

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024

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

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AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024
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INDEPENDENT AUDITORS' REPORT (TRANSLATED FROM CHINESE)

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

Opinion

We have audited the accompanying parent company only balance sheets of Hotai Finance Company Limited (the “Company”) as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2025 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 parent company only financial statements are as follows:

Evaluation of provision for impairment of accounts receivable

Description

Please refer to Note 4(8) to the parent company only financial statements for accounting policy on provision for impairment of accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions, and Note 6(3) for details of accounts receivable.

The Company's primary business is providing installment sales and leases of vehicles and lease services. In the supply chain of motor vehicles, the role of the Company is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

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

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

How our audit addressed the matter

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

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report system.
2. For those accounts past due over 31 days, the Company will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and the Company's policy. We understood and assessed the occurrence percentage of actual impairment compared to the overdue accounts receivable over the past years, and the forward-looking information, to evaluate the reasonableness of the provision for impairment policy. In addition, we sampled and examined the group category of expected credit losses report, and checked the consistency with system information.

3. Examined and evaluated samples of the categorized group report of the loss of expected credit and compared it with the system information.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$1,530,339 thousand and NT\$1,567,860 thousand, constituting 1.03% and 0.61% of the total assets as at December 31, 2025 and 2024, respectively, and the comprehensive income amounted to NT(\$6,139) thousand and NT\$17,800 thousand, constituting (0.18%) and 0.57% of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan

Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2026

The accompanying parent company only 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 parent company only 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 Taiwan 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 979,923	-	\$ 455,069	-
1139	Hedging financial assets-current	6(2)	146,193	-	67,899	-
1150	Notes receivable, net	6(3) and 8	4,823,861	2	6,496,156	3
1170	Accounts receivable, net	6(3) and 7	220,690,124	87	223,116,608	87
1196	Operating lease receivable, net		2,255	-	3,724	-
1197	Finance lease receivable, net	6(8)	27,985	-	48,498	-
1200	Other receivables	7	119,863	-	94,628	-
130X	Inventories		5,250	-	1,357	-
1410	Prepayments	6(4)	1,164,182	1	1,673,858	1
1476	Other current financial assets	8	1,113	-	600	-
11XX	Total current Assets		227,960,749	90	231,958,397	91
Non-current assets						
1517	Financial assets at fair value through other comprehensive income-non- current		5,262	-	4,753	-
1550	Investments accounted for using equity method	6(5)	12,455,795	5	11,517,413	5
1600	Property, plant and equipment, net	6(6)	1,219,600	1	1,135,106	-
1755	Right-of-use assets	6(7)	43,555	-	71,174	-
1760	Investment property, net	6(9)	479,282	-	481,481	-
1840	Deferred income tax assets	6(25)	344,803	-	401,145	-
1930	Long-term notes and accounts receivable	6(3)	9,538,735	4	9,320,759	4
1990	Other non-current assets, others	8	347,747	-	289,821	-
15XX	Total non-current assets		24,434,779	10	23,221,652	9
1XXX	Total assets		\$ 252,395,528	100	\$ 255,180,049	100

(Continued)

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Liabilities						
Current liabilities						
2100	Short-term loans	6(10)	\$ 66,274,160	27	\$ 74,441,946	29
2110	Short-term notes and bills payable	6(11)	126,365,015	50	108,161,794	43
2126	Hedging financial liabilities-current	6(2)	86,833	-	473,522	-
2170	Accounts payable		84,880	-	88,534	-
2180	Accounts payable - related parties	7	147,649	-	108,863	-
2200	Other payables	6(12) and 7	1,770,732	1	1,713,163	1
2230	Current income tax liabilities		607,010	-	475,463	-
2280	Lease liabilities-current	7	21,896	-	28,676	-
2320	Bonds payable	6(13)	17,800,000	7	31,200,000	12
2370	Financial guarantee liabilities-current		23,273	-	24,664	-
2399	Guarantee deposits received-current		277,531	-	654,484	-
21XX	Total current liabilities		213,458,979	85	217,371,109	85
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	426,966	-	405,666	-
2580	Lease liabilities-non-current	7	22,908	-	44,091	-
2645	Guarantee deposits received-non-current		580	-	2,690	-
25XX	Total non-current liabilities		450,454	-	452,447	-
2XXX	Total Liabilities		213,909,433	85	217,823,556	85
Equity						
Share capital		6(15)				
3110	Common stock		6,231,505	3	6,231,505	3
3120	Preference stock		1,000,000	-	1,000,000	-
Capital surplus		6(16)				
3200	Capital surplus		17,139,974	7	17,139,974	7
Retained earnings		6(17)				
3310	Legal reserve		3,120,400	1	2,814,851	1
3320	Special reserve		53,645	-	114,895	-
3350	Unappropriated retained earnings		10,936,093	4	10,108,913	4
Other equity interest						
3400	Other equity interest		4,478	-	(53,645)	-
3XXX	Total equity		38,486,095	15	37,356,493	15
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		\$ 252,395,528	100	\$ 255,180,049	100

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	Year ended December 31,			
			2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(19) and 7	\$ 16,826,112	100	\$ 18,970,990	100
5000	Operating costs	6(20)	(6,722,148)	(40)	(6,928,758)	(36)
5950	Gross profit		10,103,964	60	12,042,232	64
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		(2,120,628)	(12)	(3,296,801)	(17)
6200	General and administrative expenses		(1,322,097)	(8)	(1,403,590)	(8)
6450	Expected credit losses		(2,992,003)	(18)	(4,415,189)	(23)
6000	Total operating expenses		(6,434,728)	(38)	(9,115,580)	(48)
6900	Operating profit		3,669,236	22	2,926,652	16
	Non-operating income and expenses					
7100	Interest income	6(21)	6,992	-	9,581	-
7010	Other income	6(22)	168,878	1	277,150	1
7020	Other gains and losses		14,454	-	475,968	3
7050	Finance costs	6(7)	(670)	-	(754)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	263,092	1	265,412	1
7000	Total non-operating income and expenses		452,746	2	1,027,357	5
7900	Profit before income tax		4,121,982	24	3,954,009	21
7950	Income tax expense	6(25)	(746,052)	(4)	(898,518)	(5)
8200	Profit for the year		\$ 3,375,930	20	\$ 3,055,491	16
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		\$ 509	-	\$ 834	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		771	-	(561)	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		1,280	-	273	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(1,793)	-	117,149	-
8368	Gains (losses) on hedging instrument	6(2)	66,153	-	(26,915)	-
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		5,714	-	(34,640)	-
8399	Income tax related to components of other comprehensive (income) loss that will be reclassified to profit or loss	6(25)	(13,231)	-	5,383	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		56,843	-	60,977	-
8300	Other comprehensive income for the year		\$ 58,123	-	\$ 61,250	-
8500	Total comprehensive income for the year		\$ 3,434,053	20	\$ 3,116,741	16
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(26)	\$ 4.72		\$ 4.44	
9850	Diluted earnings per share	6(26)	\$ 4.71		\$ 4.44	

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Share capital			Retained earnings			Other equity interest			
								Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity
	Notes	Common stock	Preference stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Year ended December 31, 2024											
Balance at January 1, 2024		\$ 5,665,004	\$ 1,000,000	\$ 17,011,275	\$ 2,445,870	\$ 23,732	\$ 10,066,623	(\$ 127,732)	\$ 3,346	\$ 9,491	\$ 36,097,609
Profit for the year		-	-	-	-	-	3,055,491	-	-	-	3,055,491
Other comprehensive income (loss) for the year		-	-	-	-	-	-	117,149	273	(56,172)	61,250
Total comprehensive income (loss)		-	-	-	-	-	3,055,491	117,149	273	(56,172)	3,116,741
Appropriation and distribution of retained earnings											
Legal reserve	6(17)	-	-	-	368,981	-	(368,981)	-	-	-	-
Special reserve	6(17)	-	-	-	-	91,163	(91,163)	-	-	-	-
Dividend on preferred stock	6(17)	-	-	-	-	-	(287,055)	-	-	-	(287,055)
Cash dividend on common stock	6(17)	-	-	-	-	-	(1,699,501)	-	-	-	(1,699,501)
Stock dividend on common stock	6(15)	566,501	-	-	-	-	(566,501)	-	-	-	-
Reorganization	6(27)	-	-	128,636	-	-	-	-	-	-	128,636
Changes in ownership interests in subsidiaries		-	-	63	-	-	-	-	-	-	63
Balance at December 31, 2024		\$ 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
Year ended December 31, 2025											
Balance at January 1, 2025		\$ 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
Profit for the year		-	-	-	-	-	3,375,930	-	-	-	3,375,930
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(1,793)	1,280	58,636	58,123
Total comprehensive income (loss)		-	-	-	-	-	3,375,930	(\$ 1,793)	1,280	58,636	3,434,053
Appropriation and distribution of retained earnings											
Legal reserve	6(17)	-	-	-	305,549	-	(305,549)	-	-	-	-
Special reserve reversed	6(17)	-	-	-	-	(61,250)	61,250	-	-	-	-
Dividend on preferred stock	6(17)	-	-	-	-	-	(435,000)	-	-	-	(435,000)
Cash dividend on common stock	6(17)	-	-	-	-	-	(1,869,451)	-	-	-	(1,869,451)
Balance at December 31, 2025		\$ 6,231,505	\$ 1,000,000	\$ 17,139,974	\$ 3,120,400	\$ 53,645	\$ 10,936,093	(\$ 12,376)	\$ 4,899	\$ 11,955	\$ 38,486,095

