

**HOTAI FINANCE CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2025 AND 2024**

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2025 AND 2024
TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Review Report	4 ~ 5
4. Consolidated Balance Sheets	6 ~ 7
5. Consolidated Statements of Comprehensive Income	8 ~ 9
6. Consolidated Statements of Changes in Equity	10
7. Consolidated Statements of Cash Flows	11
8. Notes to the Consolidated Financial Statements	12 ~ 73
(1) History and organization	12
(2) The date of authorization for issuance of the financial statements and procedures for authorization	12
(3) Application of new standards, amendments and interpretations	12 ~ 13
(4) Summary of material accounting policies	13 ~ 20
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	21
(6) Details of significant accounts	21 ~ 51

Contents	Page
(7) Related party transactions	51 ~ 57
(8) Pledged assets	58
(9) Significant contingent liabilities and unrecognised contract commitments	58
(10) Significant disaster loss	59
(11) Significant events after the balance sheet date	59
(12) Others	59 ~ 71
(13) Supplementary disclosures	72
A. Significant transactions information	72
B. Information on investees	72
C. Information on investments in the Mainland China	72
(14) Segment information	72 ~ 73

INDEPENDENT AUDITORS REVIEW' REPORT
(TRANSLATED FROM CHINESE)

To the Board of Directors and Shareholders of Hotai Finance Company Limited.

Introduction

We have reviewed the accompanying consolidated balance sheets of Hotai Finance Co., Ltd. and its subsidiaries (the "Group") as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods 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\$18,510,671 thousand and NT\$31,528,732 thousand, constituting 5.70% and 9.83% of the consolidated total assets as at March 31, 2025 and 2024, respectively,

total liabilities amounted to NT\$10,133,724 thousand and NT\$24,986,561 thousand, constituting 3.56% and 8.87% of the consolidated total liabilities as at March 31, 2025 and 2024, respectively, and the total comprehensive income amounted to NT\$52,290 thousand and NT\$29,900 thousand, constituting 6.17% and 2.98% of the consolidated total comprehensive income for the three-month periods 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 March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three-month periods 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

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2025

Lin, Chia-Hung

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
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)

			March 31, 2025		December 31, 2024		March 31, 2024	
Assets	Notes		Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,006,867	1	\$ 4,985,831	1	\$ 5,374,135	2
1139	Hedging financial assets-current	6(2)	360,012	-	260,887	-	530,868	-
1150	Notes receivable, net	6(3) and 8	15,128,957	5	14,662,449	4	11,992,625	4
1170	Accounts receivable, net	6(3), 7 and 8	243,301,767	75	245,016,363	75	237,397,389	74
1196	Operating lease receivable, net		3,751	-	5,546	-	163,088	-
1197	Finance lease receivable, net	6(8) and 8	30,063,052	9	32,130,469	10	29,389,952	9
1200	Other receivables		82,558	-	85,171	-	77,630	-
130X	Inventories		5,402	-	3,036	-	5,259	-
1410	Prepayments	6(4) and 7	5,056,069	2	5,527,649	2	5,864,750	2
1460	Non-current assets classified as held for sale, net	6(11)	-	-	-	-	218,073	-
1476	Other current financial assets	8	150,982	-	157,927	-	583,565	-
11XX	Total current assets		<u>299,159,417</u>	<u>92</u>	<u>302,835,328</u>	<u>92</u>	<u>291,597,334</u>	<u>91</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income-non-current		35,839	-	35,789	-	35,838	-
1550	Investments accounted for using equity method	6(5)	1,699,500	1	1,700,803	1	1,200,495	1
1600	Property, plant and equipment, net	6(6) and 8	6,261,295	2	6,234,672	2	9,542,265	3
1755	Right-of-use assets, net	6(7)	412,376	-	412,679	-	475,791	-
1760	Investment property, net	6(9)	164,261	-	164,466	-	163,201	-
1780	Intangible assets, net	6(10)	504,744	-	512,220	-	569,668	-
1840	Deferred income tax assets		1,285,482	-	1,175,827	-	1,073,488	-
1930	Long-term notes and accounts receivable	6(3)	11,501,646	4	12,035,072	4	13,235,184	4
194D	Long-term finance lease receivable, net	6(8)	1,283,334	-	1,111,215	-	758,732	-
1990	Other non-current assets, others	8	2,206,745	1	1,961,319	1	2,023,936	1
15XX	Total non-current assets		<u>25,355,222</u>	<u>8</u>	<u>25,344,062</u>	<u>8</u>	<u>29,078,598</u>	<u>9</u>
1XXX	Total assets		<u>\$ 324,514,639</u>	<u>100</u>	<u>\$ 328,179,390</u>	<u>100</u>	<u>\$ 320,675,932</u>	<u>100</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)

Liabilities and Equity			March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Liabilities								
Current liabilities								
2100	Short-term loans	6(12)	\$ 120,336,852	37	\$ 120,843,955	37	\$ 107,348,970	34
2110	Short-term notes and bills payable	6(13)	118,855,263	37	119,849,017	37	125,263,553	39
2126	Hedging financial liabilities-current	6(2)	230,965	-	855,551	-	1,459,441	-
2150	Notes payable	7	1,142,690	1	1,224,979	-	1,622,201	1
2170	Accounts payable		389,394	-	597,438	-	331,032	-
2180	Accounts payable - related parties	7	189,861	-	160,050	-	199,502	-
2200	Other payables	7	5,565,592	2	3,492,067	1	5,474,386	2
2230	Current income tax liabilities		978,710	-	655,273	-	1,199,868	-
2280	Current lease liabilities	7	81,125	-	88,065	-	141,675	-
2320	Bonds payable	6(14)	28,200,000	9	31,200,000	10	31,200,000	10
2320	Long-term liabilities, current portion	6(15)	203,692	-	231,003	-	416,728	-
2370	Current financial guarantee liabilities		23,305	-	24,664	-	28,213	-
2399	Guarantee deposits received-current	6(16)	4,241,327	1	4,426,509	1	4,407,506	1
2399	Other current liabilities, others		79,084	-	64,761	-	51,678	-
21XX	Total current liabilities		280,517,860	87	283,713,332	86	279,144,753	87
Non-current liabilities								
2540	Long-term loans	6(15)	2,487,041	1	1,474,127	1	1,433,815	1
2570	Deferred income tax liabilities		558,121	-	555,257	-	482,387	-
2580	Lease liabilities-non-current	7	328,011	-	321,429	-	330,811	-
2645	Guarantee deposits received-non-current	6(16)	413,971	-	448,662	-	273,511	-
25XX	Total non-current liabilities		3,787,144	1	2,799,475	1	2,520,524	1
2XXX	Total liabilities		284,305,004	88	286,512,807	87	281,665,277	88
Equity								
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Common stock		6,231,505	2	6,231,505	2	5,665,004	2
3120	Preference stock		1,000,000	-	1,000,000	1	1,000,000	-
	Capital surplus	6(19)						
3200	Capital surplus		17,139,974	5	17,139,974	5	17,011,338	5
	Retained earnings	6(20)						
3310	Legal reserve		2,814,851	1	2,814,851	1	2,445,870	1
3320	Special reserve		114,895	-	114,895	-	23,732	-
3350	Unappropriated earnings		8,531,551	3	10,108,913	3	8,919,950	3
	Other equity interest							
3400	Other equity interest		(28,425)	-	(53,645)	-	(80,089)	-
31XX	Total equity attributable to shareholders of the parent		35,804,351	11	37,356,493	12	34,985,805	11
36XX	Non-controlling interest		4,405,284	1	4,310,090	1	4,024,850	1
3XXX	Total equity		40,209,635	12	41,666,583	13	39,010,655	12
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 324,514,639	100	\$ 328,179,390	100	\$ 320,675,932	100

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 ENDED MARCH 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

			Three months ended March 31,			
			2025		2024	
Items	Notes		Amount	%	Amount	%
4000 Operating revenue	6(21) and 7		\$ 6,085,734	100	\$ 7,783,711	100
5000 Operating costs	6(22) and 7		(2,350,362)	(39)	(3,245,447)	(42)
5900 Gross profit			<u>3,735,372</u>	<u>61</u>	<u>4,538,264</u>	<u>58</u>
Operating expenses	6(27)(28) and 7					
6100 Selling expenses			(884,789)	(14)	(1,589,687)	(20)
6200 General and administrative expenses			(513,134)	(8)	(547,389)	(7)
6450 Expected credit losses			(1,375,311)	(23)	(1,176,375)	(15)
6000 Total operating expenses			(2,773,234)	(45)	(3,313,451)	(42)
6900 Operating profit			<u>962,138</u>	<u>16</u>	<u>1,224,813</u>	<u>16</u>
Non-operating income and expenses						
7100 Interest income	6(23)		5,297	-	5,268	-
7010 Other income	6(24)		83,941	1	42,854	1
7020 Other gains and losses	6(25)		(7,859)	-	1,295	-
7050 Finance costs	6(26)		(2,236)	-	(2,053)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(5)		(4,347)	-	(1,556)	-
7000 Total non-operating income and expenses			<u>74,796</u>	<u>1</u>	<u>45,808</u>	<u>1</u>
7900 Profit before income tax			1,036,934	17	1,270,621	17
7950 Income tax expense	6(29)		(264,550)	(4)	(368,713)	(5)
8200 Profit for the period			<u>\$ 772,384</u>	<u>13</u>	<u>\$ 901,908</u>	<u>12</u>

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three months ended March 31			
		2025		2024	
		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 gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 50	-	\$ 182	-
8310 Total components of other comprehensive income that may not be reclassified to profit or loss		50	-	182	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statement translation differences of foreign operations		122,471	2	142,482	2
8368 Losses on hedging instruments	6(2)	(54,627)	(1)	(50,014)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)	7,225	-	7,815	-
8360 Total components of other comprehensive income that will be reclassified to profit or loss		75,069	1	100,283	1
8300 Other comprehensive income for the period, net of tax		\$ 75,119	1	\$ 100,465	1
8500 Total comprehensive income for the period		\$ 847,503	14	\$ 1,002,373	13
Profit, attributable to					
8610 Owners of parent		\$ 727,089	12	\$ 839,883	11
8620 Non-controlling interests		45,295	1	62,025	1
		\$ 772,384	13	\$ 901,908	12
Comprehensive income attributable to:					
8710 Owners of parent		\$ 752,309	12	\$ 874,689	11
8720 Non-controlling interests		95,194	2	127,684	2
		\$ 847,503	14	\$ 1,002,373	13
Earnings per share (in dollars)					
9750 Basic earnings per share	6(30)	\$ 0.47		\$ 0.89	
9850 Diluted earnings per share	6(30)	\$ 0.47		\$ 0.89	

