

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

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

To the Board of Directors and Shareholders of Hotai Finance Co. Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(5), the financial statements of certain insignificant consolidated subsidiaries, investments accounted for under the equity method and the information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries and investments accounted for under the equity method amounted to NT\$39,409,588 thousand and

NT\$26,477,982 thousand, constituting 11.98% and 8.76% of the consolidated total assets as at September 30, 2024 and 2023, respectively, total liabilities amounted to NT\$29,994,430 thousand and NT\$21,017,835 thousand, constituting 10.42% and 7.99% of the consolidated total liabilities as at September 30, 2024 and 2023, respectively, and the total comprehensive (loss) income amounted to (NT\$854) thousand, NT\$50,662 thousand, (NT\$27,615) thousand and NT\$46,594 thousand, constituting (0.09%), 3.83% (0.90%) and 1.54% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified Conclusion

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

Hsiao, Chun-Yuan

Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 7, 2024

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 are reviewed, not audited)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 7,999,155	2	\$ 2,878,184	1	\$ 5,469,908	2
1139	Hedging financial assets-current	6(2)	453,783	-	570,885	-	511,615	-
1150	Notes receivable, net	6(3) and 8	14,297,075	4	11,861,221	4	11,558,699	4
1170	Accounts receivable, net	6(3), 7 and 8	241,841,907	74	233,233,934	75	223,851,942	74
1196	Operating lease receivable, net		5,732	-	150,298	-	159,756	-
1197	Finance lease receivable, net	6(8) and 8	33,156,420	10	28,223,155	9	26,908,783	9
1200	Other receivables		135,105	-	78,696	-	120,647	-
130X	Inventories		2,726	-	4,962	-	3,803	-
1410	Prepayments	6(4) and 7	5,603,826	2	6,747,521	2	7,217,482	2
1476	Other current financial assets	8	284,473	-	506,020	-	552,044	-
11XX	Total current assets		<u>303,780,202</u>	<u>92</u>	<u>284,254,876</u>	<u>91</u>	<u>276,354,679</u>	<u>91</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income-non-current		36,093	-	19,656	-	19,682	-
1550	Investments accounted for using equity method	6(5)	1,696,834	1	1,134,293	1	591,677	-
1600	Property, plant and equipment, net	6(6) and 8	5,864,844	2	9,090,069	3	8,702,360	3
1755	Right-of-use assets, net	6(7)	399,096	-	497,696	-	470,446	-
1760	Investment property, net	6(9)	164,671	-	282,607	-	283,147	-
1780	Intangible assets, net	6(10)	519,695	-	443,288	-	439,458	-
1840	Deferred income tax assets		1,216,088	-	1,004,499	-	1,007,122	1
1930	Long-term notes and accounts receivable	6(3)	12,383,682	4	12,799,158	4	11,836,492	4
194D	Long-term finance lease receivable, net	6(8)	967,167	-	692,094	-	609,041	-
1990	Other non-current assets, others	8	1,857,118	1	1,921,476	1	1,954,028	1
15XX	Total non-current assets		<u>25,105,288</u>	<u>8</u>	<u>27,884,836</u>	<u>9</u>	<u>25,913,453</u>	<u>9</u>
1XXX	Total assets		<u>\$ 328,885,490</u>	<u>100</u>	<u>\$ 312,139,712</u>	<u>100</u>	<u>\$ 302,268,132</u>	<u>100</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		Amount	%	Amount	%	Amount	%	
Liabilities								
Current liabilities								
2100	Short-term loans	6(11)	\$ 123,625,178	38	\$ 92,619,765	30	\$ 96,208,838	32
2110	Short-term notes and bills payable	6(12)	119,196,645	36	133,524,317	43	126,556,875	42
2126	Hedging financial liabilities-current	6(2)	142,275	-	1,087,983	-	1,301,539	-
2150	Notes payable	7	1,625,201	1	1,522,704	1	1,363,933	-
2170	Accounts payable		426,093	-	484,272	-	260,835	-
2180	Accounts payable - related parties	7	223,189	-	223,514	-	283,425	-
2200	Other payables	7	3,121,751	1	3,390,682	1	3,236,933	1
2230	Current income tax liabilities		448,676	-	854,078	-	532,451	-
2280	Current lease liabilities	7	93,184	-	144,040	-	144,049	-
2320	Bonds payable	6(13)	31,200,000	10	31,200,000	10	26,200,000	9
2320	Long-term liabilities, current portion	6(14)	447,559	-	595,200	-	424,947	-
2370	Current financial guarantee liabilities		26,704	-	27,486	-	28,690	-
2399	Guarantee deposits received-current	6(15)	4,490,190	1	4,404,620	1	4,455,111	2
2399	Other current liabilities, others		154,404	-	46,109	-	55,652	-
21XX	Total current liabilities		<u>285,221,049</u>	<u>87</u>	<u>270,124,770</u>	<u>86</u>	<u>261,053,278</u>	<u>86</u>
Non-current liabilities								
2540	Long-term loans	6(14)	1,445,147	1	936,215	1	994,115	1
2570	Deferred income tax liabilities		552,157	-	473,579	-	428,688	-
2580	Lease liabilities-non-current	7	302,325	-	354,326	-	326,864	-
2645	Guarantee deposits received-non-current	6(15)	399,794	-	255,984	-	263,360	-
25XX	Total non-current liabilities		<u>2,699,423</u>	<u>1</u>	<u>2,020,104</u>	<u>1</u>	<u>2,013,027</u>	<u>1</u>
2XXX	Total liabilities		<u>287,920,472</u>	<u>88</u>	<u>272,144,874</u>	<u>87</u>	<u>263,066,305</u>	<u>87</u>
Equity								
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(17)	6,231,505	2	5,665,004	2	5,665,004	2
3120	Preference stock		1,000,000	-	1,000,000	-	1,000,000	-
Capital surplus								
3200	Capital surplus	6(18)	17,139,974	5	17,011,275	6	17,011,275	6
Retained earnings								
3310	Legal reserve	6(19)	2,814,851	1	2,445,870	1	2,445,870	1
3320	Special reserve		114,895	-	23,732	-	23,732	-
3350	Unappropriated earnings		9,644,270	3	10,066,623	3	9,168,086	3
Other equity interest								
3400	Other equity interest		40,662	-	(114,895)	-	(6,156)	-
31XX	Total equity attributable to shareholders of the parent		<u>36,986,157</u>	<u>11</u>	<u>36,097,609</u>	<u>12</u>	<u>35,307,811</u>	<u>12</u>
36XX	Non-controlling interest		<u>3,978,861</u>	<u>1</u>	<u>3,897,229</u>	<u>1</u>	<u>3,894,016</u>	<u>1</u>
3XXX	Total equity		<u>40,965,018</u>	<u>12</u>	<u>39,994,838</u>	<u>13</u>	<u>39,201,827</u>	<u>13</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant event after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 328,885,490</u>	<u>100</u>	<u>\$ 312,139,712</u>	<u>100</u>	<u>\$ 302,268,132</u>	<u>100</u>

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three months ended September 30,				Nine months ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 7,180,512	100	\$ 7,503,161	100	\$ 22,648,420	100	\$ 20,988,165	100
5000 Operating costs	6(21) and 7	(3,023,071)	(42)	(3,181,205)	(42)	(9,858,264)	(44)	(8,690,933)	(41)
5900 Gross profit		<u>4,157,441</u>	<u>58</u>	<u>4,321,956</u>	<u>58</u>	<u>12,790,156</u>	<u>56</u>	<u>12,297,232</u>	<u>59</u>
Operating expenses	6(26)(27) and 7								
6100 Selling expenses		(1,050,609)	(15)	(1,472,085)	(20)	(4,161,177)	(18)	(4,393,287)	(21)
6200 General and administrative expenses		(603,016)	(8)	(548,922)	(7)	(1,727,726)	(8)	(1,563,841)	(7)
6450 Expected credit losses		(1,505,861)	(21)	(937,614)	(13)	(3,966,095)	(17)	(2,413,666)	(12)
6000 Total operating expenses		<u>(3,159,486)</u>	<u>(44)</u>	<u>(2,958,621)</u>	<u>(40)</u>	<u>(9,854,998)</u>	<u>(43)</u>	<u>(8,370,794)</u>	<u>(40)</u>
6900 Operating profit		<u>997,955</u>	<u>14</u>	<u>1,363,335</u>	<u>18</u>	<u>2,935,158</u>	<u>13</u>	<u>3,926,438</u>	<u>19</u>
Non-operating income and expenses									
7100 Interest income	6(22)	8,178	-	4,740	-	25,205	-	15,658	-
7010 Other income	6(23)	82,630	1	129,448	2	172,626	1	265,494	1
7020 Other gains and losses	6(24)	(3,595)	-	1,348	-	477,790	2	(23,033)	-
7050 Finance costs	6(25)	(3,198)	-	(2,042)	-	(7,813)	-	(4,766)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(5)	<u>(8,765)</u>	<u>-</u>	<u>(9,615)</u>	<u>-</u>	<u>(11,778)</u>	<u>-</u>	<u>(24,705)</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>75,250</u>	<u>1</u>	<u>123,879</u>	<u>2</u>	<u>656,030</u>	<u>3</u>	<u>228,648</u>	<u>1</u>
7900 Profit before income tax		<u>1,073,205</u>	<u>15</u>	<u>1,487,214</u>	<u>20</u>	<u>3,591,188</u>	<u>16</u>	<u>4,155,086</u>	<u>20</u>
7950 Income tax expense	6(28)	(270,086)	(4)	(340,747)	(5)	(821,506)	(4)	(1,051,170)	(5)
8200 Profit for the period		<u>\$ 803,119</u>	<u>11</u>	<u>\$ 1,146,467</u>	<u>15</u>	<u>\$ 2,769,682</u>	<u>12</u>	<u>\$ 3,103,916</u>	<u>15</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three months ended September 30,				Nine months ended September 30,				
		2024		2023		2024		2023		
		Amount	%	Amount	%	Amount	%	Amount	%	
Other comprehensive income (loss) for the period										
Components of other comprehensive income that may not be reclassified to profit or loss										
8316		Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(\$ 75)	-	(\$ 650)	-	\$ 437	-	\$ 165	-
8310		Total components of other comprehensive (loss) income that may not be reclassified to profit or loss	(75)	-	(650)	-	437	-	165	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss										
8361		Financial statement translation differences of foreign operations	61,068	1	157,768	2	251,906	1	12,602	-
8368	6(2)	Gains (losses) on hedging instrument	98,796	1	18,434	1	51,137	1	(129,060)	(1)
8399	6(28)	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	(9,937)	-	750	-	2,653	-	31,077	-
8360		Total components of other comprehensive income (loss) that will be reclassified to profit or loss	149,927	2	176,952	3	300,390	2	(85,381)	(1)
8300		Other comprehensive income (loss) for the period, net of tax	<u>\$ 149,852</u>	<u>2</u>	<u>\$ 176,302</u>	<u>3</u>	<u>\$ 300,827</u>	<u>2</u>	<u>(\$ 85,216)</u>	<u>(1)</u>
8500		Total comprehensive income for the period	<u>\$ 952,971</u>	<u>13</u>	<u>\$ 1,322,769</u>	<u>18</u>	<u>\$ 3,070,509</u>	<u>14</u>	<u>\$ 3,018,700</u>	<u>14</u>
Profit, attributable to:										
8610		Owners of the parent	\$ 726,749	10	\$ 1,005,245	13	\$ 2,590,848	11	\$ 2,791,275	13
8620		Non-controlling interests	76,370	1	141,222	2	178,834	1	312,641	2
			<u>\$ 803,119</u>	<u>11</u>	<u>\$ 1,146,467</u>	<u>15</u>	<u>\$ 2,769,682</u>	<u>12</u>	<u>\$ 3,103,916</u>	<u>15</u>
Comprehensive income attributable to										
8710		Owners of the parent	\$ 819,185	11	\$ 1,092,471	15	\$ 2,746,405	13	\$ 2,686,790	12
8720		Non-controlling interests	133,786	2	230,298	3	324,104	1	331,910	2
			<u>\$ 952,971</u>	<u>13</u>	<u>\$ 1,322,769</u>	<u>18</u>	<u>\$ 3,070,509</u>	<u>14</u>	<u>\$ 3,018,700</u>	<u>14</u>
Earnings per share (in dollars)										
9750	6(29)	Basic earnings per share	<u>\$ 1.17</u>		<u>\$ 1.61</u>		<u>\$ 3.70</u>		<u>\$ 4.39</u>	
9850	6(29)	Diluted earnings per share	<u>\$ 1.17</u>		<u>\$ 1.61</u>		<u>\$ 3.69</u>		<u>\$ 4.38</u>	

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

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

(Reviewed, not audited)

	Notes	Equity attributable to owners of the parent												
		Share capital			Retained earnings				Other equity interest				Non-controlling interest	Total equity
		Common stock	Preference stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	(Losses) gains on hedging instruments	Total			
<u>Nine months ended September 30, 2023</u>														
Balance at January 1, 2023		\$ 5,150,004	\$ 500,000	\$ 12,510,367	\$ 2,083,531	\$ 157,171	\$ 8,981,897	(\$ 71,283)	\$ 3,156	\$ 166,456	\$ 29,481,299	\$ 3,411,715	\$ 32,893,014	
Profit for the period		-	-	-	-	-	2,791,275	-	-	-	2,791,275	312,641	3,103,916	
Other comprehensive income (loss) for the period		-	-	-	-	-	-	6,364	165	(111,014)	(104,485)	19,269	(85,216)	
Total comprehensive income (loss) for the period		-	-	-	-	-	2,791,275	6,364	165	(111,014)	2,686,790	331,910	3,018,700	
Appropriation and distribution of retained earnings														
Legal reserve	6(19)	-	-	-	362,339	-	(362,339)	-	-	-	-	-	-	
Special reserve reversed	6(19)	-	-	-	-	(133,439)	133,439	-	-	-	-	-	-	
Dividend on preferred stock	6(19)	-	-	-	-	-	(58,685)	-	-	-	(58,685)	-	(58,685)	
Cash dividend on common stock	6(19)	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)	(229,609)	(2,032,110)	
Stock dividend on common stock	6(17)(19)	515,000	-	-	-	-	(515,000)	-	-	-	-	-	-	
Issuance of preference stock	6(17)	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000	-	5,000,000	
Compensation cost of share-based payments		-	-	908	-	-	-	-	-	-	908	-	908	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	380,000	380,000	
Balance at September 30, 2023		\$ 5,665,004	\$ 1,000,000	\$ 17,011,275	\$ 2,445,870	\$ 23,732	\$ 9,168,086	(\$ 64,919)	\$ 3,321	\$ 55,442	\$ 35,307,811	\$ 3,894,016	\$ 39,201,827	
<u>Nine months ended September 30, 2024</u>														
Balance at January 1, 2024		\$ 5,665,004	\$ 1,000,000	\$ 17,011,275	\$ 2,445,870	\$ 23,732	\$ 10,066,623	(\$ 127,732)	\$ 3,346	\$ 9,491	\$ 36,097,609	\$ 3,897,229	\$ 39,994,838	
Profit for the period		-	-	-	-	-	2,590,848	-	-	-	2,590,848	178,834	2,769,682	
Other comprehensive income for the period		-	-	-	-	-	-	125,344	476	29,737	155,557	145,270	300,827	
Total comprehensive income for the period		-	-	-	-	-	2,590,848	125,344	476	29,737	2,746,405	324,104	3,070,509	
Appropriation and distribution of retained earnings														
Legal reserve	6(19)	-	-	-	368,981	-	(368,981)	-	-	-	-	-	-	
Special reserve	6(19)	-	-	-	-	91,163	(91,163)	-	-	-	-	-	-	
Dividend on preferred stock	6(19)	-	-	-	-	-	(287,055)	-	-	-	(287,055)	-	(287,055)	
Cash dividend on common stock	6(19)	-	-	-	-	-	(1,699,501)	-	-	-	(1,699,501)	-	(1,699,501)	
Stock dividend on common stock	6(17)(19)	566,501	-	-	-	-	(566,501)	-	-	-	-	-	-	
Reorganization	6(31)	-	-	128,636	-	-	-	-	-	-	128,636	(276,009)	(147,373)	
Changes in ownership interests in subsidiaries		-	-	63	-	-	-	-	-	-	63	(63)	-	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	33,600	33,600	
Balance at September 30, 2024		\$ 6,231,505	\$ 1,000,000	\$ 17,139,974	\$ 2,814,851	\$ 114,895	\$ 9,644,270	(\$ 2,388)	\$ 3,822	\$ 39,228	\$ 36,986,157	\$ 3,978,861	\$ 40,965,018	

