



Stock Code: 2201

2021 Annual Shareholder's Meeting Agenda Handbook

Date: June 17, 2021

Location: 1F, No. 3, Sec. 3, Zhongxing Road,
Xindian District, New Taipei City
(The Dome Theater at Auto Mall)



Environmental

Social

Governance



Table of Contents

Meeting Agenda	1
Report Items	2
Proposals	8
Discussion	10
Extemporary Motions	13

Attachment

1. Report about the Company's implementation in capital decrease	14
2. Independent Auditors' Report and 2019 Financial Statements	15
3. Independent Auditors' Report and 2019 Consolidated Financial Statements	26
4. 2020 Profit Distribution Table	39
5. "Articles of Association" amendment before and after	40
6. "Procedures for Election of Directors" amendment before and after	43

Appendix

1. Shareholding of Directors	45
2. Rules of Procedure for Shareholders' Meetings	46
3. Articles of Incorporation	49
4. Procedures for Election of Directors	56
5. The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	58

YULON MOTOR CO., LTD
Agenda of Annual Meeting of Shareholders in 2021

Time: 9:00 a.m. on June 17 (Thursday), 2021

Location: 1F, No. 3, Sec. 3, ZhongXing Rd., Xindian Dist., New Taipei City
(The Dome Theater at Auto Mall)

Agenda: I. Call the Meeting to Order

II. Chairperson's Address

III. Report Items

1. 2020 Business Report.

2. Audit Committee's Review Report on the 2020 Financial Statements.

3. Distributions of employees' and directors' compensation of 2020.

4. Endorsement and guarantee for external parties.

5. Execution of capital reduction.

IV. Proposals

1. Adoption of the 2020 Financial Statements.

2. Adoption of the Proposal for Distribution of 2020 Profits.

V. Discussion

1. Amendment and restatement of Articles of Incorporation in part.

2. Amendment and restatement of Procedures of Election of Directors in part.

3. Cancellation of non-competition restrictions on the directors of the 16th meeting.

VI. Extemporaneous Motions

VII. Meeting Adjournment

Company Reports

I. 2020 Business Report



Greetings to you all, ladies and gentlemen, our valued shareholders. Welcome to the 2020 shareholders' regular meeting of Yulon Motor Co., Ltd. On this occasion, we are very pleased to summarize to you about the result of our business performance in 2020 and our business plans for 2021:

1. In terms of the Company's profitability:

In the preceding year, a total of 457,400 vehicles were sold in Taiwan market, a growth at 4% over Year 2019. With the imported vehicles accounting for 48%, nevertheless, we, the domestic automobile manufacturer, were subject to a continued impact from the imported ones.

In 2020, our Company sold a total of 40,258 automobiles with total operating income amounting to NT\$28.272 billion and with a net profit after-tax amounting to NT\$2.739 billion, bringing NT\$2.8 earnings per share (EPS). In addition to our incessant effort to promote an open platform, we shall strive for diversified OEMs and green energy business operations to further enhance our financial structure and strengthen our business physique.

2. Continued effort to promote the launch of new cars

In the fourth quarter of 2020, we launched Luxgen the URX Lohas model of the multi-functional flagship SUV which combines seven-person, Lohas and well-being with as many as three functions in one car. Yulon Nissan also introduced a brand new domestic Sentra model in October 2020 along with an imported New Juke model in November last year.

3. Profound cultivation into the green energy aspects:

Amidst the global climate changes which suggest an inalienable responsibility to all enterprises, we have firmly committed ourselves to improving the energy structure. We take into account both ESG environmental protection and business development. Other than our efforts to continually promote energy conservation and waste reduction policies, we have vigorously invested into solar power generation undertakings. As of December 31, 2020, we had successfully accumulated up to 5.2MW in power generation capacity which will be further expanded up to 7.6MW capacity by 2021. In the days and years ahead, we shall further continually achieve our ambitious goal of solar power generation volume equivalent to the electricity consumption of the entire Yulon plants by Year 2025.

4. Efforts to activate utilization of assets:

In our Project of development in Xindian Yulong City Commercial Zone, we successfully completed the reclassification in construction licenses in September 2020. We are scheduled to obtain the usage permit licenses by the fourth quarter of 2021 and the Yulon Commercial Malls will hold its grand opening in the fourth quarter of 2022. To date, we have signed lease agreements with such well-known partners notably Eslite and Vishow Cinemas.

5. Profound cultivation toward ESG corporate governance:


For seven consecutive years, Yulon Motor Co., Ltd. has ranked among the top 5% in the “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange Corporation. We have further been rated as an A-Grade Company by MSCI. In future years, we shall continually enhance our performances in such aspects notably ethical corporate management, information transparency, risk management through our Board of Directors and other functional committees.

6. Hands-on practice in ESG Social Welfare and Warm Concern:


Responding to the lack of traffic resources and emergency allowance needs of the rural, we have launched an innovative charity model: "Taitung Happiness Rounds Warm Hands". Under such elaborate designed campaign, we bridged the transportation gaps, linking Yulon Group, social welfare organizations, the South Circle Association and friendly drivers serving in rural areas into a powerful social supportive network. We provided medical care, educational assistance and business transportation to aid those in need.

Furthermore, we have donated the social welfare vehicles amidst the "Blessed Day Love Platform" in New Taipei City, and have continually sponsored with donation of insurance premiums under "Employer Compensation Contract Liability Insurance Policies" for the cleaning teammates serving in Taipei City and Sanyi Township of Miaoli County. The Yulon donations have been also offered to "Taiwan International Wood Carving Competitions" with incentive awards to Miaoli’s "Youth Training Power" Campaign along with lots of other activities.

In future, our Company will continuously uphold Yulon's sustainable development philosophy to strive for better well-beings toward our employees, shareholders and the society. Finally, I would like to thank you all, our valued shareholders for the incessant support and thoughtful concern you have rendered to Yulon Motor Co., Ltd. Thank you all with warmest regards.

Chairman: Yen Chen Li-Lien 

Manager: Zhen-Xiang Yao 

Accounting Supervisor: Steven, Lo Wen-Yi 

II. Audit Committee's Review Report on the 2020 Financial Statements.

YULON MOTOR CO., LTD Audit Committee's Review Report

The Board of Directors had duly worked out the Company's 2020 Business Report, Financial Statement (including Consolidated Financial Statement) and proposal for distribution of earnings. Among them, the Financial Statement (including Consolidated Financial Statement) have been duly audited by Certified Public Accountants Kuo Li-Wen and Fan Yu-Wei of Deloitte Touche Tohmatsu International Taiwan who have duly issued the Audit Report. The aforementioned Business Report, Financial Statement (including Consolidated Financial Statement) and proposal for distribution of earnings have been duly reviewed by us, the Undersigned Audit Committee and prove authentic to the facts. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we have duly worked out the present Report and hereby submit the same for verification.

Best regards

2021 Regular Shareholders' Meeting

YULON MOTOR CO., LTD
Convener of the Auditing Committee: Yi-Hong Hsieh



March 30, 2021

III. Report about distribution of the Company's distribution of remuneration to employees and directors for Year 2020.

1. As expressly provided for in Article 27 of the Company's Articles of Incorporation, with the earnings made by the Company in a year, if any, the remuneration shall be first withheld for employees and directors, with the remuneration to directors not higher than 0.5% maximum and with remuneration to employees not below 0.1% minimum.
2. In the year 2020, before amortization of remuneration to employees and remuneration to directors, the Company's profit before tax amounted to NT\$2.6384 billion. After adjustment and coverage of the previous loss, in the year 2020, the Company still showed NT\$363.31 million loss to be covered up. In accordance with Article 27 of the Company's Articles of Incorporation, it is proposed that no remuneration to employees and remuneration to directors shall be amortized for the year. The aforementioned proposal of no amortization of remuneration to employees and remuneration to directors has been duly passed and resolved by the Remuneration Committee and Board of Directors.

IV. Report about the endorsements/guarantees rendered by the Company externally

Here at the Company as of December 31, 2020, the amount disbursed for external endorsements/guarantees amounted to NT\$523.76 million. The highest amount for endorsements/guarantees granted to a single enterprise amounted to NT\$280 million. The aggregate total of the aforementioned endorsements/guarantees amounted to NT\$10.93016 billion, well satisfactory to the requirements set forth under Article IV of the Company's "Regulations Governing Management over Endorsements/Guarantees" which reads: The aggregate total of endorsements/guarantees granted by the Company shall not exceed the maximum limit of 75% of the Company's net worth and the amount of endorsements/guarantees granted to a single enterprise shall not exceed 40% of the aggregate total of endorsements/guarantees. The details of guarantee are as enumerated below:

YULON MOTOR CO., LTD
Itemized statement of amounts in endorsements/guarantees:
December 31, 2020

Expressed in Ten Thousand NT Dollars

Counterparts	Credit limits for guarantees	Amounts substantially disbursed
Esinn Co., Ltd	51,000	28,000
Luxgen Motor Co., Ltd.	810,000	10,000
Yuea Ching Business Co., Ltd.	100,000	0
Sin Chi Co., Ltd.	50,000	0
UNIVATION MOTOR PHILIPPINES, INC.	57,016	9,376
Luxgen Taipei Motor Co., Ltd.	5,000	5,000
Luxgen Taoyuan Motor Co., Ltd.	5,000	0
Luxgen Taichung Motor Co., Ltd.	5,000	0
Luxgen Tainan Motor Co., Ltd.	5,000	0
Luxgen Kaohsiung Motor Co., Ltd.	5,000	0
Total	1,093,016	52,376

V. Report about the Company's implementation in capital decrease

The progression and result of the Company improvement plan, please refer to Attachments 1 (p.14)

Proposals

Motion No. 1

Proposed by the Board

Proposal: Adoption of the 2020 Financial Statements.

Explanation:

1. The Company's 2020 Financial Statement had been duly audited by Certified Public Accountants Kuo Li-Wen and Fan Yu-Wei of Deloitte Touche Tohmatsu International Taiwan. The aforementioned Financial Statement along with the Business Report have been completed in the review process by the Company's Audit Committee who proves the contents authentic and duly issues the Audit Report.
2. Please find enclosed herewith the Company's 2020 Business Report (Please refer to p.2-3) and Financial Statement. Please refer to Attachments 2 and 3 (p.15-38).
3. Please acknowledge as proposed.

