

Stock code: 2227

**YULON NISSAN MOTOR CO., LTD.**  
**Handbook of 2024**  
**Annual General Shareholders' Meeting**



Time: June 27, 2024

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.**  
**2024 Annual General Shareholders' Meeting**  
**Meeting Procedure**

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

**YULON NISSAN MOTOR CO., LTD.**  
**2024 Annual General Shareholders' Meeting**  
**Agenda**

Time: Thursday, June 27, 2024, 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 2023
- (2) 2023 Audit Committee' Report
- (3) To report 2023 Employees' Compensation Distribution.

**4. Ratification Items**

- (1) 2023 Business Report and Financial Statements
- (2) 2023 Earnings Distribution

**5. Discussion Items**

Amendment to YNM Rules of Procedure for Shareholders' Meeting

**6. Elections Items**

Election of 9th term Directors

**7. Other Items**

The Lift on the Prohibition on 9th term Directors from "Concurrently Act as a Director and/or Manager of another company".

**8. Extraordinary Motions**

**9. Closure of the Meeting**

# Report Items

## Item One:

### The 2023 Business Report

#### Business Report

#### (I) 2023's operating results

A total of 466,000 cars were sold in Taiwan in 2023, representing a 12.2% growth from the year of 2022. The company sold 23,818 cars, representing a market share of 5.1%, and generated an operating income of NT\$26.14 billion, operating profit of NT\$120 million, net income before tax of NT\$1.47 billion, and net earnings per share of NT\$3.87.

In terms of the car models sold, the X-TRAIL e-POWER of NISSAN was imported from Japan and market launched in Taiwan in the first half of the year with the appeal of “a recharging-free electric vehicle” and an interior that is comparable with luxury brands, as a result, the model is sold out during the pre-sale promotion. Under the circumstances, the X-TRAIL light petrol-electric model, a domestic version, has been market launched in the second half of the year with three new technologies, including “VC-TURBO power,” “light petrol-electric system,” and “ProPILOT intelligent travel safety,” equipped to create a model that outperforms its competing domestic mid-size SUV models in the sense of power and safety specifications. KICKS e-POWER, a new energy crossover SUV model, was market launched in October with appeals of “electric car driving experience,” “strong torque,” “high efficiency and energy saving,” and “quiet and comfortable driving experience” that received an enthusiastic response in the market.

In terms of the INFINITI brand, the competitiveness of the QX60 2023-model has been reinforced by improving equipment to meet the diverse needs of modern car owners. The QX55 2023-model brings the ultimate Japanese car driving experience to consumers who love luxury sports cars. The QX50 2024 model is newly equipped with ProPILOT intelligent driving auxiliary technology that helps drivers relax and protect the safety of passengers.

#### (II) 2023's corporate sustainability

The company was awarded with the 2023 TCSA Taiwan Sustainability Award - Bronze Award for Sustainability Report and Talent Development Leadership Award, as well as the “Best IT Employer Award” and other awards. The company also received the “Sports Enterprise Certification” and “Healthy Corporate Citizen Certification.” The company is committed to protecting the health of employees by creating an excellent working environment.

In terms of talent cultivation, the company has contributed to the development of the automobile industry by arranging activities like “Nissan Design the Future Awards” and “NISSAN Children Camp.”

In terms of social welfare, the company continues to donate the insurance premiums of “Employer's Compensation Contract Liability Insurance” for temporary custodians to Taipei City Government and organize “Nature Travels” to promote the concept of environmental and sustainable management.

### **(III) Business operation in Mainland China**

A total of 30.09 million cars were sold in Mainland China, of which, 723,000 cars were sold by Dongfeng Nissan Passenger Vehicle Company.

### **(VI) The prospects**

The new and improved ALL NEW SENTRA of NISSAN is market launched with the appeal of “3 new eye-catching designs and 8 new upgrades” to corner higher market share for sedans with the reinforced product power.

The new generation pure electric SUV ARIYA will be launched in the second half of the year. In addition to the complete LEVEL 2 semi-automatic driving auxiliary system, the exterior and interior of the car reflects the ultimate Japanese aesthetics and craftsmanship.

The INFINITI will continue to introduce new models and enhance product competitiveness to satisfy consumers who love INFINITI.

In terms of customer service, the sales and service quality of Nissan and INFINITI brands are constantly being improved. In addition to providing real-time services to customers through license plate recognition systems and smart wearable devices, the company also has customers' consumption status analyzed in real time with the system so to provide customers with products and services that meet their needs.

In terms of the market deployment in mainland China, the China Association of Automobile Manufacturers estimates that more than 31 million cars will be sold in 2024; therefore, the company is prudently optimistic about the business performance of Dongfeng Nissan to be better than what it was in 2023.

Yulon Nissan Motor is committed to working hard towards three directions: Product electrification, channel digitization, and corporate governance efficiency with the support of all shareholders and the efforts of all colleagues. We are confident that we can generate maximum benefits in the fiercely competitive market.

**Item Two:**

**2023 Audit Committee' Report**

Yulon Nissan Motor Co., Ltd.

