



和泰集團
與美好台灣同行



和泰集團
Hotai Group

和泰汽車股份有限公司
Hotai Motor Co., Ltd.

Handbook for the 2022 Annual General Meeting of Shareholders

(For the convenience of readers and for information purposes only, this handbook have been translated into English from the original Chinese-language version prepared and used in the Republic of China. In the event of any discrepancy between the English and Chinese versions, or if there are any differences in interpretation between the two versions, the original Chinese version shall prevail.)

Stock code: 2207

June 21, 2022

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I. Agenda of the Annual General Shareholders' Meeting

Meeting Time: 9:00 a.m., June 21, 2022 (Tuesday)

Meeting Method: Physical meeting

Meeting Place: Auditorium in the Xinzhuang Industrial Park of the Company, located at No.10, Mingzhong St., Xinzhuang Dist., New Taipei City.

1. Chairman's Address
2. Reports:
 - (1) 2021 Business Report
 - (2) 2021 Audit Committee Report
 - (3) 2021 Distribution of Profits with Cash Dividends
 - (4) 2021 Distribution of Employees and Directors Remuneration
3. Ratifications:
 - (1) Ratification of 2021 Business Report and Financial Statements
 - (2) Ratification of Proposed Distribution of 2021 Profits
4. Discussion
 - (1) Proposal to amend the Company's *Articles of Incorporation*
 - (2) Proposal to amend the Company's *Procedures for the Acquisition and Disposition of Assets*
5. Election
 - (1) Election of Directors
6. Other Matters
 - (1) Release of Director's Non-Compete Restrictions
7. Extemporary Motions
8. Adjournment

II. Reports

Item No.1 — 2021 Business Report

Explanation: Please see Appendix 1 for the Company's 2021 Business Report (Pages 8-10).

Item No.2 — 2021 Audit Committee Report

Explanation:

- (1) The Company's 2021 Business Report, Financial Statements, Proposed Profit Distribution and other important financial documents have been reviewed by the Audit Committee. Based on the review, the Audit Committee has issued a report.
- (2) Please see Appendix 2 for the Audit Committee Report (Page 11).

Item No.3 — Distribution of 2021 Profits

Explanation:

- (1) The distribution shall be declared and made in accordance with Article 240, Paragraph 5 of the *Company Act* and Article 35 of the Company's *Articles of Incorporation*.
- (2) According to Article 35 of the Company's *Articles of Incorporation*, the decision to distribute all or part of the dividends and/or bonuses in cash shall be adopted by a resolution of the majority of the Board of Directors in a meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.
- (3) The Company's 2021 profit was resolved by the 20th term of the Board of Directors at the 24th meeting to approve a dividend of \$20 per share, and a total of NT\$ 10,923,583,680 in cash dividends will be paid to shareholders; the Chairman of the Board will be authorized to decide on the ex-dividend and payment dates for cash dividends distribution and other relevant matters.

Item No.4 — 2021 Distribution of Employee and Director's Remuneration

Explanation:

- (1) The distribution shall be declared and made in accordance with Article 235-1 of the *Company Act* and Article 34 of the Company's *Articles of Incorporation*.
- (2) According to Article 34 of the Company's *Articles of Incorporation*, To the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration; provided, however, independent directors are not eligible to participate in the profit distribution of the Company. Any accumulated losses of the Company shall first be offset.
- (3) The Company's annual profits in 2021 are NT\$19,288,044,309 (pre-tax profits prior to employee and director's remuneration deductions), 1% of which has been set aside for employee remuneration (totaling NT\$ 192,880,443), and 2% of which has been set aside for director remuneration (totaling NT\$ 385,760,886).

III. Ratifications

Item No.1 — Proposed by Board of Directors: Ratification of 2021 Business Report and Financial Statements

Explanation:

- (1) The Company's 2021 Business Report and Financial Statements have been adopted by the resolution of the 20th term of the Board of Directors at the 24th meeting, audited and certified by PricewaterhouseCoopers Taiwan, and reviewed by the Audit Committee.
- (2) Please refer to Appendix 1 (Pages 8-10) and Appendix 3 (Pages 12-37) for the Company's 2021 Business Report and Financial Statements.

Resolution:

Item No.2 — Proposed by Board of Directors: Ratification of Proposed Distribution of 2021 Profits

Explanation:

- (1) After setting aside 10% of the 2021 profits as legal reserve, the Company, pursuant to the resolution of the 20th term of the Board of Directors at the 24th meeting, intends to distribute a cash dividend of NT\$ 20 per share.
- (2) Please refer to Appendix 4 for the Table of 2021 Profit Distribution (Page 38).

Resolution:

IV. Discussion

Item No.1 — Proposed by the Board of Directors: Proposal to amend the Company's *Articles of Incorporation*.

Explanation:

- (1) In order to create more flexibility for convening the Company's shareholders' meetings, in accordance with Article 172-2, Item 1 of the Company Act and Article 44-9, Item 3 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Board proposed to amend parts of the Company's "*Articles of Incorporation*".
- (2) Please refer to Appendix 5 (Pages 39-40) for the Comparison of Current and Amended *Articles of Incorporation* of the Company.

Resolution:

Item No.2 — Proposed by the Board of Directors: Proposal to amend the Company's *Procedures for the Acquisition and Disposition of Assets*.

Explanation:

- (1) It is intended to amend certain provisions of the "*Procedures for the Acquisition and Disposition of Assets*" with reference to the newly amended "Regulations Governing the Administration of Shareholder Services of Public Companies".
- (2) Please refer to Appendix 6 (Pages 41-53) for the Comparison of Current and Amended Procedures for the Acquisition and Disposition of Assets of the Company.

Resolution:

V. Election

Item No.1 —Proposed by the Board of Directors: Election of the Directors.

Explanation:

- (1) The term of office of the 20th term of the Company's Board of Directors will expire on 19 June, 2022. The Board hereby submits to the Annual General Shareholders' Meeting the proposal to elect the Board of Directors.
- (2) It is intended that there be 14 Directors appointed to the 21st term of the Company's Board of Directors, 3 of which shall be Independent Directors and all of which shall serve a 3-year term, effective from 21 June, 2022 and ending on 20 June, 2025.
- (3) Pursuant to the Company's *Articles of Incorporation*, the election of Directors shall adopt a candidate nomination system. The shareholders shall elect the Directors from the list of nominated candidates. Please refer to Appendix 7 for the candidates' education backgrounds, past work experiences and other details (Pages 54-64).

Resolution:

VI. Other Matters

Item No.1 —Proposed by the Board of Directors: Proposal to release the directors from non-compete restrictions.

Explanation:

- (1) In the event that a director of the Company engages in any acts specified in Article 209 of the Company Act, it is the Company's intention to release such directors and his or her appointed representatives from non-compete restrictions on holding concurrent positions in businesses similar to those listed in the Company's scope of business (to the extent that such positions are held out of business needs), as of the date on which such directors take office, and provided that doing so will not harm the interests of the Company.
- (2) The Board proposed to submit to the annual general meeting of the shareholders the proposal to release the directors from non-compete restrictions. Details of the Concurrent Positions held by Directors of the Company can be found in Appendix 8 (Page 65-69).

Resolution:

VII. Extemporaneous Motions

VIII. Adjournment

2021 Business Report

【Taiwan's Automotive Market】

The coronavirus (COVID-19) pandemic in Taiwan was increasing in severity in May of 2021, and consumer spending was impacted under the government's Level 3 COVID-19 alert restrictions. However, due to increased business opportunities from remote access, strong overseas demand for Taiwan semiconductors, and other industry advantages, there was still growth in the economy. The worldwide economic growth was 6.45%, a 3.09% increase from the 3.36% economic growth of 2020. Although the Taiwan automobile industry was impacted by both the pandemic and the worldwide shortage of chips for automobile in the supply chain, after the pandemic in Taiwan stabilized at the end of July, sales gradually returned to normal. The total sales in the automotive market reached 449,859 units, which is 98.3% of the number from the previous year.

【Operational Review】

Faced with a rapidly changing market, Hotai introduced all new car models in 2020, TOYOTA GR YARIS and LEXUS UX 300e, and redesigned models, including TOYOTA VIOS, YARIS, CAMRY, SIENNA, GR SUPRA, PRIUS PHV, COROLLA SPORT, PRADO, HILUX, COROLLA CROSS, RAV4 and the LEXUS LS, ES, and NX models, with the support of its parent company, Toyota and Hino. Hotai also introduced the all new Euro 6 compliant series 200 HINO 3.49 ton commercial truck that is in compliance with new environment and safety regulations ahead of all other commercial vehicle brands. By the joint effort of our passenger and commercial vehicle dealers, the total number of registered vehicles in 2021 was 156,000 units, which accounted for 34.7% of the market share, putting us at the top among automakers in Taiwan for 20 consecutive years. In addition, TOYOTA continues to be the winner in both domestic-made and imported vehicles. LEXUS had 20,584 units of registered vehicles, once again leading the luxury brand SUV market, and in addition to being top of the market in full-size commercial vehicle sales for 12 consecutive years, HINO also leads the overall commercial vehicle market, breaking Hotai's commercial vehicle sales record in Taiwan. All three brands had impressive sales performance in 2021.

Since the establishment of the Company, it has accumulated extensive experience in product planning, marketing and customer service, and has continued to grow steadily and invested in diversified operations. In addition to our core business—vehicle sales and services, the Company has proactively expanded the value chain to involve other automobile related business, which puts us in a strong position to drive continuous innovation and growth. For example, Hotai Finance Co., Ltd. has handled over 100

billion dollars in installment payments a year, securing its continued lead in the automotive financing industry. It also established He Jing Co., Ltd. to specialize in full-size vehicle financing, strengthen risk management, improve operational effectiveness, and to aggressively pursue the green energy market. In addition to integrating Hoing Mobility Services Co. Ltd.'s iRent short term car lease business and Hotai Mobility Service Co., Ltd.'s yoxi ridesharing service, Hotai Connected Co., Ltd. also joined long term car lease leader Hotai Leasing Corporation to utilize organizational resources to offer comprehensive Mobility-as-a-Service (MaaS) by providing a service platform that integrates vehicle dispatch, data, payment and member information. Hotai Automotive Manufacturing Co., Ltd. targets the commercial vehicle market, offering customers streamlined service from placing an order to body manufacturing so owners can quickly utilize their new vehicles. Carmax Co., Ltd. ("Carmax"), a professional car accessories provider, was joined by TCD (Toyota Customizing & Development), a subsidiary of Toyota of Japan, to develop new Vehicle-to-Everything (V2X) services and high-quality car accessories; with over 7 billion dollars in revenue, the partnership aims to expand into the new V2X market, develop the intelligent service market, and flourish into a multibillion-dollar venture. Hotai Insurance Co., Ltd. provides one-stop premium car insurance service to automobile customers and delivered a stunning record of over ten billion dollars premium income. It was also selected as one of the "Best Companies to Work For" in 2021 by HR Asia, an Asian human resources magazine; Hotai is the first insurance company in Taiwan to have this title, and it will continue to strive towards excellence in innovation, quality, passion, and sustainability.

The Group began investing in Toyota China since 1997 and has been rooted in the Chinese market for more than 20 years now. The Company's China operation headquarters, Hotong Motor Investment Co., Ltd., through establishing local operation systems, has integrated resources, reduced the Group's operating costs, increased the overall competitive advantage of the Group, and continues to expand the business scope in China. The automotive market in China for 2021 was a total of 26.275 million units, an increase of 3.8% from the previous year. In 2021, Hotai's recognized revenue in China also increased steadily and reached another record high of NT\$1.35 billion.

【Financial Performance】

In 2021, the Group's consolidated revenue totaled NT\$246.917 billion, the consolidated profit before tax was NT\$24.971 billion, and the consolidated net profit was NT\$19.558 billion; NT\$16.211 billion of the net profit was attributed to the parent company, Hotai Motor. The earnings per share was NT\$29.68.

【Management and Corporate Development】

Looking ahead into 2022, the economy is expected to be bolstered by the recovery of the domestic market, the continued investment from domestic and foreign companies, and the worldwide digital transformation trend. Additionally, with the

extension to January 2026 of the policy which gives new car buyers with trade-ins a subsidy in excise taxes and high volume of domestic travel, the Taiwan automotive market is expected to continue to flourish. Taking into consideration that the worldwide automotive chip shortage still has not been resolved, the Taiwan automotive market is expected to achieve around 460,000 units. As we continue to pursue innovation and transformation in providing products and services above and beyond customers' expectations, we will also reinforce the Group value in order to achieve new sales record in the passenger car market for the 21th consecutive year and continue to lead in the commercial vehicle segments.

While pursuing sales growth, the Company is also actively promoting its parent Toyota's sustainable environment policy by developing various electric vehicle models and working with affiliated companies and dealers to promote diverse corporate sustainability programs, give back to society, and work towards the goal of carbon neutrality with "people, vehicle, environment" as its three main social benefit themes. Hotai will fulfil its corporate social responsibility, implement ESG (environment, social, governance) policy, and integrate organization resources to become the benchmark brand of CSR practices in the automotive industry.

In response to a fast-changing auto industry, our business strategies will consistently put customers' needs as its top priority, with "think Amazing, do Amazing" as its principle, Hotai will continue to monitor future industry trends and stay ahead of the game and capture new business opportunities. Together, with its parent Toyota and affiliated companies, the Hotai group will create synergy to bring the highest quality mobility products and services to consumers.

Huang, Nan-Kuang

Chairman of the Board

Su, Chwen-Shing

Executive Officer

Chen, Ting-Ju

Chief Accounting Officer

Audit Committee Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2021 Financial Statements (including the Consolidated Financial Statements), Business Report, and proposal for allocation of profit. The 2021 Financial Statements (including the Consolidated Financial Statements) were audited by CPAs Wu, Yu-Lung and Wang, Fang-Yu from PricewaterhouseCoopers Taiwan, who then issued an audit report based on their review.

We have reviewed the Company's 2021 Financial Statements (including Consolidated Financial Statements), Business Report, and proposal for allocation of profit and found the contents to be consistent with the information shared with us. We hereby issue this report pursuant to Article 219 of the Company Act of the Republic of China.

The Audit Committee

Independent Director: _____
Shih, Hsien-Fu

Independent Director: _____
Wu, Shih-Hao

Independent Director: _____
Su, Chin-Huo

March 24, 2022

INDEPENDENT AUDITORS' REPORT (TRANSLATED FROM CHINESE)

PWCR21000478

To the Board of Directors and Shareholders of
Ho Tai Motor Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Ho Tai Motor Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report(s) of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s 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. Based on our audits and the report of other independent accountants, 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 Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of allowance for uncollectible accounts receivable of the subsidiary, Hotai Finance Co., Ltd.

Description

Refer to Note 4(11) for accounting policies on allowance for uncollectible accounts receivable, Note 5(2)C for the critical accounting estimates and assumptions on the policies of allowance for uncollectible accounts receivable and Note 6(5) for the details of accounts receivable.

The Group's subsidiary, Hotai Finance Co., Ltd. (hereafter referred to as "Hotai Finance Co., Ltd."), primarily engaged in installment trading and leasing of various vehicles. In the supply chain of vehicles sales, Hotai Finance Co., Ltd. played an integrated role as activation of consumers' capital using and simplified the process of delivery, thus, Hotai Finance Co., Ltd. was responsible for collection and dunning process.

When Hotai Finance Co., Ltd. had accounts receivable over 30 days past due, there were doubts in the possibility of recovery, except for active collection, it was also valued with reference to the possibilities of losses occurrence of past due cases in the prior years and provisioned allowance for losses according to forecast factors such as number of days past due and the economic situation in the future. In addition, management determined whether to increase the provision of allowance for losses based on the situation of individual cases to value the possibilities of recovery of individual case.

Aforementioned valuation process of allowance for uncollectible accounts involved management's valuation and estimates of past events, nowadays and future economic situation. The measurement result will affect the recognition of related amounts, thus, we consider the estimates of allowance for uncollectible accounts as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed that the provision policies of allowance for

uncollectible accounts (including the relevance of macroeconomic index of forecastability information) were matched with the logic of report system program.

