund and real estate private placement fund that are assessed by balance sheet approach. The fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward foreign currency contracts are generally assessed using forward exchange rates.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. The following chart is the movement of Level 3 for the years ended December 31, 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	-	(32,528)
Recorded as losses on financial assets at fair value through profit or loss	(4,701)	-
Acquired during the year	-	102,460
At December 31	<u>\$ 111,100</u>	<u>\$ 858,996</u>
	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	-	139,011
Recorded as losses on financial assets at fair value through profit or loss	(29,601)	(701)
Acquired during the year	-	181,500
At December 31	<u>\$ 115,801</u>	<u>\$ 789,064</u>

F. For the years ended December 31, 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 December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 858,996	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	111,100	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

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 December 31, 2025 and 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	December 31, 2025	December 31, 2024
Fire insurance	\$ 100,000	\$ 100,000
Fire & A.P. insurance	100,000	100,000
Long-term residential fire insurance	100,000	100,000
Residential fire insurance	100,000	100,000
Marine cargo insurance	20,000	20,000
Inland marine insurance	20,000	20,000
Automobile insurance	Nil	Nil
General liability insurance	30,000	50,000
Engineering insurance	100,000	100,000
Fidelity insurance	90,000	60,000
Other property insurance	100,000	100,000
Personal accident insurance	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., uses the following assumptions as indicators 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 December 31, 2025 and 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:

		December 31, 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	\$	900,537	\$ -	\$ -
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	-	-

The subsidiary, Hotai Insurance Co., Ltd., refers to the “Regulation of the Procedure for Asset Assessment and Collection of Overdue Debts”. For the years ended December 31, 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 year	-	-	-	(1,530)	(1,530)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,775</u>	<u>\$ 20,775</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 year	-	-	-	860	860
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,305</u>	<u>\$ 22,305</u>

As of December 31, 2025 and 2024, the allowance for loss of abovementioned financial assets was \$20,775 and \$22,305, respectively, and the maximum exposure to credit risk was \$879,762 and \$913,399, respectively.

- (e) As of December 31, 2025 and 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 \$3,273,821 and \$2,673,761, respectively, and are all classified as investment grade. The external credit risk rating are as follows:

<u>Credit risk rating</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
tw AAA	\$ 1,011,918	\$ 908,507
tw AA	193,797	396,077
tw AA-	1,224,195	250,983
tw A+	351,911	278,164
tw A	492,000	840,030
	<u>\$ 3,273,821</u>	<u>\$ 2,673,761</u>

The probable expected loss rates of abovementioned financial assets within 12 months were 0%~0.04% and 0%~0.04%, respectively, the amounts of allowance for loss were \$336 and \$446, respectively, and the maximum exposure amounts were \$3,273,485 and \$2,673,315, 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 years ended December 31, 2025 and 2024, the movements of allowance for loss are as follows:

	2025	2024
At January 1	\$ 446	\$ 569
Provisions during the year	(110)	(123)
At December 31	<u>\$ 336</u>	<u>\$ 446</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 years ended December 31, 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):

Year ended December 31, 2025

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA	\$ 825,753	18.20
AA-	196,310	4.33
A+	1,840,460	40.56
A	127,923	2.82
A-	1,481	0.03
Unrated	1,545,806	34.06
Total	<u>\$ 4,537,733</u>	<u>100.00</u>

Year ended December 31, 2024

Credit rating levels (S&P)	Reinsurance premiums ceded	Percentage
AA+	\$ 480	0.01
AA	622,298	13.93
AA-	164,256	3.68
A+	2,235,414	50.04
A	121,183	2.71
A-	433	0.01
BBB+	6,129	0.14
Unrated	1,316,679	29.48
Total	<u>\$ 4,466,872</u>	<u>100.00</u>

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

B. Liquidity risk

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

(a) Cash flow control and hedging strategy

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

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

(b) Liquidity risk management

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

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

i. Non-derivative financial liabilities

	Contractual undiscounted cash flows			
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<u>December 31, 2025</u>				
Payables	\$ 1,752,582	\$ -	\$ -	\$ -
Deposits-in	1,514	288	-	-
Lease liabilities	65,659	29,876	-	-

	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>				
Payables	\$ 2,449,345	\$ -	\$ -	\$ -
Deposits-in	985	822	-	-
Lease liabilities	63,126	81,657	-	-

ii. Derivatives

As of December 31, 2025, the subsidiary, Hotai Insurance Co., Ltd., had no derivative instrument 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:

	December 31, 2025		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 429,417
	Decrease in price	10%	(429,417)
	December 31, 2024		
	Change of variables		Change in other comprehensive income
Listed stocks, ETF and domestic and foreign beneficiary certificates	Increase in price	10%	\$ 392,721
	Decrease in price	10%	(392,721)

(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:

	December 31, 2025		
	Change of variables		Change in fair value
Fixed-income investments	Increase in interest rate	100 basis point	(\$ 64,551)
	Decrease in interest rate	100 basis point	64,551

	December 31, 2024	
	Change of variables	Change in fair value
Fixed-income investments	Increase in interest rate 100 basis point	(\$ 50,666)
	Decrease in interest rate 100 basis point	50,666

(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:

	December 31, 2025	December 31, 2024
Foreign exchange rate	31.45	32.79

The US dollar assets and liabilities are shown as below:

	December 31, 2025	December 31, 2024
USD Assets	USD 8,548 thousand	USD 7,306 thousand
USD Liabilities	USD -	USD 736 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:

	December 31, 2025	
	Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD (\$	13,440)
	Depreciate 5% against NTD	13,440

	December 31, 2024	
	Change on variable	Impact on net (loss) income
USD assets, net	Appreciate 5% against NTD (\$	10,769)
	Depreciate 5% against NTD	10,769

(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 years ended December 31, 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:

Line of Business	Year ended December 31, 2025	
	Premiums revenue	Retention premiums
Fire insurance	\$ 2,168,192	\$ 621,522
Engineering insurance	1,093,867	244,332
Line of Business	Year ended December 31, 2024	
	Premiums revenue	Retention premiums
Fire insurance	\$ 1,983,595	\$ 332,296
Engineering insurance	517,949	137,792

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 years ended December 31, 2025 and 2024 and the result is shown below:

Line of Business	Year ended December 31, 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	\$ 297,572	\$ 242,698	\$ 297,572	\$ 242,698
Automobile third party liability insurance	179,103	145,105	179,103	145,105
Personal property insurance	3,816	3,519	3,816	3,519
Commercial property insurance	99,459	27,651	99,459	27,651
Liability insurance	46,839	28,801	46,839	28,801
Marine cargo insurance	16,792	8,498	16,792	8,498
Engineering insurance	43,520	8,548	43,520	8,548
Personal accident insurance	37,172	34,546	37,172	34,546
Credit insurance	-	98	-	98
Health insurance	8,825	8,822	8,825	8,822
Foreign inward reinsurance	671	643	671	643

Year ended December 31, 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	\$ 278,337	\$ 207,473	\$ 278,337	\$ 207,473
Automobile third party liability insurance	163,542	123,228	163,542	123,228
Personal property insurance	3,672	3,451	3,672	3,451
Commercial property insurance	88,415	11,875	88,415	11,875
Liability insurance	52,257	34,951	52,257	34,951
Marine cargo insurance	15,480	7,982	15,480	7,982
Engineering insurance	22,257	5,057	22,257	5,057
Personal accident insurance	38,106	34,948	38,106	34,948
Credit insurance	8	8	8	8
Health insurance	9,875	9,334	9,875	9,334
Foreign inward reinsurance	258	230	258	230

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 years ended December 31, 2025 and 2024.