Decision resolved:

Motion No. 2

Proposed by the Board

Proposal: Adoption of the Proposal for Distribution of 2020 Profits.

Explanation:

1. On the grounds of the Company's 2020 final account statement, the net profit made by the Company after tax in that year amounted to NT\$2.73921 billion and the earnings per share amounted to NT\$2.80. In accordance with Article 27 of the Company's Articles of Incorporation, given the consideration of the Company's future business plans amidst potential change, as well as the funding needs and changes in the industrial ambiance, taking into account shareholders' equity and long-term financial programming, we duly plan the Company's 2020 Surplus Distribution Table. Please refer to Attachment 4 (p.39) for the contents of the said Table.
2. The Company's dividends shall be allocated in accordance with Article 27 of the Company's Articles of Incorporation, i.e. to be allocated through cash dividend or stock dividend. The amount of either cash dividend or stock dividend shall be duly proposed by the Board of Directors and resolved by the shareholders' meeting. For the Company in Year 2021, the cash dividend is proposed to be distributed at NT\$1 per share. It is further scheduled July 29, 2021 as the base date for cash dividend distribution.
3. Prior to the ex-dividend base date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., so that the ratios of the stock dividends and cash dividends are changed and need to be duly adjusted, the Board of Directors is authorized by the shareholders' meeting to make such adjustments.
4. Please acknowledge as proposed.

Decision resolved:

Discussions

Motion No. 1

Proposed by the Board

Subject: Proposal for partial amendment to the Company's Articles of Incorporation.

Explanation:

1. In response to the development of the company's business, proposed amendments to the Company's "Articles of Incorporation.
2. For Table of Contents Before & After Amendment in Comparison, please refer to Attachment 5 (p.40-42).
3. The issue is duly posed into discussion.

Decision resolved:

Motion No. 2

Proposed by the Board

Subject: Partial amendment to the Company's "Regulations Governing Director Election."

Explanation:

1. In response to amendment by the Taiwan Stock Exchange Corporation of "Rules of Procedure for Shareholders' Meeting," it is proposed that the Company's "Shareholders' Meeting Procedure Rules" should be partially amended.
2. For Table of Contents Before & After Amendment in Comparison, please refer to Attachment 6 (p.43-44).
3. The issue is duly posed into discussion.

Decision resolved:

Motion No. 3

Proposed by the Board

Subject: Proposal to lift the Directors of Session XVI from prohibition of business strife.

Explanation:

1. Pursuant to Article 209 of the Company Act, it is proposed to request the shareholders' meeting for a consent to lift Mr. Tso, Chi-Sen, a director newly elected into Session XVI from prohibition of business strife.
2. Mr. Tso, Chi-Sen, a director newly elected into Session XVI of the Company, is very likely to serve with a company that engages in business items same as the Company's or to serve with an investee invested by the Company, or a strategic alliance or a joint venture in a capacity of a director or a manager. All such facts are given the account of the business performance and adequate usage of talent expertise. The concurrent jobs so served are completely to meet the business needs. In the very premise of no impairment to the Company's interests, it is proposed that the prohibition of business strife should be lifted from him based on the aforementioned laws.
3. The issue is duly posed into discussion.

Decision resolved:

Extemporary Motions

Adjournment of the meeting

Attachment 1

Report about the Company's implementation in capital decrease

1. As resolved in the shareholders' meeting convened on June 18, 2020, the Company should decrease capital for total amount of NT\$5,729,199,090 which had declared to and approved by the Financial Supervisory Commission, Executive Yuan with its Letter Jin-Guan-Zheng-Fa-Zi 1090349242 dated July 21, 2020 and the capital decrease came to effect and was further approved by the Ministry of Economic Affairs with its Letter Jing-Shou-Shang-Zi 10901157830 dated August 18, 2020.
2. The effect of the Company's efforts in implementation to assure a sound business operation plans is as enumerated below:
 - (1) Volume production of new domestic models: In 2020, volume production of NISSAN ALL NEW SENTRA, Luxgen URX 5+1 seat Lohas and URX 7 seat Lohas.
 - (2) Expanding into new business territories to serve diversified customers needs: We got multi-platform manufacturing contracts and operated green energy business.
 - (3) In November 2020, the Company and Hon Hai Group set up a joint venture, Foxtron Vehicle Technologies Co., Ltd., in synergy with resources and complementary advantages in automotive R&D and ICT industry. We virtually provided target global customers with total solution services, and continuously focus on automotive R&D and the electric vehicle markets to enhance the company's competitive edge.
 - (4) We continue the overall cost reduction and productivity improvement campaigns in the year. The target achievement rate after the cost settlement in the year 2020 was as high as 106%. In the subsequent year 2021, we shall continually promote cost improvement programs.
 - (5) The Yulon City Commercial Zone has been carried out as schedule. We expect to obtain the usage permit licenses by the fourth quarter of 2021, and the commercial zone shall be grand opening to the public by the fourth quarter of 2022.
 - (6) Cash inflow from disposal of assets: In 2020, we sold off land in Sanyi Industrial Park, Nangang Industrial Park, and other plots of land for road use in Xindian. Those transactions increased cash inflow by approximately NT\$823 million.

Attachment 2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

Opinion

We have audited the accompanying financial statements of Yulon Motor Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2020 are stated as follows:

Impairment Assessment of Vehicle Model Development Cost and Molds of

Luxgen Motor, Subsidiary Accounted for Using Equity Method

Please refer to Note 13 for details.

Luxgen Co., Ltd., a subsidiary, identifies different models of vehicles as separate cash-generating units, and tests them for impairment if there are indicators of impairment annually. Because impairment assessment is an area of professional judgment, we determined that impairment assessment of the vehicle model development cost and molds equipment is a key audit matter.

The main audit procedures we have performed in respect of the key audit matter stated above about impairment assessment of the vehicle model development cost and molds equipment are as follows:

1. We understood the process and basis for the estimated growth rate and profitability of the sales forecast of the Company.
2. We reviewed whether the estimated operating cash flow considered the latest operating performance and industry overview.
3. We assessed the evaluation model used by the management.
4. We assessed the weighted average cost of capital (WACC) used by the management in calculating the recoverable amount in accordance with the valuation model, including risk-free rate, volatility and risk premium. We verified that the WACC was consistent with the Company status and the industry.

Estimated Impairment of Trade Receivable

The provision for impairment of trade receivables of Yulon Finance Co, Ltd., the Company's horizontal segment subsidiary is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. The key assumptions and inputs used involved significant management judgment and estimation uncertainty; thus, impairment assessment is determined as a key audit matter.

Our audit procedures included the following:

1. We understood the policies on impairment of trade receivable and assessed the reasonableness of impairment of receivables by performing inquiry, inspection and reperformance of related internal controls.

2. We involved our internal IT specialists in testing Yulon Finance Co, Ltd.'s system that generated related documents used by management in the evaluation and determination of default rate and expected loss rate; the tests verified the correctness of the assumptions used in the determination of default rate and expected loss rate.
3. We calculated the expected credit loss based on the impairment policy.

Other Matter

As described in Note 32, Dongfeng Yulon Motor Sales Co., Ltd., a subsidiary, was adjudged by a court as bankrupt on November 9, 2020 and the court appointed a trustee on November 16, 2020. The Company Ltd. has lost control over the subsidiary since then. Therefore, the assets and liabilities of Dongfeng Yulon Motor Sales Co., Ltd. were not included in the financial statements for the year ended December 31, 2020.

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

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

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

Those charged with governance, including 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Wen Kuo and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2021

Notice to Readers

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

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

YULON MOTOR COMPANY LTD.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,602,487	2	\$ 7,262,478	9
Financial assets at fair value through profit or loss - current	2,056,899	3	1,742,556	2
Financial assets at amortized cost - current	1,676,880	2	7,200,566	9
Note and trade receivable	10,751	-	23,857	-
Notes and trade receivable from related parties	82,238	-	303,328	-
Other receivables	178,042	-	322,164	1
Inventories	7,555,666	10	10,590,908	13
Other current assets	267,451	-	332,354	1
Total current assets	13,430,414	17	27,778,211	35
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,271,662	3	2,418,449	3
Investments accounted for using equity method	43,461,105	55	32,117,684	40
Property, plant and equipment	7,424,065	9	6,711,446	8
Right-of-use assets	9,461	-	3,365	-
Investment properties	11,686,745	15	8,460,236	11
Intangible assets	57,361	-	1,263,090	1
Deferred tax assets	610,768	1	593,368	1
Other non-current assets	241,447	-	573,500	1
Total non-current assets	65,762,614	83	52,141,138	65
TOTAL	\$ 79,193,028	100	\$ 79,919,349	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 1,500,000	2	\$ -	-
Short-term bills payable	1,997,789	2	-	-
Trade payables	1,452,723	2	1,233,436	2
Trade payables to related parties	1,553,047	2	1,590,476	2
Other payables	3,412,348	4	1,696,346	2
Current tax liabilities	-	-	46,375	-
Lease liabilities - current	2,387	-	31	-
Current portion of long-term borrowing and bonds payable	-	-	1,500,000	2
Other current liabilities	33,231	-	15,813	-
Total current liabilities	9,951,525	12	6,082,477	8
NON-CURRENT LIABILITIES				
Bonds payable	15,300,000	19	15,300,000	19
Deferred tax liabilities	2,476,892	3	2,580,315	3
Lease liabilities - non-current	7,082	-	3,298	-
Net defined benefit liabilities - non-current	376,412	1	582,964	1
Deposits received	768,256	1	210,567	-
Credit balance on the carrying value of investments accounted for using the equity method	1,567,265	2	9,314,207	12
Other non-current liabilities	7,128	-	9,113	-
Total non-current liabilities	20,503,035	26	28,000,464	35
Total liabilities	30,454,560	38	34,082,941	43
EQUITY				
Share capital				
Ordinary shares	10,000,000	13	15,729,199	20
Capital surplus	6,563,888	8	6,566,495	8
Retained earnings				
Legal reserve	8,281,822	10	8,281,822	11
Special reserve	24,228,565	31	39,373,565	49
Unappropriated earnings	(363,310)	-	(23,880,202)	(30)
Total retained earnings	32,147,077	41	23,775,185	30
Other equity				
Exchange differences on translation of foreign operations	(1,118,814)	(2)	(1,255,680)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	1,522,597	2	1,397,517	2
Gain on hedging instrument	24	-	(4)	-
Treasury shares	(376,304)	-	(376,304)	(1)
Total equity	48,738,468	62	45,836,408	57
TOTAL	\$ 79,193,028	100	\$ 79,919,349	100