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

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

	Notes	Nine months ended September 30,	
		2024	2023
Cash Flows From Operating Activities			
Profit before tax		\$ 3,591,188	\$ 4,155,086
Adjustments to reconcile net profit to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses and financial guarantee expenses		4,910,926	3,121,885
Depreciation	6(26)	1,064,667	1,095,927
Amortization	6(10)(26)	21,599	3,399
Reversal of impairment loss recognized on leased assets	6(6)	(4,338)	(1,294)
Gains on financial assets at fair value through profit or loss	6(24)	(9,042)	(196)
Compensation cost of share-based payments		-	908
Net (gains) losses on disposals of property, plant and equipment	6(24)	(222,325)	1,774
Net gains on disposals of investment property	6(24)	(255,515)	-
Interest expense	6(21)(25)	4,279,825	3,244,534
Interest income	6(20)(22)	(17,284,572)	(15,197,159)
Dividend income		(454)	(900)
Loss (profit) from lease modification	6(7)	(25)	(48)
Share of profit or loss of associates accounted for using equity method	6(5)	11,778	24,705
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		9,042	300,196
Notes and accounts receivable		(20,695,765)	(43,297,806)
Other receivables		(253,221)	(17,903)
Inventories		700,220	505,197
Prepayments		804,182	(294,192)
Other financial assets		271,638	(163,462)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		86,981	585,610
Other payables		(173,063)	(411,672)
Current financial guarantee liabilities		111,703	(10,908)
Other current liabilities, others		122,318	(11,991)
Cash outflow generated from operations		(22,912,253)	(46,368,310)
Cash dividends received		454	900
Interest received		17,314,923	15,187,395
Interest paid		(4,236,491)	(3,226,350)
Income tax paid		(1,396,216)	(1,385,278)
Net cash flows used in operating activities		(11,229,583)	(35,791,643)
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment	6(32)	(1,660,669)	(2,267,698)
Acquisition of financial assets at fair value through other comprehensive income		(16,000)	(16,000)
Acquisition of investments accounted for using equity method	6(5)	(577,342)	(500,880)
Net cash flow from acquisition of subsidiaries	6(30)	(216,578)	(599,722)
Proceeds from disposal of property, plant and equipment		331,395	8,469
Proceeds from disposal of investment property		372,501	-
Reorganization	6(31)	105,370	-
Increase in other non-current assets		(405,365)	(510,540)
Net cash flows used in investing activities		(2,066,688)	(3,886,371)
Cash Flows From Financing Activities			
Increase in short-term loans	6(33)	33,224,573	12,814,764
(Decrease) increase in short-term notes and bills payable	6(33)	(13,166,710)	21,559,986
Proceeds from long-term loans	6(33)	547,326	650,450
Repayments of long-term loans	6(33)	(484,700)	(124,393)
Proceeds from issuance of bonds payable	6(13)(33)	-	4,000,000
Increase in guarantee deposits received	6(33)	231,180	218,463
Cash dividends paid	6(33)	(1,986,556)	(1,861,186)
Proceeds from issuance of preference stock	6(17)	-	5,000,000
Increase in other payables	6(33) and 7	37,886	442,425
Repayment of principal portion of lease liabilities	6(33)	(117,038)	(108,738)
Cash dividends distributed by subsidiaries to non-controlling interests		-	(229,500)
Change in non-controlling interest		33,600	380,000
Net cash flows from financing activities		18,319,561	42,742,271
Effect of exchange rate changes		97,681	22,876
Increase in cash and cash equivalents		5,120,971	3,087,133
Cash and cash equivalents at beginning of period		2,878,184	2,382,775
Cash and cash equivalents at end of period		\$ 7,999,155	\$ 5,469,908

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

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

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

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

Hotai Finance 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 installment sales and leases of vehicles and equipment. Hozan Investment Co., Ltd. holds 45.395% ordinary equity interest in the Company. Hotai Motor Co. Ltd. is the Group’s ultimate parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on November 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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.

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

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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been

consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Hedging financial assets and liabilities.
 - (b) Financial assets at fair value through profit or loss.
 - (c) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment 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 unrealised 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) For the nine months ended September 30, 2024, except for Hoyun International Limited and Hoyun International Leasing Co., Ltd., which were evaluated and disclosed based on their reviewed financial statements, other subsidiaries included in the consolidated financial statements were evaluated and disclosed based on their unreviewed financial statements. For the nine months ended September 30, 2023, except for Hoyun International Limited, Hoyun International Leasing Co., Ltd. and Hoing Mobility Service Co., Ltd., which were evaluated and disclosed based on their reviewed financial statements, other subsidiaries included in the consolidated financial statements were evaluated and disclosed based on their unreviewed financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	50.50	
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of light passenger vehicles	-	50.82	50.82	Note 1
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment sales of various vehicles	81.00	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar energy business	80.00	80.00	80.00	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Installment sales of various equipment	100.00	-	-	Note 2

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>			<u>Description</u>
			<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Energy storage business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar energy business	96.97	96.97	90.00	Note 3
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar energy business	99.00	99.00	90.00	Note 3
He Jun Energy Co., Ltd.	Xian Yao Energy Co., Ltd.	Solar energy business	99.00	99.00	90.00	Note 3
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	100.00	100.00	Note 4
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 5
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 6
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 6
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 7
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Solar energy business	100.00	-	-	Note 8
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Solar energy business	100.00	-	-	Note 8
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Solar energy business	70.00	-	-	Note 9
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 7
Hoyun International Limited	Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>			<u>Description</u>
			<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	100.00	100.00	100.00	Note 10
Hoyun International Leasing Co., Ltd.	Hoyun International Leasing Co., Ltd. Trust of Asset-Backed Commercial Paper for Supporting Industrial Upgrading of Small and Micro Enterprises in the First Quarter of 2024	Structured entity	-	-	-	Note 11

Note 1: In August 2024, the Group disposed of all of the equity of Hoing Mobility Service Co, Ltd. to Hotai Leasing Co., Ltd. Please refer to Note 6(31).

Note 2: Established in January 2024.

Note 3: On October 11, 2023, the subsidiary, He Jun Energy Co., Ltd., participated in the cash capital increase of subsidiaries, Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd., resulting in changes to their shareholding ratios.

Note 4: Established in February 2023.

Note 5: Acquired in March 2023.

Note 6: Acquired in August 2023.

Note 7: Acquired in September 2023.

Note 8: Acquired in March 2024.

Note 9: Established in April 2024.

Note 10: Established in June 2022. Hemei Consulting (Suzhou) Company Limited was renamed as Hemei International Trade (Suzhou) Co., Ltd. in June 2023.

Note 11: The structured entity was a trust established in September 2024, which the Group does not have any direct or indirect shareholding. The structured entity is consolidated since the assessment of risks and rewards, disclosed that the Group has control over the structured entity. Please refer to Note 6(8).

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

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: Not applicable.

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

As of September 30, 2024, December 31, 2023 and September 30, 2023, the non-controlling interest amounted to \$3,978,861, \$3,897,229 and \$3,894,016, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Hoyun International Limited	China	\$ 3,167,649	49.50%	\$ 2,781,574	49.50%
				<u>Non-controlling interest</u>	
				<u>September 30, 2023</u>	
				Amount	Ownership (%)
Hoyun International Limited	China			\$ 2,793,786	49.50%

Summarised financial information of the subsidiaries:

Balance sheets

	Hoyun International Limited		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 43,179,762	\$ 34,022,605	\$ 31,424,710
Non-current assets	4,060,659	3,466,359	3,516,359
Current liabilities	(40,453,424)	(31,558,844)	(28,808,180)
Non-current liabilities	(387,707)	(310,778)	(488,877)
Total net assets	<u>\$ 6,399,290</u>	<u>\$ 5,619,342</u>	<u>\$ 5,644,012</u>

Statements of comprehensive income

	Hoyun International Limited	
	Three months ended September 30,	
	2024	2023
Revenue	\$ 1,230,865	\$ 1,116,992
Profit before income tax	194,094	338,242
Income tax expense	(44,781)	(63,261)
Profit for the period	<u>149,313</u>	<u>274,981</u>
Other comprehensive income, net of tax	<u>115,899</u>	<u>179,956</u>
Total comprehensive income for the period	<u>\$ 265,212</u>	<u>\$ 454,937</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 131,280</u>	<u>\$ 225,193</u>

	Hoyun International Limited	
	Nine months ended September 30,	
	2024	2023
Revenue	\$ 3,615,719	\$ 3,199,418
Profit before income tax	652,386	846,164
Income tax expense	(164,503)	(249,271)
Profit for the period	487,883	596,893
Other comprehensive income, net of tax	292,065	38,931
Total comprehensive income for the period	\$ 779,948	\$ 635,824
Comprehensive income attributable to non-controlling interest	\$ 386,075	\$ 314,732

Statements of cash flows

	Hoyun International Limited	
	Nine months ended September 30,	
	2024	2023
Net cash used in operating activities	(\$ 4,183,292)	(\$ 3,165,021)
Net cash used in investing activities	(645,661)	(382,619)
Net cash provided by financing activities	8,767,718	3,903,537
Effect of exchange rates on cash and cash equivalents	97,681	22,876
Increase in cash and cash equivalents	4,036,446	378,773
Cash and cash equivalents, beginning of period	2,261,968	774,647
Cash and cash equivalents, end of period	\$ 6,298,414	\$ 1,153,420

(4) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost 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 under 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	50 years
Furniture and fixtures (including office equipment)	3 ~25 years
Transportation equipment	1 ~ 8 years
Leasehold improvements	3 ~ 5 years

(5) Income tax

- A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(6) Reorganization

On October 26, 2018, the Accounting Research and Development Foundation of the R.O.C. (ARDF) issued the IFRS Q&A "Questions on the Treatment of Business Combinations under Common Control in Accordance with IFRS 3," clarifying that since IFRS 3 "Business Combinations" does not have explicit provisions for business combinations under common control, the relevant interpretations published in Taiwan still apply. Additionally, according to the IFRS Q&A "Questions on Retrospective Restatement of Comparative Financial Statements under Organizational Restructuring" issued by ARDF on January 30, 2019, if the Group disposes of a target company as part of an internal reorganization within the group, the Group can choose not to treat the target company as if it has never been held by the group from the beginning, and therefore, it is not required to retrospectively restate the comparative period consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of September 30, 2024, except for the additional estimates as set out below. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

Reasons and effects of changes in accounting estimates

The Group reviews the estimated useful lives of its property, plant, and equipment at each balance sheet date. To more accurately reflect the actual usage of major assets and truthfully report the financial status, operating performance, and changes in the financial condition of the company, the Group has extended the useful life of solar power equipment to 25 years, effective from July 1, 2024. The impact of this change in accounting estimate on depreciation expenses for the year 2024 and future years is as follows:

	Nine months ended September 30, 2024	Year ended Decemeber 31,			
		2025	2026	2027	2028~
Changes in depreciation	(\$ 11,982)	(\$ 47,928)	(\$ 47,928)	(\$ 47,928)	\$ 167,748

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 1,741	\$ 3,995	\$ 4,013
Checking accounts and demand deposits	7,997,414	2,852,580	5,443,800
Cash equivalents			
Time deposits	-	21,609	22,095
	<u>\$ 7,999,155</u>	<u>\$ 2,878,184</u>	<u>\$ 5,469,908</u>

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.

(2) Hedging financial assets and liabilities

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

A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Group's foreign currency denominated loans 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:

		September 30, 2024				Nine months ended September 30, 2024			
Hedging instruments	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</u>									
<u>Interest rate risk</u>									
Cross-currency swap transactions	USD	36,050	2022/1/12~2025/1/13	\$ 102,867	\$ -	\$ -	6.37~6.55	4.11~5.30	\$ -
	USD	102,000	2024/3/28~2026/3/27	7,652	(25,225)	-	31.96~32.16	1.80~1.84	-
	JPY	51,200,000	2023/5/2~2026/2/12	314,990	(78,687)	-	0.21~0.23	1.91~2.32	-
	JPY	8,828,000	2023/10/23~2027/3/10	28,274	(38,363)	-	0.05	3.78~4.20	-
		December 31, 2023				Year ended December 31, 2023			
Cash flow hedges:									
<u>Exchange rate risk</u>									
<u>Interest rate risk</u>									
Cross-currency swap transactions	USD	67,550	2022/1/12~2025/1/13	\$ 199,234	\$ -	\$ -	6.33~6.55	4.11~5.30	\$ -
	USD	30,000	2023/9/7~2024/9/6	-	(30,648)	-	31.97	1.85	-
	JPY	66,100,000	2021/9/30~2025/5/2	114,975	(1,042,778)	-	0.21~0.25	0.83~2.32	-
	JPY	4,000,000	2023/10/23~2026/10/23	-	(14,557)	-	0.05	4.20	-
	EUR	75,000	2022/9/12~2024/9/12	256,676	-	-	30.60	2.04	-

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

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

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

		September 30, 2023	
		Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
Hedged items			
Cash flow hedges:			
<u>Exchange rate risk and interest rate risk</u>			
Long-term and short-term loans		\$ 19,228,091	(\$ 861,660)

C. Cash flow hedges

	<u>Nine months ended September 30, 2024</u>	
<u>Other equity - cash flow hedge reserve</u>		
At January 1	(\$	11,922)
Add: Gains on hedge effectiveness-amount recognized in other comprehensive income		18,072
Add: Reclassified to profit or loss as the hedged item has affected the profit and loss		33,065
Less: Income tax relating to the hedge effectiveness- amount recognized in other comprehensive income	(<u>2,653)</u>
At September 30	\$	<u>36,562</u>
		<u>Nine months ended September 30, 2023</u>
<u>Other equity - cash flow hedge reserve</u>		
At January 1	\$	156,657
Less: Losses on hedge effectiveness-amount recognized in other comprehensive income	(96,453)
Less: Reclassified to profit or loss as the hedged item has affected the profit and loss	(32,607)
Add: Income tax relating to the hedge effectiveness- amount recognized in other comprehensive income		<u>31,077</u>
At September 30	\$	<u>58,674</u>

To hedge exposed exchange rate risk and interest rate risk arising from loans, 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 the exchange gains (loss) on foreign currency and finance costs when the hedged items are subsequently paid the principal or interest.