C. Loss development pattern

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

(a) Direct business

December 31, 2025 Development Year	Accident Year					Total
	Before 2021	2022	2023	2024	2025	
End of underwriting year	\$ 41,388,352	\$ 41,070,594	\$ 11,472,535	\$ 9,397,030	\$ 9,289,303	
One year after underwriting year	40,565,921	41,730,838	10,167,743	9,186,838	-	
Two years after underwriting year	40,449,878	41,609,044	9,704,931	-	-	
Three years after underwriting year	39,633,491	41,356,744	-	-	-	
Four years after underwriting year	39,052,144	-	-	-	-	
Estimated ultimate losses	39,052,144	41,356,744	9,704,931	9,186,838	9,289,303	
Paid losses	(38,542,093)	(40,516,889)	(8,562,765)	(6,526,366)	(4,654,677)	
Total reserve	\$ 510,051	\$ 839,855	\$ 1,142,166	\$ 2,660,472	\$ 4,634,626	\$ 9,787,170
Adjustment item (Note)						501,378
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						\$ 10,288,548

December 31, 2024 Development Year	Accident Year					Total
	Before 2020	2021	2022	2023	2024	
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

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

December 31, 2025	Accident Year					Total
	Development Year	Before 2021	2022	2023	2024		2025
End of underwriting year	\$ 30,303,765	\$ 39,328,137	\$ 9,335,805	\$ 5,438,841	\$ 6,224,734	
One year after underwriting year	29,637,777	39,909,114	8,422,129	5,522,300	-	
Two years after underwriting year	29,378,367	39,825,689	8,066,927	-	-	
Three years after underwriting year	28,568,957	39,582,245	-	-	-	
Four years after underwriting year	28,585,097	-	-	-	-	
Estimated ultimate losses	28,585,097	39,582,245	8,066,927	5,522,300	6,224,734	
Paid losses	(28,328,234)	(39,213,727)	(7,364,071)	(4,601,601)	(3,531,519)	
Total reserve	<u>\$ 256,863</u>	<u>\$ 368,518</u>	<u>\$ 702,856</u>	<u>\$ 920,699</u>	<u>\$ 2,693,215</u>	\$ 4,942,151
Adjustment item (Note)						<u>361,143</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 5,303,294</u>

December 31, 2024	Accident Year					Total
	Development Year	Before 2020	2021	2022	2023		2024
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)						<u>347,840</u>
Realized amount in balance sheet (Shown as claims reserve for insurance liabilities)						<u>\$ 4,734,348</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>December 31, 2025</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 7,390,897	\$ 7,390,897	\$ -
Receivables	824,824	824,824	-
Financial assets at fair value through profit or loss	4,806,409	4,294,173	512,236
Financial assets at fair value through other comprehensive income	1,109,023	-	1,109,023
Other financial assets	1,836,465	1,836,465	-
Right-of-use assets	90,887	-	90,887
Investment property	378,288	-	378,288
Reinsurance contract assets	7,928,838	5,596,925	2,331,913
Property and equipment	4,515,715	-	4,515,715
Intangible assets	384,365	-	384,365
Deferred income tax assets	1,206,196	-	1,206,196
Other assets	481,406	96,775	384,631
<u>Liabilities</u>			
Payables	\$ 1,752,582	\$ 1,752,582	\$ -
Current income tax liabilities	122,567	122,567	-
Insurance liabilities	19,906,076	13,056,296	6,849,780
Lease liabilities	94,195	65,659	28,536
Deferred income tax liabilities	43,274	-	43,274
Other liabilities	395,883	395,595	288

<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

(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 and short-term notes and bills. The entrusted contract is limited by the legal upper limit. As of December 31, 2025 and 2024, the fund amounts were \$2,200,000 and \$1,900,000, respectively.

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

Year ended December 31, 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	\$ 606,802	\$ 214,285	\$ 243,503	\$ 577,584	\$ 4,516	\$ 573,068
Elective insurance	15,016,208	292,378	4,639,180	10,669,406	467,964	10,201,442
	15,623,010	506,663	4,882,683	11,246,990	472,480	10,774,510
Discount	(2)	-	-	(2)	-	(2)
	<u>\$ 15,623,008</u>	<u>\$ 506,663</u>	<u>\$ 4,882,683</u>	<u>\$ 11,246,988</u>	<u>\$ 472,480</u>	<u>\$ 10,774,508</u>
Year ended December 31, 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	\$ 587,200	\$ 210,679	\$ 236,447	\$ 561,432	\$ 10,355	\$ 551,077
Elective insurance	13,749,364	279,178	4,569,397	9,459,145	665,898	8,793,247
	14,336,564	489,857	4,805,844	10,020,577	676,253	9,344,324
Discount	3	-	-	3	-	3
	<u>\$ 14,336,567</u>	<u>\$ 489,857</u>	<u>\$ 4,805,844</u>	<u>\$ 10,020,580</u>	<u>\$ 676,253</u>	<u>\$ 9,344,327</u>

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

Year ended December 31, 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	\$ 295,493	\$ 185,746	\$ 177,482	\$ 303,757
Elective insurance	6,715,353	379,771	2,174,798	4,920,326
	<u>\$ 7,010,846</u>	<u>\$ 565,517</u>	<u>\$ 2,352,280</u>	<u>\$ 5,224,083</u>
Year ended December 31, 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	\$ 326,583	\$ 180,640	\$ 193,910	\$ 313,313
Elective insurance	6,479,672	39,013	2,002,204	4,516,481
	<u>\$ 6,806,255</u>	<u>\$ 219,653</u>	<u>\$ 2,196,114</u>	<u>\$ 4,829,794</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 December 31, 2025 and 2024, balance sheets for compulsory automobile liability insurance are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets		
Cash and cash equivalents	\$ 2,045,739	\$ 1,958,621
Notes receivable	6,825	5,511
Premiums receivable	11,506	10,083
Claims recoverable from reinsurers	14,385	14,546
Due from reinsurance and ceding companies	17,826	17,453
Ceded unearned premium reserve	125,606	122,002
Ceded claim reserve	140,235	130,133
Temporary payments and suspense accounts	80	34
Total assets	<u>\$ 2,362,202</u>	<u>\$ 2,258,383</u>
Liabilities		
Claims payable	\$ 223	\$ 199
Due to reinsurance and ceding companies	23,294	33,037
Unearned premium reserve	326,928	318,808
Claims reserve	386,881	364,106
Special reserve	1,623,603	1,533,958
Temporary payments and suspense accounts	1,273	8,275
Total liabilities	<u>\$ 2,362,202</u>	<u>\$ 2,258,383</u>

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

	Years ended December 31,	
	2025	2024
Operating revenues		
Written premiums	\$ 405,835	\$ 394,073
Reinsurance premiums	214,285	210,679
Less: Reinsurance premiums ceded	(243,503)	(236,447)
Net change in unearned premium reserve	(4,516)	(10,355)
Retention earned premiums	372,101	357,950
Interest income	26,077	23,995
Total	<u>\$ 398,178</u>	<u>\$ 381,945</u>
Operating costs		
Claim expenditures	\$ 295,493	\$ 326,583
Reinsurance claim expenditures	185,746	180,640
Less: Reinsurance claims recovery	(177,482)	(193,910)
Retention claim expenditures	303,757	313,313
Net change in claims reserve	12,673	(14,554)
Net change in special reserve	89,645	96,243
Total	<u>\$ 406,075</u>	<u>\$ 395,002</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 December 31, 2025 and 2024 were 27.91%, and 22.68%, 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>December 31, 2025</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 4,631,325	\$ 4,631,325	\$ -
Financial assets at amortized cost	387,446	134,680	252,766
Current financial assets for hedging	146,193	-	146,193
Accounts and notes receivable, net	264,716,553	97,143,946	167,572,607
Operating lease receivables, net	1,318	1,318	-
Finance lease receivable, net	26,827,522	18,392,133	8,435,389
Other receivables	148,511	148,511	-
Inventories	6,930	6,930	-
Prepayments	4,576,001	3,786,792	789,209
Other current financial assets	196,177	195,864	313
<u>Liabilities</u>			
Short-term borrowings	\$ 100,930,048	\$ 52,522,902	\$ 48,407,146
Short-term notes and bills payable	145,508,216	124,625,007	20,883,209
Current financial liabilities for hedging	687,433	155,046	532,387
Notes payable	1,326,948	1,326,948	-
Accounts payable (including related parties)	561,445	561,445	-
Other payables	3,597,697	3,597,697	-
Current income tax liabilities	872,384	872,384	-
Lease liabilities-current	72,510	72,510	-
Bonds payable	17,800,000	5,200,000	12,600,000
Financial guarantee liabilities-current	23,273	23,273	-
Guarantee deposits received-current	4,164,386	1,943,750	2,220,636
Other current liabilities, others	138,147	138,147	-

