

Stock code: 2227

YULON NISSAN MOTOR CO., LTD.

Handbook of 2022

Annual General Shareholders' Meeting



Time: June 24, 2022

Location: No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C

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YULON NISSAN MOTOR CO., LTD.
2022 Annual General Shareholders' Meeting
Meeting Procedure

1. Call to Order
2. Chairperson's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Closure of the Meeting

YULON NISSAN MOTOR CO., LTD.
2022 Annual General Shareholders' Meeting
Agenda

Time: Friday, June 24, 2022 9:00 a.m.

Location: No.3, Sec. 3, ZhongXing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C

Meeting type: Physical Shareholders' Meeting

1. Call to Order

2. Chairperson's Address

3. Report Items

- (1) To report the Business Operations of 2021
- (2) 2021 Audit Committee' Report
- (3) To report 2021 Employees' Compensation Distribution.

4. Ratification Items

- (1) Adoption of the 2021 Business Report and Financial Statements
- (2) Recognition of 2021 Earnings Distribution

5. Discussion Items

- (1) Amendment to YNM Articles of Incorporation
- (2) Amendment to YNM Operational Procedures for Acquisition and Disposal of Assets
- (3) The Lift on the Prohibition on Directors from Concurrently Acting as a Director and/or Managerial Personnel of Another Company

6. Extraordinary Motions

7. Closure of the Meeting

Report Items

Item One:

The 2021 Business Report

Business Report

(I) Taiwan economic development

Due to the good practice in the pandemic prevention of coronavirus that led to continuous production, manufacturing, and livelihood consumptions, the Directorate General of Budget, Accounting and Statistics released the 2021 economic growth rate as 6.45%, which set a new record in nearly 11 years.

Under the impact of the global shortage in car chips, the total sales volume for Taiwan's car market in 2021 was 434,000 vehicles. The sale of made-in-Taiwan vehicle had grown by 1.8%, imported vehicle declined by 6.4%; passenger vehicle declined by 13.2%, and RV vehicle grown by 4.2%.

(II) The Company's business report

The Company sold 28,962 vehicles in 2021 and the marketing share of 6.7%. The operating income amounted to NT\$24.67 billion, the operating profit amounted to NT\$0.12 billion, the net income before tax amounted to NT\$3.8 billion, and the earnings per share after tax was NT\$10.09. The relevant business activities in 2021 are as follows:

1. New car models marketed

NISSAN launched the ALL NEW SENTRA Black Belt, which drew the market's attention with the product charisma of the winner.

TIIDA launched the TIIDA J model developed by AUTECH JAPAN with appeal in the fashionable appearance, continuing to provide consumers with quality products.

With regards to SUVs, KICKS Commemorative Model re-generated new talk topics. X-TRAIL Luxe also launched the new commemorative model that successfully contributed to excellent sales performance.

INFINITI Q50 300GT is equipped with the race car engine and aluminum-alloy lightweight chassis same as the GT-R series to exhibit the robust performance and driving experience of a luxe race car, which are quite popular in consumers.

2. Corporate Social Responsibility

The Company takes initiative in performing corporate social responsibility and has been awarded "2021 HR Asia Best Companies to Work For in Asia", "The 18th National Brand Yushan Award- Best Entrepreneur", "2021 TCSA Taiwan Corporate Sustainability Awards - Merit Award in Sustainable Enterprise" and "2021 TCSA Taiwan Corporate Sustainability Awards - Bronze Medal in Sustainable Report."

With regards to personnel development, the Company holds "Nissan Leaf for Change" - the largest automobile innovation competition in Taiwan each year. Additionally, the Company

held the NISSAN Young Drivers and other campaigns in 2021 to inspire students with originality and the cultivation of potential seeds in the automobile industry.

With regards to social welfare, the Company has been donating insurance premium of “Employer’s Compensation Liability Insurance” to the temporary cleaning workers of the Department of Environmental Protection, Taipei City Government since 2014. The cumulative number of insured people has exceeded 30,000 people.

Moreover, the Company and the peers of the distributor system have participated in the charity campaign of the book collection, and donated all revenue to the Sunshine Social Welfare Foundation. The Company also collaborates with the After School Association of Taiwan by donating approximately NTD 1,250 thousand with the sales of new cars in support of free after-school sessions for 2,070 disadvantaged children.

With regards to sustainable development, the Company prepares a corporate social responsibility report each year and builds a green supply chain to make a contribution to sustainable development.

3. Business operation in Mainland China

A total of 26.275 million vehicles were sold in Mainland China in 2021. Of which, a total of 21.482 million passenger cars and 4.793 million commercial vehicles were sold. For Dongfeng Nissan passenger cars, 1.067 million vehicles were sold in 2021.

(III) The prospects

The first half of the market is still under the impact of the global shortage in car chips and the Company exerts to make breakout and maintain stable operational development.

1. Introduction of new products

NISSAN brand is scheduled to launch four new car models in the second half.

- A. KICKS release a new improved car model with an upgrade in full-speed adaptive cruise control and other functions to bring the best domestic medium and compact SUVs.
- B. Introducing long-range Nissan Leaf e+, with battery capacity substantially expanded by 50% to meet consumer demand for long-range journeys.
- C. Introducing 2022 ALTIMA with NISSAN Pro-PILOT to provide car owners with a more advanced assist system.
- D. X-TRAIL is introduced with the e-POWER model with the characteristics of an “electric vehicle without the need for charging,” realizing the mobility experience of the new-generation smart electric vehicle.

INFINITI brand launches all-new QX55 model, equipped with VC-TURBO engine to bring brand-new driving experience to consumers. In the second half, INFINITI will introduce the new QX60 Luxe 7 Seats, exhibiting the latest technology and brand image of INFINITI.

2. Improvement of Customer Service Satisfaction

NISSAN and INFINITI brands will continue to improve sales and service quality, upgrade software/hardware equipment, and adopt innovative information technology.

3. Export expansion

Under the raging pandemic of COVID-19 in 2021, the Company has been committed to the export sales of spare parts with revenue reaching NTD50,000,000.

Apart from solidifying the existing regions of export sales in 2022, the Company will continue to expand the marketing opportunities in South-East Asian and Middle Eastern countries.

4. Business operation in Mainland China

According to the forecast released by the China Association of Automobile Manufacturers, the Chinese automobile market is expected to hit 27,500,000 vehicles by 2022. As the pandemic prevention improves and the gradual resumption of the car chip supply, in addition to the support of consumer policy and other factors, it is optimistic that sales of the Dongfeng Nissan program will perform better than that in 2021.

With the support of all our shareholders and the concerted efforts of all our colleagues, Yulon-Nissan Taiwan is confident in creating the greatest benefits in a competitive market.

Item Two:

2021 Audit Committee' Report

Yulon Nissan Motor Co., Ltd.

Audit Committee' Report

The Board of Directors submits the 2021 Business Report, Financial Statements (including Consolidated Financial Statement), and Earnings Distribution Proposal. Among them, the Financial Statements (including Consolidated Financial Statement) were audited by accountants Chien-Hsin Hsieh and Jui-Chuan Chih of Deloitte Touche Tohmatsu Ltd., who issued the audit report. The aforementioned Business Report, Financial Statements (including Consolidated Financial Statement) and Earnings Distribution Proposal were inspected by the Audit Commission who affirmed that these reports have complied with Article 14.4 of the Securities Exchange Act and Article 219 of the Company Law.