(With Deloitte & Touche auditors' report dated March 30, 2021)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 27,094,624	96	\$ 29,202,817	96
Other operating revenue	<u>1,177,270</u>	<u>4</u>	<u>1,059,112</u>	<u>4</u>
Total operating revenue	<u>28,271,894</u>	<u>100</u>	<u>30,261,929</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	25,805,146	91	27,419,237	91
Other operating cost	<u>182,029</u>	<u>1</u>	<u>206,053</u>	<u>1</u>
Total operating costs	<u>25,987,175</u>	<u>92</u>	<u>27,625,290</u>	<u>92</u>
GROSS PROFIT	2,284,719	8	2,636,639	8
(UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES				
	<u>41,655</u>	<u>-</u>	<u>695</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,326,374</u>	<u>8</u>	<u>2,637,334</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses	106,323	-	120,060	-
General and administrative expenses	1,060,169	4	965,315	3
Research and development expenses	146,626	1	145,151	1
Expected credit loss	<u>-</u>	<u>-</u>	<u>358,920</u>	<u>1</u>
Total operating expenses	<u>1,313,118</u>	<u>5</u>	<u>1,589,446</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>1,013,256</u>	<u>3</u>	<u>1,047,888</u>	<u>3</u>
NON-OPERATING INCOME (LOSS)				
Share of profit (loss) of subsidiaries, associates and joint ventures	2,236,307	8	(26,534,175)	(88)
Other income	60,249	-	64,760	-
Interest income	104,707	1	106,947	1
Finance costs	(215,326)	(1)	(216,931)	(1)
Other gains and losses	<u>(560,798)</u>	<u>(2)</u>	<u>494,501</u>	<u>2</u>
Total non-operating income (loss)	<u>1,625,139</u>	<u>6</u>	<u>(26,084,898)</u>	<u>(86)</u>

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX	\$ 2,638,395	9	\$(25,037,010)	(83)
INCOME TAX BENEFIT (EXPENSE)	<u>(100,815)</u>	<u>-</u>	<u>(6,890)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>2,739,210</u>	<u>9</u>	<u>(25,030,120)</u>	<u>(83)</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	6,208	-	(91,351)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,552	-	285,487	1
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	<u>60,665</u>	<u>-</u>	<u>3,837</u>	<u>-</u>
	<u>73,425</u>	<u>-</u>	<u>197,973</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	<u>136,866</u>	<u>1</u>	<u>(336,539)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>210,291</u>	<u>1</u>	<u>(138,566)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 2,949,501</u>	<u>10</u>	<u>\$(25,168,686)</u>	<u>(83)</u>
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 2.80</u>		<u>\$ (26.13)</u>	
Diluted	<u>\$ 2.80</u>		<u>\$ (26.13)</u>	

(With Deloitte & Touche auditors' report dated March 30, 2021)

(Concluded)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Other Equity		Treasury Shares	Common Control of Predecessor Rights	Total Equity
			Legal Reserve	Special Reserve	Undistributed Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments			
BALANCE, JANUARY 1, 2019	\$ 15,729,199	\$ 6,597,972	\$ 8,078,119	\$ 38,373,565	\$ 2,787,202	\$ (919,398)	\$ 1,466,521	\$ 252	\$ (376,304)	\$ 564,712	\$ 72,301,840
Appropriation of 2018 earnings											
Legal reserve	-	-	203,703	-	(203,703)	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-
Cash dividends distributed by the Company (NT\$0.67 per share)	-	-	-	-	(1,053,856)	-	-	-	-	-	(1,053,856)
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	(31,477)	-	-	(211,413)	-	-	-	-	-	(242,890)
Net profit for the year ended December 31, 2019	-	-	-	-	(24,465,408)	-	-	-	-	(564,712)	(25,030,120)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(87,425)	(336,282)	285,397	(256)	-	-	(138,566)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	(24,552,833)	(336,282)	285,397	(256)	-	(564,712)	(25,168,686)
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	354,401	-	(354,401)	-	-	-	-
BALANCE, DECEMBER 31, 2019	15,729,199	6,566,495	8,281,822	39,373,565	(23,880,202)	(1,255,680)	1,397,517	(4)	(376,304)	-	45,836,408
Capital reduction for covering accumulated deficit	(5,729,199)	-	-	-	5,729,199	-	-	-	-	-	-
Appropriation of the 2019 earnings											
Special reserve	-	-	-	(15,145,000)	15,145,000	-	-	-	-	-	-
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	(2,607)	-	-	(44,834)	-	-	-	-	-	(47,441)
Net profit for the year ended December 31, 2020	-	-	-	-	2,739,210	-	-	-	-	-	2,739,210
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(9,363)	136,866	82,760	28	-	-	210,291
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,729,847	136,866	82,760	28	-	-	2,949,501
Disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	23,034	-	(23,034)	-	-	-	-
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	(65,354)	-	65,354	-	-	-	-
BALANCE, DECEMBER 31, 2020	<u>\$ 10,000,000</u>	<u>\$ 6,563,888</u>	<u>\$ 8,281,822</u>	<u>\$ 24,228,565</u>	<u>\$ (363,310)</u>	<u>\$ (1,118,814)</u>	<u>\$ 1,522,597</u>	<u>\$ 24</u>	<u>\$ (376,304)</u>	<u>\$ -</u>	<u>\$ 48,738,468</u>

(With Deloitte & Touche auditors' report dated March 30, 2021)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,638,395	\$(25,037,010)
Adjustments for:		
Share of loss (profit) of subsidiaries, associates and joint ventures	(2,236,307)	26,534,175
Impairment loss recognized on non-financial assets	1,280,026	2,407,055
Depreciation expense	407,606	382,572
Gain on disposal of investment properties	(326,871)	-
Gain on disposal of property, plant and equipment	(251,082)	-
Finance costs	215,326	216,931
Interest income	(104,707)	(106,947)
Dividend income	(91,096)	(34,899)
Realized gain on the transactions with subsidiaries, associates and joint ventures	(41,645)	(28,470)
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(41,117)	(35,734)
Unrealized gain on foreign currency exchange	(34,717)	(29,380)
Amortization expense	28,334	37,113
Gain on disposal of investments accounted for using the equity method	1	(3,150,981)
Expected credit loss	-	358,920
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(273,226)	(1,684,527)
Notes and trade receivable	216,472	414,527
Other receivables	152,841	(12,682)
Inventories	(1,881)	209,244
Other current assets	60,256	53,692
Other operating assets	6,143	(406,917)
Trade payables	211,575	(232,905)
Other payables	1,715,963	290,267
Other current liabilities	(545)	(51,935)
Net defined benefit liabilities - non-current	(200,344)	(65,017)
Other operating liabilities	(1,133)	(23,620)
Cash generated from operations	3,328,267	3,472
Interest received	99,002	88,050
Interest paid	(215,287)	(215,550)
Income tax paid	(75,011)	-
Net cash generated from (used in) operating activities	<u>3,136,971</u>	<u>(124,028)</u>

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates investment accounted for using equity method	\$(20,142,661)	\$ (8,939,995)
Proceeds from disposal of financial assets at amortized cost	5,523,686	-
Dividends received	4,287,563	4,082,137
Payments for investment properties	(1,714,726)	\$ (307,270)
Proceeds from investment properties	521,151	-
Proceeds from disposal of property, plant and equipment	302,404	1,941
Acquisition of property, plant and equipment	(178,066)	(827,939)
Proceeds of financial assets at fair value through other comprehensive income	50,847	-
Payments for intangible assets	(22,344)	(23,210)
Proceeds of associates accounted for using equity method	199	12,103,631
Purchase of disposal of financial assets at amortized cost	-	(5,767,686)
Proceeds from the capital reduction of investments accounted for using the equity method	<u>-</u>	<u>668,883</u>
Net cash (used in) generated from investing activities	<u>(11,371,947)</u>	<u>990,492</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	1,997,789	-
Proceeds from short-term borrowings	1,500,000	-
Repayment of long-term borrowings	(1,500,000)	-
Decrease in guarantee deposits received	557,689	30,707
Payments for lease	(3,220)	(3,067)
Dividends paid	<u>-</u>	<u>(1,053,856)</u>
Net cash generated from (used in) financing activities	<u>2,552,258</u>	<u>(1,026,216)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>22,727</u>	<u>12,007</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,659,991)	(147,745)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,262,478</u>	<u>7,410,223</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,602,487</u>	<u>\$ 7,262,478</u>

(With Deloitte & Touche auditors' report dated March 30, 2021)

(Concluded)

Attachment 3

INDEPENDENT AUDITORS' REPORT

Yulon Motor Company Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Impairment Assessment of Luxgen's Vehicle Model Development Cost and Molds

(Please refer to Notes 4, 5, 12, 14, 21 and 30.)

Luxgen Co., Ltd., a subsidiary, identifies different models of vehicles as separate cash-generating units, and tests them for impairment if there are indicators of impairment annually. Because impairment assessment is an area of professional judgment, we determined that impairment assessment of the vehicle model development cost and molds equipment is a key audit matter.

The main audit procedures we have performed in respect of the key audit matter stated above about impairment assessment of the vehicle model development cost and molds equipment are as follows:

1. We understood the process and basis for the estimated growth rate and profitability of the sales forecast of the Group.
2. We reviewed whether the estimated operating cash flow considered the latest operating performance and industry overview.
3. We assessed the evaluation model used by the management.
4. We assessed the weighted average cost of capital (WACC) used by the management in calculating the recoverable amount in accordance with the valuation model, including risk-free rate, volatility and risk premium. We verified that the WACC was consistent with the Group status and the industry.

Estimated Impairment of Trade Receivable

As described in Note 5, the determination of estimated impairment of trade receivable of the Group's horizontal segments subsidiary - Yulon Finance Co., Ltd. - takes into consideration the present value of estimated future cash flows based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. When the actual future cash inflows are less than expected, a material impairment loss may arise. The key assumptions and inputs used involved significant management judgment and estimation uncertainty; thus, this is determined as a key audit matter.

Our audit procedures included the following:

1. We understood the policies on impairment of trade receivable and assessed the reasonableness of impairment of receivables by performing inquiry, inspection and reperformance of related internal controls.

