

**YULON NISSAN**

**YULON NISSAN MOTOR CO., LTD  
ANNUAL REPORT 2021**



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## | I. Letter to Shareholders |

Dear Shareholders,

Due to the good practice in the pandemic prevention of coronavirus, Accounting and Statistics released the 2021 economic growth rate as 6.45%, which setting a new record in nearly 11 years. Affected by the global shortage of automotive chip supplies, the total sales volume for Taiwan's car market in 2021 was 434,000 vehicles. The sale of made-in-Taiwan vehicle had grown by 1.8%, imported vehicle declined by 6.4%.

In 2021, the NISSAN brands rolled out the Black Belt Charisma model for ALL NEW SENTRA, which was intended to attract market attention with a product charm of the kingship. On the part of TIIDA, the TIIDA J model was introduced, which was designed and developed by AUTECH JAPAN with an appeal for stylish exteriors for the continuous supply of premium products for our consumers. As to the SUVs, KICKS Commemorative Model re-generated new talk topics. X-TRAIL Luxe also launched the new commemorative model that successfully contributed to excellent sales performance. INFINITI Q50 300GT is equipped with the race car engine and aluminum-alloy lightweight chassis same as the GT-R series to exhibit the robust performance and driving experience of a luxe race car, which are quite popular in consumers. The Company sold 28,962 vehicles in 2021, with a marketing share of 6.7%.

A total of 26.275 million vehicles were sold in Mainland China in 2021. For Dongfeng Nissan passenger cars, 1.067 million vehicles. According to the forecast released by the China Association of Automobile Manufacturers, the automobile sales volume in China will hit 27.5 million vehicles by 2022. In view of the improved pandemic containment and the gradual recovery of the automotive chip supplies, plus the support of consumer spending



policies, etc. we are cautiously optimistic that the plotted sales figure will be better than that of 2021 for Dongfeng Nissan.

Despite the rage of the global Covid-19 pandemic in 2021, Yulon Nissan managed to produce a component export sales of 50M NTD. For the year 2022 and in addition to solidifying our original export regions, we will continue developing our sales opportunities in other countries within Southeast Asia and the Middle East.

Benefit from the listing of new cars, investment revenue in Mainland China, and revenue in export parts, the Company's operating income amounted to NT\$24.67 billion, the operating profit amounted to NT\$0.12 billion, the net income before tax amounted to NT\$3.80 billion, and the earnings per share after tax was NT\$10.09.

For the first half of 2022, we forecast that the market will continue to be affected by the global shortage of automotive chip supplies. We will, however, strive to overcome the obstacles and maintain the steady development of our business operations. In the year 2022, Yulon Nissan will continue to introduce premium products to satisfy the diversified needs of our consumers. The NISSAN brands have planned the roll-out of four new models in the second half of 2022: KICKS release a new improved car model with an upgrade in full-speed adaptive cruise control and other functions to bring the best domestic medium and compact SUVs; Introducing long-range Nissan Leaf e+, with battery capacity substantially expanded by 50% to meet consumer demand for long-range journeys; Introducing 2022 ALTIMA with NISSAN ProPILOT to provide car owners with a more advanced assist system; X-TRAIL is introduced with the e-POWER model with the characteristics of an “electric vehicle without the need for charging,” realizing the mobility experience of the new-generation smart electric vehicle. The INFINITI brand has rolled out the all-new QX55 model in the first quarter, equipped with the VC-TURBO variable compression ratio turbo engine, to bring to our consumers an all-new driving experience. In the second half, INFINITI will introduce the new QX60 Luxe 7 Seats, exhibiting the latest technology and brand image of INFINITI.

## ■ ■ Letter to Shareholders

NISSAN and INFINITI will continue to boost sales and service quality, improve hardware/software, and adopt innovative IT and fast services to supply consumers with superb products and services.

Looking into the future and under the support from all shareholders and efforts from all employees, Yulon Nissan will continue to increase revenue and profits through the strengthening of products, services and brand value. Yulon Nissan is confident in maximizing the benefits from the intensely competitive market.

Finally we would like to express our gratitude for the support from all shareholders on behalf of all employees at Yulon Nissan Motor Co., Ltd. We wish your health and success.

Thank you.

Chairperson: Yen Chen, Li Lien

## 1. 2021 Operating Performance:

### (1) Operating Performance

Unit : NTD thousand

Item	Fiscal Year	
	Fiscal year 2020	Fiscal year 2021
Operating Revenue	29,660,638	24,668,384
Profit Before Tax	8,160,970	3,800,622
Net Profit For The Year	6,540,938	3,025,993
Earnings Per Share(Unit:NTD)	21.80	10.09

### (2) Profitability Analysis perating Performance

Item	Fiscal Year	
	Fiscal year 2020	Fiscal year 2021
Profit Margin On Sales	1.01%	0.50%
Income after Tax (%)	22.05%	12.27%
Return on assets (%)	23.26%	11.59%
Return on equity (%)	30.25%	14.87%

### (3) Comparison of Sales Performance in Major Competitors

Brands	Fiscal year 2020		Fiscal year 2021	
	units	share	units	share
NISSAN	36,200	8.2%	28,962	6.7%
TOYOTA	146,179	32.9%	146,645	33.7%
MITSUBISHI	47,394	10.7%	42,530	9.8%
HONDA	30,426	6.9%	28,526	6.6%
FORD	28,887	6.5%	30,377	7.0%
OTHER	155,075	34.8%	157,477	36.2%
TOTAL	444,161	100.0%	434,517	100.0%

## 2. Highlights of Business Operation Plans for 2022 :

### (1) Management Guidelines

Yulon Nissan integrates the abundant management resources from Nissan Motor Company Global and Yulon Group to develop the following company management guidelines:

1. Build strategy-oriented organizations to form sustained competitive advantage.
2. Lead the market trends and style through innovative products and services.
3. Use macro environmental resources to create synergies for business operation.
4. Implement profit growth model to maximize values for customers.

### (2) Expected Business Objectives

Continue to develop “NISSAN INTELLIGENT MOBILITY” as the main point of propagation for the wider spread of the brand. The introduction of brand concept propagation and performance promotions will conform to brand image and meet consumer requirements, in addition to optimizing

the combination of model sales through the supplementary strategy of domestic vehicles and imported vehicles.

Continue to launch the sales model of “Mobile Showroom” in response to mobile device availability. Introduce various e-tools to present the different advantages and features of the vehicle models, optimizing a corporate website with “NISSAN Care” and “INFINITI Care” as well as other new APPs for car owners. The strengthened application of mobile technology to interact with car owners has better instantaneity and personalized services. Nissan continues to build high-quality comprehensive services before, during, and after-sales. In addition, NISSAN will launch a series of brand experience activities for customers to experience the brand spirit conveyed by NISSAN.

### **3. Future Development Strategy Of The Company :**

To sustain the demand for company growth, NISSAN Motor reexamines the mid and long-term internal and external environmental impact assessment and identifies the future potential market risks and opportunities. The Company prudently designs the Mid-Term Strategic Plan and expects to establish the core competitive advantage, in order to assure the accomplishment of mid-term strategic objectives.

The framework of Mid-Term Strategic Plan includes two principal objectives, 3S Strategic Framework, and Nine Major Strategic Supports:

- (1) Sales Growth Strategy: The intermediate to long-term core competitive advantage is the “innovation” based development that incorporates digital transformation to assure sales growth through precision marketing.
- (2) Lean Cost Strategy: Improve management through TdC (total delivery Cost) to substantially upgrade the efficiency and effectiveness of cost competition.
- (3) Corporate Culture Restructuring Strategy: Enhance employee cohesion towards the company and expand employee potential and value with efforts as the motivation for continuous development of the Company.

The process of formulating an intermediate-term strategy program comprehensively examines the quality and changes in a competitive environment. The establishment of intermediate to long-term strategic objectives outline the direction of long-term strategies and refine the corporate culture and value in “innovation, speed, and team” again, thereby effectively repurposing the organizational operation and management.

### **4. Impact of External Environment (including competitors, regulations, macroeconomics and other factors) :**

In recent years, the development of the automotive market has remained stable as a result of the replacement policy and new model launches. Looking at the economy in 2022, due to the spread of the COVID-19 pandemic, major research institutions predicted that that the global economy will increasing uncertainty in the global economy, the economic growth in each area will decline from last year. To continuously maintain a stable growth and secure the corporate sustainable development, the Company has to actively plan and carry out the short-term and long-term action plans periodically.

## II. Company Brief Introduction

### 1. Established Date:

Oct. 22, 2003.

### 2. Highlights of Development:

- Oct. 2003: To enhance competitiveness, participate in international division of labor and carry out the professional management, Yulon Motor spun off R&D, sales and other businesses to set up this company in accordance with corporation merge and acquisition regulations. The capital was NT 3bn. Yulon Motor owned 100% of the shares of this company at the time of its establishment and has transferred 40% of the shares to Nissan Motor on Oct. 30 2003.
- Jun. 2004: The company's stock processed a public issuance.
- Nov. 2004: NISSAN has been certified with ISO 9001 and ISO 14001.
- Dec. 2004: Yulon Nissan Motor Co., Ltd., went IPO officially.
- Mar. 2005: The largest innovation contest "2005 Innovation Award of Yulon Nissan Motor" began.
- Jul. 2005: INFINITI flagship opened in AUTOMALL Shindian.
- Jun. 2006: The whole new NISSAN TIIDA featuring "Magical Big Space" made its stage debut.
- Oct. 2007: Yulon Nissan Motor launched X-level SUV of NISSAN LIVINA 1.6L and 1.8L.
- Nov. 2008: Launch of NISSAN GT-R press conference
- Apr. 2009: Launch of NISSAN ALL NEW TEANA of car craft revitalization
- May. 2010: NISSAN TIIDA has been awarded by the Environmental Protection Department the "Annual Green Car" for three consecutive years.
- May. 2011: Yulon-Nissan took the lead in cooperating with Taichung City Government in jointly implementing the Smart Electric Car Pilot Program initiated by the Ministry of Economic Affairs.
- Dec. 2012: NISSAN BIG TIIDA hatchbacks and turbocharged cars was launched.
- Oct. 2013: Introduction of all new NISSAN SUPER SENTRA.
- Mar. 2014: NISSAN ALL NEW LIVINA was launched.
- May. 2015: NISSAN "perfect" X-TRAIL was launched.
- Dec. 2015: NISSAN SUPER SENTRA 2016 revolutionary model was launched.
- Jul. 2016: INFINITI Q30 was launched.
- Sep. 2016: NISSAN MURANO HYBRID was launched officially at NT\$1.99 million.
- Jan. 2017: INFINITI Q30 is launched in 2017.
- Oct. 2017: NISSAN offered iTIIDA SR to celebrate its 60th anniversary in Taiwan.
- Dec. 2017: NISSAN displayed 2020 Vision Gran Turismo and KICKS in 2018 Taipei International Autoshow.
- Feb. 2018: INFINITI QX30 Is Selected as the Best Small Luxury SUV.
- May 2018: New NISSAN X-TRAIL Was Officially Launched.
- Oct. 2018: NISSAN KICKS Starts its Advance Sale from NT\$725,000.
- Oct. 2018: The All-new INFINITI QX50 Was Launched.
- Jan. 2019: "KICKS" continues to be the champion of sport utility vehicle (SUV) and continues to be the best seller.

- May 2019: Kicks “Total” Altis debut with 300 cars pre-sale.
- Jun. 2019: INFINITI Q60 PROJECT BLACK S prototype car debut on the F1™ racing power technology interpreting the brand spirit of “EMPOWER THE DRIVE”
- Sep. 2019: NISSAN zero-carbon electric LEAF flagship coupe ALTIMA debut, new energy, powerful, empower the drive.
- Nov. 2019: NISSAN X-TRAIL and KICKS “Star Team Altis” limited editions with free accessories upgrade.
- Dec. 2019: NISSAN IMs concept, GT-R 50th anniversary commemoration model, dual twister swept the car market.
- Dec. 2019: The 30th anniversary of the “INFINITI” brand, the challenge of infinity, an electric SUV QX Inspiration pioneer debut.
- May. 2020: “NISSAN CAN HELP” limited offer. Up to NT140,000 in discount.
- Jun. 2020: NISSAN stimulus supports you. Special price offer for TIIDA and SENTRA. Get it while limited quantity lasts.
- Jul. 2020: NISSAN launched limited “Stimulus Promotion” in response to economic stimulus. Up to NT150,000 in discount.
- Sep. 2020: NISSAN X-TRAIL and new KICKS debut on limited quantity.
- Oct. 2020: NISSAN ALL NEW SENTRA released starting NT739,000.
- Nov. 2020: NISSAN NEW JUKE transformation. Presales for this sleek model starting NT879,000.
- Nov. 2020: INFINITI released QX50 and Q50 upgrade model by adding CarPlay and various accessories upgrade.
- Nov. 2020: Release of NISSAN NEW JUKE. Trade-in the old car with the purchase of a new car starting from NT819,000.
- Dec. 2020: INFINITI launched a limited “End of Year” loyalty program by enjoying 100 monthly installments with 0% interest on the purchase or up to NT300,000 in the discount for all car models.
- Dec. 2020: NISSAN TAIWAN was awarded “2020 National Talent Development Awards.”

### **3. 2021 Operating Performance:**

- Feb. 2021: NISSAN TIIDA officially launched in 2021. “3 Good and 3 Saving model,” starting from NTD659,000.
- Mar. 2021: “NISSAN Young Drivers” continues to cultivate potential seeds in automobile industries, integrating education with entertainment through a new experience.
- Mar. 2021: With the new INFINITI Q50 3.0t, a luxe coupe with a super performance is released.
- Apr. 2021: Celebrate that the first products of NISSAN ALL NEW SENTRA commemorative model all sold out.
- Apr. 2021: Driving is a safe way to go during the pandemic period. “NISSAN GO for you” – limited car purchase offer.
- Jun. 2021: In response to the economic stimulus package, NISSAN is the first to offer the car purchase with “Economic Stimulus Package x 8”.
- Aug. 2021: NISSAN TIIDA J first debuts globally.
- Sep. 2021: NISSAN KICKS commemorative model with limited edition is newly released.
- Sep. 2021: NISSAN was awarded “2021 HR Asia Best Companies to Work For in Asia.”
- Sep. 2021: “Stimulus Test Ride” offers an exciting test ride for INFINITI model.
- Oct. 2021: New NISSAN X-TRAIL commemorative model, 100 vehicles on limited edition are released.

- Oct. 2021: NISSAN was awarded “The 18th National Brand Yushan Award- Best Entrepreneur.”
- Oct. 2021: Promote the “NISSAN Party Gift” end-of-year limited offer.
- Oct. 2021: INFINITI Q50 300GT Shadow Edition is released with unique commemorative spare parts for exhibiting the one-of-a-kind style through silence.
- Nov. 2021: ISSAN ALL NEW SENTRA “Black Belt” is limited released.
- Nov. 2021: NISSAN was awarded “2021 14th Taiwan Corporate Sustainability Awards.”
- Dec. 2021: NISSAN 2022 “Year of Tiger – CNY Examination” campaign released.
- Dec. 2021: THE ALL-NEW INFINITI QX55 pre-sale release. All New Japanese deluxe racing SUVs exhibit the delicate and yet bold spirit of Japanese design.