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2025	2024
Cash Flows From Operating Activities			
Profit before tax		\$ 4,121,982	\$ 3,954,009
Adjustments to reconcile net profit to net cash from (used in) operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses and financial guarantee expenses		4,895,802	5,611,457
Gains on financial assets at fair value through profit or loss		-	(2,037)
Net losses (gains) on disposals of property, plant and equipment	6(22)	2	(220,796)
Depreciation	6(23)	82,185	112,281
Net gains on disposals of investment property	6(22)	-	(255,515)
Gains on disposals of investments	6(5)	(16,616)	-
Impairment loss (reversal gain) recognized on leased assets	6(6)	321	(4,494)
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	6(5)	(263,092)	(265,412)
Interest expense	6(7)(19)	4,036,896	3,922,330
Interest income	6(18)(20)	(15,359,112)	(17,365,190)
Dividend income		(600)	(454)
(Profit) losses from lease modification	6(7)	(39)	18
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		-	2,037
Notes and accounts receivable		(993,017)	(7,799,312)
Inventories		1,542	5,120
Prepayments		509,676	975,262
Other receivables		21,700	(61,913)
Net changes in liabilities relating to operating activities			
Notes payable		-	(6,542)
Accounts payable		(3,654)	26,833
Accounts payable – related parties		38,786	(114,651)
Other payables		12,606	69,985
Financial guarantee liabilities - current		(1,391)	(2,822)
Cash outflow generated from operations		(2,916,023)	(11,419,806)
Cash dividends received		600	454
Interest received		15,312,177	17,354,050
Interest paid		(4,065,312)	(3,899,355)
Income tax paid		(550,094)	(1,127,432)
Net cash flows from operating activities		<u>7,781,348</u>	<u>907,911</u>
Cash Flows From Investing Activities			
Acquisition of investments accounted for using equity method	6(5)	(653,982)	(4,440,000)
Acquisition of property, plant and equipment	6(6)	(142,822)	(66,625)
Proceeds from disposal of property, plant and equipment		-	321,883
Proceeds from disposal of investment property		-	372,501
(Increase) decrease in other financial assets		(513)	105,000
Increase in other non-current assets		(57,926)	(41,072)
Reorganization	6(27)	-	413,849
Net cash flows used in investing activities		<u>(855,243)</u>	<u>(3,334,464)</u>
Cash Flows From Financing Activities			
(Decrease) increase in short-term loans	6(28)	(8,566,616)	18,985,855
Increase (decrease) in short-term notes and bills payable	6(28)	18,276,600	(14,390,000)
Proceeds from issuance of bonds payable	6(28)	8,600,000	-
Repayments of bonds payable	6(28)	(22,000,000)	-
(Decrease) increase in guarantee deposits received	6(28)	(379,603)	10,072
Repayments of principal portion of lease liabilities	6(28)	(27,721)	(26,962)
Cash dividends paid	6(17)(28)	(2,304,451)	(1,986,556)
Net cash flows (used in) from financing activities		<u>(6,401,251)</u>	<u>2,592,409</u>
Increase in cash and cash equivalents		524,854	165,856
Cash and cash equivalents at beginning of year		455,069	289,213
Cash and cash equivalents at end of year		<u>\$ 979,923</u>	<u>\$ 455,069</u>

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

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

These financial statements were authorized for issuance by the Board of Directors on March 5, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2026 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

These financial statements of the Company have been prepared in accordance with the "Regulations

Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

- A. Except for the following items, the financial statements have been prepared under the historical cost convention:
 - (a) Hedging financial assets and liabilities.
 - (b) Financial assets and financial liabilities at fair value through profit or loss.
 - (c) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

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

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

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

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. However, for accounts receivable or operating lease receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

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

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) relating to the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Investments accounted for using equity method

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. When the Company loses control of a subsidiary, the Company 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 Company 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.

- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate or in 'capital surplus' in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50	years
Furniture and fixtures (office equipment)	5	years
Rental assets (machinery and equipment)	2 ~ 8	years
Leasehold improvements	3 ~ 10	years

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

- A. Leases are recognised 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised 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 Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 recognised 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.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

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

(17) Notes and accounts payable

- A. Accounts payable are liabilities for goods or services acquired from suppliers and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognized at fair value, less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortized to profit

or loss over the period of bond circulation using the effective interest method as an adjustment to the 'finance costs'.

(19) Derecognition of financial liabilities

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

(20) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. At initial recognition, the Company measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(21) Hedge activities

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

B. The Company designates the hedging relationship as follows:

Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

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

- i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ii. The cumulative change in fair value of the hedged item from inception of the hedge.

(b) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.

(c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or

liability.

- ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment.

D. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(24) Share capital

Ordinary shares are classified as equity. The classification of preferred shares is determined according to the special rights attached to the preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

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

(26) Revenue recognition

A. Sales of goods

Revenue from sales of goods comes from sales of operating assets held for rental to others. Sales are recognized when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Interest income

The Company accrues interest income from installment sales. No gross profit is recognized from transactions. The accounting treatment is to recognize future proceeds from loans receivable and not to recognize sales revenue and cost of sales when transactions occur. When the amount of installment payment exceeds the price of cash sale, the difference is recognized as unrealized interest income and listed as a deduction to installment notes and accounts receivable, which interest is recognized using interest method annually over the installment period.

C. Rental revenue

Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards of the leased asset. Otherwise a lease is classified as an operating lease. The lessor records the payments arising from the finance lease as 'lease receivables'.

The lessor allocates finance income in each accounting period to reflect a constant periodic rate of return during each period. Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term.

D. Service revenue

The Company has an agreement with the financial institutions in relation to providing referral services of car loans. The Company facilitates the promotion of car loans and provides services of account management while the financial institutions compensate the Company when they receive the repayments from clients. The compensation is recognized as revenue on an accrual basis monthly.

The debt is transferred from the loan owners to the Company once the borrowers default on loans. The Company pursues the defaulting borrowers for outstanding payments. Please refer Note 4(20) for the information of financial guarantee contracts.

(27) Reorganization

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of allowance for doubtful accounts

For the Company, the provision for allowance for impairment of notes and accounts receivable, operating lease receivable and finance lease receivable is provided by the probability of impairment depending on the length of overdue days and consider forward-looking factors such as the future economic conditions. The provision for allowance for impairment of notes and accounts receivable, operating lease receivable and finance lease receivable is recognized individually when the notes and accounts receivable, operating lease receivable and finance lease receivable becomes past due and deemed unrecoverable by assessing the customer's financial status or payment history. The valuation of provision is a reasonable prediction of the past events, current conditions, and the future economic conditions. Significant changes may occur when there are differences between actual results and estimation.

The carrying amount of notes and accounts receivable, operating lease receivable and finance lease receivable is \$235,082,960 as of December 31, 2025.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand	\$ 1,347	\$ 1,197
Checking accounts and demand deposits	978,576	453,872
	<u>\$ 979,923</u>	<u>\$ 455,069</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2025 and 2024, cash and cash equivalents pledged to others as collateral amounting to \$1,713 and \$1,200, respectively, were classified as other current financial assets and other non-current assets, others.

(2) Hedging financial assets and liabilities

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<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</u>				
<u>rate risk</u>				
Cross-currency swaps	\$ 29,128	(\$ 86,833)	\$ 67,899	(\$ 473,522)
Interest rate swaps	117,065	-	-	-
	<u>\$ 146,193</u>	<u>(\$ 86,833)</u>	<u>\$ 67,899</u>	<u>(\$ 473,522)</u>

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

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

December 31, 2025					Year ended December 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 rate	Average interest rate	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 swaps transactions	JPY	38,800,000	2024/2/20~ 2028/5/26	\$ 29,128	(\$ 71,799)	\$ -	0.20~0.21	1.98~2.44	\$ -
	USD	30,000	2024/3/28~ 2026/3/27	-	(15,034)	-	31.96	1.84	-
Interest rate swap transactions	TWD	22,250,000	2025/4/24~ 2027/6/28	117,065	-	-	-	1.44~1.48	-
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 rate	Average interest rate	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 swaps transactions	JPY	51,529,948	2023/5/2~ 2026/2/12	\$ -	(\$ 473,522)	\$ -	0.21~0.23	1.92~2.36	\$ -
	USD	102,000	2024/3/28~ 2026/3/27	67,899	-	-	31.96~32.50	1.84~1.93	-
December 31, 2025							Valuation on liabilities' carrying amount due to fair value hedges		
Hedged items							Liabilities carrying amount		
Cash flow hedges									
<u>Exchange rate risk and interest rate risk</u>									
Short-term loans							\$ 31,018,210	(\$ 19,050)	
							December 31, 2024		
							Valuation on liabilities' carrying amount due to fair value hedges		
Hedged items							Liabilities carrying amount		
Cash flow hedges									
<u>Exchange rate risk and interest rate risk</u>									
Short-term loans							\$ 14,539,547	(\$ 417,881)	

C. Cash flow hedges

	<u>Year ended December 31, 2025</u>
<u>Other equity - cash flow hedge reserve</u>	
At January 1	\$ 9,805
Add: Gain on hedge effectiveness-amount recognised in other comprehensive income	96,895
Less: Reclassified to profit or loss as the hedged item has affected profit and loss	(30,742)
Less: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	(13,231)
At December 31	<u>\$ 62,727</u>
	<u>Year ended December 31, 2024</u>
<u>Other equity - cash flow hedge reserve</u>	
At January 1	\$ 31,337
Less: Loss on hedge effectiveness-amount recognised in other comprehensive income	(49,405)
Add: Reclassified to profit or loss as the hedged item has affected profit and loss	22,490
Add: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	5,383
At December 31	<u>\$ 9,805</u>

To hedge exposed exchange rate risk and interest rate risk arising from short-term loans, the Company entered into interest rate swap and cross-currency swap agreements. 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 interest 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>December 31, 2025</u>	<u>December 31, 2024</u>
Installment notes receivable	\$ 4,830,925	\$ 6,519,335
Installment accounts receivable	261,523,163	267,610,435
Less: Unrealized interest revenue	(27,257,839)	(30,840,332)
	239,096,249	243,289,438
Less: Allowance for doubtful accounts	(4,043,529)	(4,355,915)
Notes and accounts receivable, net	<u>\$ 235,052,720</u>	<u>\$ 238,933,523</u>

A. As of December 31, 2025 and 2024, notes receivable pledged as collaterals for loans and commercial papers to banks amounted to \$2,904,439 and \$3,385,032, respectively. Please refer to Note 8.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 236,628,870	\$ 240,011,646
31 to 60 days	1,194,514	1,397,774
61 to 90 days	471,729	593,922
91 to 120 days	479,457	554,832
121 to 150 days	287,538	525,766
Over 151 days	34,141	205,498
	<u>\$ 239,096,249</u>	<u>\$ 243,289,438</u>

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

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not later than one year	\$ 92,117,706	\$ 93,156,447
Over 1 year	174,236,382	180,973,323
	<u>\$ 266,354,088</u>	<u>\$ 274,129,770</u>

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

(4) Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepaid commission	\$ 993,280	\$ 1,461,199
Prepayments	136,038	139,011
Others	34,864	73,648
	<u>\$ 1,164,182</u>	<u>\$ 1,673,858</u>

(5) Investments accounted for using equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Subsidiaries:</u>		
Hoyun International Limited	\$ 3,226,965	\$ 3,197,515
Hotai Finance Development Co., Ltd.	3,030,594	2,964,749
He Jing Co., Ltd.	2,659,833	2,550,375
He Jun Energy Co., Ltd.	2,235,905	2,172,462
HFC (Cambodia) Microfinance PLC. (Note)	1,228,187	-
<u>Associates:</u>		
HFC (Cambodia) Microfinance PLC. (Note)	-	559,387
Hotai Mobility Service Co., Ltd.	74,311	72,925
	<u>\$ 12,455,795</u>	<u>\$ 11,517,413</u>

Note: Ly Hour Leasing PLC was renamed as HFC (Cambodia) Microfinance PLC. in August 2024 as part of its strategic expansion.