2. For accounts over 30 days past due, were valued with reference to the possibilities of losses occurrence of past due cases and provisioned loss allowance according to the Company's policies. We obtained an understanding and assessed the proportion of losses of past due in past years presenting accounts receivable past due and forecastability information. Assured the adequacy of the Company's provision ratio policies and sampled to check and measure whether the group classification of expected credit impairment loss report was in consistent with system information.
3. Sampled and checked the adequacy of supporting document of individual assessment valued by management and provisioned amount.

Valuation of warranty liabilities provision

Description

Refer to Note 4(30) for accounting policies on warranty liabilities provision, Note 5(2)B for the critical accounting estimates and assumptions on the policies of warranty liabilities provision and Note 6(23) for the details of accounting applied on warranty liabilities provision.

To increase the confidence of consumers on the quality of products, Ho Tai Motor Co., Ltd. provided warranty which lasted 4 years or 120 thousand kilo meters to set a foundation for a more reliable product quality for Taiwanese consumers to use Toyota. However, the warranty liabilities provision involved massive data and complex calculation of historical maintenance experience. We consider the valuation of warranty liabilities provision calculation as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained vehicle data of agent brand which was sold in the last 4 years and met with the warranty condition of the fourth year or not reached 120 thousand kilo meters. Obtained those maintenance details and related data of vehicles registration and sampled the repair order to verify the amount of various vehicles warranty per vehicle.
2. Examined the number of vehicles which were sold in the lasted 4 years and met with aforementioned warranty conditions. Assessed the adequacy of warranty liabilities provisioned by the Company according to the average warranty amount of various vehicle brands.

Claims reserve and ceded claims reserve of the subsidiary, Hotai Insurance Co., Ltd.

Description

Refer to Note 4(37) for accounting policies on claims reserve (including ceded), Note 5(2)D for the critical accounting estimates and assumptions on the policies of claims reserve (including ceded) and Note 6(9) for the details of accounting applied on claims reserve and ceded claims reserve.

The claims reserve (including ceded) of the Company's subsidiary, Hotai Insurance Co., Ltd. (hereafter referred to as "Hotai Insurance Co., Ltd.") was the reasonable amount before reinsurance and final compensation after reinsurance calculated with actuarial method by actuarial segment according to past loss development pattern and experience data.

Because the calculation method and the choice of assumptions of claims reserve (including ceded) involved subjective judgement and high uncertainty, and the estimated result was material to the financial statements. Thus, we considered claims reserve and ceded claims reserve as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed related policies, internal control and procedures of claims reserve (including ceded) of Hotai Insurance Co., Ltd. and sampled and checked claims reserve to calculate the effectiveness of related controls.
2. Sampled and checked the financial numbers which were used in calculation of claims reserve (including before reinsurance and after reinsurance) were in consistent with accounts records to confirm the accuracy and completeness.
3. Auditors sampled insurance types with works of actuarial experts to assist the assessment of the reasonableness of claims reserve, including following procedures (including before reinsurance and after reinsurance):
 - (1) Examined the reasonableness of reserve valuation method;
 - (2) Examined the reasonableness of each assumption used by the Company;
 - (3) Recalculated unreported and undetermined claims reserve with each assumption chosen by the Company to confirm the accuracy of the Company's reserve.
4. Sampled and checked significant reported and unpaid case to estimate the reasonableness of the compensation amount.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, in so far as it relates to the amounts included in respect of these companies, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$6,351,398 thousand and NT\$6,215,314 thousand, constituting 1.82% and 2.14% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$442,368 thousand and NT\$444,268 thousand, constituting 2.12% and 2.57% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an Other matter section on the parent company only financial statements of the Group as at and for the years ended December 31, 2021 and 2020.

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, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 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 auditor's 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 group 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu-Lung, Wu

Fang-Yu, Wang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

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

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

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 25,813,580	7	\$ 18,525,991	6
1120	Financial assets at fair value through profit or loss-current	6(2)	7,759,202	2	5,813,451	2
1125	Financial assets at fair value through other comprehensive income-current	6(3)	322,124	-	28,634	-
1190	Other financial assets-current	6(1) and 8	2,794,794	1	2,550,419	1
1195	Contract assets-current	6(28)	29,094	-	23,661	-
1201	Notes receivable	6(5), 7 and 8	10,731,037	3	8,753,542	3
1202	Accounts receivable	6(5), 7 and 8	179,803,972	52	141,876,380	49
1203	Other receivables	7	1,492,994	1	1,498,941	-
1270	Inventories	6(7)	10,014,885	3	11,856,153	4
1280	Prepayments	6(8)	8,431,594	2	8,268,462	3
1310	Reinsurance contract assets, net	6(9)	2,396,571	1	1,600,071	1
Total current assets			249,589,847	72	200,795,705	69
Non-current assets						
1410	Financial assets at fair value through profit or loss-non-current	6(2)	1,035,718	-	1,051,390	-
1415	Financial assets at fair value through other comprehensive income-non-current	6(3)	10,592,876	3	9,690,894	3
1470	Investments accounted for using the equity method	6(10)	17,336,071	5	16,328,527	6
1480	Other financial assets-non-current	6(1)	143,910	-	48,516	-
1500	Property, plant and equipment, net	6(11)	53,619,235	15	48,726,030	17
1595	Right-of-use assets, net	6(12)	3,436,960	1	3,085,225	1
1600	Investment property, net	6(14)	2,531,683	1	2,362,562	1
1700	Intangible assets, net	6(15)	1,297,739	-	1,211,245	-
1800	Deferred income tax assets, net	6(33)	1,975,833	1	1,805,728	1
1900	Other assets	6(5)(9)(16)	8,052,912	2	5,384,710	2
Total non-current assets			100,022,937	28	89,694,827	31
1XXX	Total Assets		\$ 349,612,784	100	\$ 290,490,532	100

(Continued)

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Liabilities						
2110	Short-term loans	6(17)	\$ 66,766,240	19	\$ 48,292,510	17
2120	Short-term notes and bills payable	6(18)	104,861,342	30	84,021,875	29
2140	Financial liabilities at fair value through profit or loss-current	6(2)	27,780	-	62,171	-
2150	Derivative financial liabilities for hedging	6(4)	578,276	-	355,051	-
2165	Contract liabilities-current	6(28)	1,371,251	-	1,442,973	1
2201	Notes payable		783,316	-	698,070	-
2202	Accounts payable	7	8,794,001	3	10,710,299	4
2203	Accrued expenses	6(21) and 7	6,957,640	2	6,143,160	2
2204	Other payables	7	1,407,173	1	1,222,200	1
2250	Commissions payable	7	545,799	-	435,365	-
2260	Due to reinsurance and ceding companies		586,589	-	495,682	-
2270	Claims payable		41,741	-	19,543	-
2310	Current income tax liabilities		3,671,592	1	2,540,184	1
2320	Advance receipts		433,665	-	424,763	-
2330	Long-term liabilities-current portion	6(19)(20)	13,579,045	4	12,249,530	4
2335	Current lease liabilities	7	422,689	-	345,629	-
2350	Other current liabilities	6(9)(23)(24)	17,732,741	5	15,501,137	5
Total current liabilities			228,560,880	65	184,960,142	64
Non-current liabilities						
2550	Long-term loans	6(20)	4,736,583	2	3,136,165	1
2600	Provisions	6(9)(23)	8,221,857	2	6,851,105	2
2620	Guarantee deposits received	6(24)	8,102,944	2	6,973,746	2
2625	Non-current lease liabilities	7	1,702,444	1	1,422,072	1
2630	Deferred income tax liabilities	6(33)	3,822,039	1	3,261,852	1
2660	Other liabilities		72	-	108	-
Total non-current liabilities			26,585,939	8	21,645,048	7
2XXX	Total liabilities		255,146,819	73	206,605,190	71
Equity attributable to shareholders of the parent						
Share capital						
3110	Common stock	6(25)	5,461,792	1	5,461,792	2
Capital surplus						
3200	Capital surplus	6(26)	2,807,477	1	2,818,336	1
Retained earnings						
3310	Legal reserve	6(27)	13,925,963	4	12,544,333	4
3320	Special reserve		381,843	-	381,843	-
3330	Unappropriated earnings		47,944,833	14	42,338,324	15
Other equity						
3400	Other equity		3,248,943	1	1,933,076	1
31XX	Total equity attributable to shareholders of the parent		73,770,851	21	65,477,704	23
32XX	Non-controlling interest		20,695,114	6	18,407,638	6
3XXX	Total equity		94,465,965	27	83,885,342	29
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after balance sheet date	11				
	Total liabilities and equity		\$ 349,612,784	100	\$ 290,490,532	100

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

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Years ended December 31,			
		2021		2020	
		Amount	%	Amount	%
Revenues					
4010 Interest income	6(3)(29) and 7	\$ 12,392,244	5	\$ 9,877,529	4
4020 Premiums revenue	6(30) and 7	8,540,632	4	7,212,199	3
4040 Reinsurance commission revenue		516,439	-	420,004	-
4050 Fee income		11,361	-	11,729	-
4060 Share of profit of associates and joint ventures accounted for using the equity method	6(10)	2,007,473	1	1,534,792	1
4090 Gain (loss) on financial assets and liabilities at fair value through profit or loss	6(2)	1,044,814	-	751,225	-
4105 Realized gains (losses) on financial assets at fair value through other comprehensive income		368,838	-	352,582	-
4160 Net sales revenue	6(28) and 7				
4161 Sales revenue		208,609,408	85	201,137,183	87
4162 Sales returns	(1,023,885)	-	(2,088,204)	(1)
4163 Sales discounts and allowances	(4,319,525)	(2)	(4,199,838)	(2)
4170 Rental revenue		15,130,969	6	13,418,263	6
4180 Service revenue	6(28) and 7	1,986,692	1	1,954,009	1
4210 Gains on disposals of property, plant and equipment		20,069	-	30,753	-
4230 Income from investment property	6(14)	165,574	-	145,636	-
4260 Foreign exchange gains		586,123	-	446,473	-
4270 Other income		1,118,226	-	1,055,531	1
4256 Reversal gain on expected credit of investment and impairment loss		(11)	-	52	-
4245 Gains (losses) on using overlay approach of investment	6(2)	(216,514)	-	(251,016)	-
4280 Unrealized profit from sales		(66,381)	-	(44,478)	-
4290 Realized profit from sales		44,478	-	48,845	-
Total revenues		<u>246,917,024</u>	<u>100</u>	<u>231,813,269</u>	<u>100</u>
Expenses					
5010 Interest expense	7	(1,930,041)	(1)	(1,861,983)	(1)
5030 Underwriting expenses		(610)	-	(468)	-
5040 Commission expenses	7	(5,023,853)	(2)	(3,567,343)	(1)
5050 Claims payment	7	(3,909,800)	(2)	(3,598,890)	(1)
5070 Net changes in other insurance liabilities		(900,398)	-	(371,877)	-
5190 Cost of sales	6(7) and 7	(178,774,358)	(72)	(173,159,886)	(75)
5200 Cost of rental revenue		(12,460,045)	(5)	(10,934,202)	(5)
5210 Cost of services		(1,542,654)	(1)	(1,427,596)	(1)
5230 Operating expenses	6(31)(32) and 7				
5231 Selling expenses		(9,151,095)	(4)	(8,238,461)	(3)
5232 General and administrative expenses		(6,865,883)	(3)	(5,994,819)	(3)
5233 Research and development expenses		(110,888)	-	(95,228)	-
5287 Expected credit impairment loss of non-investment	12(5)	(1,138,349)	-	(1,370,992)	(1)
5270 Expenses and losses from investment property	6(14)	(34,485)	-	(23,862)	-
5320 Other expenses		(103,906)	-	(42,777)	-
Total expenses		<u>(221,946,365)</u>	<u>(90)</u>	<u>(210,688,384)</u>	<u>(91)</u>
6100 Income before income tax from continuing operation		24,970,659	10	21,124,885	9
6200 Income tax expense	6(33)	(5,412,569)	(2)	(4,589,675)	(2)
6500 Profit for the period		<u>\$ 19,558,090</u>	<u>8</u>	<u>\$ 16,535,210</u>	<u>7</u>

(Continued)

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Years ended December 31,			
		2021		2020	
		Amount	%	Amount	%
Other comprehensive income (loss) for the period					
Components of other comprehensive income (loss) that may not be reclassified to profit or loss					
6617 Gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,210,657	-	\$ 246,004	-
6625 Share of other comprehensive income (expense) of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		72,921	-	(21,263)	-
6610 Total components of other comprehensive income that may not be reclassified to profit or loss		<u>1,283,578</u>	-	<u>224,741</u>	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
6651 Financial statement translation differences of foreign operations		(79,964)	-	207,425	-
6659 Unrealized gains (loss) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	(31,406)	-	23,636	-
6661 Loss on hedging instrument	6(4)	(89,303)	-	9,593	-
6675 Other comprehensive income (loss) reclassified by using overlay approach	6(2)	216,514	-	251,016	-
6665 Share of other comprehensive income of associates and joint ventures accounted for using the equity method - components of other comprehensive income		12,780	-	16,522	-
6689 Income tax related to components of other comprehensive income	6(33)	<u>21,839</u>	-	<u>(7,630)</u>	-
Total components of other comprehensive income that will be reclassified to profit or loss		<u>50,460</u>	-	<u>500,562</u>	-
6600 Other comprehensive income (loss) for the period		<u>\$ 1,334,038</u>	-	<u>\$ 725,303</u>	-
6700 Total comprehensive income for the period		<u>\$ 20,892,128</u>	8	<u>\$ 17,260,513</u>	7
Profit attributable to:					
6810 Owners of parent		\$ 16,210,758	7	\$ 13,848,870	6
6820 Non-controlling interests		<u>3,347,332</u>	1	<u>2,686,340</u>	1
		<u>\$ 19,558,090</u>	8	<u>\$ 16,535,210</u>	7
Comprehensive income attributable to:					
6910 Owners of parent		\$ 17,589,052	7	\$ 14,536,175	6
6920 Non-controlling interests		<u>3,303,076</u>	1	<u>2,724,338</u>	1
		<u>\$ 20,892,128</u>	8	<u>\$ 17,260,513</u>	7
Earnings per share (in dollars)	6(34)				
Basic earnings per share		\$ 29.68		\$ 25.36	
Diluted earnings per share		<u>\$ 29.66</u>		<u>\$ 25.34</u>	

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

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to shareholders of the parent										Non-controlling interests	Total equity
	Retained earnings			Other equity								
	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement transition differences of foreign operations	Unrealized gains on financial assets at fair value through other comprehensive income	Other comprehensive income (loss) reclassified by using overlay approach	Gain (loss) on hedging instruments			
For the year ended December 31, 2020												
	\$ 5,461,792	\$ 2,816,734	\$ 11,350,835	\$ 381,843	\$ 37,362,029	\$ 687,128	\$ 1,791,411	\$ 102,052	\$ 6,868	\$ 58,586,436	\$ 17,022,191	\$ 75,608,627
Balance at January 1, 2020	-	-	-	-	13,848,870	-	-	-	-	13,848,870	2,686,340	16,535,210
Profit for the year	-	-	-	-	(32,568)	190,842	277,689	247,833	3,509	687,305	37,998	725,303
Other comprehensive loss for the year	-	-	-	-	13,816,302	190,842	277,689	247,833	3,509	14,536,175	2,724,338	17,260,513
Total comprehensive income (loss)	Appropriation and distribution of retained earnings:											
Legal reserve	-	-	1,193,498	-	(1,193,498)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,646,509)	-	-	-	-	(7,646,509)	(1,499,480)	(9,145,989)
Changes in equity of associates and joint ventures accounted for using equity method	-	(1,056)	-	-	-	-	-	-	-	(1,056)	-	(1,056)
Changes in ownership interests in subsidiaries	-	2,658	-	-	-	-	-	-	-	2,658	(2,658)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	163,247	163,247
Balance at December 31, 2020	\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	\$ 496,286	\$ 2,069,100	\$ 349,885	\$ 10,377	\$ 65,477,704	\$ 18,407,638	\$ 83,885,342
For the year ended December 31, 2021												
Balance at January 1, 2021	\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	\$ 496,286	\$ 2,069,100	\$ 349,885	\$ 10,377	\$ 65,477,704	\$ 18,407,638	\$ 83,885,342
Profit for the year	-	-	-	-	16,210,758	-	-	-	-	16,210,758	3,347,332	19,558,090
Other comprehensive (loss) income for the year	-	-	-	-	62,427	(59,837)	1,196,005	213,896	(34,197)	1,378,294	(44,256)	1,334,038
Total comprehensive income (loss)	-	-	-	-	16,273,185	(59,837)	1,196,005	213,896	(34,197)	17,589,052	3,303,076	20,892,128
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	1,381,630	-	(1,381,630)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,285,046)	-	-	-	-	(9,285,046)	(1,650,738)	(10,935,784)
Changes in equity of associates and joint ventures accounted for using equity method	-	(721)	-	-	-	-	-	-	-	(721)	-	(721)
Changes in ownership interests in subsidiaries	-	7,116	-	-	-	-	-	-	-	7,116	(7,116)	-
Reorganisation	-	(17,254)	-	-	-	-	-	-	-	(17,254)	17,254	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	625,000	625,000
Balance at December 31, 2021	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	\$ 556,123	\$ 3,265,105	\$ 563,781	\$ 23,820	\$ 73,770,851	\$ 20,695,114	\$ 94,465,965