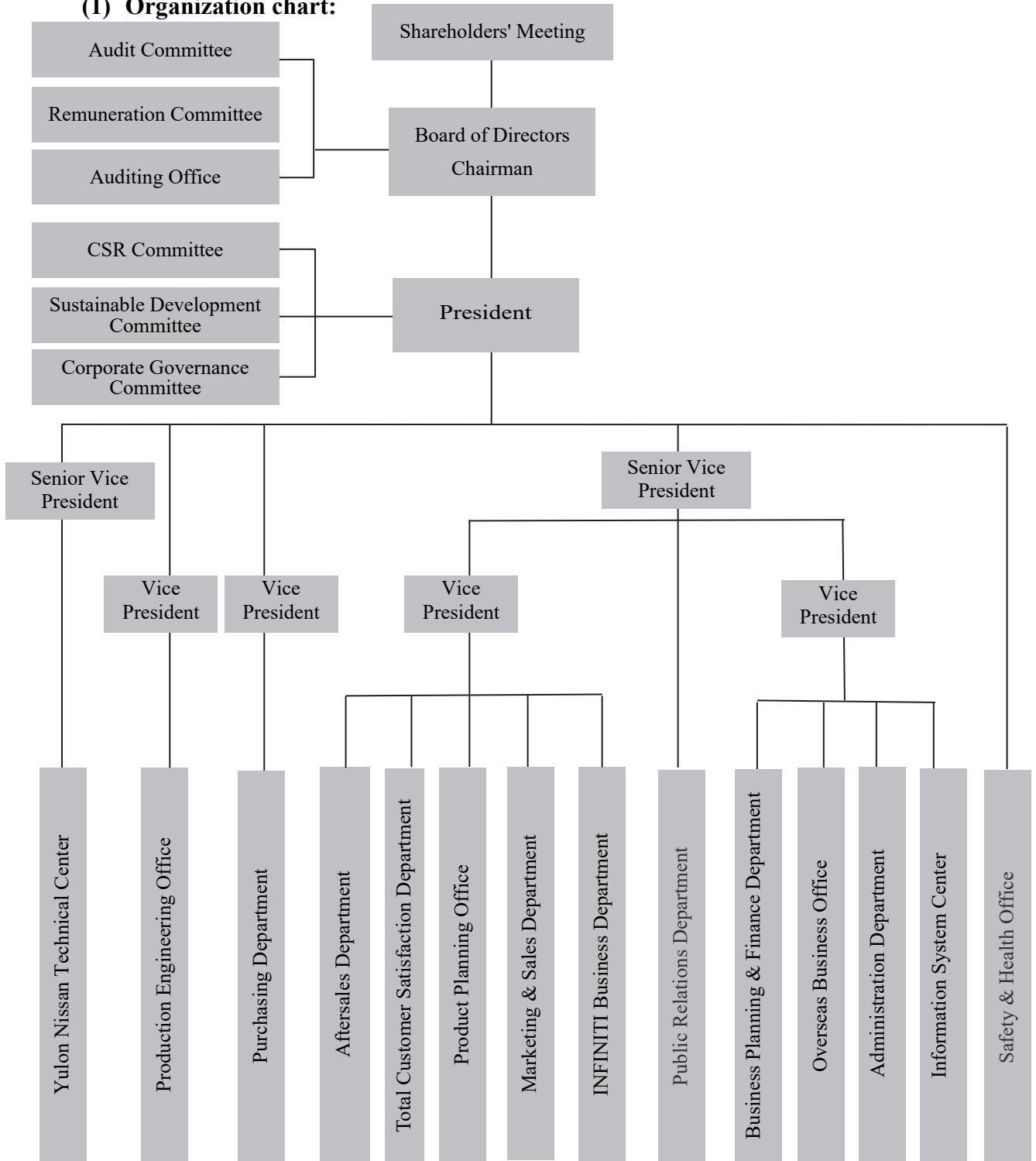
#### 4. Others

1. Mergers & Acquisitions, invested companies and reconstructions in fiscal year 2021 and until the Annual Report published date: Nil
2. Large Transfer volume or Changes made by the Board Members or Big Shareholders holding more than 10% shares in fiscal year 2021 and until the Annual Report published date: Nil
3. Change of Business Operation Rights and other important matters that are enough to influence the shareholders equity in the fiscal year 2021 and until the Annual Report published dated: Nil

# | III. Company Management Report |

## 1. Organizational System:

### (1) Organization chart:





## (2) Organization Functions

Department Title	Occupational Activities
Auditing Office	Inspection and evaluation the design and implement of Internal Control System
Product Planning Office	<ol style="list-style-type: none"> <li>1. Planning and guiding a product that conforms to the market needs and with competitive strength</li> <li>2. Plans effective execution cost control, enhance the product's profit</li> <li>3. Conduct market survey and information gathering; get hold of consumer's requirements and evaluation on the product</li> <li>4. Perform CCL product and strategy, enhance the product's added value</li> </ol>
Marketing & Sales Department	<ol style="list-style-type: none"> <li>1. Brand Marketing Planning and Management</li> <li>2. Strengthen the difference strategy buildup the brand value</li> <li>3. Management and motivation of Dealers as well as management of car production, sales and distribution</li> </ol>
INFINITI Business Department	<ol style="list-style-type: none"> <li>1. Plans Brand Operation Strategy, and building up brand's value</li> <li>2. Distribution channel development, planning and implementing operation management criteria</li> <li>3. Actively utilize market information, to predict and guide the marketing direction</li> <li>4. Regulation and implementation of service policy and management standards</li> <li>5. Planning and implementation of educational training for Distributors</li> </ol>
Aftersales Department	<ol style="list-style-type: none"> <li>1. Regulation and implementation of service policy and standard management</li> <li>2. Planning and deployment of educational training for the Dealers</li> <li>3. Establish and deployment of customer satisfaction enhancement standard and management</li> <li>4. Parts distribution and management</li> <li>5. Parts procurement and inventory volume control</li> </ol>
Total Customer Satisfaction Department	<ol style="list-style-type: none"> <li>1. Planning and promotion of the QA strategies and the QA system</li> <li>2. Quality supervision business</li> <li>3. Product quality information feedback and improvement</li> </ol>
Yulon Nissan Technical Center	<ol style="list-style-type: none"> <li>1. Car model and parts development</li> <li>2. Subcontracted parts component quality verification and engineering specification test confirmation</li> <li>3. Vehicle's Regulation related verification/application and supervisory confirmation</li> </ol>
Purchasing Department	<ol style="list-style-type: none"> <li>1. Purchasing business planning and management, and parts subcontractors management</li> <li>2. Car parts purchasing</li> <li>3. Cost down of the purchasing cost and achieve the object cost</li> </ol>
Production Engineering Office	<ol style="list-style-type: none"> <li>1. Deployment, production and sorting of the manufacturing plans</li> <li>2. Equipment Investment Planning, applying, and management</li> <li>3. Management and supervision of improvement in the specific supplier's process capability, production methods, and quality.</li> </ol>
Business Planning & Finance Department	<ol style="list-style-type: none"> <li>1. Operation Planning, monitoring and management of achieving goals</li> <li>2. Provide analysis data of Corporate Financial Meeting, Taxation relevant business and operation</li> <li>3. Management of fund utilization.</li> <li>4. Law, Stock Affair, Shareholders Meeting relevant business</li> </ol>
Administration Department	<ol style="list-style-type: none"> <li>1. Human Resources Management and Labor-Capital Relation Development and Benefits Planning</li> <li>2. General miscellaneous affairs management</li> <li>3. Laws affairs</li> <li>4. V-up promotion</li> </ol>
Information System Center	<ol style="list-style-type: none"> <li>1. Overall information management</li> <li>2. Information communication network management within the company and with distributors</li> <li>3. Development of information professionals and computerization training</li> </ol>
Public Relations Department	Planning, consolidation, and execution of public relations
Overseas Business Office	<ol style="list-style-type: none"> <li>1. Stipulating the Offshore Business Strategy Plans and Target control</li> <li>2. Management of Offshore Business</li> <li>3. Investment Evaluation of Offshore Business</li> </ol>
Safety & Health Office	<ol style="list-style-type: none"> <li>1. Perform industrial safety and health and prevent occupational disasters</li> <li>2. Conduct tests and inspections of the working environment on a regular basis</li> <li>3. Supervise and inspect safety and health measures, contracted work and outsourcing management</li> </ol>

## 2 Information of Directors, President, Senior Vice President, Vice President, General Manager :

### (1) Directors' Information:

Title	Nationality or Place of Registration	Name	Gender、Age	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Current Shareholdings	
							Shares	Share Holding	Shares	Share Holding
Chair-person	R.O.C	Yulon Motor Co., Ltd. Representative :Yen Chen, Li Lien	Female、51~60	2021.07.20	3	2018.12.07	143,500,000*	47.83*0.00	143,500,000*	47.83*0.00
Director	R.O.C	Yulon Motor Co., Ltd. Representative :Wen-Rong, Tsay	Male、61~70	2021.07.20	3	2021.02.26	143,500,000*	47.83*0.00	143,500,000*	47.83*0.00
Director	R.O.C	Yulon Motor Co., Ltd. Representative :Chen-Hsiang, Yao	Male、61~70	2021.07.20	3	2013.04.01	143,500,000*	47.83*0.00	143,500,000*	47.83*0.00
Director	R.O.C	Yulon Motor Co., Ltd. Representative :Leman C.C. Lee	Male、51~60	2021.07.20	3	2017.04.07	143,500,000* 1,000	47.83*0.00	143,500,000*	47.83*0.00

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Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company	Other competent Officer, Director or who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relationship
0	0.00	0	0.00	Bachelor, Physical Education, Chinese Culture University	Chairperson, Yulon Motor Co., Ltd. Chairperson, China Motor Co., Ltd. Chairperson, Taiwan Acceptance Corporation Chairperson, Tai-Yuen Textile Co., Ltd. Chairperson, Carnival Industrial Co., Ltd. Director, Yulon Construction Co., Ltd. Chairperson and Director, Yulon Management Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Master, Executive of Business Administration, NCTU Bachelor, Department of Mechanical Engineering, National Cheng-Kung University Senior Vice President, Yulon Nissan Motor Co., Ltd.	President, Yulon Nissan Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Foxtron Co., Ltd. Chairperson, Hwa-Chuan Auto Technology Center Co., Ltd. Director, Yulon Management Co., Ltd. Director, Yulon China Motor Investment Co., Ltd. Chairperson, Yue Sheng Industrial Co., Ltd. Director, Guangzhou Aeolus Automobile Co., Ltd. Director, Aeolus Xiangyang Automobile Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	MIB, Curtin University Senior Vice President, Yulon Motor Co., Ltd.	Director and President, Yulon Motor Co., Ltd. Director, China Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Foxtron Co., Ltd. Chairperson, Yulon Construction Co., Ltd. Director, Yulon Management Co., Ltd. Director, Yulon China Motor Investment Co., Ltd. Chairperson, Uni Auto Parts Manufacture Co., Ltd. Supervisor, Dongfeng Yulon Motor Co., Ltd. Director, Guangzhou Aeolus Automobile Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Bachelor, Department of Science and Technology, Taiwan University. President, Yulon Nissan Motor Co., Ltd.	Vice President, Taiwan Acceptance Corporation	Nil	Nil	Nil

\* which are personal own

Title	Nationality or Place of Registration	Name	Gender、Age	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Current Shareholdings	
							Shares	Share Holding	Shares	Share Holding
Director	Japan	Nissan Motor Co., Ltd. Representative: Hideki Kimata	Male、 51~60	2021.07.20	3	2021.07.20	120,000,000*	40.00*0.00	120,000,000*	40.00*0.00
Director	Japan	Nissan Motor Co., Ltd. Representative: Atsushi Kubo	Male、 51~60	2021.07.20	3	2012.07.01	120,000,000*	40.00*0.00	120,000,000*	40.00*0.00
Director	Japan	Nissan Motor Co., Ltd. Representative: Masanari Ueda	Male、 51~60	2022.04.20	2.3 (Note 1)	2022.04.20	120,000,000*	40.00*0.00	120,000,000*	40.00*0.00
Director	Japan	Nissan Motor Co., Ltd. Representative: Motoo Sato	Male、 51~60	2021.07.20	3	2020.04.09	120,000,000*	40.00*0.00	120,000,000*	40.00*0.00
Independent Director	R.O.C	Yun-Hua, Yang	Male、 51~60	2021.07.20	3	2018.06.21	0	0.00	0	0.00
Independent Director	R.O.C	Hung-Wen, Chang	Male、 61~70	2021.07.20	3	2018.06.21	0	0.00	0	0.00
Independent Director	R.O.C	Jung-Fang, Kuo	Male、 61~70	2021.07.20	3	2018.06.21	0	0.00	0	0.00

Note 1: Appointed on Apr. 20, 2022.

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Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company	Other competent Officer, Director or who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relationship
0	0.00	0	0.00	Bachelor, School of Commerce, Waseda University, Japan	VP, China Department, Nissan Motor Co., Ltd. President, Nissan (China) Investment Co., Ltd. Director, Dongfeng Automobile Co., Ltd. Director, Dongfeng Nissan Auto Finance Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Bachelor, Department of Political Science and Economics, Waseda University, Japan	General Manager of China Department, Nissan Motor Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Bachelor, Precision Mechanics, Chuo University	Senior Vice President, Yulon-Nissan Motor Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Bachelor, Department of Jurisprudence of the Faculty of Law, Meiji Gakuin University, Japan.	Vice President, Yulon-Nissan Motor Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Doctor of Laws, University of Tubingen, Germany Professor, College of Law, Chengchi University Commissioner of Judicial Yuan Revising Committee Commissioner of Executive Yuan Ministry Justice	Independent Director, China Motor Co., Ltd. Independent Director, Universal Vision Biotechnology Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Doctor of Business Administration, Taipei University. Director, UltraChip Inc.	Independent Director, Carnival Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Master of EMBA, Taiwan University. Senior CPA, Deloitte&Touche Tohatsu Limited	Supervisor, Bridgent Institute. Independent Director, Tai-Shing Electronics Components Corporation Independent Director, Carnival Co., Ltd.	Nil	Nil	Nil

\* which are personal own

### The Major Stockholders of Corporation Shareholders

Apr. 19, 2022

Names of Major Stockholders	The Major Stockholders of Corporation Shareholders
Yulon Motor Co., Ltd.	1. Tai Yuen Textile Co., Ltd. (18.11%) 2. China Motor Co., Ltd. (16.67%) 3. Yen Chen, Li Lien (3.42%) 4. Daughter of Yen Chen Li-Lien (3.39%) 5. Son of Yen Chen Li-Lien (3.39%) 6. Fan De Investment Co., Ltd. (1.72%) 7. Yen Tjing-Ling Industrial Development Foundation(1.09%) 8. New Labor Retirement Fund (0.92%) 9. JPMorgan Vanguard emerging markets stock index fund (0.78%) 10. Investment account of Norges Bank managed by Citibank Taiwan (0.77%)
Nissan Motor Co., Ltd.	1. Renault S.A.(43.40%) 2. The Master Trust Bank of Japan (Shintaku-guchi) (3.72%) 3. The Chase Manhattan Bank, N.A. London Special Account No. 1(3.38%) 4. Custody Bank of Japan (Shintaku-guchi) (1.38%) 5. Nippon Life Insurance Company (1.28%) 6. Custody Bank of Japan (Shintaku-guchi 5) (1.17%) 7. Custody Bank of Japan (Shintaku-guchi 9) (1.12%) 8. State Street Bank West Client- Treaty 505234 (0.78%) 9. JP Morgan Chase Bank 385781 (0.76%) 10. Moxley and Co LLC (0.63%)

### If the Legal Persons are the Major Shareholders, their major Stockholders

Apr. 19, 2022

Legal Person's Name	Shareholders of Natural persons
1. Tai-Yuen Textile Co., Ltd.	1. ShinWei Investment Co., Ltd. (22.15%) 2. Yen Tjing-Ling Industrial Development Foundation.(14.24%) 3. British Virgin Islands, Huffman Brothers investment company (9.80%) 4. British Virgin Islands, Evans company (9.71%) 5. British Virgin Islands, Shangxiqiao Investment company (9.13%) 6. Lee Yuan Investment Co., Ltd. (7.17%) 7. Yun Shueng Investment Co., Ltd. (6.82%) 8. Tai-Wen Textiles Co., Ltd. (5.89%) 9. Ly Pon Investment Co., Ltd. (5.61%) 10. Yuen Wei Investment Co., Ltd. (3.10%)
2. China Motor Co., Ltd.	1. Tai-Yuen Textile Co., Ltd. (25.19%) 2. Mitsubishi Motors Co., Ltd. (14.00%) 3. Yulon Motor Company Ltd. (8.05%) 4. Tai-Wen Textiles Co., Ltd. (6.76%) 5. Nan Shan General Insurance(2.70%) 6. Taiwan Life Insurance Co., Ltd. (1.18%)

Legal Person's Name	Shareholders of Natural persons
	7.Taiwan Business Bank(0.94%) 8.Fan De Investment Co., Ltd. (0.88%) 9.Yung Hong Investment Co., Ltd. (0.72%) 10.JPMorgan Vanguard emerging markets stock index fund (0.64%)
3.Fan De Investment Co., Ltd.	1. Weitai Investment Co., Ltd. (33.36%) 2. Wavin Investment Co., Ltd. (33.34%) 3. Le Wen Investment Co., Ltd. (33.30%)
4. Yen Tjing-Ling Industrial Development Foundation	Foundation, founded 100% by Mr. Yen,Chiing Ling amd Ms. Wu,Shuen-Wen
5.New Labor Pension Fund	Non-juristic person, not applicable
6. JPMorgan Vanguard emerging markets stock index fund	Non-juristic person, not applicable
7.Investment account of Norges Bank managed by Citibank Taiwan	Non-juristic person, not applicable
8. Renault S.A.	Non-juristic person, not applicable
9.The Master Trust Bank of Japan (Shintaku-guchi)	Subject to local restrictions, not available
10.The Chase Manhattan Bank, N.A. London Special Account No.1	Subject to local restrictions, not available
11. Custody Bank of Japan (Shintaku-guchi)	Subject to local restrictions, not available
12. Nippon Life Insurance Company	Subject to local restrictions, not available
13. Custody Bank of Japan (Shintaku-guchi 5)	Subject to local restrictions, not available
14. Custody Bank of Japan(Shintaku-guchi 9)	Subject to local restrictions, not available
15. State Street Bank West Client-Treaty 505234	Subject to local restrictions, not available
16. JP Morgan Chase Bank 385781	Subject to local restrictions, not available
17. Moxley and Co LLC	Subject to local restrictions, not available.