(3) Notes and accounts receivable, net (including long-term notes and accounts receivable)

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Installment notes receivable	\$ 14,595,520	\$ 11,907,542	\$ 11,589,137
Installment accounts receivable	294,846,422	288,557,322	275,953,533
Accounts receivable	<u>103,035</u>	<u>58,729</u>	<u>53,698</u>
	309,544,977	300,523,593	287,596,368
Less: Unrealized interest revenue	(36,187,123)	(38,338,575)	(36,341,455)
Allowance for doubtful accounts	(<u>4,835,190</u>)	(<u>4,290,705</u>)	(<u>4,007,780</u>)
Notes and accounts receivable, net	<u>\$ 268,522,664</u>	<u>\$ 257,894,313</u>	<u>\$ 247,247,133</u>

- A. As of September 30, 2024, December 31, 2023 and September 30, 2023, notes and accounts receivable pledged as collaterals for loans and commercial papers to banks amounted to \$6,075,385, \$6,190,191 and \$6,110,688 respectively. Please refer to Note 8 for the related information.
- B. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 305,957,687	\$ 297,325,770	\$ 284,973,923
31 to 60 days	1,359,057	1,251,652	1,025,509
61 to 90 days	683,477	587,181	532,092
91 to 120 days	640,248	527,860	412,783
121 to 150 days	537,685	428,970	343,189
Over 151 days	<u>366,823</u>	<u>402,160</u>	<u>308,872</u>
	<u>\$ 309,544,977</u>	<u>\$ 300,523,593</u>	<u>\$ 287,596,368</u>

The above ageing analysis was based on past due date, 31 days overdue shall be defined as delinquency based on the risk management policy.

- C. The expected recovery of the Group's installment notes and accounts receivable is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not later than one year	\$ 106,219,712	\$ 97,115,106	\$ 93,099,872
Over 1 year	<u>203,222,230</u>	<u>203,349,758</u>	<u>194,442,798</u>
	<u>\$ 309,441,942</u>	<u>\$ 300,464,864</u>	<u>\$ 287,542,670</u>

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

(4) Prepayments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments	\$ 3,175,888	\$ 3,169,512	\$ 3,394,180
Prepaid commission	1,862,705	2,743,722	2,807,903
Prepaid insurance premiums	71,217	195,876	208,782
Others	494,016	638,411	806,617
	<u>\$ 5,603,826</u>	<u>\$ 6,747,521</u>	<u>\$ 7,217,482</u>

(5) Investments accounted for using equity method

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Hotai Mobility Service Co., Ltd.	\$ 73,951	\$ 79,151	\$ 80,457
Zheng-Ren Energy Co., Ltd.	137,162	72,315	74,108
Gochabar Co., Ltd.	24,530	29,787	30,960
Heng Fong Energy Co., Ltd.	402,220	405,316	406,152
Ly Hour Leasing PLC	556,013	547,724	-
Kai Lan Power Co., Ltd.	356,451	-	-
Grinnodot Inc.	146,507	-	-
	<u>\$ 1,696,834</u>	<u>\$ 1,134,293</u>	<u>\$ 591,677</u>

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$1,696,834, \$1,134,293 and \$591,677, respectively.

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Comprehensive loss for the period	<u>(\$ 14,499)</u>	<u>(\$ 9,615)</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Comprehensive loss for the period	<u>(\$ 14,801)</u>	<u>(\$ 24,705)</u>

B. The Group's investments have no quoted market price. The share of profit or loss of investments accounted for using the equity method amounted to (\$8,765), (\$9,615), (\$11,778) and (\$24,705) for the three months and nine months ended September 30, 2024 and 2023, respectively, and were recognized based on the financial statements that were not reviewed by other independent auditors.

C. In May 2024, the Group participated in a cash capital increase of Kai Lan Power Co., Ltd. amounting to \$321,944 and a shareholding ratio of 40%. In July 2024, the Group participated in another cash capital increase of Kai Lan Power Co., Ltd. with an amount of \$38,056. The shareholding ratio remained unchanged.

D. In April 2024, the Group acquired 5% of the shareholding of Grinnodot Inc. amounting to \$37,273 and participated in a cash capital increase of the company amounting to \$111,819. The

shareholding ratio increased to 20%.

- E. In January 2024 and February 2023, the Group participated in a cash capital increase of Zheng-Ren Energy Co., Ltd. amounting to \$68,250 and \$54,880, respectively. The shareholding ratio remained unchanged, which is 35%. Although the Group is the single largest shareholder of Zheng-Ren Energy Co., Ltd., the combined shareholdings of the other two major shareholders (not related parties) exceed the Group's shareholdings, which indicates that the Group has no real ability to direct the relevant activities and therefore assessed that it does not have control over the company and only has significant influence over it.
- F. In October 2023, the Group acquired 35% of the shareholding of Ly Hour PLC amounting to US\$17,000. Although the Group is the single largest shareholder of Ly Hour Leasing PLC, the combined shareholdings of the other two major shareholders (not related parties) exceed the Group's shareholdings, which indicates that the Group has no real ability to direct the relevant activities and therefore assessed that it does not have control over the company and only has significant influence over it.
- G. In January 2023, the Group invested in the establishment of Gochabar Co., Ltd. with an investment of \$36,000 and a shareholding ratio of 30%.
- H. In January 2023, the Group participated in a cash capital increase of Heng Fong Energy Co., Ltd. amounting to \$410,000 and a shareholding ratio of 20%.

(6) Property, plant and equipment

2024

	2024									
	Land	Buildings and structures	Furniture and fixtures (including office equipment)			Transportation equipment			Leasehold improvements	Total
Owner-occupied			Lease (Note 1)	Subtotal	Owner-occupied	Lease (Note 1)	Subtotal			
At January 1										
Cost	\$ 1,187,698	\$ 294,952	\$ 2,755,859	\$ 305,519	\$ 3,061,378	\$ 159,525	\$ 7,472,469	\$ 7,631,994	\$ 155,555	\$ 12,331,577
Accumulated depreciation and impairment	-	(23,873)	(369,936)	(175,405)	(545,341)	(90,340)	(2,494,526)	(2,584,866)	(87,428)	(3,241,508)
	<u>\$ 1,187,698</u>	<u>\$ 271,079</u>	<u>\$ 2,385,923</u>	<u>\$ 130,114</u>	<u>\$ 2,516,037</u>	<u>\$ 69,185</u>	<u>\$ 4,977,943</u>	<u>\$ 5,047,128</u>	<u>\$ 68,127</u>	<u>\$ 9,090,069</u>
Opening net book amount as at January 1	\$ 1,187,698	\$ 271,079	\$ 2,385,923	\$ 130,114	\$ 2,516,037	\$ 69,185	\$ 4,977,943	\$ 5,047,128	\$ 68,127	\$ 9,090,069
Additions	-	-	546,253	19,891	566,144	22,586	1,002,637	1,025,223	47,665	1,639,032
Acquired from business combinations	-	-	429,290	-	429,290	-	-	-	-	429,290
Disposal	(91,625)	(9,463)	(806)	-	(806)	(4,478)	(2,698)	(7,176)	-	(109,070)
Reorganization	-	-	(47,337)	-	(47,337)	-	(3,686,166)	(3,686,166)	(47,531)	(3,781,034)
Reclassifications	-	-	587	(2,475)	(1,888)	(465)	(695,509)	(695,974)	(122)	(697,984)
Transfers from prepayments for business facilities	-	-	186,221	-	186,221	-	7,921	7,921	-	194,142
Depreciation	-	(4,767)	(142,052)	(58,595)	(200,647)	(18,083)	(703,839)	(721,922)	(19,879)	(947,215)
Gain on reversal of impairment loss	-	-	-	4,338	4,338	-	-	-	-	4,338
Net exchange differences	-	-	419	-	419	3,008	38,852	41,860	997	43,276
Closing net book amount as at September 30	<u>\$ 1,096,073</u>	<u>\$ 256,849</u>	<u>\$ 3,358,498</u>	<u>\$ 93,273</u>	<u>\$ 3,451,771</u>	<u>\$ 71,753</u>	<u>\$ 939,141</u>	<u>\$ 1,010,894</u>	<u>\$ 49,257</u>	<u>\$ 5,864,844</u>
At September 30										
Cost	\$ 1,096,073	\$ 273,529	\$ 3,898,721	\$ 265,510	\$ 4,164,231	\$ 158,413	\$ 1,939,936	\$ 2,098,349	\$ 80,505	\$ 7,712,687
Accumulated depreciation and impairment	-	(16,680)	(540,223)	(172,237)	(712,460)	(86,660)	(1,000,795)	(1,087,455)	(31,248)	(1,847,843)
	<u>\$ 1,096,073</u>	<u>\$ 256,849</u>	<u>\$ 3,358,498</u>	<u>\$ 93,273</u>	<u>\$ 3,451,771</u>	<u>\$ 71,753</u>	<u>\$ 939,141</u>	<u>\$ 1,010,894</u>	<u>\$ 49,257</u>	<u>\$ 5,864,844</u>

Note 1: The assets are assets for lease purposes offered by the Company and the subsidiary. When the leased assets are available to be sold instead of leasing to others, the carrying amounts are recorded as inventories. When they are sold, the payments arising from the sales and related costs are reclassified as sales revenue and cost of sales.

Note 2: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

Note 3: The borrowing costs capitalised as part of property, plant and equipment amounted to \$430 and the range of the interest rates for such capitalisation is 1.8419%~2.0805%.

Note 4: For the effect of reorganization, please refer to Note 6 (31).

2023

	2023									
	Furniture and fixtures (including office equipment)					Transportation equipment			Leasehold	
	Land	Buildings and structures	Owner- occupied	Lease (Note 1)	Subtotal	Owner- occupied	Lease (Note 1)	Subtotal	improvements	Total
At January 1										
Cost	\$ 947,458	\$ 267,998	\$ 691,942	\$ 438,116	\$ 1,130,058	\$ 142,887	\$ 7,129,629	\$ 7,272,516	\$ 110,624	\$ 9,728,654
Accumulated depreciation and impairment	-	(17,274)	(83,248)	(262,657)	(345,905)	(82,136)	(2,331,015)	(2,413,151)	(65,520)	(2,841,850)
	<u>\$ 947,458</u>	<u>\$ 250,724</u>	<u>\$ 608,694</u>	<u>\$ 175,459</u>	<u>\$ 784,153</u>	<u>\$ 60,751</u>	<u>\$ 4,798,614</u>	<u>\$ 4,859,365</u>	<u>\$ 45,104</u>	<u>\$ 6,886,804</u>
Opening net book amount as at January 1	\$ 947,458	\$ 250,724	\$ 608,694	\$ 175,459	\$ 784,153	\$ 60,751	\$ 4,798,614	\$ 4,859,365	\$ 45,104	\$ 6,886,804
Additions	-	-	712,568	64,529	777,097	32,861	1,470,120	1,502,981	29,774	2,309,852
Acquired from business combinations	-	-	825,077	-	825,077	-	-	-	-	825,077
Disposal	-	-	(246)	-	(246)	(3,653)	(6,344)	(9,997)	-	(10,243)
Reclassifications	-	-	-	(5,948)	(5,948)	-	(496,956)	(496,956)	-	(502,904)
Transfers from prepayments for business facilities	-	-	116,791	-	116,791	-	62,068	62,068	-	178,859
Depreciation	-	(4,949)	(62,631)	(81,720)	(144,351)	(18,024)	(804,878)	(822,902)	(15,327)	(987,529)
Gain on reversal of impairment loss	-	-	-	1,294	1,294	-	-	-	-	1,294
Net exchange differences	-	-	17	-	17	112	992	1,104	29	1,150
Closing net book amount as at September 30	<u>\$ 947,458</u>	<u>\$ 245,775</u>	<u>\$ 2,200,270</u>	<u>\$ 153,614</u>	<u>\$ 2,353,884</u>	<u>\$ 72,047</u>	<u>\$ 5,023,616</u>	<u>\$ 5,095,663</u>	<u>\$ 59,580</u>	<u>\$ 8,702,360</u>
At September 30										
Cost	\$ 947,458	\$ 267,998	\$ 2,532,054	\$ 354,910	\$ 2,886,964	\$ 167,091	\$ 7,619,345	\$ 7,786,436	\$ 141,511	\$ 12,030,367
Accumulated depreciation and impairment	-	(22,223)	(331,784)	(201,296)	(533,080)	(95,044)	(2,595,729)	(2,690,773)	(81,931)	(3,328,007)
	<u>\$ 947,458</u>	<u>\$ 245,775</u>	<u>\$ 2,200,270</u>	<u>\$ 153,614</u>	<u>\$ 2,353,884</u>	<u>\$ 72,047</u>	<u>\$ 5,023,616</u>	<u>\$ 5,095,663</u>	<u>\$ 59,580</u>	<u>\$ 8,702,360</u>

Note1: The assets are assets for lease purposes offered by the Company and the subsidiary. When the leased assets are available to be sold instead of leasing to others, the carrying amounts are recorded as inventories. When they are sold, the payments arising from the sales and related costs are reclassified as sales revenue and cost of sales.

Note2: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

Note3: The Group had no instances requiring interest capitalization from January 1 to September 30, 2023.

(7) Lease transactions - lessee

- A. The Group leases various assets including buildings, equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 46,856	\$ 59,344	\$ 60,593
Buildings and structures	351,966	437,256	408,483
Machinery and equipment	274	1,096	1,370
	<u>\$ 399,096</u>	<u>\$ 497,696</u>	<u>\$ 470,446</u>

Three months ended September 30

	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,270	\$ 948
Buildings and structures	34,429	37,843
Machinery and equipment	274	274
	<u>\$ 35,973</u>	<u>\$ 39,065</u>

Nine months ended September 30

	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,897	\$ 1,908
Buildings and structures	111,783	104,049
Machinery and equipment	822	822
	<u>\$ 116,502</u>	<u>\$ 106,779</u>

- C. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$52,797, \$56,903, \$181,122 and \$214,526, respectively.
- D. The information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,198	\$ 2,042
Expense on short-term lease contracts and leases of low-value assets	2,341	7,833
Profit from lease modification	35	10
Expense on variable lease payments	18,515	4,403

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,813	\$ 4,766
Expense on short-term lease contracts and leases of low-value assets	20,493	21,449
Profit from lease modification	25	48
Expense on variable lease payments	29,747	7,135

E. For the nine months ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$175,091 and \$142,088, respectively.

(8) Leasing arrangements - lessor

- A. The Group leases various assets including machinery and equipment, vehicles and multifunction printers. Rental contracts are typically made for periods of 1 and 6 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 and vehicles under a finance lease. Based on the terms of the lease contract, the ownership of the assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Finance income from the net investment in the finance lease	<u>\$ 991,775</u>	<u>\$ 855,019</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Finance income from the net investment in the finance lease	<u>\$ 2,854,317</u>	<u>\$ 2,444,022</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Next 1 year	\$ 25,668,317	\$ 22,279,374	\$ 21,509,197
Next 2 years	9,545,005	8,299,129	7,887,113
Next 3 years	2,633,620	1,996,473	1,879,860
Next 4 years	776,460	536,971	480,517
Next 5 years	254,778	197,630	180,636
Next 6 years	47,778	37,922	21,776
	<u>\$ 38,925,958</u>	<u>\$ 33,347,499</u>	<u>\$ 31,959,099</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Undiscounted lease payments	\$ 38,925,958	\$ 33,347,499	\$ 31,959,099
Unearned finance income	(3,911,885)	(3,319,045)	(3,189,022)
Allowance for doubtful accounts	(890,486)	(1,113,205)	(1,252,253)
Net investment in the lease	<u>\$ 34,123,587</u>	<u>\$ 28,915,249</u>	<u>\$ 27,517,824</u>

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

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

<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 subordinate asset-backed notes will commence after the principal and interest of the senior notes have been fully paid.

(b) As of September 30, 2024, December 31, 2023 and September 30, 2023, leasing notes receivable and lease receivable pledged as collaterals for loans and commercial papers to banks amounted to \$15,608,408, \$6,464,723 and \$5,574,290, respectively. Please refer to Note 8 for the related information.