2. We involved our internal IT specialists in testing Yulon Finance Co., Ltd.'s system that generated related documents used by management in the evaluation and determination of default rate and expected loss rate; the tests verified the correctness of the assumptions used in the determination of default rate and expected loss rate.
3. We recalculated the impairment based on the impairment policy of the Group.

Other Matter

As described in Note 32, Dongfeng Yulon Motor Sales Co., Ltd., a subsidiary, was adjudged by a court as bankrupt on November 9, 2020 and the court appointed a trustee on November 16, 2020. The Company has lost control over the subsidiary since then. Therefore, the assets and liabilities of Dongfeng Yulon Motor Sales Co., Ltd. were not included in the consolidated financial statements for the year ended December 31, 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 and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Wen Kuo and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2021

Notice to Readers

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

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,036,878	7	\$ 26,147,935	8
Financial assets at fair value through profit or loss - current	4,315,296	1	3,122,549	1
Financial assets at fair value through other comprehensive income - current	113,077	-	123,754	-
Derivative financial assets for hedging - current	1,594	-	232	-
Financial assets at amortized cost - current	4,386,706	1	9,863,773	3
Notes and trade receivable	141,722,783	47	134,239,270	43
Notes and trade receivable from related parties	457,018	-	2,624,469	1
Finance lease receivables	22,838,380	7	27,576,053	9
Other receivables	1,818,711	1	3,094,985	1
Inventories	11,997,687	4	16,573,045	5
Other current assets	4,876,780	2	6,015,310	2
Incremental costs of obtaining a contract - current	2,621,758	1	2,562,866	1
Total current assets	<u>215,186,668</u>	<u>71</u>	<u>231,944,241</u>	<u>74</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	2,136	-	2,249	-
Financial assets at fair value through other comprehensive income - non-current	438,922	-	486,268	-
Financial assets at amortized cost - non-current	624,140	-	464,750	-
Investments accounted for using the equity method	28,968,473	10	21,095,613	7
Property, plant and equipment	35,542,275	12	36,381,174	12
Right-of-use assets	3,190,202	1	3,629,258	1
Investment properties	11,832,290	4	8,324,573	3
Goodwill	882	-	882	-
Vehicle model development cost	328,319	-	6,309,074	2
Other intangible assets	475,147	-	460,577	-
Deferred tax assets	2,471,273	1	1,855,003	1
Long-term finance lease receivables	1,074,998	1	1,330,231	-
Refundable deposits	311,288	-	380,281	-
Other non-current assets	875,733	-	1,227,369	-
Total non-current assets	<u>86,136,078</u>	<u>29</u>	<u>81,947,302</u>	<u>26</u>
TOTAL	<u>\$ 301,322,746</u>	<u>100</u>	<u>\$ 313,891,543</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable	\$ 106,544,979	35	\$ 98,483,301	32
Short-term borrowings	45,307,626	15	78,122,271	25
Financial liabilities for hedging - current	1,541	-	241	-
Financial liabilities at amortized cost - current	-	-	1,834,953	1
Notes and trade payables	4,655,668	2	4,966,357	2
Notes and trade payable to related parties	1,817,464	1	8,649,402	3
Other payables	12,327,544	4	10,005,161	3
Current tax liabilities	948,109	-	677,559	-
Provisions - current	159,271	-	223,494	-
Lease liabilities - current	604,309	-	788,127	-
Current portion of bonds payable	14,121,823	5	10,340,447	3
Current portion of long-term borrowings	1,480,632	-	3,549,488	1
Other current liabilities	13,040,517	4	12,962,448	4
Total current liabilities	<u>201,009,483</u>	<u>66</u>	<u>230,603,249</u>	<u>74</u>
NON-CURRENT LIABILITIES				
Bonds payable	15,300,000	5	15,300,000	5
Long-term borrowings	12,337,066	4	2,780,352	1
Provisions - non-current	641,441	-	724,016	-
Deferred tax liabilities	3,942,336	2	4,045,315	1
Lease liabilities - non-current	1,742,404	1	1,951,982	1
Net defined benefit liabilities - non-current	725,107	-	1,001,238	-
Other non-current liabilities	749,589	-	404,240	-
Total non-current liabilities	<u>35,437,943</u>	<u>12</u>	<u>26,207,143</u>	<u>8</u>
Total liabilities	<u>236,447,426</u>	<u>78</u>	<u>256,810,392</u>	<u>82</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	10,000,000	3	15,729,199	5
Capital surplus	6,563,888	2	6,566,495	2
Retained earnings				
Legal reserve	8,281,822	3	8,281,822	3
Special reserve	24,228,565	8	39,373,565	13
Unappropriated earnings	(363,310)	-	(23,880,202)	(8)
Total retained earnings	32,147,077	11	23,775,185	8
Other equity				
Exchange differences on translation of foreign operations	(1,118,814)	-	(1,255,680)	-
Unrealized gain on financial assets at fair value through other comprehensive income	1,522,597	-	1,397,517	-
Gain (loss) on hedging instrument	24	-	(4)	-
Total other equity	403,807	-	141,833	-
Treasury shares	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	48,738,468	16	45,836,408	15
NON-CONTROLLING INTERESTS	<u>16,136,852</u>	<u>6</u>	<u>11,244,743</u>	<u>3</u>
Total equity	<u>64,875,320</u>	<u>22</u>	<u>57,081,151</u>	<u>18</u>
TOTAL	<u>\$ 301,322,746</u>	<u>100</u>	<u>\$ 313,891,543</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated March 30, 2021)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 53,786,768	65	\$ 58,150,540	68
Investment income	103,725	-	19,741	-
Rental revenue	8,177,344	10	8,219,150	10
Service revenue	3,311,791	4	3,573,043	4
Other operating revenue	<u>17,217,886</u>	<u>21</u>	<u>15,616,436</u>	<u>18</u>
Total operating revenue	<u>82,597,514</u>	<u>100</u>	<u>85,578,910</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	48,541,228	59	49,412,806	57
Investment cost	-	-	316	-
Rental cost	6,541,523	8	6,708,816	8
Service cost	2,161,336	2	2,399,963	3
Other operating cost	<u>6,735,840</u>	<u>8</u>	<u>21,336,100</u>	<u>25</u>
Total operating costs	<u>63,979,927</u>	<u>77</u>	<u>79,858,001</u>	<u>93</u>
GROSS PROFIT	18,617,587	23	5,720,909	7
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES				
	<u>12,018</u>	<u>-</u>	<u>4,364</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>18,629,605</u>	<u>23</u>	<u>5,725,273</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	7,681,741	9	8,018,465	9
General and administrative expenses	5,738,720	7	6,465,023	8
Research and development expenses	1,364,120	2	803,572	1
Expected credit loss	<u>5,063,486</u>	<u>6</u>	<u>21,185,752</u>	<u>25</u>
Total operating expenses	<u>19,848,067</u>	<u>24</u>	<u>36,472,812</u>	<u>43</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(1,218,462)</u>	<u>(1)</u>	<u>(30,747,539)</u>	<u>(36)</u>
NON-OPERATING INCOME				
Other income	1,010,417	1	1,267,328	1
Other gains and losses	2,423,204	3	266,775	-

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Finance costs	\$ (821,441)	(1)	\$ (1,122,664)	(1)
Share of profit of associates and joint ventures accounted for by the equity method	4,031,743	5	6,300,049	7
Interest income	<u>298,087</u>	<u>-</u>	<u>598,903</u>	<u>1</u>
Total non-operating income	<u>6,942,010</u>	<u>8</u>	<u>7,310,391</u>	<u>8</u>
PROFIT (LOSS) BEFORE INCOME TAX	5,723,548	7	(23,437,148)	(28)
INCOME TAX EXPENSE	<u>883,986</u>	<u>1</u>	<u>1,096,329</u>	<u>1</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>4,839,562</u>	<u>6</u>	<u>(24,533,477)</u>	<u>(29)</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,250)	-	(98,701)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	7,373	-	197,175	-
Share of the other comprehensive income of associates and joint ventures accounted for by the equity method	<u>70,111</u>	<u>-</u>	<u>106,811</u>	<u>-</u>
	<u>70,234</u>	<u>-</u>	<u>205,285</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	163,749	-	(242,559)	-
Loss on hedging instruments not subject to basis adjustment	61	-	(451)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for by the equity method	<u>6,945</u>	<u>-</u>	<u>(267,007)</u>	<u>-</u>
	<u>170,755</u>	<u>-</u>	<u>(510,017)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>240,989</u>	<u>-</u>	<u>(304,732)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 5,080,551</u>	<u>6</u>	<u>\$(24,838,209)</u>	<u>(29)</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,739,210	3	\$(24,465,408)	(29)
Common control of predecessor rights	-	-	(564,712)	(1)
Non-controlling interests	<u>2,100,352</u>	<u>3</u>	<u>496,643</u>	<u>1</u>
	<u>\$ 4,839,562</u>	<u>6</u>	<u>\$(24,533,477)</u>	<u>(29)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,949,501	3	\$(24,603,974)	(29)
Common control of predecessor rights	-	-	(564,712)	(1)
Non-controlling interests	<u>2,131,050</u>	<u>3</u>	<u>330,477</u>	<u>1</u>
	<u>\$ 5,080,551</u>	<u>6</u>	<u>\$(24,838,209)</u>	<u>(29)</u>
EARNINGS (LOSS) PER SHARE				
Basic	<u>\$2.80</u>		<u>\$(26.13)</u>	
Diluted	<u>\$2.80</u>		<u>\$(26.13)</u>	

(With Deloitte & Touche auditors' report dated March 30, 2021)