- A. For the information of the Company's subsidiaries, please refer to Note 4(3) in the Company's consolidated financial statements as of and for the year ended December 31, 2025.
- B. The above investments do not have quoted market prices. The share of investment income (loss) recognized for investments accounted for using equity method amounting to \$263,092 and \$265,412 for the years ended December 31, 2025 and 2024, respectively, and were recognized based on financial statements audited by other independent auditors.
- C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:
As of December 31, 2025 and 2024, the carrying amount of the Company's individually immaterial associates amounted to \$74,311 and \$632,312, respectively.

	2025	2024
Comprehensive income for the year	\$ 1,386	\$ 5,437

- D. In October 2023, the Company acquired 35% of the shareholding of HFC (Cambodia) Microfinance PLC. amounting to US\$17,000 thousand in cash. In December 2025, it acquired an additional 31% of the shareholding of HFC (Cambodia) Microfinance PLC. amounting to US\$20,890 thousand in cash, increasing its ownership to 66% and resulting in HFC (Cambodia) Microfinance PLC becoming a subsidiary of the Company. This transaction resulted in the recognition of a gains on disposals of investments of \$16,616.
- E. In October 2024, the Company participated in a cash capital increase of He Jun Energy Co., Ltd. amounting to \$1,440,000 based on its 80% shareholding ratio. The shareholding ratio remained unchanged.
- F. In August 2024, the Company sold its entire equity interest in its subsidiary, Hoing Mobility Service Co., Ltd. The transaction was accounted for as a reorganization under common control. Please refer to Note 6(27).
- G. The Company invested \$1,000,000 in cash to establish Hotai Finance Development Co., Ltd. in January 2024 and acquired 100% shares of the investee. In May 2024, the Company participated in a cash capital increase of Hotai Finance Development Co., Ltd. amounting to \$2,000,000 based on its 100% shareholding ratio. The shareholding ratio remained unchanged.

(6) Property, plant and equipment

		2025					
		Furniture and fixtures (including office equipment)				Leasehold improvements	Total
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal		
At January 1							
Cost	\$ 844,248	\$ 184,167	\$ 33,272	\$ 231,862	\$ 265,134	\$ 39,821	\$ 1,333,370
Accumulated depreciation and impairment	-	(10,945)	(26,687)	(158,142)	(184,829)	(2,490)	(198,264)
	<u>\$ 844,248</u>	<u>\$ 173,222</u>	<u>\$ 6,585</u>	<u>\$ 73,720</u>	<u>\$ 80,305</u>	<u>\$ 37,331</u>	<u>\$ 1,135,106</u>
Opening net book amount as at January 1	\$ 844,248	\$ 173,222	\$ 6,585	\$ 73,720	\$ 80,305	\$ 37,331	\$ 1,135,106
Additions	32,805	45,557	4,405	49,860	54,265	10,195	142,822
Disposal	-	-	(2)	-	(2)	-	(2)
Reclassifications	-	-	-	(5,435)	(5,435)	-	(5,435)
Depreciation	-	(4,207)	(1,543)	(38,676)	(40,219)	(8,144)	(52,570)
Impairment loss	-	-	-	(321)	(321)	-	(321)
Closing net book amount as at December 31	<u>\$ 877,053</u>	<u>\$ 214,572</u>	<u>\$ 9,445</u>	<u>\$ 79,148</u>	<u>\$ 88,593</u>	<u>\$ 39,382</u>	<u>\$ 1,219,600</u>
At December 31							
Cost	\$ 877,053	\$ 229,724	\$ 37,177	\$ 149,420	\$ 186,597	\$ 50,016	\$ 1,343,390
Accumulated depreciation and impairment	-	(15,152)	(27,732)	(70,272)	(98,004)	(10,634)	(123,790)
	<u>\$ 877,053</u>	<u>\$ 214,572</u>	<u>\$ 9,445</u>	<u>\$ 79,148</u>	<u>\$ 88,593</u>	<u>\$ 39,382</u>	<u>\$ 1,219,600</u>

Note 1: Leased assets are assets for lease purposes. 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: No property, plant and equipment of the Company was pledged to others.

Note 3: The Company has no circumstances that require interest capitalization.

2024							
	Land	Buildings and structures	Furniture and fixtures (including office equipment)		Subtotal	Leasehold improvements	Total
			Owner-occupied	Lease (Note 1)			
At January 1							
Cost	\$ 1,061,463	\$ 240,620	\$ 27,479	\$ 301,752	\$ 329,231	\$ 15,578	\$ 1,646,892
Accumulated depreciation and impairment	-	(20,836)	(26,528)	(174,908)	(201,436)	(15,419)	(237,691)
	<u>\$ 1,061,463</u>	<u>\$ 219,784</u>	<u>\$ 951</u>	<u>\$ 126,844</u>	<u>\$ 127,795</u>	<u>\$ 159</u>	<u>\$ 1,409,201</u>
Opening net book amount as at January 1	\$ 1,061,463	\$ 219,784	\$ 951	\$ 126,844	\$ 127,795	\$ 159	\$ 1,409,201
Additions	-	-	6,370	21,387	27,757	38,868	66,625
Disposal	(91,625)	(9,462)	-	-	-	-	(101,087)
Reclassifications	(125,590)	(33,028)	-	(3,131)	(3,131)	-	(161,749)
Depreciation	-	(4,072)	(736)	(75,874)	(76,610)	(1,696)	(82,378)
Gain on reversal of impairment loss	-	-	-	4,494	4,494	-	4,494
Closing net book amount as at December 31	<u>\$ 844,248</u>	<u>\$ 173,222</u>	<u>\$ 6,585</u>	<u>\$ 73,720</u>	<u>\$ 80,305</u>	<u>\$ 37,331</u>	<u>\$ 1,135,106</u>
At December 31							
Cost	\$ 844,248	\$ 184,167	\$ 33,272	\$ 231,862	\$ 265,134	\$ 39,821	\$ 1,333,370
Accumulated depreciation and impairment	-	(10,945)	(26,687)	(158,142)	(184,829)	(2,490)	(198,264)
	<u>\$ 844,248</u>	<u>\$ 173,222</u>	<u>\$ 6,585</u>	<u>\$ 73,720</u>	<u>\$ 80,305</u>	<u>\$ 37,331</u>	<u>\$ 1,135,106</u>

Note 1: Leased assets are assets for lease purposes. 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: No property, plant and equipment of the Company was pledged to others.

Note 3: The Company has no circumstances that require interest capitalization.

(7) Lease transactions-lessee

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 43,555	\$ 71,174
Machinery and equipment	-	-
	<u>\$ 43,555</u>	<u>\$ 71,174</u>
	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 27,416	\$ 26,446
Machinery and equipment	-	1,096
	<u>\$ 27,416</u>	<u>\$ 27,542</u>

- C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$4,588 and \$44,640, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 670	\$ 754
Expense on short-term lease contracts	1,720	6,528
Profit (loss) from lease modification	39	(18)

- E. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$30,111 and \$34,244, respectively.

(8) Leasing arrangements-lessor

- A. The Company leases various assets including machinery and equipment 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 Company leases machinery and equipment 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:

	Years ended December 31,	
	2025	2024
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Finance income from the net investment in the finance lease	\$ <u>1,435</u>	\$ <u>2,864</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Next 1 year	\$ 15,792	\$ 20,863
Next 2 years	10,105	16,810
Next 3 years	3,635	10,486
Next 4 years	47	3,635
Next 5 years	-	47
	<u>\$ 29,579</u>	<u>\$ 51,841</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Undiscounted lease payments	\$ 29,579	\$ 51,841
Less: Unearned finance income	(1,209)	(2,747)
	28,370	49,094
Less: Discounted unguaranteed residual value	(385)	(596)
Net investment in the lease	<u>\$ 27,985</u>	<u>\$ 48,498</u>

As of December 31, 2025 and 2024, leasing notes receivable and lease receivable pledged as collaterals for loans and commercial papers to banks amounted to \$26,875 and \$41,617, respectively. Please refer to Note 8 for the related information.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ <u>28,370</u>	\$ <u>49,094</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 years ended December 31, 2025 and 2024, the Company recognized rent income in the amounts of \$62,037 and \$101,645, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Next 1 year	\$ 41,838	\$ 51,326
Next 2 years	26,164	29,265
Next 3 years	15,403	16,733
Next 4 years	10,785	6,864
Next 5 years	9,647	2,686
Beyond next 6 years	15,296	4,872
	<u>\$ 119,133</u>	<u>\$ 111,746</u>

(9) Investment property

	<u>2025</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 377,415	\$ 112,127	\$ 489,542
Accumulated depreciation	-	(8,061)	(8,061)
	<u>\$ 377,415</u>	<u>\$ 104,066</u>	<u>\$ 481,481</u>
At January 1	\$ 377,415	\$ 104,066	\$ 481,481
Depreciation charge	-	(2,199)	(2,199)
At December 31	<u>\$ 377,415</u>	<u>\$ 101,867</u>	<u>\$ 479,282</u>
At December 31			
Cost	\$ 377,415	\$ 112,127	\$ 489,542
Accumulated depreciation	-	(10,260)	(10,260)
	<u>\$ 377,415</u>	<u>\$ 101,867</u>	<u>\$ 479,282</u>

	2024		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 357,858	\$ 101,888	\$ 459,746
Accumulated depreciation	-	(17,536)	(17,536)
	<u>\$ 357,858</u>	<u>\$ 84,352</u>	<u>\$ 442,210</u>
At January 1	\$ 357,858	\$ 84,352	\$ 442,210
Depreciation charge	-	(2,361)	(2,361)
Disposal	(106,033)	(10,953)	(116,986)
Reclassifications	125,590	33,028	158,618
At December 31	<u>\$ 377,415</u>	<u>\$ 104,066</u>	<u>\$ 481,481</u>
At December 31			
Cost	\$ 377,415	\$ 112,127	\$ 489,542
Accumulated depreciation	-	(8,061)	(8,061)
	<u>\$ 377,415</u>	<u>\$ 104,066</u>	<u>\$ 481,481</u>

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

	Years ended December 31,	
	2025	2024
Rental income from investment property	<u>\$ 10,185</u>	<u>\$ 11,332</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 3,439</u>	<u>\$ 4,032</u>

B. The fair value of the investment property held by the Company as of December 31, 2025 and 2024 were \$502,674 and \$494,418, 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) Short-term loans

<u>Type of loans</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank loans		
Credit loans	\$ 19,706,160	\$ 42,534,166
Mid-term syndicated loans for working capital	46,568,000	29,407,780
Pledged loans	-	2,500,000
	<u>\$ 66,274,160</u>	<u>\$ 74,441,946</u>
Interest rates	<u>1.30%~4.19%</u>	<u>0.77%~5.11%</u>

As of December 31, 2025 and 2024, the descriptions of borrowings are as follows:

- A. The Company uses cross-currency swap agreement to control the exchange rate risk and interest rate risk. After the cross-currency swap, the rate range of short-term loans were 1.77%~2.44% and 1.80%~2.36% ,respectively.
- B. The Company has entered into a mid-term syndicated contract for a credit line of \$13,250,000 with 20 financial institutions including CTBC Bank Co., Ltd., in order to fulfill its working capital. The duration is 36 months. The loan can be drawn several times. Of the total loan, \$5,900,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$7,350,000 is revolving and the payment term is to repay the full drawn amount at the maturity date. As of December 31, 2025, it has not been drawn yet.
- C. The Company has entered into a mid-term syndicated contract for a credit line of JPY 35 billion with 13 financial institutions including Mizuho Bank, in order to fulfill its working capital. The duration is 36 months (from July 16, 2025 to May 26, 2028). 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 JPY 25 billion with 9 financial institutions including Mizuho Bank, 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.
- E. 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.
- F. The Company has entered into a mid-term syndicated contract for a credit line of \$14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfill its working capital. The duration is 36 months (from February 24, 2023 to February 24, 2026). The loan can be drawn several times. Of the total loan, \$6,025,000 is non-revolving and the payment term is to repay the full drawn amount at the maturity date. The remaining amount of \$7,975,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.
- G. The 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.