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(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			Total	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			
	\$ 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
	-	-	-	-	-	839,883	-	-	-	839,883	62,025	901,908
	-	-	-	-	-	-	71,337	253	(36,784)	34,806	65,659	100,465
	-	-	-	-	-	839,883	71,337	253	(36,784)	874,689	127,684	1,002,373
6(20)	-	-	-	-	-	(287,055)	-	-	-	(287,055)	-	(287,055)
6(20)	-	-	-	-	-	(1,699,501)	-	-	-	(1,699,501)	-	(1,699,501)
6(18)	-	-	63	-	-	-	-	-	-	63	(63)	-
	\$ 5,665,004	\$ 1,000,000	\$ 17,011,338	\$ 2,445,870	\$ 23,732	\$ 8,919,950	(\$ 56,395)	\$ 3,599	(\$ 27,293)	\$ 34,985,805	\$ 4,024,850	\$ 39,010,655
	\$ 6,231,505	\$ 1,000,000	\$ 17,139,974	\$ 2,814,851	\$ 114,895	\$ 10,108,913	(\$ 10,583)	\$ 3,619	(\$ 46,681)	\$ 37,356,493	\$ 4,310,090	\$ 41,666,583
	-	-	-	-	-	727,089	-	-	-	727,089	45,295	772,384
	-	-	-	-	-	-	63,348	115	(38,243)	25,220	49,899	75,119
	-	-	-	-	-	727,089	63,348	115	(38,243)	752,309	95,194	847,503
6(20)	-	-	-	-	-	(435,000)	-	-	-	(435,000)	-	(435,000)
6(20)	-	-	-	-	-	(1,869,451)	-	-	-	(1,869,451)	-	(1,869,451)
	\$ 6,231,505	\$ 1,000,000	\$ 17,139,974	\$ 2,814,851	\$ 114,895	\$ 8,531,551	\$ 52,765	\$ 3,734	(\$ 84,924)	\$ 35,804,351	\$ 4,405,284	\$ 40,209,635

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three months ended March 31,	
		2025	2024
Cash Flows From Operating Activities			
Profit before tax		\$ 1,036,934	\$ 1,270,621
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		1,780,401	1,471,533
Depreciation	6(27)	188,269	383,330
Amortization	6(10)(27)	7,476	6,927
Reversal of impairment loss recognized on leased assets	6(6)	(94)	(891)
Gains on financial assets at fair value through profit or loss	6(25)	(328)	(2,050)
Net gains on disposals of property, plant and equipment	6(25)	(2,042)	(139)
Losses on disposals of investments	6(25)	7,149	-
Interest expense	6(22)(26)	1,496,379	1,323,053
Interest income	6(21)(23)	(5,423,713)	(5,825,879)
(Profit) loss from lease modification	6(7)	(39)	17
Share of profit or loss of associates accounted for using equity method	6(5)	4,347	1,556
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		328	2,050
Notes and accounts receivable		1,898,206	(7,443,129)
Other receivables		2,613	6,380
Inventories		20,218	227,287
Prepayments		471,580	887,616
Other financial assets		6,945	(44,984)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(190,335)	(74,049)
Other payables		(251,882)	(10,791)
Current financial guarantee liabilities		(1,359)	727
Other current liabilities, others		14,323	5,569
Cash inflow (outflow) generated from operations		1,065,376	(7,815,246)
Interest received		5,423,713	5,822,112
Interest paid		(1,565,531)	(1,286,980)
Income tax paid		(40,679)	(76,395)
Net cash flows from (used in) operating activities		4,882,879	3,356,509
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment	6(31)	(156,078)	(666,434)
Proceeds from disposal of property, plant and equipment		4,760	1,966
Acquisition of financial assets at fair value through other comprehensive income		-	(16,000)
Acquisition of investments accounted for using equity method	6(5)	-	(68,250)
Net cash flow from acquisition of subsidiaries		-	(216,779)
Increase in other non-current assets		(363,897)	(198,342)
Net cash flows used in investing activities		(515,215)	(1,163,839)
Cash Flows From Financing Activities			
(Decrease) increase in short-term loans	6(32)	(1,285,441)	15,134,897
Decrease in short-term notes and bills payable	6(32)	(920,262)	(8,218,000)
Proceeds from long-term loans	6(32)	1,046,756	326,684
Repayments of long-term loans	6(32)	(61,153)	(305,342)
Repayments of bonds payable	6(14)(32)	(3,000,000)	-
(Decrease) increase in guarantee deposits received	6(32)	(219,873)	20,413
Increase in other payables	6(32) and 7	16,616	21,592
Repayment of principal portion of lease liabilities	6(32)	(23,887)	(43,349)
Net cash flows (used in) from financing activities		(4,447,244)	6,936,895
Effect of exchange rate changes		100,616	79,404
Increase in cash and cash equivalents		21,036	2,495,951
Cash and cash equivalents at beginning of period		4,985,831	2,878,184
Cash and cash equivalents at end of period		\$ 5,006,867	\$ 5,374,135

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(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 May 8, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2025 are as follows:

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026

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
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	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, 2024, 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. The consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

(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 judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured 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 three months ended March 31, 2025, except for Hoyun International Limited, Hoyun International Leasing Co., Ltd., He Jing 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 three months ended March 31, 2024, except for Hoyun International Limited, Hoyun International Leasing Co., Ltd., 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
			March 31, 2025	December 31, 2024	March 31, 2024	
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	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	100.00	100.00	Note 2
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	96.97	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar energy business	99.00	99.00	99.00	
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar energy business	99.00	99.00	99.00	
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar energy business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar energy business	100.00	100.00	100.00	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Solar energy business	100.00	100.00	100.00	Note 3
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Solar energy business	100.00	100.00	100.00	Note 3
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Solar energy business	70.00	70.00	-	Note 4
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar energy business	100.00	100.00	100.00	
Hoyun International Limited	Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring 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 Yiyao Network Technology Co., Ltd.	Leasing business	-	100.00	100.00	Note 5
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	-	100.00	100.00	Note 5
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading 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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	
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 6

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(32).

Note 2: Established in January 2024.

Note 3: Acquired in March 2024.

Note 4: Established in April 2024.

Note 5: Completed dissolution and liquidation in February 2025.

Note 6: 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 March 31, 2025, December 31, 2024 and March 31, 2024, the non-controlling interest amounted to \$4,405,284, \$4,310,090 and \$4,024,850, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Hoyun International Limited	China	\$ 3,225,941	49.50%	\$ 3,133,583	49.50%
Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2024		Ownership (%)	
		Amount			
Hoyun International Limited	China			\$ 2,932,069	49.50%

Summarised financial information of the subsidiaries:

Balance sheets

	Hoyun International Limited		
	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 36,568,015	\$ 40,149,285	\$ 36,114,000
Non-current assets	4,400,973	4,218,884	3,598,845
Current liabilities	(34,069,772)	(37,615,331)	(33,464,716)
Non-current liabilities	(382,162)	(422,367)	(324,756)
Total net assets	<u>\$ 6,517,054</u>	<u>\$ 6,330,471</u>	<u>\$ 5,923,373</u>

Statements of comprehensive income

	Hoyun International Limited	
	Three months ended March 31,	
	2025	2024
Revenue	\$ 1,154,643	\$ 1,177,947
Profit before income tax	114,850	230,843
Income tax expense	(29,178)	(58,110)
Profit for the period	<u>85,672</u>	<u>172,733</u>
Other comprehensive income, net of tax	<u>100,911</u>	<u>131,298</u>
Total comprehensive income for the period	<u>\$ 186,583</u>	<u>\$ 304,031</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 92,358</u>	<u>\$ 150,495</u>

Statements of cash flows

	Hoyun International Limited	
	Three months ended March 31,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 2,814,791	(\$ 462,344)
Net cash used in investing activities	(256,218)	(198,299)
Net cash (used in) provided by financing activities	(3,309,293)	1,725,389
Effect of exchange rates on cash and cash equivalents	100,616	79,404
(Decrease) increase in cash and cash equivalents	(650,104)	1,144,150
Cash and cash equivalents, beginning of period	3,809,914	2,261,968
Cash and cash equivalents, end of period	<u>\$ 3,159,810</u>	<u>\$ 3,406,118</u>

(4) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each 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	25 ~50 years
Furniture and fixtures (including office equipment)	5 ~25 years
Transportation equipment	1.5 ~ 8 years
Leasehold improvements	3 ~10 years

(5) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

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

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

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

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

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize any gain or loss relating to the partial or full termination of the lease in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(7) 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.

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

The additional disclosures are set out below. For the rest of the information, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

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 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 expense for the year 2024 and future years is as follows:

	Three months ended March 31, 2025	Years ended December 31,		
		2026	2027	2028~
Changes in depreciation	(\$ 11,982)	(\$ 47,928)	(\$ 47,928)	\$ 143,784

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 1,771	\$ 1,657	\$ 3,224
Checking accounts and demand deposits	5,005,096	4,982,174	5,348,759
Cash equivalents			
Time deposits	-	2,000	22,152
	<u>\$ 5,006,867</u>	<u>\$ 4,985,831</u>	<u>\$ 5,374,135</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

	March 31, 2025		December 31, 2024	
	<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	<u>\$ 360,012</u>	<u>(\$ 230,965)</u>	<u>\$ 260,887</u>	<u>(\$ 855,551)</u>
			March 31, 2024	
			<u>Current assets</u>	<u>Current liabilities</u>

Cash flow hedges:

Exchange rate risk and interest rate risk

Cross-currency swaps \$ 530,868 (\$ 1,459,441)

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:

		March 31, 2025					Three months ended March 31, 2025			
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 profit or loss	
Cash flow hedges:										
<u>Exchange rate risk</u>										
<u>Interest rate risk</u>										
Cross-currency swap transactions	USD	30,000	2024/3/28~2026/3/27	\$ 37,191	\$ -	\$ -	31.96	1.84	\$	-
	JPY	51,529,948	2023/5/2~2026/2/12	273,679	(90,225)	-	0.21~0.23	1.92~2.36		-
	JPY	26,128,000	2023/10/23~2028/1/6	49,142	(140,740)	-	0.05	3.71~4.20		-
December 31, 2024							Year ended December 31, 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	31,250	2022/1/12~2025/1/13	\$ 124,918	\$ -	\$ -	6.37~6.38	4.11~4.19	\$	-
	USD	102,000	2024/3/28~2026/3/27	67,899	-	-	31.96~32.50	1.84~1.93		-
	JPY	51,529,948	2023/5/2~2026/2/12	-	(473,522)	-	0.21~0.23	1.92~2.36		-
	JPY	24,028,000	2023/10/23~2027/12/7	68,070	(382,029)	-	0.05	3.71~4.20		-