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

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<u>Cash flows from operating activities</u>			
Consolidated profit before income tax		\$ 24,970,659	\$ 21,124,885
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)	(1,044,814)	(751,225)
Excepted credit loss and financial guarantee expense		45,410	97,257
Expected credit impairment loss (gain on reversal) of investment		11	(52)
Expected credit impairment loss of non-investment		1,138,349	1,370,992
Profit or loss reclassified by applying overlay approach		216,514	251,016
Depreciation	6(11)(12)(14)		
	(31)	10,628,663	9,588,070
Amortization	6(31)	124,275	83,914
Impairment loss of rental assets	6(11)	10,521	199,143
Profit from lease modification	6(12)	(2,133)	(171)
Net gain on disposal of property, plant and equipment		(20,069)	(30,753)
Share of profit of associates accounted for using the equity method	6(10)	(2,007,473)	(1,534,792)
Interest expense		1,930,041	1,861,983
Interest income	6(29)	(12,392,244)	(9,877,529)
Dividend income		(369,313)	(350,377)
Unrealized profit from sales		66,381	44,478
Realized profit from sales		(44,478)	(48,845)
Exchange gain (loss)		(37,796)	(94,226)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(885,265)	(434,496)
Contract assets		(5,433)	(4,018)
Notes and accounts receivable		(41,088,846)	(20,442,007)
Other receivables		(20,163)	(617,595)
Inventories		7,028,067	6,206,664
Prepayments		(142,430)	(1,118,539)
Reinsurance contract assets		(970,115)	(361,653)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		(34,391)	(87,401)
Contract liabilities		(71,722)	240,215
Notes and accounts payable		(1,831,052)	252,841
Accrued expenses		801,070	1,125,003
Other payables		184,973	(279,172)
Commission payable		110,434	(5,624)
Due to reinsurance and ceding companies		90,907	17,523
Claims payable		22,198	7,312
Advance receipts		8,902	191,494
Other current liabilities		1,693,350	1,281,875
Provisions		1,370,752	894,794
Other liabilities		(36)	(23,137)
Cash (outflow) inflow generated from operations		(10,526,296)	8,777,847
Cash dividends received		1,414,582	1,002,547
Income tax paid		(3,869,239)	(4,183,161)
Interest received		12,418,354	9,878,104
Interest paid		(1,937,333)	(1,894,127)
Net cash (used in) provided by operating activities		(2,499,932)	13,581,210

(Continued)

HO TAI MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>Years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
<u>Cash flows from investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		(\$ 16,232)	(\$ 2,809)
Increase in other financial assets		(339,769)	(708,820)
Acquisition of investments accounted for using the equity method	6(10)	-	(328,503)
Acquisition of property, plant and equipment	6(11)	(20,975,415)	(18,086,828)
Proceeds from disposal of property, plant and equipment		455,604	356,215
Acquisition of right-of-use assets		-	(974,938)
Acquisition of intangible assets	6(15)	(174,791)	(48,286)
Increase in other assets		(2,035,778)	(607,867)
Acquisition of investment properties	6(14)	(227,805)	(22,368)
Net cash used in investing activities		(23,314,186)	(20,424,204)
<u>Cash flows from financing activities</u>			
Proceeds from issuance of bonds	6(19)	5,200,000	7,000,000
Repayment of bonds	6(36)	(2,400,000)	-
Increase in short-term loans	6(36)	18,643,001	(12,469,401)
Increase in short-term notes and bills payable	6(36)	20,839,467	30,286,399
Proceeds from long-term loans	6(36)	3,134,051	2,649,435
Repayments of long-term loans	6(36)	(3,001,727)	(5,380,000)
Repayment of principal portion of lease liability	6(12)	(627,468)	(487,892)
Increase in guarantee deposits received	6(36)	1,667,452	586,394
Cash dividends paid	6(27)	(9,285,046)	(7,646,509)
Cash dividends paid from subsidiaries to non-controlling interests		(1,650,738)	(1,499,480)
Change in non-controlling interests		625,000	163,247
Net cash provided by financing activities		33,143,992	13,202,193
Net effect of changes in foreign currency exchange rates		(42,285)	143,053
Increase in cash and cash equivalents		7,287,589	6,502,252
Cash and cash equivalents at beginning of period		18,525,991	12,023,739
Cash and cash equivalents at end of period		<u>\$ 25,813,580</u>	<u>\$ 18,525,991</u>

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

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

PWCR21004157

To the Board of Directors and Shareholders
Ho Tai Motor Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Ho Tai Motor Co., Ltd. (the “Company”) as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to “*other matter*” section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 and the reports of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters of the parent company only financial reports are stated as follows:

Evaluation of provision for impairment of accounts receivable of Hotai Finance Co., Ltd., the investment accounted for using equity method

Description

Hotai Finance Co., Ltd. (“Hotai Finance”) is an investment by Ho Tai Motor Co., Ltd. accounted for using equity method. Its primary business is providing installment sales and leasing of vehicles. In the supply chain of motor vehicles, the role of Hotai Finance is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages of overdue accounts.

When accounts receivable are past due over 30 days, Hotai Finance already considers the collectability of those accounts in doubt. In addition to enhancing the collection process from customers, management also assesses the probability of overdue accounts becoming impaired over the past years. Impairment is for those doubtful accounts receivable depending on the length of overdue days and considering forward-looking factors such as the future economic conditions. Management evaluates the individual circumstances of each overdue amount to decide whether to measure the loss allowance.

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

How our audit addressed the matter

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

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report.

2. For those accounts past due over 30 days, Hotai Finance will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and based on Hotai Finance's policy. In order to evaluate the reasonableness of the provision for impairment policy, we understood and assessed the occurrence percentage of actual impairment losses compared to the overdue accounts receivable over the past years, and other forward-looking information. In addition, we sampled and examined the expected credit losses report, and checked system information to ensure the consistency.
3. Sampled and examined the supporting documents of individual evaluation made by the management to evaluate the reasonableness of the expected credit loss recognized.

Valuation of the provisions for warranty

Description

Please refer to Note 4(23) of the parent company only financial statements for the accounting policies on provisions for warranty, Note 5(2) B for uncertainty of accounting estimates and assumptions of provisions for warranty, and Note 6(15) for details of the provisions for warranty.

In order to enhance customer's confidence on product quality, Ho Tai Motor Co., Ltd. provides a warranty for cars being sold in the fourth year or with mileage under 120,000 kilometers. Since the provisions for warranty involves massive historical data as well as complex calculations in respect of maintenance and repair experience, it is identified as a key audit matter.

How our audit addressed the matter

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

1. In terms of the agent brands, obtained the car sold information in the last four years that met the warranty items offered by Ho Tai Motor Co., Ltd., such as cars being used in the fourth year or with mileage under 120,000 kilometers and cars' maintenance details as well as registration forms. Sampled and tested each car's warranty cost on maintenance records.
2. Reviewed the system information in respect of total cars sold in the last four years which qualify for the warranty scheme mentioned above. Evaluated the reasonableness of provision for warranty by considering the average warranty cost claimed from each agent brand.

Claims reserve and ceded claims reserve of Hotai Insurance Co., Ltd., the investment accounted for using equity method

Description

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. (“Hotai Insurance”), an investment by Ho Tai Motor Co., Ltd. accounted for using equity method, is the reasonable amount of ultimate claims prior and after reinsurance based on the actuarial department’s historical claims development trend and experience.

Since the calculation method and assumptions selection of claims reserve (including those ceded) involve subjective judgement and relatively high degree of uncertainty, and the estimation results have a material impact on the financial statements, we have thus included claims reserve and ceded claims reserve as a key audit matter in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the key audit matter mentioned above are summarized as follows:

1. Understood and assessed Hotai Insurance’s policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assists us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
 - (1) Examined the reasonableness of the assessment method for the reserves;
 - (2) Examined the reasonableness of the assumptions used by Hotai Insurance;
 - (3) Recalculated each assumption adopted by Hotai Insurance for incurred but not reported claims reserve in order to confirm the accuracy of the allowances for the reserves.
4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claims amount.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain investments recognized under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the audit reports of the other auditors. The balance of these investments recognized under the equity method amounted to NT\$ 6,351,398 thousand and NT\$ 6,215,314 thousand, constituting 6.72% and 7.42% of the total assets as at December 31, 2021 and 2020, respectively, and the comprehensive income amounted to NT\$ 442,368 thousand and NT\$ 444,268 thousand, constituting 2.52% and 3.06% of the total comprehensive income for the years then ended, respectively.

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

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

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

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

Auditors' responsibilities for the audit of the 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial reporting users.

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

- A. 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 controls.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore, considered to be 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.

Yu-Lung, Wu

Fang-Yu, Wang

For and on behalf of PricewaterhouseCoopers, Taiwan
March 24, 2022

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

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 9,128,578	10	\$ 4,079,705	5
1110	Financial assets at fair value through profit or loss – current	6(2)	406,717	-	121,132	-
1150	Notes receivable, net	6(4)	2,673	-	194	-
1170	Accounts receivable, net	6(4)	168,358	-	35,196	-
1180	Accounts receivable – related parties, net	6(4) and 7	1,852,563	2	875,481	1
1200	Other receivables	7	756,354	1	775,166	1
130X	Inventories, net	6(5)	4,390,888	5	6,892,711	8
1410	Prepayments		302,997	-	535,843	1
11XX	Total current assets		<u>17,009,128</u>	<u>18</u>	<u>13,315,428</u>	<u>16</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	500,000	-	500,000	1
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	9,258,889	10	8,050,052	10
1550	Investments accounted for using equity method	6(6)	60,638,879	64	54,766,276	65
1600	Property, plant and equipment	6(7)	3,442,868	4	3,655,402	4
1755	Right-of-use assets, net	6(8)	13,045	-	1,461	-
1760	Investment property, net	6(10)	2,598,600	3	2,451,228	3
1780	Intangible assets		23,800	-	-	-
1840	Deferred income tax assets	6(25)	613,892	1	522,187	1
1900	Other non-current assets		466,723	-	457,740	-
15XX	Total non-current assets		<u>77,556,696</u>	<u>82</u>	<u>70,404,346</u>	<u>84</u>
1XXX	Total Assets		<u>\$ 94,565,824</u>	<u>100</u>	<u>\$ 83,719,774</u>	<u>100</u>

(Continued)

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(11)	\$ 3,144,963	3	\$ 1,204,156	1
2120	Financial liabilities at fair value through profit or loss-current	6(2)	27,722	-	62,172	-
2150	Notes payable		7,459	-	-	-
2170	Accounts payable	6(12)	2,356,306	3	3,018,477	4
2180	Accounts payable – related parties	6(12) and 7	4,761,908	5	5,378,676	6
2200	Other payables	6(13) and 7	2,837,624	3	2,682,059	3
2230	Current income tax liabilities		2,298,457	2	1,293,129	2
2250	Provisions-current	6(15)	758,278	1	747,058	1
2280	Current lease liabilities		5,782	-	1,472	-
2300	Other current liabilities		75,798	-	103,887	-
21XX	Total current liabilities		16,274,297	17	14,491,086	17
Non-current liabilities						
2550	Provisions-non-current	6(15)	2,763,806	3	2,271,345	3
2570	Deferred income tax liabilities	6(25)	1,748,735	2	1,478,821	2
2580	Non-current lease liabilities		7,317	-	-	-
2600	Other non-current liabilities		818	-	818	-
25XX	Total non-current liabilities		4,520,676	5	3,750,984	5
2XXX	Total liabilities		20,794,973	22	18,242,070	22
Equity						
Share capital						
3110	Common stock	6(16)	5,461,792	6	5,461,792	7
Capital surplus						
3200	Capital surplus	6(17)	2,807,477	3	2,818,336	3
Retained earnings						
3310	Legal reserve	6(18)	13,925,963	15	12,544,333	15
3320	Special reserve		381,843	-	381,843	-
3350	Unappropriated earnings		47,944,833	51	42,338,324	51
Other equity						
3400	Other equity		3,248,943	3	1,933,076	2
3XXX	Total equity		73,770,851	78	65,477,704	78
Significant contingent liabilities and unrecognized contract commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity	9 11	\$ 94,565,824	100	\$ 83,719,774	100

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	6(19) and 7	\$ 138,872,240	100	\$ 136,052,443	100
5000	Operating costs	6(5) and 7	(126,116,513)	(91)	(124,039,117)	(91)
5900	Gross profit before realized (unrealized) profit from sales to subsidiaries and associates		12,755,727	9	12,013,326	9
5910	Unrealized profit from sales		(178,613)	-	(136,549)	-
5920	Realized profit from sales		136,549	-	219,755	-
5950	Gross profit		12,713,663	9	12,096,532	9
	Operating expenses	6(23) and 7				
6100	Selling expenses		(2,119,205)	(2)	(2,117,462)	(2)
6200	General and administrative expenses		(2,048,641)	(1)	(1,751,042)	(1)
6000	Total operating expenses		(4,167,846)	(3)	(3,868,504)	(3)
6900	Operating profit		8,545,817	6	8,228,028	6
	Non-operating income and expenses					
7100	Interest income	6(20) and 7	56,391	-	65,925	-
7010	Other income	6(21) and 7	1,276,264	1	1,126,579	1
7020	Other gains and losses	6(22)	565,683	1	533,867	-
7050	Finance costs		(21,016)	-	(23,036)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	8,286,264	6	6,270,255	5
7000	Total non-operating income and expenses		10,163,586	8	7,973,590	6
7900	Profit before income tax		18,709,403	14	16,201,618	12
7950	Income tax expense	6(25)	(2,498,645)	(2)	(2,352,748)	(2)
8200	Profit for the year		\$ 16,210,758	12	\$ 13,848,870	10
	Other comprehensive income (loss) for the year, net of tax					
	Components of other comprehensive income (loss) that may not be reclassified to profit or loss					
8316	Unrealized gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,208,837	1	\$ 245,498	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		73,769	-	(20,933)	-
8310	Total components of other comprehensive income (loss) that may not be reclassified to profit or loss		1,282,606	1	224,565	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(45,735)	-	148,330	-
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		141,423	-	314,410	1
8360	Total components of other comprehensive income (loss) that will be reclassified to profit or loss		95,688	-	462,740	1
8300	Other comprehensive income (loss) for the year, net of tax		\$ 1,378,294	1	\$ 687,305	1
8500	Total comprehensive income for the year		\$ 17,589,052	13	\$ 14,536,175	11
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(26)	\$ 29.68		\$ 25.36	
9850	Diluted earnings per share	6(26)	\$ 29.66		\$ 25.34	

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)