E. The ageing analysis of lease receivable that were past due but not impaired is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 37,952,602	\$ 32,684,975	\$ 31,344,396
31 to 60 days	258,814	173,369	180,188
61 to 90 days	238,900	176,328	112,749
91 to 120 days	220,674	115,576	135,060
121 to 150 days	92,865	77,519	80,050
Over 151 days	162,103	119,732	106,656
	<u>\$ 38,925,958</u>	<u>\$ 33,347,499</u>	<u>\$ 31,959,099</u>

The above ageing analysis was based on past due date, 31 days overdue shall be defined as delinquency based on the risk management policy.

F. For the three months and nine months ended September 30, 2024 and 2023, the Group recognized rent income in the amounts of \$753,890, \$1,239,272, \$3,124,123 and \$3,658,560, respectively, based on the operating lease agreement, which does not include variable lease payments.

G. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Next 1 year	\$ 266,648	\$ 453,250	\$ 493,484
Next 2 years	150,054	137,923	148,446
Next 3 years	75,148	54,082	49,598
Next 4 years	29,270	11,458	10,530
Next 5 years	4,836	3,870	2,240
After 6 years	5,394	-	540
	<u>\$ 531,350</u>	<u>\$ 660,583</u>	<u>\$ 704,838</u>

(9) Investment property

	2024		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 231,623	\$ 66,678	\$ 298,301
Accumulated depreciation	<u>-</u>	<u>(15,694)</u>	<u>(15,694)</u>
	<u>\$ 231,623</u>	<u>\$ 50,984</u>	<u>\$ 282,607</u>
At January 1	\$ 231,623	\$ 50,984	\$ 282,607
Depreciation charge	-	(950)	(950)
Disposal	<u>(106,033)</u>	<u>(10,953)</u>	<u>(116,986)</u>
At September 30	<u>\$ 125,590</u>	<u>\$ 39,081</u>	<u>\$ 164,671</u>
At September 30			
Cost	\$ 125,590	\$ 41,887	\$ 167,477
Accumulated depreciation	<u>-</u>	<u>(2,806)</u>	<u>(2,806)</u>
	<u>\$ 125,590</u>	<u>\$ 39,081</u>	<u>\$ 164,671</u>
	2023		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 231,623	\$ 66,678	\$ 298,301
Accumulated depreciation	<u>-</u>	<u>(13,535)</u>	<u>(13,535)</u>
	<u>\$ 231,623</u>	<u>\$ 53,143</u>	<u>\$ 284,766</u>
At January 1	\$ 231,623	\$ 53,143	\$ 284,766
Depreciation charge	-	(1,619)	(1,619)
At September 30	<u>\$ 231,623</u>	<u>\$ 51,524</u>	<u>\$ 283,147</u>
At September 30			
Cost	\$ 231,623	\$ 66,678	\$ 298,301
Accumulated depreciation	<u>-</u>	<u>(15,154)</u>	<u>(15,154)</u>
	<u>\$ 231,623</u>	<u>\$ 51,524</u>	<u>\$ 283,147</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	\$ 829	\$ 1,812
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation expense)	\$ 205	\$ 540
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	\$ 4,453	\$ 5,436
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation expense)	\$ 1,439	\$ 1,906

B. The fair value of the investment property held by the Group was \$171,486, \$322,329 and \$318,447 as at September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The 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. The appraisal belonged to the third level of fair value.

(10) Intangible assets

	<u>2024</u>		
	<u>Goodwill</u>	<u>Purchase agreements</u>	<u>Total</u>
At January 1			
Cost	\$ 56,807	\$ 398,949	\$ 455,756
Accumulated amortization and impairment	-	(12,468)	(12,468)
	<u>\$ 56,807</u>	<u>\$ 386,481</u>	<u>\$ 443,288</u>
At January 1	\$ 56,807	\$ 386,481	\$ 443,288
Additions — acquired through business combinations	12,790	85,216	98,006
Amortization charge	-	(21,599)	(21,599)
Closing net book amount as at September 30	<u>\$ 69,597</u>	<u>\$ 450,098</u>	<u>\$ 519,695</u>
At September 30			
Cost	\$ 69,597	\$ 484,165	\$ 553,762
Accumulated amortization and impairment	-	(34,067)	(34,067)
	<u>\$ 69,597</u>	<u>\$ 450,098</u>	<u>\$ 519,695</u>

	2023		
	Goodwill	Purchase agreements	Total
At January 1	\$ -	\$ -	\$ -
Additions — acquired through business combinations	225,327	217,530	442,857
Amortization charge	-	(3,399)	(3,399)
Closing net book amount as at September 30	<u>\$ 225,327</u>	<u>\$ 214,131</u>	<u>\$ 439,458</u>
At September 30			
Cost	\$ 225,327	\$ 217,530	\$ 442,857
Accumulated amortization and impairment	-	(3,399)	(3,399)
	<u>\$ 225,327</u>	<u>\$ 214,131</u>	<u>\$ 439,458</u>

Details of amortization on intangible assets are as follows:

	Three months ended September 30,	
	2024	2023
Operating costs	<u>\$ 7,476</u>	<u>\$ 3,399</u>
	Nine months ended September 30,	
	2024	2023
Operating costs	<u>\$ 21,599</u>	<u>\$ 3,399</u>

(11) Short-term loans

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Type of loans</u>			
Bank loans			
Credit loans	\$ 75,924,963	\$ 46,763,886	\$ 45,602,238
Pledged loans	14,296,960	12,492,482	11,592,656
Mid-term syndicated loans for working capital	28,395,129	33,363,397	39,013,944
Notes payable from securitization	5,008,126	-	-
	<u>\$ 123,625,178</u>	<u>\$ 92,619,765</u>	<u>\$ 96,208,838</u>
Interest rates	<u>0.49%~5.90%</u>	<u>0.49%~6.33%</u>	<u>0.57%~6.33%</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the descriptions of borrowings are as follows:

- A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross currency swap, the rate range of short-term loans were 0.50%~4.30%, 0.83%~4.40% and 0.83%~4.40%, respectively.
- B. The Company has entered into a mid-term syndicated contract for a credit line of \$29,500,000 with 11 financial institutions including CTBC Bank Ltd., in order to fulfill its working capital. The duration is 36 months (from June 28, 2024 to June 28, 2027). The loan can be drawn several times and is revolving. The payment term is to repay the full drawn amount at the maturity date.

- C. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 880 million with 5 financial institutions including Mizuho Bank, Ltd. in order to fulfill its working capital. The duration is 12 months (from May 5, 2024 to May 5, 2025), the loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- D. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 510 million with 6 financial institutions including E.SUN Commercial Bank, Ltd. in order to fulfill its working capital. The duration is 36 months (from March 25, 2024 to March 25, 2027), the loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- E. The subsidiary, He Jing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$10,000,000 with 12 financial institutions including Mega International Commercial Bank, Ltd. in order to fulfill its working capital. The duration is 36 months (from July 12, 2023 to July 12, 2026), the loan can be drawn several times and is revolving. The payment term is to repay the full drawn amount at the maturity date.
- F. The Company 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 fulfill 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 drawn amounts in installments at the maturity date. The remaining amount of \$7,975,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- G. The Company 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 fulfill its working capital. The duration is 12 months (from December 6, 2023 to December 6, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.
- H. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 1 billion with 13 financial institutions including Mizuho Bank, Ltd. in order to fulfill 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 contract period.
- I. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 980 million with 12 financial institutions including Mizuho Bank, Ltd. in order to fulfill 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 contract period.
- J. 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 fulfill its working capital. The duration is 36 months (from June 29, 2022 to June 27, 2025). The loan can be drawn several times. Of the total loan, \$7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining amount of \$7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.

- K. The Company has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, in order to fulfill 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 amount at the maturity date.
- L. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 500 million with 6 financial institutions including CTBC Bank Ltd., in order to fulfill its working capital. The duration is 36 months (from March 31, 2021 to March 29, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.
- M. Information relating to notes payable from securitization is provided in Note 6(8)4.
- N. For the abovementioned syndicated loans and partial loans from other financial institutions during the contract periods, the Group is required to maintain specific current ratio, owner's capital ratio, interest coverage ratio, net value, net tangible assets, debt to equity ratio, equity to assets ratio, net tangible assets to assets ratio and non-performing loan ratio.

As of September 30, 2024, the Group met all the financial commitments stated in the contract.

(12) Short-term notes and bill payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Commercial paper payable	\$ 119,413,400	\$ 133,651,400	\$ 126,681,400
Less: Unamortized discount	(216,755)	(127,083)	(124,525)
	<u>\$ 119,196,645</u>	<u>\$ 133,524,317</u>	<u>\$ 126,556,875</u>
Interest rates	<u>1.75%~2.23%</u>	<u>0.70%~2.63%</u>	<u>0.66%~2.63%</u>

(13) Bond payable

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

Information on the Company's issuance of bonds as approved by the regulatory authority is summarized below:

- A. The Company issued \$5,000,000, 1.49% second secured ordinary bonds in 2023. The bonds mature 2 years from the issue date (October 27, 2023 ~ October 27, 2025) and will be redeemed in cash at face value at the maturity date.
- B. The Company issued \$4,000,000, 1.50% first unsecured ordinary bonds in 2023. The bonds mature 5 years from the issue date (March 28, 2023 ~ March 28, 2028) and will be redeemed in cash at face value at the maturity date.
- C. The Company issued \$7,000,000, 1.50% second secured ordinary bonds in 2022. The bonds mature 3 years from the issue date (June 6, 2022 ~ June 6, 2025) and will be redeemed in cash at face value at the maturity date.
- D. The Company issued \$3,000,000, 0.57% first secured ordinary bonds in 2022. The bonds mature 3 years from the issue date (January 13, 2022 ~ January 13, 2025) and will be redeemed in cash at face value at the maturity date.
- E. The Company issued \$3,000,000, 0.56% second unsecured ordinary bonds in 2021. The bonds mature 5 years from the issue date (July 22, 2021 ~ July 22, 2026) and will be redeemed in cash at face value at the maturity date.
- F. The Company issued \$2,200,000, 0.55% first unsecured ordinary bonds in 2021. The bonds mature 5 years from the issue date (April 15, 2021 ~ April 15, 2026) and will be redeemed in cash at face value at the maturity date.
- G. The Company issued \$7,000,000, 0.70% first unsecured ordinary bonds in 2020. The bonds mature 5 years from the issue date (April 22, 2020 ~ April 22, 2025) and will be redeemed in cash at face value at the maturity date.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	September 30, 2024	December 31, 2023	September 30, 2023
Long-term bank borrowings					
Secured borrowings (Note)	Borrowing period is from October 2020 to August 2031; interest is repayable monthly, repayment of principal	1.67%~ 2.56%	\$ 1,307,054	\$ -	\$ -
	Borrowing period is from July 2019 to December 2030; interest is repayable monthly, repayment of principal	2.27% ~2.81%	-	576,339	-
	Borrowing period is from June 2017 to May 2038; interest is repayable monthly, repayment of principal	2.18%~ 2.95%	-	-	1,266,917
Unsecured borrowings	Borrowing period is from September 2023 to August 2029; interest is repayable monthly, repayment of principal	2.29% ~2.74%	433,894	-	-
	Borrowing period is from January 2023 to December 2028; interest is repayable monthly, repayment of principal	2.24% ~2.61%	-	808,128	-
	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20% ~6.47%	151,758	146,948	152,145
			1,892,706	1,531,415	1,419,062
Less : Long-term liabilities, current portion			(447,559)	(595,200)	(424,947)
			<u>\$ 1,445,147</u>	<u>\$ 936,215</u>	<u>\$ 994,115</u>

Note: For details of collateral information, please refer Note 8.

- A. The Group uses cross currency swap agreements to control the exchange rate risk and interest rate risk. After the cross currency swap, the rate range of long-term loans as of September 30, 2024, December 31, 2023 and September 30, 2023, were 1.67%~5.30%, 2.24%~5.30% and 2.18%~5.30%, respectively.
- B. As of September 30, 2024, the maturities of long-term borrowings are as follows:

<u>Duration of maturity</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Up to 1 year	\$ 447,559	\$ 595,200	\$ 424,947
1 to 2 years	124,118	84,743	334,546
Over 2 years	1,321,029	851,472	659,569
	<u>\$ 1,892,706</u>	<u>\$ 1,531,415</u>	<u>\$ 1,419,062</u>

(15) Guarantee deposits received

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	\$ 4,490,190	\$ 4,404,620	\$ 4,455,111
Non-current	399,794	255,984	263,360
	<u>\$ 4,889,984</u>	<u>\$ 4,660,604</u>	<u>\$ 4,718,471</u>

It mainly refers to the guarantee deposits from vehicles and equipment leasing.

(16) Pensions

Defined contribution pension plan

- A. Effective July 1, 2005, the Group has 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 Group contributes 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 subsidiary, Hoyun International Leasing Co., Ltd., has a defined contribution plan. 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. The average contribution percentage for the nine months ended September 30, 2024 and 2023 was both 15%. Other than the monthly contributions, the Group has no further obligations.
- C. The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2024 and 2023 were \$41,001, \$39,936, \$128,266 and \$114,539, respectively.

(17) Share capital

- A. As of September 30, 2024 and 2023, the Company's authorized capital were \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock. The Company's issued and outstanding capital stock amounted to 723,150 and 666,500 thousand shares, with par value of NT\$10 per share, respectively. All proceeds from shares issued have been collected.
- B. On May 31, 2023, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of \$515,000. This involved issuing 51,500 thousand new shares with a par value of \$10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on July 21, 2023.
- C. On May 29, 2024, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of \$566,501. This involved issuing 56,650 thousand new shares with a par value of \$10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on July 22, 2024.
- D. On June 23, 2022, the Board of Directors resolved to increase the Company's capital in the amount of \$5,000,000 by issuing 50 million shares of Class A preference shares with a par value of \$10 (in dollars) per share issued at \$100 (in dollars) per share. The capital injection was approved by the FSC on August 10, 2022, and the effective date was set on September 21, 2022. The rights and obligations of these outstanding preference shares are as follows:
- (a) Expiration date: The Company's Class A preference shares are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class A preference shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.
- (b) Dividends: Dividends are calculated at 4.2% per annum, consisting of five-year IRS rate of 1.1175% on pricing effective date (August 19, 2022) and specific markup of 3.0825%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.

- (c) Dividend distribution: Dividends are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors. Dividend distributions in the issuance and redemption years are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 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 in the current year, can be distributed as dividends of Class A preference shares in first priority.
- The Company has discretion in dividend distribution of Class A preference shares. The Company could choose not to distribute dividends of preferred shares, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.
- (d) Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preference shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.
- (e) Residual property distribution: The shareholders of Class A preference shares have priority over shareholders of common stocks in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preference shares issued and the issue price when distributing.
- (f) Right to vote and be elected: The shareholders of Class A preference shares have no right to vote and be elected in the shareholders' meeting of the Company but have the right to vote in the shareholders' meeting for shareholders of preference shares and shareholders' meeting regarding to rights and obligations of shareholders of preference shares.
- (g) Conversion to common shares: Class A preference shares could not be converted to common shares. The stockholders of Class A preference shares cannot request the Company to retire the stocks they hold.
- (h) The preemptive rights for shareholders of Class A preference shares are the same as of common shareholders when the Company increases its capital by issuing new shares.
- E. On May 4, 2023, the Board of Directors resolved to increase the Company's capital in the amount of \$5,000,000 by issuing 50 million shares of Class B preference shares with a par value of \$10 (in dollars) per share issued at \$100 (in dollars) per share. The capital injection was approved by the FSC on July 19, 2023, and the effective date was set on August 29, 2023. The rights and obligations of these outstanding preference shares are as follows:

- (a) Expiration date: The Company's Class B preference shares are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class B preference shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.
- (b) Dividends: Dividends are calculated at 4.5% per annum, consisting of five-year IRS rate of 1.4325% on pricing effective date (July 28, 2023) and specific markup of 3.0675%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- (c) Dividend distribution: Dividends are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors. Dividend distributions in the issuance and redemption years are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 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 in the current year, can be distributed as dividends of Class B preference shares in first priority.
- The Company has discretion in dividend distribution of Class B preference shares. The Company could choose not to distribute dividends of preferred shares, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.
- (d) Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class B preference shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.
- (e) Residual property distribution: The shareholders of Class B preference shares have priority over shareholders of common stocks in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the

general creditor. In addition, the limit is the amount calculated by shares of outstanding preference shares issued and the issue price when distributing.