**Audit Committee' Report**

The Board of Directors submits the 2023 Business Report, Financial Statements (including Consolidated Financial Statements), and Earnings Distribution Proposal. Among them, the Financial Statements (including Consolidated Financial Statements) were audited by accountants Chien-Hsin Hsieh and Jui-Chuan Chih of Deloitte Touche Tohmatsu Ltd., who issued the audit report. The Business Report, Financial Statements (including Consolidated Financial Statements) and Earnings Distribution Proposal were inspected by the Audit Committee 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:

2024 Regular Shareholders' Meeting of the Company

Yulon Nissan Motor Co., Ltd.

Audit Committee Convenor : Jung-Fang Kuo



May 7, 2024

### **Item Three:**

#### **2023 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\$2,934 thousand dollars.



# Ratification Items

Proposed by the Board of Directors

## **Proposal 1: Ratification of the 2023 Business Report and Financial Statements.**

**Please ratify.**

### **Description:**

1. The compilation of the Company's Fiscal 2023 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 4 to page 5 of this handbook and Attachments 1 (p.14 to p.33) for the Fiscal 2023 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
3. Request to resolve.

### **Resolution:**

**Proposal 2: Ratification of 2023 Earnings Distribution.**

Description :

1. Based on the audited 2023 financial statements, YNM presents 2023 earnings distribution statement as Attachment 2 (p.34).
2. According to earnings distribution statement, YNM proposes to distribute NT\$3.48 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 September 2, 2024. 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 29, 2024, to September 2, 2024.
3. Request to resolve.

Resolved:

## Discussion Items

Proposed by the Board of Directors

### **Proposal: Amendment to YNM Rules of Procedure for Shareholders' Meeting**

Explanation:

1. Complied with the requirements under the notice letter No. 1120004167, YNM Rules of Procedure for Shareholders' Meeting shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as Attachment 3 (p.35 to p.36).
2. Request to resolve.

Resolution:

# **Election Items**

Proposed by the Board of Directors

## **Election of the 9th directors**

Explanation:

1. The term of office of the 8th term of Directors (including independent directors) shall expire in June. According to article 195 of the company law an election of the 9th term of eleven Directors (include three Independent Directors) shall be conducted, whose term of office shall be effective from June 27, 2024, to June 26, 2027.
2. According to Article 20 of the Articles of Incorporation, the election of the Directors shall adopt candidate nomination system. The candidate nomination list has been reviewed by the Board of Directors with qualification on May 7, 2024, which education, experience, and other information can be referred to from page 37.
3. Please proceed with the election.

Election results:

## Other Items

Proposed by the Board of Directors

**Proposal: The Lift on the Prohibition on 9th Directors from “Concurrently Act as a Director and/or Manager of another company”.**  
**Please proceed to discuss.**

Explanation:

1. According to regulation of R.O.C. Company Law No.209, first paragraph, 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 directors shall not act as a director and/or manager of another company in response to the need of the company's business operations.
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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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, 2023 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 2023 was \$294,099

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 12 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

1. Identify and assess the risks of material misstatement of the 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, 2023 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 12, 2024

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, 2023 AND 2022

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

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,833,891	17	\$ 1,516,229	6
Financial assets at fair value through profit or loss (Notes 4 and 7)	900,959	4	2,342,779	10
Financial assets at amortized cost (Notes 4, 8 and 29)	45,654	-	-	-
Notes receivable (Notes 4, 9 and 21)	855	-	930	-
Trade receivables (Notes 4, 9 and 21)	26,827	-	23,800	-
Trade receivables - related parties (Notes 4, 21 and 28)	150,101	1	356,964	1
Other receivables (Notes 4 and 9)	13,086	-	9,736	-
Other receivables - related parties (Notes 4 and 28)	100,168	-	115,610	1
Prepayments	1,429	-	3,861	-
Total current assets	<u>5,072,970</u>	<u>22</u>	<u>4,369,909</u>	<u>18</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost (Notes 4, 8 and 29)	-	-	2,120	-
Investments accounted for using the equity method (Notes 4 and 11)	15,614,296	69	17,707,374	72
Property, plant and equipment (Notes 4, 5, 12 and 28)	968,733	5	1,231,620	5
Right-of-use assets (Notes 4, 13 and 28)	598,557	3	652,564	3
Computer software (Notes 4 and 14)	40,361	-	53,953	-
Deferred tax assets (Notes 4 and 23)	63,917	-	60,158	-
Other non-current assets (Notes 15 and 28)	246,755	1	433,168	2
Total non-current assets	<u>17,532,619</u>	<u>78</u>	<u>20,140,957</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 22,605,589</u>	<u>100</u>	<u>\$ 24,510,866</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities (Notes 21 and 28)	\$ 2,022	-	\$ 70,028	-
Trade payables	119,294	1	71,858	1
Trade payables - related parties (Note 28)	301,532	1	441,956	2
Other payables (Note 16)	1,076,210	5	780,435	3
Other payables - related parties (Note 28)	112,908	-	141,440	1
Current tax liabilities (Notes 4 and 23)	350,149	2	516,410	2
Provisions (Notes 4, 5 and 17)	197,858	1	208,904	1
Lease liabilities (Notes 4, 13 and 28)	48,885	-	53,434	-
Other current liabilities (Note 18)	7,840	-	6,995	-
Total current liabilities	<u>2,216,698</u>	<u>10</u>	<u>2,291,460</u>	<u>10</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions (Notes 4, 5 and 17)	74,987	-	58,191	-
Deferred tax liabilities (Notes 4 and 23)	1,979,460	9	2,303,706	9
Lease liabilities (Notes 4, 13 and 28)	558,212	3	604,590	3
Net defined benefit liabilities (Notes 4 and 19)	44,382	-	31,429	-
Total non-current liabilities	<u>2,657,041</u>	<u>12</u>	<u>2,997,916</u>	<u>12</u>
Total liabilities	<u>4,873,739</u>	<u>22</u>	<u>5,289,376</u>	<u>22</u>
<b>EQUITY</b>				
Capital stock - NT\$10 par value; authorized - 600,000 thousand stocks; issued and outstanding - 300,000 thousand stocks	3,000,000	13	3,000,000	12
Capital surplus	5,988,968	26	5,988,968	24
Retained earnings				
Legal reserve	7,396,085	33	7,151,689	29
Special reserve	1,470,531	6	1,470,531	6
Unappropriated earnings	1,322,636	6	2,586,013	11
Total retained earnings	<u>10,189,252</u>	<u>45</u>	<u>11,208,233</u>	<u>46</u>
Other equity	(1,446,370)	(6)	(975,711)	(4)
Total equity	<u>17,731,850</u>	<u>78</u>	<u>19,221,490</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 22,605,589</u>	<u>100</u>	<u>\$ 24,510,866</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