Submitted to:

2022 Regular Shareholders' Meeting of the Company

Yulon Nissan Motor Co., Ltd.

Audit Committee Convenor : Jung-Fang Kuo



May 10 , 2022

Item Three:

2021 Employees' Compensation Distribution

1. According to the article 31 of incorporation, the Company's profits of current year shall be distributed not less than 0.1% as the employee compensation after offset the accumulated losses.
2. The employee compensation shall be distributed in cash with the amount of NT\$3,804 thousand dollars.

Ratification Items

Proposed by the Board of Directors

Proposal 1: Ratification of the 2021 Business Report and Financial Statements.

Please ratify.

Description:

1. The compilation of the Company's Fiscal 2021 Business Report and Financial Statements are completed and has been approved by the Board of Directors. The Financial Statements have been audited and certified by Chien-Hsin Hsieh, CPA, and Jui-Chuan Chih, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Audit Committee, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.
2. Please refer to page 3 to page 5 of this handbook and Attachments 1 (p.14 to p.33) for the Fiscal 2021 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
3. Adoption requested.

Resolution:

Proposal 2: Recognition of 2021 Earnings Distribution.

Description :

1. Based on the audited 2021 financial statement, YNM presents 2021 earnings distribution statement as Attachment 2 (p.34).
2. According to earnings distribution statement, YNM proposes to distribute NT\$9.06 per share and the undistributed profit from the most recent years shall be distributed first .The target date for distributing cash dividend will be set on August 31, 2022. According to the Article 165 of Company Act, entries into register of shareholder shall not be allowed within 5 days prior to the target date of distributing cash dividend. Hence, entries into register of shareholder are not allowed from August 27, 2022 to August 31, 2022.
3. Request to resolve.

Resolved:

Discussion Items

Proposed by the Board of Directors

Proposal 1: Amendment to YNM Articles of Incorporation.

Explanation:

1. Complied with the requirements under the notice letter No.11000115851, YNM Articles of Incorporation shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as Attachment 3 (p.35).
2. Request to resolve.

Resolution:

Proposal 2: Amendment to “YNM Operational Procedures for Acquisition and Disposal of Assets”.

Explanation:

1. Complied with the requirements under the notice letter No. 1110380465, the Company’s “Operational Procedures for Acquisition and Disposal of Assets” shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as Attachment 4 (from p.36 to p.41).
2. Request to resolve.

Resolution:

Proposal 3: The Lift on the Prohibition on Directors from Concurrently Acting as a Director and/or Managerial Personnel of Another Company.

Explanation:

1. According to Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. Please approve to lift the prohibition that some directors shall not act as a director and/or manager of another company in response to the need of the company's business operations. Please refer to the list as Attachment 5 (p.42).
3. Request to resolve.

Resolution:

Extraordinary Motions

Closure of the Meeting

Attachment 1

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yulon Nissan Motor Company, Ltd.

Opinion

We have audited the accompanying financial statements of Yulon Nissan Motor Company, Ltd. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

Depreciation of Molds and Dies

In accordance with IAS 16 "Property, Plant and Equipment", the depreciable amount of an asset should be allocated on a systematic basis over its useful life. The Company depreciates molds and dies using the unit of production method, and reviews the estimated number of vehicles that are expected to be sold in the future for each vehicle model every six months based on market sales. The estimated number of vehicles to be sold is then used to calculate

the amount allocated to each mold and die, and is used as the basis for the depreciation of molds and dies. The depreciation of molds and dies in 2021 was \$580,136 thousand. Since the amount of depreciation of molds and dies is significant and estimates of the units sold are highly dependent on management's judgment, the depreciation of molds and dies is considered to be a key audit matter.

The related accounting policies and critical accounting judgments are disclosed in Notes 4 and 5 to the financial statements, respectively; the related amounts are disclosed in Note 11 to the financial statements.

We understood the Company's depreciation process of molds and dies and related control systems, evaluated the design of the controls and tested the operating effectiveness of the controls. We also obtained the information and documents from management which is used as the basis for the estimated number of units of vehicles of each model to be sold in the future and assessed the rationality and reliability of the supporting information. In addition, we took appropriate samples of the transactions of molds and dies and checked them against the original documents and cash flows, performed inventory counts and sent confirmation requests. We also recalculated the amount of depreciation of molds and dies on the basis of estimated production volume and assessed the rationality of the calculated depreciation and the accuracy of the carrying amount of the molds and dies. Moreover, we determined that there was no significant difference between the amended estimated number of units of future sales of vehicles in the previous year's financial statements and the actual number of units sold, and confirmed the appropriateness of management's estimation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 independent directors and the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 financial statements for the year

ended December 31, 2021 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.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hsin Hsieh and Jui-Chuan Chih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

YULON NISSAN MOTOR COMPANY, LTD.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,736,644	11	\$ 5,334,781	19
Financial assets at fair value through profit or loss	547,289	2	626,514	2
Notes receivable	235	-	1,934	-
Notes receivable - related parties	21	-	579	-
Trade receivables	23,567	-	12,419	-
Trade receivables - related parties	287,324	1	389,371	2
Other receivables	43,358	-	38,200	-
Other receivables - related parties	159,614	1	133,801	1
Prepayments	4,974	-	327	-
Total current assets	<u>3,803,026</u>	<u>15</u>	<u>6,537,926</u>	<u>24</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method	17,825,436	72	17,864,822	64
Property, plant and equipment	1,715,905	7	1,929,478	7
Right-of-use assets	687,034	3	683,655	3
Computer software	22,757	-	39,882	-
Deferred tax assets	80,155	1	85,881	-
Other non-current assets	519,162	2	622,986	2
Total non-current assets	<u>20,850,449</u>	<u>85</u>	<u>21,226,704</u>	<u>76</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 15,961	-	\$ 16,763	-
Trade payables - related parties	300,085	1	174,944	1
Other payables	870,903	3	855,425	3
Other payables - related parties	226,817	1	182,293	1
Current tax liabilities	631,800	3	978,846	3
Provisions	219,190	1	218,982	1
Lease liabilities	51,666	-	51,616	-
Other current liabilities	5,509	-	4,364	-
Total current liabilities	<u>2,321,931</u>	<u>9</u>	<u>2,483,233</u>	<u>9</u>
NON-CURRENT LIABILITIES				
Provisions	63,542	-	71,330	-
Tax liabilities - non-current	117,017	1	349,455	1
Deferred tax liabilities	2,425,443	10	2,418,760	9
Lease liabilities	637,348	3	630,505	2
Net defined benefit liabilities	87,486	-	136,796	1
Total non-current liabilities	<u>3,330,836</u>	<u>14</u>	<u>3,606,846</u>	<u>13</u>
Total liabilities	<u>5,652,767</u>	<u>23</u>	<u>6,090,079</u>	<u>22</u>
EQUITY				
Capital stock - NT\$10 par value; authorized - 600,000 thousand stocks; issued and outstanding - 300,000 thousand stocks	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>11</u>
Capital surplus	<u>5,988,968</u>	<u>24</u>	<u>5,988,968</u>	<u>22</u>
Retained earnings				
Legal reserve	6,848,964	28	6,194,981	22
Special reserve	1,328,436	5	1,270,832	4
Unappropriated earnings	3,304,871	14	6,548,206	24
Total retained earnings	<u>11,482,271</u>	<u>47</u>	<u>14,014,019</u>	<u>50</u>
Other equity	<u>(1,470,531)</u>	<u>(6)</u>	<u>(1,328,436)</u>	<u>(5)</u>
Total equity	<u>19,000,708</u>	<u>77</u>	<u>21,674,551</u>	<u>78</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 24,489,014	99	\$ 29,441,044	99
Service revenue	61,075	-	119,075	1
Other operating revenue	<u>118,295</u>	<u>1</u>	<u>100,519</u>	<u>-</u>
Total operating revenue	24,668,384	100	29,660,638	100
OPERATING COSTS	<u>21,854,727</u>	<u>89</u>	<u>25,566,106</u>	<u>86</u>
GROSS PROFIT	<u>2,813,657</u>	<u>11</u>	<u>4,094,532</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,716,888	7	2,760,434	9
General and administrative expenses	509,265	2	395,781	2
Research and development expenses	<u>419,245</u>	<u>2</u>	<u>597,114</u>	<u>2</u>
Total operating expenses	<u>2,645,398</u>	<u>11</u>	<u>3,753,329</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES	<u>170</u>	<u>-</u>	<u>289</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>168,429</u>	<u>-</u>	<u>341,492</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiary	3,660,469	15	7,731,128	26
Net foreign exchange (loss) gain	(26,865)	-	58,568	-
Gain on financial assets at fair value through profit or loss, net	34,789	-	29,014	-
Interest income	10,549	-	22,048	-
Other revenue	2,089	-	6,923	-
Interest expenses	(15,096)	-	(14,760)	-
Loss on disposal of investments, net	(23,904)	-	(5,477)	-
Overseas business expenses	(7,649)	-	(6,420)	-
Other losses	<u>(2,189)</u>	<u>-</u>	<u>(1,546)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,632,193</u>	<u>15</u>	<u>7,819,478</u>	<u>26</u>
PROFIT BEFORE INCOME TAX	3,800,622	15	8,160,970	27
INCOME TAX EXPENSES	<u>774,629</u>	<u>3</u>	<u>1,620,032</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>3,025,993</u>	<u>12</u>	<u>6,540,938</u>	<u>22</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<u>2021</u>		<u>2020</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,574	-	\$ (1,364)	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	-	-	(20)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(315)</u>	<u>-</u>	<u>277</u>	<u>-</u>
	<u>1,259</u>	<u>-</u>	<u>(1,107)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(142,095)</u>	<u>-</u>	<u>(57,604)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(140,836)</u>	<u>-</u>	<u>(58,711)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
EARNINGS PER SHARE				
Basic	<u>\$10.09</u>		<u>\$21.80</u>	
Diluted	<u>\$10.09</u>		<u>\$21.80</u>	