		March 31, 2024				Three months ended March 31, 2024			
		Notional amount (in thousand dollars)	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rates	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss
Hedging instruments									
Cash flow hedges:									
<u>Exchange rate risk</u>									
<u>Interest rate risk</u>									
Cross-currency swap transactions	USD	66,800	2022/1/12~ 2025/1/13	\$ 231,430	\$ -	\$ -	6.33~6.55	4.11~5.30	\$ -
	USD	60,000	2023/9/7~ 2026/3/27	5,472	(7,506)	-	31.96~31.97	1.84~1.85	-
	JPY	69,900,000	2021/9/30~ 2026/2/12	-	(1,354,145)	-	0.21~0.25	0.83~2.32	-
	JPY	6,000,000	2023/10/23~ 2027/3/10	-	(97,790)	-	0.05	3.83~4.20	-
	EUR	75,000	2022/9/12~ 2024/9/12	293,966	-	-	30.60	2.04	-

Hedged items

Cash flow hedges:

Exchange rate risk and interest rate risk

Long-term and short-term loans

March 31, 2025	
Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
\$ 17,992,577	\$ 284,869

Hedged items

Cash flow hedges:

Exchange rate risk and interest rate risk

Long-term and short-term loans

December 31, 2024	
Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
\$ 20,668,117	(\$ 494,313)

Hedged items

Cash flow hedges:

Exchange rate risk and interest rate risk

Long-term and short-term loans

March 31, 2024	
Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
\$ 23,534,754	(\$ 873,748)

C. Cash flow hedges

	<u>Three months ended March 31, 2025</u>	
<u>Other equity - cash flow hedge reserve</u>		
At January 1	(\$	102,049)
Less: Lossess on hedge effectiveness-amount recognized in other comprehensive income	(	31,793)
Less: Reclassified to profit or loss as the hedged item has affected the profit and loss	(	22,834)
Add: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income		7,225
At March 31	(\$	<u>149,451)</u>
<u>Three months ended March 31, 2024</u>		
<u>Other equity - cash flow hedge reserve</u>		
At January 1	(\$	11,922)
Less: Losses on hedge effectiveness-amount recognized in other comprehensive income	(	55,235)
Add: Reclassified to profit or loss as the hedged item has affected the profit and loss		5,221
Add: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income		7,815
At March 31	(\$	<u>54,121)</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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Installment notes receivable	\$ 15,404,112	\$ 14,985,193	\$ 12,034,502
Notes receivable	64,430	72,140	-
Installment accounts receivable	291,550,903	295,346,829	293,981,373
Accounts receivable	876,563	929,731	247,430
Less: Unrealized interest revenue	(33,018,035)	(34,763,857)	(39,107,217)
	274,877,973	276,570,036	267,156,088
Less: Allowance for doubtful accounts	(4,945,603)	(4,856,152)	(4,530,890)
Notes and accounts receivable, net	<u>\$ 269,932,370</u>	<u>\$ 271,713,884</u>	<u>\$ 262,625,198</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, notes and accounts receivable

pledged as collaterals for loans and commercial papers to banks amounted to \$6,036,934, \$5,729,534 and \$5,895,258 respectively. Please refer to Note 8 for the related information.

A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Not past due	\$ 271,336,934	\$ 272,739,351	\$ 263,674,757
31 to 60 days	1,276,849	1,490,160	1,277,696
61 to 90 days	728,109	715,154	709,427
91 to 120 days	566,938	650,935	528,859
121 to 150 days	552,605	569,817	476,078
Over 151 days	416,538	404,619	489,271
	<u>\$ 274,877,973</u>	<u>\$ 276,570,036</u>	<u>\$ 267,156,088</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.

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Not later than one year	\$ 107,103,176	\$ 106,499,684	\$ 99,167,920
Over 1 year	199,851,839	203,832,338	206,847,955
	<u>\$ 306,955,015</u>	<u>\$ 310,332,022</u>	<u>\$ 306,015,875</u>

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

(4) Prepayments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments	\$ 2,998,225	\$ 3,294,947	\$ 2,487,380
Prepaid commission	1,473,202	1,689,857	2,477,689
Prepaid insurance premiums	74,100	66,095	189,388
Others	510,542	476,750	710,293
	<u>\$ 5,056,069</u>	<u>\$ 5,527,649</u>	<u>\$ 5,864,750</u>

(5) Investments accounted for using equity method

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
HFC (Cambodia) Microfinance PLC. (Note)	\$ 564,309	\$ 559,387	\$ 552,142
Heng Fong Energy Co., Ltd.	398,361	400,500	404,279
Kai Lan Power Co., Ltd	360,300	360,475	-
Grinnodot Inc.	148,183	148,014	-
Zheng-Ren Energy Co., Ltd.	133,875	135,426	140,021
Hotai Mobility Service Co., Ltd.	72,482	72,925	76,196
Gochabar Co., Ltd.	21,990	24,076	27,857
	<u>\$ 1,699,500</u>	<u>\$ 1,700,803</u>	<u>\$ 1,200,495</u>

Note : To expand business, Ly Hour Leasing PLC was renamed as HFC (Cambodia) Microfinance PLC. in August 2024.

- 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 March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amount of the Group's individually immaterial associates amounted to \$1,699,500, \$1,700,803 and \$1,200,495, respectively.

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Comprehensive loss for the period	(\$ 1,303)	(\$ 2,048)

- 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 (\$4,347) and (\$1,556) for the three months ended March 31, 2025 and 2024, respectively, and were recognized based on the financial statements audited 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, the Group participated in a cash capital increase of Zheng-Ren Energy Co., Ltd. amounting to \$68,250. 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.

(6) Property, plant and equipment

2025

	2025									
	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	\$ 1,096,073	\$ 273,529	\$ 4,289,298	\$ 236,180	\$ 4,525,478	\$ 143,941	\$ 1,952,909	\$ 2,096,850	\$ 99,662	\$ 8,091,592
Accumulated depreciation and impairment	-	(18,173)	(582,726)	(159,453)	(742,179)	(49,996)	(1,011,713)	(1,061,709)	(34,859)	(1,856,920)
	<u>\$ 1,096,073</u>	<u>\$ 255,356</u>	<u>\$ 3,706,572</u>	<u>\$ 76,727</u>	<u>\$ 3,783,299</u>	<u>\$ 93,945</u>	<u>\$ 941,196</u>	<u>\$ 1,035,141</u>	<u>\$ 64,803</u>	<u>\$ 6,234,672</u>
Opening net book amount as at January 1	\$ 1,096,073	\$ 255,356	\$ 3,706,572	\$ 76,727	\$ 3,783,299	\$ 93,945	\$ 941,196	\$ 1,035,141	\$ 64,803	\$ 6,234,672
Additions	-	-	52,708	3,620	56,328	4,479	24,592	29,071	492	85,891
Disposal	-	-	-	-	-	(2,539)	-	(2,539)	(179)	(2,718)
Reclassifications	-	-	-	(2,989)	(2,989)	(45)	(19,550)	(19,595)	-	(22,584)
Transfers from prepayments for business facilities	-	-	104,027	-	104,027	-	7,295	7,295	-	111,322
Depreciation	-	(1,493)	(44,631)	(15,489)	(60,120)	(7,346)	(91,225)	(98,571)	(3,991)	(164,175)
Gain on reversal of impairment loss	-	-	-	94	94	-	-	-	-	94
Net exchange differences	-	-	250	-	250	1,671	16,447	18,118	425	18,793
Closing net book amount as at March 31	<u>\$ 1,096,073</u>	<u>\$ 253,863</u>	<u>\$ 3,818,926</u>	<u>\$ 61,963</u>	<u>\$ 3,880,889</u>	<u>\$ 90,165</u>	<u>\$ 878,755</u>	<u>\$ 968,920</u>	<u>\$ 61,550</u>	<u>\$ 6,261,295</u>
At March 31										
Cost	\$ 1,096,073	\$ 273,529	\$ 4,446,687	\$ 180,500	\$ 4,627,187	\$ 140,171	\$ 1,955,655	\$ 2,095,826	\$ 99,369	\$ 8,191,984
Accumulated depreciation and impairment	-	(19,666)	(627,761)	(118,537)	(746,298)	(50,006)	(1,076,900)	(1,126,906)	(37,819)	(1,930,689)
	<u>\$ 1,096,073</u>	<u>\$ 253,863</u>	<u>\$ 3,818,926</u>	<u>\$ 61,963</u>	<u>\$ 3,880,889</u>	<u>\$ 90,165</u>	<u>\$ 878,755</u>	<u>\$ 968,920</u>	<u>\$ 61,550</u>	<u>\$ 6,261,295</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 \$598 and the range of the interest rates for such capitalisation is 2.2507%~2.2865%.

2024

	<div> <div>Furniture and fixtures</div> <div>(including office equipment)</div> <div>Transportation equipment</div> </div>									Total
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal	Owner-occupied	Lease (Note 1)	Subtotal	Leasehold improvements	
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	-	-	94,611	2,328	96,939	10,403	542,524	552,927	12,862	662,728
Acquired from business combinations	-	-	363,860	-	363,860	-	-	-	-	363,860
Disposal	-	-	-	-	-	(390)	(1,437)	(1,827)	-	(1,827)
Reclassifications	-	-	-	(1,642)	(1,642)	-	(225,943)	(225,943)	-	(227,585)
Transfers from prepayments for business facilities	-	-	65,715	-	65,715	-	7,784	7,784	-	73,499
Depreciation	-	(1,782)	(43,102)	(21,120)	(64,222)	(5,792)	(264,563)	(270,355)	(7,128)	(343,487)
Gain on reversal of impairment loss	-	-	-	891	891	-	-	-	-	891
Net exchange differences	-	-	201	-	201	1,770	20,833	22,603	520	23,324
	<u>1,187,698</u>	<u>269,297</u>	<u>2,867,208</u>	<u>110,571</u>	<u>2,977,779</u>	<u>75,176</u>	<u>5,057,141</u>	<u>5,132,317</u>	<u>74,381</u>	<u>9,641,472</u>
Less: Reclassifications to property held for sale	(91,625)	(7,582)	-	-	-	-	-	-	-	(99,207)
Closing net book amount as at March 31	<u>\$ 1,096,073</u>	<u>\$ 261,715</u>	<u>\$ 2,867,208</u>	<u>\$ 110,571</u>	<u>\$ 2,977,779</u>	<u>\$ 75,176</u>	<u>\$ 5,057,141</u>	<u>\$ 5,132,317</u>	<u>\$ 74,381</u>	<u>\$ 9,542,265</u>
At March 31										
Cost	\$ 1,187,698	\$ 294,952	\$ 3,351,655	\$ 283,487	\$ 3,635,142	\$ 169,716	\$ 7,583,143	\$ 7,752,859	\$ 169,525	\$ 13,040,176
Accumulated depreciation and impairment	-	(25,655)	(484,447)	(172,916)	(657,363)	(94,540)	(2,526,002)	(2,620,542)	(95,144)	(3,398,704)
	<u>1,187,698</u>	<u>269,297</u>	<u>2,867,208</u>	<u>110,571</u>	<u>2,977,779</u>	<u>75,176</u>	<u>5,057,141</u>	<u>5,132,317</u>	<u>74,381</u>	<u>9,641,472</u>
Less: Reclassifications to property held for sale	(91,625)	(7,582)	-	-	-	-	-	-	-	(99,207)
	<u>\$ 1,096,073</u>	<u>\$ 261,715</u>	<u>\$ 2,867,208</u>	<u>\$ 110,571</u>	<u>\$ 2,977,779</u>	<u>\$ 75,176</u>	<u>\$ 5,057,141</u>	<u>\$ 5,132,317</u>	<u>\$ 74,381</u>	<u>\$ 9,542,265</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 \$769 and the range of the interest rates for such capitalisation is 1.8419%~1.9638%