**YULON NISSAN MOTOR COMPANY, LTD.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)				
Sales (Note 4)	\$ 25,761,591	99	\$ 23,206,378	98
Service revenue (Note 4)	263,544	1	294,470	1
Other operating revenue	<u>111,062</u>	<u>-</u>	<u>106,343</u>	<u>1</u>
Total operating revenue	26,136,197	100	23,607,191	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>23,081,037</u>	<u>88</u>	<u>20,666,547</u>	<u>87</u>
GROSS PROFIT	<u>3,055,160</u>	<u>12</u>	<u>2,940,644</u>	<u>13</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	1,856,700	7	1,765,856	8
General and administrative expenses	502,153	2	498,317	2
Research and development expenses	<u>555,668</u>	<u>2</u>	<u>537,954</u>	<u>2</u>
Total operating expenses	<u>2,914,521</u>	<u>11</u>	<u>2,802,127</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 22 and 28)	<u>(2,712)</u>	<u>-</u>	<u>(2,811)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>137,927</u>	<u>1</u>	<u>135,706</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiary	1,245,668	5	2,795,803	12
Net foreign exchange gain (Note 22)	1,772	-	119,872	-
(Loss) gain on financial assets at fair value through profit or loss, net	16,189	-	(16,576)	-
Interest income (Note 4)	43,344	-	15,397	-
Other revenue	18,804	-	3,696	-
Interest expenses (Note 28)	(7,526)	-	(9,662)	-
(Loss) gain on disposal of investments, net (Note 22)	23,064	-	(8,806)	-
Overseas business expenses (Note 28)	(7,334)	-	(7,913)	-
Other losses	<u>(741)</u>	<u>-</u>	<u>(1,890)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,333,240</u>	<u>5</u>	<u>2,889,921</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	1,471,167	6	3,025,627	13
INCOME TAX EXPENSES (Notes 4 and 23)	<u>310,142</u>	<u>1</u>	<u>615,046</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,161,025</u>	<u>5</u>	<u>2,410,581</u>	<u>10</u>

(Continued)

# YULON NISSAN MOTOR COMPANY, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ (17,417)	-	\$ 41,691	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	(91)	-	35	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>3,502</u>	<u>-</u>	<u>(8,345)</u>	<u>-</u>
	<u>(14,006)</u>	<u>-</u>	<u>33,381</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(470,659)</u>	<u>(2)</u>	<u>494,820</u>	<u>2</u>
Other comprehensive loss for the year, net of income tax	<u>(484,665)</u>	<u>(2)</u>	<u>528,201</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 676,360</u>	<u>3</u>	<u>\$ 2,938,782</u>	<u>12</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.87</u>		<u>\$ 8.04</u>	
Diluted	<u>\$ 3.87</u>		<u>\$ 8.03</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

**YULON NISSAN MOTOR COMPANY, LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)**

	Capital Stock	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity Exchange Differences on the Translation of Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2022	\$ 3,000,000	\$ 5,988,968	\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708
Appropriation of 2021 earnings							
Legal reserve	-	-	302,725	-	(302,725)	-	-
Special reserve	-	-	-	142,095	(142,095)	-	-
Cash dividends distributed by the Company - NT\$9.06 per share	-	-	-	-	(2,718,000)	-	(2,718,000)
	-	-	302,725	142,095	(3,162,820)	-	(2,718,000)
Net profit for the year ended December 31, 2022	-	-	-	-	2,410,581	-	2,410,581
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	33,381	494,820	528,201
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,443,962	494,820	2,938,782
BALANCE AT DECEMBER 31, 2022	3,000,000	5,988,968	7,151,689	1,470,531	2,586,013	(975,711)	19,221,490
Appropriation of 2022 earnings							
Legal reserve	-	-	244,396	-	(244,396)	-	-
Cash dividends distributed by the Company - NT\$7.22 per share	-	-	-	-	(2,166,000)	-	(2,166,000)
	-	-	244,396	-	(2,410,396)	-	(2,166,000)
Net profit for the year ended December 31, 2023	-	-	-	-	1,161,025	-	1,161,025
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(14,006)	(470,659)	(484,665)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,147,019	(470,659)	676,360
BALANCE AT DECEMBER 31, 2023	\$ 3,000,000	\$ 5,988,968	\$ 7,396,085	\$ 1,470,531	\$ 1,322,636	\$ (1,446,370)	\$ 17,731,850