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company												
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Other Equity		Treasury Shares	Total	Common Control of Predecessor Rights	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments					
BALANCE, JANUARY 1, 2019	\$ 15,729,199	\$ 6,597,972	\$ 8,078,119	\$ 38,373,565	\$ 2,787,202	\$ (919,398)	\$ 1,466,521	\$ 252	\$ (376,304)	\$ 71,737,128	\$ 564,712	\$ 12,122,134	\$ 84,423,974
Appropriation of the 2018 earnings													
Legal reserve	-	-	203,703	-	(203,703)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT\$0.67 per share)	-	-	-	-	(1,053,856)	-	-	-	-	(1,053,856)	-	-	(1,053,856)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,106,576)	(1,106,576)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	(31,477)	-	-	(99,130)	-	-	-	-	(130,607)	-	-	(130,607)
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	-	-	-	(112,283)	-	-	-	-	(112,283)	-	196,389	84,106
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(297,681)	(297,681)
Net profit for the year ended December 31, 2019	-	-	-	-	(24,465,408)	-	-	-	-	(24,465,408)	(564,712)	496,643	(24,533,477)
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	(87,425)	(336,282)	285,397	(256)	-	(138,566)	-	(166,166)	(304,732)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	(24,552,833)	(336,282)	285,397	(256)	-	(24,603,974)	(564,712)	330,477	(24,838,209)
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	354,401	-	(354,401)	-	-	-	-	-	-
BALANCE AT JANUARY 1, 2020	15,729,199	6,566,495	8,281,822	39,373,565	(23,880,202)	(1,255,680)	1,397,517	(4)	(376,304)	45,836,408	-	11,244,743	57,081,151
Capital reduction for covering accumulated deficit	(5,729,199)	-	-	-	5,729,199	-	-	-	-	-	-	-	-
Appropriation of the 2019 earnings													
Special reserve	-	-	-	(15,145,000)	15,145,000	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,293,234)	(1,293,234)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	(2,607)	-	-	(4,527)	-	-	-	-	(7,134)	-	-	(7,134)
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	-	-	-	(40,307)	-	-	-	-	(40,307)	-	-	(40,307)
Net profit for the year ended December 31, 2020	-	-	-	-	2,739,210	-	-	-	-	2,739,210	-	2,100,352	4,839,562
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(9,363)	136,866	82,760	28	-	210,291	-	30,698	240,989
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,729,847	136,866	82,760	28	-	2,949,501	-	2,131,050	5,080,551
Disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	(42,851)	-	42,851	-	-	-	-	-	-
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	531	-	(531)	-	-	-	-	-	-
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,054,293	4,054,293
BALANCE, DECEMBER 31, 2020	\$ 10,000,000	\$ 6,563,888	\$ 8,281,822	\$ 24,228,565	\$ (363,310)	\$ (1,118,814)	\$ 1,522,597	\$ 24	\$ (376,304)	\$ 48,738,468	\$ -	\$ 16,136,852	\$ 64,875,320

(With Deloitte & Touche auditors' report dated March 30, 2021)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,723,548	\$ (23,437,148)
Adjustments for:		
Interest income	(15,923,588)	(14,833,597)
Depreciation expense	8,091,102	7,829,520
Expected credit loss	5,063,486	21,185,752
Gain on deconsolidation of subsidiary	(4,040,489)	-
Share of profit of associates and joint ventures accounted for by the equity method	(4,031,743)	(6,300,049)
Finance costs	3,797,371	4,259,798
Impairment loss recognized on non-financial assets	2,790,669	15,906,408
Amortization expense	2,677,899	2,440,283
Loss (gain) on disposal of property, plant and equipment	(681,587)	26,171
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(38,706)	(42,819)
Net loss (gain) on foreign currency exchange	(34,609)	392,212
Recognition (reversal) of provisions	28,542	(18,131)
Loss on disposal of intangible assets	28,111	5,765
Dividend income	(26,680)	(40,366)
Loss (gain) on modification of lease	18,964	(43,745)
Loss on disposal of investment properties	14,143	-
Realized gain on the transactions with associates and joint ventures accounted for by the equity method	(2,568)	(4,364)
Impairment loss recognized on financial assets	738	-
Gain on investments accounted for using the equity method	(422)	(3,150,981)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,270,134)	(2,444,466)
Notes and trade receivable	(10,988,873)	(20,969,812)
Other receivables	138,074	(2,986,874)
Inventories	1,149,905	1,435,159
Other current assets	771,276	238,090
Finance lease receivables	4,283,112	(4,849,395)
Available-for-operating-lease assets	(5,316,321)	(5,902,672)
Incremental cost of obtaining a contract	(2,436,781)	(2,641,734)
Other operating assets	325,259	(863,775)
Notes and trade payable	379,548	(162,611)
Other payables	4,091,532	169,807
Provisions	(175,341)	(191,926)
Guarantee deposits received	(463,295)	1,140,787
Other current liabilities	432,232	(745,673)
Accrued pension liabilities	(283,381)	(104,668)
Other operating liabilities	(183,250)	50,183
Cash used in operations	(6,092,257)	(34,654,871)
Interest received	15,748,753	15,059,719

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	\$ (4,184,571)	\$ (3,815,630)
Income tax paid	<u>(1,306,714)</u>	<u>(1,488,363)</u>
Net cash generated from (used in) operating activities	<u>4,165,211</u>	<u>(24,899,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	9,536,783	3,229,295
Purchase of financial assets at amortized cost	(4,072,570)	(9,068,553)
Dividends received	3,733,337	3,447,908
Payments for property, plant and equipment	(3,235,982)	(4,851,284)
Payments for investment properties	(1,798,478)	(307,270)
Proceeds from disposal of property, plant and equipment	1,536,937	1,112,448
Payments for intangible assets	(324,791)	(1,711,579)
Proceeds from financial assets at fair value through other comprehensive income	66,551	397,883
Decrease (increase) in refundable deposits	56,943	(74,027)
Proceeds from investment properties	38,598	-
Proceeds from disposal of subsidiaries	21,837	9,147
Purchase of financial assets at fair value through other comprehensive income	(1,642)	(2,539)
Increase in prepayments for leases	262	-
Proceeds from disposal of associates	199	11,159,039
Proceeds from the capital reduction of investments accounted for using the equity method	-	668,883
Payment for right-of-use assets	<u>-</u>	<u>(12,931)</u>
Net cash generated from investing activities	<u>5,557,984</u>	<u>3,996,420</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	324,967,931	285,247,376
Repayment of short-term bills payable	(316,838,794)	(268,628,212)
Repayment of short-term borrowings	(139,897,554)	(158,616,675)
Proceeds from short-term borrowings	117,023,460	157,502,187
Repayment of long-term borrowings	(28,495,067)	(22,233,460)
Proceeds from long-term borrowings	25,676,238	22,816,461
Issuance of bonds payable	8,100,976	3,892,150
Repayment of bonds	(4,350,000)	-
Dividends paid	(1,214,015)	(2,152,500)
Proceeds of financial liabilities at amortized cost	-	697,703
Repayment of financial liabilities measured at cost	(753,630)	-
Payment for principal portion of lease liabilities	(653,403)	(818,040)
Increase (decrease) in guarantee deposits received	648,705	(153,522)
Change in non-controlling interests	<u>(40,307)</u>	<u>(303,398)</u>
Net cash generated from (used in) financing activities	<u>(15,825,460)</u>	<u>17,250,070</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>(8,792)</u>	\$ <u>(100,631)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,111,057)	(3,753,286)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>26,147,935</u>	<u>29,901,221</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 20,036,878</u>	<u>\$ 26,147,935</u>

(With Deloitte & Touche auditors' report dated March 30, 2021)

(Concluded)

Attachment 4

YULON MOTOR CO., LTD
2020 Profit Distribution Table



Unit: NTD

Items		Total
Number available for distribution		1,636,690,001
Unappropriated retained earnings of prior years	(8,735,202,057)	
Add: Capital decrease to make up the loss	5,729,199,090	
Net profit after tax this term	2,739,210,188	
Add: Investment into equity instruments measured through fair value so disposed of,	(42,320,335)	
Less: Retained earnings adjusted due to investment in equity method	(44,833,651)	
Less: Defined benefits plan remeasurement recognized as retained earnings	(9,363,234)	
The net profit after tax this term added with items other than net profit this term added with unappropriated retained earnings of the current year	2,642,692,968	
Deficit yet to be compensated, ending of year	(363,309,999)	
Rotated special reserve – to be amortized in response to business needs.	2,000,000,000	
Coverage for loss	(363,309,999)	
Earnings available for distribution this term (after the loss is covered up)	1,636,690,001	
Distributable items:		1,000,000,000
Distribution of bonus to shareholders – Cash dividend (At NT\$1.00 per shares)	1,000,000,000	
Distribution of bonus to shareholders – Stock dividend (at NT\$0.00 per share)	0	
Undistributed earnings, ending of year		636,690,001

Note 1: Upon calculation under Article 66-9 of the Income Tax Act, i.e. upon calculation of unappropriated retained earnings “upon extra levy of 5% of the profit-seeking enterprise income tax,” the earnings of the latest fiscal year shall be preferentially allocated.

Note 2: The cash dividend shall be counted to the whole number of New Taiwan dollars and a fraction less than one New Taiwan dollar shall be discarded. The fragmental odds less than one whole number of New Taiwan dollar shall be counted into the Company’s other revenues.

Chairman:



Manager:



Accounting Supervisor:



Attachment 5

Articles of Association amendment before and after

After amendment	Current Article	Description
<p>Article 2: The Company's business lines are as enumerated below: (1-12. omitted) <u>13. D101011 Electric Power Generation</u> <u>14. IG03010 Energy Technical Services</u> <u>15. ZZ99999</u> All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Article 2: The Company's business lines are as enumerated below: (1-12. omitted) 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>1. A new increase of business item code. 2. An adjustment to the title code order. 3. The Company's Sanyi plant has successively one after another planned to build self-contained solar power generation system since 2018, with an aggregate total buildable power generation capacity up to 20.2MW. In response to the updated regulations of the Renewable Energy Development Act in 2019, it is proposed to add new business items into the Company's Articles of Incorporation. The amendment focuses on the newly added business item D101011 Electric Power Generation and IG03010 Energy Technical Services.</p>
<p>Article 27: The Company shall amortize remuneration as enumerated below in a year with profit: 1. Remuneration to directors: At 0.5% maximum, provided, that the independent directors shall not participate in the distribution of</p>	<p>Article 27: The Company shall amortize remuneration as enumerated below in a year with profit: 1. Remuneration to directors: At 0.5% maximum, provided, that the independent directors shall not participate in the distribution of</p>	<p>Deletion of the provision regarding remuneration to supervisor of Session XIV.</p>