- H. 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.
- I. For the abovementioned syndicated loans and partial loans from other financial institutions during the contract periods, the Company is required to maintain specific current ratio, owner's capital ratio, net tangible assets ratio, interest coverage ratio and net value.

As of December 31, 2025, the Company met all the financial commitments stated in the contract.

(11) Short-term notes and bills payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commercial paper payable	\$ 126,570,000	\$ 108,293,400
Less: Unamortized discount	(204,985)	(131,606)
	<u>\$ 126,365,015</u>	<u>\$ 108,161,794</u>
Interest rates	<u>1.69%~2.19%</u>	<u>1.86%~2.24%</u>

(12) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Wages and salaries payable	\$ 546,749	\$ 552,362
Interest payable	338,294	293,331
Business tax payable	132,506	116,642
Employees' compensation payable	41,636	39,939
Service fee payable	36,661	15,159
Receipts under custody	35,603	35,252
Others	639,283	660,478
	<u>\$ 1,770,732</u>	<u>\$ 1,713,163</u>

(13) Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bonds payable	<u>\$ 17,800,000</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 5,600,000 second unsecured ordinary bonds in 2025, which was declared effective on September 26, 2025. The issuance comprises two bonds: Bond A bears a coupon rate of 1.93%, with interest payable annually and matures 3 years from the issue date (October 8, 2025 ~ October 8, 2028); Bond B bears a coupon rate of 1.97%, with interest payable annually and matures 5 years from the issue date (October 8, 2025 ~ October 8, 2030). Both bonds will be redeemed in cash at face value at the maturity date.
- B. The Company issued \$3,000,000, 1.83% first secured ordinary bonds in 2025, with interest

payable annually. The bonds mature 3 years from the issue date (July 21, 2025 ~ July 21, 2028) and will be redeemed in cash at face value at the maturity date.

- C. The Company issued \$5,000,000, 1.49% second secured ordinary bonds in 2023, with interest payable annually. 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. The bonds have been fully redeemed at maturity.
- D. The Company issued \$4,000,000, 1.50% first unsecured ordinary bonds in 2023, with interest payable annually. 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.
- E. The Company issued \$7,000,000, 1.50% second secured ordinary bonds in 2022, with interest payable annually. 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. The bonds have been fully redeemed at maturity.
- F. The Company issued \$3,000,000, 0.57% first secured ordinary bonds in 2022, with interest payable annually. 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. The bonds have been fully redeemed at maturity.
- G. The Company issued \$3,000,000, 0.56% second unsecured ordinary bonds in 2021, with interest payable annually. 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.
- H. The Company issued \$2,200,000, 0.55% first unsecured ordinary bonds in 2021, with interest payable annually. 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.
- I. The Company issued \$7,000,000, 0.70% first unsecured ordinary bonds in 2020, with interest payable annually. 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. The bonds have been fully redeemed at maturity.

(14) Pensions

Defined contribution pension plan

- A. Effective July 1, 2005, the Company 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 Company 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 pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$53,412 and \$59,299, respectively.

(15) Share capital

- A. As of December 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 723,150 thousand shares, with par value of NT\$10 per share, respectively. All proceeds from shares issued have been collected.
- B. 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.
- C. 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 Class A preference shares and shareholders' meeting regarding to rights and obligations of shareholders of Class A 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.
- D. On May 4, 2023, the Board of Directors resolved to increase the Company's capital amounting to \$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 capitalized 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.

(16) 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 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.

(17) 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 the Financial Supervisory Commission's letter Jin-Guan-Zheng-Fa-Zi No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On May 27, 2025 and May 29, 2024, the shareholders resolved that the stock and cash dividends for the distribution of earnings for the years of 2024 and 2023, respectively, was as follows:

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

F. On March 5, 2026, the Board of Directors resolved that the stock and cash dividends for the distribution of earnings of 2025 was as follows:

	<u>Year ended December 31, 2025</u>	
		Dividends per share
	<u>Amount</u>	<u>(in dollars)</u>
Legal reserve	\$ 337,593	
Special reserve	(29,913)	
Dividends on special shares A	210,000	\$ 4.20
Dividends on special shares B	225,000	\$ 4.50
Cash dividend on ordinary shares	1,869,451	\$ 3.00
Stock dividend on ordinary shares	186,945	\$ 0.30
	<u>\$ 2,799,076</u>	

For the above-mentioned proposal for distribution of the earnings of 2025, a resolution has not yet been adopted by the shareholders at the shareholders' meeting as of March 5, 2026.

(18) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	\$ 1,430,073	\$ 1,530,106
Other operating revenue		
Interest income	15,350,685	17,352,745
Revenue from operating leases	43,919	85,275
Revenue from finance leases	1,435	2,864
	<u>\$ 16,826,112</u>	<u>\$ 18,970,990</u>

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in

time:

	Years ended December 31,	
	2025	2024
Timing of revenue recognition		
At a point in time	\$ 1,309,311	\$ 1,372,880
Over time	120,762	157,226
	<u>\$ 1,430,073</u>	<u>\$ 1,530,106</u>

(19) Operating costs

	Years ended December 31,	
	2025	2024
Interest costs	\$ 4,036,226	\$ 3,921,576
Cost of sales	2,461,518	2,711,282
Service costs	175,403	216,761
Rental sales	49,001	79,139
	<u>\$ 6,722,148</u>	<u>\$ 6,928,758</u>

(20) Interest income

	Years ended December 31,	
	2025	2024
Interest from bank deposits	\$ 5,721	\$ 7,744
Interest from short-term notes	1,233	1,800
Others interest	38	37
	<u>\$ 6,992</u>	<u>\$ 9,581</u>

(21) Other income

	Years ended December 31,	
	2025	2024
Rental revenue	\$ 18,118	\$ 16,370
Other income - others	150,760	260,780
	<u>\$ 168,878</u>	<u>\$ 277,150</u>

(22) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains on disposals of investments	\$ 16,616	\$ -
Gains on disposals of investment property	-	255,515
(Losses) gains on disposals of property, plant and equipment	(2)	220,796
Gains on financial assets at fair value through profit or loss	-	2,037
Miscellaneous disbursements	(2,199)	(2,362)
Other gains and losses	39	(18)
	<u>\$ 14,454</u>	<u>\$ 475,968</u>

(23) Expenses by nature

	Years ended December 31,	
	2025	2024
Employee benefit expense	<u>\$ 1,655,135</u>	<u>\$ 1,817,426</u>
Depreciation charges on right-of-use assets	<u>\$ 27,416</u>	<u>\$ 27,542</u>
Depreciation charges on property, plant and equipment	<u>\$ 52,570</u>	<u>\$ 82,378</u>
Depreciation charges on investment property	<u>\$ 2,199</u>	<u>\$ 2,361</u>

(24) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 1,384,975	\$ 1,522,778
Labor and health insurance fees	101,513	111,277
Pension costs	53,412	59,299
Directors' remuneration	9,681	11,285
Other personnel expenses	105,554	112,787
	<u>\$ 1,655,135</u>	<u>\$ 1,817,426</u>

- A. According to the Articles of Incorporation of the Company, 1% of the annual profit shall be distributed as employees' remuneration. However, if the Company has an accumulated deficit, the Company must first set aside earnings to cover the deficit. Of the total amount appropriated for employees' remuneration, no less than 50% shall be distributed to non-managerial employees. The employees' remuneration may be distributed in the form of shares or in cash. Such distribution shall be approved by a resolution adopted by a majority vote of the directors present at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors. Such distribution shall then be reported to the shareholders' meeting.
- B. For the years ended December 31, 2025 and 2024, employees' remuneration were accrued at \$41,636 and \$39,939, 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 year ended December 31, 2025. The employees' remuneration resolved by the Board of Directors amounted to \$41,636 and the employees' remuneration will be distributed in the form of cash.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 913,672	\$ 906,762
Tax on undistributed surplus earnings	25,337	33,831
Prior year income tax over estimation	(257,368)	(53,741)
Total current tax	<u>681,641</u>	<u>886,852</u>
Deferred tax:		
Origination and reversal of temporary differences	64,411	11,666
Total deferred tax	<u>64,411</u>	<u>11,666</u>
Income tax expense	<u>\$ 746,052</u>	<u>\$ 898,518</u>

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

	Years ended December 31,	
	2025	2024
Cash flow hedges	<u>\$ 13,231</u>	<u>(\$ 5,383)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 824,397	\$ 790,802
Effect from items adjusted based on other regulations	153,686	127,626
Tax on undistributed surplus earnings	25,337	33,831
Prior year income tax under (over) estimation	(257,368)	(53,741)
Income tax expense	<u>\$ 746,052</u>	<u>\$ 898,518</u>