The accompanying notes are an integral part of the financial statements.

# YULON NISSAN MOTOR COMPANY, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,471,167	\$ 3,025,627
Adjustments for:		
Depreciation expenses	385,785	599,588
Amortization expenses	14,895	8,454
Loss (gain) on financial assets at fair value through profit or loss, net	(16,189)	16,576
Interest expense	7,526	9,662
Interest income	(43,344)	(15,397)
Share of the profit of subsidiary	(1,245,668)	(2,795,803)
Loss on disposal of property, plant and equipment, net	2,712	2,811
Loss (gain) on disposal of investment, net	(23,064)	8,806
Net foreign exchange gain	(1,973)	(127,263)
(Reversal) recognition of inventory purchase commitments	4,457	(3,528)
Warranty costs	124,961	136,926
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	1,481,073	(1,820,872)
Notes receivable	75	(695)
Notes receivable - related parties	-	21
Trade receivables	(3,025)	(233)
Trade receivables - related parties	206,867	(69,634)
Other receivables	(1,112)	36,629
Other receivables - related parties	15,442	44,004
Prepayments	2,432	1,113
Other financial assets	(43,534)	(2,120)
Contract liabilities	(68,006)	70,028
Trade payables	47,436	55,897
Trade payables - related parties	(140,424)	141,871
Other payables	291,292	(13,411)
Other payables - related parties	(26,860)	(82,213)
Other current liabilities	845	1,486
Provisions	(123,668)	(149,035)
Net defined benefit liabilities	(4,464)	(14,366)
Cash (used in) generated from operations	2,315,634	(935,071)
Interest paid	(7,526)	(9,662)
Income tax paid	(800,906)	(957,538)
Net cash (used in) generated from operating activities	<u>1,507,202</u>	<u>(1,902,271)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	2,867,996	3,408,720
Interest received	41,106	12,390
Payments for property, plant and equipment (Note 25)	(41,205)	(204,251)
Proceeds from disposal of property, plant and equipment	-	997
Decrease in refundable deposits	162,399	150,267
Payments for computer software	(1,303)	(39,650)
	<u>(1,303)</u>	<u>(39,650)</u>

(Continued)

## YULON NISSAN MOTOR COMPANY, LTD.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash generated from investing activities	<u>\$ 3,028,993</u>	<u>\$ 3,328,473</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(54,494)	(55,870)
Payments of dividends	<u>(2,166,000)</u>	<u>(2,718,000)</u>
Cash used in financing activities	<u>(2,220,494)</u>	<u>(2,773,870)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,961</u>	<u>127,253</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,317,662	(1,220,415)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,516,229</u>	<u>2,736,644</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,833,891</u>	<u>\$ 1,516,229</u>

The accompanying notes are an integral part of the financial statements.

(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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023. 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, 2023 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 2023 was \$294,099 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 material accounting judgments are disclosed in Notes 4 and 5 to the consolidated financial statements, respectively; the related amounts are disclosed in Note 13 to the consolidated financial statements.

We understood the Company's depreciation process for 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 are used as the basis for the estimated number of units of each model of vehicle 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 the 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 we 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, 2023 and 2022 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

6. Obtain sufficient 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, 2023 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 12, 2024