<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	-
Bonds payable	31,200,000	22,000,000	9,200,000
Financial guarantee liabilities-current	24,664	24,664	-
Guarantee deposits received-current	4,426,509	2,020,754	2,405,755
Other current liabilities, others	64,761	64,761	-

13. Supplementary Disclosures

Related information of significant transactions for the year ended December 31, 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 December 31, 2025, the Company's self-owned capital ratio was 78%.

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

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

Year ended December 31, 2025				
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 155,431,434	\$ 18,874,732	\$ 33,926,258	\$ 12,439,061
Inter-segment revenue (Note)	16,558,828	613,805	736,428	692,339
Total segment revenue	<u>\$ 171,990,262</u>	<u>\$ 19,488,537</u>	<u>\$ 34,662,686</u>	<u>\$ 13,131,400</u>
Segment income (Note)	<u>\$ 21,768,755</u>	<u>\$ 4,404,716</u>	<u>\$ 1,208,622</u>	<u>\$ 2,431,381</u>
Depreciation and amortization	<u>\$ 113,751</u>	<u>\$ 89,440</u>	<u>\$ 13,216,849</u>	<u>\$ 225,305</u>
Income expense	<u>\$ 2,868,302</u>	<u>\$ 827,807</u>	<u>\$ 283,655</u>	<u>(\$ 13,796)</u>
Gain on investments accounted for using equity method	<u>\$ 8,728,614</u>	<u>\$ 263,092</u>	<u>\$ 123,261</u>	<u>\$ -</u>
Segment assets	<u>\$ 110,191,926</u>	<u>\$ 296,266,466</u>	<u>\$ 99,547,561</u>	<u>\$ 30,953,313</u>
Segment liabilities	<u>\$ 24,033,746</u>	<u>\$ 250,809,718</u>	<u>\$ 85,375,655</u>	<u>\$ 22,314,578</u>
Items	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 20,664,014	\$ 41,273,475	\$ -	\$ 282,608,974
Inter-segment revenue (Note)	1,967,745	11,092,083	(31,661,228)	-
Total segment revenue	<u>\$ 22,631,759</u>	<u>\$ 52,365,558</u>	<u>(\$ 31,661,228)</u>	<u>\$ 282,608,974</u>
Segment income (loss) (Note)	<u>(\$ 420,026)</u>	<u>\$ 7,268,579</u>	<u>(\$ 9,240,731)</u>	<u>\$ 27,421,296</u>
Depreciation and amortization	<u>\$ 315,798</u>	<u>\$ 753,206</u>	<u>\$ 32,444</u>	<u>\$ 14,746,793</u>
Income expense	<u>(\$ 6,311)</u>	<u>\$ 992,472</u>	<u>\$ -</u>	<u>\$ 4,952,129</u>
Gain on investments accounted for using equity method	<u>(\$ 249,188)</u>	<u>\$ 2,479,227</u>	<u>(\$ 8,807,833)</u>	<u>\$ 2,537,173</u>
Segment assets	<u>\$ 20,392,437</u>	<u>\$ 81,176,796</u>	<u>(\$ 117,503,544)</u>	<u>\$ 521,024,955</u>
Segment liabilities	<u>\$ 4,998,243</u>	<u>\$ 15,044,175</u>	<u>(\$ 5,307,038)</u>	<u>\$ 397,269,077</u>
Year ended December 31, 2024				
Items	Distributor of Toyota and Hino products segments	Installment trading segments	Leasing segments	Property insurance segments
Revenue from external customers	\$ 155,064,427	\$ 20,781,334	\$ 34,132,001	\$ 9,993,821
Inter-segment revenue (Note)	16,352,836	715,805	1,053,602	788,485
Total segment revenue	<u>\$ 171,417,263</u>	<u>\$ 21,497,139</u>	<u>\$ 35,185,603</u>	<u>\$ 10,782,306</u>
Segment income (Note)	<u>\$ 21,623,806</u>	<u>\$ 4,119,410</u>	<u>\$ 2,066,045</u>	<u>\$ 2,286,908</u>
Depreciation and amortization	<u>\$ 110,088</u>	<u>\$ 115,955</u>	<u>\$ 12,571,258</u>	<u>\$ 176,966</u>
Income expense	<u>\$ 1,156,780</u>	<u>\$ 937,395</u>	<u>\$ 525,150</u>	<u>\$ 401,812</u>
Gain on investments accounted for using equity method	<u>\$ 8,942,104</u>	<u>\$ 265,413</u>	<u>\$ 393,489</u>	<u>\$ -</u>
Segment assets	<u>\$ 101,779,708</u>	<u>\$ 281,902,904</u>	<u>\$ 104,226,068</u>	<u>\$ 28,080,940</u>
Segment liabilities	<u>\$ 23,495,891</u>	<u>\$ 241,397,800</u>	<u>\$ 90,077,693</u>	<u>\$ 21,712,512</u>

Items	Year ended December 31, 2024			
	Overseas sales agent segments	Other segments	Reconciliation and elimination	Total
Revenue from external customers	\$ 19,896,017	\$ 42,705,576	\$ -	\$ 282,573,176
Inter-segment revenue (Note)	1,300,935	11,315,109	(31,526,772)	-
Total segment revenue	\$ 21,196,952	\$ 54,020,685	(\$ 31,526,772)	\$ 282,573,176
Segment income (loss) (Note)	(\$ 706,353)	\$ 7,727,192	(\$ 9,235,375)	\$ 27,881,633
Depreciation and amortization	\$ 340,091	\$ 619,944	\$ 33,356	\$ 13,967,658
Income expense	\$ 63,208	\$ 846,800	\$ -	\$ 3,931,145
Gain on investments accounted for using equity method	(\$ 459,866)	\$ 3,188,605	(\$ 9,370,158)	\$ 2,959,587
Segment assets	\$ 20,316,084	\$ 88,464,291	(\$ 114,210,423)	\$ 510,559,572
Segment liabilities	\$ 4,512,528	\$ 20,954,161	(\$ 5,713,009)	\$ 396,437,576

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.

(5) Information on products and services

Revenue from external customers is primarily derived from the exclusive agent of Toyota and Hino products segment and leasing segment.