## 1. Professionalism and Independence of Directors

Name	Conditions	Conformed to the requirements of Independence (Note1)	The number of other public companies that an independent director concurrently serves in
	Diversification of Board members Work experience and the professional qualifications		
Yulon Motor Co., Ltd. Representative: Yen Chen, Li Lien	Professional qualifications:Operational decision-making ability,Industrial know-how Work experience:Chairperson, Yulon Motor Co., Ltd.	A.None of the directors (including the independent directors) has violated the terms under Article 30 of the Company Act.  B.There are three independent directors, accounting for 30% of the total number of 11 directors. We collect the declarative statements from each of the independent directors every year to ensure that all independent directors, within their term of office, comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” as set forth by the Financial Supervisory Commission, specifically, the eligibility requirements and the regulations under Article 14-2 of the Securities and Exchange Act.  C.Our Board of Directors is an independent entity, and has not been involved in matters as specified in Item 3, Article 26-3 of the Securities and Exchange Act. None of the directors has been involved in a relationship with any other directors for such kinship as spouse and/or relative within the second degree.	-
Yulon Motor Co., Ltd. Representative: Chen-Hsiang, Yao	Professional qualifications:Operational decision-making ability,Industrial know-how Work experience:Direct and President, Yulon Motor Co., Ltd.		-
Yulon Motor Co., Ltd. Representative: Wen-Rong, Tsay	Professional qualifications:Operational decision-making ability,Industrial know-how Work experience:Director, Tokio Marine Newa Insurance Co., Ltd.		-
Yulon Motor Co., Ltd. Representative: Leman C.C., Lee	Professional qualifications:Operational decision-making ability,Industrial know-how Work experience:Vice President, Taiwan Acceptance Corporation		-
Nissan Motor Co., Ltd. Representative: Hideki Kimata	Professional qualifications:Operational decision-making, Finance & accounting expertise, Industrial know-how, Foreign nationality Work experience:China Department, Nissan Motor Co., Ltd. President, Nissan (China) Investment Co., Ltd.		-
Nissan Motor Co., Ltd. Representative: Atsushi Kubo	Professional qualifications:Operational decision-making, Finance & accounting expertise, Industrial know-how, Foreign nationality Work experience:General Manager of China Department, Nissan Motor Co., Ltd.		-
Nissan Motor Co., Ltd. Representative: Masanari Ueda	Professional qualifications:Operational decision-making, Industrial know-how, Foreign nationality Work experience:Senior Vice President, Yulon-Nissan Motor Co., Ltd.		-
Nissan Motor Co., Ltd. Representative: Motoo Sato	Professional qualifications:Operational decision-making, Legal expertise, Industrial know-how, Foreign nationality Work experience:Vice President, Yulon-Nissan Motor Co., Ltd.		-



Name	Conditions	Conformed to the requirements of Independence (Note1)	The number of other public companies that an independent director concurrently serves in
	Diversification of Board members Work experience and the professional qualifications		
Yun-Hua, Yang	Professional qualifications: Legal expertise, Industrial know-how		2
	Work experience: Independent Director, China Motor Co., Ltd., Independent Director, Universal Vision Biotechnology Co., Ltd.		
Hung-Wen, Chang	Professional qualifications: Operational decision-making ability, Industrial know-how		1
	Work experience: Independent Director, Carnival Co., Ltd.		
Jung-Fang, Kuo	Professional qualifications: Operational decision-making ability, Finance & accounting expertise, Industrial know-how,		2
	Work experience: Independent Director, Tai-Shing Electronics Components Corporation Independent Director, Carnival Co., Ltd.		

Note1: Directors and supervisors who meet the following conditions 2 years prior to the election and during the post.

- (1) Not an employee of the company or its affiliates
- (2) Not a director or a supervisor of the company or its affiliates (excluding the independent directors of the company's or the mother company's subsidiaries that directly or indirectly hold over 50% shares of the voting right)
- (3) Not a natural person shareholder who or whose spouse, minor child, or who on behalf of other people, holds over 1% of the company's total issued shares or is one of the first 10 shareholders
- (4) Not a spouse, or within a second-degree relative or a fifth-degree direct relative of the above 3 parties
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the company's total number of issued shares, or that ranked among the top five in shareholdings, or that designated to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2, of the Company Act. However, the independent directors appointed in accordance with the Act or the law and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent is not subject to this requirement.
- (6) A majority of the company's director seats or voting shares and those of any other company are not controlled by the same person who is a director, supervisor, or employee of that other company. (excluding the independent directors of the company's or the mother company's subsidiaries that directly or indirectly hold over 50% shares of the voting right)
- (7) The chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director (or governor), supervisor, or employee of that other company or institution. (excluding the independent directors of the company's or the mother company's subsidiaries that directly or indirectly hold over 50% shares of the voting right)
- (8) Not a director, supervisor, manager or a shareholder with over 5% shares who are from specific companies or organizations that have that have financial or business transactions with the company
- (9) Not a professional individual who, or an owner, partner, director (or governor), supervisor or officer of a sole proprietorship, partnerships, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the last 2 years had received cumulative compensation exceeding NTS500,000 or a spouse thereof; provided this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger and acquisition, who exercise powers pursuant to the "Securities and Exchange Act" or to the "Business Mergers and Acquisition Act" or relevant law and regulations.
- (10) Neither a spouse nor within a second-degree relative of other directors
- (11) Without any of the circumstances mentioned in the provisions of Article 30 of the Company Law
- (12) Not a government, legal person or representative elected according to Article 27 of the Company Law

## 2. Diversification of Board members

Yulon Nissan Motor Co., Ltd. refers to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and stipulates in its own corporate governance best practice principles that the composition of the Board of Directors shall diversify, including but not limited to basic requirements (e.g., gender and nationality) and professional knowledge and skills (e.g., professional background and industry experience). Relevant contents have been disclosed on the company website. According to the corporate governance best practice principles, the Company shall ensure that the Board of Directors shall include at least one woman, consist of more than two nationalities, and have professional backgrounds covering business judgment, management, finance, and law to maintain the breadth and depth of the Board’s decision-making. The incumbent Board members meet the aforementioned requirements for diversity (Note 2).

Name	Conditions			Industry experience				Professional ability			
	Gender	Nationality or Place of Registration	Age	Car manufa-cturer	Finance	textile manuf a-cturing	law	Mana ge-me nt ability	Industrial know-how	Finance & accounting and leagal expertise	Internati -onal market view
Yulon Motor Co., Ltd. Representative: Yen Chen, Li Lien	Female	R.O.C	51~60	v	v	v		v	v		v
Yulon Motor Co., Ltd. Representative: Chen-Hsiang, Yao	Male	R.O.C	61~70	v	v			v	v		v
Yulon Motor Co., Ltd. Representative: Wen-Rong, Tsay	Male	R.O.C	61~70	v	v			v	v		v
Yulon Motor Co., Ltd. Representative: Leman C.C., Lee	Male	R.O.C	51~60	v	v			v	v		v
Nissan Motor Co., Ltd. Representative: Hideki Kimata	Male	Japan	51~60	v				v	v	v	v
Nissan Motor Co., Ltd. Representative: Atsushi Kubo	Male	Japan	51~60	v				v	v	v	v
Nissan Motor Co., td. Representative: Masanari Ueda	Male	Japan	51~60	v				v	v		v

Conditions Name	Conditions			Industry experience				Professional ability			
	Gender	Nationality or Place of Registration	Age	Car manufa- cturer	Finance	textile manuf- a-ctur- ing	law	Mana- ge-me- nt ability	Industrial know- how	Finance & accounting and leagal expertise	Internati- onal market view
Nissan Motor Co., Ltd. Representative: Motoo Sato	Male	Japan	51~ 60	v				v	v	v	v
Yun-Hua, Yang	Male	R.O.C	51~ 60				v		v	v	
Hung-Wen, Chang	Male	R.O.C	61~ 70		v			v	v	v	
Jung-Fang, Kuo	Male	R.O.C	61~ 70		v	v		v	v	v	

Note 2: The composition of the Board of Directors follows the policy on diversification of Board members required by the Company's "Code of Practice for Corporate Governance," in hopes of benefiting from the diversified expertise of directors and enabling the Board to perform its duties. Three independent directors have served on the Board of Directors of the Company since early June 2018. Among all directors, 7 directors are 51~60 years old and 4 directors are 61~70 years old.

**(2) Information of Chief Executive Officer, Senior Vice President, Vice President and General Manager**

Title	Nationality	Name	Gender	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the names of others	
					Shares	Share Holding	Shares	Share Holding	Shares	Share Holding
President	R.O.C	Wen-Rong, Tsay	Male	2021.05.25	0	0.00	0	0.00	0	0.00
Senior Vice President	Japan	Masanari Ueda	Male	2022.04.01	0	0.00	0	0.00	0	0.00
Senior Vice President	R.O.C	Wen-Chuan, Chung	Male	2021.08.03	0	0.00	0	0.00	0	0.00
Vice President	Japan	Motoo Sato	Male	2019.04.01	0	0.00	0	0.00	0	0.00
Vice President	Japan	Hiroshi Shirakami	Male	2020.04.01	0	0.00	0	0.00	0	0.00

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Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relationship
Master, Executive of Business Administration, NCTU Bachelor, Department of Mechanical Engineering, National Cheng-Kung University Senior Vice President, Yulon Nissan Motor Co., Ltd.	President, Yulon Nissan Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Foxtron Co., Ltd. Chairperson, Hwa-Chuan Auto Technology Center Co., Ltd. Director, Yulon Management Co., Ltd. Director, Yulon China Motor Investment Co., Ltd. Chairperson, Yue Sheng Industrial Co., Ltd. Director, Guangzhou Aeolus Automobile Co., Ltd. Director, Aeolus Xiangyang Automobile Co., Ltd.	Nil	Nil	Nil
Bachelor, Precision Mechanics, Chuo University	—	Nil	Nil	Nil
Master, Department of International Business Management, Curtin University, Australia. Master, Department of Industrial Management, Taiwan University of Science and Technology. General Manager, Product Planning Office, Yuolon Nissan Motor Co., Ltd.	Director, Chen Long Motor Co. Ltd. Director, Yuan Lon Motor Co., Ltd. Director, Yu Shing Motor Co., Ltd. Director, Yushin Motor Co., Ltd. Director, Yu Tang Motor Co. Ltd. Director, Kuen You Trading Co., Ltd. Director, Kaixing Insurance agent Co., Ltd. Director, Yulon IT Solutions Co., Ltd. Director, JetFord, Inc.	Nil	Nil	Nil
Bachelor, Department of Jurisprudence of the Faculty of Law, Meiji Gakuin University, Japan.	—	Nil	Nil	Nil
Bachelor, Department of Mechanical Engineering, Faculty of Engineering, Osaka City University	—	Nil	Nil	Nil

Title	Nationality	Name	Gender	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the name of others	
					Shares	Share Holding	Shares	Share Holding	Shares	Share Holding
Vice President	R.O.C	Chao-Yen, Liang	Male	2020.01.01	0	0.00	0	0.00	0	0.00
Senior General Manager	Japan	Kazuhiro Ozaki	Male	2020.04.01	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Yu-Chou, Hsieh	Male	2009.07.01	1,000	0.00	0	0.00	0	0.00
General Manager	R.O.C	Wen-Chiang, Shu	Male	2011.05.18	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Chiung-Ming, Chou	Male	2013.05.17	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Yen, Chou	Male	2016.04.15	0	0.00	0	0.00	0	0.00

May 11, 2022

Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relationship
Master, Department of High Level Management, Chiao Tung University. Bachelor, Department of Mechanical Engineering, Chung Hsing University. General Manager, Business Planning and Financial Department, Yulon Nissan Motor Co., Ltd.	Director, Guangzhou Aeolus Automobile Co., Ltd. Director, JetFord, Inc.	Nil	Nil	Nil
Bachelor, Government policy, Fukushima University	—	Nil	Nil	Nil
Bachelor, Department of Vehicle Engineering, Chung Cheng Institute of Technology National Defense University. General Manager, Total Customer Satisfaction Department, Yulon Nissan Motor Co., Ltd.	Director, Empower Motor Co., Ltd.	Nil	Nil	Nil
Bachelor, Department of Navigation, Taiwan Ocean University. Senior Manager, Project Office, Yulon Nissan Motor Co., Ltd. Senior Manager, Marketing Department, Yulon Nissan Motor Co., Ltd.	Director, Ding Long Motor Co., Ltd. Director, Yu Shing Motor Co., Ltd. Chairperson, Yushin Motor Co., Ltd. Chairperson, Kuen You Trading Co., Ltd. Chairperson, Kaixing Insurance agent Co., Ltd.	Nil	Nil	Nil
Bachelor, Department of Mechanical Engineering, United University. General Manager, Technology Center, Yulon Nissan Motor Co., Ltd.	—	Nil	Nil	Nil
Master, Department of International Business Management, Curtin University. Bachelor, Department of Mechanical Engineering, Central University. General Manager, Aftersales Department, Yulon Nissan Motor Co., Ltd.	Director, Yueki Industrial Co., Ltd.	Nil	Nil	Nil

Title	Nationality	Name	Gender	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the name of others	
					Shares	Share Holding	Shares	Share Holding	Shares	Share Holding
General Manager	R.O.C	Chia-Chi, Lee	Male	2016.11.16	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Jen-Chung, Tu	Male	2018.01.01	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Fang-Zhong, Lai	Male	2019.01.01	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Yu-Jen, Chu	Male	2020.01.01	0	0.00	0	0.00	0	0.00
General Manager	R.O.C	Wai-Chih, Liu	Male	2020.01.01	0	0.00	0	0.00	0	0.00



May 11, 2022

Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relationship
Master, Department of Industrial Engineering and Engineering Management, Tsing-Hua University. Bachelor, Department of Computer Science and Information Engineering, Chung Yuan Christian University. General Manager, Infiniti Bussinese Department, Yulon Nissan Motor Co., Ltd. Senior Manager, Project Management Office, Yulon Nissan Motor Co., Ltd.	—	Nil	Nil	Nil
Bachelor, Department of Mechanical Engineer, National Taiwan Institute of Technology. Senior Manager, Technology Center , Yulon Nissan Motor Co., Ltd.	—	Nil	Nil	Nil
Bachelor, Department of Business Administration, Chung Hsing University. Senior Manager, Product Planning Office, Yulon Nissan Motor Co., Ltd.	Director, Ding Long Motor Co., Ltd. Director, Empower Motor Co., Ltd. Director, Yu-Min Insurance Broker Co. Ltd. Director, Chun Min Enterprise Co. Ltd. Director, Ming-Xiang Leasing Co.Ltd.	Nil	Nil	Nil
Master, The Institute of Mainland China Studies, National Sun Yat-sen University Bachelor, Department of International Trade, Chung Yuan Christian University Senior Manager, Project Management Office, Yulon Nissan Motor Co., Ltd. Senior Manager, Marketing Department, Yulon Nissan Motor Co., Ltd.	Director, Yuan Lon Motor Co., Ltd. Director, Hui-Lian Motor Co., Ltd.	Nil	Nil	Nil
Master, Department of mechanical engineering, Feng Chia University Bachelor, Department of mechanical engineering, Feng Chia University Senior Manager, Technology Center , Yulon Nissan Motor Co., Ltd.	—	Nil	Nil	Nil

Title	Nationality	Name	Gender	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the name of others	
					Shares	Share Holding	Shares	Share Holding	Shares	Share Holding
General Manager	R.O.C	Fang-Yu, Yang	Female	2021.07.26	0	0.00	0	0.00	0	0.00
Accounting Manager	R.O.C	Chen-Hua, Chi	Male	2015.05.11	0	0.00	0	0.00	0	0.00

Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relationship
Master, Institute of Human Resource Management, National Sun Yat-sen University Bachelor, Department of Social Work, Tunghai University Senior Manager, Administration Department, Yulon Nissan Motor Co., Ltd.	—	Nil	Nil	Nil
Master, Department of Accounting, University of Idaho, USA	—	Nil	Nil	Nil

(3) Payment of Remuneration to Directors, President and Senior Vice President

1. Director's Compensation

Dec. 31, 2021

Unit: NTD Thousand

Title	Name	Director Compensation				Compensation Received by Employees with Concurrent Posts						% of Total Amount of A, B, C, D, E, F and G against Net Profit after Tax		Whether Reinvestment Business Compensation Is Received from Companies other than Subsidiaries		
		Compensation (A) The Company included in consolidated statement	Severance Pay and Pensions (B) (Note 2) The Company included in consolidated statement	Compensation to Directors (C) The Company included in consolidated statement	Business Execution Expense (D) The Company included in consolidated statement	Salary, Reward and Special Allowance (E) (Note 1) The Company included in consolidated statement	Severance Pay and Pensions (F) (Note 3) The Company included in consolidated statement	Employees' Profit Sharing Bonus (G) The Company included in consolidated statement	Exercisable Employee Stock Option (H) The Company included in consolidated statement	Granted Employee Restricted Stock (I) The Company included in consolidated statement	% of Total Amount of A, B, C, D, E, F and G against Net Profit after Tax	Whether Reinvestment Business Compensation Is Received from Companies other than Subsidiaries				
Chairperson	Yulon Motor Co., Ltd. Representative: Yen Chen, Li Lien															
Director	Yulon Motor Co., Ltd. Representative: Kuo-Kong, Chen (Note 4)															
Director	Yulon Motor Co., Ltd. Representative: Wen-Kong, Tsay (Note 5)															
Director	Yulon Motor Co., Ltd. Representative: Lennan C.C., Lee															
Director	Yulon Motor Co., Ltd. Representative: Chen-Hsiung, Kao					17,368 Housing Rent										
Director	Nissan Motor Co., Ltd. Representative: Takashi, Nishiyashi (Note 6)	9,600	0	0	0	9,600 887 Car Rental 1,811 Driver 2,524	94	94	64	0	0	0	0	27,126 0.89%	27,126 0.89%	Nil
Director	Nissan Motor Co., Ltd. Representative: Hsueh, Kiman (Note 7)															
Director	Nissan Motor Co., Ltd. Representative: Masashi, Kubo															
Director	Nissan Motor Co., Ltd. Representative: Masao, Tanaka															
Director	Nissan Motor Co., Ltd. Representative: Masao, Sato															
Independent director	Yun-Hua, Yang	3,600	0	0	0	0	0	0	0	0	0	0	0	3,600 0.12%	3,600 0.12%	Nil
Independent director	Huang-Wen, Chang															
Independent director	Jung-Fang, Kuo															

Remuneration policies, systems, standards, and structures for independent directors and linkage thereof to powers, risks, and time spent: According to Article 32 of the Articles of Incorporation, directors of the Company may receive a monthly remuneration of NT\$100,000 (including transportation allowances).