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)**

	Capital Stock	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on the Translation of Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2020	\$ 3,000,000	\$ 5,988,968	\$ 5,473,169	\$ 1,163,895	\$ 7,218,124	\$ (1,270,832)	\$ 21,573,324
Appropriation of 2019 earnings							
Legal reserve	-	-	721,812	-	(721,812)	-	-
Special reserve	-	-	-	106,937	(106,937)	-	-
Cash dividends distributed by the Company - NT\$21.27 per share	-	-	-	-	(6,381,000)	-	(6,381,000)
	-	-	721,812	106,937	(7,209,749)	-	(6,381,000)
Net profit for the year ended December 31, 2020	-	-	-	-	6,540,938	-	6,540,938
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(1,107)	(57,604)	(58,711)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,539,831	(57,604)	6,482,227
BALANCE AT DECEMBER 31, 2020	3,000,000	5,988,968	6,194,981	1,270,832	6,548,206	(1,328,436)	21,674,551
Appropriation of 2020 earnings							
Legal reserve	-	-	653,983	-	(653,983)	-	-
Special reserve	-	-	-	57,604	(57,604)	-	-
Cash dividends distributed by the Company - NT\$18.53 per share	-	-	-	-	(5,559,000)	-	(5,559,000)
	-	-	653,983	57,604	(6,270,587)	-	(5,559,000)
Net profit for the year ended December 31, 2021	-	-	-	-	3,025,993	-	3,025,993
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,259	(142,095)	(140,836)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,027,252	(142,095)	2,885,157
BALANCE AT DECEMBER 31, 2021	\$ 3,000,000	\$ 5,988,968	\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,800,622	\$ 8,160,970
Adjustments for:		
Depreciation expenses	670,001	630,998
Amortization expenses	21,616	25,877
Gain on financial assets at fair value through profit or loss, net	(34,789)	(29,014)
Interest expense	15,096	14,760
Interest income	(10,549)	(22,048)
Share of the profit of subsidiary	(3,660,469)	(7,731,128)
Gain on disposal of property, plant and equipment, net	(170)	(289)
Loss on disposal of investment, net	23,904	5,477
Net foreign exchange loss (gain)	14,525	(134,789)
Recognition of inventory purchase commitments	2,408	11,177
Warranty costs	149,709	186,235
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	90,110	648,548
Notes receivable	1,699	(1,934)
Notes receivable - related parties	558	4,153
Trade receivables	(11,148)	5,765
Trade receivables - related parties	102,074	37,080
Other receivables	(6,273)	(13,049)
Other receivables - related parties	(25,813)	71,430
Prepayments	(4,647)	738
Contract liabilities	-	(33,029)
Trade payables	(802)	(65,743)
Trade payables - related parties	125,141	(304,007)
Other payables	6,025	(69,493)
Other payables - related parties	104,344	3,479
Other current liabilities	1,145	(243)
Provisions	(159,697)	(158,900)
Net defined benefit liabilities	(47,736)	(96,593)
Cash generated from operations	1,166,884	1,146,428
Interest paid	(15,096)	(14,760)
Income tax paid	(1,342,019)	(887,973)
Net cash generated from (used in) operating activities	<u>(190,231)</u>	<u>243,695</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	\$ 3,557,760	\$ 7,357,440
Interest received	11,664	23,973
Payments for property, plant and equipment (Note 24)	(393,918)	(465,919)
Proceeds from disposal of property, plant and equipment	602	476
Payments for computer software (Note 24)	(4,491)	(11,958)
Decrease (increase) in refundable deposits	<u>48,282</u>	<u>(562,372)</u>
Net cash generated from investing activities	<u>3,219,899</u>	<u>6,341,640</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(54,251)	(55,658)
Payments of dividends	<u>(5,559,000)</u>	<u>(6,381,000)</u>
Cash used in financing activities	<u>(5,613,251)</u>	<u>(6,436,658)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(14,554)</u>	<u>134,826</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,598,137)	283,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,334,781</u>	<u>5,051,278</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,736,644</u>	<u>\$ 5,334,781</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yulon Nissan Motor Company, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yulon Nissan Motor Company, Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Depreciation of Molds and Dies

In accordance with IAS 16 "Property, Plant and Equipment", the depreciable amount of an asset should be allocated on a systematic basis over its useful life. The Group depreciates molds and dies using the unit production method, and reviews the estimated number of vehicles that are expected to be sold in the future for each vehicle model every six months

based on market sales. The estimated number of vehicles to be sold is then used to calculate the amount allocated to each mold and die, and is used as the basis for the depreciation of molds and dies. The depreciation of molds and dies in 2021 was \$580,136 thousand. Since the amount of depreciation of molds and dies is significant and estimates of the units sold are highly dependent on management's judgment. Therefore, the depreciation of molds and dies is considered to be a key audit matter.

The related accounting policies and critical accounting judgments are disclosed in Notes 4 and 5 to the consolidated financial statements, respectively; the related amounts are disclosed in Note 12 to the consolidated financial statements.