- (f) Right to vote and be elected: The shareholders of Class B preference shares have no right to vote and be elected in the shareholders' meeting of the Company but have the right to vote in the shareholders' meeting for shareholders of preference shares and shareholders' meeting regarding to rights and obligations of shareholders of preference shares.
- (g) Conversion to common shares: Class B preference shares could not be converted to common shares. The stockholders of Class B preference shares cannot request the Company to retire the stocks they hold.
- (h) The preemptive rights for shareholders of Class B preference shares are the same as of common shareholders when the Company increases its capital by issuing new shares.

(18) 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 Law 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.

(19) 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 and preferential distribution of special shares. The appropriation of the remaining earnings, if any, shall be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends to be distributed to the shareholders shall account for at least 50% of the remaining earnings, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. The Board of Directors can distribute all or part of the distributable legal reserve, capital surplus, dividends or bonus in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and reported to the shareholders. The aforesaid requirement on obtaining resolution from the shareholders is not applicable.
- C. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.

- D. (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 Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On May 29, 2024 and May 31, 2023, the shareholders resolved the distribution of earnings for the year of 2023 and 2022, respectively, as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 368,981		\$ 362,339	
Special reserve	91,163		(133,439)	
Dividend on preferred stock, Class A	210,000	\$ 4.20	58,685	\$ 1.17
Dividend on preferred stock, Class B	77,055	1.54	-	-
Cash dividend on common stock	1,699,501	3.00	1,802,501	3.50
Stock dividend on common stock	<u>566,501</u>	1.00	<u>515,000</u>	1.00
	<u>\$ 3,013,201</u>		<u>\$ 2,605,086</u>	

- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(20) Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	\$ 709,278	\$ 868,207
Other operating revenue		
Interest income	4,726,964	4,543,696
Revenue from operating leases	752,495	1,236,239
Revenue from finance leases	<u>991,775</u>	<u>855,019</u>
	<u>\$ 7,180,512</u>	<u>\$ 7,503,161</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	\$ 2,272,343	\$ 2,157,255
Other operating revenue		
Interest income	14,405,050	12,737,479
Revenue from operating leases	3,116,710	3,649,409
Revenue from finance leases	<u>2,854,317</u>	<u>2,444,022</u>
	<u>\$ 22,648,420</u>	<u>\$ 20,988,165</u>

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 geographical regions:

<u>Three months ended September 30, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 627,060	\$ 82,218	\$ 709,278
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 627,060</u>	<u>\$ 82,218</u>	<u>\$ 709,278</u>
Timing of revenue recognition			
At a point in time	\$ 435,443	\$ 82,218	\$ 517,661
Over time	<u>191,617</u>	<u>-</u>	<u>191,617</u>
	<u>\$ 627,060</u>	<u>\$ 82,218</u>	<u>\$ 709,278</u>

<u>Three months ended September 30, 2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 798,712	\$ 69,495	\$ 868,207
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 798,712</u>	<u>\$ 69,495</u>	<u>\$ 868,207</u>
Timing of revenue recognition			
At a point in time	\$ 662,433	\$ 69,495	\$ 731,928
Over time	<u>136,279</u>	<u>-</u>	<u>136,279</u>
	<u>\$ 798,712</u>	<u>\$ 69,495</u>	<u>\$ 868,207</u>

<u>Nine months ended September 30, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 2,060,339	\$ 212,004	\$ 2,272,343
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 2,060,339</u>	<u>\$ 212,004</u>	<u>\$ 2,272,343</u>
Timing of revenue recognition			
At a point in time	\$ 1,599,535	\$ 212,004	\$ 1,811,539
Over time	<u>460,804</u>	<u>-</u>	<u>460,804</u>
	<u>\$ 2,060,339</u>	<u>\$ 212,004</u>	<u>\$ 2,272,343</u>

<u>Nine months ended September 30, 2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 1,979,723	\$ 177,532	\$ 2,157,255
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 1,979,723</u>	<u>\$ 177,532</u>	<u>\$ 2,157,255</u>
Timing of revenue recognition			
At a point in time	\$ 1,697,703	\$ 177,532	\$ 1,875,235
Over time	<u>282,020</u>	<u>-</u>	<u>282,020</u>
	<u>\$ 1,979,723</u>	<u>\$ 177,532</u>	<u>\$ 2,157,255</u>

(21) Operating costs

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest costs	\$ 1,517,160	\$ 1,207,768
Cost of sales	841,479	875,444
Rental costs	538,022	918,649
Service costs	45,237	121,733
Other costs	<u>81,173</u>	<u>57,611</u>
	<u>\$ 3,023,071</u>	<u>\$ 3,181,205</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest costs	\$ 4,272,012	\$ 3,239,768
Cost of sales	2,826,282	2,383,934
Rental costs	2,338,128	2,650,189
Service costs	192,700	327,703
Other costs	<u>229,142</u>	<u>89,339</u>
	<u>\$ 9,858,264</u>	<u>\$ 8,690,933</u>

(22) Interest income

	Three months ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 7,294	\$ 4,398
Interest income from short-term notes payable	820	305
Other interest income	64	37
	<u>\$ 8,178</u>	<u>\$ 4,740</u>

	Nine months ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 22,282	\$ 13,457
Interest income from short-term notes payable	2,694	2,043
Other interest income	229	158
	<u>\$ 25,205</u>	<u>\$ 15,658</u>

(23) Other income

	Three months ended September 30,	
	2024	2023
Rental income	\$ 1,395	\$ 3,033
Other income - others	81,235	126,415
	<u>\$ 82,630</u>	<u>\$ 129,448</u>

	Nine months ended September 30,	
	2024	2023
Rental income	\$ 7,413	\$ 9,151
Other income - others	165,213	256,343
	<u>\$ 172,626</u>	<u>\$ 265,494</u>

(24) Other gains and losses

	Three months ended September 30,	
	2024	2023
Gains on disposals of investment property	\$ -	\$ -
Gains on disposals of property, plant and equipment	1,247	2,030
Gains on financial assets at fair value through profit or loss	2,742	-
Foreign exchange gains (losses)	(5)	(231)
Others	(7,579)	(451)
	<u>(\$ 3,595)</u>	<u>\$ 1,348</u>

	Nine months ended September 30,	
	2024	2023
Gains on disposals of investment property	\$ 255,515	\$ -
Gains (losses) on disposals of property, plant and equipment	222,325	(1,774)
Gains on financial assets at fair value through profit or loss	9,042	196
Foreign exchange gains (losses)	10	(18,093)
Others	(9,102)	(3,362)
	<u>\$ 477,790</u>	<u>(\$ 23,033)</u>

(25) Finance costs

	Three months ended September 30,	
	2024	2023
Finance expense, others	\$ 3,198	\$ 2,042

	Nine months ended September 30,	
	2024	2023
Finance expense, others	\$ 7,813	\$ 4,766

(26) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 820,080	\$ 863,435
Depreciation charges on right-of-use assets	\$ 35,973	\$ 39,065
Depreciation charges on property, plant and equipment	\$ 258,064	\$ 345,272
Depreciation charges on investment property	\$ 205	\$ 539
Amotization charges on intangible assets	\$ 7,476	\$ 3,399

	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 2,607,134	\$ 2,548,015
Depreciation charges on right-of-use assets	\$ 116,502	\$ 106,779
Depreciation charges on property, plant and equipment	\$ 947,215	\$ 987,529
Depreciation charges on investment property	\$ 950	\$ 1,619
Amotization charges on intangible assets	\$ 21,599	\$ 3,399

(27) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 669,358	\$ 702,953
Labor and health insurance fees	60,546	68,700
Pension costs	41,001	39,936
Directors' and supervisors' remuneration	3,343	1,114
Other personnel expenses	45,832	50,732
	<u>\$ 820,080</u>	<u>\$ 863,435</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 2,121,206	\$ 2,099,447
Labor and health insurance fees	199,372	191,840
Pension costs	128,266	114,539
Directors' and supervisors' remuneration	10,299	4,295
Other personnel expenses	147,991	137,894
	<u>\$ 2,607,134</u>	<u>\$ 2,548,015</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' remuneration. The percentage shall be 1% for employees' remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
- B. For the three months and nine months ended September 30, 2024 and 2023, employees' remuneration were accrued at \$9,451, \$12,915, \$32,463 and \$36,283, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' remuneration was estimated and accrued based on 1% of distributable profit of current year for the nine months ended September 30, 2024.

Employees' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in salary expenses of 2023.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 320,712	\$ 402,206
Total current tax	<u>320,712</u>	<u>402,206</u>
Deferred tax:		
Origination and reversal of temporary differences	(50,626)	(61,459)
Total deferred tax	<u>(50,626)</u>	<u>(61,459)</u>
Income tax expense	<u>\$ 270,086</u>	<u>\$ 340,747</u>

	Nine months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 977,403	\$ 1,168,391
Tax on undistributed surplus earnings	33,831	50,915
Prior year income tax overestimation	(54,065)	(1,329)
Total current tax	<u>957,169</u>	<u>1,217,977</u>
Deferred tax:		
Origination and reversal of temporary differences	(135,663)	(166,807)
Total deferred tax	<u>(135,663)</u>	<u>(166,807)</u>
Income tax expense	<u>\$ 821,506</u>	<u>\$ 1,051,170</u>

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

	Three months ended September 30,	
	2024	2023
Cash flow hedges	\$ 9,937	(\$ 750)

	Nine months ended September 30,	
	2024	2023
Cash flow hedges	\$ 2,653	(\$ 31,077)

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	<u>Three months ended September 30, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 726,749		
Less: Dividend on preferred stock	<u>-</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 726,749</u>	<u>623,150</u>	<u>\$ 1.17</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 726,749	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>96</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 726,749</u>	<u>623,246</u>	<u>\$ 1.17</u>
	<u>Three months ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Retrospective adjusted weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,005,245		
Less: Dividend on preferred stock	<u>-</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,005,245</u>	<u>623,150</u>	<u>\$ 1.61</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,005,245	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>108</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,005,245</u>	<u>623,258</u>	<u>\$ 1.61</u>

	Nine months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 2,590,848		
Less: Dividend on preferred stock	(287,055)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,303,793</u>	<u>623,150</u>	<u>\$ 3.70</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,303,793	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	440	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,303,793</u>	<u>623,590</u>	<u>\$ 3.69</u>
	Nine months ended September 30, 2023		
	Amount after tax	Retrospective adjusted weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 2,791,275		
Less: Dividend on preferred stock	(58,685)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,732,590</u>	<u>623,150</u>	<u>\$ 4.39</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,732,590	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	412	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,732,590</u>	<u>623,562</u>	<u>\$ 4.38</u>

(30) Business combinations

Ruei Yang Guang Dian Co., Ltd.

- A. On March 15, 2024, the Group acquired 100% of the share capital of Ruei Yang Guang Dian Co., Ltd. for \$81,202 and obtained control over the company. The company is engaged in solar energy business in Taiwan. As a result of the acquisition, the Group is expected to increase its presence in these markets.
- B. The following table summarises the consideration paid for Ruei Yang Guang Dian Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>March 15, 2024</u>
Purchase consideration	
Cash paid	\$ 81,202
Non-controlling interest	-
	<u>\$ 81,202</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	15,805
Accounts receivable	419
Other receivables	1,031
Prepayments	2,898
Property, plant and equipment	92,952
Intangible assets	26,598
Other payables	(1,495)
Current income tax liabilities	(458)
Long-term loans	(59,925)
Deferred income tax liabilities	(6,928)
Total identifiable net assets	<u>\$ 70,897</u>
Goodwill	<u>\$ 10,305</u>

- C. The operating revenue included in the consolidated statement of comprehensive income since March 15, 2024 contributed by Ruei Yang Guang Dian Co., Ltd. was \$10,610. Ruei Yang Guang Dian Co., Ltd. also contributed profit before income tax of \$2,981 over the same period. Had the company been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$22,650,939 and profit before income tax of \$3,591,827.

Pacific One Energy Ltd.

- A. On March 20, 2024, the Group acquired 100% of the share capital of Pacific One Energy Ltd. for \$162,766 and obtained the control over the company. The company is engaged in solar energy business in Taiwan. As a result of the acquisition, the Group is expected to increase its presence in these markets.

B. The following table summarises the consideration paid for Pacific One Energy Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>March 20, 2024</u>
Purchase consideration	
Cash paid	\$ 162,766
Non-controlling interest	-
	<u>\$ 162,766</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	11,585
Accounts receivable	5,095
Other receivables	516
Prepayments	1,947
Current financial assets at amortised cost	8,729
Property, plant and equipment	336,338
Deferred income tax assets	251
Other non-current assets	1,247
Intangible assets	58,618
Other payables	(5,557)
Current income tax liabilities	(1,357)
Long-term loans	(233,930)
Deferred income tax liabilities	(23,201)
Total identifiable net assets	<u>\$ 160,281</u>
Goodwill	<u>\$ 2,485</u>

C. The operating revenue included in the consolidated statement of comprehensive income since March 20, 2024 contributed by Pacific One Energy Ltd. was \$27,448. Pacific One Energy Ltd. also contributed profit before income tax of \$9,521 over the same period. Had the company been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$22,652,487 and profit before income tax of \$3,586,169.