Note 1: The driver payment is disclosed for reference only but not regarded as part of the compensation.

Note 2: (1) Actual pensions account: 0 NTD Thousand (2) recognized pensions account: 0 NTD Thousand

Note 3: (1) Actual pensions account: 0 NTD Thousand (2) recognized pensions account: 94 NTD Thousand

Note 4: Resigned on Feb. 26, 2021.

Note 5: Appointed on Feb. 26, 2021.

Note 6: Resigned on Jul. 20, 2021.

Note 7: Appointed on Jul. 20, 2021.

Compensation Range Table

The Compensation Range for Directors of the Company	Number of Directors			
	Total Compensation Amount of A+B+C+D		Total Compensation Amount of A+B+C+D+E+F+G	
	The Company	All the Companies in financial statement	The Company	All the Companies in financial statement
Less than NT 1,000,000	Kuo-Rong, Chen(Note 1) 、 Takashi Nishibayashi (Note 2) 、 Hideki Kimata (Note 3)	Kuo-Rong, Chen(Note 1) 、 Takashi Nishibayashi (Note 2) 、 Hideki Kimata (Note 3)	Kuo-Rong, Chen(Note 1) 、 Takashi Nishibayashi (Note 2) 、 Hideki Kimata (Note 3)	Kuo-Rong, Chen(Note 1) 、 Takashi Nishibayashi (Note 2) 、 Hideki Kimata (Note 3)
NT1,000,000～NT2,000,000	Yen Chen, Li Lien 、 Wen-Rong, Tsay(Note 4) 、 Leman C.C., Lee 、 Chen Xiang, Yao 、 Atsushi Kubo 、 Atsuo Tanaka 、 Motoo Sato 、 Yun-Hua, Yang 、 Hung-Wen ,Chang 、 Jung-Fang, Kuo	Yen Chen, Li Lien 、 Wen-Rong, Tsay(Note 4) 、 Leman C.C., Lee 、 Chen Xiang, Yao 、 Atsushi Kubo 、 Atsuo Tanaka 、 Motoo Sato 、 Yun-Hua, Yang 、 Hung-Wen ,Chang 、 Jung-Fang, Kuo	Chen Xiang, Yao 、 Atsushi Kubo 、 Yun-Hua, Yang 、 Hung-Wen, Chang 、 Jung-Fang, Kuo	Chen Xiang, Yao 、 Atsushi Kubo 、 Yun-Hua, Yang 、 Hung-Wen, Chang 、 Jung-Fang, Kuo
NT2,000,000～NT3,500,000			Wen-Rong, Tsay(Note 4) 、 Atsuo Tanaka 、 Motoo Sato	Wen-Rong, Tsay(Note 4) 、 Atsuo Tanaka 、 Motoo Sato
NT3,500,000～NT5,000,000				
NT5,000,000～NT10,000,000			Yen Chen, Li Lien 、 Leman C.C., Lee	Yen Chen, Li Lien 、 Leman C.C., Lee
NT10,000,000～NT15,000,000				
NT15,000,000～NT30,000,000				
NT30,000,000～NT50,000,000				
NT50,000,000～NT100,000,000				
More than NT100,000,000				
Total	13	13	13	13

Note 1: Resigned on Feb. 26, 2021.

Note 2: Resigned on Jul. 20, 2021

Note 3: Appointed on Jul. 20, 2021.

Note 4: Appointed on Feb. 26, 2021.

2. Compensation of the President and Senior Vice President

Dec. 31, 2021  
Unit: NTD Thousand

Title	Name	Salary (A)		Pension (B)		Reward and Special Allowance (C)		Surplus Divided Employee Bonus (D)			% of Total Amount of A, B, C and D against Net Profit after Tax		Number of Employee Stock Options Acquired		% of Total Amount of A, B, C, D, E, F and G against Net Profit		Whether Reinvestment Business Compensation is Received from Companies other than Subsidiaries		
		The Company	All the Companies in financial statement	The Company	All the Companies in financial statement	The Company	All the Companies in financial statement	Cash	Stock	Cash	Stock	The Company	All the Companies in financial statement	The Company	All the Companies in financial statement				
President	Leman C.C. Lee(Notes 1)					3,543 Housing Rent	3,543 Housing Rent												
President	Wen-Rong, Tsay(Notes 2)					528 Car Rental	528 Car Rental	101	0	101	0	11,618 0.38%	11,618 0.38%	0	0	0	0	Nil	
Special Assistant to the Chairman	Kuo-Rong, Chen(Notes 3)	7,844	7,844	130	130	853 Driver	853 Driver												
Senior Vice President	Atsuo Tanaka					2,045 Driver	2,045 Driver												
Senior Vice President	Wen-Chuan, Chung(Notes 4)																		

Note 1: Resigned on May. 25, 2021.

Note 2: Appointed on May. 25, 2021

Note 3: Resigned on Feb. 26, 2021.

Note 4: Appointed on Aug. 03, 2021.

Compensation Range Table

The Compensation Range for General Managers and Vice General Managers of the Company	Number of President and Senior Vice President	
	The Company	All the Companies in financial statement
Less than NT 1,000,000	Kuo-Rong, Chen	Kuo-Rong, Chen
NT1,000,000 ~ NT2,000,000		
NT2,000,000 ~ NT3,500,000	Wen-Rong, Tsay 、 Atsuo Tanaka	Wen-Rong, Tsay 、 Atsuo Tanaka
NT3,500,000 ~ NT5,000,000	Leman C.C. Lee 、 Wen-Chuan, Chung	Leman C.C. Lee 、 Wen-Chuan, Chung
NT5,000,000 ~ NT10,000,000		
NT10,000,000 ~ NT15,000,000		
NT15,000,000 ~ NT30,000,000		
NT30,000,000 ~ NT50,000,000		
NT50,000,000 ~ NT100,000,000		
More than NT100,000,000		
Total	5	5

Note 1: Actual pensions account: 0 NTD Thousand (2) recognized pensions account: 130 NTD Thousand

Note 2: The driver payment is disclosed for reference only but not regarded as part of the compensation.

3. Manager's Name of the employees' compensation and allocation situation

Dec. 31, 2021  
Unit: NTD thousand

	Title(Note 1)	Name	Stock (Fair Market Value)	Cash	Total	% of Total Amount against Net Profit After Tax
manager	President	Wen-Rong, Tsay(Note 2)	-	463 (Note1)	463 (Note1)	0.02% (Note1)
	President	Leman C.C. Lee(Note 3)				
	Special Assistant to the Chairman	Kuo-Rong, Chen(Note 4)				
	Senior Vice President	Atsuo Tanaka				
	Senior Vice President	Wen-Chuan, Chung				
	Vice President	Motoo Sato				
	Vice President	Hiroshi Shirakami				
	Vice President	Chin-To, Hsiung				
	Vice President	Chun-Chieh, Chang(Note 5)				
	Vice President	Chao-Yen, Liang				
	Senior General Manager	Kazuhiro Ozaki(Note 6)				
	General Manager	Tsan-Huang, Lin(Note 7)				
	General Manager	Yu-Chou, Hsieh				
	General Manager	Wen-Chiang, Shu				
	General Manager	Chiung-Ming, Chou				
	General Manager	Yen, Chou				
	General Manager	Chia-Chi, Lee				
	General Manager	Jen-Chung, Tu				
	General Manager	Fang-Zhong, Lai				
	General Manager	Yu-Jen, Chu				
General Manager	Wai-Chih, Liu					
General Manager	Fang-Yu, Yang(Note 8)					
Accounting Manager	Chen-Hua, Chi					

Note1 : The individual name and title should be disclosed; however, the distribution may be disclosed in summary.

Note 2 : Appointed on May 25, 2021.

Note 3 : Resigned on May 25, 2021.

Note 4 : Resigned on Feb 26, 2021.

Note 5 : Appointed on Aug 03, 2021.

Note 6 : Resigned on Jun 16, 2021.

Note 7 : Resigned on Jul 26, 2021.

Note 8 : Appointed on Jul 26, 2021.

**(4) Analysis and description of the net profits macro or individual financial report after payment of remuneration made out to Directors, President, and Senior Vice President in the last 2 years.**

The percentages of the total remuneration amount paid to the company’s directors, general managers and vice general managers against the net profit after tax are respectively compared and analyzed, and the relationship among the policies, standards and combinations of compensation payment, the procedures of the compensation establishment and the operational performance is also described.

Unit: NTD thousand

Title	2020 year			2021 year		
	Total Compensation (Note)	Net Profit After Tax	% of Total Remuneration against Net Profit after Tax	Total Compensation (Note)	Net Profit After Tax	% of Total Remuneration against Net Profit after Tax
Director	13,200	6,540,938	0.20%	13,200	3,025,993	0.44%
President and Senior Vice President	8,039	6,540,938	0.12%	11,618	3,025,993	0.38%
Total	21,239	6,540,938	0.32%	24,818	3,025,993	0.82%

Note : Compensation includes the company and all consolidated companies

The company's directors should receive a total of NTD 100,000 (including transportation allowances) per month. The chairperson’s remuneration should be paid according to the negotiation of the authorized Board of Directors in terms of his participation frequency in the company's operation and the contributions without exceeding the standard of the highest salary level established by the company. In 2021, the directors remuneration were compliance with the articles of incorporation and there is no variable remuneration.

The remuneration paid by the Company to managers is determined by the Salary Remuneration Committee with routine review on the annual and long-term performance goals of managers as well as the policy, system, standards and structure of salary remuneration. Moreover, the company routinely evaluates the achievement of performance goals of managers with consideration of the amount, payment method and future operational risk of salary.

According to Article 31 of the Articles of Incorporation, remunerations appropriated for employees shall not be less than 0.1% of the annual business profit, if any. Remunerations for managers include the salary and bonus. The salary is determined by reference to the industrial standards as well as the individual’s job title, rank, academic background, work experience, professionalism and responsibilities, while the bonus is based on the “Performance Evaluation Guideline” applicable to managers and general employees. The indicators for evaluating managers include department objectives of operations, e.g. operation profit, sales volume, new model introduction and customers’ satisfaction etc.; management aspects, e.g. talent cultivation, promotion of cross-functional improvement activity etc. by taking into account the Company’s overall profitability, target achievement rate, operating efficacy, and contributions, and then the remuneration is proportionately calculated and given for a reasonable distribution which, however, is subject to timely review of actual operational status and statutory regulations.



### 3. Operation of Corporate Governance

#### (1) Operational Status of the Board of Directors

There have been 5 annual meetings held for the Board of Directors recently. The attendance of directors and independent director is as follows:

Title	Name	Number of Times for Actual Attendance	Number of Times for Authorized Attendance	% of Actual Attendance	Note
Corporation Director	Yulon Motor Co., Ltd.				
Corporation Director Representative and Chairperson	Yen Chen, Li Lien	5	0	100%	
Corporation Director Representative	Wen-Rong, Tsay	5	0	100%	
Corporation Director Representative	Chen-Hsiang, Yao	5	0	100%	
Corporation Director Representative	Leman C.C. Lee	5	0	100%	
Corporation Director	Nissan Motor Co., Ltd.				
Corporation Director Representative	Takashi Nishibayashi	1	2	33%	Resigned on July 20, 2021.
Corporation Director Representative	Hideki Kimata	2	0	100%	Appointed on July 20, 2021
Corporation Director Representative	Atsushi Kubo	5	0	100%	
Corporation Director Representative	Atsuo Tanaka	5	0	100%	
Corporation Director Representative	Motoo Sato	5	0	100%	
Independent Director	Yun-Hua, Yang	5	0	100%	
Independent Director	Hung-Wen, Chang	5	0	100%	
Independent Director	Jung-Fang, Kuo	5	0	100%	

Other Notes:

- The board of directors operates in the following circumstances, should specify the dates, terms, motion content, all of the independent directors' comments and the company's handling of these comments:
  - Matters specified in Article 14-3 of the Securities and Exchange Act: For proposals relating to matters specified in Article 14-3 of the Securities and Exchange Act before the establishment of the Audit Committee, refer to the table below. After the establishment of the Audit Committee in June 2018, the Company should apply to Article 14-5 of the Securities and Exchange Act instead of Article 14-3 of the Securities and Exchange Act. For related resolutions, refer to the "Implementation of the Audit Committee" – "2. Summary of Proposals in the Audit Committee meetings."
  - Resolutions of the Board of Directors with a record or written statement of dissent or reservations of independent directors in addition to the above: None.
- When directors avoid attending the discussions about proposals that involve conflicts of interests, the name of directors, the proposals, and the reasons for avoidance, and participation in voting shall be specified: The Company has formulated the Rules of Procedures for Meetings of the Board of Directors, which specify that "the proposals involving conflicts of interests with directors or corporations which directors represent shall be explained in the meeting of the board of directors; if the proposals have a risk of damaging the interests of the Company, they shall be

excluded from the discussion or voting, and the directors shall avoid attending the discussion or voting and are not allowed to vote on behalf of other directors”, and abided by the Rules accordingly.

3.Implementation Status of Board Evaluations:

Evaluation Cycle	Implemented every year.																			
Evaluation Duration	January 1, 2021 to December 31, 2021.																			
Scope of Evaluation	Included performance evaluations of the Board, individual directors, and functional committees.																			
Method of Evaluation	Internal self-evaluations were conducted on the Board and Board directors.																			
Content of Evaluation	<p>(1)The result of the evaluation of the board’s performance : 4.91 points (full score is 5.00 points) , the points of individual main aspects are as follows :                      Participation in corporate operations : 4.73 points.                      Board decision-making quality : 4.93 points.                      Board composition and structure : 4.95 points.                      Director elections and continued training : 4.98 points.                      Internal control : 4.94 points.</p> <p>(2)The result of the evaluation of the individual directors’ performance : 4.90 points (full score is 5.00 points) , the points of individual main aspects are as follows :                      Understanding of corporate goals and tasks : 4.91 points.                      Recognition of director responsibilities : 4.91 points.                      Participation in corporate operations : 4.92 points.                      Internal relations and communication : 4.77 points.                      Director knowledge and continued training : 4.91 points.                      Internal control : 4.94 points.</p> <p>(3)The result of the evaluation of the functional committees’ performance : Audit Committee : 5.00 points (full score is 5.00 points) ; Remuneration Committee : 4.98 points (full score is 5.00 points).Remuneration committee and audit commission (both the members are the independent directors) to accordance with laws and regulations to supervise the company , the points of individual main aspects are as follows :</p> <table border="1" data-bbox="443 1099 1302 1453"> <thead> <tr> <th></th> <th>Audit Committee</th> <th>Remuneration Committee</th> </tr> </thead> <tbody> <tr> <td>Participation in corporate operations</td> <td>5.00 points</td> <td>5.00 points</td> </tr> <tr> <td>Recognition of functional committee responsibilities</td> <td>5.00 points</td> <td>4.92 points</td> </tr> <tr> <td>Enhancement of functional committee decision-making quality</td> <td>5.00 points</td> <td>5.00 points</td> </tr> <tr> <td>Composition of functional committees and election of committee members</td> <td>5.00 points</td> <td>5.00 points</td> </tr> <tr> <td>Internal control.</td> <td>5.00 points</td> <td>-</td> </tr> </tbody> </table>			Audit Committee	Remuneration Committee	Participation in corporate operations	5.00 points	5.00 points	Recognition of functional committee responsibilities	5.00 points	4.92 points	Enhancement of functional committee decision-making quality	5.00 points	5.00 points	Composition of functional committees and election of committee members	5.00 points	5.00 points	Internal control.	5.00 points	-
	Audit Committee	Remuneration Committee																		
Participation in corporate operations	5.00 points	5.00 points																		
Recognition of functional committee responsibilities	5.00 points	4.92 points																		
Enhancement of functional committee decision-making quality	5.00 points	5.00 points																		
Composition of functional committees and election of committee members	5.00 points	5.00 points																		
Internal control.	5.00 points	-																		

4. The goals for strengthening the functions of the Board of Directors in the fiscal year and the recent fiscal year (e.g., establish an audit committee, increase information transparency, etc.) and the evaluation of the operation status:

(1)Established functional committee: Yulon Nissan established the Salary Remuneration Committee upon adoption by the Board of Directors meeting on December 16, 2011 in accordance with the Securities and Exchange Act. Yulon Nissan is scheduled to establish an Audi Committee on June, 21, 2018 Board of the Directors re-election to continue improving the management quality of the company.