We understood the Company's depreciation process of molds and dies and related control systems, evaluated the design of the controls and tested the operating effectiveness of the controls. We also obtained the information and documents from management which is used as the basis for the estimated number of units of vehicles of each model to be sold in the future and assessed the rationality and reliability of the supporting information. In addition, we took appropriate samples of the transactions of molds and dies and checked them against the original documents and cash flows, performed inventory counts and sent confirmation requests. We also recalculated the amount of depreciation of molds and dies on the basis of estimated production volume and assessed the rationality of the calculated depreciation and the accuracy of the carrying amount of the molds and dies. Moreover, we determined that there was no significant difference between the amended estimated number of units of future sales of vehicles in the previous year's consolidated financial statements and the actual number of units sold, and confirmed the appropriateness of management's estimation.

Other Matter

We have also audited the parent company only financial statements of Yulon Nissan Motor Company, Ltd., as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Chien-Hsin Hsieh and Jui-Chuan Chih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,044,196	16	\$ 6,967,038	25
Financial assets at fair value through profit or loss	547,289	2	626,514	2
Notes receivable	235	-	1,934	-
Notes receivable - related parties	21	-	579	-
Trade receivables	23,567	-	12,419	-
Trade receivables - related parties	287,324	1	389,371	1
Other receivables	46,275	-	40,209	-
Other receivables - related parties	146,968	1	123,638	1
Prepayments	107,927	1	137,391	1
Total current assets	<u>5,203,802</u>	<u>21</u>	<u>8,299,093</u>	<u>30</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method	16,424,660	67	16,103,655	58
Property, plant and equipment	1,715,905	7	1,929,478	7
Right-of-use assets	687,034	3	683,655	3
Computer software	22,757	-	39,882	-
Deferred tax assets	80,155	-	85,881	-
Other non-current assets	519,162	2	622,986	2
Total non-current assets	<u>19,449,673</u>	<u>79</u>	<u>19,465,537</u>	<u>70</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 15,961	-	\$ 16,763	-
Trade payables - related parties	300,085	1	174,944	1
Other payables	870,903	3	855,425	3
Other payables - related parties	226,817	1	182,293	1
Current tax liabilities	631,800	3	978,846	3
Provisions	219,190	1	218,982	1
Lease liabilities	51,666	-	51,616	-
Other current liabilities	5,509	-	4,364	-
Total current liabilities	<u>2,321,931</u>	<u>9</u>	<u>2,483,233</u>	<u>9</u>
NON-CURRENT LIABILITIES				
Provisions	63,542	-	71,330	-
Tax liabilities - non-current	117,017	1	349,455	1
Deferred tax liabilities	2,425,443	10	2,418,760	9
Lease liabilities	637,348	3	630,505	2
Net defined benefit liabilities	87,486	-	136,796	1
Total non-current liabilities	<u>3,330,836</u>	<u>14</u>	<u>3,606,846</u>	<u>13</u>
Total liabilities	<u>5,652,767</u>	<u>23</u>	<u>6,090,079</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock - NT\$10 par value; authorized 600,000 thousand stocks; issued and outstanding 300,000 thousand stocks	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>11</u>
Capital surplus	<u>5,988,968</u>	<u>24</u>	<u>5,988,968</u>	<u>22</u>
Retained earnings				
Legal reserve	6,848,964	28	6,194,981	22
Special reserve	1,328,436	5	1,270,832	4
Unappropriated earnings	3,304,871	14	6,548,206	24
Total retained earnings	<u>11,482,271</u>	<u>47</u>	<u>14,014,019</u>	<u>50</u>
Other equity	<u>(1,470,531)</u>	<u>(6)</u>	<u>(1,328,436)</u>	<u>(5)</u>
Total equity	<u>19,000,708</u>	<u>77</u>	<u>21,674,551</u>	<u>78</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 24,489,014	99	\$ 29,441,044	99
Service revenue	61,075	-	119,075	1
Other operating revenue	<u>118,295</u>	<u>1</u>	<u>100,519</u>	<u>-</u>
Total operating revenue	24,668,384	100	29,660,638	100
OPERATING COSTS	<u>21,854,727</u>	<u>89</u>	<u>25,566,106</u>	<u>86</u>
GROSS PROFIT	<u>2,813,657</u>	<u>11</u>	<u>4,094,532</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,716,888	7	2,760,434	9
General and administrative expenses	554,700	2	437,914	2
Research and development expenses	<u>419,245</u>	<u>2</u>	<u>597,114</u>	<u>2</u>
Total operating expenses	<u>2,690,833</u>	<u>11</u>	<u>3,795,462</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES	<u>170</u>	<u>-</u>	<u>289</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>122,994</u>	<u>-</u>	<u>299,359</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates	3,668,664	15	7,283,908	25
Net foreign exchange (loss) gain	(32,585)	-	453,071	1
Interest income	53,509	-	116,898	-
Gain on financial assets at fair value through profit or loss, net	34,789	-	29,014	-
Other revenue	2,089	-	6,923	-
Interest expenses	(15,096)	-	(14,760)	-
Overseas business expenses	(7,649)	-	(6,420)	-
Loss on disposal of investments, net	(23,904)	-	(5,477)	-
Other losses	<u>(2,189)</u>	<u>-</u>	<u>(1,546)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,677,628</u>	<u>15</u>	<u>7,861,611</u>	<u>26</u>
PROFIT BEFORE INCOME TAX	3,800,622	15	8,160,970	27
INCOME TAX EXPENSES	<u>774,629</u>	<u>3</u>	<u>1,620,032</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>3,025,993</u>	<u>12</u>	<u>6,540,938</u>	<u>22</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,574	-	\$ (1,364)	-
Share of other comprehensive loss of associates accounted for using the equity method	-	-	(20)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(315)</u>	<u>-</u>	<u>277</u>	<u>-</u>
	<u>1,259</u>	<u>-</u>	<u>(1,107)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(142,095)</u>	<u>-</u>	<u>(57,604)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(140,836)</u>	<u>-</u>	<u>(58,711)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 3,025,993</u>	<u>12</u>	<u>\$ 6,540,938</u>	<u>22</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
EARNINGS PER SHARE				
Basic	<u>\$10.09</u>		<u>\$21.80</u>	
Diluted	<u>\$10.09</u>		<u>\$21.80</u>	