Details of revenue balance are as follows:

	Years ended December 31,	
	2025	2024
Sales revenue	\$ 219,919,370	\$ 219,012,786
Rental revenue	20,670,188	19,854,312
Interest revenue	21,205,352	23,218,605
Premium	10,082,170	8,555,841
Others	10,731,894	11,931,632
	\$ 282,608,974	\$ 282,573,176

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 257,429,583	\$ 95,978,719	\$ 257,361,929	\$ 89,047,689
Mainland China	25,179,391	8,877,314	25,211,247	8,672,374
	<u>\$ 282,608,974</u>	<u>\$ 104,856,033</u>	<u>\$ 282,573,176</u>	<u>\$ 97,720,063</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
A	\$ 31,280,845	Distributor of Toyota and Hino	\$ 31,573,681	Distributor of Toyota and Hino
B	28,895,476	"	29,203,278	"
C	23,507,111	"	22,997,862	"
D	22,595,350	"	21,150,450	"

Hotai Motor Co., Ltd.
Loans to others
For the year ended December 31, 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 year ended December 31, 2025	Balance at December 31, 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	\$ 449,565	\$ -	1.60%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 583,371	\$ 1,166,743	Note 1
2	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	228,659	179,826	-	1.60%	Short-term financing	-	Operations	-	None	-	244,179	488,358	Note 1
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	112,391	112,391	-	1.60%	Short-term financing	-	Operations	-	None	-	192,744	385,487	Note 1
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	320,123	269,739	93,734	1.60%	Short-term financing	-	Operations	-	None	-	443,338	886,677	Note 1
5	Shanghai Ho Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	457,319	449,565	212,914	1.60%	Short-term financing	-	Operations	-	None	-	1,035,191	2,070,382	Note 1
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	9,146	8,991	-	1.60%	Short-term financing	-	Operations	-	None	-	13,508	27,015	Note 1
7	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	26,974	26,974	26,704	1.60%	Short-term financing	-	Operations	-	None	-	44,922	89,843	Note 1
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	134,870	-	1.60%	Short-term financing	-	Operations	-	None	-	261,023	522,046	Note 1
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	228,659	157,348	121,742	1.60%	Short-term financing	-	Operations	-	None	-	281,774	563,549	Note 1
10	Shanghai Hotai Toyota Forklift Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	157,348	18,972	1.60%	Short-term financing	-	Operations	-	None	-	214,848	429,696	Note 1
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	274,391	224,783	-	1.60%	Short-term financing	-	Operations	-	None	-	286,195	572,390	Note 1
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	320,123	269,739	123,091	1.60%	Short-term financing	-	Operations	-	None	-	378,126	756,252	Note 1
13	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	160,062	157,348	63,838	1.60%	Short-term financing	-	Operations	-	None	-	319,397	638,795	Note 1
14	Tianjin Hoyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	100,610	98,904	7,777	1.60%	Short-term financing	-	Operations	-	None	-	137,686	275,371	Note 1
15	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	44,957	44,957	-	1.60%	Short-term financing	-	Operations	-	None	-	91,401	182,803	Note 1
16	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	242,379	202,304	165,395	1.60%	Short-term financing	-	Operations	-	None	-	273,220	546,440	Note 1
17	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	297,257	224,783	129,565	1.60%	Short-term financing	-	Operations	-	None	-	277,128	554,256	Note 1
18	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	137,196	134,870	-	1.60%	Short-term financing	-	Operations	-	None	-	237,313	474,625	Note 1
19	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	Hotong Motor Investment Co., Ltd.	Other receivables	Y	40,461	40,461	40,461	1.60%	Short-term financing	-	Operations	-	None	-	53,071	106,142	Note 1
20	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,439	26,974	8,991	1.60%	Short-term financing	-	Operations	-	None	-	35,323	70,647	Note 1
21	Tianjin Ho-Yu Toyota Motor Sales & Service Co.,Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	20,579	17,983	-	1.60%	Short-term financing	-	Operations	-	None	-	34,713	69,427	Note 3
22	Shanghai Fengyi Construction Decoration Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	27,439	26,974	26,974	1.60%	Short-term financing	-	Operations	-	None	-	54,167	108,333	Note 3
23	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	22,478	22,478	22,119	1.60%	Short-term financing	-	Operations	-	None	-	45,147	90,294	Note 3
24	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	Other receivables	Y	674,348	674,348	490,341	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Toyota Motor Service Co., Ltd.	Other receivables	Y	182,928	179,826	57,499	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Other receivables	Y	337,174	337,174	50,441	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	269,739	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Ho Mian Motor Technology Co., Ltd.	Other receivables	Y	45,732	44,957	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	Other receivables	Y	9,146	8,991	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 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 Hoxin Motor Service Consulting Co., Ltd.	Other receivables	Y	\$ 13,720	\$ 13,487	\$ -	2.10%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 8,458,595	\$ 16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	Other receivables	Y	182,928	179,826	128,755	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Other receivables	Y	182,928	179,826	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Hotai Toyota Forklift Co., Ltd.	Other receivables	Y	137,196	134,870	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	269,739	107,716	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	228,659	224,783	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Other receivables	Y	137,196	134,870	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Other receivables	Y	182,928	179,826	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hekang Finance Leasing Co., Ltd.	Other receivables	Y	365,855	359,652	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Other receivables	Y	134,870	134,870	51,295	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	274,391	224,783	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	228,659	224,783	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Other receivables	Y	160,062	157,348	128,576	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	Other receivables	Y	45,732	44,957	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Shanghai Zhongxin Means of Transportation Engineering Co., Ltd.	Other receivables	Y	45,732	44,957	-	2.10%	Short-term financing	-	Operations	-	None	-	8,458,595	16,917,190	Note 2
24	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Toyota Motor Sales and Service Co., Ltd.	Other receivables	Y	160,062	157,348	109,919	2.10%	Short-term financing	-	Operations	-	None	-	1,691,719	3,383,438	Note 4
24	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co., Ltd.	Other receivables	Y	224,783	224,783	137,702	2.10%	Short-term financing	-	Operations	-	None	-	1,691,719	3,383,438	Note 4
24	Hotong Motor Investment Co., Ltd.	Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Other receivables	Y	137,196	134,870	-	2.10%	Short-term financing	-	Operations	-	None	-	1,691,719	3,383,438	Note 4
24	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co., Ltd.	Other receivables	Y	914,638	854,174	854,174	2.60%	Short-term financing	-	Operations	-	None	-	1,691,719	3,383,438	Note 4
24	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	Other receivables	Y	137,196	134,870	134,870	2.60%	Short-term financing	-	Operations	-	None	-	1,691,719	3,383,438	Note 4
25	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	914,638	899,130	-	3.55%	Short-term financing	-	Operations	-	None	-	6,388,788	12,777,576	Note 5
25	Hoyun International Leasing Co. Ltd.	Homei International Trade (Suzhou) Co., Ltd.	Other receivables	Y	457,319	449,565	-	3.55%	Short-term financing	-	Operations	-	None	-	6,388,788	12,777,576	Note 5
26	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	80,000	50,000	50,000	2.48%	Short-term financing	-	Operations	-	None	-	279,392	558,784	Note 6
26	He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Other receivables	Y	10,000	-	-	-%	Short-term financing	-	Operations	-	None	-	279,392	558,784	Note 6
26	He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Other receivables	Y	13,000	-	-	-%	Short-term financing	-	Operations	-	None	-	279,392	558,784	Note 6
27	He Jing Co., Ltd.	D	Accounts receivable	N	70,000	62,358	62,358	6%-10%	Short-term financing	-	Operations	861	Real estate	64,690	656,749	1,313,498	Note 7
27	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operations	-	None	-	656,749	1,313,498	Note 7
27	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operations	-	None	-	656,749	1,313,498	Note 7