(2) Improve competencies of Member of Board of the Directors: Yulon Group holds independent advanced courses each year to improve the professional knowledge including management decision-making, risk assessment, regulation compliance, and corporate sustainability in the Board of the Directors. In August 2021, the “Advanced course for the directors of Yulon Group – A publicly listed company” was held with topics in “The key to corporate sustainable management -External innovation” and “A view on corporate sustainable government from a risk perspective- from

corporate governance to ESG.”

- (3) Improving information transparency: Apart from the information disclosure in Chinese on the Public Observation Post System, the company also established the company website available in Chinese and English, which discloses required information on the Public Observation Post System in English language in step to enhance the understanding of our company by international investors.
- (4) Evaluation of Execution: Yulon NISSAN developed the “Board of the Directors Performance Appraisal Procedures” on December 21, 2015. The Board of Directors members and meeting units shall routinely conduct performance appraisal and emphasize on the weakness to develop improvement practice. The latest performance evaluation of the board of directors was completed in January 2022. The self-evaluation of the board’s performance and the self-evaluation of the board members scored 4.91 points and 4.90 points (full score is 5 points) respectively; the self-evaluation of the Audit Committee members scored 5.00 (full score is 5 points); the self-evaluation of the Remuneration Committee members scored 4.98.00 (full score is 5 points); the above result and subsequent remedial measures were reported to the Company’s board of directors on March 15, 2022.
- (5) To make sure that the Company’s management constitution responds to the recent issues of social concerns and the global trend of corporate governance, the Company has approved the fifth amendments to the Corporate Governance Best Practice Principles on March 15, 2022. The Principles have been published on the Company’s website and the Market Observation Post System.

## (2) Operational Status of the Audit Committee: Nil

The Audit Committee is composed of three independent directors of the Company. The Audit Committee is to assist the Board of Directors in overseeing the quality and credibility of accounting, auditing, and financial reporting procedures as well as financial controls performed by the Company. In 2021, the priorities of the Audit Committee were to examine the appropriate presentation of the Company’s financial statements, the independence and competency of the CPAs, and the modification of the internal control system. For the summary of proposals and resolutions and the date of the Board meetings relating to the proposals, refer to “Others Matters to be Specified” – “2. Summary of Proposals in the Audit Committee meetings” below.

There have been 5 annual meetings held for the Audit Committee. The attendance of Independent directors is as follows:

Title	Name	Number of Times for Actual Attendance	% of Actual Attendance	Note
Convener	Jung-Fang, Kuo	5	100%	Appointed on July 20, 2021
Member	Hung-Wen, Chang	5	100%	Appointed on July 20, 2021
Member	Yun-Hua, Yang	5	100%	Appointed on July 20, 2021

1. The Audit Committee operates in the following circumstances, should specify the dates, terms, motion content, all of the Audit Committee’s comments and the company’s handling of these comments:

- (1) Regulations set forth in Article 14-5 of the Securities and Exchange Act: For related resolutions, refer to Point 2: Summary of Proposals in the Board meeting.
- (2) Resolutions approved by two-thirds of all directors and yet to be passed by the Audit Committee in addition to the above: None.

## 2. Summary of motions in the Audit Committee

Audit Commission date	Summary of motions	Result of Audit Commission and Independent director's opinions	Board meeting date	Result of Board of Directors and Independent director's opinions	Response to the independent director's opinion
March 23, 2021  The 13th meeting of the 1st term	1.Approval of 2020 Operating Report and Financial Statements. 2.Approval of Amendment to "YNM Rules for Election of Directors" 3.Approval of Changing of YNM's CPA 4.Approval of Evaluating the Independence and Suitability of CPAs 5.Approval of 2021 YNM CPA Audit Fees. 6.Approval of YNM "2020 Internal Control System Statement".	Approved as proposed	March 23, 2021  The 17th meeting of the 7th term	Approved as proposed	To be executed in accordance with the resolution reached
May 11, 2021  The 14th meeting of the 1st term	1.Approval of Earnings Distribution of Year 2020 2.Approval of Amendment to "YNM Rules of Procedure for the Shareholders' Meeting" 3.Approval of Amendment to "YNM Operational Procedures for the Prevention of Insider trading"	Approved as proposed	May 11, 2021  The 18th meeting of the 7th term	Approved as proposed	To be executed in accordance with the resolution reached
June 25, 2021  The 15th meeting of the 1st term	1.Approval of Changing the Date for Convening 2021 YNM Shareholders' Meeting and the Target Date for Distributing Cash Dividends	Approved as proposed	June 25, 2021  The 19 meeting of the 7th term	Approved as proposed	To be executed in accordance with the resolution reached
August 3, 2021  The 1st meeting of the 2nd term	1.Approval of Amendment to the Company's "Stocks Affair Internal Control Systems" 2.Approval of Amendment to the Company's "Stocks Affair Internal Audit Implementation Rules"	Approved as proposed	August 3, 2021  The 1st meeting of the 8th term	Approved as proposed	To be executed in accordance with the resolution reached
November, 09, 2021  The 2nd meeting of the 2nd term	1.Approval of Establishment to "YNM Annual Audit Plan 2022" 2.Approval of Lease of the Right-of-Use Assets with the Related Company	Approved as proposed	November 09, 2021  The 2nd meeting of the 8th term	Approved as proposed	To be executed in accordance with the resolution reached

3. The status of recusal of independent directors due to conflict of interests should include the name of independent directors, proposals, reason for recusal, and status of voting: None.

4. Communication between independent directors, chief audit officer, and CPAs (regarding matters, methods, and results of finances and business operations):

Date	Object	Matter
March 23, 2021	CPA	The CPA reported the financial statements for the 2020. After discussing the financial statements with the CPAs, the independent directors approved the financial statements.
	Manager of Internal Audit Dep.	1.Audit result of 2020 October and 2021 February. 2.Discussion and communication between audit officer independent directors.
May 11, 2021	CPA	The CPA reported the financial statements for the first quarter of 2021. After discussing the financial statements with the CPAs, the independent directors approved the financial statements.
	Manager of Internal Audit Dep.	1.Audit result of 2021 March. 2.Discussion and communication between audit officer independent directors.
June 25, 2021	Manager of Internal Audit Dep.	1.Audit result of 2021 April and May. 2.Discussion and communication between audit officer independent directors.
August 3, 2021	CPA	The CPA reported the financial statements for the first quarter of 2021. After discussing the financial statements with the CPAs, the independent directors approved the financial statements.
	Manager of Internal Audit Dep.	1.Audit result of 2021 June. 2.Discussion and communication between audit officer independent directors.
November 09, 2021	CPA	1.The CPA reported i.Market Overview. ii.Financial statements for the third quarter of 2021. iii.Communicate with the governance 2.The CPA reported the financial statements for the third quarter of 2021 and the overview of business operations and explained the key financial ratios. After discussing the financial statements with the CPAs, the independent directors approved the financial statements.
	Manager of Internal Audit Dep.	1.Audit result of 2021 July to September. 2.Discussion and communication between audit officer independent directors.

**(3)The difference in contrast to the operation of corporate governance and the listed / OTC company’s corporate governance codes of practice and reasons**

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Yes	No		
1. Does the company develop and disclose corporate governance practice principles in accordance with “Governance Best Practice Principles for TWSE/GTSM Listed Companies.”	V		The Company formulated the Corporate Governance Best Practice Principles in the meeting of the board of directors on August 4, 2014 based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The first amendment was approved by the board of directors on March 23, 2015, the second amendment was approved on December 19, 2016, the third amendment was approved on March 26, 2018 ,the 4th amendment was approved on Mar. 22, 2019, the 5th amendment was approved on Feb. 13, 2020 and 6th amendment was approved on Mar. 15, 2022. The above Principle has also been published on the Market Observation Post System and the Company’s website.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
2. Corporate shareholding structure and shareholders’ equity (1) Does the company develop internal operation procedures to for shareholders’ suggestions, doubts, disputes, and complaints with implementation according to the procedures?	V		The Company calls for the Shareholder’s Meeting according to the Company Act and relevant regulations in addition to formulating the complete meeting rules and executing the matters resolved by the Shareholder’s Meeting according to the meeting rules. Moreover, the Company shall assign special department of stock affairs as the service window for processing relevant affairs apart from assigning a spokesperson responsible for the explanation of suggestions or questions proposed by the shareholders.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(2) Does the company actually control the main shareholders and the final control list of major shareholders of the company?	V		The company controls the major shareholders and the final control list of the company in addition to disclosing such information on the annual report on “Directors, Managers, and Major Shareholders’ Equity Change.”	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(3) Does the company establish and execute the risk control and firewall mechanism with the affiliated enterprise?	V		The company’s corporate governance practice principles specifies the risk assessment with affiliated companies and the importance of necessary control mechanism in addition to developing the “Operational Procedures for Acquisition and Disposal of Assets,” “Operational Procedures for Making of Endorsements and Guarantees,” “Operational Procedures for Loaning of	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.

Evaluation Items	Operations (Note 1)			Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	Summary and Description	
			Funds to Other Parties,” “Operational Procedures for Handling Internal Material Information,” “Operational Procedures for Insider Trading Prevention.” The company also establishes spokesperson, investor’s contact window, established good internal major information processing and disclosure mechanism to avoid improper information leakage as well as assuring the consistency and accuracy of information published.	
(4) Does the company develop internal specification to prohibit insiders from using undisclosed information from the market to buy or sell securities?	V		To prevent company insiders from buying and selling securities using information unpublished, the company has specified the “Internal Major Information Processing Operation Process” and “Prevention of Insider Trading Management Operation Procedure” through the announcement of the company website and routine promotion to directors, manager, and employee (e-mail, company internal network).	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
3. Composition and function of Board of Directors (1) Does the Board of Directors develop diversified guidelines and implement execution in terms of member composition?	V		According to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has specified in its Corporate Governance Best Practice Principles that the board of directors shall be equipped with diverse capacities, including but not limited to basic requirements (such as age and nationality) and professional knowledge and skills (such as specialty and industrial experience). According to the corporate governance best practice principles, the Company shall ensure that the Board of Directors shall include at least one woman, consist of more than two nationalities, and have professional backgrounds covering business judgment, management, finance, and law to maintain the breadth and depth of the Board’s decision-making. The incumbent Board members meet the aforementioned requirements for diversity. Such a board of directors combining different nationalities, perspectives, and cultural backgrounds may provide multi-oriented advice for the Company.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(2) Does the company also voluntarily establish other functional committee apart from the salary		V	To improve the corporate governance, the company has established the Compensation Remuneration Committee and Audit Commission (both the members are the 3	The company has complied with the Corporate Governance Best

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
remuneration committee and audit committee?			independent directors) to supervise and suggest salary for directors and managers. Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(3) Does the company formulated “The Procedures for the Company’s Board Performance Evaluation” and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the board of directors, and applied it for reference in determining individual director’s remuneration and nomination for renewal?	V		The Company developed Board of Directors Performance Appraisal Procedures on December 21, 2015 and has been distributing performance self-evaluation questionnaires to all members of the Board of Directors at the end of each December. The members not only need to evaluate the overall operations of the Board of the Directors but also conduct self-evaluation. On May 10, 2019, the Company amended the Regulations Governing the Self-evaluation of Board Performance, expanding the scope of self-evaluation to all functional committees. The latest result of the evaluation of the board’s performance (2021) is as follows: 1. The overall self-evaluation of the board’s performance is 4.91 points (full score is 5.00 points). 2. The overall self-evaluation of the board members is 4.90 points (full score is 5.00 points). 3. The overall self-evaluation of the audit committee’s performance is 5.00 points (full score is 5.00 points). 4. The overall self-evaluation of the remuneration committee’s performance is 4.98 points (full score is 5.00 points). The details of the above performance evaluation and subsequent remedial measures have been reported to the board of directors on March 15, 2022. The aforementioned procedures are also disclosed on the company website. According to the Articles of Incorporation, remuneration for directors shall be paid equally; however, the results of the performance evaluation will be used as a reference for subsequent appointment. The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(4) Does the company routinely assess the independence of attesting CPA?	V		The company refers to the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 “Integrity, Objectivity and Independence” to develop the CPA independence evaluation form. The Board of Directors will use the aforementioned evaluation form (Note 2) to review the independence and competence of the attesting ACP based on the financial interests The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.



Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
			matters, financing and guarantee, commercial relation with the company, and the enterprise of the attesting CPA and their family and the latest evaluation was on March 15, 2021.
4. Does the listed/OTC companies have the full-time (part-time) corporate governance department or personnel designated to manage the corporate governance related matters (including but not limited to providing directors with the data needed for business operation, arranging the board meeting and shareholders' meeting related matters lawfully, handling company registration and change registration, preparing the minutes of board meeting and shareholders' meeting, etc.)?	V		<p>The unit in charge of corporate governance is Business Planning and Finance Department, whose duties include meetings of the board of directors and shareholders' meetings, business registration and changes in registration, and establishment and improvement of corporate governance. Business Planning and Finance Department also works with related units to promote the corporate governance and enhances the weaknesses identified in the evaluation of the board's performance and the corporate governance assessment. The Company also set up a corporate governance director on March 23, 2021, in conformity with regulations.</p> <p>This year, the Company will continuously facilitate the interaction with foreign shareholders, foreign investors and stakeholders by increasing and deepening the disclosures on the Company's Chinese and English website, in addition to performing duties in accordance with related operating laws and regulations.</p>
5. Does the company establish communication channel with the stakeholders, establish stakeholder section on the company website, and properly respond to the key corporate social responsibility issues concerned by the stakeholders?	V		<p>The stakeholders can communicate via business transaction or spokesperson while the company also establishes an investor section on the company website to disclose the contact/complaint window and contact methods for investors and stakeholders, in order to provide immediate response of issues concerned by all stakeholders with response.</p> <p>The above communication channel with the stakeholders, establish stakeholder section has also been published on the Company's website.</p>
6. Does the company commission professional registrar for handling of shareholder meeting affairs?		V	<p>Based on the operational considerations, the Company handles the stock affairs by itself. The Company also formulated the rules of implementing the internal control and the internal audit of stock affairs to make sure that the shareholders' meeting is held legally, safely, and effectively.</p> <p>The Company designates the shareholders' service office in order to handle the information of the list of major shareholders and beneficial owners of these major shareholders.</p>

Evaluation Items	Operations (Note 1)			Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	Summary and Description	
7. Public information (1) Does the company establish website to disclose information on the financial operations and corporate governance?	V		The company has established a corporate website to disclose product information, management, finance, and key corporate regulations and articles regarding corporate governance. ( <a href="http://new.nissan.com.tw/nissan/">http://new.nissan.com.tw/nissan/</a> )	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(2) Does the company adopt other information disclosure methods (i.e. establishing English website, assigning specialist to collect and disclose the corporate information, implement spokesperson system and displaying corporate website at investor meeting)?	V		To treat domestic and foreign shareholders and stakeholders with equity, the company establishes a company website in English ( <a href="http://www.nissan.com.tw/en/">http://www.nissan.com.tw/en/</a> ) to disclose the company introduction, management and finance, and social welfare as well as other corporate governance information in English. The investor meeting information is also available in Chinese and English versions which are disclosed at the company website in Chinese and English versions. In case the company holds the investor meeting independently, the company will upload video file for investors to review (currently investors are on invitation basis). In addition, the Company also has disclosed the names and contact details of the spokesperson and the active spokesperson to substantiate the spokesman system in order to meet the communication needs of the various stakeholders.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.
(3) Does the company announced and reported the annual financial report within two months after the end of the fiscal year, and announced and reported the 1st, 2nd, and 3rd quarter financial reports as well as the monthly business report before the prescribed deadline?		V	The Company will complete the disclosure and filing of financial statements before the regulatory deadline and will not advance the schedule.	The Company will complete the disclosure and filing of financial statements before the regulatory deadline and will not advance the schedule.
8. Does the company also hold important information that will help understand the corporate governance operation (including but not limited to employee rights, care for employees, investor relation, supplier relation, stakeholders' rights, advanced study by the directors, risk	V		1. Employee benefits and care: In addition to building a Yulon community in Sanyi, Miaoli, the Company has worked with the Hsinchu Lifeline Association to implement the employee assistance program (EAP) and provide a professional and confidential channel of consultancy for employees since 2015. The Company also improved the employee satisfaction and the partnership between	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and executed the matters prescribed on the left.