After amendment	Current Article	Description
<p>the aforementioned remuneration.</p> <p>2. Remuneration to employees at 0.1% minimum. The aforementioned remuneration to employees shall be duly distributed in either stocks or in cash as resolved by the Board of Directors. The distribution of remuneration to employees and directors should be reported in the shareholders' meeting.</p> <p>3. In case of a loss having been accumulated. The amount to make up such loss shall be retained beforehand before distribution based on the percentages mentioned in the preceding paragraphs.</p> <p>4. With the surplus of the Company shown through the general final account in a fiscal year, after the sum to make good loss in previous year(s) and to pay taxes, a sum 10% shall be first withheld as legal reserve and as special reserve as required by the competent authority. The final balance, if any, in combination with the beginning unappropriated retained earnings, shall be distributable surplus.</p> <p>5. Where the Company operates business amidst an environment as a mature and stable industry, given such facts as, notably, the Company's profitability, future operating plans, funding needs and changes in the industrial environments and taking into account the long-term shareholders' equity and the Company's long-term financial planning, the Company's dividend distribution plan is mapped out not below 10% of the total surplus available for distribution in the current year in principle. The dividends are distributed in either</p>	<p>the aforementioned remuneration.</p> <p>2. Remuneration to employees at 0.1% minimum. The aforementioned remuneration to employees shall be duly distributed in either stocks or in cash as resolved by the Board of Directors. The distribution of remuneration to employees and directors should be reported in the shareholders' meeting.</p> <p>3. In case of a loss having been accumulated. The amount to make up such loss shall be retained beforehand before distribution based on the percentages mentioned in the preceding Paragraphs. <u>The Company's supervisors within Session XIV are, in accordance with Articles of Incorporation amidst the 51st amendment made on June 11, 2013, entitled to the remuneration incurred before expiry of their tenure of office, discharge of resignation. The provisions under this Article regarding remuneration to directors are mutatis mutandis applicable to the ratio of remuneration, distribution procedures of remuneration and conditions of distribution.</u></p> <p>4. With the surplus of the Company shown through the general final account in a fiscal year, after the sum to make good loss in previous year(s) and to pay taxes, a sum 10% shall be first withheld as legal reserve and as special reserve as required by the competent authority. The final balance, if any, in combination with the beginning unappropriated retained earnings, shall be distributable surplus.</p> <p>5. Where the Company operates business amidst an environment as a mature and stable industry, given</p>	

After amendment	Current Article	Description
<p>cash or in stocks among which the proportion of cash dividends shall not be less than 20% of the aggregate total dividends. Eventually, the Board of Directors shall work out the percentage of distribution to be resolved in the shareholders' meeting.</p>	<p>such facts as, notably, the Company's profitability, future operating plans, funding needs and changes in the industrial environments and taking into account the long-term shareholders' equity and the Company's long-term financial planning, the Company's dividend distribution plan is mapped out not below 10% of the total surplus available for distribution in the current year in principle. The dividends are distributed in either cash or in stocks among which the proportion of cash dividends shall not be less than 20% of the aggregate total dividends. Eventually, the Board of Directors shall work out the percentage of distribution to be resolved in the shareholders' meeting.</p>	
<p>Article 31: This Articles of Incorporation was created on July 23, 1953; the 1st amendment was made on October 23, 1954; ... (omitted); the 53rd amendment was made on June 21, 2019; the 54th amendment was made on June 18, 2020; <u>the 55th amendment was made on June 17, 2021.</u></p>	<p>Article 31: This Articles of Incorporation was created on July 23, 1953; the 1st amendment was made on October 23, 1954; ... (omitted); the 53rd amendment was made on June 21, 2019; the 54th amendment was made on June 18, 2020.</p>	<p>Add amendment date.</p>

Attachment 6

Procedures for Election of Directors amendment before and after

After amendment	Current Article	Description
<p>Article 6: (This Article is deleted)</p>	<p>Article 6: <u>If the candidates are shareholders, the voters must detail the account name and shareholder account number of the candidate in the “candidate” column on the ballot.</u> <u>If the candidates are not shareholders, the name and ID Card number of the candidates must be detailed before casting it in the ballot box. In an event where a corporate shareholder becomes a candidate in the election process, the box of the candidate on the election ballot may be, in accordance with Paragraph 1, Article 27 of the Company Act, filled in with the title of that corporate shareholder, or be filled up with the title of that corporate shareholder or the name of its representative in accordance with Paragraph 2 of the same Article.</u></p>	<ol style="list-style-type: none"> 1. Amendment to the contents in coordination with the laws currently prevalent and with reference to the prototype. 2. The Company adopts the candidates nomination system whereunder shareholders shall elect directors out of the director candidate list. A shareholder is informed of the names, academic credentials and hands-on career experiences and such information about candidates from the candidate list before the shareholders’ meeting. The method to identify a candidate through shareholder account number or identity certificate number of a candidate then becomes impractical. This Article is, therefore, deleted.
<p>Article 7: A ballot is invalid under any of the following circumstances: 1. Without use of the election ballot produced under Article V of these Regulations. 2. There are more than two candidates indicated on one ballot. 3. <u>Other wording was marked on the ballot of the candidate.</u> 4. <u>The writing is unclear and indecipherable or has been altered.</u></p>	<p>Article 7: A ballot is invalid under any of the following circumstances: 1. Without use of the election ballot produced under Article V of these Regulations. 2. There are more than two candidates indicated on one ballot. 3. <u>Other wording was marked on the ballot in addition to the name, account number or ID number of the candidate.</u></p>	<ol style="list-style-type: none"> 1. Amendment to the contents in coordination with the laws currently prevalent and with reference to the prototype. 2. The provisions under original Article 8 are taken to increase Subparagraphs 4, 5 and 6 of this Article.

After amendment	Current Article	Description
<p><u>5. The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p><u>6. A blank ballot is placed in the ballot box.</u></p>		
<p>Article 8: (This Article is deleted)</p>	<p>Article 8: <u>An election of the candidate(s) becomes null and void if bearing any one among those circumstances enumerated below:</u></p> <ol style="list-style-type: none"> <u>1. The writing is unclear and indecipherable or has been altered.</u> <u>2. The shareholder’s account name and number of the candidate who is a shareholder differs from the Shareholder Registry, or, the name and ID Card number of the candidate who is not a shareholder is found with nonconformity.</u> <u>3. The name of the candidate is same as other shareholders, and there is no shareholder account number or the ID card number available for identification.</u> <u>4. Where a cast ballot remains blank or bears no name of account holder (name) of the candidate(s) or shareholder account number (Serial number of ID Code).</u> 	<p>An amendment in coordination with the laws currently prevalent. The contents of Paragraphs 1, 2 and 4 under this Article are partially combined into the specifications for ballots under Article 7 while other articles are deleted.</p>
<p>Article 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders’ meeting. This Regulations was created on June 30, 1975; the 1st amendment was made on June 21, 1986; the 2nd amendment was made on June 14, 2002; the 3rd amendment was made on June 12, 2006, the 4th amendment was made on June 21, 2016; <u>the 5th amendment was made on June 17, 2021.</u></p>	<p>Article 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders’ meeting. This Regulations was created on June 30, 1975; the 1st amendment was made on June 21, 1986; the 2nd amendment was made on June 14, 2002; the 3rd amendment was made on June 12, 2006, the 4th amendment was made on June 21, 2016.</p>	<p>Add amendment date.</p>

Appendix 1

YULON MOTOR CO., LTD Shareholdings of Directors

Base date: April 19, 2021
Unit: shares

Position	Name	Number of shares held	Shareholding percentages (%)	Remarks
Chairman	Yen Chen Li-Lien	181,128,973	18.11%	Tai Yuen Textile Co., Ltd. Representative:
Vice Chairman	Tso, Chi-Sen			
Director	Shin-I Lin	166,714,441	16.67%	China Motor Corporation Representative:
Director	Liang Zhang			
Director	Jack, J.T. Huang	10,990,936	1.09%	Yen Ching-Ling's Foundation, Representative
Director	Zhen-Xiang Yao			
Independent Director	Yi-Hong Hsieh	-	-	
Independent Director	Zhongqi Zhou	-	-	
Independent Director	Yen-Chin, Tsai	-	-	
Total Directors' shareholding		358,834,350	35.87%	

Note: Pursuant to provisions set forth under Article 26 of Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the aggregate total number of shares by all directors of the Company shall not be below 3.2% minimum, i.e. 32,000,000 shares. As of April 19, 2021, the aggregate total shares held by all directors of the Company were at the number of 358,834,350 shares (35.87%), well consistent with the legal requirements. The number of shares held by all directors of the Company is enumerated on the Table above.

Appendix 2

YULON MOTOR CO., LTD Rules of Procedure for Shareholders' Meetings

- Article 1: The Company's shareholders' meetings shall be as provided in these Rules.
- Article 2: A shareholder who participates in a shareholders' meeting either in person (or through a proxy) shall submit a sign-in card instead of the sign-in process in person. A sign-in card shall be taken as the base to count the participating shares. The number of participating shares in a shareholders' meeting shall be counted based on the sign-in cards added with the voting powers exercised electronically. Attendance and Voting at a shareholders' meeting shall be calculated based the number of shares.
- Article 3: The chairperson shall call to order to the meeting when the total number of shares represented by the participating shareholders is in excess of one-second of the Company's total outstanding shares. In case of inadequate quorum when the time scheduled for a shareholders' meeting is over, the chairperson may announce a postponement for the meeting within the maximum limit of postponement twice. The total period accumulated by such postponements shall not exceed one hour maximum. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- Article 4: If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.
- The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraphs (including Questions and Motions), except by a resolution of the shareholders' meeting. Where the chairperson violates these Shareholders' Meeting Procedure Rules by inappropriately announcing adjournment of the meeting, a new chairperson may be elected by one half majority of the attending shareholders to continue the meeting.
- After the adjournment of the meeting is lawfully promulgated by the chairperson, the shareholders shall not elect another chairperson to continue the same meeting at the same venue or at a new venue.