#### 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, 2023 AND 2022

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

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 7,592,375	34	\$ 2,613,339	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	900,959	4	2,342,779	10
Financial assets at amortized cost (Notes 4, 8 and 30)	104,383	-	-	-
Notes receivable (Notes 4, 9 and 22)	855	-	930	-
Trade receivables (Notes 4, 9 and 22)	26,827	-	23,800	-
Trade receivables - related parties (Notes 4, 22 and 29)	150,101	1	356,964	2
Other receivables (Notes 4 and 9)	16,301	-	11,846	-
Other receivables - related parties (Notes 4 and 29)	95,827	-	110,585	-
Prepayments	375,533	2	83,229	-
Total current assets	<u>9,263,161</u>	<u>41</u>	<u>5,543,472</u>	<u>23</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost (Notes 4, 8 and 30)	-	-	2,120	-
Investments accounted for using the equity method (Notes 4 and 12)	11,424,105	51	16,533,811	67
Property, plant and equipment (Notes 4, 5, 13 and 29)	968,733	4	1,231,620	5
Right-of-use assets (Notes 4, 14 and 29)	598,557	3	652,564	3
Computer software (Notes 4 and 15)	40,361	-	53,953	-
Deferred tax assets (Notes 4 and 24)	63,917	-	60,158	-
Other non-current assets (Notes 16 and 29)	246,755	1	433,168	2
Total non-current assets	<u>13,342,428</u>	<u>59</u>	<u>18,967,394</u>	<u>77</u>
<b>TOTAL</b>	<u>\$ 22,605,589</u>	<u>100</u>	<u>\$ 24,510,866</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities (Notes 22 and 29)	\$ 2,022	-	\$ 70,028	-
Trade payables	119,294	1	71,858	1
Trade payables - related parties (Note 29)	301,532	1	441,956	2
Other payables (Note 17)	1,076,210	5	780,435	3
Other payables - related parties (Note 29)	112,908	-	141,440	1
Current tax liabilities (Notes 4 and 24)	350,149	2	516,410	2
Provisions (Notes 4, 5 and 18)	197,858	1	208,904	1
Lease liabilities (Notes 4, 14 and 29)	48,885	-	53,434	-
Other current liabilities (Note 19)	7,840	-	6,995	-
Total current liabilities	<u>2,216,698</u>	<u>10</u>	<u>2,291,460</u>	<u>10</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions (Notes 4, 5 and 18)	74,987	-	58,191	-
Deferred tax liabilities (Notes 4 and 24)	1,979,460	9	2,303,706	9
Lease liabilities (Notes 4, 14 and 29)	558,212	3	604,590	3
Net defined benefit liabilities (Notes 4 and 20)	44,382	-	31,429	-
Total non-current liabilities	<u>2,657,041</u>	<u>12</u>	<u>2,997,916</u>	<u>12</u>
Total liabilities	<u>4,873,739</u>	<u>22</u>	<u>5,289,376</u>	<u>22</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Capital stock - NT\$10 par value; authorized 600,000 thousand stocks; issued and outstanding 300,000 thousand stocks	3,000,000	13	3,000,000	12
Capital surplus	5,988,968	26	5,988,968	24
Retained earnings				
Legal reserve	7,396,085	33	7,151,689	29
Special reserve	1,470,531	6	1,470,531	6
Unappropriated earnings	1,322,636	6	2,586,013	11
Total retained earnings	<u>10,189,252</u>	<u>45</u>	<u>11,208,233</u>	<u>46</u>
Other equity	(1,446,370)	(6)	(975,711)	(4)
Total equity	<u>17,731,850</u>	<u>78</u>	<u>19,221,490</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 22,605,589</u>	<u>100</u>	<u>\$ 24,510,866</u>	<u>100</u>

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)				
Sales (Note 4)	\$ 25,761,591	99	\$ 23,206,378	98
Service revenue (Note 4)	263,544	1	294,470	1
Other operating revenue	<u>111,062</u>	<u>-</u>	<u>106,343</u>	<u>1</u>
Total operating revenue	26,136,197	100	23,607,191	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>23,081,037</u>	<u>88</u>	<u>20,666,547</u>	<u>87</u>
GROSS PROFIT	<u>3,055,160</u>	<u>12</u>	<u>2,940,644</u>	<u>13</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	1,856,700	7	1,765,856	8
General and administrative expenses	521,667	2	520,063	2
Research and development expenses	<u>555,668</u>	<u>2</u>	<u>537,954</u>	<u>2</u>
Total operating expenses	<u>2,934,035</u>	<u>11</u>	<u>2,823,873</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES (Note 23)	<u>(2,712)</u>	<u>-</u>	<u>(2,811)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>118,413</u>	<u>1</u>	<u>113,960</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates	1,105,617	4	3,052,224	13
Foreign exchange gain (loss), net (Note 23)	122,942	1	(151,623)	(1)
Gain (loss) on fair value changes of financial assets at fair value through profit or loss, net	16,189	-	(16,576)	-
Interest income (Note 4)	81,739	-	52,217	-
Other revenue	18,804	-	3,696	-
Interest expenses (Note 29)	(7,526)	-	(9,662)	-
Gain (loss) on disposal of investments, net (Note 23)	23,064	-	(8,806)	-
Overseas business expenses (Note 29)	(7,334)	-	(7,913)	-
Other losses	<u>(741)</u>	<u>-</u>	<u>(1,890)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,352,754</u>	<u>5</u>	<u>2,911,667</u>	<u>12</u>
PROFIT BEFORE TAX	1,471,167	6	3,025,627	13
INCOME TAX EXPENSE (Notes 4 and 24)	<u>310,142</u>	<u>1</u>	<u>615,046</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,161,025</u>	<u>5</u>	<u>2,410,581</u>	<u>10</u>

(Continued)