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
management policy and execution of risk evaluations standards, and the company purchasing liability insurance for directors).			<p>the Company and employees through labor meetings, e-publications, and seminars. For more information, please refer to V. Business Review V. Labor Relations of the Annual Report.</p> <p>2. Relationship with investors and stakeholders: In addition to setting up the spokesperson and the unit in charge of stock affairs, the Company also posts important information in Chinese and English on the Market Observation Post System. The Chinese and English website was also established to provide investors and stakeholders at home and abroad with the fair access to the disclosures. Besides, the Company set up an area for investors on the website to disclose the related contact windows, which are responsible to have a thorough understanding of and respond to the major issues of concern.</p> <p>3. Relationship with suppliers: As a member of the society, the Company continuously pays close attention to environmental protection, safety and health, and labor rights, values the sustainable relationship with suppliers, and exerts its influence on suppliers to set up the guidelines for sustainable development and organize related activities, including management policy, code of conduct, evaluation, guidance, and performance management. The above principles were also published on the Company's website. The Regulations Governing Supplier Management, collaboration meetings, and training programs are also channels of communication between the Company and suppliers.</p> <p>4. Advanced study and liability insurance for directors: Yulon Group holds independent advanced courses each year to improve the professional knowledge including management decision-making, risk assessment, regulation compliance, and corporate sustainability in the Board of the Directors. In August 2021, the "Advanced course for the directors of Yulon Group – A publicly listed company" was held with topics in "The key to corporate sustainable management -External innovation" and "A</p>

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
			<p>view on corporate sustainable government from a risk perspective- from corporate governance to ESG.” In addition, the Company also purchased the liability insurance for all directors at the estimated amount of US\$160 million.</p> <p>5. Implementation of the risk management policy and risk measurement standards: Refer to Section 6 “Risk Management and Assessment” in Chapter 7 of the Annual Report.</p> <p>6. Operation of the consumer/customer protection policy: The Company set up the toll-free customer service hotline for 24 hours. Through the Speed-up One Stop (SOS) solution, consumer service personnel can promptly solve customers’ problems from answers to phones, personnel dispatch, progress follow-up, subsequent handling, to post-accident care. In addition, customers may give their feedback through the following channels: NISSAN Care APP, NISSAN and INFINITI websites, and satisfaction telephone interview and survey from time to time.</p>
<p>9. Please explain the improvements made based on the latest Corporate Governance Evaluation published by Taiwan Stock Exchange Corporate Governance Center and propose priorities and remedial measures to be taken (only filled by those participating in the evaluation). According to the 2021 Corporate Governance Evaluation Indicators, the Company updated necessary disclosures such as Board diversity goals and succession planning.</p>			

Note1: Provide description on the summary and description column regardless of checking on “yes” or “no” for the operations.

Note2:

**Accountant Independence Evaluation Checklist –Chien-Hsin Hsieh & Jui-Chuan Chih**

Date: March 23, 2021

Evaluation Items	Yes / NO
1. Neither A member of the audit team nor their family relatives have direct or indirect material financial interest in the Company.	No
2. No borrowing, lending, or guarantee relation exists between the Company, its Directors and A member of the audit team or their family relatives (except for commercial loans from financial institutions).	No
3. No close business relation exists between the Accounting Firm or A member of the audit team and the Company or its affiliates.	No
4. No potential employment relationship exists currently between A member of the audit team and the Company.	No
5. Within the past two years, none of No potential employment relationship exists currently between A member of the audit team and the Company. have acted as the Company’s Director, Supervisor, or any employee who has material influence over audit cases.	No

Evaluation Items	Yes / NO
6. 1) The Company shall pay the Accountant a fixed audit fee, not in the form of contingent fee. 2) No due payments exists that may lead to influence on the auditor independence.	Yes No
7.All of the non audit services provided by the Accounting Firm to the Company and its affiliates, including Tax Returns Assessment and Certification, and consultant services on accounting, tax issues and other laws and regulations etc., has no direct influence on any important accounting subject in the audit cases, and does not involve the Company's management, make decisions for the Company or affect the Company's independence.	No
8.No member of the Audit Team is appointed as defender for the Company's position or opinions or acts as a mediator between the Company and a conflicting third party.	No
9.Upon appointment this year, the accountant shall have served for the Company for not exceeding seven years.	No
10.No member of the Audit Team is a relative of the Directors, Managers, or any employee of the Company who has material influence on the audit case.	No
11.No valuable gift has been given by any Director, Supervisor, or Manager of the Company to any member of the Audit Team.	No
12.None of the Directors, Managers, or any employees of the Company who has material influence on the audit case retired from or ceased services in the Accounting Firm within one year.	No
13.None of the independent Directors of the Company have worked in the Accounting Firm during his or her act as Director or within two years prior to such appointment. No member of the Company's Remuneration Committee is in the profession of providing business, legal, financial, accounting or other kind of services or consultation within two years prior to such appointment.	No
14.No member of the Audit Team bears or feels any threat from the Company that may keep him or her from remaining their objectivity and clarifying any suspicions regarding their profession. Threats may be in the form of: 1) The management of the Company has inappropriate requests for certain accounting policy choices or financial statement disclosure. 2)The Company demands for a reduction in audit work that should be implemented in order to lower the audit fee.	No  No

The above lists have been evaluated where no exceptional case is found.

Evaluated by : Yulon Nissan Motor Business Planning & Finance Dept.

**(4) Remuneration Committee :**

**(1) Data of Remuneration Committee Members**

Name Title/Criteria		Professional Qualification and Work Experience	Criteria	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member in Taiwan
Independent Director	Yun-Hua, Yang	YNM's Remuneration Committee is comprised of all three independent directors. For members professional qualification and experience, please refer to "Information Regarding Board Members" on page 13-14 of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2
Independent Director	Jung-Fang, Kuo			2
Independent Director	Hung-Wen, Chang			1

**(2) Operational Status of Remuneration Committee :**

1. There are 3 members in the Remuneration Committee.
2. Term of Committee Members: The term for fourth Salary Remuneration Committee was from June 21, 2018 to July 19, 2021 . The term for fifth Salary Remuneration Committee was from July 20, 2021 to July 19, 2024 . The fourth and fifth Salary Remuneration Committees held 8 meetings (A),the eligibility of committee members and attendance are outlined below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)	Notes
Convener	Yun-Hua, Yang	8	0	100%	Appointed on July 20,2021
Member	Jung-Fang, Kuo	8	0	100%	Appointed on July 20,2021
Member	Hung-Wen, Chang	8	0	100%	Appointed on July 20,2021
Annotation: 1. In case the Board of Directors does not agree to adopt or correct suggestions proposed by Salary Remuneration Committee, the Board of Directors shall describe the date and session of Board of Director meeting, content of proposition, results of BOD resolution as well as company handling on comments from Salary Remuneration Committee (in case the BOD adopts the salary remuneration better than the suggestions proposed by the Salary Remuneration Committee, describe the discrepancy and reason): Nil. 2. In case members oppose to hold conservation opinions on the matters resolved by the Salary Remuneration Committee with records or written statement, describe the date and session of Salary Remuneration Committee, content of proposition, all member opinions and handling of member opinion: Nil.					

Note :

- (1) In case members of Salary Remuneration Committee resigns before the end of the year, remark the date of resignation on the remark column while the actual attendance rate (%) will be calculated according to the number of meeting sessions and actual number of attendances during the resigned member’s term at the Salary Remuneration Committee.
- (2) In case of reelection held for Salary Remuneration Committee prior to the end of the year, fill out the members of the new and former members of Salary Remuneration Committee and mark the members on the remark column as the former, new, re-elected, and date of re-election. The actual attendance rate (%) will be calculated according to the number of meeting sessions and actual number of attendances during the resigned member’s term at the Salary Remuneration Committee.
- (3) Resolution result and discussion items of Remuneration Committee in 2021.

Remuneration Committee	The content of the motion and its follow up action	Result	Response to the Remuneration Committee’s opinion
January 27, 2021 The 6th meeting of the 4th term	NA	NA	NA
March 23, 2021 The 7th meeting of the 4th term	2020 Employee compensation distribution	Approved as proposed	Approved by all directors present at the Board meeting.
November 09, 2021 The 1st meeting of the 5th term	The Salary Increase of Managerial Officers	Approved as proposed	Approved by all directors present at the Board meeting.

**(5) The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:**

Evaluation Items	Operations		Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Yes	No		Summary and Description
1. Does the company establish and promote full-time (part-time) sustainable development department, where the Board of Directors authorize senior management to process and report to the Board of Directors of the processing?	V		The company has established CSR Project Committee in March 2015 and changed name to sustainable development Committee in March, 15 2021, where the President serves as the coordinator, the Vice President as the vice coordinator, and the responsible human HR department shall be responsible for promoting relevant activities with routine reporting to the Board of Directors.	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
2. Does the company conducted risk assessments on environmental, social, and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	V		The company has developed corporate social responsibility policy at the Board of Directors on May 11, 2015 and established project committee to promote the different activities with routine reporting of the corporate performance in corporate social responsibility to the Board of Directors. The promotion performance was already disclosed in the "2014 CSR Report" in November 2015 while the 2015 promotion performance will be disclosed on the CSR report to be published in June, 2016. The 2018 promotion performance will be disclosed on the CSR report to be published in June, 2019. The 2019 promotion performance will be disclosed on the CSR report to be published in June, 2020. The 2020 promotion performance will be disclosed on the CSR report to be published in June, 2021. The 2021 promotion performance will be disclosed on the Sustainability Report to be published in June, 2022. The Company's Total donation amount in 2021 was NT\$ 6,329,998, and the receivers included Automobile Safety Association and Taipei City Environmental Protection Department.	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
3 Development of sustainable environment (1) Does the company establish proper environmental management system in accordance with its characteristics of industry?	V		Established environmental management system in April 2014 to promote relevant environmental management policies. The Company has passed the ISO 14001 certification in Nov. 2015 passed the ISO 14001: Annual review of the 2015 version of external certification in Oct. 2021	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.



Evaluation Items	Operations		Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons													
	Yes	No														
(2) Does the company devote in the improvement on the utilization efficiency of various resources and use recycled materials with low environmental impact?	V		In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.													
(3) Does the company pay attention on the impact of climate change on operational activating and execute strategies on greenhouse gas inventory, develop corporate energy-conservation and carbon emission reduction, and greenhouse gas reduction?	V															
<p>1. Establishing environmental safety official organization in charge of promotion and advocacy of various energy-saving policies to upgrade the resource utilization efficiency.</p> <p>2. New cars released to the market starting in 2009 shall comply with the “Voluntary Automobile Resource Recycling and Reuse Specification” for R&amp;D/design of products, to promote the voluntary automobile resources Recycling and reuse specification.</p> <p>1) The vehicle recovery rate has far exceeded the standard (80%) and reached 92.1%.</p> <p>2) Vehicle recovering and reuse rate has far exceeded the standard (85%) and reached 95.0%.</p> <p>3) Restriction on the use of four environmentally hazardous heavy metals, including lead, mercury, cadmium, and hexavalent chromium.</p> <p>4) In order for the component parts to be easily recyclable and reusable, and in conformance to the material labeling requirements, we will be implementing the Material Labeling Practice for plastic parts exceeding the weight of 100 grams, as well as rubber parts exceeding the weight of 200 grams.</p> <p>5) For the smooth implementation of the disassembly process, we will also provide the disassembly procedures for newly announced component parts within six months of the market availability date.</p> <p>Although the company is an R &amp; D and marketing company and does not have a production department, it responds to the risks caused by climate change, global environmental protection trends and cooperates with the development of the country's overall greenhouse gas reduction strategy to achieve sustainable development goals of energy conservation and carbon reduction.</p> <table border="1"> <thead> <tr> <th rowspan="2">Issue</th> <th colspan="2">Evaluation result</th> <th rowspan="2">Strategy</th> </tr> <tr> <th>Risk</th> <th>Opportunity</th> </tr> </thead> <tbody> <tr> <td>Government vehicle emission regulations are becoming stricter</td> <td>Increased vehicle manufacturing costs</td> <td>Increased consumer acceptance of environmentally friendly vehicles</td> <td>In line with government vehicle emission regulations, continue to introduce low fuel consumption and low emission models. Continue to introduce and promote the sales of electric vehicles to strive for the market of new energy vehicles</td> </tr> <tr> <td>Increasingly strict environmental regulations</td> <td>Increase in business costs</td> <td>Various green energy incentive measures promoted by the government</td> <td>Promote various environmental protection and energy saving measures: 1. Continue paperless operation. 2. procurement of various energy-saving label products</td> </tr> </tbody> </table>			Issue	Evaluation result		Strategy	Risk	Opportunity	Government vehicle emission regulations are becoming stricter	Increased vehicle manufacturing costs	Increased consumer acceptance of environmentally friendly vehicles	In line with government vehicle emission regulations, continue to introduce low fuel consumption and low emission models. Continue to introduce and promote the sales of electric vehicles to strive for the market of new energy vehicles	Increasingly strict environmental regulations	Increase in business costs	Various green energy incentive measures promoted by the government	Promote various environmental protection and energy saving measures: 1. Continue paperless operation. 2. procurement of various energy-saving label products
Issue	Evaluation result			Strategy												
	Risk	Opportunity														
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Increasingly strict environmental regulations	Increase in business costs	Various green energy incentive measures promoted by the government	Promote various environmental protection and energy saving measures: 1. Continue paperless operation. 2. procurement of various energy-saving label products													

Evaluation Items	Operations			Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	Summary and Description	
			<p>3. Remote video conferencing to reduce greenhouse gas emissions from traffic</p> <p>4. Promote the activities of third-party green supply chain.</p>	
(4)Has the company counted greenhouse gas emissions, water consumption, and total weight of waste of the last two years, and formulated policies on energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or waste management?	V		<p>1.The result of 2020 inventory is 1,158.9 metric tons of CO2e/year. The result of 2021 inventory is 1,082.2 metric tons of CO2e/year. Compared with 2020, the decline in 2021 was 6.6%,The consumption of electricity purchased from Taiwan Power Company decreased due to the implementation of energy conservation programs at office buildings.</p> <p>2.Water management: The company's drinking water source is tap water, and the raw water source is groundwater in the Xinmiao area announced by the Water Resources Department. According to the monitoring of groundwater production level, there is no obvious impact on the water source. All discharge water is discharged in accordance with environmental protection laws and regulations. In addition, it also actively conducts random sampling tests on the soil and groundwater in the factory area, so as to be friendly to the environment and not cause any negative impact on the environment. The water consumption of tap water in 2021 was 1,530degrees, which was about 7.5% lower than the 1,654 degrees in 2020. (There is no separate statistics for underground water use)</p> <p>3.Waste management: The total amount of domestic waste removed and transported in 2021 was 65.4 tons, a decrease of 6.4% from 69.9 tons in 2020.</p> <p>In the future, we will continue to implement energy conservation programs in order to reduce the annual greenhouse gas emissions, water consumption and waste by 2%.</p>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
4. Maintenance of social welfare (1) Does the company develop relevant management policy and procedures in accordance with relevant laws and regulations and International Bill of Human Rights?	V		<p>The Company has formulated related management policies and procedures according to the Labor Standards Act, the Factory Act, the Occupational Safety and Health Act, and the Act of Gender Equality in Employment as well as the UN's principles disclosed in the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights and implemented the following to create a respectful, caring business environment that protects the human rights of employees.</p> <p>1. Freedom of employment: (1)Labor shall not be forced to work because of</p>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Items	Operations		Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
			<p>rape, coercion, detention or other illegal methods.</p> <p>(2) Wages shall not be withheld as liquidated damages or compensation. °</p> <p>(3) Employees may exercise their rights to terminate the employment contract in accordance with the Labor Standards Act.</p> <p>2. Humane treatment: The Company shall provide a safe and healthy work environment and establish preventive measures to prevent employees from having accidents or harming their health at work.</p> <p>(1) Effective health and safety training should be provided for employees on a regular basis.</p> <p>(2) Job opportunities and friendly supporting measures should be provided for people with disabilities.</p> <p>(3) A variety of communication channels should be provided to encourage communication between employees and the management.</p> <p>3. Anti-discrimination:</p> <p>(1) Discrimination on employment, remuneration, promotion, training, retirement, or termination of employment, based on factors, such as race, nationality, religion, gender, age, social class, disability, family and marital status, union membership, and political affiliation, should be prohibited.</p> <p>(2) The Company should not interfere with employees' beliefs, political inclinations, marriage, and the right to follow various customs.</p> <p>(3) Any threats, abuse, exploitation or sexual harassment in the workplace, dormitory or other premises of the Company should be prohibited.</p> <p>4. Ban on child labor: Only job applicants of 18 years old or more are accepted for recruitment, and the identity should be verified to ensure no child labor is employed.</p>
(2) Does the company formulated and implemented reasonable employee welfare measures (including compensation, vacations, and other benefits), and appropriately reflected operating performance or results in employee remuneration?	V		<p>1. All of our employees are protected by the Labor Standards Act and other relevant laws and regulations. We also provide employees competitive salaries and benefits (e.g., leave and group insurance covering family members) better than the requirements under the Labor Standards Act and will disclose in Sustainability Report.</p> <p>2. Every year before the Chinese New Year, the Company will set aside the previous year's earnings as a year-end bonus for employees. After the end of a fiscal year, the earnings will</p>