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

2025				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful accounts	\$ 389,527	(\$ 54,354)	\$ -	\$ 335,173
Unrealized provision of rental property losses	147	64	-	211
Difference in depreciation between financial and tax reporting purposes	7,341	(2,307)	-	5,034
Others	4,130	255	-	4,385
Subtotal	<u>\$ 401,145</u>	<u>(\$ 56,342)</u>	<u>\$ -</u>	<u>\$ 344,803</u>
- Deferred tax liabilities:				
Gains from overseas' investment	(\$ 403,215)	(\$ 8,069)	\$ -	(\$ 411,284)
Others	(2,451)	-	(13,231)	(15,682)
Subtotal	<u>(\$ 405,666)</u>	<u>(\$ 8,069)</u>	<u>(\$ 13,231)</u>	<u>(\$ 426,966)</u>
Total	<u>(\$ 4,521)</u>	<u>(\$ 64,411)</u>	<u>(\$ 13,231)</u>	<u>(\$ 82,163)</u>
2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful accounts	\$ 339,541	\$ 49,986	\$ -	\$ 389,527
Unrealized provision of rental property losses	1,046	(899)	-	147
Difference in depreciation between financial and tax reporting purposes	10,575	(3,234)	-	7,341
Others	3,994	136	-	4,130
Subtotal	<u>\$ 355,156</u>	<u>\$ 45,989</u>	<u>\$ -</u>	<u>\$ 401,145</u>
- Deferred tax liabilities:				
Gains from overseas' investment	(\$ 345,560)	(\$ 57,655)	\$ -	(\$ 403,215)
Others	(7,834)	-	5,383	(2,451)
Subtotal	<u>(\$ 353,394)</u>	<u>(\$ 57,655)</u>	<u>\$ 5,383</u>	<u>(\$ 405,666)</u>
Total	<u>\$ 1,762</u>	<u>(\$ 11,666)</u>	<u>\$ 5,383</u>	<u>(\$ 4,521)</u>

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

(26) Earnings per share

	Year ended December 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	\$ 3,375,930		
Less: Dividend on preferred stock	(435,000)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,940,930</u>	<u>623,150</u>	<u>\$ 4.72</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,940,930	623,150	
Assumed conversion of all dilutive potential ordinary shares	<u>-</u>	<u>783</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,940,930</u>	<u>623,933</u>	<u>\$ 4.71</u>
	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 3,055,491		
Less: Dividend on preferred stock	(287,055)		
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,768,436</u>	<u>623,150</u>	<u>\$ 4.44</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,768,436	623,150	
Assumed conversion of all dilutive potential ordinary shares	<u>-</u>	<u>604</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,768,436</u>	<u>623,754</u>	<u>\$ 4.44</u>

(27) Reorganization

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

	August, 2024
Consideration received	\$ 413,849
Less: Carrying amount of investments accounted for using equity method	(285,213)
Adjustment in capital surplus	<u>\$ 128,636</u>

(28) Changes in liabilities from financing activities

	Short-term loans	Short-term notes and bills payable	Bonds payable	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2025	\$ 74,441,946	\$ 108,161,794	\$ 31,200,000	\$ 657,174	\$ 72,767	\$ -	\$ 214,533,681
Changes in cash flow from financing activities	(8,566,616)	18,276,600	(13,400,000)	(379,063)	(27,721)	(2,304,451)	(6,401,251)
Others	398,830	(73,379)	-	-	(242)	2,304,451	2,629,660
At December 31, 2025	<u>\$ 66,274,160</u>	<u>\$ 126,365,015</u>	<u>\$ 17,800,000</u>	<u>\$ 278,111</u>	<u>\$ 44,804</u>	<u>\$ -</u>	<u>\$ 210,762,090</u>

	Short-term loans	Short-term notes and bills payable	Bonds payable	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2024	\$ 55,133,025	\$ 122,564,008	\$ 31,200,000	\$ 647,102	\$ 55,214	\$ -	\$ 209,599,349
Changes in cash flow from financing activities	18,985,855	(14,390,000)	-	10,072	(26,962)	(1,986,556)	2,592,409
Others	323,066	(12,214)	-	-	44,515	1,986,556	2,341,923
At December 31, 2024	<u>\$ 74,441,946</u>	<u>\$ 108,161,794</u>	<u>\$ 31,200,000</u>	<u>\$ 657,174</u>	<u>\$ 72,767</u>	<u>\$ -</u>	<u>\$ 214,533,681</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 Company
Hotai Motor Co., Ltd.	The ultimate parent
Hozan Investment Co., Ltd.	Parent
Hoyun International Leasing Co., Ltd. (Hoyun International)	Subsidiary
He Jing Co., Ltd. (He Jing)	Subsidiary
He Jun Energy Co., Ltd. (He Jun Energy)	Subsidiary
Hotai Finance Development Co., Ltd. (Hotai Finance Development)	Subsidiary
HFC (Cambodia) Microfinance PLC. (HFC MFI)	Subsidiary
Hejun Electricity Co., Ltd.	Subsidiary

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cheng Yo Technology Co., Ltd.	Subsidiary
Hon Yang Energy Co., Ltd.	Subsidiary
Chaoyang Energy Co., Ltd.	Subsidiary
Guang Yang Energy Co., Ltd.	Subsidiary
XianYao Energy Co., Ltd.	Subsidiary
Tung Ching Energy Co., Ltd.	Subsidiary
Tung Ching Green Energy Co., Ltd.	Subsidiary
Billion Sunpower Co., Ltd.	Subsidiary
Wei Tien Energy Storage Co., Ltd.	Subsidiary
Pacific One Energy Ltd.	Subsidiary
Ruei Yang Guang Dian Co., Ltd.	Subsidiary
Hoing Mobility Service Co., Ltd.	Other related parties (Note)
Hotai Leasing Co., Ltd. (Hotai Leasing)	Other related parties
Taipei Toyota Motor Co., Ltd.	Other related parties
Tau Miao Motor Co., Ltd. (Tau Miao)	Other related parties
Kuotu Motor Co., Ltd. (Kuotu)	Other related parties
Central Motor Co., Ltd.	Other related parties
Nan Du Motor Co., Ltd. (Nan Du)	Other related parties
Kau Du Automobile Co., Ltd. (Kau Du)	Other related parties
Toyota Material Handling Taiwan Ltd.	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
Ho An Insurance Agency Co., Ltd.	Other related parties
Hotai Insurance Co., Ltd.	Other related parties
Ho Tai Service & Marketing Co., Ltd.	Other related parties
Hotai Connected Co., Ltd. (Hotai Connected)	Other related parties
Ho Yu Investment Co., Ltd. (Ho Yu)	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
Ho Young Travel Agency Co., LTD.	Other related parties
Toyota Motor Asia (Singapore) Pte., Ltd.	Other related parties

Note: As of August, 2024, Hoing Mobility Service Co., Ltd. became a related party of the Company due to a reorganization. Please refer to Note 6(27).

(3) Significant related party transactions and balances

A. Revenue

(a) Compensation of installment sale price spread

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 206,805	\$ 156,415
- Other related parties	492,339	382,138
	<u>\$ 699,144</u>	<u>\$ 538,553</u>

The Company's compensation from specified vehicle promotion activities received from above related parties are amortized by installment.

(b) Other income

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 3	\$ -
- Subsidiary		
He Jing	57,227	112,568
Hoyun International	20,000	115,516
Others	10,908	8,946
- Other related parties	553	1,161
	<u>\$ 88,691</u>	<u>\$ 238,191</u>

B. Expenses

(a) Rental expense

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 15	\$ 39
- Subsidiary	1,067	940
- Other related parties		
Hotai Leasing	10,097	12,498
Others	133	362
	<u>\$ 11,312</u>	<u>\$ 13,839</u>

The Company entered into rental contracts based on normal conditions with related parties and pays rent monthly based on the contracts.

(b) Administrative service fee

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 2,902	\$ 11,352
- Subsidiary	93	-
	<u>\$ 2,995</u>	<u>\$ 11,352</u>

(c) Commission expense

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 3,007	\$ -
- Subsidiary	14,834	-
- Other related parties	301,176	282,460
	<u>\$ 319,017</u>	<u>\$ 282,460</u>

(d) Advertisement expense

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ -	\$ 3,000
- Other related parties		
Hotai Connected	7,393	12,343
	<u>\$ 7,393</u>	<u>\$ 15,343</u>

(e) Service fee

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 6	\$ 444
- Subsidiary		
He Jun Energy	16,000	-
	<u>\$ 16,006</u>	<u>\$ 444</u>

(f) Property secured transaction registration service fee

	Years ended December 31,	
	2025	2024
- Other related parties	\$ 47,810	\$ 46,479

(g) Vehicle auction service fee

	Years ended December 31,	
	2025	2024
- Other related parties		
Hotai Leasing	\$ 11,070	\$ 11,094

(h) Cost of rental sales

	Years ended December 31,	
	2025	2024
- Other related parties		
Hotai Insurance	\$ 9,124	\$ 8,281

(i) Others

	Years ended December 31,	
	2025	2024
- The ultimate parent	\$ 3,781	\$ 5,000
- Other related parties		
Kuotu	8,512,742	7,810,183
Tau Miao	4,268,525	3,837,825
Kau Du	4,203,228	4,280,167
Others	3,798,612	3,733,772
	<u>\$ 20,786,888</u>	<u>\$ 19,666,947</u>

As described in Note 4(26), 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 the transaction are all pledged as collateral. The credit terms to related parties were the same as those to third parties.

C. Receivables from (payables to) related parties

(a) Receivables from related parties:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
- The ultimate parent	\$ 37,695	\$ 20,275
- Subsidiary	104	28
- Other related parties	138,928	106,387
	<u>\$ 176,727</u>	<u>\$ 126,690</u>

(b) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
- Other related parties		
Kuotu	\$ 86,170	\$ 77,320
Kao Du	29,950	13,050
Nan Du	26,080	10,150
Others	5,449	8,343
	<u>\$ 147,649</u>	<u>\$ 108,863</u>

(c) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
- The ultimate parent	\$ 505	\$ 6,404
- Subsidiary	19,234	67
- Other related parties	6,110	7,062
	<u>\$ 25,849</u>	<u>\$ 13,533</u>

(d) Other receivables

		Years ended December 31,	
		2025	2024
- Subsidiary			
Hoyun International	\$	20,000	\$ -
He Jing		18,208	58,531
Others		3,205	1,000
- Other related parties		101	151
	\$	<u>41,514</u>	<u>\$ 59,682</u>

D. Endorsements and guarantees

		December 31, 2025	December 31, 2024
Subsidiary		NTD 18,200,000	NTD 8,370,000
		CNY 180,000	CNY 220,000
		USD 10,000	USD 10,000
		<u>USD 10,000</u>	<u>USD 10,000</u>

E. Property transactions

(a) Acquisition of financial assets

	Item recognised	Shares traded	Transaction target	Year ended December 31, 2024	
				Consideration	
- Subsidiary					
He Jun Energy	Investment accounted using the equity method	144,000,000	Shares	\$	1,440,000
Hotai Finance Development	Investment accounted using the equity method	200,000,000	Shares	\$	2,000,000

(b) Disposal of financial assets:

		Year ended			
		Shares	Transaction	December 31, 2024	
<u>Accounts</u>		<u>traded</u>	<u>target</u>	<u>Proceeds</u>	<u>Gain (loss)</u>
- Other related parties					
Hotai Leasing	Investment accounted using the equity method	33,401,800	Shares	\$ 413,849	\$ -

The transaction is a reorganization under common control, and therefore, no gain or loss is recognized. Please refer to Note 6(27).