(31) Reorganization

In August 2024, the Group sold its entire equity interest in its subsidiary, Hoing Mobility Service Co., Ltd. to Hotai Leasing Co., Ltd. (please refer to Note 4, (3) 2. Note 1). The transaction is accounted for as a reorganization under common control. Therefore, the difference of \$128,636 between the consideration received and the carrying amount of the identifiable net assets disposed of is adjusted in capital surplus. The information regarding the consideration received and the related assets and liabilities of the subsidiary is as follows:

	<u>March 20, 2024</u>
Consideration Received	
Cash received	\$ 413,849
Carrying amount of assets and liabilities of Hoing Mobility Service Co., Ltd.	
Cash	\$ 308,479
Notes receivable and accounts receivable	98,230
Other receivables	168,008
Prepayments	344,030
Other current assets	28,768
Property, plant and equipment	3,781,034
Right-of-use assets	192,966
Other non-current assets	208,650
Short-term loans	(2,877,742)
Short-term notes payable and bills payable	(1,071,290)
Notes payable and accounts payable	(21,351)
Other payables	(273,812)
Other current liabilities	(126,508)
Lease liabilities	(196,440)
Guarantee deposits received-non current	(1,800)
Total net assets	<u>\$ 561,222</u>

(32) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 1,639,032	\$ 2,309,852
Add: Opening balance of payable on equipment (Shown as 'Accounts payable')	174,800	154,579
Less: Ending balance of payable on equipment (Shown as 'Accounts payable')	(153,163)	(196,733)
Cash paid during the period	<u>\$ 1,660,669</u>	<u>\$ 2,267,698</u>

(33) Changes in liabilities from financing activities

	2024								
	Short-term loans	Short-term notes and bills payable	Bonds payable	Long-term loans	Guarantee deposits received	Other payables	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1	\$ 92,619,765	\$ 133,524,317	\$ 31,200,000	\$ 1,531,415	\$ 4,660,604	\$ 864,479	\$ 498,366	\$ -	\$ 264,898,946
Changes in cash flow from financing activities	33,224,573	(13,166,710)	-	62,626	231,180	37,886	(117,038)	(1,986,556)	18,285,961
Impact of changes in foreign exchange rate	(120,516)	-	-	6,440	-	-	3,817	-	(110,259)
Effect of reorganization	(2,877,742)	(1,071,290)	-	-	(1,800)	-	(196,440)	-	(4,147,272)
Others	779,098	(89,672)	-	292,225	-	-	206,804	1,986,556	3,175,011
At September 30	\$ 123,625,178	\$ 119,196,645	\$ 31,200,000	\$ 1,892,706	\$ 4,889,984	\$ 902,365	\$ 395,509	\$ -	\$ 282,102,387
	2023								
	Short-term loans	Short-term notes and bills payable	Bonds payable	Long-term loans	Guarantee deposits received	Other payables	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1	\$ 83,933,343	\$ 104,986,596	\$ 22,200,000	\$ 262,723	\$ 4,499,206	\$ 441,394	\$ 370,679	\$ -	\$ 216,693,941
Changes in cash flow from financing activities	12,814,764	21,559,986	4,000,000	526,057	218,463	442,425	(108,738)	(1,861,186)	37,591,771
Impact of changes in foreign exchange rate	11,247	-	-	173	-	-	332	-	11,752
Others	(550,516)	10,293	-	630,109	802	-	208,640	1,861,186	2,160,514
At September 30	\$ 96,208,838	\$ 126,556,875	\$ 26,200,000	\$ 1,419,062	\$ 4,718,471	\$ 883,819	\$ 470,913	\$ -	\$ 256,457,978

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Hozan Investment Co., Ltd. which holds 45.395% ordinary equity interest in the Company. Hotai Motor Co. Ltd. is the Company's ultimate parent company.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Hotai Motor Co., Ltd.	The ultimate parent
Hozan Investment Co., Ltd.	Parent
Hoing Mobility Service Co., Ltd.	Other related parties (Note)
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	Other related parties
Tau Miao Motor Co., Ltd. (Tau Miao)	Other related parties
Kuotu Motor Co., Ltd. (Kuotu)	Other related parties
Central Motor Co., Ltd. (Central)	Other related parties
Nan Du Motor Co., Ltd.	Other related parties
Kau Du Automobile Co., Ltd. (Kau Du)	Other related parties
Ho Yu Investment Co., Ltd.	Other related parties
Hotai Leasing Co., Ltd. (Hotai Leasing)	Other related parties
Toyota Material Handling Taiwan Ltd.	Other related parties
Hotong Motor Investment Co., Ltd. (Hotong)	Other related parties
Lang Yang Toyota Motor Co., Ltd.	Other related parties

Names of related parties	Relationship with the Group
Eastern Motor Co., Ltd.	Other related parties
Chang Yuan Motor Co., Ltd.	Other related parties
Horung Motors Co., Ltd.	Other related parties
Hohung Motors Co., Ltd.	Other related parties
Zhong Cheng Motor Co., Ltd.	Other related parties
Carmax Co., Ltd.	Other related parties
Ho An Insurance Agency Co., Ltd.	Other related parties
Hotai Insurance Co., Ltd.	Other related parties
Ho Tai Development Co., Ltd.	Other related parties
Ho Tai Service & Marketing Co., Ltd.	Other related parties
Hotai Connected Co., Ltd. (Hotai Connected)	Other related parties
Smart Design Technology Co., Ltd.	Other related parties
Formosa Flexible Packaging Co., Ltd.	Other related parties
Ho Cheng Auto Parts Co., Ltd.	Other related parties
Innovation Auto Parts Co., Ltd.	Other related parties
Zhongyang Motor Co., Ltd.	Other related parties
Triple S Digital Co., Ltd.	Other related parties
Hotai AutoBody Manufacturing Co., Ltd.	Other related parties
Kuozui Motors, Ltd.	Other related parties
Hotai Mobility Service Co., Ltd.	Other related parties
Quan An Transportation Co., Ltd.	Other related parties
Yu Cheng Transportation Co., Ltd.	Other related parties
Hozao Enterprise Co., Ltd.	Other related parties
Ho Young Travel Agency Co., Ltd.	Other related parties
Zheng-Ren Energy Co., Ltd. (Zheng-Ren)	Other related parties
Kai Lan Power Co., Ltd. (Kai Lan)	Other related parties
Gochabar Co., Ltd. (Gochabar)	Other related parties
Formosa Container Transportation Company Limited	Other related parties
Shi-ho Screw Industrial Co., Ltd.	Other related parties
Doroman AutoParts Co., Ltd.	Other related parties
Shanghai Hozhan Motor Service Co., Ltd. (Shanghai Hozhan)	Other related parties
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other related parties
Shanghai Heling Motor Service Co., Ltd.	Other related parties
Shanghai Ho-mian Motor Technology Co., Ltd. (Shanghai Ho-mian)	Other related parties
Shanghai Hoyu Motor Service Co., Ltd.	Other related parties
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Other related parties
Tianjin Hozhan Motor Service Co., Ltd. (Tianjin Hozhan)	Other related parties
Tianjin Ho-yu Motor Sales & Service Co., Ltd. (Tianjin Ho-yu)	Other related parties

Names of related parties	Relationship with the Group
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	Other related parties
Tianjin Heyi International Trading Co., Ltd.	Other related parties
Chongqing Yurun Toyota Automobile Service Co., Ltd.	Other related parties
Nanjing HoZhan Motor Sales and Service Co., Ltd. (Nanjing HoZhan)	Other related parties
Guangzhou Gac Changho Autotech Corporation	Other related parties
San Xing (Shanghai) Business Management Consulting Co., Ltd.	Other related parties
Tangshan Heling Lexus Car Dealer Co., Ltd.	Other related parties

Note: As of August, 2024. Hoing Mobility Service Co., Ltd. became a related party of the Group due to reorganization. Please refer to Note 6(31).

(3) Significant related party transactions and balances

A. Revenue

(a) Compensation of installment sale price spread

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 54,282	\$ 22,048
- Other related parties	121,352	58,213
	<u>\$ 175,634</u>	<u>\$ 80,261</u>
	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 107,502	\$ 65,295
- Other related parties	265,212	150,002
	<u>\$ 372,714</u>	<u>\$ 215,297</u>

The Company's compensation from specified vehicle promotion activities received from above related parties are recognized as unrealized interest income and amortized by installment.

(b) Rental assets income

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 805	\$ 645
- Other related parties	16,564	29,003
	<u>\$ 17,369</u>	<u>\$ 29,648</u>
	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 2,355	\$ 1,435
- Other related parties	70,054	89,084
	<u>\$ 72,409</u>	<u>\$ 90,519</u>

(c) Sales revenue

	Three months ended September 30,	
	2024	2023
- Other related parties	\$ 2,061	\$ 10,071

	Nine months ended September 30,	
	2024	2023
- Other related parties	\$ 27,997	\$ 37,688

(d) Other revenue

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 825	\$ 3,023
- Other related parties	368	2,653
	\$ 1,193	\$ 5,676

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 3,697	\$ 7,430
- Other related parties	3,409	9,568
	\$ 7,106	\$ 16,998

B. Expenses

(a) Cost of rental sales

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 12	\$ 27
- Other related parties	36,715	132,182
	\$ 36,727	\$ 132,209

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 36	\$ 152
- Other related parties	318,456	439,495
	\$ 318,492	\$ 439,647

(b) Rent expense

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ -	\$ 3,187
- Other related parties	4,990	8,959
	<u>\$ 4,990</u>	<u>\$ 12,146</u>

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 39	\$ 3,237
- Other related parties	16,039	26,099
	<u>\$ 16,078</u>	<u>\$ 29,336</u>

(c) Administrative service fee

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 1,403	\$ 2,120
- Other related parties	3,571	9,762
	<u>\$ 4,974</u>	<u>\$ 11,882</u>

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 15,278	\$ 17,017
- Other related parties	7,764	17,255
	<u>\$ 23,042</u>	<u>\$ 34,272</u>

(d) Commission expense

	Three months ended September 30,	
	2024	2023
- Other related parties	<u>\$ 74,378</u>	<u>\$ 89,747</u>

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ -	\$ 8,787
- Other related parties	212,284	232,134
	<u>\$ 212,284</u>	<u>\$ 240,921</u>

(e) Advertisement expense

	Three months ended September 30,	
	2024	2023
- Other related parties		
Hotai Connected	\$ 1,630	\$ 8,726
Others	40	244
	<u>\$ 1,670</u>	<u>\$ 8,970</u>
	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ -	\$ 405
- Other related parties		
Hotai Connected	15,139	32,338
Others	140	447
	<u>\$ 15,279</u>	<u>\$ 33,190</u>

(f) Chattel custody service fee

	Three months ended September 30,	
	2024	2023
- Other related parties	<u>\$ 11,706</u>	<u>\$ 10,365</u>
	Nine months ended September 30,	
	2024	2023
- Other related parties	<u>\$ 33,592</u>	<u>\$ 30,084</u>

(g) Others

	Three months ended September 30,	
	2024	2023
- The ultimate parent	\$ 2,000	\$ 3,000
- Other related parties		
Kuotu	1,999,707	1,915,985
Others	3,077,388	3,645,600
	<u>\$ 5,079,095</u>	<u>\$ 5,564,585</u>
	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 2,000	\$ 4,705
- Other related parties		
Kuotu	5,682,925	5,281,849
Others	9,312,317	10,958,490
	<u>\$ 14,997,242</u>	<u>\$ 16,245,044</u>

As described in Note 4(30) in the consolidated financial statements for the year ended December 31, 2023, installment sales of the Company are intended primarily to earn interest revenue. Sales revenue and the cost of goods sold from installment sales are presented in net

amount and movable properties arising from transaction are all pledged as collateral. The credit terms to related parties were the same as those to third parties.

C. Receivables from (payables to) related parties

(a) Receivables from related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
- The ultimate parent	\$ 15,719	\$ 17,657	\$ 14,938
- Other related parties	96,534	50,147	39,849
	<u>\$ 112,253</u>	<u>\$ 67,804</u>	<u>\$ 54,787</u>

(b) Accounts payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
- Other related parties			
Kuotu	\$ 146,050	\$ 147,794	\$ 102,647
Taipei Motor	30,519	-	56,725
Others	46,620	75,720	124,053
	<u>\$ 223,189</u>	<u>\$ 223,514</u>	<u>\$ 283,425</u>

(c) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
- The ultimate parent	\$ 590	\$ 3,098	\$ 1,058
- Other related parties	6,328	18,767	34,904
	<u>\$ 6,918</u>	<u>\$ 21,865</u>	<u>\$ 35,962</u>

(d) Prepayments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
- Other related parties	\$ 2,400	\$ 21,737	\$ 17,944

D. Property transactions – Acquisition of furniture and fixtures and transportation equipment

(a) Lease

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
- The ultimate parent	\$ 1,366	\$ 53,276
- Other related parties		
Kuotu	-	113,089
Taipei Motor	-	61,471
Central Motor	-	117,994
Tau Miao	-	62,022
Others	17,616	111,853
	<u>\$ 18,982</u>	<u>\$ 519,705</u>

	Nine months ended September 30,	
	2024	2023
- The ultimate parent	\$ 111,668	\$ 84,291
- Other related parties		
Kuotu	105,863	262,893
Taipei Motor	61,176	191,732
Central Motor	41,380	239,762
Tau Miao	22,744	152,255
Others	109,012	269,265
	<u>\$ 451,843</u>	<u>\$ 1,200,198</u>

(b) Owner-occupied

	Three months ended September 30,	
	2024	2023
- Other related parties		
Gochabar	\$ 1,529	\$ 10,810
Shanghai Hozhan	19	3,106
Tianjin Ho-Yu	424	-
Nangjin Hozhan	3	1,782
Tianjin Hozhan	-	(12)
Others	418	955
	<u>\$ 2,393</u>	<u>\$ 16,641</u>

	Nine months ended September 30,	
	2024	2023
- Other related parties		
Gochabar	\$ 6,592	\$ 10,810
Shanghai Hozhan	2,762	3,106
Tianjin Ho-Yu	2,091	-
Nangjin Hozhan	426	4,947
Tianjin Hozhan	-	3,498
Others	418	1,916
	<u>\$ 12,289</u>	<u>\$ 24,277</u>

E. Property transactions – Disposal of property, plant and equipment

	Nine months ended September 30, 2024	
	Disposal proceeds	Gain on disposal
- Other related parties		
Kau Du	\$ 327,302	\$ 220,796

F. Property transactions – Disposal of investment property

	Nine months ended September 30, 2024	
	Disposal proceeds	Gain on disposal
- Other related parties		
Kau Du	\$ 378,698	\$ 255,515

G. Property transactions – Acquisition of financial assets

	Item recognised	Shares traded	Transaction target	Nine months ended September 30, 2024	
				Disposal proceeds	Gain on disposal
- Other related parties					
Zheng-Ren	Investment accounted using the equity method	6,825,000	Shares	\$ 68,250	
Kai Lan	Investment accounted using the equity method	3,805,640	Shares	38,056	
				<u>\$ 106,306</u>	

	Item recognised	Shares traded	Transaction target	Nine months ended September 30, 2023	
				Disposal proceeds	Gain on disposal
- Other related parties					
Zheng-Ren	Investment accounted using the equity method	5,488,000	Shares	\$ 54,880	

H. Property transactions – Disposal of financial assets

	Item recognised	Shares traded	Transaction target	Nine months ended September 30, 2024	
				Disposal proceeds	Gain on disposal
- Other related parties					
Hotai Leasing	Investment accounted using the equity method	33,401,880	Shares	\$ 413,849	\$ -

The transaction is a reorganization under common control, and therefore, no gain or loss is recognized. Please refer to Note 6(31).

I. Lease transactions – Lessee

- (a) The Group entered into lease agreements using market quotes with related parties and pays rent monthly based on the payment terms.

(b) Acquisition of right-of-use asset

	Nine months ended September 30,	
	2024	2023
-Other related parties		
Shanghai Ho-mian	\$ -	\$ 54,463

(c) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
- The ultimate parent	\$ 8,805	\$ 11,674	\$ 952
- Other related parties	46,920	57,680	15,898
	<u>\$ 55,725</u>	<u>\$ 69,354</u>	<u>\$ 16,850</u>

J. Loans from related parties

Loans from related parties

Outstanding balance:

	September 30, 2024	December 31, 2023	September 30, 2023
- Other related parties			
Hotong	\$ 902,365	\$ 864,479	\$ 883,819

The loans from related parties are repaid in full amount at the maturity date and carried interest at 2.95%~3.15% per annum, which is shown as 'Other payables.'

(4) Key management compensation

	Three months ended September 30,	
	2024	2023
Wages, salaries and other short-term employee benefits	\$ 20,094	\$ 24,600
Post-employment benefits	162	216
	<u>\$ 20,256</u>	<u>\$ 24,816</u>

	Nine months ended September 30,	
	2024	2023
Wages, salaries and others short-term employee benefits	\$ 71,686	\$ 68,534
Post-employment benefits	594	602
	<u>\$ 72,280</u>	<u>\$ 69,136</u>

8. PLEDGED ASSETS

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

Items	September 30, 2024	December 31, 2023	September 30, 2023	Purpose
Pledged assets (Note 1)				
- Pledged time deposits	\$ 17,672	\$ 216,332	\$ 245,141	Guarantee deposit for credit line on gasoline purchases, pledged to banks as collateral for acceptance bill and lease deposit
- Pledged savings account	267,401	360,419	377,634	Pledged to banks as collateral for short-term borrowings, commercial paper payable, acceptance bill and performance guarantee
	\$ 285,073	\$ 576,751	\$ 622,775	
Notes and accounts receivable, net				
- Notes receivable from installment sales	\$ 6,075,385	\$ 6,190,191	\$ 6,110,688	Pledged to banks as collateral for short-term borrowings and commercial paper payable
- Notes receivable from leases	48,468	50,288	49,537	"
- Lease payments receivable				Credit enhancement for asset-backed note borrowing, short-term bank loans, and secondary collateral for commercial paper payable.
	15,559,940	6,414,435	5,524,753	
	\$ 21,683,793	\$ 12,654,914	\$ 11,684,978	
Property, plant and equipment	\$ 1,249,938	\$ 1,033,383	\$ 890,856	Pledged to banks as collateral for long-term borrowings
Prepayments for business facilities (Note 2)	\$ -	\$ -	\$ 55,900	Pledged to banks as collateral for long-term borrowings

Note 1: Shown as 'Other current financial assets' and 'Other non-current assets, others'.