Notes	Share capital-common stock	Retained earnings				Other equity		
		Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Gain (loss) on hedging instruments
								Total equity
For the year ended December 31, 2020								
Balance at January 1, 2020	\$ 5,461,792	\$ 2,816,734	\$ 11,350,835	\$ 381,843	\$ 37,362,029	\$ 687,128	\$ 1,893,463	\$ 6,868
Profit for the year	-	-	-	-	13,848,870	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	(32,568)	190,842	525,522	3,509
Total comprehensive income (loss)	-	-	-	-	13,816,302	190,842	525,522	3,509
Appropriation and distribution of retained earnings: 6(18)								
Legal reserve	-	-	1,193,498	-	(1,193,498)	-	-	-
Cash dividends	-	-	-	-	(7,646,509)	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(1,056)	-	-	-	-	-	(1,056)
Changes in ownership interests in subsidiaries	-	2,658	-	-	-	-	-	-
Balance at December 31, 2020	\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	\$ 496,286	\$ 2,418,985	\$ 10,377
For the year ended December 31, 2021								
Balance at January 1, 2021	\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	\$ 496,286	\$ 2,418,985	\$ 10,377
Profit for the year	-	-	-	-	16,210,758	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	62,427	(59,837)	1,409,900	(34,196)
Total comprehensive income	-	-	-	-	16,273,185	(59,837)	1,409,900	(34,196)
Appropriation and distribution of retained earnings: 6(18)								
Legal reserve	-	-	1,381,630	-	(1,381,630)	-	-	-
Cash dividends	-	-	-	-	(9,285,046)	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(721)	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	7,116	-	-	-	-	-	-
Reorganization	-	(17,254)	-	-	-	-	-	-
Balance at December 31, 2021	\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	\$ 556,123	\$ 3,828,885	\$ 23,819

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 18,709,403	\$ 16,201,618
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net gain on financial assets and liabilities at fair value through profit or loss	6(22)	(68,250)	(132,411)
Depreciation	6(23)	104,054	96,972
Net gain on disposal of property, plant and equipment	6(22)	(812)	(1,303)
Loss on abandonment of property, plant and equipment	6(22)	33	5
Share of profit of associates accounted for using equity method	6(6)	(8,286,264)	(6,270,255)
Dividend income		(258,398)	(252,700)
Interest expense		21,016	23,036
Interest income	6(20)	(56,391)	(65,925)
Unrealized profit from sales		178,613	136,549
Realized profit from sales		(136,549)	(219,755)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(251,785)	(76,121)
Notes receivable		(2,479)	8,485
Accounts receivable		(1,110,244)	1,333,687
Other receivables		122,524	(185,970)
Inventories		2,501,823	333,003
Prepayments		232,909	(158,041)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(1,271,480)	80,097
Other payables		154,842	167,842
Other current liabilities		(28,089)	18,380
Other non-current liabilities		503,680	597,957
Cash inflow generated from operations		11,058,156	11,635,150
Cash dividends received		3,485,593	2,948,108
Interest paid		(20,355)	(23,528)
Interest received		55,679	66,558
Income tax paid		(1,315,108)	(2,112,399)
Net cash provided by operating activities		13,263,965	12,513,889
<u>Cash flows from investing activities</u>			
Acquisition of investments accounted for using equity method	6(6)	(800,000)	(885,524)
Acquisition of property, plant and equipment	6(7)	(38,724)	(211,545)
Acquisition of investment property	6(10)	(235)	(149)
Proceeds from disposal of property, plant and equipment	6(7)	6,655	4,195
Acquisition of intangible assets		(23,800)	-
(Increase)Decrease in other non-current assets		(8,983)	30,230
Net cash used in investing activities		(865,087)	(1,062,793)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(27)	1,940,807	(747,251)
Cash dividends paid	6(18)(27)	(9,285,046)	(7,646,509)
Repayments of principal portion of lease liability	6(27)	(5,766)	(5,861)
Net cash used in financing activities		(7,350,005)	(8,399,621)
Increase in cash and cash equivalents		5,048,873	3,051,475
Cash and cash equivalents at beginning of year		4,079,705	1,028,230
Cash and cash equivalents at end of year		<u>\$ 9,128,578</u>	<u>\$ 4,079,705</u>

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

Hotai Motor Co., Ltd.
Table of Distribution of 2021 Profits

Unit: NT\$

Item	Subtotal	Total
Unappropriated earnings from previous period		31,671,647,738
Profit before income tax of current year	18,709,402,980	
Less: Income tax	2,498,645,007	
Plus: Net profit after tax of current year		16,210,757,973
Plus: 2021 retained earnings adjustment		62,427,206
Net profit after tax for the period and other items other than net profit after tax for the period		16,273,185,179
Less: 10% set aside for legal reserve		1,627,318,518
Distributable earnings of current period		14,645,866,661
Distributable Items		
Cash dividends (NT\$20 per share)		10,923,583,680
Unappropriated earnings at the end of period		35,393,930,719

Huang, Nan-Kuang
Chairman of the Board

Su, Chwen-Shing
Executive Officer

Chen, Ting-Ju
Chief Accounting Officer

Appendix 5

Comparison of the Current and Amended Provisions of the Company's Articles of Incorporation

Article	Amended Provisions	Current Provisions (June 19, 2020)	Commentary
Article 13	<p>Shareholders' meetings of the Company are of two types, namely: (1) regular meeting and (2) special meeting. Regular meeting is held once every year and shall be convened within six months after the close of each fiscal year. Special meeting shall be convened as necessary.</p> <p>The meeting shall be convened by Board of Directors unless otherwise provided in Company Act of the Republic of China.</p> <p><u>The Company's shareholders' meeting can be held by means of video conference or other methods promulgated by the central competent authority.</u></p>	<p>Shareholders' meetings of the Company are of two types, namely: (1) regular meeting and (2) special meeting. Regular meeting is held once every year and shall be convened within six months after the close of each fiscal year. Special meeting shall be convened as necessary.</p> <p>The meeting shall be convened by Board of Directors unless otherwise provided in Company Act of the Republic of China.</p>	<p>In accordance with clause 1 of Article 172-2 of Company Act and clause 3 of Article 44-9 of Regulations Governing the Administration of Shareholder Services of Public Companies, add that shareholders' meetings can be held by means of video conference or other methods promulgated by the central competent authority.</p>

Article	Amended Provisions	Current Provisions (June 19, 2020)	Commentary
Article 38	These Articles of Incorporation are agreed to and signed on January 1, 1955....., thirty-seventh Amend on June 19, 2020, <u>and thirty-eighth Amendment on June 21, 2022.</u>	These Articles of Incorporation are agreed to and signed on January 1, 1955.....(omitted)	In accordance with the amendment of the Company's Articles of Incorporation, the date of amendment shall be added.

Comparison of the Current and Amended Provisions of the Company's Procedures for the Acquisition and Disposition of Assets

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
Article 3	<p>Any professional appraisers and their personnel, auditors, lawyers, and underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of auditors, lawyers, or underwriters obtained by the Company shall meet the following requirement:</p> <p>(1) They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of <u>the Securities and Exchange Act</u>, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of</p>	<p>Any professional appraisers and their personnel, auditors, lawyers, and underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of auditors, lawyers, or underwriters obtained by the Company shall meet the following requirement:</p> <p>(1) They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposition of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of</p>	<ol style="list-style-type: none"> 1. Amended according to Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. 2. Amended wording to explicitly reference the Securities and Exchange Act. 3. To clearly define the procedures and responsibility of hired professionals, amended to explicitly specify that professional appraisers and their personnel, auditors, lawyers, and underwriters shall comply with the regulations of its respective professional association. 4. Because the appraisal reports or opinion letters issued by professionals are not financial audits in nature, therefore amended "audit" to "execute." 5. Based on the nature of the

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>probation, or grant of a pardon.</p> <p>(2) They shall not be a related party or de facto related party of any parties to the transaction.</p> <p>(3) If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers and/or their personnel shall not be related parties or de facto related parties of each other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the regulations of its respective professional association and the following provisions when preparing and issuing an appraisal report or opinion letter:</p> <p>(1) Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.</p> <p>(2) When executing the assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter.</p> <p>The procedures implemented, data collected, and conclusion reached shall</p>	<p>probation, or grant of a pardon.</p> <p>(2) They shall not be a related party or de facto related party of any parties to the transaction.</p> <p>(3) If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers and/or their personnel shall not be related parties or de facto related parties of each other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:</p> <p>(1) Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.</p> <p>(2) When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter.</p> <p>The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the</p>	<p>sources of data, parameters, and information used, amended "completeness, accuracy, and reasonableness" to "appropriateness and reasonableness."</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>be fully and accurately recorded in the working papers.</p> <p>(3) They shall conduct an item-by-item evaluation on the appropriateness and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.</p>	<p>working papers.</p> <p>(3) They shall conduct an item-by-item evaluation on the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	
Article 6	<p>Procedures for Acquisition and Disposition of Real Property, Fixed Assets, and Right-of-Use Assets</p> <p>6.1 – 6.3 (omitted)</p> <p>6.4. Appraisal Report</p> <p>In acquiring or disposing real property, other fixed assets, and right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital,</p>	<p>Procedures for Acquisition and Disposition of Real Property, Fixed Assets, and Right-of-Use Assets</p> <p>6.1 – 6.3 (omitted)</p> <p>6.4. Appraisal Report</p> <p>In acquiring or disposing real property, other fixed assets, and right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital,</p>	<p>1. Amended according to Article 9, Paragraph 1, Clause 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>2. In accordance with the amendment to Article 5, amended to delete the requirement in Article 6.4.3 for auditor to perform the appraisal pursuant to the</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>or NT\$300 million or more, except in the case of transactions with domestic government agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets or right-of-use assets thereof for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:</p> <p>6.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance; the same procedure shall apply for any subsequent amendment to the transaction terms.</p> <p>6.4.2. Appraisals by two or more professional appraisers are required if the transaction value is NT\$1 billion or more.</p> <p>6.4.3. If the appraisal results by the professional appraisers indicate either of the following, except when each appraised value of the acquired assets is higher than the transaction value, or each appraised value of the disposed assets is</p>	<p>or NT\$300 million or more, except in the case of transactions with domestic government agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets or right-of-use assets thereof for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:</p> <p>6.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance; the same procedure shall apply for any subsequent amendment to the transaction terms.</p> <p>6.4.2. Appraisals by two or more professional appraisers are required if the transaction value is NT\$1 billion or more.</p> <p>6.4.3. If the appraisal results by the professional appraisers indicate either of the following, except when each appraised value of the acquired assets is higher than the transaction value, or each appraised value of the disposed assets is</p>	<p>Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation ("ARDF").</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>lower than the transaction value, the Company shall engage an auditor to perform the appraisal and render an opinion regarding the reason for discrepancy and adequacy of the transaction price:</p> <p>(1) The discrepancy between the appraisal results and transaction value is 20 percent of the transaction value or more; or</p> <p>(2) The discrepancy between the appraisal results of the two or more professional appraisers is 10 percent of the transaction value or more.</p> <p>6.4.4. No more than three months shall have lapsed between the date of the report by each professional appraiser and the execution date of the transaction contracts; provided, however, an opinion may be issued by the original professional appraiser where the current value published for the same period is applicable and no more than six months have lapsed.</p> <p>6.4.5. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an</p>	<p>lower than the transaction value, the Company shall engage an auditor to perform the appraisal <u>pursuant to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation ("ARDF")</u> and render an opinion regarding the reason for discrepancy and adequacy of the transaction price:</p> <p>(1) The discrepancy between the appraisal results and transaction value is 20 percent of the transaction value or more; or</p> <p>(2) The discrepancy between the appraisal results of the two or more professional appraisers is 10 percent of the transaction value or more.</p> <p>6.4.4. No more than three months shall have lapsed between the date of the report by each professional appraiser and the execution date of the transaction contracts; provided, however, an opinion may be issued by the original professional appraiser where the current value published for the same period is applicable and no more than six months have lapsed.</p> <p>6.4.5. If the Company acquires or disposes</p>	

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
Article 7	<p>appraisal report or auditor's opinion.</p> <p>Acquisition and Disposition of Securities Investments</p> <p>7.1 – 7.3 (omitted)</p> <p>7.4. Expert Opinion</p> <p>7.4.1. For acquisition or disposition of securities with transaction value of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event in the transaction. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise provided by the Financial Supervisory Commission ("FSC").</p> <p>7.4.2. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an appraisal report or auditor's opinion.</p>	<p>assets at a court auction, the Company may submit court documents in lieu of an appraisal report or auditor's opinion.</p> <p>Acquisition and Disposition of Securities Investments</p> <p>7.1 – 7.3 (omitted)</p> <p>7.4. Expert Opinion</p> <p>7.4.1. For acquisition or disposition of securities with transaction value of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event in the transaction; <u>if the auditor decides to use the work of an auditor's expert, he/she shall comply with the Statements on Auditing Standards No. 20 issued by ARDF</u>. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise provided by the Financial Supervisory Commission ("FSC").</p> <p>7.4.2. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an</p>	<p>1. Amended according to Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>2. In accordance with the amendment to Article 5, amended to delete the requirement in Article 7.4.1 for auditor to perform the appraisal pursuant to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation ("ARDF").</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
Article 8	<p>Related Party Transactions</p> <p>8.1 (omitted)</p> <p>8.2. Evaluation and Processing</p> <p>In acquiring or disposing real property or right-of-assets thereof from or to a related party, or acquiring or disposing assets other than real property or right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital, or 10 percent of the Company's total assets, or NT\$300 million or more, except in the case of sale and purchase of domestic government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the audit committee for approval and adopted by resolution of the Board of Directors:</p> <p>8.2.1. The purpose, necessity and anticipated benefits of the acquisition or</p>	<p>appraisal report or auditor's opinion.</p> <p>Related Party Transactions</p> <p>8.1 (omitted)</p> <p>8.2. Evaluation and Processing</p> <p>In acquiring or disposing real property or right-of-assets thereof from or to a related party, or acquiring or disposing assets other than real property or right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital, or 10 percent of the Company's total assets, or NT\$300 million or more, except in the case of sale and purchase of domestic government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the audit committee for approval and adopted by resolution of the Board of Directors:</p> <p>8.2.1. The purpose, necessity and anticipated benefits of the acquisition or</p>	<p>1. Amended according to Article 15.5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>2. In order to better regulate related party transactions and to protect minority shareholders' right to express their opinion regarding related party transactions, amended to add the provision that a related party transaction with the Company or its subsidiary that's not a domestic public company where the transaction value is at least 10 percent of the total assets of the Company cannot proceed without first submitting the relevant information to the shareholders meeting for approval. And in consideration of business planning, include the exception to the above requirement for transactions between certain companies.</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>disposition of assets.</p> <p>8.2.2. The reason in selecting the related party as a counterparty to the transaction.</p> <p>8.2.3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article 8.3.</p> <p>8.2.4. The date and price at which the related party originally acquired the assets, the original counter party, and the counterparty's relationship with the Company and the related party.</p> <p>8.2.5. Monthly cash flow forecast for the year commencing from the proposed month of contract signing, and evaluation of the necessity of the transaction and the legitimacy of fund utilization.</p> <p>8.2.6. The appraisal reports by professional appraisers or auditor's opinion obtained according to Article 8.1.</p> <p>8.2.7. Restrictive covenants and other important stipulations of the current transaction.</p> <p>When a transaction involving the</p>	<p>disposition of assets.</p> <p>8.2.2. The reason in selecting the related party as a counterparty to the transaction.</p> <p>8.2.3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article 8.3.</p> <p>8.2.4. The date and price at which the related party originally acquired the assets, the original counter party, and the counterparty's relationship with the Company and the related party.</p> <p>8.2.5. Monthly cash flow forecast for the year commencing from the proposed month of contract signing, and evaluation of the necessity of the transaction and the legitimacy of fund utilization.</p> <p>8.2.6. The appraisal reports by professional appraisers or auditor's opinion obtained according to Article 8.1.</p> <p>8.2.7. Restrictive covenants and other important stipulations of the current transaction.</p> <p>When a transaction involving the</p>	

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.</p> <p>Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.</p> <p><u>If a transaction of the Company or its subsidiary that's not a domestic public company is covered under Article 8.2, and the transaction value is at least 10 percent of the total assets of the Company, the Company shall first submit the information listed under Article 8.2 to the shareholders meeting for approval before signing the transaction contract and making payment. But transactions between the Company and its parent or subsidiary or transactions between the Company's subsidiaries are excluded.</u></p>	<p>acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.</p> <p>Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.</p> <p>8.3 (omitted)</p>	