(c) Disposal of property, plant and equipment

	Year ended December 31, 2024	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
- Other related parties		
Kau Du	\$ 327,302	\$ 220,796

(d) Disposal of investment property

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

F. Lease transactions-lessee

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

(b) Acquisition of right-of-use assets

	Years ended December 31,	
	<u>2025</u>	<u>2024</u>
- Other related parties		
Kau Du	\$ -	\$ 5,896

(c) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
- The ultimate parent	\$ 3,950	\$ 7,841
- Other related parties		
Ho Yu	8,405	11,655
Other	-	5,186
	<u>\$ 12,355</u>	<u>\$ 24,682</u>

(4) Key management compensation

	Years ended December 31,	
	<u>2025</u>	<u>2024</u>
Wages, salaries and others short-term employee benefits	\$ 67,879	\$ 77,147
Post-employment benefits	684	495
	<u>\$ 68,563</u>	<u>\$ 77,642</u>

8. PLEDGED ASSETS

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

Items	December 31, 2025	December 31, 2024	Purpose
Pledged assets (Note)			
- Pledged time deposits	\$ 1,713	\$ 1,200	Guarantee deposit for credit line on gasoline purchases
Notes and accounts receivable, net			
- Notes receivable from installment sales	\$ 2,904,439	\$ 3,385,032	Pledged to banks as collateral for short-term borrowings and commercial paper payable
- Notes receivable from leases	26,875	41,617	"
	\$ 2,931,314	\$ 3,426,649	

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

(2) As of December 31, 2025, the Company had entered into contracts for the purchase of the real estate but not yet acquired amounting to \$664,140.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(17) for the appropriation of 2025 earnings.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 5,262</u>	<u>\$ 4,753</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 979,923	\$ 455,069
Notes receivable	4,823,861	6,496,156
Accounts receivable	220,690,124	223,116,608
Operating lease receivable	2,255	3,724
Finance lease receivable	27,985	48,498
Other receivables	119,863	94,628
Guarantee deposits paid	70,647	70,501
Long-term notes and accounts receivable	9,538,735	9,320,759
Other financial assets	<u>1,713</u>	<u>1,200</u>
	<u>\$ 236,255,106</u>	<u>\$ 239,607,143</u>
Hedging financial assets	<u>\$ 146,193</u>	<u>\$ 67,899</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	\$ 66,274,160	\$ 74,441,946
Short-term notes and bills payable	126,365,015	108,161,794
Accounts payable (including related parties)	232,529	197,397
Other payables	1,770,732	1,713,163
Bonds payable	17,800,000	31,200,000
Guarantee deposits received	278,111	657,174
Financial guarantee liabilities	<u>23,273</u>	<u>24,664</u>
	<u>\$ 212,743,820</u>	<u>\$ 216,396,138</u>
Lease liabilities	<u>\$ 44,804</u>	<u>\$ 72,767</u>
Hedging financial liabilities	<u>\$ 86,833</u>	<u>\$ 473,522</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as interest rate swap and 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 dedicated department of companies with the Company under policies approved by the Board of Directors. Finance department identifies, evaluate and hedge financial risks in close cooperation with the Company'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. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury.
- ii. The Company entered into cross-currency swaps with financial institutions to hedge the exchange rate risk arising from loans, and are shown as financial assets and liabilities for hedging. Please refer to Note 6(2).
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). Considering the cross-currency swap transactions the Company is engaged in, the Company does not have any under material foreign exchange risk.

Cash flow and fair value Interest rate risk

- i. The interest rate risk of the Company is mainly from the floating rate loans with financial institutions, which exposes the Company to cash-flow interest rate risk.
- ii. The Company using the method of PVBP (Present Value of Basis Point) to evaluate the market risk of interest rate swap and 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 Company estimates there would be no material market risk.
- iii. If the borrowing interest rate had increased or decreased by 1% with all other variables held constant and considering the interest rate swap and cross-currency swap transactions the Company is engaged in, profit after tax ended December 31, 2025 and 2024 would have increased/decreased by \$343,400 and \$584,829, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. The Company has lower significant concentrations of agreements with single clients and the Company 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 Company's receivables have proper collaterals. Therefore, credit risk of receivables is low. The maximum loss to the Company is the total carrying amount of receivables.

- ii. The Company engages in interest rate swap and cross-currency swap transactions with the good credit standing financial institutions. Therefore, the Company expects the credit risk of the counterparties to be low.
- iii. The Company provides guarantee for bank financing to Hoyun (Shanghai) Commercial Factoring Co., Ltd., Hotai Finance Development Co., Ltd. and He Jun Energy Co., Ltd., the subsidiaries of the Company, in accordance with the "Procedures Governing Endorsements and Guarantees". Since the Company 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 Company is the total amount of loan guarantees.
- iv. The Company entered into contracts with banks to introduce customers to avail of car mortgage loan with the banks. According to the contract signed by the Company and the banks, if any customer car loans payment is delayed, the Company is required to reimburse the unpaid balance. Upon such payment, the Company takes over the remaining creditor rights on the delinquent loan. As of December 31, 2025 and 2024, the outstanding amount of the customers' mortgaged loans with the banks were \$1,779,600 and \$2,010,675, respectively; and the amount of notes receivable received by the Company from the customers were \$11,651 and \$19,227, respectively. The Company 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-current'.
- v. The Company considers the default occurs when the contract payments are past due over 61 days.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
The default occurs if the contract payments were past due over 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 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 Company classifies its accounts and notes receivable based on the default characteristics. The expected credit loss for these assets is then estimated separately based on the number of days past due or through case assessment.
- ix. 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	
December 31, 2025					
Neither past due nor impaired	\$ 236,657,240	\$ -	\$ -	\$ 2,255	\$ 236,659,495
Past due or case assessment	-	1,194,514	1,272,865	-	2,467,379
	<u>\$ 236,657,240</u>	<u>\$ 1,194,514</u>	<u>\$ 1,272,865</u>	<u>\$ 2,255</u>	<u>\$ 239,126,874</u>
	12 months	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
December 31, 2024					
Neither past due nor impaired	\$ 240,060,740	\$ -	\$ -	\$ 3,724	\$ 240,064,464
Past due or case assessment	-	1,218,385	2,059,407	-	3,277,792
	<u>\$ 240,060,740</u>	<u>\$ 1,218,385</u>	<u>\$ 2,059,407</u>	<u>\$ 3,724</u>	<u>\$ 243,342,256</u>

- x. The Company used historical expense and the forward-looking information, such as forecastability of future economic environment to assess the default possibility. As of December 31, 2025 and 2024, the movements of the loss allowance for accounts and notes receivable are as follows:

	Year ended December 31, 2025				
	12 months	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
At January 1	\$ 2,759,838	\$ 484,444	\$ 1,112,229	\$ -	\$ 4,356,511
Transfer and measurement stages	(56,135)	(7,088)	63,223	-	-
Provision for impairment	164,048	(92,058)	4,791,925	-	4,863,915
Write-offs	-	-	(5,176,512)	-	(5,176,512)
At December 31	<u>\$ 2,867,751</u>	<u>\$ 385,298</u>	<u>\$ 790,865</u>	<u>\$ -</u>	<u>\$ 4,043,914</u>

	Year ended December 31, 2024				
	12 months	Lifetime			Total
		Significant increase in credit risk	Impairment of credit	Simplified approach	
At January 1	\$ 2,565,178	\$ 426,573	\$ 1,087,334	\$ -	\$ 4,079,085
Transfer and measurement stages	(66,394)	12,499	53,895	-	-
Provision for impairment	261,054	45,372	5,279,402	-	5,585,828
Write-offs	-	-	(5,308,402)	-	(5,308,402)
At December 31	<u>\$ 2,759,838</u>	<u>\$ 484,444</u>	<u>\$ 1,112,229</u>	<u>\$ -</u>	<u>\$ 4,356,511</u>

For the years ended December 31, 2025 and 2024, gain on reversal of bad debts amounted to \$1,871,912 and \$1,170,639, respectively, and recognized as a deduction to expected credit impairment loss.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating segments and aggregated by the finance department of the Company. Finance department monitors rolling forecasts of the Company'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.
- ii. The table below analyses the Company'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.

<u>December 31, 2025</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 28,404,470	\$ 30,018,266	\$ 9,351,871
Short-term notes and bills payable	106,165,262	17,545,952	3,541,959
Accounts payable (including related parties)	232,529	-	-
Other payables	1,770,732	-	-
Lease liabilities	22,326	13,538	9,600
Bonds payable	5,436,084	223,260	12,756,298
<u>Derivative financial liabilities:</u>			
Cross-currency swap	56,146	-	30,687

<u>December 31, 2024</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 59,794,462	\$ 7,994,692	\$ 7,579,553
Short-term notes and bills payable	81,607,936	10,034,447	18,029,325
Accounts payable (including related parties)	197,397	-	-
Other payables	1,713,163	-	-
Lease liabilities	29,387	22,258	22,505
Bonds payable	22,211,262	5,272,824	4,074,466
<u>Derivative financial liabilities:</u>			
Cross-currency swap	468,646	4,876	-

iii. The table excludes financial guarantee contracts. Please refer to Note 12(2).

(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 Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company'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, short-term loans, notes payable, accounts payable, short-term notes and bills payable, other payables and bonds payable are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2025 and 2024 is as follows:

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Hedging financial assets	\$ -	\$ 146,193	\$ -	\$ 146,193
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	5,262	5,262
	<u>\$ -</u>	<u>\$ 146,193</u>	<u>\$ 5,262</u>	<u>\$ 151,455</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	\$ -	\$ 86,833	\$ -	\$ 86,833
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Hedging financial assets	\$ -	\$ 67,899	\$ -	\$ 67,899
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	4,753	4,753
	<u>\$ -</u>	<u>\$ 67,899</u>	<u>\$ 4,753</u>	<u>\$ 72,652</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Hedging financial liabilities	\$ -	\$ 473,522	\$ -	\$ 473,522

(b) The methods and assumptions the Company 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 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 Company 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 Company 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 Company's credit quality.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1, Level 2 and Level 3.

E. The finance 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:

		<u>Fair value at December 31, 2025</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	5,262	Net worth method	Net asset value		- The higher the net asset value, the higher the fair value
		<u>Fair value at December 31, 2024</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	4,753	Net worth method	Net asset value		- The higher the net asset value, the higher the fair value

- G. The valuation models and inputs adopted by the Company have been carefully assessed and are therefore considered a reasonable measure of fair value. However, the adoption of different valuation models or inputs could result in different valuation results. For financial assets classified as Level 3, a 1% increase or decrease in the valuation inputs would have no significant effect on other comprehensive income for the current period.