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Capital Stock	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on the Translation of Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2020	\$ 3,000,000	\$ 5,988,968	\$ 5,473,169	\$ 1,163,895	\$ 7,218,124	\$ (1,270,832)	\$ 21,573,324
Appropriation of 2019 earnings							
Legal reserve	-	-	721,812	-	(721,812)	-	-
Special reserve	-	-	-	106,937	(106,937)	-	-
Cash dividends distributed by the Company - NT\$21.27 per share	-	-	-	-	(6,381,000)	-	(6,381,000)
	-	-	721,812	106,937	(7,209,749)	-	(6,381,000)
Net profit for the year ended December 31, 2020	-	-	-	-	6,540,938	-	6,540,938
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(1,107)	(57,604)	(58,711)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,539,831	(57,604)	6,482,227
BALANCE AT DECEMBER 31, 2020	3,000,000	5,988,968	6,194,981	1,270,832	6,548,206	(1,328,436)	21,674,551
Appropriation of 2020 earnings							
Legal reserve	-	-	653,983	-	(653,983)	-	-
Special reserve	-	-	-	57,604	(57,604)	-	-
Cash dividends distributed by the Company - NT\$18.23 per share	-	-	-	-	(5,559,000)	-	(5,559,000)
	-	-	653,983	57,604	(6,270,587)	-	(5,559,000)
Net profit for the year ended December 31, 2021	-	-	-	-	3,025,993	-	3,025,993
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,259	(142,095)	(140,836)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,027,252	(142,095)	2,885,157
BALANCE AT DECEMBER 31, 2021	\$ 3,000,000	\$ 5,988,968	\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,800,622	\$ 8,160,970
Adjustments for:		
Depreciation expenses	670,001	630,998
Amortization expenses	21,616	25,877
Gain on financial assets at fair value through profit or loss, net	(34,789)	(29,014)
Interest expense	15,096	14,760
Interest income	(53,509)	(116,898)
Share of profit of associates	(3,668,664)	(7,283,908)
Gain on disposal of property, plant and equipment, net	(170)	(289)
Loss on disposal of investment, net	23,904	5,477
Net foreign exchange loss	427,543	551,676
Recognition of inventory purchase commitments	2,408	11,177
Warranty costs	149,709	186,235
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	90,110	648,548
Notes receivable	1,699	(1,934)
Notes receivable - related parties	558	4,153
Trade receivables	(11,148)	5,765
Trade receivables - related parties	102,074	37,080
Other receivables	(6,273)	(13,049)
Other receivables - related parties	(23,330)	78,861
Prepayments	(4,647)	738
Contract liabilities	-	(33,029)
Trade payables	(802)	(65,743)
Trade payables - related parties	125,141	(304,007)
Other payables	6,025	(69,493)
Other payables - related parties	104,344	3,479
Other current liabilities	1,145	(243)
Provisions	(159,697)	(158,900)
Net defined benefit liabilities	(47,736)	(96,593)
Cash generated from operations	1,531,230	2,192,694
Interest paid	(15,096)	(14,760)
Income tax paid	(1,666,623)	(1,523,664)
Net cash generated from (used in) operating activities	<u>(150,489)</u>	<u>654,270</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	\$ 3,244,238	\$ 6,217,871
Interest received	53,716	122,705
Payments for property, plant and equipment (Note 25)	(393,918)	(465,919)
Proceeds from disposal of property, plant and equipment	602	476
Decrease (increase) in refundable deposits	48,282	(562,372)
Payments for computer software (Note 25)	(4,491)	(11,958)
Decrease in other payables (Note 25)	<u>-</u>	<u>(1,170,977)</u>
Net cash generated from investing activities	<u>2,948,429</u>	<u>4,129,826</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(54,251)	(55,658)
Payments of dividends	<u>(5,559,000)</u>	<u>(6,381,000)</u>
Cash used in financing activities	<u>(5,613,251)</u>	<u>(6,436,658)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(107,531)</u>	<u>34,246</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(2,922,842)	(1,618,316)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>6,967,038</u>	<u>8,585,354</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 4,044,196</u>	<u>\$ 6,967,038</u>

(Concluded)

Attachment 2**YULON NISSAN MOTOR CO., LTD.**

2021 Earnings Distribution Statement

Unit: NT dollar

Item	Sub-total	Total
Beginning retained earnings		277,619,765
Add: Remeasurement of defined benefit plans		1,258,978
2021 Adjusted undistributed earnings (excluded net income)		278,878,743
2021 Net income after tax	3,025,993,186	
Less: Legal reserves	(302,725,216)	
Less: Special reserves	(142,094,552)	
Less: Distribution of shareholders dividends (Cash dividends \$9.06 per share)	(2,718,000,000)	(136,826,582)
Ending Undistributed Earnings		142,052,161

Note: Distribution of cash dividends will be calculated to New Taiwan Dollar. Fractional amount less than one dollar will be set aside as other revenue.

Attachment 3

Comparison Table for the “Articles of Incorporation”

After the revision	Before the revision	Description
<p>Article11 Shareholders’ meetings of the Company are of the following two types: 1. Shareholders’ regular meetings: Regular meetings shall be convened, by the Board of Directors, at least once per year and within six (6) months after the close of each fiscal year. 2. Shareholders’ special meetings: Special meetings shall be convened in accordance with the Company Act when required. <u>The shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Article11 Shareholders’ meetings of the Company are of the following two types: 1. Shareholders’ regular meetings: Regular meetings shall be convened, by the Board of Directors, at least once per year and within six (6) months after the close of each fiscal year. 2. Shareholders’ special meetings: Special meetings shall be convened in accordance with the Company Act when required.</p>	<p>Complies with the requirements under the notice letter No. 11000115851 which issued by Ministry of Economic Affairs</p>
<p>Article 35 The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th,, the twelfth amendment is made on June 26th , 2017 and shall be applicable as of the director election of 7th term, the thirteenth amendment was made on June 19th, 2020 and the <u>fourteenth amendment is made on June 24th, 2022.</u></p>	<p>Article 35 The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th,, the twelfth amendment is made on June 26th , 2017 and shall be applicable as of the director election of 7th term, the thirteenth amendment was made on June 19th, 2020.</p>	<p>Complies with the requirements under the notice letter No. 11000115851 which issued by Ministry of Economic Affairs</p>

Attachment 4

Comparison Table for the “Operational Procedures for Acquisition and Disposal of Assets”

After the revision	Before the revision	Description
<p>Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions to the transaction shall comply with the rules as below: The personnel referred to in the preceding paragraph shall provide an appraisal report or opinions in accordance <u>with the self-regulatory rules made by each trade associations and with the following:</u></p> <p>2. When <u>implementing</u> cases, the personnel shall plan and implement appropriate operating procedures to draw conclusions and provide reports or opinions; the procedures, data collected and conclusions shall be specified in the working paper.</p> <p>3. The <u>appropriateness</u> and reasonableness of sources, parameters and information used shall be evaluated item by item as the basis for the provision of appraisal reports or opinions.</p> <p>4. The statement shall include the professionalism and independence of the related personnel, the reasonableness and <u>appropriateness</u> of information used, and compliance with related laws and regulations.</p>	<p>Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions to the transaction shall comply with the rules as below: The personnel referred to in the preceding paragraph shall provide an appraisal report or opinions in accordance with the following:</p> <p>2. When auditing cases, the personnel shall plan and implement appropriate operating procedures to draw conclusions and provide reports or opinions; the procedures, data collected and conclusions shall be specified in the working paper.</p> <p>3. The completeness, correctness and reasonableness of sources, parameters and information used shall be evaluated item by item as the basis for the provision of appraisal reports or opinions.</p> <p>4. The statement shall include the professionalism and independence of the related personnel, the reasonableness and correctness of information used, and compliance with related laws and regulations.</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>

After the revision	Before the revision	Description
<p>Article 8 In acquiring or disposing of real property equipment or the right-of-use asset where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or the right-of-use asset for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>Article 8 In acquiring or disposing of real property equipment or the right-of-use asset where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or the right-of-use asset for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>

After the revision	Before the revision	Description
<p>Article 9 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>Article 9 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>
<p>Article 10 Where the company acquires or disposes of intangible assets, right-of-use asset or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 10 Where the company acquires or disposes of intangible assets, right-of-use asset or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>