Note 2: Shown as 'Other non-current assets, others'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Please refer to Note 6(8) for the operating leases agreement.

(2) As of September 30, 2024, the Group had entered into contracts for the purchase and installation of

equipment and the purchase of real estate but not yet acquired amounting to \$1,341,594 and \$737,920, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 7, 2024, the Board of Directors of the Company resolved to issue unsecured and secured corporate bonds in amounts not exceeding \$12,000,000 and \$15,000,000, respectively.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to support operations and maximize returns for shareholders.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 36,093	\$ 19,656	\$ 19,682
Financial assets at amortized cost/Loans and receivables			
Cash and cash equivalents	\$ 7,999,155	\$ 2,878,184	\$ 5,469,908
Notes receivable	14,297,075	11,861,221	11,623,806
Accounts receivable	241,841,907	233,233,934	250,855,374
Operating lease receivable	5,732	150,298	159,756
Finance lease receivable	33,156,420	28,223,155	26,908,783
Other receivables	135,105	78,696	120,647
Guarantee deposits paid	123,386	283,421	280,421
Other financial assets	285,073	576,751	622,775
Long-term notes and accounts receivable	12,383,682	12,799,158	11,836,492
Long-term finance lease receivable, net	967,167	692,094	609,041
	<u>\$ 311,194,702</u>	<u>\$ 290,776,912</u>	<u>\$ 308,487,003</u>
Hedging financial assets	<u>\$ 453,783</u>	<u>\$ 570,885</u>	<u>\$ 511,615</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term loans	\$ 123,625,178	\$ 92,619,765	\$ 96,208,838
Short-term notes and bills payable	119,196,645	133,524,317	126,556,875
Notes payable	1,625,201	1,522,704	1,363,933
Accounts payable (including related parties)	649,282	707,786	544,260
Other payables	3,121,751	3,390,682	3,236,933
Bonds payable	31,200,000	31,200,000	26,200,000
Long-term loans (including current portion)	1,892,706	1,531,415	1,419,062
Guarantee deposits received	4,889,984	4,660,604	4,718,471
Financial guarantee liabilities	<u>26,704</u>	<u>27,486</u>	<u>28,690</u>
	<u>\$ 286,227,451</u>	<u>\$ 269,184,759</u>	<u>\$ 260,277,062</u>
Lease liabilities	<u>\$ 395,509</u>	<u>\$ 498,366</u>	<u>\$ 470,913</u>
Hedging financial liabilities	<u>\$ 142,275</u>	<u>\$ 1,087,983</u>	<u>\$ 1,301,539</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), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross-currency swap are used to hedge certain exchange rate risk, and variable future cash flows are transferred to fix. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by each assigned department of companies within the Group under policies approved by the Board of Directors. The 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. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group entered into cross-currency swaps with financial institutions to hedge the exchange rate risk arising from loans, and are shown as financial assets and liabilities for hedging. Please refer to Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD). Considering the cross-currency swap transactions, the Group does not have any material foreign exchange risk.
- v. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the September 30, 2024 and 2023, amounted to \$10 and (\$18,093), respectively.

Cash flow and fair value Interest rate risk

- i. The interest rate risk of the Group is mainly from the floating rate loans with financial institutions, which exposes the Group to cash-flow interest rate risk.
- ii. The Group uses the method of PVBP (Present Value of Basis Point) to evaluate the market risk of cross-currency swap (CCS) transactions. As the amounts, periods, contract dates, contract renewing dates, receipts / payments of interest, indices used to measure interest rate of the nominal principal of IRS and hedged liabilities are equivalent, the market risk could be offset. Thus, the Group estimates there would be no material market risk.
- iii. The Group's debt instruments are all issued at fixed interest rates. Thus, there is no risk associated with fluctuations in market interest rates.
- iv. If the borrowing interest rate had increased or decreased by 1% with all other variables held constant and considering the cross-currency swap transactions the Group is engaged in, profit after tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$951,347 and \$590,952, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. The Group has lower significant concentrations of agreements with single clients and the Group will evaluate the financial credit status of the clients (including the borrowers who assist the banks in promoting automobile installment loans and credit loans business). Most of the Group's receivables have proper collaterals. Therefore, credit risk of receivables is low. The maximum loss to the Group is the total book value of receivables.
- ii. The Group engages in cross-currency swap transactions with the good credit standing financial institutions. Therefore, the Group expects the credit risk of the counterparties to be low.
- iii. The Group provides guarantees for bank financing to Hoyun (Shanghai) Commercial Factoring Co., Ltd., Hotai Finance Development Co., Ltd. and He Jun Energy Co., Ltd., the subsidiaries of the Group, in accordance with the "Procedures Governing Endorsements and Guarantees". Since the Group can control these subsidiaries' credit, collaterals are not asked. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees.
- iv. The Group entered into contracts with banks to introduce customers to avail of car mortgage loan with the banks. According to the contract signed by the Group and the banks, if any customer car loans payment is delayed, the Group is required to reimburse the unpaid balance. Upon such payment, the Group takes over the remaining creditor rights on the delinquent loan. As of September 30, 2024, December 31, 2023 and September 30, 2023, the outstanding amount of the customers' mortgaged loans with the banks were \$2,206,994, \$2,380,898 and \$2,584,047, respectively; and the amount of notes receivable received by the Group from the customers were \$18,091, \$26,667 and \$34,284, respectively. The Group 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 'Financial guarantee liabilities'.
- v. The Group adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 60 days.
- vi. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
The default occurs if the contract payments were past due over 30 days based on the terms.
- vii. The following indicators are used 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. The Group classifies customers' installment accounts and notes receivable and lease payments and notes receivable in accordance with situation of default. The Group uses deferral days and case assessment to estimate expected credit loss under the provision matrix basis.
- ix. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- x. For accounts receivables and notes payable, the credit rating levels are as follows:

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

- xi. The Group used historical expense and the forward-looking information, such as forecastability of future economic environment to assess the default possibility. As of September 30, 2024 and 2023, the movements of the loss allowance are as follows:

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

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

For the nine months ended September 30, 2024 and 2023, gains on reversal of bad debts amounted to \$926,944 and \$694,606, respectively, and recognized as deduction on expected credit impairment loss.

(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 maintaining sufficient headroom on its undrawn committed borrowing facilities at all times 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.

		Between	
<u>September 30, 2024</u>	<u>Within 1 year</u>	<u>1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 110,776,581	\$ 11,407,070	\$ 3,046,279
Short-term notes and bills payable	88,736,252	11,996,723	20,235,549
Notes payable	1,625,201	-	-
Accounts payable (including related parties)	649,282	-	-
Other payables	3,137,542	-	-
Bonds payable	17,269,925	10,285,620	4,089,589
Lease liabilities	93,371	61,478	292,466
Long-term loans	467,870	140,959	1,338,389
<u>Derivative financial liabilities:</u>			
Cross-currency swap	\$ 90,715	\$ 13,197	\$ 38,363
		Between	
<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 71,216,266	\$ 15,114,789	\$ 7,850,140
Short-term notes and bills payable	110,115,977	16,260,987	8,260,337
Notes payable	1,522,704	-	-
Accounts payable (including related parties)	707,786	-	-
Other payables	3,390,682	-	-
Bonds payable	343,500	22,211,960	9,347,534
Lease liabilities	149,969	120,034	263,418
Long-term loans	619,985	98,865	882,622
<u>Derivative financial liabilities:</u>			
Cross-currency swap	\$ 1,024,638	\$ 48,788	\$ 14,557

<u>September 30, 2023</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 75,657,847	\$ 14,765,332	\$ 6,945,936
Short-term notes and bills payable	110,128,816	10,214,177	7,043,138
Notes payable	1,363,933	-	-
Accounts payable (including related parties)	544,260	-	-
Other payables	3,236,695	-	-
Bonds payable	269,000	17,195,918	9,369,941
Lease liabilities	147,450	119,702	227,328
Long-term loans	452,265	326,473	665,712
<u>Derivative financial liabilities:</u>			
Cross-currency swap	\$ 1,243,930	\$ 57,609	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are 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.

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 fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, other financial assets, short-term loans, short-term notes and bills payable, notes payable, accounts payable, other payables, bonds payable, long-term loans (including current portion) and lease liabilities are approximate to their fair values.

C. 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 as at September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

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

September 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Hedging financial assets	\$ -	\$ 453,783	\$ -	\$ 453,783
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	36,093	36,093
Total	<u>\$ -</u>	<u>\$ 453,783</u>	<u>\$ 36,093</u>	<u>\$ 489,876</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$ 142,275</u>	<u>\$ -</u>	<u>\$ 142,275</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Hedging financial assets	\$ -	\$ 570,885	\$ -	\$ 570,885
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	19,656	19,656
Total	<u>\$ -</u>	<u>\$ 570,885</u>	<u>\$ 19,656</u>	<u>\$ 590,541</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$ 1,087,983</u>	<u>\$ -</u>	<u>\$ 1,087,983</u>
September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Hedging financial assets	\$ -	\$ 511,615	\$ -	\$ 511,615
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	19,682	19,682
Total	<u>\$ -</u>	<u>\$ 511,615</u>	<u>\$ 19,682</u>	<u>\$ 531,297</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$ 1,301,539</u>	<u>\$ -</u>	<u>\$ 1,301,539</u>

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

- i. 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.

- ii. 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, 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.
 - iii. 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.
- D. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1, Level 2 and Level 3.
- E. The financial department is in charge of valuation procedures for fair value measurements being categorized 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.
- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2024	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative					
- equity instrument:					
Unlisted shares	\$ 36,093	Net worth method, Discounted cash flow	Net asset value, long-term net operating profit before income tax		- The higher the net asset value and long-term net operating profit before income tax, the higher the fair value

	Fair value at December 31, 2023	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative					
- equity instrument:					
Unlisted shares	\$ 19,656	Net worth method, Discounted cash flow	Net asset value, long-term net operating profit before income tax	-	The higher the net asset value and long-term net operating profit before income tax, the higher the fair value
	Fair value at September 30, 2023	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative					
- equity instrument:					
Unlisted shares	\$ 19,682	Net worth method, Discounted cash flow	Net asset value, long-term net operating profit before income tax	-	The higher the net asset value and long-term net operating profit before income tax, the higher the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. If the inputs used to valuation models increase/decrease by 1%, there is no significant effect to other comprehensive income.

(4) The Group's current assets and liabilities within or over 12 months after the balance sheet date are as follows:

September 30, 2024	Book value	Within 12 months	Over 12 months
<u>Assets</u>			
Cash and cash equivalents	\$ 7,999,155	\$ 7,999,155	\$ -
Hedging financial assets - current	453,783	411,638	42,145
Accounts and notes receivable, net	256,138,982	89,398,502	166,740,480
Operating lease receivable, net	5,732	5,732	-
Finance lease receivable, net	33,156,420	22,503,489	10,652,931
Other receivables	135,105	135,105	-
Inventories	2,726	2,726	-
Prepayments	5,603,826	4,413,173	1,190,653
Other current financial assets	284,473	284,473	-
<u>Liabilities</u>			
Short-term loans	\$ 123,625,178	\$ 109,473,065	\$ 14,152,113
Short-term notes and bills payable	119,196,645	87,713,911	31,482,734
Hedging financial liabilities-current	142,275	90,715	51,560
Notes payable	1,625,201	1,625,201	-
Accounts payable (including related parties)	649,282	649,282	-
Other payables	3,121,751	3,121,751	-
Current income tax liabilities	448,676	448,676	-
Lease liabilities-current	93,184	93,184	-
Bonds payable	31,200,000	17,000,000	14,200,000
Financial guarantee liabilities-current	26,704	26,704	-
Guarantee deposits received-current	4,490,190	2,088,223	2,401,967
Other current liabilities, others	154,404	154,404	-

December 31, 2023	Book value	Within 12 months	Over 12 months
<u>Assets</u>			
Cash and cash equivalents	\$ 2,878,184	\$ 2,878,184	\$ -
Hedging financial assets - current	570,885	477,832	93,053
Accounts and notes receivable, net	245,095,155	80,815,958	164,279,197
Operating lease receivable, net	150,298	150,298	-
Finance lease receivable, net	28,223,155	19,328,787	8,894,368
Other receivables	78,696	78,696	-
Inventories	4,962	4,962	-
Prepayments	6,747,521	5,146,271	1,601,250
Other current financial assets	506,020	506,020	-
<u>Liabilities</u>			
Short-term loans	\$ 92,619,765	\$ 70,073,763	\$ 22,546,002
Short-term notes and bills payable	133,524,317	109,497,790	24,026,527
Hedging financial liabilities-current	1,087,983	1,024,638	63,345
Notes payable	1,522,704	1,522,704	-
Accounts payable (including related parties)	707,786	707,786	-
Other payables	3,390,682	3,390,682	-
Current income tax liabilities	854,078	854,078	-
Lease liabilities-current	144,040	144,040	-
Bonds payable	31,200,000	-	31,200,000
Financial guarantee liabilities-current	27,486	27,486	-
Guarantee deposits received-current	4,404,620	1,971,759	2,432,861
Other current liabilities, others	46,109	46,109	-
<u>September 30, 2023</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 5,469,908	\$ 5,469,908	\$ -
Hedging financial assets - current	511,615	386,624	124,991
Accounts and notes receivable, net	235,410,641	78,814,183	156,596,458
Operating lease receivable, net	159,756	159,756	-
Finance lease receivable, net	26,908,783	18,531,418	8,377,365
Other receivables	120,647	120,647	-
Inventories	3,803	3,803	-
Prepayments	7,217,482	5,620,740	1,596,742
Other current financial assets	552,044	552,044	-
<u>Liabilities</u>			
Short-term loans	\$ 96,208,838	\$ 74,864,987	\$ 21,343,851
Short-term notes and bills payable	126,556,875	109,629,143	16,927,732
Hedging financial liabilities-current	1,301,539	1,243,930	57,609
Notes payable	1,363,933	1,363,933	-
Accounts payable (including related parties)	544,260	544,260	-
Other payables	3,236,933	3,236,933	-
Current income tax liabilities	532,451	532,451	-
Lease liabilities-current	144,049	144,049	-
Bonds payable	26,200,000	-	26,200,000
Financial guarantee liabilities-current	28,690	28,690	-
Guarantee deposits received-current	4,455,111	1,932,912	2,522,199
Other current liabilities, others	55,652	55,652	-

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods:

As of September 30, 2024, derivative financial instruments that are not yet matured are as follows:

Name of company holding the derivative <u>financial instrument</u>	<u>Derivative financial Instrument</u>	<u>Contract amount (In thousands)</u>		<u>Expiry date</u>	<u>Book value</u>	<u>Fair value</u>
Hotai Finance Co., Ltd.	Cross-currency swap	JPY	51,200,000	2024/11/5~ 2026/2/12	\$ 236,303	\$ 236,303
Hotai Finance Co., Ltd.	Cross-currency swap	USD	102,000	2024/11/12~ 2026/3/27	(17,573)	(17,573)
Hoyun International Leasing Co., Ltd.	Cross-currency swap	USD	31,250	2025/1/10~ 2025/1/13	92,604	92,604
Hoyun International Leasing Co., Ltd.	Cross-currency swap	JPY	8,828,000	2025/9/12~ 2027/3/10	(10,089)	(10,089)
Hoyun(Shanghai) Commercial Factoring Co., Ltd.	Cross-currency swap	USD	4,800	2024/10/18	10,263	10,263

- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies: Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - (a) Amount and percentage of purchase and its balance percentage of the payables: None.
 - (b) Amount and percentage of sales and its balance percentage of the payables: None.
 - (c) Property transaction amount and profit or loss arises from: None.
 - (d) Ending balance and purpose of notes endorsed, guaranteed or pledged as collateral: Please refer to table 2.
 - (e) Maximum balance, ending balance, interest rate range and total interest of financing during the period: Please refer to table 1.
 - (f) Other transactions having significant to profit or loss or financial status, i.e. services rendering or receiving: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

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 Group considers the business from geographical perspective, and the reportable operating segments are as follows:

- A. Taiwan: installment sales and leasing of various vehicles and equipment.
- B. China: leasing of various vehicles and equipment.