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

<u>December 31, 2025</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 979,923	\$ 979,923	\$ -
Hedging financial assets - current	146,193	-	146,193
Accounts and notes receivable, net	225,513,985	79,183,786	146,330,199
Operating lease receivable, net	2,255	2,255	-
Finance lease receivable, net	27,985	14,755	13,230
Other receivables	119,863	119,863	-
Inventories	5,250	5,250	-
Prepayments	1,164,182	563,872	600,310
Other current financial assets	1,113	800	313
<u>Liabilities</u>			
Short-term loans	\$ 66,274,160	\$ 27,531,160	\$ 38,743,000
Short-term notes and bills payable	126,365,015	105,481,805	20,883,210
Hedging financial liabilities - current	86,833	56,146	30,687
Accounts and notes payable (including related parties)	232,529	232,529	-
Other payables	1,770,732	1,770,732	-
Current income tax liabilities	607,010	607,010	-
Lease liabilities-current	21,896	21,896	-
Financial guarantee liabilities-current	23,273	23,273	-
Bonds payable	17,800,000	5,200,000	12,600,000
Guarantee deposits received-current	277,531	191,688	85,843

<u>December 31, 2024</u>	<u>Book value</u>	<u>Within 12 months</u>	<u>Over 12 months</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 455,069	\$ 455,069	\$ -
Hedging financial assets - current	67,899	44,085	23,814
Accounts and notes receivable, net	229,612,764	78,710,461	150,902,303
Operating lease receivable, net	3,724	3,724	-
Finance lease receivable, net	48,498	19,117	29,381
Other receivables	94,628	94,628	-
Inventories	1,357	1,357	-
Prepayments	1,673,858	828,043	845,815
Other current financial assets	600	600	-
<u>Liabilities</u>			
Short-term loans	\$ 74,441,946	\$ 59,136,006	\$ 15,305,940
Short-term notes and bills payable	108,161,794	80,961,783	27,470,011
Hedging financial liabilities - current	473,522	468,646	4,876
Accounts and notes payable (including related parties)	197,397	197,395	-
Other payables	1,713,163	1,713,163	-
Current income tax liabilities	475,463	475,463	-
Lease liabilities-current	28,676	28,676	-
Financial guarantee liabilities-current	24,664	24,664	-
Bonds payable	31,200,000	22,000,000	9,200,000
Guarantee deposits received-current	654,484	359,117	295,367

13. SUPPLEMENTARY DISCLOSURES

The information of significant transactions for the year ended December 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 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 periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investee 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

Not applicable.

Hotai Finance Co., Ltd.
Loans to others
Year ended December 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 year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	\$ 914,638	\$ 899,130	\$ -	3.55%	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 6,388,788	\$ 12,777,576	Note 1
1	Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd	Other receivables	Y	457,319	449,565	-	3.55%	Short-term financing	-	Operational needs	-	None	-	6,388,788	12,777,576	Note 1
2	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	80,000	50,000	50,000	2.48%	Short-term financing	-	Operational needs	-	None	-	279,392	558,784	Note 2
2	He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Other receivables	Y	10,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	279,392	558,784	Note 2
2	He Jun Energy Co., Ltd.	Ruei Yang Guang Dian Co., Ltd.	Other receivables	Y	13,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	279,392	558,784	Note 2
3	He Jing Co., Ltd.	D	Accounts receivable	N	70,000	62,358	62,358	6~10%	Short-term financing	-	Operational needs	861	Real estate	64,690	656,749	1,313,498	Note 3
3	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	656,749	1,313,498	Note 3
3	He Jing Co., Ltd.	F	Accounts receivable	N	30,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	656,749	1,313,498	Note 3
3	He Jing Co., Ltd.	G	Accounts receivable	N	300,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	656,749	1,313,498	Note 3
3	He Jing Co., Ltd.	H	Accounts receivable	N	300,000	256,886	256,886	4.5~10%	Short-term financing	-	Operational needs	3,545	Stock	368,400	656,749	1,313,498	Note 3
3	He Jing Co., Ltd.	I	Accounts receivable	N	100,000	100,000	-	6.5~10%	Short-term financing	-	Operational needs	-	Real estate	70,413	656,749	1,313,498	Note 3
4	Hotai Finance Development Co., Ltd.	A	Accounts receivable	N	70,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	B	Accounts receivable	N	15,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	D	Accounts receivable	N	95,857	47,343	47,343	5~10%	Short-term financing	-	Operational needs	379	Golf license	43,200	606,119	1,212,238	Note 4

Hotai Finance Co., Ltd.
Loans to others
Year ended December 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 year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					Item								Value				
4	Hotai Finance Development Co., Ltd.	F	Accounts receivable	N	250,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	L	Accounts receivable	N	150,000	149,992	149,992	5~10%	Short-term financing	-	Operational needs	1,200	Stock	370,400	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	H	Accounts receivable	N	90,000	87,719	87,719	5~10%	Short-term financing	-	Operational needs	702	Real estate	66,000	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	I	Accounts receivable	N	26,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	J	Accounts receivable	N	55,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	K	Accounts receivable	N	50,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	M	Accounts receivable	N	25,000	-	-	-%	Short-term financing	-	Operational needs	-	None	-	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	N	Accounts receivable	N	120,000	91,095	91,095	5~10%	Short-term financing	-	Operational needs	729	Real estate	100,000	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	O	Accounts receivable	N	300,000	256,886	256,886	4.5~10%	Short-term financing	-	Operational needs	2,055	Stock	368,400	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	G	Accounts receivable	N	60,000	59,395	59,395	5~10%	Short-term financing	-	Operational needs	475	Stock	77,280	606,119	1,212,238	Note 4
4	Hotai Finance Development Co., Ltd.	P	Accounts receivable	N	100,000	100,000	100,000	4.5~10%	Short-term financing	-	Operational needs	800	Stock	100,000	606,119	1,212,238	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 20% 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
Year ended December 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 December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Hotai Finance Co., Ltd.	Hotai Finance Development Co., Ltd.	Subsidiary	\$ 38,486,095	\$ 15,720,000	\$ 15,200,000	\$ 8,300,000	\$ -	39.49%	\$ 38,486,095	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Subsidiary	38,486,095	3,000,000	3,000,000	20,000	-	7.80%	38,486,095	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Subsidiary of a subsidiary	38,486,095	1,338,151	1,123,517	134,525	-	2.92%	38,486,095	Y	N	Y	Note 2
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Subsidiary	3,066,618	137,196	134,870	59,343	-	0.35%	3,194,394	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)
December 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 December 31, 2025				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Hotai Finance Development Co., Ltd.	Chaofu Real Estate Management Co., Ltd. Beneficial Right of the Real Estate Trust	None	Financial assets at amortised cost	-	\$ 246,220	-%	\$ 246,220	
Hotai Finance Development Co., Ltd.	Chaofu Real Estate Management Co., Ltd. Beneficial Right of the Real Estate Trust	None	Financial assets at amortised cost	-	193,898	-%	193,898	
Hotai Finance Development Co., Ltd.	Chaofu Real Estate Management Co., Ltd. Beneficial Right of the Real Estate Trust	None	Financial assets at amortised cost	-	242,969	-%	242,969	
He Jing Co., Ltd.	Chaofu Real Estate Management Co., Ltd. Beneficial Right of the Real Estate Trust	None	Financial assets at amortised cost	-	104,906	-%	104,906	
He Jun Energy Co., Ltd.	Grinnodot Inc.	None	Financial assets at fair value through other comprehensive income-non-current	2,675,131	134,024	17.56%	134,024	

Hotai Finance Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Management fee and other income	\$ 57,227	Transaction by contracts	0.24%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Other receivables	18,208	Transaction by contracts	0.01%
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Management fee and other income	20,000	Transaction by contracts	0.08%
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Other receivables	20,000	Transaction by contracts	0.01%
1	He Jing Co., Ltd.	Hotai Finance Co., Ltd.	2	Commission income	14,834	Transaction by contracts	0.06%
2	He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	3	Operating revenue	28,939	Transaction by contracts	0.12%
2	He Jun Energy Co., Ltd.	Hotai Finance Co., Ltd.	2	Other income	16,011	Transaction by contracts	0.07%
2	He Jun Energy Co., Ltd.	Hotai Finance Co., Ltd.	2	Other receivables	16,000	Transaction by contracts	0.00%
2	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	3	Other receivables	50,000	Note 5	0.02%

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
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	\$ 1,269,772	\$ 1,269,772	40,400,000	50.50	\$ 3,226,965	\$ 40,514	\$ 20,459	Subsidiary
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Taiwan	Installment sales of various vehicles	2,430,000	2,430,000	253,831,919	81.00	2,659,833	135,134	109,459	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	2,235,905	78,340	62,672	Subsidiary
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	74,311	5,057	1,386	Associate
Hotai Finance Co., Ltd.	HFC (Cambodia) Microfinance PLC.	Cambodia	Leasing of car	1,190,845	534,310	10,560,000	66.00	1,228,187	9,348	3,272	Subsidiary
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	3,030,595	65,845	65,845	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	5,350	(8,622)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co., Ltd.	Taiwan	Solar energy business	168,980	154,980	16,898,000	35.00	142,676	(19,283)	-	Associate
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar energy business	32,781	32,781	3,200,000	96.97	33,121	984	-	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	21,653	802	-	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	23,515	(964)	-	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	389,466	(76,031)	-	Associate
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	36,000	36,000	3,600,000	30.00	19,758	(14,513)	-	Associate
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar energy business	42,227	42,227	4,000,000	100.00	41,617	1,212	-	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	12,548	2,900	-	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	95,488	3,290	-	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	161,668	8,266	-	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	443,521	31,294	-	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	165,983	12,459	-	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	80,278	4,437	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Jun Te Energy Co., Ltd.	Taiwan	Solar energy business	97,015	78,400	9,701,455	86.62	97,181	1,249	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Kai Lan Power Co., Ltd.	Taiwan	Energy storage business	360,000	360,000	36,000,000	40.00	353,326	(18,260)	-	Associate
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Taiwan	Solar energy business	27,037	27,037	2,000,000	100.00	31,735	8,622	-	Subsidiary of a subsidiary