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<u>from this requirement.</u> 8.3 (omitted)		
Article 9	<p>Acquisition and Disposition of Memberships, Intangible Assets and Right-of-Use Assets</p> <p>9.1 – 9.3 (omitted)</p> <p>9.4. Expert Opinion</p> <p>For the acquisition and disposition of memberships, intangible assets or right-of-use assets thereof with transaction value of at least 20 percent of the Company's paid-in capital, or of NT\$300 million or more, except in the case of transactions with domestic government agencies, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event.</p>	<p>Acquisition and Disposition of Memberships, Intangible Assets and Right-of-Use Assets</p> <p>9.1 – 9.3 (omitted)</p> <p>9.4. Expert Opinion</p> <p>For the acquisition and disposition of memberships, intangible assets or right-of-use assets thereof with transaction value of at least 20 percent of the Company's paid-in capital, or of NT\$300 million or more, except in the case of transactions with domestic government agencies, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event; the auditor shall follow the Statements on Auditing Standards No. 20 issued by ARDF.</p>	<p>1. Amended according to Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>2. In accordance with the amendment to Article 5, amended to delete the requirement in Article 9.4 for auditor to perform the appraisal pursuant to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation ("ARDF").</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
Article 9-1	<p>The calculation of transaction value under Articles 6, 7, 8, and 9 shall follow Article 13 of the Procedures. "Within the last year" shall mean one year preceding the date of occurrence of the event in this transaction. Items for which an appraisal report from a professional appraiser or an auditor's opinion have been obtained need not be counted towards the transaction value; in the case of related party transactions, items which have been approved by the audit committee and adopted by the Board of Directors and shareholders meeting need not be counted towards the transaction value.</p>	<p>The calculation of transaction value under Articles 6, 7, 8, and 9 shall follow Article 13 of the Procedures. "Within the last year" shall mean one year preceding the date of occurrence of the event in this transaction. Items for which an appraisal report from a professional appraiser or an auditor's opinion have been obtained need not be counted towards the transaction value; in the case of related party transactions, items which have been approved by the audit committee and adopted by the Board of Directors need not be counted towards the transaction value.</p>	<ol style="list-style-type: none"> 1. Amended according to Article 15.6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. 2. In accordance with the amendment to Article 8.2, amended to include that calculation of transaction value needs to be adopted by the shareholders' meeting.
Article 13	<p>Information Disclosure</p> <p>13.1. Required Filings and Standards</p> <p>If the acquisition or disposition of assets fall under any of the following categories, the Company shall submit relevant information on the website designated by FSC in the required format by type of transaction within two days as of the date of occurrence of the event:</p> <p>13.1.1 – 13.1.5 (omitted)</p> <p>13.1.6. Asset transactions other than set</p>	<p>Information Disclosure</p> <p>13.1. Required Filings and Standards</p> <p>If the acquisition or disposition of assets fall under any of the following categories, the Company shall submit relevant information on the website designated by FSC in the required format by type of transaction within two days as of the date of occurrence of the event:</p> <p>13.1.1 – 13.1.5 (omitted)</p> <p>13.1.6. Asset transactions other than set</p>	<ol style="list-style-type: none"> 1. Amended according to Article 31, Paragraph 1, Clause 7, Items 1 and 2 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. 2. Taking into consideration that public companies' purchase and sale of domestic government bonds does not need to be publicly declared, therefore amended to relax the standard so that purchase and sale of foreign government bonds with a credit rating not lower

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>forth in Article 13.1.1 to Article 13.1.5, disposition of creditor's rights by financial institutions, or investments in Mainland China where the transaction value is at least 20 percent of the paid-in capital of the Company, or NT\$300 million or more. However, this does not apply to the following transactions:</p> <p>(1) Purchase and sale of domestic government bonds <u>or foreign government bonds with a credit rating not lower than domestic sovereign credit rating.</u></p> <p>(2) Trading of securities as investment professionals on an exchange or over-the-counter market, or subscription of <u>foreign government bonds</u> or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market as investment professionals, or the subscription or redemption of securities investment trust funds or futures trust funds, or subscription of securities by a securities firm necessitated by its underwriting business or as an advisor for an emerging stock company pursuant to the rules of the Taipei Exchange.</p> <p>(3) Purchase and sale of bonds with repurchase or resale agreements, or</p>	<p>forth in Article 13.1.1 to Article 13.1.5, disposition of creditor's rights by financial institutions, or investments in Mainland China where the transaction value is at least 20 percent of the paid-in capital of the Company, or NT\$300 million or more. However, this does not apply to the following transactions:</p> <p>(1) Purchase and sale of domestic government bonds.</p> <p>(2) Trading of securities as investment professionals on an exchange or over-the-counter market, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market as investment professionals, or the subscription or redemption of securities investment trust funds or futures trust funds, or subscription of securities by a securities firm necessitated by its underwriting business or as an advisor for an emerging stock company pursuant to the rules of the Taipei Exchange.</p> <p>(3) Purchase and sale of bonds with repurchase or resale agreements, or</p>	<p>than domestic sovereign credit rating also does not need to be publicly declared.</p> <p>3. Taking into consideration the simplistic nature of foreign government bonds and its credit rating is usually higher than foreign companies, plus the nature of Exchange Traded Note is similar to Exchange Traded Fund, therefore amended to relax the standard for professional investors' subscription of foreign government bonds offered and issued in the primary market and subscription or redemption of Exchange Traded Note does not need to be publicly declared.</p>

Article	Amended Provisions	Current Provisions (June 20, 2019)	Commentary
	<p>pursuant to the rules of the Taipei Exchange.</p> <p>(3) Purchase and sale of bonds with repurchase or resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>13.2 – 13.3 (omitted)</p>	<p>subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>13.2 – 13.3 (omitted)</p>	

List of Nominated Director Candidates

Name of Director	Education	Experience	Current Position	Shares Held by Corporation
Chun Yung Investment Co., Ltd. represented by Huang, Nan-Kuang	Chemistry, Fu Jen Catholic University	Chairman, Hozan Investment Co., Ltd. Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co., Ltd. Chairman, Hotai Motor Co., Ltd.	Chairman, Hotai Motor Co., Ltd. Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co. Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoya Investment Co., Ltd. Director, Hozan Investment Co., Ltd. Director, Kuozui Motors, Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Taipei Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Supervisor, CarMax Co., Ltd. Director, Denso Taiwan Corp.	174,000
Chun Yung Investment Co., Ltd. represented by	Department of Management, University of California, USA	Chairman, Taiwan Toyota Industrial Mechanical Co., Ltd. Chairman, Formosa Flexible Packaging Corp.	Director, Hotai Motor Co., Ltd. Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp.	174,000

Huang, Chih-Cheng		<p>Chairman, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.</p> <p>Chairman, Tech Information Co., Ltd.</p> <p>Managing Director, Hotai Motor Co., Ltd.</p>	<p>Chairman, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.</p> <p>Managing Director, Hoyu Investment Co., Ltd.</p> <p>Director, Kuozui Motors, Ltd.</p> <p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, CarMax Autotech (Shanghai) Co., Ltd.</p> <p>Director, Hoton Motor Investment Co., Ltd.</p> <p>Director, Tianjin Binhai Heling Lexus Motor Service Co., Ltd.</p> <p>Director, Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd.</p> <p>Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd.</p> <p>Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd.</p> <p>Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd.</p> <p>Director, Nanjing HoZhan Motor Sales and Service Co., Ltd.</p> <p>Director, Shanghai Fengyi Construction Decoration Limited Company</p> <p>Director, Qingdao Heling Lexus Motor Sales & Service Co., Ltd.</p> <p>Supervisor, Kuotu Motor Co., Ltd.</p>	
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			Director, Nitto Precision Screw Industrial (Zhejiang) Co., Ltd. Chairman, Tech Information Co., Ltd.	
Chun Yung Investment Co., Ltd. represented by Lin, Li-Hua	Department of Money and Banking, National Chengchi University	Chairman, Hoyu Investment Co., Ltd. Managing Director, Hotai Motor Co., Ltd. Supervisor, Ho Tai Development Co., Ltd. Supervisor, Kuozui Motors, Ltd.	Director, Hotai Motor Co., Ltd. Chairman, Hoyu Investment Co., Ltd.	174,000
Chun Yung Investment Co., Ltd. represented by Huang, Wen-Jui	Masters, Information Management, Tokyo University of Information Sciences	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited	Director, Hotai Motor Co., Ltd. Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp.	174,000
Li Gang Enterprise Co., Ltd. represented by Su, Chwen-Shing	MBA, Massachusetts Institute of Technology	Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	Director, Hotai Motor Co., Ltd. President, Hotai Motor Co., Ltd. Chairman, Hozan Investment Co., Ltd. Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Connected Co., Ltd. Vice Chairman, Kuozui Motors, Ltd.	40,569,353

			Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd Supervisor, Denso Taiwan Corp. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd.	
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			Director, Li Gang Enterprise Co., Ltd. Managing Director, Toyota Tsusho (Taiwan) Co., Ltd.	
Li Gang Enterprise Co., Ltd. represented by Su, Jean	Masters, International Finance, University of Southern California School of Business	Chairman, Cheng Sun Trading Co., Ltd. Chairman, Jin Yuan Shan Investment Co., Ltd.	Director, Hotai Motor Co., Ltd. Director, Hoyo Investment Co., Ltd. Director, Shi-Ho Screw Industrial Co., Ltd. Director, Formosa Flexible Packaging Corp. Chairman, Cheng Sun Trading Co., Ltd. Chairman, Jin Yuan Shan Investment Co., Ltd. Chairman, Li Gang Enterprise Co., Ltd.	40,569,353
Yong Hui Development Co., Ltd. represented by Su, Yi-Chung	MBA, Saint Mary's University, USA	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	Director, Hotai Motor Co., Ltd. Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Ho Tai Service & Marketing Co., Ltd.	10,000

Appendix 7

Yong Hui Development Co., Ltd. represented by Leon Soo	MBA, Wharton School of the University of Pennsylvania	<p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, Formosa Flexible Packaging Corp.</p> <p>Director, Hotai Leasing Co., Ltd.</p> <p>Director, Hoyun International Lease Co., Ltd.</p> <p>Director, Hotai Motor Co., Ltd.</p>	<p>Director, Hotai Motor Co., Ltd.</p> <p>Vice Chairman, Hoyu Investment Co., Ltd.</p> <p>Vice Chairman, Hoton Motor Investment Co. Ltd.</p> <p>Director, Hotai Finance Co., Ltd.</p> <p>Director, Hotai Leasing Co., Ltd.</p> <p>Director, Hoing Mobility Service, Co., Ltd.</p> <p>Director, Ho Tai Development Co., Ltd.</p> <p>Director, Formosa Flexible Packaging Corp.</p> <p>Director, Kuozui Motors, Ltd.</p> <p>Managing Director and President Shanghai Guangxin Culture & Media Co., Ltd.</p> <p>Managing Director and President, Shanghai Ho-Mian Auto Technology Co., Ltd.</p> <p>Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd.</p> <p>Managing Director, Shanghai Zhongxin Traffic Facility Engineering Co., Ltd.</p> <p>Managing Director, Shanghai Hochen Auto Technology Co., Ltd.</p>	10,000
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			<p>Director, Hoyun International Lease Co., Ltd.</p> <p>Director, Carmax Autotech (Shanghai) Co., Ltd.</p> <p>Director, Guangzhou GAC Business Changhe Automobile Technology Co., Ltd.</p> <p>Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd.</p> <p>Director, Tianjin Ho-Yi International Trading Co., Ltd.</p> <p>Director, Tianjin Binhai Helling Lexus Motor Service Co., Ltd.</p> <p>Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.</p> <p>Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd.</p> <p>Director, Beijing Helling Lexus Motor Sales & Service Co., Ltd.</p> <p>Director, Linyi Helling Lexus Motor Sales & Service Co., Ltd.</p> <p>Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd.</p> <p>Director, Taizhou Zhong Du Lexus Motor Sales & Service Co., Ltd.</p> <p>Director, Jinzhong Central Toyota Motor Sales & Service Co., Ltd</p> <p>Director, Taiyuan Zhong Du Helling Lexus Motor Sales & Service Co., Ltd.</p>	
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				<p>Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co. Ltd. Director, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanjing HoZhan Motor Sales and Service Co., Ltd. Director, Qingdao Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Shanghai Fengyi Construction Decoration Limited Company Chairman, Shanghai Hede Used Vehicle Co., Ltd. Supervisor, He Jing Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd.</p>	
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Appendix 7

Yuan Tuo Investment Co., Ltd. represented by Ko, Junn-Yuan	The Affiliated Industrial Vocational High School of National Changhua University of Education	Chairman, Chang Yuan Motor Co., Ltd. Chairman, Sun Union Trading Co., Ltd. Supervisor, Hotai Motor Co., Ltd.	Director, Hotai Motor Co., Ltd. Chairman, Chang Yuan Motor Co., Ltd. Chairman, Hotai Coachwork Manufacturing Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd. Managing Supervisor, Hoyu Investment Co., Ltd. Chairman, Yuan Tuo Investment Co., Ltd. Chairman, Sun Union Trading Co., Ltd. Director, Kitahara Industrial Co., Ltd. Supervisor, Yong Chi Trading Co., Ltd.	14,657,894
Gui Long Investment Co., Ltd. represented by Chang, Shih-Yieng	Department of Economics, Konan University, Japan	Director, Hotai Motor Co., Ltd.	Director, Hotai Motor Co., Ltd. Managing Director, Hoyu Investment Co., Ltd.	5,126,000

Appendix 7

Toyota Motor Corporation represented by Kazuo Naganuma	Waseda business School, Japan	Director, Hotai Motor Co., Ltd.	Director, Hotai Motor Co., Ltd. Chairman, Kuozui Motors, Ltd. Director, CarMax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hoton Motor Investment Co. Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service, Co., Ltd.	44,406,112
Independent Director	Education	Experience	Current Position	Shares Held
Su, Chin-Huo	Masters, Industrial Engineering and Management, Asian Institute of Technology	President, Corporate Synergy Development Center Special Officer, Division Chief and Deputy Director, Industrial Development Bureau Visiting Professor, Chung Yuan Christian University	Independent Director, Hotai Motor Co., Ltd. Compensation Committee, Hotai Motor Co., Ltd. Audit Committee, Hotai Motor Co., Ltd.	0
Wu, Shih-Hao	Ph.D., Business Administration, National Taipei University	Vice President, Commerce Development Research Institute Dean, Assistant Professor, Department Head, and Director of Education and Research Center of the Department of Marketing and Distribution Management, National Kaohsiung University of Science and Technology	Independent Director, Hotai Motor Co., Ltd. Compensation Committee, Hotai Motor Co., Ltd. Audit Committee, Hotai Motor Co., Ltd.	0

Li, Chao-Sen	Masters.,Department of Mechanical Engineering, National Taiwan University EMBA, National Central University	Director and President, Kuozui Motors, Ltd.	President, JingJin Tps Co., Ltd.	0
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Release for the directors from non-compete restrictions of details of the concurrent positions

Director Candidates	Name	Current Positions at Other Companies
Director	Chun Yung Investment Co., Ltd. represented by Huang, Nan-Kuang	Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co., Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Hozan Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Taipei Toyota Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Supervisor, CarMax Co., Ltd. Director, Denso Taiwan Corp.
Director	Chun Yung Investment Co., Ltd. represented by Lin, Li-Hua	Chairman, Hoyu Investment Co., Ltd.
Director	Chun Yung Investment Co., Ltd. represented by Huang, Wen-Jui	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp.
Director	Chun Yung Investment Co., Ltd. represented by Huang, Chih-Cheng	Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp. Chairman, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, CarMax Autotech (Shanghai) Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Tianjin Binhai Heling Lexus Motor Service Co., Ltd.

		Director, Linyi Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanjing HoZhan Motor Sales and Service Co., Ltd. Director, Shanghai Fengyi Construction Decoration Limited Company Director, Qingdao Heling Lexus Motor Sales & Service Co., Ltd. Supervisor, Kuotu Motor Co., Ltd. Director, Nitto Precision Screw Industrial (Zhejiang) Co., Ltd. Chairman, Tech Information Co., Ltd.
Director	Li Gang Enterprise Co., Ltd., represented by Su, Chwen-Shing	Chairman, Hozan Investment Co., Ltd. Chairman, Carmax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Chairman, Hotai Cyber Connection Vice Chairman, Kuozui Motors Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Auto Tech (Shanghai) Co., Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Supervisor, Denso Taiwan Corp. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd.