(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:

	March 31, 2025	December 31, 2024	March 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 47,075	\$ 47,861	\$ 46,745
Buildings and	365,301	364,818	428,224
Machinery and			
equipment	-	-	822
	<u>\$ 412,376</u>	<u>\$ 412,679</u>	<u>\$ 475,791</u>

	Three months ended March 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Land	\$ 786	\$ 1,170
Buildings and structures	23,103	37,859
Machinery and equipment	-	274
	<u>\$ 23,889</u>	<u>\$ 39,303</u>

- C. For the three months ended March 31, 2025 and 2024, the additions to right-of-use assets were \$26,946 and \$15,505, respectively.
- D. The information on profit or loss in relation to lease contracts is as follows:

	Three months ended March 31,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,236	\$ 2,053
Expense on short-term lease contracts and		
leases of low-value assets	3,526	4,387
Profit (loss) from lease modification	39 (	17)
Expense on variable lease payments	9,604	5,946

- E. For the three months ended March 31, 2025 and 2024, the Group's total cash outflow for leases were \$39,253 and \$55,735, 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 to 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:

	Three months ended March 31,	
	2025	2024
Finance income from the net investment in the finance lease	\$ 920,251	\$ 922,374

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

	March 31, 2025	December 31, 2024	March 31, 2024
Next 1 year	\$ 23,759,080	\$ 24,829,159	\$ 23,192,109
Next 2 years	8,290,647	9,243,905	8,536,915
Next 3 years	2,517,821	2,690,705	2,039,862
Next 4 years	896,267	835,420	598,385
Next 5 years	392,199	308,767	214,365
Next 6 years	140,424	93,728	35,807
	<u>\$ 35,996,438</u>	<u>\$ 38,001,684</u>	<u>\$ 34,617,443</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Undiscounted lease payments	\$ 35,996,438	\$ 38,001,684	\$ 34,617,443
Less : Unearned finance income	(3,693,466)	(3,866,183)	(3,413,445)
	32,302,972	34,135,501	31,203,998
Less : Allowance for doubtful accounts	(956,586)	(893,817)	(1,055,314)
Net investment in the lease	<u>\$ 31,346,386</u>	<u>\$ 33,241,684</u>	<u>\$ 30,148,684</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:

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

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

- (b) As of March 31, 2025, December 31, 2024 and March 31, 2024, leasing notes receivable and lease receivable pledged as collaterals for loans and commercial papers to banks amounted to \$11,905,160, \$14,354,136 and \$6,034,863, 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Not past due	\$ 31,045,831	\$ 33,136,332	\$ 30,306,592
31 to 60 days	295,848	225,055	222,010
61 to 90 days	326,053	156,065	181,169
91 to 120 days	179,972	241,666	159,186
121 to 150 days	133,198	155,346	112,874
Over 151 days	322,070	221,037	222,167
	<u>\$ 32,302,972</u>	<u>\$ 34,135,501</u>	<u>\$ 31,203,998</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 ended March 31, 2025 and 2024, the Group recognized rent income in the amounts of \$182,414 and \$1,227,767, 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Next 1 year	\$ 228,708	\$ 254,105	\$ 434,013
Next 2 years	130,612	140,655	132,761
Next 3 years	59,426	67,541	52,599
Next 4 years	15,526	23,472	12,372
Next 5 years	2,781	3,803	4,739
Beyond next 6 years	4,350	4,872	-
	<u>\$ 441,403</u>	<u>\$ 494,448</u>	<u>\$ 636,484</u>

(9) Investment property

	2025		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 125,590	\$ 41,887	\$ 167,477
Accumulated depreciation	-	(3,011)	(3,011)
	<u>\$ 125,590</u>	<u>\$ 38,876</u>	<u>\$ 164,466</u>
At January 1	\$ 125,590	\$ 38,876	\$ 164,466
Depreciation charge	-	(205)	(205)
At March 31	<u>\$ 125,590</u>	<u>\$ 38,671</u>	<u>\$ 164,261</u>
At March 31			
Cost	\$ 125,590	\$ 41,887	\$ 167,477
Accumulated depreciation	-	(3,216)	(3,216)
	<u>\$ 125,590</u>	<u>\$ 38,671</u>	<u>\$ 164,261</u>

	2024		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 231,623	\$ 66,678	\$ 298,301
Accumulated depreciation	-	(15,694)	(15,694)
	<u>\$ 231,623</u>	<u>\$ 50,984</u>	<u>\$ 282,607</u>
At January 1	\$ 231,623	\$ 50,984	\$ 282,607
Depreciation charge	-	(540)	(540)
	231,623	50,444	282,067
Less: Reclassifications to property held for sale	(106,033)	(12,833)	(118,866)
At March 31	<u>\$ 125,590</u>	<u>\$ 37,611</u>	<u>\$ 163,201</u>
At March 31			
Cost	\$ 231,623	\$ 66,678	\$ 298,301
Accumulated depreciation	-	(16,234)	(16,234)
	231,623	50,444	282,067
Less: Reclassifications to property held for sale	(106,033)	(12,833)	(118,866)
At March 31	<u>\$ 125,590</u>	<u>\$ 37,611</u>	<u>\$ 163,201</u>

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

	Three months ended March 31,	
	2025	2024
Rental income from investment property	<u>\$ 829</u>	<u>\$ 1,812</u>
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation expense)	<u>\$ 205</u>	<u>\$ 540</u>

B. The fair value of the investment property held by the Group was \$166,610, \$168,880 and \$171,486 as at March 31, 2025, December 31, 2024 and March 31, 2024, 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

	2025		
	<u>Goodwill</u>	<u>Purchase agreements</u>	<u>Total</u>
At January 1			
Cost	\$ 69,597	\$ 484,165	\$ 553,762
Accumulated amortization and impairment	-	(41,542)	(41,542)
	<u>\$ 69,597</u>	<u>\$ 442,623</u>	<u>\$ 512,220</u>
At January 1	\$ 69,597	\$ 442,623	\$ 512,220
Amortization charge	-	(7,476)	(7,476)
Closing net book amount as at March 31	<u>\$ 69,597</u>	<u>\$ 435,147</u>	<u>\$ 504,744</u>
At March 31			
Cost	\$ 69,597	\$ 484,165	\$ 553,762
Accumulated amortization and impairment	-	(49,018)	(49,018)
	<u>\$ 69,597</u>	<u>\$ 435,147</u>	<u>\$ 504,744</u>
	2024		
	<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	-	133,307	133,307
Amortization charge	-	(6,927)	(6,927)
Closing net book amount as at March 31	<u>\$ 56,807</u>	<u>\$ 512,861</u>	<u>\$ 569,668</u>
At March 31			
Cost	\$ 56,807	\$ 532,256	\$ 589,063
Accumulated amortization and impairment	-	(19,395)	(19,395)
	<u>\$ 56,807</u>	<u>\$ 512,861</u>	<u>\$ 569,668</u>

Details of amortization on intangible assets are as follows:

	Three months ended March 31,	
	2025	2024
Operating costs	<u>\$ 7,476</u>	<u>\$ 6,927</u>

(11) Non-current assets held for sale

The assets related to land and buildings have been reclassified as disposal group held for sale following the approval of the Company's Board of Directors on March 12, 2024, to sell land and buildings. The completion date for the transaction is expected by June 2024. The assets of the disposal group held for sale as at March 31, 2025 amounted to \$218,073.

Assets of disposal group held for sale:

	March 31, 2024
Property, plant and equipment	\$ 99,207
Investment property	118,866
	<u>\$ 218,073</u>

(12) Short-term loans

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Type of loans</u>			
Bank loans			
Credit loans	\$ 63,265,658	\$ 69,993,377	\$ 61,561,796
Pledged loans	2,500,000	2,500,000	7,100,678
Mid-term syndicated loans for working capital	52,940,665	45,390,498	38,686,496
Notes payable from securitization	1,563,989	2,892,728	-
Other short-term loans	66,540	67,352	-
	<u>\$ 120,336,852</u>	<u>\$ 120,843,955</u>	<u>\$ 107,348,970</u>
Interest rates	<u>0.50%~4.80%</u>	<u>0.50%~5.11%</u>	<u>0.49%~6.33%</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, 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%, 0.50%~4.30% and 0.83%~4.40%, respectively.
- B. The subsidiary, Hotai Finance Development Co., Ltd., has entered into a mid-term syndicated contract for a credit line of \$10,000,000 with 11 financial institutions including Yuanta Commercial Bank Co., Ltd. and Bank Sinopac Company Ltd. in order to fulfill its working capital. The duration is 36 months (from March 21, 2025 to March 21, 2028). The loan can be drawn several times. Of the total loan, \$4,400,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$5,600,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- C. 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 10.5 months (from December 6, 2024 to October 20, 2025). 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.

- D. 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. Of the total loan, \$14,750,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$14,750,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- E. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 1.33 billion with 5 financial institutions including Mizuho Bank, Ltd. in order to fulfill its working capital. Within six months from the agreement date (from May 9, 2024 to November 8, 2024), the loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.
- F. 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. Within twelve months from the first withdrawal date (from March 25, 2024 to March 24, 2025), the loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.
- G. 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.
- H. 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.
- I. 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.

- J. 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.
- K. 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.
- L. 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.
- M. 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.
- N. Information relating to notes payable from securitization is provided in Note 6(8)4.
- O. 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 March 31, 2025, the Group met all the financial commitments stated in the contract.