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 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	\$ -	\$ 656,749	\$ 1,313,498	Note 7
27	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	256,886	256,886	4.5%-10%	Short-term financing	-	Operations	3,545	Stock	368,400	656,749	1,313,498	Note 7
27	He Jing Co., Ltd.	I	Accounts receivable	N	100,000	100,000	-	6.5%-10%	Short-term financing	-	Operations	-	Real estate	70,413	656,749	1,313,498	Note 7
28	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	95,857	47,343	47,343	5%-10%	Short-term financing	-	Operations	379	Golf club membership	43,200	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	F	Accounts receivable	N	250,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	G	Accounts receivable	N	60,000	59,395	59,395	5%-10%	Short-term financing	-	Operations	475	Stock	77,280	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	H	Accounts receivable	N	90,000	87,719	87,719	5%-10%	Short-term financing	-	Operations	702	Real estate	66,000	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	I	Accounts receivable	N	26,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	J	Accounts receivable	N	55,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	K	Accounts receivable	N	50,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	L	Accounts receivable	N	150,000	149,992	149,992	5%-10%	Short-term financing	-	Operations	1,200	Stock	370,400	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	M	Accounts receivable	N	25,000	-	-	-%	Short-term financing	-	Operations	-	None	-	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	N	Accounts receivable	N	120,000	91,095	91,095	5%-10%	Short-term financing	-	Operations	729	Real estate	100,000	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	O	Accounts receivable	N	300,000	256,886	256,886	4.5%-10%	Short-term financing	-	Operations	2,055	Stock	368,400	606,119	1,212,238	Note 8
28	Hotai Finance Development Co., Ltd.	P	Accounts receivable	N	100,000	100,000	100,000	4.5%-10%	Short-term financing	-	Operations	800	Stock	100,000	606,119	1,212,238	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 year ended December 31, 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 year ended December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 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	\$ 25,847,454	\$ 600,000	\$ 600,000	\$ 353,000	\$ -	0.70%	\$ 43,079,090	Y	N	N	Note 2
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	Note 6	38,486,095	1,338,151	1,123,517	134,525	-	2.92%	38,486,095	Y	N	Y	Note 3
1	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Note 6	38,486,095	3,000,000	3,000,000	20,000	-	7.80%	38,486,095	Y	N	N	"
1	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Note 6	38,486,095	15,720,000	15,200,000	8,300,000	-	39.49%	38,486,095	Y	N	N	"
2	Hoyun International Leasing Co. Ltd.	Hoyun (Shanghai) Vehicle Leasing Ltd.	Note 6	3,066,618	137,196	134,870	59,343	-	2.11%	3,194,394	Y	N	Y	Note 4
3	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Note 6	1,887,331	10,000	10,000	-	-	0.16%	3,145,551	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; the limit on endorsement for any single entity is no more than 48% of the 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 year ended December 31, 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 December 31, 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	\$ 895,906	0.15%	\$ 895,906	
Hotai Motor Co., Ltd.	Listed stocks - Toyota Motor Corporation	Entity controlled by the Company's key management	Financial assets at fair value through other comprehensive income - non-current	15,956,000	10,752,506	0.10%	10,752,506	
Hotai Motor Co., Ltd.	Listed stocks - Shihlin Electric & Engineering Corporation Etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	371,739	0.00%~0.42%	371,739	
Hotai Motor Co., Ltd.	Unlisted stocks - Taian Insurance Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	674,218	0.42%~9.02%	674,218	
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	Entity controlled by the Company's key management	Financial assets at fair value through profit or loss - current	2,526,500	1,702,570	0.02%	1,702,570	
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	-	502,553	-	502,553	
He Jun Energy Co., Ltd.	Unlisted stocks - Green Impact Impact Creator Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,675,131	134,024	17.56%	134,024	
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	580,694	-	580,694	
Hotai Connected Co., Ltd	Beneficiary certificates - Mega Diamond Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	27,075,675	359,492	-	359,492	
He Jing Co., Ltd.	Beneficiary right of real estate trust - Chaofu Real Estate Management Co., Ltd.	None	Financial assets at amortized cost - current	-	104,906	-	104,906	
Hotai Finance Development Co., Ltd.	Beneficiary right of real estate trust - Chaofu Real Estate Management Co., Ltd.	None	Financial assets at amortized cost - current	-	282,540	-	282,540	
Hotai Finance Development Co., Ltd.	Beneficiary right of real estate trust - Chaofu Real Estate Management Co., Ltd.	None	Financial assets at amortized cost - non-current	-	400,547	-	400,547	

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 year ended December 31, 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	\$ 56,253,622	39%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 3,893,788)	53%	
Hotai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	48,971,924	34%	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	(330,075)	4%	
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	31,157,335	20%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	151,192	15%	
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Sales	28,791,368	18%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	154,666	16%	
Hotai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Sales	23,423,737	15%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	93,970	10%	
Hotai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Sales	22,487,717	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	82,139	8%	
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Sales	21,634,398	14%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	107,799	11%	
Hotai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Sales	19,190,865	12%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	93,111	9%	
Hotai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Sales	3,930,831	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	92,109	9%	
Hotai Motor Co., Ltd.	Toyota Motor Asia (Singapore) Pte., Ltd.	Entity controlled by the Company's key management	Purchases	3,496,949	2%	Pays its accounts 15 days after the end of each month	Major supplier of parts, so it is not applicable.	Normal	(285,972)	4%	
Hotai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	3,128,920	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	15,725	2%	
Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	Sales	2,885,786	2%	Collects its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	18,562	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)	
Hotai Motor Co., Ltd.	Toyota-Motor-Sales-USA	Entity controlled by the Company's key management	Purchases	\$ 1,868,053	1%	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(\$ 73,155)	1%	
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Sales	1,370,369	1%	Collection at sight	Normal	Normal	9,585	1%	
Hotai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	Purchases	1,249,713	1%	Pays its accounts 16 days after the end of each month	Major supplier of vehicle tires, so it is not applicable.	Normal	(114,918)	2%	
Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Subsidiary	Sales	653,084	-	Collection at sight	Normal	Normal	65,443	7%	
Hotai Motor Co., Ltd.	Hino Motors, Ltd.	Entity controlled by the Company's key management	Purchases	468,402	-	Pays its accounts 15 days after the end of each month	Major supplier of imported cars, so it is not applicable	Normal	(14,472)	-	
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	Sales	127,292	-	Collects its accounts 16 days after the end of each month	Normal	Normal	9,992	1%	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	985,385	85%	Payment in advance	Normal	Normal	-	-	
Tianjin Hozhan Motor Service Co., Ltd.		Associates	Sales	282,952	21%	Collection in advance	Normal	Normal	-	-	
Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd. Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	124,564	9%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	310,290	12%	Payment in advance	Normal	Normal	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	Associates	Sales	180,568	8%	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	1,948,551	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	905,124	80%	Payment in advance	Normal	Normal	-	-	
	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,379,068	95%	Payment in advance	Normal	Normal	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	1,062,010	89%	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	1,062,010	89%	Payment in advance	Normal	Normal	-	-	

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)	
Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	\$ 1,433,466	88%	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	955,970	77%	Payment in advance	Normal	Normal	-	-	
Nanjing HoZhan Motor Sales and Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	104,891	7%	Payment in advance	Normal	Normal	-	-	
Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	Associates	Sales	226,573	17%	Collection in advance	Normal	Normal	-	-	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	Purchases	5,315,490	51%	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	(81,754)	19%	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	624,301	4%	Collection at sight	Normal	Normal	29,205	2%	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Sales	159,768	1%	Collects its accounts on the next Monday and Wednesday after the end of each week	Normal	Normal	8,115	1%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	Purchases	410,831	55%	Pays its accounts 15 days after the end of each month	The imported large vehicles and parts are sold to the company,	Not applicable	(21,626)	8%	
Eastern Motor Co., Ltd	Hotai Leasing Co., Ltd.	Associates	Sales	409,588	12%	Collects its accounts 30 days after the end of each month	Normal	Normal	5,598	7%	
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Sales	2,130,238	22%	Collects its accounts 30 days after the end of each month	Normal	Normal	146,172	10%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Sales	1,463,155	15%	Collects its accounts 40 days after the end of each month	Normal	Normal	297,861	21%	
Carmax Co., Ltd.	AIM Technology Corp.	Associates	Purchases	1,233,833	18%	Pays its accounts 21 days after the end of each month	Normal	Normal	(100,067)	11%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	Associates	Sales	159,959	2%	Collects its accounts 35 days after next monthly billings	Normal	Normal	35,333	2%	
Carmax Co., Ltd.	Zhonghao Automobile Co., Ltd.	Associates	Sales	143,511	1%	Collects its accounts 10 days after the end of each month	Normal	Normal	40,906	3%	
Carmax Co., Ltd.	Tau Jin Enterprise Co., Ltd.	Associates	Sales	143,279	1%	Collects its accounts 10 days after the end of each month	Normal	Normal	39,030	3%	