After the revision	Before the revision	Description
	Statement of Auditing Standards No. 20 published by the ARDF.	
<p>Article 14: When the company intends to acquire or dispose of real property or the right-of-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property or the right-of-use asset from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee for the majority of the members, after that obtain resolution from board of directors meeting.</p> <p>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>If the company or the company's subsidiary that is not domestic public companies has the transaction stated in paragraph 1, and the transaction amount reaches 10% of the company's total assets, the company may not proceed to enter into a transaction contract or make a payment until the materials listed in the paragraph 1 have been approved by the shareholders meeting. However, this requirement does not apply to the transaction</u></p>	<p>Article 14: When the company intends to acquire or dispose of real property or the right-of-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property or the right-of-use asset from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee for the majority of the members, after that obtain resolution from board of directors meeting.</p> <p>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>

After the revision	Before the revision	Description
<p><u>between the company and its parent company, subsidiaries, or its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to <u>paragraph 1 and</u> in the preceding paragraph shall be made in accordance with Article 26, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and approved by <u>the shareholding meeting and</u> the board of directors need not be counted toward the transaction amount.</p>	<p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 26, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and approved by the board of directors need not be counted toward the transaction amount.</p>	
<p>Article 26: Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>Where an asset transaction other than any of those referred to in the preceding <u>two</u> subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of domestic government bonds <u>or a foreign government bonds with a sovereign rating not lower than the sovereign rating of the ROC.</u></p>	<p>Article 26: Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of domestic government bonds.</p>	<p>Complied with the requirements under the notice letter No. 1110380465 which issued by Financial Supervisory Commission (FSC).</p>

After the revision	Before the revision	Description
<p>Article 31: The procedures were established on March 30, 2004; 1st revised on June 16, 2006; 2rd revised on June 22, 2007; (Omit)8th revised on June 21, 2018; 9th revised on June 28, 2019 and 10th revised on June 24, 2022.</p>	<p>Article 31: The procedures were established on March 30, 2004; 1st revised on June 16, 2006; 2rd revised on June 22, 2007; (Omit)8th revised on June 21, 2018; 9th revised on June 28, 2019.</p>	<p>Add revision date</p>

Attachment 5

The Lift on the Prohibition on Directors from Concurrently Acting as a Director and/or Managerial Personnel of Another Company

Title	Name	Acting as a Director and/or Managerial Personnel of Another Company
Director	Chen Hsiang, Yao	<ol style="list-style-type: none"> 1. Director, Guangzhou Aeolus Automobile Co., Ltd. (position change) 2. Director, Luxgen Taipei Motor Co., Ltd. (newly added) 3. Director, Luxgen Taoyuan Motor Co., Ltd. (newly added) 4. Director, Luxgen Tainan MOTOR Co., Ltd. (newly added)
Director	Wen-Rong, Tsay	<ol style="list-style-type: none"> 1. Director, Guangzhou Aeolus Automobile Co., Ltd. (newly added) 2. Director, Aeolus Xiangyang Automobile Co., Ltd. (newly added) 3. Executive director, Yuan Lon Motor Co., Ltd. (newly added) 4. Director, Yu Chung Motor Co., Ltd. (newly added) 5. Director, Yu Shing Motor Co., Ltd. (newly added) 6. Director, Yu Tang Motor Co. Ltd. (newly added) 7. Director, Chen Long Motor Co. Ltd. (newly added)
Director	Leman, C. C., Lee	<ol style="list-style-type: none"> 1. Vice Chairman, Taiwan Acceptance Corporation (position change)
Director	Hideki, Kimata	<ol style="list-style-type: none"> 1. Director, Dongfeng Automobile Co., Ltd. (newly added) 2. Director, Dongfeng Nissan Auto Finance Co., Ltd. (newly added)
Independent Director	Yun-Hua, Yang	<ol style="list-style-type: none"> 1. Independent Director, Universal Vision Biotechnology Co. Ltd. (newly added)

Appendix 1:

Articles of Incorporation of YULON NISSAN MOTOR CO., LTD.

Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with “Company Limited by Shares” of Company Act and named as “Yulon Nissan Motor Co., Ltd.”
- Article 2 The scope of business of the Corporation shall be as follows:
1. I501010 Product design business.
 2. CD01030 Automotive and parts manufacturing business.
 3. F114010 Automotive wholesale business.
 4. F214010 Automotive retail business.
 5. CQ01010 Mold manufacturing business.
 6. F106030 Mold wholesale business.
 7. F206030 Mold retail business.
 8. F114030 Automotive and motorcycle parts and accessories wholesale business.
 9. F214030 Automotive and motorcycle parts and accessories retail business.
 10. JA01010 Automotive repair business.
 11. JA01990 Other automotive service business (vehicle decoration).
 12. JA01020 Automotive towing business.
 13. F401010 International trade business.
 14. E701030 Installation engineering of telecommunication control and radio equipment business.
 15. I103010 Enterprise management consulting business.
 16. I401010 General advertising service business.
 17. F113070 Telecommunication equipment wholesale business.
 18. F213060 Telecommunication equipment retail business.
 19. ZZ99999 Other than permitted business, business not prohibited or restricted by Laws.
- Article 3 In order to achieve the goal of diversification, the Company’s reinvestment to other companies may exceed forty percent of the Company’s paid-up capital.
- Article 4 The Company may make guarantee for business necessity.
- Article 5 The Company's headquarters is located in Miaoli County and the Company may establish branches in the appropriate domestic and abroad locations.
- Article 6 Public announcements of the Company shall be advertised at visual areas of the daily newspapers published in the region where the Company’s headquarters resides, unless otherwise specified in the Company Act and other relevant rules and regulations.

Chapter 2 Shares

- Article 7 The total capital stock of the Company shall be in the amount of 6,000,000,000 New Taiwan Dollars, divided into 600,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments. The first installment of 300,000,000 shares was issued upon the establishment of the Company, a total of 3,000,000,000 New Taiwan Dollars.

- Article 8 The Company's share certificates shall be numbered, signed by or sealed with stamps of the director representing the company, and certified by the bank which is competent to certify shares in accordance with laws before the share certificates are issued. The Company may issue shares without printing share certificate(s) and shall register with the Centralized securities depository enterprises.
- Article 9 Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend bonus or any other benefit is scheduled to be paid by the Company.
- Article 10 All other stocks related operations should follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related laws and regulations.

Chapter 3 Shareholders' Meetings

- Article 11 Shareholders' meetings of the Company are of the following two types:
1. Shareholders' regular meetings: Regular meetings shall be convened, by the Board of Directors, at least once per year and within six (6) months after the close of each fiscal year.
 2. Shareholders' special meetings: Special meetings shall be convened in accordance with the Company Act when required.
- Article 12 Written notices of date, time, location and purpose of convening shareholders' meetings shall be sent to all shareholders, at least thirty (30) days in advance for regular meetings; and at least fifteen (15) days in advance for special meetings.
- Article 13 The duties and power of shareholders' meetings are as follows:
1. To modify the articles of incorporation.
 2. To elect and discharge Directors.
 3. To verify annual financial statements.
 4. To resolve the increase or reduction of total capital.
 5. To resolve proposals of earnings distribution or loss appropriation.
 6. To resolve the remuneration to Directors.
 7. To resolve the dissolution, acquisition or disposal through merger, or spin-off of the Company.
 8. Other duties and power that are authorized by the Company Act or other Laws.
- Article 14 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- Article 15 Shareholder's voting power, unless otherwise specified in the Company Act, is deemed one vote for each share.
- Article 16 In case a shareholder is unable to attend the shareholders' meeting, he or she may issue the proxy, printed by the Company and stamped with the Company's seal and stating the scope of power, to commission an agent to attend the shareholders' meeting. Except the security agents and securities investment trust enterprises approved by the security authority, the proxy voting of the aforementioned agents commissioned by two or more shareholders shall not exceed three (3) percent of the total voting right issued and the voting right beyond the said 3% threshold will be disregarded.