(13) Short-term notes and bill payable

	March 31, 2025	December 31, 2024	March 31, 2024
Commercial paper payable	\$ 119,073,400	\$ 119,993,400	\$ 125,433,400
Less: Unamortized discount	(218,137)	(144,383)	(169,847)
	<u>\$ 118,855,263</u>	<u>\$ 119,849,017</u>	<u>\$ 125,263,553</u>
Interest rates	<u>1.78%~2.23%</u>	<u>1.86%~2.24%</u>	<u>0.70%~2.19%</u>

(14) Bond payable

	March 31, 2025	December 31, 2024	March 31, 2024
Bonds payable	<u>\$ 28,200,000</u>	<u>\$ 31,200,000</u>	<u>\$ 31,200,000</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.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	March 31, 2025	December 31, 2024	March 31, 2024
Long-term bank borrowings					
Secured borrowings (Note)	Borrowing period is from October 2020 to December 2031; interest is repayable monthly, repayment of principal	1.67%~2.68%	\$ 1,253,161	\$ -	\$ -
	Borrowing period is from October 2020 to August 2031; interest is repayable monthly, repayment of principal	1.67%~2.68%	-	1,280,085	-
Unsecured borrowings	Borrowing period is from July 2019 to March 2031; interest is repayable monthly, repayment of principal	1.67%~2.81%	-	-	995,002
	Borrowing period is from December 2023 to December 2029; interest is repayable monthly, repayment of principal	2.43%~2.48%	466,761	-	-
	Borrowing period is from December 2023 to December 2029; interest is repayable monthly, repayment of principal	2.29%~2.48%	-	425,045	-
	Borrowing period is from January 2023 to February 2029; interest is repayable monthly, repayment of principal	2.24%~2.74%	-	-	704,661
	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20%~6.47%	-	-	150,880
Mid-term syndicated loans for working capital	Borrowing period is from March 2025 to March 2028; interest is repayable monthly, repayment of principal at the maturity date	2.41%	970,811	-	-
			2,690,733	1,705,130	1,850,543
Less : Long-term liabilities, current portion			(203,692)	(231,003)	(416,728)
			<u>\$ 2,487,041</u>	<u>\$ 1,474,127</u>	<u>\$ 1,433,815</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 interest rate range of long-term loans as of March 31, 2025 was 1.67%~5.30%.
- B. As of March 31, 2025, the maturities of long-term borrowings are as follows:

<u>Duration of maturity</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Up to 1 year	\$ 203,692	\$ 231,003	\$ 416,728
1 to 2 years	332,795	172,173	124,401
Over 2 years	2,154,246	1,301,954	1,309,414
	<u>\$ 2,690,733</u>	<u>\$ 1,705,130</u>	<u>\$ 1,850,543</u>

C. For the information of the subsidiary, Hotai Finance Development Co., Ltd., entering into a mid-term syndicated loan for working capital, please refer Note 6(12).

(16) Guarantee deposits received

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current	\$ 4,241,327	\$ 4,426,509	\$ 4,407,506
Non-current	413,971	448,662	273,511
	<u>\$ 4,655,298</u>	<u>\$ 4,875,171</u>	<u>\$ 4,681,017</u>

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

(17) Pensions

- 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 three months ended March 31, 2025 and 2024 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 ended March 31, 2025 and 2024 were \$36,601 and \$42,279, respectively.

(18) Share capital

- A. As of March 31, 2025 and 2024, the Company’s authorized capital were both \$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.

(19) 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.

(20) 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 March 6, 2025, the Board of Directors resolved the distribution of earnings of 2024 and May 29, 2024, the shareholders resolved the distribution of earnings for the year of 2023 as follows:

	<u>Year ended December 31, 2024</u>		<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 305,549		\$ 368,981	
Special reserve	(61,250)		91,163	
Dividend on preferred stock, Class A	210,000	\$ 4.20	210,000	\$ 4.20
Dividend on preferred stock, Class B	225,000	4.50	77,055	1.54
Cash dividend on common stock	1,869,451	3.00	1,699,501	3.00
Stock dividend on common stock	-	-	566,501	1.00
	<u>\$ 2,548,750</u>		<u>\$ 3,013,201</u>	

The aforementioned distribution of earnings of 2024, as of May 8, 2025, has not yet been resolved at the shareholders' meeting.

- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(29).

(21) Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	\$ 485,954	\$ 738,618
Other operating revenue		
Interest income	4,498,165	4,898,237
Revenue from finance leases	920,251	922,374
Revenue from operating leases	181,364	1,224,482
	<u>\$ 6,085,734</u>	<u>\$ 7,783,711</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 March 31, 2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 441,774	\$ 44,180	\$ 485,954
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 441,774</u>	<u>\$ 44,180</u>	<u>\$ 485,954</u>
Timing of revenue recognition			
At a point in time	\$ 303,752	\$ 44,180	\$ 347,932
Over time	<u>138,022</u>	<u>-</u>	<u>138,022</u>
	<u>\$ 441,774</u>	<u>\$ 44,180</u>	<u>\$ 485,954</u>

<u>Three months ended March 31, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Total</u>
Total segment revenue	\$ 659,962	\$ 78,656	\$ 738,618
Inter-segment revenue	-	-	-
Revenue from external customer contracts	<u>\$ 659,962</u>	<u>\$ 78,656</u>	<u>\$ 738,618</u>
Timing of revenue recognition			
At a point in time	\$ 545,114	\$ 78,656	\$ 623,770
Over time	<u>114,848</u>	<u>-</u>	<u>114,848</u>
	<u>\$ 659,962</u>	<u>\$ 78,656</u>	<u>\$ 738,618</u>

(22) Operating costs

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest costs	\$ 1,494,143	\$ 1,321,000
Cost of sales	605,717	859,146
Rental costs	131,784	917,833
Service costs	41,803	82,571
Other costs	<u>76,915</u>	<u>64,897</u>
	<u>\$ 2,350,362</u>	<u>\$ 3,245,447</u>

(23) Interest income

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 5,095	\$ 4,705
Interest income from short-term notes payable	141	493
Other interest income	<u>61</u>	<u>70</u>
	<u>\$ 5,297</u>	<u>\$ 5,268</u>

(24) Other income

	Three months ended March 31,	
	2025	2024
Rental income	\$ 1,050	\$ 3,285
Other income - others	82,891	39,569
	<u>\$ 83,941</u>	<u>\$ 42,854</u>

(25) Other gains and losses

	Three months ended March 31,	
	2025	2024
Losses on disposals of investment	(\$ 7,149)	\$ -
Gains on disposals of property, plant and equipment	2,042	139
Gains on financial assets at fair value through profit or loss	328	2,050
Foreign exchange (losses) gains	(4)	4
Others	(3,076)	(898)
	<u>(\$ 7,859)</u>	<u>\$ 1,295</u>

(26) Finance costs

	Three months ended March 31,	
	2025	2024
Finance expense, others	\$ 2,236	\$ 2,053

(27) Expenses by nature

	Three months ended March 31,	
	2025	2024
Employee benefit expense	\$ 709,309	\$ 893,192
Depreciation charges on right-of-use assets	\$ 23,889	\$ 39,303
Depreciation charges on property, plant and equipment	\$ 164,175	\$ 343,487
Depreciation charges on investment property	\$ 205	\$ 540
Amortization charges on intangible assets	\$ 7,476	\$ 6,927

(28) Employee benefit expense

	Three months ended March 31,	
	2025	2024
Wages and salaries	\$ 574,132	\$ 726,498
Labor and health insurance fees	54,012	69,290
Pension costs	36,601	42,279
Directors' and supervisors' remuneration	3,696	3,617
Other personnel expenses	40,868	51,508
	<u>\$ 709,309</u>	<u>\$ 893,192</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 ended March 31, 2025 and 2024, employees' remuneration were accrued at \$9,492 and \$11,515, 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 three months ended March 31, 2024.

Employees' remuneration of 2024 as resolved by the Board of Directors were in agreement with those amounts recognized in salary expenses of 2024.

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.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 364,116	\$ 421,079
Total current tax	<u>364,116</u>	<u>421,079</u>
Deferred tax:		
Origination and reversal of temporary differences	(99,566)	(52,366)
Total deferred tax	<u>(99,566)</u>	<u>(52,366)</u>
Income tax expense	<u>\$ 264,550</u>	<u>\$ 368,713</u>

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

	Three months ended March 31,	
	2025	2024
Cash flow hedges	(\$ 7,225)	(\$ 7,815)

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

(30) Earnings per share

Three months ended March 31, 2025			
	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	\$ 727,089		
Less: Dividend on preferred stock	(435,000)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 292,089</u>	<u>623,150</u>	<u>\$ 0.47</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 292,089	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>479</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 292,089</u>	<u>623,629</u>	<u>\$ 0.47</u>
Three months ended March 31, 2024			
	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	\$ 839,883		
Less: Dividend on preferred stock	(287,055)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 552,828</u>	<u>623,150</u>	<u>\$ 0.89</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 552,828	623,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>474</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 552,828</u>	<u>623,624</u>	<u>\$ 0.89</u>

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Three months ended March 31,	
	2025	2024
Purchase of property, plant and equipment	\$ 85,891	\$ 662,728
Add: Opening balance of payable on equipment (Shown as 'Accounts payable')	233,468	174,800
Less: Ending balance of payable on equipment (Shown as 'Accounts payable')	(163,281)	(171,094)
Cash paid during the period	<u>\$ 156,078</u>	<u>\$ 666,434</u>

(32) Changes in liabilities from financing activities

	2025									
	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	\$ 120,843,955	\$ 119,849,017	\$ 31,200,000	\$ 1,705,130	\$ 4,875,171	\$ 898,022	\$ 409,494	\$ -	\$ 279,780,789	
Changes in cash flow from financing activities	(1,285,441)	(920,262)	(3,000,000)	985,603	(219,873)	16,616	(23,887)	-	(4,447,244)	
Impact of changes in foreign exchange rate	387,279	-	-	-	-	-	1,412	-	388,691	
Others	391,059	(73,492)	-	-	-	-	22,117	2,304,451	2,644,135	
At March 31	<u>\$ 120,336,852</u>	<u>\$ 118,855,263</u>	<u>\$ 28,200,000</u>	<u>\$ 2,690,733</u>	<u>\$ 4,655,298</u>	<u>\$ 914,638</u>	<u>\$ 409,136</u>	<u>\$ 2,304,451</u>	<u>\$ 278,366,371</u>	
	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	15,134,897	(8,218,000)	-	21,342	20,413	21,592	(43,349)	-	6,936,895	
Impact of changes in foreign exchange rate	(43,969)	-	-	3,671	-	-	2,090	-	(38,208)	
Others	(361,723)	(42,764)	-	294,115	-	-	15,379	1,986,556	1,891,563	
At March 31	<u>\$ 107,348,970</u>	<u>\$ 125,263,553</u>	<u>\$ 31,200,000</u>	<u>\$ 1,850,543</u>	<u>\$ 4,681,017</u>	<u>\$ 886,071</u>	<u>\$ 472,486</u>	<u>\$ 1,986,556</u>	<u>\$ 273,689,196</u>	