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.	Zhongyang Motor Co., Ltd.	Associates	Sales	\$ 139,361	1%	Collects its accounts 35 days after next monthly billings	Normal	Normal	\$ 39,520	3%	
Carmax Co., Ltd.	New Auto Parts Co., Ltd.	Associates	Sales	123,186	1%	Collects its accounts after the end of each month	Normal	Normal	33,942	2%	
Carmax Co., Ltd.	Innovation Auto Parts Co., Ltd.	Associates	Sales	122,515	1%	Collects its accounts 25 days after next monthly billings	Normal	Normal	14,419	1%	
Carmax Co., Ltd.	Kao Jin Co., Ltd.	Associates	Sales	109,047	1%	Collects its accounts after the end of each month	Normal	Normal	13,704	1%	
Carmax Co., Ltd.	Nantian Technology Co., Ltd.	Associates	Sales	106,346	1%	Collects its accounts after the end of each month	Normal	Normal	26,584	2%	
Carmax Co., Ltd.	Shye Shing Enterprise Co., Ltd.	Associates	Sales	104,817	1%	Collects its accounts after the end of each month	Normal	Normal	15,700	1%	
Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	385,825	58%	Collects its accounts 30 days after the end of each month	Normal	Normal	59,236	62%	
Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	Associates	Sales	149,260	22%	Collects its accounts 30 days after the end of each month	Normal	Normal	16,305	17%	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	823,766	87%	Collects its accounts 10 days after the end of each month	Normal	Normal	94,712	73%	
Smart Design Technology Co., Ltd.	Chang Yuan Motor Co., Ltd.	Associates	Sales	102,583	11%	Collects its accounts 45 days after the end of each month	Normal	Normal	30,239	23%	
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Subsidiary	Sales	190,030	2%	Collection at sight	Normal	Normal	27,694	1%	
Hotai Connected Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	107,073	17%	Collects its accounts after the end of each month	Normal	Normal	6,572	5%	
Hotai Connected Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Sales	101,166	16%	Collects its accounts after the end of each month	Normal	Normal	5,280	4%	
Hotai Connected Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Sales	101,127	16%	Collects its accounts after the end of each month	Normal	Normal	4,322	3%	
Ho Tai Parts & Accessories Co., Ltd	Ho Tai Development Co., Ltd	Parent company	Sales	324,828	99%	Collects its accounts 26 days after next monthly billings	Normal	Normal	31,508	100%	

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)	
Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd	Parent company	Sales	\$ 110,280	100%	Collects its accounts 26 days after next monthly billings	Normal	Normal	\$ 13,186	100%	
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Subsidiary	Sales	272,453	67%	Collects its accounts 180 days after the end of each month	Normal	Normal	66,698	52%	
Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	Associates	Sales	622,000	90%	Collects its accounts 180 days after the end of each month	Normal	Normal	300,271	100%	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	Purchases	3,968,983	20%	Payment at sight	Normal	Normal	(131,973)	32%	
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	Associates	Purchases	726,316	4%	Payment at sight	Normal	Normal	(1,032)	-	Note
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Purchases	2,091,328	10%	Payment at sight	Normal	Normal	(48,073)	12%	"
Hotai Leasing Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	Purchases	166,741	1%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Purchases	1,533,607	8%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd	Associates	Purchases	1,164,880	6%	Payment at sight	Normal	Normal	-	-	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	Purchases	1,597,309	8%	Payment at sight	Normal	Normal	(3,241)	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	Associates	Purchases	619,222	3%	Payment at sight	Normal	Normal	(107)	-	"
Hotai Leasing Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	1,294,039	6%	Payment at sight	Normal	Normal	(149)	-	"
Hotai Leasing Co., Ltd.	Eastern Motor Co., Ltd.	Associates	Purchases	119,184	1%	Payment at sight	Normal	Normal	(2,927)	1%	"
Hoing Mobility Service Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Purchases	611,140	70%	Payment at sight	Normal	Normal	-	-	"

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
December 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Hotai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	Associates	Accounts receivable \$ 154,666	186.50	\$ -	-	\$ 154,666	\$ -
Hotai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	Associates	Accounts receivable 107,799	194.24	-	-	107,799	-
Hotai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable 151,192	193.13	-	-	151,192	-
Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	Associates	Accounts receivable 300,271	4.14	-	-	300,271	-
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	Accounts receivable 297,861	4.78	-	-	297,861	-
Carmax Co., Ltd.	Hotai Motor Co., Ltd.	Ultimate parent company	Accounts receivable 146,172	10.40	-	-	146,172	-