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ (17,417)	-	\$ 41,691	-
Share of other comprehensive loss of associates accounted for using the equity method (Note 12)	(91)	-	35	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>3,502</u>	<u>-</u>	<u>(8,345)</u>	<u>-</u>
	<u>(14,006)</u>	<u>-</u>	<u>33,381</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(470,659)</u>	<u>(2)</u>	<u>494,820</u>	<u>2</u>
Other comprehensive loss for the year, net of income tax	<u>(484,665)</u>	<u>(2)</u>	<u>528,201</u>	<u>2</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 676,360</u>	<u>3</u>	<u>\$ 2,938,782</u>	<u>12</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owner of the Company	<u>\$ 1,161,025</u>	<u>4</u>	<u>\$ 2,410,581</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owner of the Company	<u>\$ 676,360</u>	<u>3</u>	<u>\$ 2,938,782</u>	<u>12</u>
<b>EARNINGS PER SHARE (Note 25)</b>				
Basic	<u>\$3.87</u>		<u>\$8.04</u>	
Diluted	<u>\$3.87</u>		<u>\$8.03</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	Capital Stock	Capital Surplus (Note 21)	Retained Earnings (Note 21)			Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2022	\$ 3,000,000	\$ 5,988,968	\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708
Appropriation of 2021 earnings							
Legal reserve	-	-	302,725	-	(302,725)	-	-
Special reserve	-	-	-	142,095	(142,095)	-	-
Cash dividends distributed by the Company - NT\$9.06 per share	-	-	-	-	(2,718,000)	-	(2,718,000)
	-	-	302,725	142,095	(3,162,820)	-	(2,718,000)
Net profit for the year ended December 31, 2022	-	-	-	-	2,410,581	-	2,410,581
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	33,381	494,820	528,201
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	2,443,962	494,820	2,938,782
BALANCE AT DECEMBER 31, 2022	3,000,000	5,988,968	7,151,689	1,470,531	2,586,013	(975,711)	19,221,490
Appropriation of 2022 earnings							
Legal reserve	-	-	244,396	-	(244,396)	-	-
Cash dividends distributed by the Company - NT\$7.22 per share	-	-	-	-	(2,166,000)	-	(2,166,000)
	-	-	244,396	-	(2,410,396)	-	(2,166,000)
Net profit for the year ended December 31, 2023	-	-	-	-	1,161,025	-	1,161,025
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(14,006)	(470,659)	(484,665)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,147,019	(470,659)	676,360
BALANCE AT DECEMBER 31, 2023	\$ 3,000,000	\$ 5,988,968	\$ 7,396,085	\$ 1,470,531	\$ 1,322,636	\$ (1,446,370)	\$ 17,731,850

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



# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,471,167	\$ 3,025,627
Adjustments for:		
Depreciation expenses	385,785	599,588
Amortization expenses	14,895	8,454
(Gain) loss on fair value changes of financial assets at fair value through profit or loss, net	(16,189)	16,576
Interest expense	7,526	9,662
Interest income	(81,739)	(52,217)
Share of profit of associates	(1,105,617)	(3,052,224)
Loss on disposal of property, plant and equipment, net	2,712	2,811
(Gain) loss on disposal of investment, net	(23,064)	8,806
Net (gain) loss on foreign currency exchange	(20,180)	365,599
Recognition (reversal) of inventory purchase commitments	4,457	(3,528)
Warranty costs	124,961	136,926
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	1,481,073	(1,820,872)
Notes receivable	75	(695)
Notes receivable - related parties	-	21
Trade receivables	(3,025)	(233)
Trade receivables - related parties	206,867	(69,634)
Other receivables	(1,112)	36,629
Other receivables - related parties	14,758	36,383
Prepayments	2,432	1,113
Other financial assets	(102,263)	(2,120)
Contract liabilities	(68,006)	70,028
Trade payables	47,436	55,897
Trade payables - related parties	(140,424)	141,871
Other payables	291,292	(13,411)
Other payables - related parties	(26,860)	(82,213)
Other current liabilities	845	1,486
Provisions	(123,668)	(149,035)
Net defined benefit liabilities	(4,464)	(14,366)
Cash generated from (used in) operations	<u>2,339,670</u>	<u>(743,071)</u>
Interest paid	(7,526)	(9,662)
Income tax paid	<u>(1,175,010)</u>	<u>(1,286,119)</u>
Net cash generated from (used in) operating activities	<u>1,157,134</u>	<u>(2,038,852)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	5,848,818	3,280,588
Interest received	78,396	50,017
Payments for property, plant and equipment (Note 26)	(41,205)	(204,251)
Proceeds from disposal of property, plant and equipment	-	997

(Continued)

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	\$ 162,399	\$ 150,267
Payments for computer software	<u>(1,303)</u>	<u>(39,650)</u>
Net cash generated from investing activities	<u>6,047,105</u>	<u>3,237,968</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	(54,494)	(55,870)
Payments of dividends	<u>(2,166,000)</u>	<u>(2,718,000)</u>
Cash used in financing activities	<u>(2,220,494)</u>	<u>(2,773,870)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(4,709)</u>	<u>143,897</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,979,036	(1,430,857)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,613,339</u>	<u>4,044,196</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 7,592,375</u>	<u>\$ 2,613,339</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

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

## 2023 Earnings Distribution Statement

Unit: NT dollar

Item	Sub-total	Total
Beginning retained earnings		175,617,946
Less: Adjustment arising from investments accounted for using equity method		(90,790)
Less: Remeasurement of defined benefit plans		(13,915,295)
2023 Adjusted undistributed earnings (excluded net income)		161,611,861
2023 Net income after tax	1,161,024,748	
Less: Legal reserves	(114,701,866)	
Less: Distribution of shareholders dividends (Cash dividends \$3.48 per share)	(1,044,000,000)	2,322,882
Ending Undistributed Earnings		163,934,743