One shareholder is limited to issue one proxy and commission one agent only. The proxy shall be submitted to the Company five (5) days prior to the shareholders' meeting.

Article 17 The shareholders' meeting, convened by the Board of Directors, shall be presided over by the chairman of the Board of Directors. When the chairman of the Board of Directors asks for leave or unable to fulfill the responsibility for reasons, his agent shall be appointed in accordance with item 3, Article 208 of the Company Act. When the shareholders' meeting is convened by the authorized convener other than the chairman of the Board of Directors, the authorized convener shall preside over the meeting. In case of two or more authorized conveners, one of the authorized conveners is elected to act on the Chairman's behalf.

The resolution of the shareholders' meeting shall be executed in accordance with the Rules of Procedure for shareholders' meeting.

Article 18 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the Company.

The minutes shall record the year, month, day, location, name of the chairman, resolution method, outlines and conclusions of the meeting, and shall be kept permanently during the existence of the company. The attendance list and proxies shall be kept at least for one year, unless otherwise specified in the Company Act.

Article 19 If the Company's shareholder is only one juristic person shareholder, the duties and power of shareholders' meetings shall be executed by the Board of Directors and the rules of the shareholders' meeting shall not be applied.

Chapter 4 Directors, Functional Committee, and Managers

Article 20 The Company is with five to eleven (5~11) directors candidates nomination system is adopted for election of the directors, the shareholders shall elect the directors from among the nominees listed in the roster of director candidates in the shareholders' meeting, for a 3-year term and may be re-elected. The proportion of total shares owned by all directors shall be in accordance with the regulations specified by the security authority. Among the Company's aforementioned directors, at least three are independent directors who shall be elected by adopting candidate nomination system from the candidate list of independent director in the shareholders' meeting. The professional qualification, shares, restrictions of holding two positions, nomination and election method and other conditions of the independent directors to be complied, shall be in accordance with the relevant regulations of the security authority.

Article 21 The Board of Directors is composed of directors, with job responsibilities as follows:

1. To compose business planning reports.
2. To submit proposals of earnings distribution or loss appropriation.
3. To submit the increase or reduction of total capital.
4. To prepare important regulations and compose contracts.
5. To recruit and discharge the general manager, vice general manager and associate manager of the Company.
6. To approve the Company's reinvestment in other business.

7. To establish and dissolve the branch offices.
8. To compile the budget and settlement.
9. To recruit and discharge the certified accountants and chief accountant.
10. To approve, within the limits of the authorized capital, the amount of shares for shareholders to the Company's monetary credit, technology, or commercial goodwill.
11. To approve, within the limits of the authorized capital, the Company to issue new shares to exchange shares of other companies.
12. To resolve the issuance of employee stock options.
13. To resolve the purchase of Company's shares to transfer to employees.
14. To resolve the application for public offer to the Securities regulatory authorities.
15. Other duties or responsibilities according to the Company Act or the resolution of the shareholders' meetings.

Execution of the Company's business shall be governed by the Board of Directors, unless otherwise those specified by the Company Act or the resolution of the shareholders' meetings according to the Article of Incorporation.

Article 22 The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors among themselves based on the actual need, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation. When the chairman of the Board of Directors asks for leave or unable to fulfill the responsibility for reasons, his agent shall be appointed in accordance with item 3, Article 208 of the Company Act.

Article 23 Meetings of the Board of Directors shall be called and convened by the Chairman of the Board of Directors, unless otherwise specified by the Company Act and shall be agreed upon by a majority in a meeting attended by a majority of Directors.

Article 24 Meetings of the Board of Directors shall be convened with a notice to all Directors, at least seven days prior to the meetings by specifying the meeting's agenda. In case of urgent circumstances, meetings can be convened at any time. The notice of convention of board meetings may be delivered to the directors in writing or by e-mail or fax.

Article 25 When a Director is unable to attend the meeting in person, the Director may appoint another Director on his behalf to attend any meeting of the Board of Directors in accordance with Laws, but no Director may act as proxy for more than one other Director.

Directors who reside abroad may, by written authorization, appoint other shareholders to attend on their behalf any meeting of the Board of Directors regularly, but the aforementioned agent shall register with the authority to be effective, so do the change of agents.

Article 26 The Board of Directors may establish various functional committees. The functional committees shall define their own articles of association and enforce the same upon approval of the Board of Directors.

Article 27 The Company establishes the Audit Committee consisting of the whole independent directors pursuant to the Securities and Exchange Act.

The functions and other compliance affairs of the Audit Committee shall be in accordance with to the Securities and Exchange Act and other related laws and regulations.

Article 28 The Company shall employ one general manager, agreed by a majority in a meeting of the Board of Directors attended by majority of the Directors. The general manager shall operate the Company's business in accordance with the resolutions of the shareholders' meetings or meetings of the Board of the Directors and, within the scope authorized by the Article of Incorporation or contract, has the authority to manage business and sign on behalf of the Company.

Article 29 The Company shall employ several vice general managers and several associate managers, proposed by the Chairman of the Board of Directors and agreed by a majority in a meeting of the Board of Directors attended by majority of the Directors. Vice general managers and associate managers shall assist the general manager on the Company's business.

Chapter 5 Accounting

Article 30 The Company's fiscal year shall be from January 1st to December 31st. After the close of each fiscal year, financial settlement shall be processed. The Board of Directors shall prepare the following financial statement reports in accordance with the Company Act and delivered to prepare the review reports to be submitted in the shareholders' meetings for acceptance:

1. Business reports
2. Financial statements
3. Proposals of earnings distribution or loss appropriation

Article 31 If the Company has profits for the current year, it shall be distributed not less than 0.1% as employees' compensation. The employees' compensation to be resolved in the form of shares or in cash, is agreed upon by a resolution of the Board of Directors and shall be submitted to the shareholders' meeting. However, if the Company has the accumulated losses, the profits must be reserved in advance to offset such losses. Then according to the ratio mentioned in preceding paragraph, to be reserved for such employees' compensation.

For the Company's surplus profit (The 'surplus profit' refers to the net income plus the amounts of the current retained earnings adjustments which are not counted in the net income) at the end of each fiscal year, it shall cover the accumulated losses first, then, appropriating 10% as legal reserve, and set aside or reverse special reserve in accordance with the law. The shareholders' dividend or bonuses out of remaining current profit and undistributed retained earnings at the beginning of the year shall be proposed first by the Board of Directors and to be resolved in the shareholders meeting.

The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change in industrial environment, shareholder's interest and long term financial planning shall be considered in planning the Company's dividend distribution scheme. The amount shall not exceed 90% of current net income as the principal, however, the final dividend distribution ratio shall be proposed first by the board of directors and to be resolved in the shareholders meeting, regardless of such principle. Distribution of dividend is in the form of cash or shares. Cash dividend each year shall not be less than 20% of the total amount of the appropriated dividend of current year.

Article 32 The Company's directors shall receive remuneration (including travel expenses) of 100,000 New Taiwan Dollars monthly. The Board of Directors are authorized to determine the remuneration of the Chairman of the Board of Directors, based on the level of participation in the Company's operation and contribution without exceeding the highest salary standard decided by the Company. Such remuneration shall be paid regardless of whether the Company business generates profits or experiences loss.