Hotai Motor Co., Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 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	\$ 3,930,831	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	737,884	Closes its accounts 16 days after the end of following two months	-
0	Hotai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,885,786	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	148,004	Pays its accounts 30 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	127,292	Collects its accounts 16 days after the end of each month	-
0	Hotai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,370,369	Collection at sight	-
0	Hotai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd.	1	Sales revenue	653,084	Collection at sight	-
1	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	123,091	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	490,341	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other receivables	107,716	Collects 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	165,395	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	129,565	Pays its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	3	Other receivables	128,576	Collects 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	212,914	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	128,755	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	3	Other payables	121,742	Pays 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	137,702	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.	Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	3	Other receivables	\$ 109,919	Collects its accounts 30 days after the end of each month	-
1	Hotong Motor Investment Co., Ltd.	Hoyun International Leasing Co. Ltd.Hoyun International Leasing Co. Ltd.	3	Other receivables	854,174	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	282,952	Collection in advance	-
3	Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	180,568	Collection in advance	-
4	Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Sales revenue	226,573	Collection in advance	-
5	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	624,301	Collection at sight	-
6	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	409,588	Collects its accounts 30 days after the end of each month	-
7	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Sales revenue	2,130,238	Collects its accounts 30 days after the end of each month	1%
7	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	404,254	Collects its accounts 30 days after the end of each month	-
7	Carmax Co., Ltd.	Hotai Motor Co., Ltd.	2	Other receivables	158,992	Collects its accounts 30 days after the end of each month	-
7	Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co., Ltd.	3	Sales revenue	149,260	Collects its accounts 30 days after the end of each month	-
8	Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	385,825	Collects its accounts 30 days after the end of each month	-
8	Smart Design Technology Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	102,583	Collects its accounts 45 days after the end of each month	-
9	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	823,766	Collects its accounts 10 days after the end of each month	-
9	Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	3	Sales revenue	190,030	Collection at sight	-
10	Hotai Connected Co., Ltd.	Hotai Motor Co., Ltd.	2	Service revenue	260,969	Collects its accounts after the end of next month	-
11	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	232,129	Collects its accounts 60 days after the end of each month	-
12	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	324,828	Collects its accounts 26 days after next monthly billings	-
13	Ho Tai Transportation Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	110,280	Collects its accounts 26 days after next monthly billings	-
14	Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	3	Sales revenue	272,453	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	622,000	Collects its accounts 180 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	
16	Hotai Auto Body Sales Co., Ltd.	Hotai Bus Sales Co., Ltd.	3	Accounts receivable	\$ 300,271	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 year ended December 31, 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 December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 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	\$ 3,422,644	\$ 3,422,644	108,897,360	100.00	\$ 8,614,505	(\$ 213,293)	(\$ 213,293)	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	4,640,355	505,464	505,464	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	1,390,129	206,540	206,544	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	578,796	17,928	17,928	Subsidiary
Hotai Motor Co., Ltd.	Carmax Co., Ltd.	Taiwan	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	2,293,732	1,717,223	875,783	Subsidiary
Hotai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	44,292	52,666	10,533	Subsidiary
Hotai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	12,004,622	12,004,622	254,032	100.00	19,872,065	2,383,889	2,383,889	Subsidiary
Hotai Motor Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	504,000	504,000	50,400,000	18.00	503,079	78,340	14,101	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	6,786,882	2,445,177	1,905,661	Subsidiary
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	615,342	615,342	79,100,000	70.00	844,731	107,582	75,308	Subsidiary
Hotai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	Taiwan	Agent for sales of air conditioning system and	73,787	73,787	24,710,856	45.01	4,515,644	891,742	401,355	Subsidiary
Hotai Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	500,000	500,000	50,000,000	50.00	549,179	48,177	24,089	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	71,876	16,009	16,009	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	1,754,029	838,684	169,246	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	112,990	91,295	22,824	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	1,436,257	760,813	180,084	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	1,530,940	527,635	183,670	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	6,688,551	5,026,498	1,509,949	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	124,582	15,020	3,175	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	327,089	81,821	15,682	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	2,072,122	840,521	163,430	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	1,560,177	501,565	94,110	Investee company accounted for using the equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Hotai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	Taiwan	Production and marketing of packaging products	\$ 87,520	\$ 87,520	1,295,108	44.44	\$ 416,302	\$ 16,882	\$ 7,502	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	2,997,607	794,370	155,800	Investee company accounted for using the equity method
Hotai Motor Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	16,500	16,500	1,650,000	15.00	18,340	8,139	1,221	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	6,574	(14,513)	(1,451)	Investee company accounted for using the equity method
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	110,005	110,005	3,500,000	70.00	121,498	(22,897)	-	Sub-subsiary
Chang Yuan Motor Co., Ltd.	Hotai Auto Body Manufacturing Co., Ltd.	Taiwan	Car assembly business	200,000	200,000	20,000,000	20.00	219,894	48,177	-	Subsidiary
Eastern Motor Co., Ltd.	Doroman Autoparts Corporation	Taiwan	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	7,814	1,732	-	Sub-subsiary
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	807	212	-	Sub-subsiary
Eastern Motor Co., Ltd.	Hotai Connected Co., Ltd.	Taiwan	E-commerce platform services	5,650	5,650	565,000	0.50	5,650	107,582	-	Subsidiary
Eastern Motor Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	3,000	3,000	300,000	0.68	3,000	5,057	-	Sub-subsiary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	139,001	52,666	-	Subsidiary
Carmax Co., Ltd.	Carmax Racing International Co., Ltd.	Taiwan	Trading of vehicle products/accessories	30,000	-	3,000,000	100.00	27,969	(2,031)	-	Sub-subsiary
Carmax Co., Ltd.	AIM Technology Corp.	Taiwan	Trading of vehicle products/accessories	38,500	38,500	3,850,000	35.00	42,794	8,139	-	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	4,142,466	886,631	-	Sub-subsiary
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	12,950,496	3,375,930	-	Sub-subsiary
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	1,920,610	2,445,177	-	Subsidiary
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	Taiwan	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	486,307	43,778	-	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	-	143	527,635	-	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	372,962	168,021	-	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	251,100	(79,817)	-	Sub-subsiary
Hotai Leasing Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,244,628	1,244,628	39,600,000	49.50	3,162,225	40,514	-	Sub-subsiary
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	2,659,833	135,134	-	Sub-subsiary
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar power business	2,240,000	2,240,000	224,000,000	80.00	2,235,905	78,340	-	Subsidiary
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Taiwan	Installment trading of various equipments	3,000,000	3,000,000	500,000,000	100.00	3,030,595	65,845	-	Sub-subsiary
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,269,772	1,269,772	40,400,000	50.50	3,226,965	40,514	-	Sub-subsiary
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	74,311	5,057	-	Sub-subsiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Hotai Finance Co., Ltd.	HFC (Cambodia) Microfinance PLC.	Cambodia	Financing and leasing business	\$ 1,190,845	\$ 534,310	10,560,000	66.00	\$ 1,228,187	\$ 9,348	\$ -	Sub-subsi-dary
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Taiwan	Energy storage business	22,000	22,000	2,200,000	100.00	5,350	(8,622)	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar power business	32,781	32,781	3,200,000	96.97	33,121	984	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Taiwan	Solar power business	20,816	20,816	2,079,000	99.00	21,653	802	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Taiwan	Solar power business	27,706	27,706	2,673,000	99.00	23,515	(964)	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity sales related business	10,000	1,000	1,000,000	100.00	12,548	2,900	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar power business	42,227	42,227	4,000,000	100.00	41,617	1,212	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Taiwan	Solar power business	88,685	88,685	9,200,000	100.00	95,488	3,290	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Solar power business	163,017	163,017	10,000,000	100.00	161,668	8,266	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Taiwan	Solar power business	474,783	474,783	5,000,000	100.00	443,521	31,294	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Taiwan	Solar power business	81,202	81,202	4,000,000	100.00	80,278	4,437	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Taiwan	Solar power business	162,216	162,216	94,011	100.00	165,983	12,459	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar power business	97,015	78,400	9,701,455	86.62	97,181	1,249	-	Sub-subsi-dary
He Jun Energy Co., Ltd.	Zheng Ren Energy Co., Ltd.	Taiwan	Solar power business	168,980	154,980	16,898,000	35.00	142,676	(19,283)	-	Sub-subsi-dary'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	389,466	(76,031)	-	Sub-subsi-dary'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	19,758	(14,513)	-	Investee company accounted for using the equity method
He Jun Energy Co., Ltd.	Grimnodot Inc.	Taiwan	Solar power business	360,000	360,000	36,000,000	40.00	353,326	(18,260)	-	Sub-subsi-dary'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	31,735	8,622	-	Sub-subsi-dary
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	300,000	300,000	34,655,635	49.18	245,137	(79,817)	-	Sub-subsi-dary
Hotai Connected Co., Ltd.	Ho Young Travel Agency Co., Ltd.	Taiwan	Tourism industry	10,000	10,000	2,400,000	100.00	34,752	9,038	-	Sub-subsi-dary
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	180,000	180,000	18,000,000	41.10	109,396	5,057	-	Sub-subsi-dary
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	Taiwan	Taxi service	9,748	9,748	3,400,000	100.00	37,082	774	-	Sub-subsi-dary
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	Taiwan	Taxi service	39,225	39,225	7,000,000	100.00	99,607	1,757	-	Sub-subsi-dary
Ho Tai Development Co., Ltd.	Air Master International Co., Ltd.	Taiwan	General investment	94,290	94,290	3,000,000	100.00	84,432	(9,590)	-	Sub-subsi-dary
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Taiwan	Repairing of air conditioning equipment and trading of their	100,000	100,000	27,190,239	100.00	918,259	101,275	-	Sub-subsi-dary
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Samoa	Trading of air conditioning equipment and their parts	50,000	50,000	5,000,000	100.00	112,131	11,527	-	Sub-subsi-dary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	Taiwan	Freight forwarders	\$ 51,000	\$ 51,000	5,100,000	51.00	\$ 170,636	\$ 39,074	\$ -	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	34,456	(1,728)	-	Sub-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	20,587	5,730	-	Sub-subsiidiary
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	Taiwan	Freight forwarders	25,000	25,000	2,500,000	100.00	77,458	34,416	-	Sub-subsiidiary
Hotai Auto Body Manufacturing Co., Ltd.	Hotai Bus Sales Co., Ltd.	Taiwan	Trading of buses	40,000	40,000	40,000,000	100.00	73,008	31,801	-	Sub-subsiidiary