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

Names of related parties	Relationship with the Group
Hotai Motor Co., Ltd.	The ultimate parent
Hozan Investment Co., Ltd.	Parent
Hoing Mobility Service Co., Ltd.	Other related parties
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	Other related parties
Tau Miao Motor Co., Ltd.	Other related parties
Kuotu Motor Co., Ltd. (Kuotu)	Other related parties

Names of related parties	Relationship with the Group
Central Motor Co., Ltd. (Central Motor)	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.	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
Eastern Motor Co., Ltd.	Other related parties
Chang Yuan 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.	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.	Other related parties
Gochabar Co., Ltd.	Other related parties
Grinnodot Inc. (Grinnodot)	Other related parties
Engod Corporation (Engod)	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. (Shanghai Heling)	Other related parties

Names of related parties	Relationship with the Group
Shanghai Ho-mian Motor Technology Co., Ltd.	Other related parties
Shanghai Hoyu Motor Service Co., Ltd.	Other related parties
Tianjin Hozhan Motor Service Co., Ltd.	Other related parties
Tianjin Ho-yu Motor Sales & Service Co., Ltd. (Tianjin Ho-yu)	Other related parties
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
ChongQing Heling Lexus Motor Service Co, Ltd.(ChongQing Heling)	Other related parties
Nanjing HoZhan Motor Sales and Service Co., Ltd. (Nanjing HoZhan)	Other related parties
Guangzhou Gac Changho Autotech Corporation	Other related parties
Tangshan Heling Lexus Car Dealer Co., Ltd.	Other related parties
Nanchang Heling Lexus Motor Service Co, Ltd.(Nanchang Heling)	Other related parties

(3) Significant related party transactions and balances

A. Revenue

(a) Compensation of installment sale price spread

	Three months ended March 31,	
	2025	2024
- The ultimate parent	\$ 36,645	\$ 25,070
- Other related parties	96,118	59,487
	<u>\$ 132,763</u>	<u>\$ 84,557</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 March 31,	
	2025	2024
- The ultimate parent	\$ 497	\$ 616
- Other related parties	664	24,185
	<u>\$ 1,161</u>	<u>\$ 24,801</u>

B. Expenses

(a) Cost of rental sales

	Three months ended March 31,	
	2025	2024
- Other related parties	\$ 8,129	\$ 133,203

(b) Commission expense

	Three months ended March 31,	
	2025	2024
- Other related parties	\$ 73,741	\$ 66,469

(c) Chattel custody service fee

	Three months ended March 31,	
	2025	2024
- Other related parties	\$ 11,970	\$ 10,737

(d) Others

	Three months ended March 31,	
	2025	2024
- The ultimate parent	\$ 771	\$ -
- Other related parties		
Kuotu	2,228,154	1,773,377
Kao Du	1,131,734	1,000,796
Others	1,864,503	1,990,589
	\$ 5,225,162	\$ 4,764,762

As described in Note 4(30) in the consolidated financial statements for the year ended December 31, 2024, 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

	March 31, 2025	December 31, 2024	March 31, 2024
- The ultimate parent	\$ 13,871	\$ 20,275	\$ 16,433
- Other related parties	104,553	106,387	47,042
	\$ 118,424	\$ 126,662	\$ 63,475

(b) Notes payable

	March 31, 2025	December 31, 2024	March 31, 2024
- Other related parties	\$ -	\$ -	\$ 12,732

(c) Accounts payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
- Other related parties			
Kuotu	\$ 109,889	\$ 77,320	\$ 117,355
Others	79,972	82,730	82,147
	<u>\$ 189,861</u>	<u>\$ 160,050</u>	<u>\$ 199,502</u>

(d) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
- The ultimate parent	\$ 471	\$ 6,404	\$ 1,681
- Other related parties	7,896	7,276	44,275
	<u>\$ 8,367</u>	<u>\$ 13,680</u>	<u>\$ 45,956</u>

(e) Prepayments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
- Other related parties	\$ 19,049	\$ 6,442	\$ 3,619

D. Contract liabilities (shown as other current liabilities)

	<u>March 31, 2025</u>
- The ultimate parent	<u>\$ 23,907</u>

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

(a) Lease

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
- The ultimate parent	\$ -	\$ 98,729
- Other related parties		
Nanchang Heling	9,442	-
Chongqing Heling	6,935	-
Shanghai Heling	5,025	8,279
Shanghai Hozhan	2,785	3,207
Kuotu	-	105,863
Taipei Motor	-	61,176
Central Motor	-	41,380
Others	1,810	77,095
	<u>\$ 25,997</u>	<u>\$ 395,729</u>

(b) Owner-occupied

	Three months ended March 31,	
	2025	2024
- Other related parties		
Grinnodot	\$ 23,671	\$ -
Engod	8,785	-
Shanghai Hozhan	-	1,745
Tianjin Ho-Yu	-	1,244
Nanjing Hozhan	-	419
Others	-	161
	<u>\$ 32,456</u>	<u>\$ 3,569</u>

F. Property transactions – Acquisition of financial assets

	Item recognised	Shares traded	Transaction target	Three months ended
				March 31, 2024
				Consideration
- Other related parties				
Zheng-Ren	Investment accounted using the equity method	6,825,000	Shares	<u>\$ 68,250</u>

G. 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) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
- The ultimate parent	\$ 6,874	\$ 7,841	\$ 10,721
- Other related parties	<u>28,613</u>	<u>39,986</u>	<u>52,778</u>
	<u>\$ 35,487</u>	<u>\$ 47,827</u>	<u>\$ 63,499</u>

H. Loans from related parties

Loans from related parties

Outstanding balance:

	March 31, 2025	December 31, 2024	March 31, 2024
- Other related parties			
Hotong	<u>\$ 914,638</u>	<u>\$ 898,022</u>	<u>\$ 886,071</u>

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

I. Significant unrecognized contract commitments

As of March 31, 2025, the amount that the Group has signed equipment purchase contracts and engineering project payments that have not yet resulted in capital expenditures is as follows:

	March 31, 2025
- Other related parties	
Grinnodot	\$ 86,174
Engod	56,607
	<u>\$ 142,781</u>

(4) Key management compensation

	Three months ended March 31,	
	2025	2024
Wages, salaries and other short-term employee benefits	\$ 26,304	\$ 28,762
Post-employment benefits	216	216
	<u>\$ 26,520</u>	<u>\$ 28,978</u>

8. PLEDGED ASSETS

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

Items	March 31, 2025	December 31, 2024	March 31, 2024	Purpose
Pledged assets (Note)				
- Pledged time deposits	\$ 32,450	\$ 3,200	\$ 225,393	Guarantee deposit for credit line on gasoline purchases, pledged to banks as collateral for acceptance bill and lease deposit
- Pledged savings account	119,132	155,327	405,069	Pledged to banks as collateral for short-term borrowings, commercial paper payable, acceptance bill and performance guarantee
	<u>\$ 151,582</u>	<u>\$ 158,527</u>	<u>\$ 630,462</u>	
Notes and accounts receivable, net				
- Notes receivable from installment sales	\$ 6,036,934	\$ 5,729,534	\$ 5,895,258	Pledged to banks as collateral for short-term borrowings and commercial paper payable
- Notes receivable from leases	38,668	41,617	41,481	"
- Lease payments receivable				Credit enhancement for asset-backed note borrowing, short-term bank loans, and secondary collateral for commercial paper payable.
	<u>11,866,492</u>	<u>14,312,519</u>	<u>5,993,382</u>	
	<u>\$ 17,942,094</u>	<u>\$ 20,083,670</u>	<u>\$ 11,930,121</u>	
Property, plant and equipment				Collateral for long-term borrowings
	<u>\$ 968,385</u>	<u>\$ 983,176</u>	<u>\$ 1,561,665</u>	

Note: Shown as 'Other current financial assets' and '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 March 31, 2025, 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 \$1,420,049 and \$691,810, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</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	<u>\$ 35,839</u>	<u>\$ 35,789</u>	<u>\$ 35,838</u>
Financial assets at amortized cost/ Loans and receivables			
Cash and cash equivalents	\$ 5,006,867	\$ 4,985,831	\$ 5,374,135
Notes receivable	15,128,957	14,662,449	11,992,625
Accounts receivable	243,301,767	245,016,363	237,397,389
Operating lease receivable	3,751	5,546	163,088
Finance lease receivable	30,063,052	32,130,469	29,389,952
Other receivables	82,558	85,171	77,630
Guarantee deposits paid	175,642	189,606	286,469
Other financial assets	151,582	158,527	630,462
Long-term notes and accounts receivable	11,501,646	12,035,072	13,235,184
Long-term finance lease receivable, net	<u>1,283,334</u>	<u>1,111,215</u>	<u>758,732</u>
	<u>\$ 306,699,156</u>	<u>\$ 310,380,249</u>	<u>\$ 299,305,666</u>
Hedging financial assets	<u>\$ 360,012</u>	<u>\$ 260,887</u>	<u>\$ 530,868</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term loans	\$ 120,336,852	\$ 120,843,955	\$ 107,348,970
Short-term notes and bills payable	118,855,263	119,849,017	125,263,553
Notes payable	1,142,690	1,224,979	1,622,201
Accounts payable (including related parties)	579,255	757,488	530,534
Other payables	5,565,592	3,492,067	5,474,386
Bonds payable	28,200,000	31,200,000	31,200,000
Long-term loans (including current portion)	2,690,733	1,705,130	1,850,543
Guarantee deposits received	4,655,298	4,875,171	4,681,017
Financial guarantee liabilities	23,305	24,664	28,213
	<u>\$ 282,048,988</u>	<u>\$ 283,972,471</u>	<u>\$ 277,999,417</u>
Lease liabilities	<u>\$ 409,136</u>	<u>\$ 409,494</u>	<u>\$ 472,486</u>
Hedging financial liabilities	<u>\$ 230,965</u>	<u>\$ 855,551</u>	<u>\$ 1,459,441</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 foreign 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 foreign 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 (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2025 and 2024, amounted to (\$4) and \$4, respectively.