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 “Rules of Procedure for Shareholders’ Meeting”**

After the revision	Before the revision	Description
<p>Article 2  <u>The company hold the virtual shareholders' meeting, unless stipulated in regulations governing the administration of shareholder services of public companies, which should be specified in the articles of incorporation, and shall be approved by the board of directors. And it should be approved by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors.</u>                      Shareholders (representatives) present at the shareholders’ meeting shall submit the Attendance Card and the shares checked in on the virtual meeting platform instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards and the shares checked in on the virtual meeting platform 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.</p>	<p>Article 2                       Shareholders (representatives) present at the shareholders’ meeting shall submit the Attendance Card and the shares checked in on the virtual meeting platform instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards and the shares checked in on the virtual meeting platform 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.</p>	<p>Complies with the requirements under the notice letter No. 1120004167 which issued by Taiwan Stock Exchange Corporation (TWSE)</p>
<p>Article 7-1                      To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.  <u>Except for the circumstances ruled in Article 44-9, term 6 of the Standards for the Handling of Share Affairs of Companies Offering Shares to the Public, the company shall at least provide shareholders with connection equipment and necessary assistance and should note the application period and other related matters.</u></p>	<p>Article 7-1                      To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.</p>	<p>Complies with the requirements under the notice letter No. 1120004167 which issued by Taiwan Stock Exchange Corporation (TWSE)</p>
<p>Article 22                      When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online.  <u>Except for the circumstances ruled in Article 44-9, term 6 of the Standards for the Handling of Share Affairs of Companies Offering Shares to the Public, the company shall at least provide shareholders with connection equipment and necessary assistance and should note the application period and other related matters.</u></p>	<p>Article 22                      When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online.</p>	<p>Complies with the requirements under the notice letter No. 1120004167 which issued by Taiwan Stock Exchange Corporation (TWSE)</p>

After the revision	Before the revision	Description
<p>Article 25  The Procedures was regulated on March 30, 2004; the first amendment was made on June 30th, 2015; the second amendment was made on June 25th, 2021; the third amendment was made on June 30th, 2023; <u>the fourth amendment was made on June 27th, 2024.</u></p>	<p>Article 25  The Procedures was regulated on March 30, 2004; the first amendment was made on June 30th, 2015; the second amendment was made on June 25th, 2021; the third amendment was made on June 30th, 2023.</p>	<p>Add the revision date.</p>

**Attachment 4**

**Director Candidates List**

Shareholder No. or ID card No.	Name of corporate entity and number of shares held	Name of representative and No. of shares held	Representative's education /Career background	
000000001	Yulon Motor Co., Ltd. Shares held: 143,500,000 shares	Director	Yen Chen, Li Lien Shares held: 0 shares	Bachelor, Physical Education, Chinese Culture University Chairperson of Yulon Motor Co., Ltd. (Current position)
			Chen-Hsiang Yao Shares held: 0 shares	Master, International Business Administration, Curtin University President & Director of Yulon Motor Co., Ltd. (Current position)
			Wen-Rong Tsay Shares held: 0 shares	Master, Business Administration, National Chia Tung University President of Yue Sheng Industrial Co., Ltd. (Current position)
			Wen-Chuan Chung Shares held: 0 shares	Master, International Business Administration, Curtin University President of Yulon Nissan Motor Co., Ltd. (Current position)
		Independent Director	Hung-Wen Chang Shares held: 0 shares	Doctor of Philosophy, National Taipei University Independent Director of Carnival Inc.
			Jhen-Huei Li, Shares held: 0 shares	Master, Department of Diplomacy and International Relations, Tamkang University Full-time sign language interpreters for the Office of the President, Legislative Yuan and Executive Yuan (Current position)
000000002	Nissan Motor Co., Ltd. Shares held: 120,000,000 shares	Director	Atsushi Ishizuka Shares held: 0 shares	Bachelor, Department of Law, Faculty of Law, Hosei University General Manager of ASEAN Business Management Department, Nissan Motor Co., Ltd. (Current position)
			Takashi Hisano Shares held: 0 shares	Bachelor, Faculty of Business and Commerce, Kansai University, Japan. General Manager in charge of MC-Japan-ASEAN Business Acceleration Office, Nissan Motor Co., Ltd. (Current position) General Manager in charge of Administration Department for Affiliated Companies, Nissan Motor Co., Ltd. (Current position)
			Koichi Kitazawa Shares held: 0 shares	Master, Dept. Mechanical Engineering, Keio University, Japan. Vice President of Yulon Nissan Motor Co., Ltd. (Current position)
			Kazuhiro Ozaki Shares held: 0 shares	Bachelor, Government policy, Fukushima University Senior General Manager of Yulon Nissan Motor Co., Ltd. (Current position)
		Independent Director	Jung-Fang Kuo Shares held: 0 shares	EMBA of National Taiwan University Senior accountant of Deloitte & Touche