(2) Measurement of segment information

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

(3) Segment information

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

Items	Nine months ended September 30, 2024			
	Taiwan	Mainland China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	\$ 15,559,784	\$ 103,639	\$ -	\$ 15,663,423
Revenue from rental business	3,133,678	3,512,080	-	6,645,758
Revenue from other business	339,239		-	339,239
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 19,032,701</u>	<u>\$ 3,615,719</u>	<u>\$ -</u>	<u>\$ 22,648,420</u>
Segment income	<u>\$ 3,185,183</u>	<u>\$ 652,386</u>	<u>(\$ 246,381)</u>	<u>\$ 3,591,188</u>
Segment assets	<u>\$ 284,877,338</u>	<u>\$ 47,240,421</u>	<u>(\$ 3,232,269)</u>	<u>\$ 328,885,490</u>
Items	Nine months ended September 30, 2023			
	Taiwan	Mainland China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	\$ 14,166,756	\$ 57,821	\$ -	\$ 14,224,577
Revenue from rental business	3,487,471	3,141,597	-	6,629,068
Revenue from other business	134,520	-	-	134,520
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 17,788,747</u>	<u>\$ 3,199,418</u>	<u>\$ -</u>	<u>\$ 20,988,165</u>
Segment income	<u>\$ 3,610,353</u>	<u>\$ 846,164</u>	<u>(\$ 301,431)</u>	<u>\$ 4,155,086</u>
Segment assets	<u>\$ 270,177,917</u>	<u>\$ 34,941,069</u>	<u>(\$ 2,850,854)</u>	<u>\$ 302,268,132</u>

(4) Reconciliation for segment income (loss)

- A. The Group'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 amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

Hotai Finance Co., Ltd.
Loans to others
Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended	Balance at	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
					September 30, 2024	September 30, 2024							Item	Value			
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	\$ 898,624	\$ 676,774	\$ -	3.90%	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 6,399,290	\$ 12,798,580	Note 1
1	Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Other receivables	Y	227,307	225,591	27,071	3.90%~4.10%	Short-term financing	-	Operational needs	-	None	-	6,399,290	12,798,580	Note 1
2	He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Other receivables	Y	45,000	45,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
2	He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	Other receivables	Y	20,000	20,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
2	He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Other receivables	Y	10,000	10,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
2	He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Other receivables	Y	30,000	30,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
2	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	40,000	40,000	10,000	1.85%~2.65%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
2	He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Other receivables	Y	10,000	10,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 2
3	He Jing Co., Ltd.	C	Accounts receivable	N	85,000	-	-	-	Short-term financing	-	Operational needs	-	None	-	302,209	1,208,835	Note 3
3	He Jing Co., Ltd.	D	Accounts receivable	N	140,000	70,000	67,236	6.00%~10.00%	Short-term financing	-	Operational needs	928	Real estate	49,500	302,209	1,208,835	Note 3
3	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	30,000	27,829	5.00%~10.00%	Short-term financing	-	Operational needs	384	Stock	24,000	302,209	1,208,835	Note 3
3	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	30,000	-	5.00%~10.00%	Short-term financing	-	Operational needs	-	Stock	26,250	302,209	1,208,835	Note 3
3	He Jing Co., Ltd.	G	Accounts receivable	N	300,000	300,000	-	5.00%~10.00%	Short-term financing	-	Operational needs	-	Stock	438,000	302,209	1,208,835	Note 3

Hotai Finance Co., Ltd.
Loans to others
Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
3	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	300,000	287,537	5.00% ~10.00%	Short-term financing	-	Operational needs	3,968	Stock	438,000	302,209	1,208,835	Note 3
4	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	70,000	67,874	6.00% ~10.00%	Short-term financing	-	Operational needs	299	Real estate	99,160	595,938	1,191,877	Note 4
4	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	15,000	8,286	4.00% ~11.00%	Short-term financing	-	Operational needs	36	Guarantee	3,000	595,938	1,191,877	Note 4
4	Hotai Finance Development Co., Ltd.	C	Accounts receivable	N	400,000	400,000	-	5.00% ~10.00%	Short-term financing	-	Operational needs	-	Stock	584,000	595,938	1,191,877	Note 4
4	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	50,000	50,000	-	5.00% ~10.00%	Short-term financing	-	Operational needs	-	Golf license	42,600	595,938	1,191,877	Note 4

Note 1: 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 2: 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 granted and limit on loans granted to a single party is 10% of net worth.

Note 3: 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 10% of net worth.

Note 4: 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.

Hotai Finance Co., Ltd.
Provision of endorsements and guarantees to others
Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Relationship with the endorser/ guarantor	Company name											
0	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Subsidiary	\$ 36,986,157	\$ 3,000,000	\$ 3,000,000	\$ 1,654,676	\$ -	8.11%	\$ 36,986,157	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Subsidiary	36,986,157	4,100,000	4,100,000	700,000	-	11.09%	36,986,157	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	Subsidiary of a subsidiary	36,986,157	2,195,464	-	-	-	0.00%	36,986,157	Y	N	Y	Note 2
0	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Subsidiary of a subsidiary	36,986,157	982,481	970,378	727,478	-	2.62%	36,986,157	Y	N	Y	Note 2

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: Ceiling on total endorsements is 100% of the total shareholders' equity. Limit on endorsement/guarantee to a single party is 100% of the total shareholders' equity. The net assets are based on the latest audited or reviewed financial statements.

Hotai Finance Co., Ltd.

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

September 30, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd.	-	Investments in equity instruments designated at fair value through other comprehensive income -non-current	-	\$ 4,464	0.50%	\$ 4,464	
Hotai Finance Co., Ltd.	Ho Chuang Insurance Agency Co., Ltd.	-	Investments in equity instruments designated at fair value through other comprehensive income -non-current	-	89	0.50%	89	
He Jun Energy Co., Ltd.	Perpetual New Energy Co., Ltd.	None	Investments in equity instruments designated at fair value through other comprehensive income -non-current	3,200,000	31,540	8.00%	31,540	

Hotai Finance Co., Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2024		Additions		Disposal			Balance as at September 30, 2024		Footnote	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares		Amount
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Investments accounted for using equity method	Hotai Leasing Co., Ltd.	Associate	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	Note 1
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Investments accounted for using equity method	Hotai Finance Development Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	Note 1
He Jun Energy Co., Ltd.	Kai Lan Power Co., Ltd	Investments accounted for using equity method	Kai Lan Power Co., Ltd	Associate	-	-	-	-	-	-	-	-	-	-	Note 1
Hotai Finance Co., Ltd.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	26,353,470	300,000	26,353,470	300,171	300,000	171	-	-	
Hotai Finance Co., Ltd.	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,162,938	1,000,000	68,162,938	1,000,418	1,000,000	418	-	-	
Hotai Finance Co., Ltd.	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	25,268,081	400,000	25,268,081	400,134	400,000	134	-	-	
Hotai Finance Co., Ltd.	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	6,515,189	1,200,000	6,515,189	1,200,361	1,200,000	361	-	-	
Hotai Finance Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	30,927,742	500,000	30,927,742	500,230	500,000	230	-	-	
Hotai Finance Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	59,639,894	1,000,000	59,639,894	1,000,382	1,000,000	382	-	-	
Hotai Finance Co., Ltd.	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	40,553,145	500,000	40,553,145	500,162	500,000	162	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	35,617,356	500,000	35,617,356	500,146	500,000	146	-	-	
He Jing Co., Ltd.	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,020,971	1,000,000	68,020,971	1,000,463	1,000,000	463	-	-	
Hotai Finance Development Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	222,156,205	3,120,000	222,156,205	3,121,936	3,120,000	1,936	-	-	
Hotai Finance Development Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	888,375,397	14,377,000	888,375,397	14,381,585	14,377,000	4,585	-	-	

Note 1: Please refer to Note 8 for details.

Hotai Finance Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate	Date of the event	Transaction amount	Status of payment	Counterparty	Information on prior transaction if the counterparty is a related party				Basis or reference used in setting the price	Purpose of acquisition and utilization	Other commitments	
						Relationship	Owner	Relationship with the issuer	Date of transfer				Amount
Hotai Finance Co., Ltd.	5th floor, Units ABC and 6th floor, Units ABCD in Land Lot No. 28~30, 34~39, Zhongxing section, Sanchong Dist., New Taipei City	May 4, 2023	\$ 922,360	\$ 184,440	Kuo Yang Construction Co., Ltd.	Non-Related Party	-	-	-	\$ -	Valuations by professional appraisers (Note 1)	Future operational requirements	None

Note 1: Based on the appraisal report and market conditions provided by Bon-De Real Estate Joint Appraisers Firm (appraisal of \$926,388) and CCIS Real Estate Joint Appraisers Firm (appraisal of \$940,904) and the market price.

Note 2: In May 2023, the Company entered into a real estate contract with a non-related party for purchase of land and buildings in Zhongxing Section, Sanchong District, New Taipei City. As the transfer of ownership has not been completed, they were shown as 'other non-current assets, others'.

Hotai Finance Co., Ltd.

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

Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the counterparty	Reason for disposal	Basis or reference used in setting the price	Other commitments
Hotai Finance Co., Ltd.	No. 737, Minzu 1st Rd., Zuoying Dist., Kaohsiung City	March 12, 2024	December 18, 2008	\$ 218,073	\$ 706,000 (Note 1)	Completed	\$ 476,311 (Note 2)	Kau Du Automobile Co., Ltd.	Related party	Future operation demand	Valuations by professional appraisers (Note 3)	None

Note 1: Transaction amount is the total contract price.

Note 2: The gain or loss on disposal is calculated by deducting the book value from the transaction amount, and deducting land value increment tax and other necessary transaction costs totaling \$11,616 thousand.

Note 3: Based on the appraisal report and market conditions provided by V-Land International Appraisers Joint Firm (appraised value of \$704,500).

Note 4: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Hotai Finance Co., Ltd.
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Management fee	\$ 59,888	Transaction by contracts	0.26%
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Other receivables	59,888	Transaction by contracts	0.02%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Management fee and other income	52,885	Transaction by contracts	0.23%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Other receivables	14,722	Transaction by contracts	0.00%
1	Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd	3	Other receivables	27,071	Note 5	0.01%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to 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.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Result of receivable on loan financing.

Hotai Finance Co., Ltd.
Information on investees
Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024				Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value				
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	\$ 1,278,660	\$ 1,278,660	40,400,000	50.50	\$ 3,232,269	\$ 487,883	\$ 246,381	Subsidiary	
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of passenger car	-	310,000	-	0.00	-	(159,799)	(84,194)	Associate	
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Taiwan	Installment sales of various vehicles	2,430,000	2,430,000	244,610,118	81.00	2,525,770	96,147	77,879	Subsidiary	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	800,000	800,000	80,000,000	80.00	733,849	2,528	1,309	Subsidiary	
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	73,951	(18,979)	(5,200)	Associate	
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Cambodia	Leasing of car	538,050	538,050	5,600,000	35.00	556,013	30,401	11,312	Associate	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Taiwan	Installment sales of various equipments	3,000,000	-	300,000,000	100.00	2,963,935	(36,065)	(36,065)	Subsidiary	
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Taiwan	Energy storage business	22,000	22,000	2,200,000	100.00	15,859	(5,109)	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co., Ltd.	Taiwan	Solar energy business	154,980	86,730	15,498,000	35.00	137,162	(9,723)	-	Associate	
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar energy business	32,781	32,781	3,200,000	96.97	33,126	953	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Taiwan	Solar energy business	20,816	20,816	2,079,000	99.00	21,588	907	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Taiwan	Solar energy business	27,706	27,706	2,673,000	99.00	24,946	(418)	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Taiwan	Energy storage business	410,000	410,000	41,000,000	20.00	402,220	(14,935)	-	Associate	
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	36,000	36,000	3,600,000	30.00	24,530	(17,524)	-	Associate	
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar energy business	42,227	42,227	4,000,000	100.00	41,815	607	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity retailing business	1,000	1,000	100,000	100.00	636	(225)	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Taiwan	Solar energy business	88,685	88,685	9,200,000	100.00	93,827	2,783	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Solar energy business	163,017	163,017	10,000,000	100.00	172,168	6,904	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Taiwan	Solar energy business	474,783	474,783	5,000,000	100.00	477,992	19,528	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Taiwan	Solar energy business	162,766	-	94,011	100.00	167,220	8,370	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Taiwan	Solar energy business	81,202	-	4,000,000	100.00	82,556	2,257	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar energy business	78,400	-	7,840,000	70.00	78,405	8	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Grinnodot Inc.	Taiwan	Solar energy business	149,092	-	871,884	20.00	146,507	(12,925)	-	Associate	
He Jun Energy Co., Ltd.	Kai Lan Power Co., Ltd.	Taiwan	Energy storage business	360,000	-	36,000,000	40.00	356,451	(20,138)	-	Associate	
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Taiwan	Solar energy business	27,037	27,037	2,000,000	100.00	35,322	4,971	-	Subsidiary of a subsidiary	

Hotai Finance Co., Ltd.
Information on investments in Mainland China
Nine months ended September 30, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee as of September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
					Remitted to China	Remitted back to Taiwan							
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	\$ 2,532,000	Note 1(2)	\$ 1,278,660	\$ -	\$ -	\$ 1,278,660	\$ 487,883	50.50	\$ 246,381	\$ 3,232,269	\$ 231,834	Note 2(2) B.
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	721,892	Note 1(3)	-	-	-	-	39,796	50.50	20,097	424,895	-	Note 2(2) C.
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	676,774	Note 1(3)	-	-	-	-	35,489	50.50	17,922	338,296	-	Note 2(2) C.
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of license plate	451	Note 1(3)	-	-	-	(10)	50.50	(5)	3,331	-	-	Note 2(2) C.
Hangzhou Wangyou Technology Co., Ltd.	Leasing of license plate	451	Note 1(3)	-	-	-	-	-	50.50	-	968	-	Note 2(2) C.
Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	135,806	Note 1(3)	-	-	-	(2,758)	50.50	(1,393)	66,774	-	-	Note 2(2) C.
Hoyun International Leasing Co., Ltd. Trust of Asset-Backed Commercial Paper for Supporting Industrial Upgrading of Small and Micro Enterprises in the First Quarter of 2024	Structured entity	-	Note 3	-	-	-	-	-	-	-	-	-	Note 3

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Investment in Mainland China companies through an existing company established in Mainland China.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2024' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

- A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
- B. The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
- C. Others.

Note 3: The trust meets the definition of a structured entity. Please refer to Note 6(8).

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA

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

Table 10

Name of major shareholders	Shares	
	Number of shares held(Note)	Ownership (%)(Note)
Hozan Investment Co.,Ltd.	282,879,511	45.40
Toyota Financial Service Corporation	143,082,344	22.96

Note: Excluding preferred stock.