Chapter 6 Supplementary Provisions

Article 33 The Company's organization regulations and detailed guidelines of operation shall be determined separately.

Article 34 In regard to all matters not provided herein, the Company Act shall govern.

Article 35 The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th, 2004; the second amendment was made on June 18th, 2004; the third amendment was made on November 11th, 2004; the fourth amendment was made on June 17th, 2005; the fifth amendment will be made on June 16th, 2006; the sixth amendment was made on June 22nd, 2007; the seventh amendment was made on June 21st, 2010; the eighth amendment was made on June 13th, 2012; the ninth amendment was made on June 14th, 2013, the tenth amendment was made on June 30th, 2015, and the tenth amendment was made on June 30th, 2016, the twelfth amendment is made on June 26 th , 2017 and shall be applicable as of the director election of 7th term, the thirteen amendment was made on June 19th, 2020.

Appendix 2:**Shareholdings of Directors**

1. As of April 27, 2022, all directors minimum shareholding number and actually registered holding shares.

Title	Minimum number of shares to be held	Shares actually held in share register
Directors	12,000,000	263,500,000

2. As of April 27, 2022, table of shares held by all directors.

Title	Name	Shares held in share register
President	Yulon Motor Co., Ltd. Representative : Yen Chen, Li Lien	143,500,000
Director	Yulon Motor Co., Ltd. Representative : Chen-Hsiang Yao	
Director	Yulon Motor Co., Ltd. Representative : Wen-Rong Tsay	
Director	Yulon Motor Co., Ltd. Representative : Leman C.C. Lee	
Director	Nissan Motor Co., Ltd. Representative : Kimata, Hideki	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Atsushi Kubo	
Director	Nissan Motor Co., Ltd. Representative : Masanari Ueda	
Director	Nissan Motor Co., Ltd. Representative : Motoo Sato	
Independent Director	Yun-Hua Yang	-
Independent Director	Hung-Wen Chang	-
Independent Director	Jung-Fang Kuo	-

Appendix 3:

Yulon Nissan Motor Co., Ltd.

Rules of Procedure for Shareholders Meeting

Formulated date: March 30th, 2004

- Article 1: The Company has shareholders meeting arranged in accordance with this “Rules of Procedure for Shareholders Meeting.”
- Article 2: Shareholders (representatives) present at the shareholders’ meeting shall submit the Attendance Card instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards plus the number of shares whose voting rights are exercised by correspondence or electronically. Attendance at shareholders meetings shall be calculated based on numbers of shares.
- Article 3: The chair shall call the meeting to order at the appointed meeting time, and announce the number of shares of the attendance and no voting power.
- However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
- Article 4: If a shareholders meeting is summoned by the Board of Directors, the meeting agenda shall be determined by the Board of Directors. The meeting shall be held in accordance with the aforementioned agenda accordingly without changes made unless it is resolved in the shareholders’ meeting. If a shareholders meeting is summoned by an authorized convener other than the Board of Directors, the provision of the foregoing paragraph shall prevail. For the aforementioned two agendas, the Chairman may not announce the meeting adjourned without resolution before the end of the procedures (including motions). If the Chairman has the meeting adjourned in violation of the “Rules of Procedure for Shareholders’ Meeting,” a new Chairman can be elected to preside the meeting continuously by present shareholders with majority votes. Upon meeting adjournment announced by the Chairman, the shareholders shall not elect a new Chairman and resume the meeting at the original or new site.
- Article 5: Before speaking, an attending shareholder must specify on a speaker’s slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. Present shareholders who have submitted the speech note but do not speak in the meeting are considered failure to address speech. If there is discrepancy between the content of the

speech note and the speech in the meeting, the verbal speech shall prevail. The present shareholder who is speaking should not be interrupted by any other shareholders unless agreed by the Chairman and the speaking shareholder. The Chairman should have the disorderly conduct disciplined.

Article 6: Each shareholder may not speak more than twice and not more than five minutes each time on one subject unless agreed upon by the Chairman. The Chairman may stop the shareholder who has violated the rules, spoke beyond the subject scope, or behaved impolitely from speaking in the meeting.

Article 7: If a juristic person is attending the meeting by proxy, the juristic person may have only one representative delegated to attend the meeting. If the juristic person has more than two representatives delegated to attend the meeting, only one representative may speak about one subject.

Article 8: After the speech of the present shareholders, the Chairman may answer the questions in person or have it answered by the designated personnel.

Article 9: During the discussion of the motions, Chairman may announce the end of discussion at his/her discretion and proceed for voting, and schedule sufficient time for voting, or, may have the discussion suspended if necessary.

Article 10: Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The calculation of the shareholder voting rights shall be followed relevant laws and regulations. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation. The shareholder is deemed one vote for each share. Shareholders who have an agent to attend the shareholders' meeting shall be in accordance with the "Rules of appointing agents to attend the shareholders' meeting of Public Companies" and related laws and regulations.

Article 11: During the meeting, the Chairman may announce a recess during the meeting discretionally. If the procedure fails to be completed in a meeting, the meeting may continue within five (5) days with the resolution of the shareholders' meeting and no further notice and announcement are required.

Article 12: If a proposal is with amendment and/or alternative, the Chairman may have it consolidated with the order of voting determined. If one of the proposals is passed, other proposals are deemed as vetoed without further voting.

Article 13: The Chairman may direct pickets (or security guards) to maintain order of the meeting

premise. The pickets (or security guards) must wear the “Picket” armband while disciplining the order at the meeting premise.

- Article 14: The Chairman is to determine the tellers and ballot counting officer. The teller must be a shareholder. Vote result must be reported on the spot and documented accordingly.
- Article 15: If a shareholders’ meeting is summoned by the Board of Directors, the Chairman is to preside the meeting. If the Chairman asks for leave or cannot preside the meeting for reasons, the Vice Chairman is to act on the Chairman’s behalf. If there is no Vice Chairman or the Vice Chairman asks for leave or cannot preside the meeting for reasons, the Chairman is to designate his/her agent to preside the meeting. If the Chairman has not had his/her agent designated, one of the Directors shall be elected to act on the Chairman’s behalf. If a shareholders’ meeting is summoned by an authorized convener other than the Board of Directors, the authorized convener is the Chairman of the shareholders’ meeting. If there are two or more authorized conveners, one shall be elected among themselves.
- Article 16: The location summoned for the shareholders’ meeting shall be the location where the Company resides, or a location convenient for shareholders to attend and suitable for - 41 - organizing the shareholders’ meeting. The schedule of the meeting shall not start before nine (9) o’clock in the morning or later than three (3) o’clock in the afternoon. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 17: The Company may assign the appointed attorney, CPA, or related personnel to attend the meeting. Conference staffs who help organize the shareholders’ meeting should wear identification badge or armband.
- Article 18: The whole process of the shareholders’ meeting should be documented with audio or video recording and archived for at least one year.
- Article 19: Issues that are not addressed in the “Rules of Procedure for Shareholders’ Meeting” should be processed in accordance with the Company Act, the Company’s Articles of Incorporation, and applicable laws and regulations.
- Article 20: The “Rules of Procedure for Shareholders’ Meeting” shall be enforced upon the resolution reached in the shareholders’ meeting, so is the amendment.
- Article 21: The Procedures was regulated on March 30, 2004; the first amendment was made on June 30th, 2015; the second amendment was made on July 20th, 2021.