## 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.
- The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
- 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 1<sup>st</sup> to December 31<sup>st</sup>. 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 30<sup>th</sup>, 2003; the first amendment was made on March 30<sup>th</sup>, 2004; the second amendment was made on June 18<sup>th</sup>, 2004; the third amendment was made on November 11<sup>th</sup>, 2004; the fourth amendment was made on June 17<sup>th</sup>, 2005; the fifth amendment will be made on June 16<sup>th</sup>, 2006; the sixth amendment was made on June 22<sup>nd</sup>, 2007; the seventh amendment was made on June 21<sup>st</sup>, 2010; the eighth amendment was made on June 13<sup>th</sup>, 2012; the ninth amendment was made on June 14<sup>th</sup>, 2013, the tenth amendment was made on June 30<sup>th</sup>, 2015, and the tenth amendment was made on June 30<sup>th</sup>, 2016, the twelfth amendment is made on June 26<sup>th</sup>, 2017 and shall be applicable as of the director election of 7<sup>th</sup> term, the thirteen amendment was made on June 19<sup>th</sup>, 2020 and the fourteenth amendment is made on June 24<sup>th</sup>, 2022.

**Appendix 2:****Shareholdings of Directors**

1. As of April 30, 2024, all directors minimum shareholding number and registered holding shares.

<b>Title</b>	<b>Minimum number of shares to be held</b>	<b>Shares held in share register</b>
Directors	12,000,000	263,500,000

2. As of April 30, 2024, table of shares held by all directors.

<b>Title</b>	<b>Name</b>	<b>Shares held in share register</b>
President	Yulon Motor Co., Ltd. Representative : Li-Lien Yen Chen	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 : Wen-Chuan Chung	
Director	Nissan Motor Co., Ltd. Representative : Atsushi Ishizuka	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Takashi Hisano	
Director	Nissan Motor Co., Ltd. Representative : Koichi Kitazawa	
Director	Nissan Motor Co., Ltd. Representative : Kazuhiro Ozaki	
Independent Director	Jung-Fang Kuo	-
Independent Director	Hung-Wen Chang	-
Independent Director	Yun-Hua Yang	-

### **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 and the shares checked in on the virtual meeting platform instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards and the shares checked in on the virtual meeting platform 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.

For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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.

In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 2.

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.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors and shall be made no later than mailing of the shareholders meeting notice.

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.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

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 7-1: To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

- A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

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. If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is



submitted after that time, votes cast at the meeting by the proxy shall prevail. 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.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with relevant regulations decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

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.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders 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.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 19: In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20: When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21: In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than

30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22: When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online.

Article 23: 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 24: The “Rules of Procedure for Shareholders’ Meeting” shall be enforced upon the resolution reached in the shareholders’ meeting, so is the amendment.

Article 25: The Procedures was regulated on March 30, 2004; the first amendment was made on June 30th, 2015; the second amendment was made on June 25th, 2021; the third amendment was made on June 30th, 2023.

## **Appendix4:**

### **Yulon Nissan Motor Co., Ltd. Rules for the Election of Directors**

Stipulated on March 30, 2004

- Article 1 : The election of the Company's directors, unless otherwise provided by the law and regulations and the Company's Article of Incorporation, is to be processed in accordance with the "Rules for the Election of Directors."
- Article 2: For the Company's election of directors is handled in accordance with the ballot cumulative suffrage system and each stock share contains the suffrage equivalent to the number of directors to be elected, which can be casted to one or more than one candidate.
- Article 3: The board of directors is to have the ballots printed, which should be equivalent to the number of directors. The ballots should be prepared with the votes of suffrage noted before distributing to the shareholders at the meeting.
- Article 4: The Chairman is to have several ballot inspectors and tellers who are also shareholders designated before the beginning of the election to perform the election.
- Article 5: The board of directors is to have the ballot boxes prepared for the election of directors; also, the ballot boxes should be inspected publicly by the ballot inspectors.
- Article 6: The election of directors and independent directors is held at the same time with the votes counted and candidates elected separately.
- Article 7: Ballots are invalid in any of the following circumstances:
1. The ballot was not prepared by a person with the right to convene.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
  5. Other words or marks are entered in addition to the number of voting rights allotted.
  6. Fill in 2 candidates or more than 2 candidates on the same ballot.
- Article 8: The Company's directors are elected from the competent individuals in the shareholder's meeting as independent directors and non-independent directors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage, resulting more candidates elected than the number of chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees.
- The elected director who is found with false personal information presented or non-complying with the governing law and regulations will be dismissed and with the vacancy filled by the un-elected candidate who has received the highest votes in the original election.
- Article 9: Ballot inspectors are to monitor the count of the votes casted upon the completion of the voting process and then the Chairman is to announce the name of the elected directors publicly.
- Article 10: The Company is to issue a certificate of election to each elected director.

Article 11: The matters that are not addressed in the “Rules for the Election of Directors” should be processed in accordance with the Company Law, Articles of Incorporation, and the related regulations.

Article 12: The “Rules for the Election of Directors” is in effect after it is passed in the shareholders’ meeting, same for the amendments made.

The Rules were developed on March 30, 2004, 1st revised on June 22, 2007, 2nd revised on June 26, 2017, and shall be applicable as of the director election of 7th term. The third amendment was applied on July 20, 2021, starting from the eighth election of directors.