- Article 5: Before speaking, an attending shareholder must specify on a speaker's slip his/her shareholder account number (or attendance card number), account name and the subject of the speech. The order in which shareholders speak will be set by the chair.
- A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. Where the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 6: Where a shareholder delivers a speech, a same shareholder (or proxy) shall not speak on the same issue more than twice, not more than five (5) minutes each time unless agreed upon by the chairperson.
- Article 7: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 8: Whenever an attending shareholder speaks overtime or speaks beyond the specified scope or speaks discourteously. the chairperson may stop his or her speech. Other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- Article 9: During the discussion process, the chairperson may announce end of discussion and bring the issue into resolution process at an appropriate timepoint. The chairperson shall arrange a time adequate for the voting process. The chairperson may announce discontinuance from discussion whenever necessary.
- Article 10: Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. The voting process shall be carried out on the on a case-by-case basis for relevant issues (including extemporary motion and an amendment to an original motion). The voting power for shareholders shall be duly handled in accordance with the laws and ordinances concerned.
- Where a shareholder appoints a proxy to participate in a shareholders' meeting on his or her behalf, all acts concerned shall be duly handled exactly in accordance with the "Regulations Governing Use of Powers of Attorney (Proxies) for the Shareholders' Meeting of Public Offering Companies."
- Article 11: During the process of a meeting, the chairperson may announce a break. Whenever a meeting cannot be concluded, a decision may be resolved in the shareholders' meeting to resume the meeting within five (5) days without a need to serve a notice or a public announcement for the resumed meeting.
- Article 12: Where there are amendments or alternatives to the same proposal, the chair shall, together with the original proposal, determine decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

- Article 13: The chair may direct the proctors (or security personnel) to help maintain order at the meeting place.
- When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”
- Article 14: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The voting outcome shall be announced on-the-spot and shall be worked out into a written record.
- Article 15: If a shareholders’ meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders’ meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 16: The venue for a shareholders’ meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders’ meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 17: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders’ meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders’ meeting shall wear identification cards or arm bands.
- Article 18: The entire process of a shareholders’ meeting shall be audio recorded/videotaped which shall be put into prudential custody for one year minimum.
- Article 19: Matters not specified in this Agreement, if any, shall be duly handled in accordance with the Company Act and laws and ordinances concerned
- Article 20: This Regulations was created on June 30, 1975; the 1st amendment was made on June 10, 1989; the 2nd amendment was made on May 9, 1998; the 3rd amendment was made on May 18, 2001; the 4th amendment was made on June 14, 2002; the 5th amendment was made on June 12, 2012; the 6th amendment was made on June 18, 2020. This Regulations was created on June 30, 1975; the 1st amendment was made on June 10, 1989; the 2nd amendment was made on May 9, 1998; the 3rd amendment was made on May 18, 2001; the 4th amendment was made on June 14, 2002; the 5th amendment was made on June 12, 2012; the 6th amendment was made on June 18, 2020.

Appendix 3

Articles of Association of YULON MOTOR CO., LTD

Chapter 1 General Principles

- Article 1: This Company, pursuant to provisions governing company limited by shares as set forth under the Company Act, is duly incorporated in the full name of “Yulon Motor Co., Ltd.” (hereinafter referred to as the Company)
- Article 2: The Company’s business lines are as enumerated below:
1. Manufacture and sales, design, testing, inspection, processing, repair of a variety of automobiles and related raw materials, parts & components, molds, fixtures, tools, and other mechanical parts and the like; operation of type A auto repair shops, sales of auto parts (accessories), vehicular body refitting and sales, agency services rendered for car inspection business as well as car sales business.
 2. A variety of raw materials and components oriented to automobiles to be supplied to Nissan Motor Co., Ltd. and those overseas automobile-affiliated enterprises.
 3. Installation, sales and import & export of low-power radio frequency motor equipment as oriented to vehicles.
 4. F113070 Wholesale of Telecom Instruments
 5. F213060 Retail Sale of Telecommunication Apparatus
 6. General import and export trade related businesses (excluding such businesses subject to special permits)
 7. Technical consultation & advisory services linked up with the aforementioned business lines.
 8. Consultation services oriented to general business administration. (Excluding certified public accountant professional services) (excluding securities investment related consultation services).
 9. H701010 Housing and Building Development and Rental
 10. H703010 Factory/plant Leasehold Services.
 11. H703020 Warehouse Leasehold Services.
 12. H703030 Office Building Leasehold Services.
 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The Company is entitled to render inter-guarantee services toward affiliated enterprises in response to business needs.
- Article 2-2: The Company shall not become a partner for an unlimited liability shareholder or partnership of another company. Whenever the Company acts as a shareholder of limited liability of another company, the aggregate total investment by the Company is free of the restriction of 40% of the total paid-in capital.
- Article 3: The Company is headquartered in Miaoli County and may duly set up branch companies, offices and factories elsewhere at home and abroad in response to business needs. The incorporation, change or revocation of a branch as mentioned under the preceding Paragraph shall be subject to a decision duly resolved in the Board of Directors.

Article 4: A public announcement of the Company shall be duly published in the daily news circulated in the venue where the Company is headquartered unless otherwise specified by the competent authority in charge of securities management.

Chapter 2 Shares

Article 5: The Company has capital amounting to Twenty Billion New Taiwan dollars in total, divided into two billion shares at NT\$10 par value. The Board of Directors is authorized with power in full to issue the unissued shares in installments.

The total amount mentioned under the preceding Paragraph includes one hundred million shares to be reserved to issue share subscription warrants, preferred shares with corporate bonds warrants and corporate bonds with corporate bonds.

Article 6: The Company's shares are in registered ones in all cases and shall be serially numbered, bearing statutory elements, to be duly signed and stamped with seal(s) by director(s) representing the Company, duly affixed with official seal of the Company and be duly verified by the verifier bank who is entitled to act as stock issuer according to law. For the shares to be issued by the Company, the Company is exempted from printing physical share certificates. For the shares, nevertheless, the Company shall apply to the Taiwan Depository & Clearing Corporation (TDCC) for registry.

Article 7: The Company shall duly prepare register of shareholders to bear entries of the required elements. The Company's shareholders shall submit their names, addresses or domiciles, registered specimen seals along with the specimen seal certificate cards into the Company's custody beforehand. Whenever a shareholder receives dividend or exercises all sorts of other rights, the registered specimen seal archived in the Company shall prevail as the base.

A change in any entry into the register of shareholders shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, within thirty (30) days prior to a special shareholders' meeting and within five (5) days prior to another base day scheduled for allocation of dividend, bonus or other interests.

Article 8: All share and stock affairs of the Company shall be duly handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless otherwise specified in laws and ordinances concerned.

Chapter 3 Shareholders' Meetings

Article 9: The Company's special shareholders' meetings are classified into two categories below:

1. Shareholders' meeting: To be duly convened within six (6) months from closure of every fiscal year.
2. Special shareholders' meeting: To be duly convened in accordance with the Company Act whenever considered necessary.

Article 10: Notices of a shareholders' meeting, bearing the date, time, venue and reasons to convene the meeting, shall be served to all shareholders thirty (30) days in advance of a shareholders' regular meeting and fifteen (15) days in advance of a special shareholders' meeting.

Article 11: Unless otherwise specified in the Company Act, a shareholders' meeting shall

not be convened until attended by shareholders representing one half majority of the total outstanding shares. A decision in a shareholders' meeting shall be duly resolved by one half majority of the attending shareholders. Each share held by a participating shareholder is entitled to one voting power unit unless otherwise specified in the Company Act.

Article 12: A shareholder who is unavailable to participate in a shareholders' meeting in person may issue the proxy form in the format printed by the Company and shall specify the scope of authorized power to appoint a proxy to participate in the meeting on his or her behalf. The appointment, agency restriction and key points for attention for such a proxy shall be subject to the provisions set forth under the Company Act. A shareholder who issues the proxy form mentioned under the preceding Paragraph shall not receive any consideration. In case of violation, such proxy is null and void.

Article 13: The minutes shall be duly worked out for a shareholders' meeting to expressly bear the date, venue, name of the chairperson, number of participating shareholders, number of voting powers, method of resolution, process of the meeting progress, the highlights and outcome of the meeting, to be signed or stamped with seal by the chairperson and shall be duly put into prudential custody in the Company along with the shareholders' sign-in book (cards) and the proxy forms of the appointed proxies. The distribution of the minutes mentioned above may be by publishing.

Chapter 4 Directors and the Board of Directors

Article 14: The Company has 6–15 directors to be elected through the candidates nomination system. The directors shall be elected in the shareholders' meeting from the list of director candidates. Directors have a three-year tenure of office and are entitled to reelection. The percentage of total shares to be held by the directors shall be duly subject to the provisions promulgated by the competent authority in charge of securities affairs.

The Company's directors shall include independent directors in the number of three as the minimum, to be elected through the candidates nomination system, to be elected in the shareholders' meeting from the list of independent director candidates.

The professional qualification requirements, shareholding ratio, restriction upon moonlighting, nomination and election methods and other issues for compliance for the independent directors mentioned under the preceding Paragraph shall be duly handled in accordance with the requirements promulgated by the competent authority in charge of securities affairs.

Article 15: The directors shall organize the board of directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman shall be duly elected from among the directors. The Company may, as well, have one vice chairman to be elected from among the directors in the same manner.

Article 16: The chairman shall chair the shareholders' meeting and board of directors meeting internally and shall represent the Company externally. The chairman may, as well, take charge of overall business operation of the Company. Where the chairman is on leave or unavailable to exercise his responsibilities and

powers, the vice chairman shall act as his deadline. In the event that the Company has not vice chairman or while the vice chairman is on leave or unavailable to exercise his responsibilities and powers either, the chairman shall appoint one director to act as the substitute. Where the chairman does not appoint a substitute, one director shall be elected from among themselves to act as the substitute.

- Article 17: The powers and responsibilities of the board of directors are as follows:
1. To resolve the business policies.
 2. To verify a variety of regulations and rules.
 3. To approve of budgets and final account settlement.
 4. To fix distribution of earnings.
 5. To propose for increase/decrease of capital.
 6. To propose for issuance of new shares.
 7. To appoint and discharge of key staff members.
 8. To approve of purchase and disposal of the Company's major properties and Representative Office.
 9. To exercise other responsibilities and powers as bestowed by laws and ordinances concerned and by the shareholders' meeting.
- Article 18: The board of directors shall convene a meeting in every three (3) months in principle for which all directors shall be informed within the specified time limit. In case of an emergency or when requested by one half majority of directors, an interim meeting may be duly convened. All sorts of board of directors meetings shall be convened by the chairman. The notices for a board of directors meeting shall be served to all directors in writing, by employ or fax. A director who is unavailable to participate in a board of directors meeting in person may appoint another director to act as his or her proxy, provided, that a proxy may accept appointment from only one director.
- Article 19: Unless otherwise provided for in the Company Act, decisions in the board of directors meeting shall be resolved by over one-half majority in the meeting attended by directors representing over one half majority of the total number of director seats. The minutes of a board of directors meeting shall be duly signed or stamped with seal by the chairman and shall be archived in the Company.
- Article 20: (This Article is deleted)

Chapter 5 Functional committees

- Article 21: The Company may set up Audit Committee according to law. The Audit Committee or the Audit Committee members shall exercise the supervisory power in accordance with the Company Act, Securities and Exchange Act or other laws and ordinances concerned. The supervisor system is revoked on the very day on which the Audit Committee is established. The Audit Committee shall be organized by all independent directors. The number of Committee members, tenure of office, responsibilities and powers, rules for meeting and the issues to provide resources upon exercise of the responsibilities and powers shall be separately enacted in the Organizational Rules of the Audit Committee.