Evaluation Items	Operations			Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	Summary and Description	
			also be set aside as dividends for employees to appropriately reflect business performance in employees' compensation.	
(3) Does the company routinely provide safe and healthy work environment for employees in addition to implementing safety and health education?	V		<ol style="list-style-type: none"> <li>1. Provide a high-quality working environment of "needs for colleagues", including free dormitory leisure park, indoor swimming pool, gym, staff vegetable garden ... etc.</li> <li>2. Complying with safety health regulations and provide safe and healthy work environment with routine implementation of education and training to assure the safety of employees at work.</li> <li>3. Provide proper protection equipment for employees engaging in special operations.</li> <li>4. Routinely inspect on all equipment and implement equipment operation training for employees.</li> </ol>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
(4) Does the company establish routine communication mechanism with employees and notify the employees of the operational change that could possibly cause major impact through reasonable means?	V		<ol style="list-style-type: none"> <li>1. Monthly publication of "YNM Operation Report" that allows employees to fully grasp the current corporate operations and major events.</li> <li>2. At the beginning of each year, we will conduct the rotation survey and convene the Talent Development Committee (twice a year) to effectively execute career planning for employees.</li> </ol>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
(5) Has the company, in regard of customer health and safety, customer privacy, marketing, and labeling of products and services, followed relevant regulations and international standards, and formulated relevant consumer protection policies and appeal procedures?	V		<ol style="list-style-type: none"> <li>1. According to the "Regulations for Motor Vehicle Safety Investigation, Recall /Correction, Supervision and Management" and "In-Use Motor Vehicle Recall and Correction Regulation," we have established the sound recall/correction procedures to make sure that customers use our products safely and securely.</li> <li>2. To protect customers' privacy, the Company ensures that customer data are collected, processed, transmitted, retained, archived, and destroyed in accordance with the "Personal Data Protection Act."</li> <li>3. To protect customers' rights, the Company ensures that products and services are marketed and labeled in accordance with the "Consumer Protection Act" and internal policies.</li> </ol>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Items	Operations		Discretions with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Yes	No		Summary and Description
(6) Has the company formulated supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the respective implementation?	V		The Company has set up the “Supplier Sustainability Task Force” to be in charge of supplier sustainability management, requiring that all suppliers should fulfill their social responsibilities in relation to environmental protection, occupational safety and health, or labor rights.	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
5. Has the company referred to the international regulations or guidelines for the preparation of reports for preparing corporate social responsibility reports and other reports that disclose the company’s non-financial information? Do the aforementioned reports receive the confirmation or assurance opinion of a third-party verification unit?	V		<ol style="list-style-type: none"> <li>1. Since 2015, the Company has prepared a CSR report based on the core options under the Global Reporting Initiative GRI G4.0 and published it before June 30 of every year.</li> <li>2. Since 2018, the Company has prepared a CSR report based on the core options under the GRI Standards and published it before June 30 of every year.</li> <li>3. Since 2021, the Company has prepared a ESG report based on the core options under the GRI Standards and published it before June 30 of every year.</li> </ol>	In compliance with the philosophy of Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
6. If the Company has enacted its code of Sustainable Development Best Practice Principles by Listed and OTC Companies, please describe its operation and the difference from the Code of Practice: In compliance with the policies promoted by the “Sustainable Development Best Practice Principles” of the company.				
7. Other critical information that helps understand the operation of corporate social responsibility: (1)The company's official website (new.nissan.com.tw) can refer to the corporate social responsibility report over the years. (2)Irregularly disclose relevant information on the company's official website (new.nissan.com.tw) and public information observatory				

Note 1: Provide description on the summary and description column regardless of checking on “yes” or “no” for the operations.

Note 2: The principle of materiality refers to those who have a significant influence on the company's investors and other stakeholders on environmental, social and corporate governance issues.

**(6) The Difference in Contrast to the Status of Honest Operation Implemented and the Listed / OTC Company's Corporate Status of Honest Operation Implemented Codes of Practice and Reasons:**

Implementation of Integrity Operation

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
1. Develop ethical management policy and program			
(1) Has the company formulated the ethical corporate management policy that is approved by the board of directors, stated the policies and practices of ethical corporate management in the articles of incorporation and external documents, and the board of directors and senior management committed to actively implement the management policy?	V		To declare the resolve to fulfill the ethical corporate management, the Company has established the Ethical Corporate Management Best Practice Principles on August 4, 2014. The first and the second amendments were approved in the meetings of the board of directors on March 23, 2015 and March 26, 2018, respectively. The above Principles were disclosed on the Market Observation Post System and the Company's website.
(2) Has the company established an assessment mechanism for the risk of unethical conducts, regularly analyzed and evaluated business activities with a high risk of unethical conduct within the business scope and with a preventive plan formulated accordingly to prevent unethical conducts from occurring, and at least covered the preventive actions stated in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"	V		To control the risks in the course of business operations, the Company has set up clear risk management reporting and tracking mechanisms, and reports the risks of operation, management, finances, or unethical conduct that each unit is exposed to and countermeasures taken in the weekly meetings. In case the company personnel encounter unethical behaviors from others with involvement of legal violations, the company shall report the relevant facts to the judicial or prosecuting agency. In the event public service agency or public service officials are involved, the company shall also report the anti-corruption agency of the government to process.
(3) Does the company develop prevention on non-integral conducts program to specify the operation procedures, conduct guide, punishment and complain system for violation with implementation in all programs and regularly reviewed and amended the aforementioned mechanism?	V		The Company set up the Work Rules, the Procedures for Handling Internal Major Information, the Procedures for Preventing Insider Trading, the Regulations Governing Management Review, and the Regulations Governing Reporting of Sexual Harassment to prohibit employees from engaging in fraudulence, misappropriating public funds, and destroying gender equality in the workplace. Once violations are identified and verified to be true, the Company will make a claim against employees and their guarantors according to related regulations. We review internal policies and procedures on a regular basis and make amendments according to changes in laws and regulations.

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
2. Implementation ethical management			
(1) Does the company evaluate the ethical records of transacting targets and specify the ethical behavior clauses in the contract signed with the transacting targets.	V		In addition to having the contracts entered into with trading partners reviewed by professional lawyers, the Company also sets up the provisions of ethical corporate management in these contracts to prevent both parties from bribery and other dishonest behavior. Once violations are verified to be true, the Company will terminate or rescind the contracts and request damages accordingly.
(2) Has the company set up a special unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) reported to the board of directors on its ethical corporate management policy and prevention of unethical conduct plans and implementation of supervision?	V		The Board of Directors of the Company appoints the “Business Plan and Financial Department” to be in charge of promoting ethical management-related affairs. The work responsibilities include: Collaborate with related departments for the development of prevention solutions, execute ethics policy promotion, and regularly report to the Board of Directors for the status of execution (report at least once a year). The 2021 work plan includes the issuance of the announcement of propaganda/e-newsletter and holding training seminars, and reporting to the Board of Directors. The details of actual execution include the following: Published announcement via employee information platform (EIP) at Sep. 23th, 2021 and held sessions of 30-minute employee seminar (topic: 2021 Ethical Management Education and Training) at Nov. 9th, 2021, with 132 people participated. The e-newsletter was issued in November. Reported to the Board of Directors on November 9, 2021, to explain the setup of complaint mailbox, employee promotion, and other relevant execution.
(3) Does the company develop conflict of interest policy, provide proper petition channel and implement the execution?	V		The company develops “Regulations Governing the Board of Director Meeting” with specification that in case the matters of that Board of Director meeting is in conflict of interest with the stakeholders or the corporation represented, the directors shall explain the significant content of stakeholder relation at the Board of Directors. In case the content in concern for jeopardizing the company interest, the directors may not join the discussion and voting while avoiding during discussion and voting. The directors may not act on other directors to exercise their voting right. The Work Rules of the Company also specify that employees shall not operate or engage in positions similar to those of the persons for themselves or others without the permission of the Company, or they are deemed to be in violation of the employment contract. The Company may terminate the

Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
			employment contract without notice within 30 days from the date of knowledge.
(4) Has the company had established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit formulated relevant audit plans based on the risk assessment of the unethical conducts, and checked by the company or audited by the certified public accountant the compliance with the unethical conduct prevention plan?	V		Apart from developing relevant ethical management practice and regulations, the audit office conducts audit on stakeholder transactions and inside trading each year according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." In the event of receiving any reporting on violations, the Board of Directors and relevant competent authorities will be reported for handling. Additionally the company will hold internal control systems self-evaluation operations to assure the validity of internal control and audit.
(5) Does the company routinely hold domestic and external educational training for ethical management?	V		Every year, the Company shall organize training on ethical conduct for each new employee. Published announcement via employee information platform (EIP) on October 15, 2021 and held sessions of 30-minute employee seminar, with 132 people participated and convey the Procedures for Handling Material Inside Information, the Procedures for the Prevention of Insider Trading, and the Ethical Corporate Management Best Practice Principles via E-mail and the Company's website. On February 1, 2019, the Company promulgated the Regulations Governing Gift Receipt and Giving for the employees to follow and reduce the possibility of unethical conduct.
3. Operations of company reporting system			
(1) Does the company develop specific reporting and incentive system and establishing convenient reporting channel in addition to assigning proper handling specialist for the target reported?	V		If employees of the Company find unethical conduct, they may report according to the Working Rules and the grievance handling system to the Auditing Office, the Finance & Business Planning Department, and the management. If such unethical conduct is verified to be true, offenders will be punished according to the internal policies and related laws and regulations. To implement Article 23 of the Ethical Corporate Management Best Practice Principles, the Company has established the independent grievance E-mails for internal and external stakeholders and the procedures for handling grievances.
(2) Does the company develop investigation standard operation process and relevant confidential mechanism for accepting reported matters?	V		The aforesaid grievance E-mails have also been disclosed on the Company's website. If employees of the Company violate ethical corporate management in a serious manner, they shall be dismissed or laid off according to related laws and regulations or the Company's personnel regulations.



Evaluation Items	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Yes	No	
(3) Does the company adopt measures that protect the informer without facing improper treatment due to reporting?	V		The establishment of aforementioned report mailbox takes into account the validity of system operation with stipulation that the accepting department may not discriminate or punish the informer in addition to protecting his/her identify and preventing disclosure. Upon receiving reporting, confidential measures will be immediately activated to assure non-disclosure of the name and labor number of the informer or other personal information that could be used to identify the employees.
4. Strengthen information disclosure Does the company disclose the content of ethical management practice developed and promote the effectiveness on the company website and Public Observation Post System?	V		In addition to disclosing the full content of the Ethical Corporate Management Best Practice Principles on the Company's website and the Market Observation Post System, the Company also reports the implementation and the result to the board of directors every year on a regular basis and publishes such information on the Company's website from time to time.
5. For companies having developed independent ethical management practice in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the discretion between the operation and practice developed :  The company has developed shareholder's meeting regulations, Board of Directors meeting standards, internal major information processing operation procedures, prevention of insider transaction management operation procedures, classified document management guidelines, and public announcement and promotion to the company personnel (directors, employees, and appointed personnel). Additionally the company has followed "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" to develop the ethical management practice of the company that has been reviewed without discretion between the actual operations and the aforementioned practice.			
6. Other critical information that helps understand the operations of the ethical corporate management: (ethical management practice that has been revised and developed under corporate review).  The Company has established the Ethical Corporate Management Best Practice Principles, which were approved in the meeting of the board of directors on August 4, 2014, based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. The first and the second amendments were approved in the meetings of the board of directors on March 23, 2015 and March 26, 2018, respectively.			

Note 1: Provide description on the summary and description column regardless of checking on "yes" or "no" for the operations.

### **(7) Inquiry Method of Governance Codes, Important Information for enhancing realization of Operation of Corporate Governance and Relevant Regulations Established by the Company**

The "For Investors" on the company website has disclosed relevant corporate governance, integrity management practice and other regulations, and will be updated from time to time.

## (8) Execution Status of Internal Control System

### 1. Statement of Internal Control System

Yulon Nissan Motor Co., Ltd.  
Statement of Internal Control System

Date: March 15, 2022

Yulon Nissan Motor Company (Yulon Nissan) has conducted a self-assessment of internal control for the period of January 1, 2021 to December 31, 2021. The results are as follows:

1. Yulon Nissan acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The said system has already been duly established at Yulon Nissan. The purposes of the Internal Control System is to provide a reasonable assurance for the Company's efficient and effective operations (including profit, performance and safeguard of assets, and etc.), the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws.
2. Yulon Nissan also acknowledges that the Internal Control System possesses inherent constraints irrespective of the intended impeccability of the system design and therefore could only provide a reasonable assurance of the three aforementioned goal. Due to the changes in environment and circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recognized, the Company would enforce corrective measures immediately.
3. The company evaluates the effectiveness of the design and implementation of its Internal Control System in accordance with the Guidelines for the Establishment of Internal Control System by Public Companies (the "Guidelines"). The said Guidelines divide internal control into five components: (1) Control Environment, (2) Risk Assessments, (3) Control Operations, (4) Information and Communication, and (5) Monitoring. Each component comprises certain factors. More information regarding the said factors is available in the aforesaid Guidelines.
4. Yulon Nissan has assessed and evaluated the design and effectiveness in the design and performance of the aforementioned system.
5. Based upon the evaluation of the aforementioned system, Yulon Nissan considered the Internal Control System during the opening period (including supervision and management of subordinates), which included the Design and performance of the known operation effectiveness and the degree of reaching the efficiency goals, reliability, timeliness, transparency, and regulatory compliance of reporting and obeying the related internal control system of the relevant laws, regulations, and bylaws, are all effective, and it can ensure that the aforementioned goals can reasonably reached.
6. The Statement of Internal Control System will be a prominent feature of Yulon Nissan annual report and prospectus, and will be released to the public. Should any statement herein involve forgery, concealment or any other illegality, Articles 20, 32, 171 and 174 of the Security Exchange Law shall apply.
7. This Statement of Internal Control System has been approved by Yulon Nissan Board of Directors at the meeting of March 15, 2022 with 11 directors present at the meeting and none disagreeing with this Statement of Internal Control System.

Yulon Nissan Motor Co., Ltd.

Chairperson: Yen Chen, Li Lien

President: Wen-Rong Tsay



2. Project Examination Report of CPAs' Internal Control System : Nil

**(9) Company or employees, who have been penalized by laws, or employees received penalties From company for violating the internal control regulations, major Shortcomings and Status of improvements in Fiscal Year 2021 and prior to the publication date of the Annual Report : Nil**

**(10) Major resolutions made by the Shareholders Meeting and Board of Directors Meeting in fiscal year 2021 and prior to the publication date of annual report**

Title of Meeting	Date of Meeting	Important Resolutions
Board of Directors	Mar. 23, 2021	<ol style="list-style-type: none"> <li>1.Approval of 2020 Operating Report and Financial Statements.</li> <li>2.Approval of YNM 2020 Employee Compensation Distribution.</li> <li>3.Approval of Amendment to “YNM Rules for Election of Directors”.</li> <li>4.Approval of YNM Election of Directors.</li> <li>5.Approval of Convention of YNM 2021 Shareholders' Meeting.</li> <li>6.Approval of 2021 Operational Objectives.</li> <li>7.Approval of Changing of 2021 YNM’s CPA.</li> <li>8.Approval of Evaluating the Independence and Suitability of CPAs.</li> <li>9.Approval of 2021 YNM CPA Audit Fees.</li> <li>10.Approval of YNM 2020 Internal Control System Statement.</li> <li>11.Approval of Establishment to Appointing a Chief Corporate Governance Officer.</li> </ol>
Board of Directors	May. 11, 2021	<ol style="list-style-type: none"> <li>1.Approval of YNM 2020 Earnings Distribution.</li> <li>2.Approval of Amendment to “YNM Rules of Procedure for the Shareholders’ Meeting”.</li> <li>3.Approval of Reviewing the Candidate List of Directors for 2021 Shareholders’ Meeting.</li> <li>4.Approval of the Lift on the Prohibition on Directors from Concurrently Acting as a Director and/or Managerial Personnel of Another Company.</li> <li>5.Approval of Addition to the Proposal to YNM 2021 Shareholders’ Meeting Agenda.</li> <li>6.Approval of Amendment to “YNM Operational Procedures for the Prevention of Insider Trading”.</li> <li>7.Approval of the Lift on the Prohibition on Managerial Personnel from Acting as a Managerial Personnel of Another Companies.</li> <li>8.Approval of the Managerial Personnel’s Discharge and Assignment.</li> </ol>
Board of Directors	Jun. 29, 2021	<ol style="list-style-type: none"> <li>1.Approval of Changing the Date for Convening 2021 YNM Shareholders’ Meeting and the Target Date for Distributing Cash Dividends</li> <li>2.Approval of Discharge and Assignment the Representative in Yulon Nissan Taipei Branch</li> </ol>
Shareholders Meeting	Jul. 20, 2021	<ol style="list-style-type: none"> <li>1.Adoption of the 2020 Business Report and Financial Statements</li> <li>2.Approved the 2020 earnings distribution. Cash dividend NT\$18.53 per share.</li> <li>3.Amendment to “YNM Rules for Election of Directors”</li> <li>4.Amendment to “YNM Rules of Procedures for Shareholders' Meeting”</li> <li>5.Election of 8th term Directors</li> <li>6.The Lift on the Prohibition on 8th term Directors from “Concurrently Act as a Director and/or Manager of another company”.</li> </ol>

Title of Meeting	Date of Meeting	Important Resolutions
Board of Directors	Aug. 3, 2021	1.Approval of Election of the Chairperson of YNM Eighth Board 2.Approval of the Members of YNM Fifth Remuneration Committee Appointment 3.Approval of Amendment to “YNM Stocks Affair Internal Control Systems” 4.Approval of Amendment to “YNM Stocks Affair Internal Audit Implementation Rules” 5.Approval of the Managerial Personnel’s Assignment
Board of Directors	Nov. 9 2021	1.Approval of Establishment to “YNM Annual Audit Plan 2022” 2.Approval of Lease of the Right-of-Use Assets with the Related Company 3.Approval of the Salary Increase of Managerial Officers
Board of Directors	Mar. 15 2022	1.Approval of YNM 2021 Operating Report and Financial Statements 2.Approval of YNM 2021 Employee Compensation Distribution 3.Approval of Amendment to “YNM Operational Procedures for Acquisition and Disposal of Assets” 4.Convention of YNM 2022 Shareholders' Meeting 5.Approval of YNM 2022 Operational Objectives 6.Approval of Evaluating the Independence and Suitability of CPAs 7.Approval of 2022 YNM CPA Audit Fees 8.Approval of “YNM 2021 Internal Control System Statement” 9.Approval of Amendment to “YNM Internal Audit Implementation Rules” 10.Approval of Amendment to “YNM Corporate Social Responsibility Best Practice Principles” 11.Approval of Amendment to “YNM Corporate Governance Best Practice Principles” 12.Approval of the Managerial Personnel’s Discharge and Assignment
Board of Directors	May. 10, 2022	1. Approval of YNM 2021 Earnings Distribution. 2. Approval of Amendment to YNM Articles of Incorporation 3.Approval of the Lift on the Prohibition on Directors from Concurrently Acting as a Director and/or Managerial Personnel of Another Company 4. Approval of Addition to the Proposal to YNM 2022 Shareholders’ Meeting Agenda 5. Approval of the Lift on the Prohibition on Managerial Personnel from Acting as a Managerial Personnel of Another Company

Major Resolutions of 2022 Shareholders’ Meeting and Implementation Status

Note (1) Recognized the company 2020 surplus distribution proposal and each share is distributed with cash dividend of NT18.53.