		Director, Li Gang Enterprise Co., Ltd. Managing Director, Toyota Tsusho (Taiwan) Co., Ltd.
Director	Li Gang Enterprise Co., Ltd., represented by Su, Jean	Director, Hoyu Investment Co., Ltd. Director, Shi-Ho Screw Industrial Co., Ltd. Director, Formosa Flexible Packaging Corp. Chairman, Cheng Sun Trading Co., Ltd. Chairman, Jin Yuan Shan Investment Co., Ltd. Director, Li Gang Enterprise Co., Ltd.
Director	Yong Hui Development Co., Ltd., represented by Su, Yi-Chung	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Ho Tai Service & Marketing Co., Ltd.
Director	Yong Hui Development Co., Ltd., represented by Leon Soo	Vice Chairman, Hoyu Investment Co., Ltd. Vice Chairman, Hoton Motor Investment Co. Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hoing Mobility Service, Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Formosa Flexible Packaging Corp. Director, Kuozui Motors, Ltd. Managing Director and President Shanghai Guangxin Culture & Media Co., Ltd. Managing Director and President, Shanghai Ho-Mian Auto Technology Co., Ltd. Managing Director and President, Tianjin Yongda Communication Technology Co., Ltd. Managing Director, Shanghai Zhongxin Traffic Facility Engineering Co., Ltd. Managing Director, Shanghai Hochen Auto Technology Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, Carmax Autotech (Shanghai) Co., Ltd. Director, Guangzhou GAC Business Changhe Automobile Technology Co., Ltd. Director, Zaozhuang Ho-Wan Motor Sales and Service Co., Ltd.

		Director, Tianjin Ho-Yi International Trading Co., Ltd. Director, Tianjin Binhai Heling Lexus Motor Service Co., Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Taizhou Zhong Du Lexus Motor Sales & Service Co., Ltd. Director, Jinzhong Central Toyota Motor Sales & Service Co., Ltd. Director, Taiyuan Zhong Du Heling Lexus Motor Sales & Service Co., Ltd. Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co. Ltd. Director, Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanjing HoZhan Motor Sales and Service Co., Ltd. Director, Qingdao Heling Lexus Motor Sales & Service Co., Ltd. Chairman, Shanghai Fengyi Construction Decoration Limited Company Chairman, Shanghai Hede Used Vehicle Co., Ltd. Supervisor, He Jing Co., Ltd. Director, Cheng Sun Trading Co., Ltd. Director, Jin Yuan Shan Investment Co., Ltd.
Director	Yuan Tuo Investment Co., Ltd. represented by Ko, Junn-Yuan	Chairman, Chang Yuan Motor Co., Ltd. Chairman, Hotai Coachwork Manufacturing Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd.

		Managing Director, Hoyu Investment Co., Ltd. Chairman, Yuan Tuo Investment Co., Ltd., Chairman, Sun Union Trading Co., Ltd. Director, Kitahara Industrial Co., Ltd. Supervisor, Yong Chi Trading Co., Ltd.
Director	Gui Long Investment Co., Ltd., represented by Chang, Shih-Yieng	Managing Director, Hoyu Investment Co., Ltd.
Director	Toyota Motor Corporation, represented by Kazuo Naganuma	Chairman, Kuozui Motors Co., Ltd. Director, Carmax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Supervisor, Hotai Leasing Co., Ltd. Supervisor, Hoing Mobility Service, Co., Ltd.
Independent Director candidates	Name	Current Positions at Other Companies
Independent Director	Li, Chao-Sen	President, JingJin Tps Co., Ltd.

X. Exhibits

Exhibit 1

HOTAI MOTOR CO., LTD. Articles of Incorporation

June 19, 2020

Section I - General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under Company Act of the Republic of China, and its name is Hotai Motor Company Limited.

Article 2

The scope of business of the Company shall be as follows:

1. Manufacture, assemble and sell all kinds of Motors (include chassis and car body) and components.
2. Import and export all kinds of Motor Vehicles (include chassis and car body) and components.
3. Manufacture and maintain Special Vehicles (trailers, rubbish trucks, sewage vacuum trucks, cranes, cement mixing vehicles, tankers and etc.)
4. Manufacture, assemble and sell all kinds of Industry Vehicles (tractors, bucket cars and hand lift cars) and components.
5. Car repair and Maintenance.
6. Import, export, and sell automotive measurement of Motor Vehicles.
7. Agency Business for all countries.
8. Broker Business.
9. Import and Export business.
10. Manufacture, assemble and sell air conditioners and heaters for Motor Vehicles and the components.
11. Import and export air conditioners and heaters for Motor Vehicles and the components.
12. Manufacture, assemble, sell, import and export radio equipment.
13. G801010 Warehousing.
14. In addition to the authorized scope of business, any business not prohibited or restricted by law.

Article 3

The Company may provide endorsement and guarantee and act as a guarantor.

Article 4

The Company shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of Company Act if the Company is a shareholder with limited liability of another company.

Article 5

The Company has its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon approval of Board of Director to set up, terminate or change representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Company deems it necessary or advisable to carry

out any or all of its activities.

Article 6

Public announcements of the Company shall be made in accordance with Article 28 of Company Act of the Republic of China.

Section II - Capital Stock

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 issued in installments under approval of Board of Directors.

Article 8

The Company could ask for Large Denomination Securities if it is necessary to send the stocks to Taiwan Depository and Clearing Corporation.

Article 9

The share certificates of the Company shall be name-bearing and numbered share certificates signed by or sealed with the chop by the director representing the Company, and issued by a bank legally competent to serve as the attester for the issuance of share certificates in accordance with Company Act and relevant regulations of the Republic of China. The Company may issue shares without printing share certificate, but should ask for logging in from Taiwan Depository and Clearing Corporation.

Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

Article 11

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 12

The Company could charge handling fee whilst a stock certificate needs replacement because it is lost or because of other reasons.

Section III – Shareholders' Meeting

Article 13

Shareholders' meetings of the Company are of two types, namely: (1) regular meeting and (2) special meeting. Regular meeting is held once every year and shall be convened within six months after the close of each fiscal year. Special meeting shall be convened as necessary.

The meeting shall be convened by Board of Directors unless otherwise provided in Company Act of the Republic of China.

Article 14

Each share of stock shall be entitled to one vote.

Article 15

Except as otherwise provided in Company Act of the Republic of China, the chairman of shareholders' meeting should follow Article 23 of these Articles of Incorporation.

Article 16

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative by a power of attorney form issued by the Company to attend it, and to exercise, on his/her behalf, under his/her permission for all rights specified in the form at the meeting, in accordance with Article 177 of Company Act of the Republic of China. The way to use proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies unless there are other regulation by Company Act of the Republic of China.

Article 17

Except as otherwise provided in Company Act of the Republic of China, resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting, and shareholders' meetings may be held if attended by shareholders representing more than one half of the total issued and outstanding capital stock of the Company.

Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall record the date, place, chairman's name, the way of resolutions, meeting process and result of shareholders' meeting. Such minutes shall be signed by or sealed with the chop of the chairman of the meeting and delivered to all shareholders within 20 days and kept during the continuance of existence of the Company.

The delivery of such minutes could be a public announcement.

The attendance list and proxies of the meetings shall be filed and kept for at least a year, but if a shareholder raise a suit in accordance with Article 189 of Company Act of the Republic of China, the attendance list and proxies of the meetings shall be filed and kept until the suit is over.

| | |---| | Section IV - Directors and Board of Directors | |---|

Article 19

The Company shall have thirteen to fifteen directors. The aforesaid Board of Directors shall have three independent directors, and ten to twelve non-independent directors. Directors shall be elected by adopting candidates nomination system as specified in Company Act of the Republic of China. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.

The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent directors elected shall be calculated separately. The ones with more votes are the ones being independent or non-independent directors.

Article 20

The directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Company shall elect a Vice Chairman through the same way if necessary.

Article 21

The Chairman of Board of Directors shall have the authority to represent the Company and execute all Company management in compliance with the relevant regulations, Articles of Incorporation, Resolutions of shareholders' meeting and Board of Directors.

Article 22

In the case that vacancies on Board of Directors exceed, for any reason, one third of the total number of the Directors, then Board of Directors shall convene a special shareholders' meeting to elect new Directors to fill such vacancies within 60 days.

Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of Board of Directors.

The Chairman of Board of Directors shall have the authority to represent the Company and shall chair the of shareholders' meeting and Board of Directors' meeting. In case the Chairman of the Board of Directors is on leave or unable to exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman, or the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of Board of Directors shall designate one of the directors to act on his behalf; if the Chairman of Board of Directors has not designated anyone to act on his behalf, the directors shall designate one among themselves. Notices of Board of Directors' meetings could be through writing, fax or electronic.

Article 24

Except as otherwise provided in Company Act of the Republic of China, a meeting of Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 25

A Director shall attend the meetings of Board of Directors in person, if he/she may not attend, he/she shall by written authorization, appoint another Director to attend on his/her behalf the meetings of the Board of Directors, and to vote for him/her on matters presented at such meeting as specified on the authorization, but no Director may act as proxy for more than one other Director.

Article 26

The resolutions of Board meetings shall be recorded in the minutes, and such minutes shall record the date, place, chairman's name, the way of resolutions, meeting process and result of Board meetings. Such minutes shall be signed by or sealed with the chop of

the chairman of the meeting and sent to all directors within 20 days.
The production and delivery of such minutes could be through electronic means.
The minutes, attendance list of the meetings shall be kept during the continuance of existence of the Company.

Article 27

In compliance with regulation, the Company shall establish an Audit Committee, which shall consist of all independent directors.

The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Act, Securities and Exchange Law and other relevant regulations of the Republic of China.

In addition to the establishment of an Audit Committee, the Company's Board of Directors may also establish other functional committees, and their regulations shall be enacted by Board of Directors.

Article 28

Board of Directors is authorized to determine the salary for Directors, the standards of the industry shall be taken into account. The company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy.

Article 29

The total registered shares owned by Directors of the Company shall be in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Section V – Management

Article 30

The Company shall appoint one President, and such other Vice Presidents and Directors.

Article 31

The decision to engage with, terminate and pay for the management shall be held in the meeting of Board of Directors if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Section - VI Account

Article 32

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 33

After the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to the Audit Committee before 30 days of regular shareholders' meeting:

1. Business Report;
2. Financial Statements;
3. The surplus earning distribution or loss offsetting proposals.

Article 34

To the extent that the Company has generated annual profits, 1% of which shall be set aside for employee remuneration and no more than 2% for directors' remuneration; provided, however, independent directors are not eligible to participate in the profit distribution of the Company. Any accumulated losses of the Company shall first be offset.

Employee remuneration may be paid in the form of stocks or cash and shall be approved by over half of the directors present at the Board meeting attended by at least two-thirds of the directors, and shall be reported at the shareholders' meeting.

Employee remuneration may be paid in the form of stocks or cash and shall be approved by over half of the directors present at a Board meeting attended by at least two-thirds of the director; in addition thereto, such distribution shall be reported at the shareholders' meeting.

Article 35

The Company is in a constantly evolving industry and has entered into the maturity stage of its life cycle. In order to fulfill the need of shareholders' cash inflow and take the Company's funding requirement and long-term financial plan into consideration, if there are earning surplus after final accounting of the fiscal year, the Company shall, after its losses in previous years have been covered and all applicable taxes and dues have been paid, first set aside 10% as legal reserve, then set aside special reserve pursuant to applicable law or regulation, then combined with the initial undistributed surplus of that period, shall be the accumulated earnings available for distribution to the shareholders. The ratio of dividend shall not be lower than 50% of current year earnings available for distribution; distribution of cash dividend shall not be lower than 10% of total dividend.

The way and ratio of distribution of profits shall take profit status and financial factors into consideration; the proposal shall be prepared by Board of Directors, and then submitted to shareholders' meeting for approval.

The decision to distribute all or part of the dividends and/or bonuses in cash shall be adopted by a resolution of the majority of the Board of Directors in a meeting attended by over two-thirds of the directors and reported to the shareholders' meeting; the requirement to obtain shareholders' approval in the preceding paragraph shall not apply.

Section VII Supplementary Provisions

Article 36

The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 37

In regard to all matters not provided for in these Articles of Incorporation, Company Act and other related regulations of the Republic of China shall govern.

Article 38

These Articles of Incorporation are agreed to and signed on January 1, 1955, and the

first Amendment was on February 27, 1959, the second Amendment on February 6, 1960, the third Amendment on August 15, 1966, the fourth Amendment on May 12, 1967, the fifth Amendment on October 1, 1967, the sixth Amendment on March 15, 1970, the seventh Amendment on December 5, 1970, and the eighth Amendment on September 30, 1971, the ninth Amendment on February 28, 1974, the tenth Amendment on June 18, 1974, the eleventh Amendment on June 26, 1976, the twelfth Amendment on March 15, 1977, the thirteenth Amendment on March 17, 1978, the fourteenth Amendment on April 25, 1979, the fifteenth Amendment on May 10, 1981, the sixteenth Amendment on September 7, 1982, the seventeenth Amendment on October 27, 1983, the eighteenth Amendment on March 17, 1988, the nineteenth Amendment on May 18, 1990, the twentieth Amendment on April 24, 1991, the twenty-first Amendment on May 22, 1992, the twenty-second Amendment on March 26, 1993, the twenty-third Amendment on May 27, 1994, the twenty-fourth Amendment on June 13, 1995, the twenty-fifth Amendment on May 10, 1996, the twenty-sixth Amendment on May 16, 1997, the twenty-seventh Amendment on May 15, 1998, the twenty-eighth Amendment on May 24, 2000, the twenty-ninth Amendment on May 11, 2001, thirtieth Amendment on June 20, 2002, thirty-first Amendment on June 18, 2004, thirty-second Amendment on June 13, 2007, thirty-third Amendment on June 21, 2012, thirty-fourth Amendment on June 25, 2015, thirty-fifth Amendment on June 21, 2016, thirty-sixth Amendment on June 20, 2019, and thirty-seventh Amendment on June 19, 2020.

HOTAI MOTOR CO., LTD.
Rules and Procedures of Shareholders' Meeting

June 23, 2021

Article 1

Shareholders' Meeting of the Company (the Meeting) shall be conducted in Accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

Article 2

The shareholders of this Rules and Procedures mean and equal to shareholders themselves or his/her representative.

Article 3

Shareholders attending the Meeting shall be with attendance certification and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

Article 4

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5

The Chairman of Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of Board of Directors cannot preside at the Meeting, the Vice Chairman of Board of Directors shall preside at the Meeting. If, for any reason, the Vice Chairman of Board of Directors cannot preside at the Meeting, the Chairman shall appoint one of the Directors to represent him/her. If the Chairman of Board of Directors do not appoint one, the managing directors or the Directors should elect one person from amongst themselves.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

If there are more than one person entitled to convene the Meeting, they should elect each other themselves.

Article 6

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear identification cards.

Article 7

The process of the Meeting shall be tape recorded or videotaped and these tapes

shall be preserved for at least one year.

Article 8

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of Company Law of Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of Company Law of Republic of China. If during the process of the Meeting the number of outstanding shares Represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of Company Law of Republic of China.

Article 9

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, who is entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

Article 10

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speech by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Article 11

The inquiries related to the report items set forth in the agenda from the shareholders or their representatives shall only be raised after the chairman or his/her representative finishes the reading or reporting of such report items. Each

shareholder shall not, for each discussion item, speak more than once, each time not exceeding 3 minutes. For other items, each shareholder shall not speak more than two times, each time not exceeding 5 minutes.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, inappropriately influence the Meeting, the chairman may stop the speech of such shareholder. The shareholders who disobey the chairman's instruction might be forced to leave the Meeting by disciplinary officers involuntary.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 12

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 13

The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate.

Article 14

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

Article 15

Except otherwise specified in Company Law of Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the effect as if it was voted if no objection is voiced after solicitation by the chairman.

The result of voting shall be announced at the Meeting and placed on record.

The minutes shall be recorded and preserved in accordance with Article 18 of the Articles of Incorporation of the Company.

Article 16

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 17

During the Meeting, the chairman may, at his/her discretion, set time for intermission. In case of incident of force majeure such as Air raid warning, earthquakes and outbreak of fire, the chairman may decide to temporarily suspend the Meeting until the emergency is being solved for an hour and announce when the Meeting will resume.

Article 18

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose. The shareholders shall obey the chairman and Disciplinary Officers' instructions. The person who intervene or disturb the Meeting and do not obey instructions shall be remove as obstacles by disciplinary officers.

Article 19

Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Law, Securities and Exchange Act and relevant laws and regulations.