Hotai Motor Co., Ltd.
Information on investments in Mainland China-Basic information
For the year ended December 31, 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 year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Book value of investment in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 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	\$ 4,024,454	Note(2)	\$ 452,372	\$ -	\$ -	\$ 452,372	(\$ 196,990)	100.00	(\$ 196,990)	\$ 8,458,595	\$ 1,549,567	Note 2.1
Shanghai Hoyu Toyota Motor Service Co., Ltd.	Sales and repairing of vehicles	105,919	Note(2)	105,919	-	-	105,919	(32,094)	100.00	(32,094)	244,179	-	Note 2.1
ChongQing Yudu Toyota Automobile Sales & Service Co., Ltd.	Sales and repairing of vehicles	134,870	Note(2)	11,551	-	-	11,551	-	10.48	-	11,551	-	Note 2.2
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	94,290	Note(2)	31,430	-	-	31,430	-	40.00	-	-	-	Note 2.2
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	188,580	Note(2)	188,580	-	-	188,580	(17,806)	100.00	(17,806)	286,195	-	Note 2.1
Shanghai Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	94,290	Note(2)	94,290	-	-	94,290	26,185	100.00	26,185	192,744	-	Note 2.1
Tianjin Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	157,150	Note(2)	110,005	-	-	110,005	(22,897)	70.00	(16,028)	121,497	-	Note 2.1
Shanghai Heling Motor Service Co., Ltd.	Sales and repairing of vehicles	110,005	Note(3)	82,504	-	-	82,504	(39,913)	100.00	(39,913)	583,371	-	Note 2.1
ChongQing Yurun Toyota Automobile Service Co., Ltd.	Sales and repairing of vehicles	134,870	Note(2)	12,376	-	-	12,376	-	10.48	-	12,376	26,106	Note 2.2
Shanghai Hotai Toyota Forklift Co., Ltd.	Sales of vehicles and parts for industry use	188,580	Note(2)	188,580	-	-	188,580	796	100.00	796	214,850	-	Note 2.1
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	429,020	Note(2)	292,299	-	-	292,299	(8,336)	100.00	(8,336)	237,313	-	Note 2.1
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	44,957	Note(3)	-	-	-	-	1,161	100.00	1,161	53,071	-	Note 2.1
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	182,294	Note(2)	182,294	-	-	182,294	(7,419)	100.00	(7,419)	273,220	-	Note 2.1

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 year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Book value of investment in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 204,295	Note(2)	\$ 204,295	\$ -	\$ -	\$ 204,295	(\$ 27,409)	100.00	(\$ 27,409)	\$ 277,128	\$ -	Note 2.1
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,514,400	Note(2)	2,514,400	-	-	2,514,400	40,514	55.61	22,530	3,553,116	514,959	Note 2.1
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	899,130	Note(3)	-	-	-	-	72,926	55.61	40,554	614,686	-	Note 2.1
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	674,348	Note(3)	-	-	-	-	69,082	55.61	38,416	423,063	-	Note 2.1
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of licence plate	-	Note(3)	-	-	-	-	-	-	-	-	-	Note 3
Hangzhou Wangyou Network Technology Co., Ltd.	Leasing of licence plate	-	Note(3)	-	-	-	-	-	-	-	-	-	Note 3
Homei International Trade (Suzhou) Co., Ltd.	Goods trading business	224,783	Note(3)	-	-	-	-	8,557	55.61	4,759	129,461	-	Note 2.1
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	94,290	Note(2)	94,290	-	-	94,290	(9,590)	45.01	(4,316)	38,206	-	Note 2.2
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	377,160	Note(3)	-	-	-	-	(20,128)	100.00	(20,128)	378,126	-	Note 2.1
Tianjin Hozhan Motor Service Co., Ltd.	Sales and repairing of vehicles	308,402	Note(3)	-	-	-	-	20,554	100.00	20,554	319,397	-	Note 2.1
Tianjin Hoxi Hozhan Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	89,913	Note (3)	-	-	-	-	2,428	100.00	2,428	91,401	-	Note 2.1
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	377,160	Note(3)	-	-	-	-	(32,877)	35.00	(11,507)	33,965	-	Note 2.2
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	41,802	Note(1)	41,802	-	-	41,802	54,648	51.00	27,870	212,722	-	Note 2.2
Guangzhou Gac Changho Autotech Corporation	Trading of vehicle products/accessories	100,366	Note(1)	45,165	-	-	45,165	43,472	22.95	9,977	43,042	286,798	Note 2.2
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	314,300	Note(3)	-	-	-	-	2,642	35.00	925	177,138	-	Note 2.2

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 year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Book value of investment in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	\$ 471,450	Note(3)	\$ -	\$ -	\$ -	\$ -	\$ 8,442	35.00	\$ 2,955	\$ 232,226	\$ -	Note 2.3
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	377,160	Note(3)	-	-	-	-	(11,418)	35.00	(3,996)	223,654	-	Note 2.2
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	440,020	Note(3)	-	-	-	-	(23,914)	35.00	(8,370)	9,792	-	Note 2.3
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	-	Note(3)	-	-	-	-	-	-	-	-	-	Note 6
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,496	Note(3)	-	-	-	-	649	100.00	649	13,508	-	Note 2.1
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	480,589	Note(3)	-	-	-	-	(46,418)	100.00	(50,529)	493,066	-	Note 2.1
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	1,034,000	Note(3)	-	-	-	-	8,703	100.00	8,703	1,035,191	-	Note 2.1
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service	13,487	Note(3)	-	-	-	-	8,035	100.00	8,035	44,922	-	Note 2.1
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	89,913	Note(3)	-	-	-	-	5,115	100.00	5,115	137,686	-	Note 2.1
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	44,957	Note(3)	-	-	-	-	(801)	50.00	(401)	(41,256)	-	Note 2.1
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	314,300	Note(3)	-	-	-	-	(9,762)	100.00	(9,762)	261,023	-	Note 2.1
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	330,015	Note(3)	-	-	-	-	(19,411)	100.00	(19,411)	281,774	-	Note 2.1
Tianjin Binhai Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	134,870	Note(3)	-	-	-	-	(12,612)	35.00	(4,414)	33,010	-	Note 2.2
Tianjin Yongda Communication Technology Co., Ltd.	Trading of vehicle products / accessories and property management	264,254	Note(3)	-	-	-	-	423	35.00	(4,415)	157,885	-	Note 2.2
Nanjing HoZhan Motor Sales and Service Co., Ltd.	Sales and repairing of vehicles	134,870	Note(3)	-	-	-	-	(16,121)	70.00	(11,285)	64,534	-	Note 2.1

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 year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Book value of investment in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Taiyuan Zhongdu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 135,149	Note(3)	\$ -	\$ -	\$ -	\$ -	(\$ 3,771)	35.00	(\$ 1,320)	\$ 20,151	\$ -	Note 2.3
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	22,478	Note(3)	-	-	-	-	1,135	100.00	(11,974)	454,436	-	Note 2.1
Shanghai Fengyi Construction Decoration Co., Ltd.	Property management	251,756	Note(3)	-	-	-	-	383	70.00	(13,568)	602,051	-	Note 2.1
Qingdao Heling Lexus Automobile Sales Service Co., Ltd.	Sales and repairing of vehicles	314,696	Note(3)	-	-	-	(16,213)	70.00	(11,349)	158,014	-	-	Note 2.1
Tianjin Hekang Finance Leasing Co., Ltd.	Leasing business	764,261	Note(3)	-	-	-	-	15,752	100.00	15,752	810,795	-	Note 2.1
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 investmets are classified as follows:

Note(1) Direct investment in Mainland China.

Note(2) Investment in Mainland China companies through a company invested and established in a third region.

Note(3) Others.

Note 2: The amount of investment income (loss) recognized For the year ended December 31, 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 NT\$.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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.	\$ 1,874,133	\$ 5,253,289	\$ 74,253,527