Article 21-1: The Company's Board of Directors may set up a variety of functional committees. Those functional committees shall duly enact rules and regulations to be enforced which shall be put into enforcement after being resolved in the Board of Directors.

Article 22: (This Article is deleted)

Article 23: (This Article is deleted)

Chapter 6 Managerial officers and staff

Article 24: The Company has one general manager and a certain number of vice general manager(s), assistant general manager(s) and managers all of whom shall be duly appointed and discharged by the Board of Directors according to law. Other staff members shall be duly appointed and discharged as approved by the general manager.

Article 25: The general manager shall, as instructed by the chairman, guide all managerial officers and department heads thereunder to take charge of business affairs. The vice general manager(s) shall assist the general manager.

Chapter 7 Accounting

Article 26: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. Upon closure of every fiscal year, the Board of Directors shall duly work out a variety of books as specified under Article 228 of the Company Act to be reviewed by the Audit Committee before the Audit Committee issues a report to be acknowledged by the shareholders' regular meeting.

Article 27: The Company shall amortize remuneration as enumerated below in a year with profit:

1. The remuneration to directors shall not exceed the maximum limit of 0.5% while, nevertheless, the independent directors shall not participate in distribution of the aforementioned remuneration.
2. The remuneration to employees shall not be below 0.1% minimum. The aforementioned remuneration to employees shall be duly distributed in either stocks or in cash as resolved by the Board of Directors. The distribution of remuneration to employees and directors should be reported in the shareholders' meeting.
3. In case of accumulated loss. The amount to make up such loss shall be retained beforehand before distribution based on the percentages mentioned in the preceding Paragraphs. The supervisors under Session XIV are still entitled to the remuneration generated before expiry of their tenure of office, discharge or resignation according to the 51st amendment to the Articles of Incorporation dated June 11, 2013. The provisions under this Article regarding remuneration to directors are mutatis mutandis applicable to the ratio of remuneration, distribution procedures of remuneration and conditions of distribution.
4. From the earnings as shown through final account settlement in a year, other than the sums reserved to make up previous loss and to pay tax according to law, a sum 10% for legal reserve and the special reserve as required by the competent authority shall be withheld beforehand. The final surplus, if any, along with the beginning unappropriated retained earnings, shall become the earnings distributable in the current year.

5. Where the Company operates business amidst an environment as a mature and stable industry, given such facts notably the Company's profitability, future operating plans, funding needs and changes in the industrial environments and taking into account the long-term shareholders' equity and the Company's long-term financial planning, the Company's dividend distribution plan is mapped out not below 10% of the total surplus available for distribution in the current year in principle. The dividends are distributed in either cash or in stocks among which the proportion of cash dividends shall not be less than 20% of the aggregate total dividends. Eventually, the Board of Directors shall work out the percentage of distribution to be resolved in the shareholders' meeting.

Article 28: The board of directors is authorized with full power to determination the amount of remuneration to directors in accordance with their individual contribution to the Company with reference to the standards/criteria prevalent in the counterpart peers in the same industry. Where the Company operates at a profit, if any, the remuneration to directors shall be distributed extra in accordance with Article 27 of the Articles of Incorporation.

Chapter 8 Supplementary provisions

Article 29: The Company's organizational rules and a variety of rules and regulations shall be duly enacted or approved by the board of directors as the actual circumstances may justify.

Article 30: Matters not specified in this Agreement, if any, shall be duly handled in accordance with the Company Act and other laws and ordinances concerned.

Article 31: This Articles of Incorporation was created on July 23, 1953;
The 1st amendment was made on October 23, 1954;
The 2nd amendment was made on June 23, 1956;
The 3rd amendment was made on July 20, 1958;
The 4th amendment was made on June 29, 1960;
The 5th amendment was made on September 28, 1964;
The 6th amendment was made on July 5, 1965;
The 7th amendment was made on November 14, 1966;
The 8th amendment was made on November 14, 1967;
The 9th amendment was made on November 27, 1968;
The 10th amendment was made on November 28, 1969;
The 11th amendment was made on September 29, 1970;
The 12th amendment was made on November 29, 1971;
The 13th amendment was made on May 31, 1972;
The 14th amendment was made on November 30, 1973;
The 15th amendment was made on December 12, 1974;
The 16th amendment was made on June 30, 1975;
The 17th amendment was made on March 18, 1976;
The 18th amendment was made on June 16, 1977;
The 19th amendment was made on April 19, 1979;
The 20th amendment was made on May 2, 1980;
The 21st amendment was made on May 2, 1981;
The 22nd amendment was made on May 7, 1983;

The 23rd amendment was made on June 9, 1984;
The 24th amendment was made on June 1, 1985;
The 25th amendment was made on August 31, 1985;
The 26th amendment was made on June 21, 1986;
The 27th amendment was made on June 6, 1987;
The 28th amendment was made on June 11, 1988;
The 29th amendment was made on June 10, 1989;
The 30th amendment was made on December 16, 1989;
The 31st amendment was made on May 12, 1990;
The 32nd amendment was made on May 25, 1991;
The 33rd amendment was made on May 23, 1992;
The 34th amendment was made on May 15, 1993;
The 35th amendment was made on May 7, 1994;
The 36th amendment was made on June 8, 1996;
The 37th amendment was made on May 17, 1997;
The 38th amendment was made on May 9, 1998;
The 39th amendment was made on May 6, 1999;
The 40th amendment was made on May 15, 2000;
The 41st amendment was made on December 8, 2000;
The 42nd amendment was made on May 18, 2001;
The 43rd amendment was made on June 14, 2002;
The 44th amendment was made on June 16, 2004;
The 45th amendment was made on June 13, 2005;
The 46th amendment was made on June 12, 2006;
The 47th amendment was made on June 21, 2007;
The 48th amendment was made on June 19, 2009;
The 49th amendment was made on June 17, 2011;
The 50th amendment was made on June 12, 2012;
The 51st amendment was made on June 11, 2013;
The 52nd amendment was made on June 21, 2016;
The 53rd amendment was made on June 21, 2019;
The 54th amendment was made on June 18, 2020;

Appendix 4

YULON MOTOR CO., LTD Procedures for Election of Directors

- Article 1: The Company's directors shall be duly elected in accordance with these Rules.
- Article 2: The Company's directors shall be duly elected in the single-name cumulative voting method. Upon election of the directors, each share is entitled to the same voting rights as the number of directors to be elected. The voting power may be used in concentration to elect one director or be distributed to elect several directors. A voter may name with the code of the shareholder account number as printed onto the election ballot.
- Article 3: Where the election process starts, the chairperson shall appoint a certain number of ballot scrutineers and vote-counters to implement a variety of duties concerned.
- Article 4: The Company's directors shall be duly elected through the candidate's nomination system. Based on the number quota of directors set forth under the Company's Articles of Incorporation, the candidates who win more election powers represented through the ballots shall be elected the directors. The independent directors and non-independent directors shall be elected together and the numbers of successful winners shall be counted separately.
- In the event that two or more candidates win the same election power in excess of the specified quota, the candidates who win the same election power shall draw lots to decide the winner. While such a candidate is absent, the chairperson shall draw the lot on behalf.
- Article 5: The election ballots shall be prepared by the board of directors and shall be distributed based on the shareholder account numbers and the number of directors to be elected. In accordance with Article 2 of these Regulations, each election ballot shall duly bear the election power entitled to the shareholders pro rata. (Note: The election ballots and the agenda handbook shall be distributed at the same time when a shareholder submits his or her sign-in card).
- Article 6: If the candidates are shareholders, the voters must detail the account name and shareholder account number of the candidate in the "candidate" column on the ballot. If the candidates are not shareholders, the name and ID Card number of the candidates must be detailed. Where the government or a corporate shareholder is a candidate, nevertheless, the box of name of account holder on the election ballot shall be filled up with the name of the government or the juristic person or be filled up with name of the government or the juristic person and the names and Serial numbers of ID Code of the representative thereof. In case or more than one representative, the names and Serial numbers of ID Code of all such representatives shall be entered in full.
- Article 7: A ballot is invalid under any of the following circumstances:
1. Without use of the election ballot produced under Article V of these Regulations.
 2. There are more than two candidates indicated on one ballot.

3. Other wording was marked on the ballot in addition to the name, account number or ID number of the candidate.

Article 8: An election of the candidate(s) becomes null and void if bearing any one among those circumstances enumerated below:

1. The writing is unclear and indecipherable or has been altered.
2. The shareholder's account name and number of the candidate who is a shareholder differs from the Shareholder Registry, or, the name and ID Card number of the candidate who is not a shareholder is found with nonconformity.
3. The name of the candidate is same as other shareholders, and there is no shareholder account number or the ID card number available for identification.
4. Where a ballot remains blank or bears no name of account holder (name) or shareholder account number (Serial number of ID Code) before being cast into the ballot box.

Article 9: The ballots are counted immediately at the end of voting and the chair is to announce the voting results.

Article 10: Toward directors duly elected as declared under the preceding Article, the board of directors shall issue notice of successful election.


Article 11: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meeting. This Regulations was created on June 30, 1975; the 1st amendment was made on June 21, 1986; the 2nd amendment was made on June 14, 2002; the 3rd amendment was made on June 12, 2006, the 4th amendment was made on June 21, 2016.

Appendix 5

The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate:

This is not applicable as no issuance of bonus shares is carried out in the present fiscal year.



 **裕隆汽車製造股份有限公司**
苗栗縣三義鄉西湖村伯公坑39號之1
TEL:(037)871-801