Article 20

These Rules and Procedures shall be effective from the date it is approved by the Annual Shareholders' Meeting. The same applies in case of revision.

HOTAI MOTOR CO., LTD.
PROCEDURES FOR THE ACQUISITION AND DISPOSITION OF ASSETS

June 20, 2019

Article 1 Objective

The Procedures are adopted for the purpose of safeguarding company assets and implementing information transparency.

Article 2 Statutory Basis

The Procedures are adopted based on Article 36-1 of the Securities and Exchange Act (the "Act").

Article 3 Scope of Assets

- 3.1. Securities, including investments in stocks, government bonds, corporate bonds, bank debentures, investment funds, depositary receipts, put and call warrants, beneficiary securities, and asset-backed securities.
- 3.2. Real property (including land, building, structure, investment property, right to use land, inventories in the construction industry) and other fixed assets.
- 3.3. Membership.
- 3.4. Intangible assets such as patent, copyright, trademark, and concession.
- 3.5. Right-of use assets.
- 3.6. Creditor's rights of financial institutions, including accounts receivable, foreign currency buying, discount, lending, and nonperforming loans.
- 3.7. Derivatives.
- 3.8. Assets acquired or disposed in connection with mergers, spin-offs, acquisitions, or transfer of shares under the law.
- 3.9. Other significant assets.

For the purpose of the Procedures, an asset transaction is deemed “material” where the approval of the board of directors (“Board of Directors” or “Board”) is required according to the Procedures or applicable laws.

Article 4 Investment Limit on Acquisition of Real Property and Right-of-Use Assets or Securities for Non-Business Use

The Company and its subsidiaries are each subject to the following limits when acquiring the aforementioned assets:

- 4.1. The aggregate amount invested in real property and right-of-use assets thereof for non-business use shall not exceed 25 percent of its net worth.
- 4.2. The aggregate amount invested in short-term/long-term securities shall not exceed its net worth (this does not apply if it's due to the needs of a holding company in its own industry).
- 4.3. The aggregate amount invested in individual securities shall not exceed 30 percent of its net worth (this does not apply if it's due to the needs of a holding company in its own industry.)

Article 5

Any professional appraisers and their personnel, auditors, lawyers, and underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of auditors, lawyers, or underwriters obtained by the Company shall meet the following requirement:

- (1) They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposition of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of probation, or grant of a pardon.
- (2) They shall not be a related party or de facto related party of any parties to the transaction.

(3) If the Company is required to obtain appraisal reports from two or more professional appraisers, such professional appraisers and/or their personnel shall not be related parties or de facto related parties of each other.

The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:

(1) Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.

(2) When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.

(3) They shall conduct an item-by-item evaluation on the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.

(4) They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6 Acquisition and Disposition of Real Property, Fixed Assets, and Right-of-Use Assets

6.1. Evaluation and Processing

In acquiring or disposing real property, other fixed assets, and right-of-use assets thereof, the Company shall comply with the fixed asset lifecycle management policy under the internal control system.

6.2. Procedures to Determine Transaction Terms and Approval Limits

6.2.1. In acquiring or disposing real property, other fixed assets, and other right-of-use assets thereof, the Board of Directors shall discuss and determine the transaction terms and price based on the current value published and assessed value of the property, as well as the

prices of neighboring properties sold, and present an analysis report to the chairman of the Board. Transactions of NT\$50 million or less shall be approved by the president; transactions over NT\$50 million but less than NT\$300 million shall be approved by the chairman of the Board; transactions over NT\$300 million shall be approved by the Board of Directors in advance.

6.2.2. The acquisition or disposition of other fixed assets or right-of-use assets thereof shall be determined in any of the following methods: by inquiring quotations, collecting and comparing quotations, negotiating prices, or through a bid process. Transactions of NT\$50 million or less shall follow the approval hierarchy pursuant to the authorization rules; transactions over NT\$50 million but less than NT\$300 million shall be approved by the chairman of the Board; transactions more than NT\$300 million shall be approved by the Board of Directors in advance.

6.2.3. According to the Procedures or other applicable laws, the acquisition and disposition of real property, other fixed assets, and right-of-use assets thereof by the Company shall be approved by the audit committee and the Board of Directors.

6.2.4. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.

6.2.5. Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.

6.3. Execution Departments

After the transaction has been approved according to Article 6.2, the acquisition or disposition of real property, other fixed assets, and right-of-use assets thereof shall be executed by the applicable department and the managing department.

6.4. Appraisal Report

In acquiring or disposing real property, other fixed assets, and right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, except in the case of transactions with domestic government agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets or right-of-use assets thereof for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:

- 6.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance; the same procedure shall apply for any subsequent amendment to the transaction terms.
- 6.4.2. Appraisals by two or more professional appraisers are required if the transaction value is NT\$1 billion or more.
- 6.4.3. If the appraisal results by the professional appraisers indicate either of the following, except when each appraised value of the acquired assets is higher than the transaction value, or each appraised value of the disposed assets is lower than the transaction value, the Company shall engage an auditor to perform the appraisal pursuant to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation ("ARDF") and render an opinion regarding the reason for discrepancy and adequacy of the transaction price:
 - (1) The discrepancy between the appraisal results and transaction value is 20 percent of the transaction value or more; or
 - (2) The discrepancy between the appraisal results of the two or more professional appraisers is 10 percent of the transaction value or more.
- 6.4.4. No more than three months shall have lapsed between the date of the report by each professional appraiser and the execution date of the transaction contracts; provided, however, an opinion may be issued by the original professional appraiser where the current value published for the same period is applicable and no more than six months have lapsed.

- 6.4.5. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an appraisal report or auditor's opinion.

Article 7 Acquisition and Disposition of Securities Investments

7.1. Evaluation and Processing

The purchase and sale of long-term and short-term securities by the Company shall follow the investment lifecycle management policy under the internal control system.

7.2. Procedures to Determine Transaction Terms and Approval Limits

7.2.1. In making purchases or sales of securities that are traded on a centralized market or over-the-counter market (excluding government bonds, short-term papers issued by renowned domestic financial instruments and services companies, domestic bond funds, and domestic money market funds), the authorized department shall make such determination based on market trends. Transactions of NT\$50 million or less shall be approved by the chairman of the Board, concurrently with a long/short term securities unrealized profits and loss analysis report. Transactions more than NT\$50 million shall be approved by resolution of the Board of Directors in advance.

7.2.2. In making purchases or sales of securities that are not traded on a centralized market or over-the-counter market (excluding government bonds, short-term papers issued by renowned domestic financial instruments and services companies, domestic bond funds, and domestic money market funds), the Company shall obtain the most recent financial statements of the issuing company certified or reviewed by an auditor prior to the transaction and consider its earnings per share in evaluating the transaction price. Transactions of NT\$50 million or less shall be approved by the chairman of the Board, concurrently with a long/short term securities unrealized profits and loss analysis report. Transactions more than NT\$50 million shall be approved by resolution of the Board of Directors in advance.

7.2.3. According to the Procedures or other applicable laws, acquisition and disposition of securities by the Company shall be approved by the audit committee and the Board of Directors.

7.2.4. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.

7.2.5. Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.

7.3. Execution Departments

After the transaction has been approved according to Article 7.2, the Company's investment in long-term/short-term securities shall be executed by the finance and accounting departments.

7.4. Expert Opinion

7.4.1. For acquisition or disposition of securities with transaction value of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event in the transaction; if the auditor decides to use the work of an auditor's expert, he/she shall comply with the Statements on Auditing Standards No. 20 issued by ARDF. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise provided by the Financial Supervisory Commission ("FSC").

7.4.2. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an appraisal report or auditor's opinion.

Article 8 Related Party Transactions

8.1. The acquisition and disposition of assets by the Company with a related party shall follow relevant procedures in obtaining approvals and evaluating the fairness of transaction terms. Transactions in the value of 10

percent or more of the Company's total assets will also require appraisal reports from professional appraisers or auditor's opinions.

Transaction value shall be calculated according to Article 9-1 of the Procedures.

In considering whether a counterparty to the transaction is a related party, both the legal form and the substance of the relationship between the parties shall be assessed.

8.2. Evaluation and Processing

In acquiring or disposing real property or right-of-assets thereof from or to a related party, or acquiring or disposing assets other than real property or right-of-use assets thereof in the amount of at least 20 percent of the Company's paid-in capital, or 10 percent of the Company's total assets, or NT\$300 million or more, except in the case of sale and purchase of domestic government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the audit committee for approval and adopted by resolution of the Board of Directors:

8.2.1. The purpose, necessity and anticipated benefits of the acquisition or disposition of assets.

8.2.2. The reason in selecting the related party as a counterparty to the transaction.

8.2.3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article 8.3.

8.2.4. The date and price at which the related party originally acquired the assets, the original counter party, and the counterparty's relationship with the Company and the related party.

8.2.5. Monthly cash flow forecast for the year commencing from the proposed month of contract signing, and evaluation of the necessity of the transaction and the legitimacy of fund utilization.

8.2.6. The appraisal reports by professional appraisers or auditor's opinion obtained according to Article 8.1.

8.2.7. Restrictive covenants and other important stipulations of the current transaction.

When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.

Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.

8.3. Evaluate Whether Transaction Costs Are Reasonable

8.3.1. In acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate whether the transaction costs are reasonable according to the following methods:

- (1) The related party's transaction price plus interests on necessary funds and costs which are legally required to be borne by the buyer. "Interest on necessary funds" shall be calculated based on the weighted average interest rate of its borrowing during the year in which the Company purchases the real property, which shall not exceed the maximum lending interest rate for non-financial industry published by the Ministry of Finance.
- (2) The total assessed lending value of the real property by a financial institution where the related party has created a mortgage as security for a loan from such financial institution; provided, however, the cumulative value of the loan granted by the financial institution based on such real property shall be at least 70 percent of the total assessed lending value, and more than one year of the loan period has lapsed. However, this method shall not apply if the financial institution is a related party to either party of the transaction.

8.3.2. If the land and the building(s) erected thereon are combined as a single property purchased or leased in the same transaction, the

transaction costs of the land and the building(s) may be separately evaluated according to either of the methods stated in Article 8.3.1.

8.3.3. In acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the costs pursuant to Article 8.3.1 and Article 8.3.2 and engage an auditor to review and render an opinion on the evaluation.

8.3.4. If the evaluation results of the acquisition of real property or right-of-use assets thereof from a related party by the Company pursuant to Article 8.3.1 and Article 8.3.2 are both lower than the transaction price, the transaction shall be processed according to Article 8.3.5. However, the above shall not apply if any of the following circumstances occur and the Company is able to present objective evidence and obtain opinions from professional real property appraiser and auditor on whether the transaction costs are reasonable:

(1) If the related party acquires or leases an undeveloped land for building purposes and is able to produce evidence that any of the following conditions is met:

(a) The total value of the undeveloped land, assessed pursuant to Article 8.3.1, and the buildings, assessed based on the construction costs and reasonable construction profits of the related party, exceeds the final transaction price. "Reasonable construction profits" shall mean the average gross operating margin of the related party's construction division in the most recent three years, or the gross margin for the construction industry most recently published by the Ministry of Finance, whichever is lower.

(b) Transactions completed by non-related parties within the last year which involve units on other floors of the same property or other real property in neighboring areas, where it's similar in size and the transaction terms are comparable after taking into account a reasonable price difference in floors or area according to the common practice of real property sales or leasing.

(2) The Company is able to produce evidence that the transaction terms of the real property purchased or right-of-use

assets obtained under a real property lease from the related party are comparable to other transactions within the last year by non-related parties for the acquisition of similar sized property in neighboring areas.

"Transactions in neighboring areas" in the preceding paragraph shall mean property that is located on the same or adjacent block which is within 500 meters, or property with similar current value published. "Similar sized" shall mean other transactions by non-related parties that are no less than 50 percent of the size of the property in the current transaction. "Within the last year" shall mean within one year preceding the date of the acquisition of the real property or right-of-use assets thereof in the current transaction.

8.3.5. If the evaluation results of the acquisition of real property or right-of-use assets thereof from a related party by the Company pursuant to Article 8.3.1 and Article 8.3.2 are both lower than the transaction price, the following steps shall be taken:

- (1) The difference between the transaction price of the real property or right-of-use assets thereof and evaluated costs shall be set aside as special surplus pursuant to Article 41, Paragraph 1 of the Act, and may not be used for dividend distribution or issuance of bonus shares to raise additional capital. Public companies using the equity method to account for their investment in the Company shall also set aside a special surplus pursuant to Article 41, Paragraph 1 of the Act in the amount pro rata to the number of shares held in the Company.
- (2) The audit committee of the Company shall comply with Article 218 of the Company Act.
- (3) Actions taken under subparagraphs (1) and (2) herein shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus of the Company.

Subject to FSC approval, the Company and other public companies under subparagraph (1) herein that have set aside a special reserve under the preceding paragraph may not utilize the special reserve until the assets purchased at a premium have been

recognized as loss due to decline in market value, or have been disposed of, or adequate compensation has been made, or the original state has been restored, or there is evidence confirming that the transaction costs are reasonable.

8.3.6. If the acquisition of real property or right-of-use assets thereof from a related party meets any of the following conditions, the Company will only be subject to Article 8.1 and provisions regarding evaluation and processing under Article 8.2; provisions governing the evaluation of whether transaction costs are reasonable under Articles 8.3.1, 8.3.2, and 8.3.3 would not apply:

- (1) The related party acquires the real property or right-of-use assets thereof by way of succession or a gift.
- (2) More than five years have lapsed from the time when the related party acquired the real property or right-of-use assets thereof, to the contract execution of this transaction.
- (3) The Company acquires the real property as a result of entering into a joint construction contract with the related party, or engaging the related party to build on the Company's own land or leased land.
- (4) The real property or right-of-use assets thereof are acquired for business use from a subsidiary of the Company or a company in which it directly or indirectly holds 100% of the issued shares or authorized capital.

8.3.7. If the acquisition of real property or right-of-use assets thereof by the Company from a related party indicates any transaction irregularities, it shall follow the steps provided in Article 8.3.5.

Article 9 Acquisition and Disposition of Memberships, Intangible Assets and Right-of-Use Assets

9.1. Evaluation and Processing

In acquiring or disposing memberships, intangible assets or right-of-use assets thereof, the Company shall comply with the fixed assets lifecycle management policy under the internal control system.

9.2. Procedures to Determine Transaction Terms and Approval Limits

- 9.2.1. In acquiring or disposing memberships, the Company shall consider their fair market value in determining the transaction terms and price, and present an analysis report to the president. Transactions in the value of NT\$50 million or less shall be approved by the chairman of the Board; transactions over NT\$50 million shall be approved by the Board of Directors in advance.
- 9.2.2. In acquiring or disposing intangible assets or right-of-use assets thereof, the Company shall consider expert evaluation or their fair market value in determining transaction terms and price, and present an analysis report to the chairman of the Board. Transactions in the value of NT\$50 million or less shall be approved by the president; transactions over NT\$50 million but less than NT\$300 million shall be approved by the chairman of the Board; transactions over NT\$300 million shall be approved by the Board of Directors in advance.
- 9.2.3. According to the Procedures or other applicable laws, the acquisition and disposition of memberships, intangible assets or right-of-use assets thereof by the Company shall be approved by the audit committee and the Board of Directors.
- 9.2.4. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.
- 9.2.5. Material asset transactions shall be approved by a majority of all members of the audit committee and submitted to the Board of Directors for resolution. Paragraphs 3 and 4 of Article 16 of the Procedures shall apply.

9.3. Execution Departments

After the transaction has been approved according to Article 9.2, the acquisition or disposition of memberships, intangible assets or right-of-use assets thereof shall be executed by the applicable department and finance or administrative department.

9.4. Expert Opinion

For the acquisition and disposition of memberships, intangible assets or right-of-use assets thereof with transaction value of at least 20 percent of the Company's paid-in capital, or of NT\$300 million or more, except in the case of transactions with domestic government agencies, the Company shall consult with an auditor on the fairness of the transaction price prior to the date of occurrence of the event; the auditor shall follow the Statements on Auditing Standards No. 20 issued by ARDF.