Cash flow and fair value Interest rate risk

- i. The Group main interest rate risk arises 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. If the borrowing interest rate had increased / 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 three months ended March 31, 2025 and 2024 would have increased/decreased by \$726,805 and \$685,308, 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 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., He Jun Energy Co., Ltd., and Hoyun (Shanghai) Vehicle Leasing 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 March 31, 2025, December 31, 2024 and March 31, 2024, the outstanding amount of the customers' mortgaged loans with the banks were \$1,827,047, \$2,010,675 and \$2,490,633, respectively; and the amount of notes receivable received by the Group from the customers were \$15,550, \$19,227 and \$25,972, 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, the default occurs when the contract payments are past due over 61 days.
- vi. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 31 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- 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;
 - (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 receivable and notes payable, the credit rating levels are as follows:

	12 months	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
March 31, 2025					
Neither past due nor impaired	\$302,307,625	\$ -	\$ -	\$ 78,891	\$ 302,386,516
Past due or case assessment	-	1,454,201	3,343,979	-	4,798,180
	<u>\$302,307,625</u>	<u>\$ 1,454,201</u>	<u>\$ 3,343,979</u>	<u>\$ 78,891</u>	<u>\$ 307,184,696</u>
December 31, 2024					
Neither past due nor impaired	\$305,806,564	\$ -	\$ -	\$ 74,665	\$ 305,881,229
Past due or case assessment	-	1,535,826	3,294,028	-	4,829,854
	<u>\$305,806,564</u>	<u>\$ 1,535,826</u>	<u>\$ 3,294,028</u>	<u>\$ 74,665</u>	<u>\$ 310,711,083</u>
March 31, 2024					
Neither past due nor impaired	\$293,907,238	\$ -	\$ -	\$ 237,199	\$ 294,144,437
Past due or case assessment	-	1,455,754	2,922,983	-	4,378,737
	<u>\$293,907,238</u>	<u>\$ 1,455,754</u>	<u>\$ 2,922,983</u>	<u>\$ 237,199</u>	<u>\$ 298,523,174</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 March 31, 2025 and 2024, the movements of the loss allowance are as follows:

	Three months ended March 31, 2025			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	\$ 3,411,606	\$ 599,045	\$ 1,739,318	\$ 5,749,969
Transfer and measurement stages (	33,072)	(198,072)	231,144	-
Provision for impairment	96,206	104,464	1,573,077	1,773,747
Write-offs	-	-	(1,638,994)	(1,638,994)
Effect of foreign exchange	6,797	1,621	9,049	17,467
At March 31	<u>\$ 3,481,537</u>	<u>\$ 507,058</u>	<u>\$ 1,913,594</u>	<u>\$ 5,902,189</u>

	Three months ended March 31, 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 (	35,970)	(223,966)	259,936	-
Provision for impairment	75,664	214,047	1,175,180	1,464,891
Write-offs	-	-	(1,309,533)	(1,309,533)
Effect of foreign exchange	17,433	1,567	7,936	26,936
At March 31	<u>\$ 3,430,799</u>	<u>\$ 511,817</u>	<u>\$ 1,643,588</u>	<u>\$ 5,586,204</u>

For the three months ended March 31, 2025 and 2024, gains on reversal of bad debts amounted to \$398,436 and \$288,516, 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		
March 31, 2025	<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	\$ 104,516,286	\$ 5,212,102	\$ 12,308,652	
Short-term notes and bills payable	97,278,749	18,363,423	4,578,072	
Notes payable	1,142,690	-	-	
Accounts payable (including related parties)	579,255	-	-	
Other payables	5,566,941	-	-	
Bonds payable	19,153,990	5,265,698	4,059,671	
Lease liabilities	88,561	54,944	316,746	
Long-term loans	265,232	389,970	2,266,501	
<u>Derivative financial liabilities:</u>				
Cross-currency swap	\$ 90,225	\$ 66,570	\$ 74,170	
		Between		
December 31, 2024	<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	\$ 97,294,033	\$ 12,467,621	\$ 12,911,412	
Short-term notes and bills payable	93,307,936	10,034,447	18,029,325	
Notes payable	1,224,979	-	-	
Accounts payable (including related parties)	757,488	-	-	
Other payables	3,500,553	-	-	
Bonds payable	22,211,262	5,272,824	4,074,466	
Lease liabilities	98,080	59,867	303,738	
Long-term loans	266,695	356,764	1,211,142	
<u>Derivative financial liabilities:</u>				
Cross-currency swap	\$ 468,646	\$ 107,010	\$ 279,895	

March 31, 2024		Between	
	Within 1 year	1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 84,350,798	\$ 21,457,334	\$ 2,402,021
Short-term notes and bills payable	88,810,510	18,490,248	19,852,508
Notes payable	1,622,201	-	-
Accounts payable (including related parties)	530,534	-	-
Other payables	5,474,399	-	-
Bonds payable	3,337,994	19,153,990	9,325,370
Lease liabilities	143,329	107,425	247,993
Long-term loans	433,897	134,376	1,332,016
<u>Derivative financial liabilities:</u>			
Cross-currency swap	\$ 1,278,171	\$ 83,479	\$ 97,791

(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 at March 31, 2025, December 31, 2024 and March 31, 2024 is as follows:

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

March 31, 2025	<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	\$ -	\$ 360,012	\$ -	\$ 360,012
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	35,839	35,839
Total	<u>\$ -</u>	<u>\$ 360,012</u>	<u>\$ 35,839</u>	<u>\$ 395,851</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$ 230,965</u>	<u>\$ -</u>	<u>\$ 230,965</u>
December 31, 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	\$ -	\$ 260,887	\$ -	\$ 260,887
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	35,789	35,789
Total	<u>\$ -</u>	<u>\$ 260,887</u>	<u>\$ 35,789</u>	<u>\$ 296,676</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$ 855,551</u>	<u>\$ -</u>	<u>\$ 855,551</u>
March 31, 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	\$ -	\$ 530,868	\$ -	\$ 530,868
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	35,838	35,838
Total	<u>\$ -</u>	<u>\$ 530,868</u>	<u>\$ 35,838</u>	<u>\$ 566,706</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	<u>\$ -</u>	<u>\$1,459,441</u>	<u>\$ -</u>	<u>\$1,459,441</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 three months ended March 31, 2025 and 2024, 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 March 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative					
- equity instrument:					
Unlisted shares	\$ 35,839	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, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative						
- equity instrument:						
Unlisted shares	\$	35,789	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 March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative						
- equity instrument:						
Unlisted shares	\$	35,838	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:

March 31, 2025	Book value	Within 12 months	Over 12 months
<u>Assets</u>			
Cash and cash equivalents	\$ 5,006,867	\$ 5,006,867	\$ -
Hedging financial assets - current	360,012	351,897	8,115
Accounts and notes receivable, net	258,430,724	92,693,955	165,736,769
Operating lease receivable, net	3,751	3,751	-
Finance lease receivable, net	30,063,052	20,679,044	9,384,008
Other receivables	82,558	82,558	-
Inventories	5,402	5,402	-
Prepayments	5,056,069	4,186,942	869,127
Other current financial assets	150,982	150,982	-
<u>Liabilities</u>			
Short-term loans	\$ 120,336,852	\$ 103,379,754	\$ 16,957,098
Short-term notes and bills payable	118,855,263	96,379,498	22,475,765
Hedging financial liabilities-current	230,965	90,225	140,740
Notes payable	1,142,690	1,142,690	-
Accounts payable (including related parties)	579,255	579,255	-
Other payables	5,565,592	5,565,592	-
Current income tax liabilities	978,710	978,710	-
Lease liabilities-current	81,125	81,125	-
Bonds payable	28,200,000	19,000,000	9,200,000
Financial guarantee liabilities-current	23,305	23,305	-
Guarantee deposits received-current	4,241,327	2,069,406	2,171,921
Other current liabilities, others	79,084	79,084	-

December 31, 2024	Book value	Within 12 months	Over 12 months
Assets			
Cash and cash equivalents	\$ 4,985,831	\$ 4,985,831	\$ -
Hedging financial assets - current	260,887	237,073	23,814
Accounts and notes receivable, net	259,678,812	91,391,884	168,286,928
Operating lease receivable, net	5,546	5,546	-
Finance lease receivable, net	32,130,469	21,718,127	10,412,342
Other receivables	85,171	85,171	-
Inventories	3,036	3,036	-
Prepayments	5,527,649	4,451,078	1,076,571
Other current financial assets	157,927	157,927	-
Liabilities			
Short-term loans	\$ 120,843,955	\$ 95,992,880	\$ 24,851,075
Short-term notes and bills payable	119,849,017	92,379,006	27,470,011
Hedging financial liabilities-current	855,551	468,646	386,905
Notes payable	1,224,979	1,224,979	-
Accounts payable (including related parties)	757,488	757,488	-
Other payables	3,492,067	3,492,067	-
Current income tax liabilities	655,273	655,273	-
Lease liabilities-current	88,065	88,065	-
Bonds payable	31,200,000	22,000,000	9,200,000
Financial guarantee liabilities-current	24,664	24,664	-
Guarantee deposits received-current	4,426,509	2,020,754	2,405,755
Other current liabilities, others	64,761	64,761	-
March 31, 2024	Book value	Within 12 months	Over 12 months
Assets			
Cash and cash equivalents	\$ 5,374,135	\$ 5,374,135	\$ -
Hedging financial assets - current	530,868	530,868	-
Accounts and notes receivable, net	249,390,014	82,642,897	166,747,117
Operating lease receivable, net	163,088	163,088	-
Finance lease receivable, net	29,389,952	20,204,506	9,185,446
Other receivables	77,630	77,630	-
Inventories	5,259	5,259	-
Prepayments	5,864,750	4,364,802	1,499,948
Other current financial assets	583,565	583,565	-
Liabilities			
Short-term loans	\$ 107,348,970	\$ 83,684,936	\$ 23,664,034
Short-term notes and bills payable	125,263,553	87,851,876	37,411,677
Hedging financial liabilities-current	1,459,441	1,278,171	181,270
Notes payable	1,622,201	1,622,201	-
Accounts payable (including related parties)	530,534	530,534	-
Other payables	5,474,386	5,474,386	-
Current income tax liabilities	1,199,868	1,199,868	-
Lease liabilities-current	141,675	141,675	-
Bonds payable	31,200,000	3,000,000	28,200,000
Financial guarantee liabilities-current	28,213	28,213	-
Guarantee deposits received-current	4,407,506	1,952,204	2,455,302
Other current liabilities, others	51,678	51,678	-

13. SUPPLEMENTARY DISCLOSURES

The information of significant transactions for the three months ended March 31, 2025, 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 significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting period: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees companies in the Mainland Area) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- 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.

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 a 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 material accounting policies summarized in Note 4.