Hotai Finance Co., Ltd.
Information on investments in Mainland China
Year ended December 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)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	\$ 2,514,400	Note 1(2)	\$ 1,269,772	\$ -	\$ -	\$ 1,269,772	\$ 40,514	50.50	\$ 20,459	\$ 3,226,965	\$ 231,834	Note 2(1)
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	899,130	Note 1(3)	-	-	-	-	72,926	50.50	36,828	558,202	-	Note 2(1)
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	674,348	Note 1(3)	-	-	-	-	69,082	50.50	34,886	384,188	-	Note 2(1)
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	224,783	Note 1(3)	-	-	-	-	8,557	50.50	4,321	117,564	-	Note 2(1)
Hoyun International Leasing Co., Ltd. Trust of Asset-Backed Commercial Paper for Supporting Industrial Upgrading of Small and Micro Enterprises in the Series Quarter of 2024	Structured entity	-	Note 1(3)	-	-	-	-	-	-	-	-	-	Note 4
Hoyun International Leasing Co., Ltd. Trust of Asset-Backed Commercial Paper for Hoyun Tong Ying, Series 1 of 2025	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 year ended December 31, 2025 is based on:

- (1) The financial statements were audited by R.O.C parent company's CPA.
- (2) The financial statements were audited by other independent accountants.
- (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 December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Finance Co., Ltd.	\$ 1,269,772	\$ 1,271,066	\$ 26,037,754

HOTAI FINANCE CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

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

Statement 1

Item	Description	Amount
Cash on hand		\$ 1,347
Checking accounts		4,476
Demand deposits		974,100
		<u>\$ 979,923</u>

HOTAI FINANCE CO., LTD.
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

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

Statement 2

Client	Description	Amount	Footnotes
Others	Installment notes receivable	\$ 4,830,925	Note
Others	Lease notes receivable	23,382	"
Others	Installment account receivable	261,523,163	"
Others	Lease accounts receivable	8,452	"
		266,385,922	
	Unrealized interest revenue	(27,257,839)	
	Unearned finance income	(1,209)	
	Allowance for doubtful accounts	(4,043,914)	
		<u>\$ 235,082,960</u>	

Note: None of the balance of each remaining client is greater than 5% of this account balance.

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Name	Balance as of January 1, 2025		Addition		Deductions		Balance as of December 31, 2025			Market Value or Net Assets Value		Guaranteed or pledged as collaterals	Footnote
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Ownership (%)	Amount	Unit Price	Total Amount		
Hoyun International Limited	40,400,000	\$ 3,197,515	-	\$ 29,450	-	\$ -	40,400,000	50.50%	\$ 3,226,965	79.88	\$ 3,226,965	No	
Hotai Mobility Service Co., Ltd.	12,000,000	72,925	-	1,386	-	-	12,000,000	27.40%	74,311	6.19	74,311	"	
He Jing Co., Ltd.	244,610,118	2,550,375	9,221,801	109,458	-	-	253,831,919	81.00%	2,659,833	10.48	2,659,833	"	
He Jun Energy Co., Ltd.	224,000,000	2,172,462	-	63,443	-	-	224,000,000	80.00%	2,235,905	9.98	2,235,905	"	
Hotai Finance Development Co., Ltd.	300,000,000	2,964,749	-	65,845	-	-	300,000,000	100.00%	3,030,594	10.10	3,030,594		
HFC (Cambodia) Microfinance PLC.	5,600,000	<u>559,387</u>	4,960,000	<u>673,870</u>	-	<u>(5,070)</u>	10,560,000	66.00%	<u>1,228,187</u>	116.31	1,228,187	"	
Total		<u>\$ 11,517,413</u>		<u>\$ 943,452</u>		<u>(\$ 5,070)</u>			<u>\$ 12,455,795</u>				

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Balance as of January 1,2025	Additions	Deductions	Reclassifications	Balance as of December 31, 2025	Guaranteed or Pledged as collateral	Footnote
<u>Cost</u>							
Land	\$ 844,248	\$ 32,805	\$ -	\$ -	\$ 877,053	No	
Buildings	184,167	45,557	-	-	229,724	"	
Office equipment	33,272	4,405	(500)	-	37,177	"	
Rental assets	231,862	49,860	-	(132,302)	149,420	"	
Leasehold improvements	39,821	10,195	-	-	50,016	"	
	<u>\$ 1,333,370</u>	<u>\$ 142,822</u>	<u>(\$ 500)</u>	<u>(\$ 132,302)</u>	<u>\$ 1,343,390</u>		
<u>Accumulated Depreciation</u>							
Buildings	(\$ 10,945)	(\$ 4,207)	\$ -	\$ -	(\$ 15,152)	"	
Office equipment	(26,687)	(1,543)	498	-	(27,732)	"	
Rental assets	(158,142)	(38,676)	-	126,546	(70,272)	"	
Leasehold improvements	(2,490)	(8,144)	-	-	(10,634)	"	
	<u>(\$ 198,264)</u>	<u>(\$ 52,570)</u>	<u>\$ 498</u>	<u>\$ 126,546</u>	<u>(\$ 123,790)</u>		
Book value	<u>\$ 1,135,106</u>				<u>\$ 1,219,600</u>		

Description: Listed according to land, buildings, machinery and other categories.

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Balance as of January 1, 2025	Additions	Deductions	Reclassifications	Balance as of December 31, 2025	Guaranteed or Pledged as collateral	Footnote
<u>Cost</u>							
Land	\$ 377,415	\$ -	\$ -	\$ -	\$ 377,415	No	
Buildings	112,127	-	-	-	112,127	"	
	<u>\$ 489,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,542</u>		
<u>Accumulated Depreciation</u>							
Buildings	(\$ 8,061)	(\$ 2,199)	\$ -	\$ -	(\$ 10,260)	"	
Book value	<u>\$ 481,481</u>				<u>\$ 479,282</u>		

Description: Listed according to land and buildings.

HOTAI FINANCE CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025

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

Statement 6

Type of borrowings	Description	Balance as of		Pledges or collateral
		December 31, 2025	Contract Period	
Unsecured borrowings	CTBC Bank Co., Ltd.	\$ 29,500,000	2025/4/24~2027/6/28	No
"	Mizuho Bank, Ltd.	7,006,000	2025/7/16~2028/5/26	"
"	MUFG Bank, Ltd.	7,803,320	2024/2/20~2026/2/12	"
"	Bank of Taiwan	10,025,000	2023/8/4~2026/2/24	"
"	The Bank of East Asia, Limited	600,000	2025/12/8~2026/1/9	"
"	E.SUN Commercial Bank, Ltd.	2,400,000	2025/11/24~2026/1/23	"
"	Yuanta Commercial Bank Co., Ltd.	3,600,000	2025/10/7~2026/1/7	"
"	Taishin International Bank Co., Ltd.	200,000	2025/12/11~2026/1/7	"
"	Bank of Communications Taipei Branch	1,200,000	2025/12/19~2026/1/19	"
"	Cathay United Bank Co., Ltd.	600,000	2025/11/21~2026/2/13	"
"	Taipei Fubon Commercial Bank Co., Ltd.	958,890	2024/3/28~2026/3/27	"
"	Bank SinoPac Co., Ltd	200,000	2025/12/23~2026/1/2	"
"	Mega International Commercial Bank	2,200,000	2025/11/4~2028/11/3	"
"	Valuation adjustment	(19,050)		
		<u>\$ 66,274,160</u>		

Note: Before the cross-currency swap, the rate range of short-term loans were 1.30% ~ 4.19% and 1.77% ~ 2.44% respectively.

HOTAI FINANCE CO., LTD.
STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2025

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

Statement 7

Description	Amount	Period
Guarantee commercial papers		
Bank of Taiwan and other banks	\$ 1,950,000	2025/12/15~2026/1/14
Sumitomo Mitsui Banking Corporation	7,200,000	2025/12/12~2026/1/26
Credit Agricole Corporate and Investment Bank	1,500,000	2025/12/26~2026/1/27
DBS Bank Ltd.	2,000,000	2025/12/23~2026/1/27
Metropolitan Bank and Trust Company	500,000	2025/12/11~2026/1/13
Mizuho Bank, Ltd.	10,000,000	2025/12/3~2026/1/27
Non-guarantee commercial papers	103,420,000	2023/2/21~2028/12/18
Less: Unamortized discount	(204,985)	
	<u>\$ 126,365,015</u>	

Notes: Interest rate between 1.69% ~ 2.19%.

HOTAI FINANCE CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 8

Item	Description	Amount	Footnote
Interest revenue		\$ 15,350,685	
Sales revenue		750,780	
Service revenue		679,293	
Operating leasing revenue		43,919	
Finance leasing revenue		1,435	
		<u>\$ 16,826,112</u>	

HOTAI FINANCE CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 9

Item	Description	Amount	Footnote
Interest costs		\$ 4,036,226	
Cost of sales		2,461,518	
Service costs		175,403	
Rental costs		49,001	
		<u>\$ 6,722,148</u>	

HOTAI FINANCE CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 10

Item	Description	Amount	Note
Commission expenses		\$ 1,186,496	
Wages and salaries		734,099	
Other expenses		200,033	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 2,120,628</u>	

HOTAI FINANCE CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 11

Item	Description	Amount	Note
Wages and salaries		\$ 650,876	
Court fees		273,285	
Other expenses		397,936	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 1,322,097</u>	

HOTAI FINANCE CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Function Nature	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 1,384,975	\$ 1,384,975	\$ -	\$ 1,522,778	\$ 1,522,778
Labour and health insurance fees	-	101,513	101,513	-	111,277	111,277
Pension costs	-	53,412	53,412	-	59,299	59,299
Directors' remuneration	-	9,681	9,681	-	11,285	11,285
Other personnel expenses	-	105,554	105,554	-	112,787	112,787
Depreciation	\$ 38,676	\$ 43,509	\$ 82,185	\$ 75,874	\$ 36,407	\$ 112,281

Note:

- A. As of December 31, 2025 and 2024, the number of employees was 1,016 and 1,132, respectively, including 9 and 9 non-employee directors, respectively.
- B. Average employee benefit expense in current year was \$1,634 ((Total employee benefit expense in current year–Total directors’ compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$1,608 ((Total employee benefit expense in previous year–Total directors’ compensation in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year)).
- C. Average employee salaries in current year was \$1,375 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$1,356 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- D. Adjustments of average employee salaries was 1.40% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

HOTAI FINANCE CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

E. The Company's Salary and Compensation Policy (including directors, managers and employees) is as follows:

(a) Directors

According to the Articles of Incorporation of the Company, directors' remuneration is determined by reference to the general pay levels of the industry and in accordance with the degree of business that they conducted, risk that they bear and their contribution and is submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.

(b) Managers

Managers' remuneration is determined based on personal performance and contribution to the Company's overall operation, referring to the general pay levels of the industry and considering future operating risk and is submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.

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. The abovementioned remuneration is distributed as resolved by the Board of Directors.

(c) Employees

Employees' salary is determined in accordance with education and experience background, professional knowledge and technique, seniority and personal performance of the employees. Bonus is distributed in line with the performance appraisal policy and operating performance.

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. The abovementioned remuneration is distributed as resolved by the Board of Directors.