Article 9-1

The calculation of transaction value under Articles 6, 7, 8, and 9 shall follow Article 13 of the Procedures. "Within the last year" shall mean one year preceding the date of occurrence of the event in this transaction. Items for which an appraisal report from a professional appraiser or an auditor's opinion have been obtained need not be counted towards the transaction value; in the case of related party transactions, items which have been approved by the audit committee and adopted by the Board of Directors need not be counted towards the transaction value.

Article 10 Acquisition and Disposition of Creditor's Rights of Financial Institutions

In general, the Company does not engage in transactions involving the acquisition or disposition of creditor's rights of financial institutions. If the Company wishes to enter into such transactions in the future, the Board of Directors will adopt an evaluation and processing procedure after the proposals are submitted and approved by the Board of Directors.

Article 11 Derivatives

To trade derivatives, the Company shall follow the Company's Procedures for Engaging in the Trading of Derivatives.

Article 12 Mergers, Spin-offs, Acquisitions, and Transfer of Shares

12.1. Evaluation and Processing

12.1.1. In conducting mergers, spinoffs, acquisitions, or transfer of shares, the Company is advised to consult with lawyers, auditors, or underwriters on the estimated timeline of the legal procedures required for the transaction, and put together a team for the project to implement the steps according to the legal procedures. Prior to convening the Board meeting, the Company shall also engage auditors, lawyers, or underwriters to render opinions on the fairness of the share exchange ratio, acquisition price, or distribution to the shareholders in cash or in kind. The proposal shall then be submitted to the Board of Directors for discussion and approval. However, the Company is not required to obtain the aforesaid opinion on fairness of the transaction rendered by an expert in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

12.1.2. Prior to the shareholders meeting, the Company shall prepare disclosure documents to the shareholders and include important contractual terms and relevant matters of the merger, spin-off or acquisition. Such documents shall be delivered along with the expert opinion referred to in Article 12.1.1 and notice of meeting to the shareholders as reference in determining whether to approve the transaction. However, this provision does not apply to mergers, spin-offs, or acquisitions that are exempt from the requirement to convene a shareholders meeting to adopt a resolution. If any company involved in a merger, spin-off, or acquisition fails to convene a shareholders meeting or reach a resolution due to lack of quorum or voting rights or other legal restrictions, or the proposal is rejected by the shareholders meeting, such company shall immediately provide a public statement explaining the reasons why the transaction fails to be completed, follow-ups, and proposed date of the next shareholders meeting.

12.2. Other Important Information

12.2.1. Dates of the Board meeting and shareholders meeting:

(1) Unless otherwise provided by the law, or the approval of FSC has been obtained in advance due to special circumstances, any company involved in a merger, spin-off, or acquisition shall call a Board meeting and shareholders meeting on the same day as other participating companies to approve matters relevant to such merger, spin-off, or acquisition.

(2) Unless otherwise provided by the law, or the approval of FSC has been obtained in advance due to special circumstances, any company involved in a transfer of shares shall call a Board meeting on the same day as other participating companies.

(3) Any company involved in a merger, spin-off, acquisition, or transfer of shares that is listed on a stock exchange or having its shares traded on an over-the-counter market shall prepare a full written records of the following information, which shall be kept for five years for future review and audit purpose:

- (a) Basic information of personnel: including the title, name, and identification number (or passport number in the case of a foreign national) of any person who is involved in the planning and implementation of the merger, spin-off, acquisition, or share transfer prior to the disclosure of the transaction.
- (b) Important dates: including the dates on which the letter of intent or memorandum of understanding is entered into, the financial or legal counsels are engaged, the transaction contracts are executed, and Board meetings are held.
- (c) Material documents and meeting minutes: including merger, spin-off, acquisition, or share transfer plans, letter of intent or memorandum of understanding, material contracts, and meeting minutes of the Board.

(4) Any company involved in a merger, spin-off, acquisition, or transfer of shares that are listed on a stock exchange or having its shares traded on an over-the-counter market shall submit the information listed under subparagraphs (a) and (b) to FSC's online filing system in the required format within two days as of the date on which the resolution is passed by the Board of Directors.

(5) Any company involved in a merger, spin-off, acquisition, or transfer of shares that is listed on a stock exchange or having shares traded on an over-the-counter market shall enter into agreements with those involved in the transaction that are not listed on a stock exchange or having shares traded on an over-the-counter market, and comply with subparagraphs (3) and (4).

12.2.2. Confidentiality: Prior to the transaction becoming public, every person that is involved in or know of the merger, spin-off, acquisition, or share transfer plan of the Company shall sign a written confidentiality agreement to undertake that he/she will not disclose details of the plan to any other party, and will not trade, in his/her own name or in a nominee account, any shares or equity securities issued by the companies involved in the merger, spin-off, acquisition, or transfer of shares.

12.2.3. Principles of setting and adjusting share exchange ratio and acquisition price: Prior to convening the Board meetings, each company involved in the merger, spin-off, acquisition, or transfer of shares shall engage auditors, lawyers, or underwriters to render opinions on the fairness of the exchange ratio, acquisition price, or distribution to the shareholders in cash or in kind. The proposal shall then be submitted to the shareholders meeting for approval. Generally, the share exchange ratio and acquisition price may not be arbitrarily altered unless clauses specifying conditions where adjustment is permitted are included in the contracts and have been disclosed to the public.

The conditions are as follows:

- (1) Raising additional capital by way of cash, or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity securities.
- (2) Actions involving the disposition of material assets of the Company which would have an effect on the financial operations of the Company.
- (3) An event such as major disaster or significant innovation in technology which has an effect on the shareholder interests or share price of the Company.

- (4) An adjustment made due to repurchase of their own shares under the law as treasury stocks by any of the companies involved in the merger, spin-off, acquisition, or transfer of shares.
- (5) Changes in the entities involved in the merger, spin-off, acquisition, or transfer of shares, or increase or decrease in number of the companies involved.
- (6) There are other conditions stipulated in the transaction contracts where changes are permitted which have been disclosed to the public.

12.2.4. Mandatory clauses in the transaction contracts: Except as otherwise provided in Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, a merger, spin-off, acquisition, or share transfer contract shall include the following:

- (1) Breach and default.
- (2) Principles of handling equity securities previously issued or bought back as treasury stocks by the dissolving company in a merger or by the spun-off company.
- (3) The number of shares participating companies are allowed to purchase as treasury stocks under the law after the record date to calculate the share exchange ratio, and the principles of handling such matters.
- (4) Manners in handling changes in entities involved in the transaction, or decrease or increase in number of entities involved.
- (5) Proposed implementation schedule and completion date.
- (6) Relevant procedures such as the proposed date to convene shareholders meeting mandated by the law if the transaction fails to be completed as scheduled.

12.2.5. Changes in the number of companies involved in the merger, spin-off, acquisition or transfer of shares: After the merger, spin-off, acquisition, or transfer of shares becomes public, if any participating company contemplates in entering into the

merger, spin-off, acquisition, or transfer of shares with another company, all the companies involved shall redo the same procedures and legal actions that have been completed under the original transaction. Except where the number of participating company decreases, and the shareholders meetings of other remaining participating companies have adopted a resolution authorizing the Board of Directors to make any changes, in which case, no additional resolutions from the shareholders meetings will be required.

- 12.2.6. If there is any non-public company involved in a merger, spin-off, acquisition, or transfer of shares, the Company shall enter into agreements with such non-public company and comply with the provisions governing the dates of the Board meeting and shareholders meeting in Article 12.2.1, confidentiality undertaking in Article 12.2.2, and changes in number of companies involved in the merger, spin-off, acquisition, or transfer of shares in Article 12.2.5.

Article 13 Information Disclosure

13.1. Required Filings and Standards

If the acquisition or disposition of assets fall under any of the following categories, the Company shall submit relevant information on the website designated by FSC in the required format by type of transaction within two days as of the date of occurrence of the event:

- 13.1.1. Acquisition or disposition of real property or right-of-use assets thereof from or to a related party, or acquisition or disposition of assets other than real property or right-of-use assets thereof from or to a related party where the transaction value is at least 20 percent of the paid-in capital of the Company, or 10 percent of the total assets of the Company, or NT\$300 million or more. However, this does not apply to purchase and sale of domestic government bonds, bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

- 13.1.2. Merger, spin-off, acquisition, or transfer of shares.

- 13.1.3. Derivatives trading losses which exceed the limit of aggregate losses or losses from individual contracts set forth in the procedures adopted by the Company.
- 13.1.4. A transaction where other fixed assets or right-of-use assets thereof are acquired or disposed for business use, the counterparty is not a related party, and the transaction value is over NT\$500 million.
- 13.1.5. The real property is acquired through an arrangement of engaging another party to build on its own land or leased land, space sharing or profit sharing under joint construction of buildings, or joint construction of buildings that are separately sold, the counterparty is not a related party and the amount of money the Company is prepared to invest in the transaction is over NT\$500 million.
- 13.1.6. Asset transactions other than set forth in Article 13.1.1 to Article 13.1.5, disposition of creditor's rights by financial institutions, or investments in Mainland China where the transaction value is at least 20 percent of the paid-in capital of the Company, or NT\$300 million or more. However, this does not apply to the following transactions:
- (1) Purchase and sale of domestic government bonds.
 - (2) Trading of securities as investment professionals on an exchange or over-the-counter market, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market as investment professionals, or the subscription or redemption of securities investment trust funds or futures trust funds, or subscription of securities by a securities firm necessitated by its underwriting business or as an advisor for an emerging stock company pursuant to the rules of the Taipei Exchange.
 - (3) Purchase and sale of bonds with repurchase or resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
- 13.2. The transaction value shall be calculated as follows:
- 13.2.1. The amount of each transaction.

13.2.2. The cumulative amount of the acquisition or disposition of the same type of assets with the same counterparty within the last year.

13.2.3. The cumulative amount of the acquisition or disposition of real property or right-of-use assets thereof under the same development project within the last year. The amount of acquisition and disposition of real property shall be calculated separately.

13.2.4. The cumulative amount of acquisition or disposition of the same securities within the last year. The amount of acquisition and disposition of securities shall be calculated separately.

"Within the last year" shall mean one year preceding the date of occurrence of the event in the transaction. Items which have been filed pursuant to the Procedures need not be counted towards the transaction value.

13.3. Filing Procedures

13.3.1. If the Company, at the time of filing, makes any error or omission in an item to be filed which requires correction, all the items shall be re-filed within two days of knowledge of the error or omission.

13.3.2. In acquiring or disposing assets, the Company shall maintain all relevant contracts, meeting minutes, logbooks, appraisal reports, and the opinions of an auditor, lawyer, or underwriter at the Company's place of business. Unless otherwise provided by the law, these records shall be kept for at least five years.

13.3.3. If any of the following occurs after the Company has filed the information with regard to the transaction pursuant to the preceding paragraph, the Company shall submit relevant information on the website designated by FSC within two days as of the date of occurrence of the event:

(1) There has been an amendment, termination, or rescission of the contracts executed in the original transaction.

(2) The merger, spin-off, acquisition, or transfer of shares has not been completed according to the proposed schedule as provided in the contracts.

(3) There has been a change in the original filing.

Article 14

The Company's subsidiaries shall comply with the following rules:

- 14.1. The subsidiaries shall adopt their own Procedures for the Acquisition and Disposition of Assets according to the Procedures for the Acquisition and Disposition of Assets by Public Companies.
- 14.2. In acquiring or disposing assets, the subsidiaries shall also follow the rules set forth by the Company.
- 14.3. If the acquisition or disposition of assets by a non-public subsidiary is subject to the filing requirement stated in Article 13, the parent company shall file the information on behalf of such subsidiary.
- 14.4. For the purpose of the filing requirement of subsidiaries, "at least 20 percent of the paid-in capital or 10 percent of the total assets of the company" shall mean the paid-in capital or total assets of the Company (parent company).

Article 15 Disciplinary Actions

The acquisition and disposition of assets shall comply with the Procedures. In the event of a major violation, the personnel in violation shall be subject to disciplinary actions at the discretion of the Company.

Article 15-1

The calculation of 10 percent of the total assets referred to in the Procedures shall be based on the amount of total assets stated in the issuer's most recent parent company-only financial report or individual financial report prepared pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 16 Implementation and Amendments

The Procedures have been approved by the audit committee and adopted by the Board of Directors and shareholders meeting; the same approval process shall apply to any amendments to the Procedures.

When the Procedures are submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board.

If the Company fails to obtain the approval of a majority of all members of the audit committee as provided in the first paragraph, the Procedures may be adopted by the approval of at least two-thirds of all members of the Board. The resolution of the audit committee shall be recorded in the meeting minutes of the Board.

As referred to in the preceding paragraph, "all members of the audit committee" shall mean the incumbent members of the audit committee, and "all members of the Board" shall mean the incumbent members of the Board of Directors.

Article 17 Miscellaneous

All matters not specifically provided for in the Procedures shall be governed by the applicable laws.

HOTAI MOTOR CO., LTD. Rules for Election of Directors

2015.6.25

Article 1

The directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

In the election of directors of the Company, the directors shall be elected through cumulative voting, the names of voters may be represented by shareholders' numbers. When electing the Company's directors, each share shall be entitled to one vote for each director to be elected. The holder of the shares may cast all votes for one candidate, or may distribute the votes among several candidates.

Article 3

In the election of directors of the Company, the Company adopts the candidate nomination system due to Article 192-1 of Company Act of Republic of China. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately. Candidates who acquire more votes (electronic votes included) should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behalf of the candidate who is not present.

Article 4

At the beginning of the election, the chairman shall appoint several persons each to check, tell and record the ballots.

Article 5

Ballots shall being prepared by the Company and note the number of voting rights by represented shareholders' numbers. The one who elect electronically do not use ballots.

Article 6

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and could note his/her shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and ID number. If the candidate is a legal entity, voters shall fill in the "candidate" column the legal entity or the name(s) of their

representative(s) and the legal entity's together. If the legal entity has more than one representatives, the name of the representatives shall be filled in the column.

Article 7

Ballots shall be deemed void under the following conditions:

1. Not follow the rules specified herein;
2. Blank ballots not completed by the voter;
3. Illegible writing;
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
5. Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) or the representatives name of legal entity;
6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers or ID numbers not being indicated to distinguish them.

Article 8

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 9

The Company shall issue notifications to the directors elected.

Article 10

Others provided in Company Act or relevant regulation of Republic of China shall be followed as the Rules for Election of Directors has no related regulation.

Article 11

The Rules for Election of Directors and any revision thereof shall become effective with an approval at the shareholders' meeting.

Exhibit 5

Shareholdings of Directors

As of April 23, 2022; Unit: Share

Title	Name	Authorized Representative	Shareholding	%
Chairman	Chun Yung Investment Co., Ltd.	Huang, Nan-Kuang	174,000	0.031%
Director	Li Gang Enterprise Co., Ltd. Co., Ltd.	Su, Chwen-Shing	40,569,353	7.427%
Director	Toyota Motor Corporation	Kazuo Naganuma	44,406,112	8.130%
Director	Chun Yung Investment Co., Ltd.	Lin, Li-Hua	174,000	0.031%
Director	Li Gang Enterprise Co., Ltd.	Su, Jean	40,569,353	7.427%
Director	Chun Yung Investment Co., Ltd.	Huang, Chih-Cheng	174,000	0.031%
Director	Yong Hui Development Co., Ltd.	Su, Yi-Chung	10,000	0.001%
Director	Yuan Tuo Investment Co., Ltd.	Ko, Junn-Yuan	14,657,894	2.683%
Director	Gui Long Investment Co., Ltd.	Chang, Shih-Yieng	5,126,000	0.938%
Director	Chun Yung Investment Co., Ltd.	Huang, Wen-Jui	174,000	0.031%
Director	Yong Hui Development Co., Ltd.	Leon Soo	10,000	0.001%
Independent Director	Shih, Hsien-Fu	-	0	0%
Independent Director	Su, Chin-Huo	-	0	0%
Independent Director	Wu, Shih-Hao	-	0	0%
Total			104,943,359	19.210%

Paid-up capital: NT\$5,461,791,840 Total shares issued: 546,179,184 common shares.

According to Article 26 of Securities Exchange Act of the Republic of China, the minimum required percentage of shares held by all directors is as follows:

Share ownership of directors required by law: 17,477,734 shares

The share ownership of directors has met the minimum legal requirement.

The Audit Committee of the Company will replace the functions of supervisors. Therefore, the minimum legal requirement of supervisor shareholding does not apply.



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