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	Three months ended March 31, 2025			
	Taiwan	Mainland China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	\$ 4,805,978	\$ 41,071	\$ -	\$ 4,847,049
Revenue from rental business	18,686	1,113,572	-	1,132,258
Revenue from other business	106,427	-	-	106,427
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 4,931,091</u>	<u>\$ 1,154,643</u>	<u>\$ -</u>	<u>\$ 6,085,734</u>
Segment income	<u>\$ 965,349</u>	<u>\$ 114,850</u>	<u>(\$ 43,265)</u>	<u>\$ 1,036,934</u>
Segment assets	<u>\$ 286,837,391</u>	<u>\$ 40,968,988</u>	<u>(\$ 3,291,740)</u>	<u>\$ 324,514,639</u>

Items	Three months ended March 31, 2024			
	Taiwan	Mainland China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	\$ 5,313,368	\$ 32,884	\$ -	\$ 5,346,252
Revenue from rental business	1,218,437	1,145,063	-	2,363,500
Revenue from other business	73,959	-	-	73,959
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 6,605,764</u>	<u>\$ 1,177,947</u>	<u>\$ -</u>	<u>\$ 7,783,711</u>
Segment income	<u>\$ 1,127,008</u>	<u>\$ 230,843</u>	<u>(\$ 87,230)</u>	<u>\$ 1,270,621</u>
Segment assets	<u>\$ 283,955,018</u>	<u>\$ 39,712,845</u>	<u>(\$ 2,991,931)</u>	<u>\$ 320,675,932</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
Three months ended March 31, 2025

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 three months ended	Balance at March 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote					
					March 31, 2025								March 31, 2025	March 31, 2025				March 31, 2025	March 31, 2025	March 31, 2025	March 31, 2025	March 31, 2025
					Item								Value									
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	\$ 914,638	\$ 914,638	\$ -	3.55%	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 6,517,054	\$ 13,034,108	Note 1					
1	Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd	Other receivables	Y	457,319	457,319	-	3.55%	Short-term financing	-	Operational needs	-	None	-	6,517,054	13,034,108	Note 1					
2	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	30,000	30,000	15,000	2.48%	Short-term financing	-	Operational needs	-	None	-	271,558	543,116	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	-	271,558	543,116	Note 2					
2	He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Other receivables	Y	13,000	13,000	-	1.85%	Short-term financing	-	Operational needs	-	None	-	271,558	543,116	Note 2					
3	He Jing Co., Ltd.	D	Accounts receivable	N	70,000	70,000	59,183	6~10%	Short-term financing	-	Operational needs	817	Real estate	49,500	317,033	1,268,130	Note 3					
3	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	-	-	5~10%	Short-term financing	-	Operational needs	-	None	-	317,033	1,268,130	Note 3					
3	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	30,000	-	5~10%	Short-term financing	-	Operational needs	-	Stock	24,180	317,033	1,268,130	Note 3					
3	He Jing Co., Ltd.	G	Accounts receivable	N	300,000	300,000	-	5~10%	Short-term financing	-	Operational needs	-	Stock	421,800	317,033	1,268,130	Note 3					
3	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	300,000	251,006	5~10%	Short-term financing	-	Operational needs	3,464	Stock	421,800	317,033	1,268,130	Note 3					
4	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	70,000	63,768	6~10%	Short-term financing	-	Operational needs	446	Real estate	99,160	592,950	1,185,900	Note 4					
4	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	15,000	-	4~11%	Short-term financing	-	Operational needs	-	Guarantee	3,000	592,950	1,185,900	Note 4					
4	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	48,237	47,650	47,650	5~10%	Short-term financing	-	Operational needs	334	Golf license	42,600	592,950	1,185,900	Note 4					

Hotai Finance Co., Ltd.
Loans to others
Three months ended March 31, 2025

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 three months ended	Balance at	Actual amount	Interest	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
					March 31, 2025	March 31, 2025	drawn down	rate					Item	Value			
4	Hotai Finance Development Co., Ltd.	F	Accounts receivable	N	250,000	237,607	237,607	5~10%	Short-term financing	-	Operational needs	1,663	Real estate	297,000	592,950	1,185,900	Note 4
4	Hotai Finance Development Co., Ltd.	L	Accounts receivable	N	119,976	119,896	119,896	5~10%	Short-term financing	-	Operational needs	839	Stock	186,300	592,950	1,185,900	Note 4
4	Hotai Finance Development Co., Ltd.	H	Accounts receivable	N	60,000	60,000	-	5~10%	Short-term financing	-	Operational needs	-	Real estate	74,000	592,950	1,185,900	Note 4
4	Hotai Finance Development Co., Ltd.	I	Accounts receivable	N	26,000	19,680	19,680	5~10%	Short-term financing	-	Operational needs	138	Real estate	21,000	592,950	1,185,900	Note 4
4	Hotai Finance Development Co., Ltd.	J	Accounts receivable	N	55,000	55,000	-	5~10%	Short-term financing	-	Operational needs	-	Stock	69,857	592,950	1,185,900	Note 4
4	Hotai Finance Development Co., Ltd.	K	Accounts receivable	N	50,000	45,968	45,968	5~10%	Short-term financing	-	Operational needs	322	Stock	69,825	592,950	1,185,900	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
Three months ended March 31, 2025

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 March 31, 2025	Outstanding endorsement/ guarantee amount at March 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Subsidiary	\$ 35,804,351	\$ 15,370,000	\$ 15,370,000	\$ 4,870,000	\$ -	42.93%	\$ 35,804,351	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Subsidiary	35,804,351	3,000,000	3,000,000	791,478	-	8.38%	35,804,351	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Subsidiary of a subsidiary	35,804,351	1,338,151	1,338,151	460,829	-	3.74%	35,804,351	Y	N	Y	Note 2
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Subsidiary	3,128,186	137,196	137,196	68,598	-	0.38%	3,258,527	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.

Note 3: Ceiling on total endorsements is 50% of the total shareholders' equity (Hoyun International Leasing Co., Ltd.). Limit on endorsement/guarantee to a single party is 48% of the total shareholders' equity.

Hotai Finance Co., Ltd.

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

March 31, 2025

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 March 31, 2025				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	-	\$ 5,055	0.50%	\$ 5,055	
Hotai Finance Co., Ltd.	Ho Chuang Insurance Agency Co., Ltd.	-	Investments in equity instruments designated at fair value through other comprehensive income -non-current	-	72	0.50%	72	
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	30,712	8.00%	30,712	

Hotai Finance Co., Ltd.
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Management fee and other income	\$ 25,200	Transaction by contracts	0.41%
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Other receivables	25,200	Transaction by contracts	0.01%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Management fee and other income	17,353	Transaction by contracts	0.29%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Other receivables	9,982	Transaction by contracts	0.00%
1	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	3	Other receivables	15,000	Note 5	0.00%

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
Three months ended March 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2025						
Investor	Investee	Location	Main business activities			Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income (loss)	Footnote	
				Balance as at March 31, 2025	Balance as at December 31, 2024				of the investee for the three months ended March 31, 2025	recognised by the Company for the three months ended March 31, 2025		
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	\$ 1,341,482	\$ 1,341,482	40,400,000	50.50	\$ 3,291,740	\$ 85,672	\$ 43,265	Subsidiary	
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	2,567,964	21,715	17,589	Subsidiary	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	2,240,000	2,240,000	224,000,000	80.00	2,168,115 (	5,110) (	4,088)	Subsidiary
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	72,482 (	1,618) (	443)	Associate
Hotai Finance Co., Ltd.	HFC (Cambodia) Microfinance PLC.	Cambodia	Leasing of car	564,485	564,485	5,600,000	35.00	564,309	5,362	1,878	Associate	
Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Taiwan	Installment sales of various equipments	3,000,000	3,000,000	300,000,000	100.00	2,974,082	9,332	9,332	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	11,956 (	2,016)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co., Ltd.	Taiwan	Solar energy business	154,980	154,980	15,498,000	35.00	133,875 (	4,429)	-	Associate
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar energy business	32,781	32,781	3,200,000	96.97	32,807 (	147)	-	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	21,410 (	114)	-	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	24,158 (	414)	-	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	398,361 (	13,399)	-	Associate
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	36,000	36,000	3,600,000	30.00	21,990 (	6,951)	-	Associate
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar energy business	42,227	42,227	4,000,000	100.00	40,571 (	177)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity retailing business	10,000	1,000	1,000,000	100.00	9,580 (	68)	-	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	93,712	22	-	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	162,621	1,055	-	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	456,267	5,979	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Pacific One Energy Ltd.	Taiwan	Solar energy business	162,216	162,216	94,011	100.00	164,593	2,145	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Taiwan	Solar energy business	81,202	81,202	4,000,000	100.00	80,047	540	-	Subsidiary of a subsidiary	
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar energy business	78,400	78,400	7,840,000	70.00	78,060 (	689)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Grinnodot Inc.	Taiwan	Solar energy business	149,092	149,092	3,046,679	20.00	148,183	840	-	Associate	
He Jun Energy Co., Ltd.	Kai Lan Power Co., Ltd.	Taiwan	Energy storage business	360,000	360,000	36,000,000	40.00	360,300 (	935)	-	Associate
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Taiwan	Solar energy business	27,037	27,037	2,000,000	100.00	31,346	1,889	-	Subsidiary of a subsidiary	

Hotai Finance Co., Ltd.
Information on investments in Mainland China
Three months ended March 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	Net income of investee as of March 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2025	Book value of investments in Mainland China as of March 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2025	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
				China	Taiwan								
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	\$ 2,656,400	Note 1(2)	\$ 1,341,482	\$ -	\$ -	\$ 1,341,482	\$ 85,672	50.50	\$ 43,265	\$ 3,291,740	\$ 231,834	Note 2(1)
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	914,638	Note 1(3)	-	-	-	-	21,717	50.50	10,967	540,086	-	Note 2(3)
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	685,978	Note 1(3)	-	-	-	-	20,108	50.50	10,155	364,295	-	Note 2(3)
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of license plate	-	Note 1(3)	-	-	-	-	-	-	-	-	-	Note 3
Hangzhou Wangyou Technology Co., Ltd.	Leasing of license plate	-	Note 1(3)	-	-	-	-	-	-	-	-	-	Note 3
Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	228,659	Note 1(3)	-	-	-	-	2,306	50.50	1,165	116,213	-	Note 2(3)
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 1(3)	-	-	-	-	-	-	-	-	-	Note 4

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

- (1) Directly investment in Mainland China.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Others.

Note 2: The amount of investment income (loss) recognized for the three months ended March 31, 2025 is based on:

- (1) The financial statements were reviewed by R.O.C parent company's CPA.
- (2) The financial statements were reviewed by other independent auditors.
- (3) Others.

Note 3: Completed dissolution and liquidation in February 2025.

Note 4: The trust meets the definition of a structured entity. Please refer to Note 6(8).

Note 5: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Finance Co., Ltd.	\$ 1,341,482	\$ 1,342,849	\$ 24,125,781