Execution: August 11, 2021 was assigned as the target date while September 3, 2021 was assigned as the distribution date.

(2) Approval of amendment to ” YNM Rules for Election of Directors” .

Execution: According to the rules execution and making announcement in the company website on July 22, 2021.

(3) Approval of amendment to ” YNM Rules of Procedures for Shareholders' Meeting” .

Execution: According to the rules execution and making announcement in the company website on July 22, 2021.

(4) Election of 8th term Directors.

Execution: Passed by the review Ministry of Economic Affairs,R.O.C. and making announcement in the company website on August 27, 2021.

**(11) Major Issues on record or written statements made by any director which specified his/her dissent to important resolutions passed by the Board of Directors Meeting in fiscal year 2021 and prior to the publication date of the annual report: Nil**

**(12) The discharge and resignation of chairman, president, accounting chief, financial affairs chief, internal audit chief, Corporate Governance Officer and R&D supervisors for 2021 and prior to the Publication Date of the Annual Report :**  
 Since president Leman C.C. Lee's tends to retire, Yulon Nissan Motor Corporation plans to discharge him from the president position. According to the discharge mentioned above, the job position of president is assigned to Wen-Rong, Tsay, and it takes effective on May 25th, 2021.

#### 4. Information on CPA Audit fees

##### (1) Information on CPA Audit Fees :

Unit: NTD thousand

CPA firms	CPA's Name	Audit Period	Audit Fee	Non-Audit Fee	Total Amount	Note
Deloitte & Touche CPA Firm	Chien-Hsin, Hsieh	2021.01.01-2021.12.31	9,600	395	9,995	Tax service
	Jui-Chuan, Chih	2021.01.01-2021.12.31				

**(2) The change of CPA firms and the audit fees after change is lower than that before change, the reduced amount, proportion and reason: N/A.**

**(3) The audit fees after change is more than 10% lower than that before change, the reduced fee amount, proportion and reason: N/A.**

## 5. Information on Change of CPAs

### (1) Information of the Previous CPAs:

Date of Change	March 23, 2021		
Reasons and Explanation	The former CPAs in charge of the Company's 2021 annual financial statements were Wan-Yi Liao and Robert Yu of Deloitte & Touche. Due to the firm's internal work arrangements and schedules, the successive CPAs Chien-Hsin Hsieh and Jui-Chuan Chih were appointed to take over the 2020 annual financial statements.		
Specify whether the appointment is terminated or unaccepted by the Client or CPA	Related parties Status	CPA	Client
	Appointment terminated voluntarily	NA	NA
	Appointment rejected (discontinued)	NA	NA
Opinion and reason for any audit report other than unqualified opinion in the last two years	None		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or steps of audit
			Others
	None	v	
Remarks	NA		
Other Disclosures (Previous CPA's response to the items in Article 10.5.2.3 of the "Criteria Governing Information to be Published in Annual Reports of Public Companies")	NA		

### (2) Information of the Successive CPAs:

CPA firms	Deloitte & Touche CPA Firm
CPA's Name	Chien-Hsin Hsieh & Jui-Chuan Chih
Appointed Date	Passed by Board of Director on March 23, 2021
Consultations and results about accounting treatments or accounting principles for a specific transaction and the possible opinion on the financial report prior to the appointment of the successive CPA	NA
The successive CPA's written opinion on disagreements with the former CPA	NA

### (3) Previous CPAs' reply of article 10-5-1 and 10-2-3 of Guidelines Governing the Preparation of Financial Reports by Securities Issuers: N/A.

**6. Upon the Company's chairman, general manager or financial/ accounting manager employed by the Verifying CPA firm within one year, the name, the position, and time period in the CPA firm or its affiliates should be disclosed: N/A.**

**7. Changes of Share and Share Collateralizing for Directors, Managers and Shareholders with over 10% of shares held during the 2021 fiscal year and prior to the publication date of the annual report**

**(1) Changes of Share for Directors, Managers and Major shareholders**

Unit: thousand Share

Title	Name	Fiscal year 2021		Current Fiscal Year and before May 11, 2022	
		Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized	Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized
Corporation Director	Yulon Motor Co., Ltd.				
Chairman	Yulon Motor Co., Ltd. Representative: Yen Chen, Li Lien	-	-	-	-
Director	Yulon Motor Co., Ltd. Representative: Kuo-Rong, Chen(Note 1)	-	-		
Director	Yulon Motor Co., Ltd. Representative: Wen-Rong, Tsay(Note 2)	-	-	-	-
Director	Yulon Motor Co., Ltd. Representative: Chen-Hsiang, Yao	-	-	-	-
Director	Yulon Motor Co., Ltd. Representative: Leman C.C. Lee	(1)	-	-	-
Corporation Director	Nissan Motor Co., Ltd.				
Director	Nissan Motor Co., Ltd. Representative: Takashi Nishibayashi (Note 3)	-	-		
Director	Nissan Motor Co., Ltd. Representative: Hideki Kimata(Note 4)	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Atsushi Kubo	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Atsuo Tanaka(Note 5)	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Masanari Ueda(Note 6)			-	-

Title	Name	Fiscal year 2021		Current Fiscal Year and before May 11, 2022	
		Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized	Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized
Director	Nissan Motor Co., Ltd. Representative: Motoo Sato	-	-	-	-
Independent Director	Yun-Hua, Yang	-	-	-	-
Independent Director	Hung-Wen, Chang	-	-	-	-
Independent Director	Jung-Fang, Kuo	-	-	-	-
President	Leman C.C. Lee(Note 7)	(1)	-	-	-
President	Wen-Rong, Tsay(Note 8)	-	-	-	-
Special Assistant to the Chairman	Kuo-Rong, Chen(Note 9)	-	-	-	-
Senior Vice President	Atsuo Tanaka(Note 10)	-	-	-	-
Senior Vice President	Masanari Ueda(Note 11)	-	-	-	-
Senior Vice President	Wen-Chuan, Chung(Note 12)	-	-	-	-
Vice President	Motoo Sato	-	-	-	-
Vice President	Hiroshi Shirakami	-	-	-	-
Vice President	Chin-To, Hsiung (Note 13)	-	-	-	-
Vice President	Chun Chieh, Chang (Note 14)	-	-	-	-
Vice President	Chao-Yen, Liang	-	-	-	-
Senior General Manager	Kazuhiro Ozaki	-	-	-	-
General Manager	Tsan-Huang, Lin(Note 15)	-	-	-	-
General Manager	Yu-Chou, Hsieh	-	-	-	-
General Manager	Wen-Chiang, Shu	-	-	-	-
General Manager	Chiung-Ming, Chou	-	-	-	-
General Manager	Yen, Chou	-	-	-	-
General Manager	Jacky, Lee	-	-	-	-
General Manager	Jen-Chung, Tu	-	-	-	-
General Manager	Fang-Zhong, Lai	-	-	-	-
General Manager	Anthony, Chu	-	-	-	-
General Manager	Wai-Chih, Liu	-	-	-	-
General Manager	Fang-Yu, Yang (Note 16)	-	-	-	-
Accounting Manager	Chen-Hua, Chi	-	-	-	-

- Note 1 : Resigned on Feb. 26, 2021.  
 Note 2 : Appointed on Feb. 26, 2021.  
 Note 3 : Resigned on Jul. 20, 2021.  
 Note 4 : Appointed on Jul. 20, 2021.  
 Note 5 : Resigned on Apr. 20, 2022.  
 Note 6 : Appointed on Apr. 20, 2022.  
 Note 7 : Resigned on May. 25, 2021.  
 Note 8 : Appointed on May. 25, 2021  
 Note 9 : Resigned on Feb. 26, 2021.



Note 10 : Resigned on Apr. 1, 2022  
Note 11 : Appointed on Apr. 1, 2022  
Note 12 : Appointed on Aug. 3, 2021  
Note 13 : Resigned on Mar. 1, 2022  
Note 14 : Resigned on Jun. 16, 2021.  
Note 15 : Resigned on Jul. 26, 2021.  
Note 16 : Appointed on Jul. 26, 2021.

**(2)Information of Share Changes:Nil**

**(3)Information of Share Collateralizing:Nil**

## 8. Information on the top-10 shareholders who are affiliates or related as spouse or second cousins:

The Information of Shareholders with Shareholding Percentage as the Top 10, who are Mutually Related

Name	Shareholding of the Person		Shareholding of Spouse and Underage Children		Shareholdings in the Names of Others		Title, name, and relationship of the top-10 shareholders who are affiliates or related as spouse or second cousins		Note
	Number of Shares	Share holding Rate	Number of Shares	Share holding Rate	Number of Shares	Share holding Rate	Name	Relationship	
Yulon Motor Co., Ltd.	143,500,000	47.83	0	0.00	0	0.00	Yu Ching Business Co., Ltd. Sin Chi Co., Ltd. Diamond Hosiery & Thread Co., Ltd. Lo-Wen Enterprises Co., Ltd.	Affiliates Affiliates Affiliates Affiliates	Director
Yen Chen, Li Lien	0	0.00	0	0.00	0	0.00	-	-	Representative of Director
Wen-Rong, Tsay	0	0.00	0	0.00	0	0.00	-	-	
Chen-Hsiang, Yao	0	0.00	0	0.00	0	0.00	-	-	
Leman C.C. Lee	0	0.00	0	0.00	0	0.00	-	-	
Nissan Motor Corporation	120,000,000	40.00	0	0.00	0	0.00	-	-	Director
Hideki Kimate	0	0.00	0	0.00	0	0.00	-	-	Representative of Director
Atsushi Kubo	0	0.00	0	0.00	0	0.00	-	-	
Masanari Ueda	0	0.00	0	0.00	0	0.00	-	-	
Motoo Sato	0	0.00	0	0.00	0	0.00	-	-	
Yu Ching Business Co., Ltd.	3,500,000	1.17	0	0.00	0	0.00	Yulon Motor Co., Ltd. Sin Chi Co., Ltd. Diamond Hosiery & Thread Co., Ltd. Lo-Wen Enterprises Co., Ltd.	Affiliates Affiliates Affiliates Affiliates	-
Sin Chi Co., Ltd.	3,050,000	1.02	0	0.00	0	0.00	Yulon Motor Co., Ltd. Yu Ching Business Co., Ltd. Diamond Hosiery & Thread Co., Ltd. Lo-Wen Enterprises Co., Ltd.	Affiliates Affiliates Affiliates Affiliates	Representative: Chen-Hsiang Yao
Wei Wen Investment Co., Ltd.	1,878,000	0.63	0	0.00	0	0.00	Lo-Wen Enterprises Co., Ltd. Wei Tai Investment Co., Ltd.	Affiliates Affiliates	-
Wei Tai Investment Co., Ltd.	1,778,000	0.59	0	0.00	0	0.00	Lo-Wen Enterprises Co., Ltd. Wei Wen Investment Co., Ltd.	Affiliates Affiliates	-
Diamond Hosiery & Thread Co., Ltd.	1,768,000	0.59	0	0.00	0	0.00	Yulon Motor Co., Ltd. Yu Ching Business Co., Ltd. Sin Chi Co., Ltd. Lo-Wen Enterprises Co., Ltd.	Affiliates Affiliates Affiliates Affiliates	Representative: Yen Chen, Li Lien
Lo-Wen Enterprises Co., Ltd	1,700,000	0.57	0	0.00	0	0.00	Yulon Motor Co., Ltd. Yu Ching Business Co., Ltd. Sin Chi Co., Ltd. Wei Wen Investment Co., Ltd. Wei Tai Investment Co., Ltd. Diamond Hosiery & Thread Co., Ltd.	Affiliates Affiliates Affiliates Affiliates Affiliates Affiliates	-
Farglory Life Insurance Inc.	1,392,000	0.46	0	0.00	0	0.00	-	-	-
Taiwan Life Insurance Co., Ltd	1,042,000	0.35	0	0.00	0	0.00	-	-	-

**9. The number of shares held by the company, the company's directors, managers and its directly or indirectly controlled business toward the same investment businesses, as well as the combined calculated shareholding percentage**

Unit : number of shares:‰

Reinvested Companies	Invested from Yulon Nissan Motor Co., Ltd.		Invested from directors and managers, or companies that are directly or indirectly controlled by Yulon Nissan		Total investment	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Yi-Jan Overseas Investment Co., Ltd.	84,986,756	100%	-	-	84,986,756	100%

## | IV 、 Capital Raising Status |

### 1. Capital and Shares

#### (1) Source of Share Capital

##### 1. Source of Share Capital

Unit : thousand Shares : NTD : thousand Dollars

Year Month	Par Value	Authorized Capital		Paid-up Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Share Capital	Invested with Assets Other than Cash	Other
2003/10	10	600,000	6,000,000	300,000	3,000,000	Separately Established 3,000,000	-	Note

Note: Approved in the letter No. Shang-Zi-Di 09201296600, dated October 22, 2003

##### 2. Class of Shares

Unit : thousand Shares

Class of Shares	Authorized Capital			Remark
	Issued	Unissued Capital	Total	
Common Stock	300,000(Listed)	300,000	600,000	-

##### 3. Securities under the sum-up reporting method : N/A

#### (2) Structure of Shareholders

April. 26, 2022

Structure of Shareholders Quantity(Qty)	Governmental Institution	Financial Institution	Other Institution	Natural Person	Foreign Institutional and Natural Person	Total
	Number	2	10	87	8,203	79
Shares	410,000	4,753,011	160,847,979	11,613,843	122,375,167	300,000,000
Percentage	0.14%	1.58%	53.62%	3.87%	40.79%	100%

**(3) Status of Ownership Dispersion**

Par value per share: NTD 10.00

April 26, 2022

Shareholding class	No. of shareholders	Shares	Percentage
1 ~ 999	3,639	481,920	0.16%
1,000 ~ 5,000	4,317	6,868,979	2.29%
5,001 ~ 10,000	233	1,840,111	0.61%
10,001 ~ 15,000	52	671,928	0.22%
15,001 ~ 20,000	33	607,530	0.20%
20,001 ~ 30,000	31	807,631	0.27%
30,001 ~ 40,000	15	536,440	0.18%
40,001 ~ 50,000	14	629,008	0.21%
50,001 ~ 100,000	17	1,190,000	0.40%
100,001 ~ 200,000	9	1,117,423	0.37%
200,001 ~ 400,000	6	1,953,030	0.65%
400,001 ~ 600,000	1	436,000	0.15%
600,001 ~ 800,000	2	1,396,000	0.47%
800,001 ~ 1,000,000	1	855,000	0.28%
Make a self-classification based on the actual situation when above 1,000,001	11	280,609,000	93.54%
Total	8,381	300,000,000	100.00%

**(4) List of Major Shareholders**

Names of Major shareholders	No. of shares	Shares	Percentage %
Yulon Motor Co., Ltd.		143,500,000	47.83%
Nissan Motor Co., Ltd.		120,000,000	40.00%
Yu Ching Business Co., Ltd.		3,500,000	1.17%
Sin-Chi Co., Ltd		3,050,000	1.02%
Wei Wen Investment Co., Ltd.		1,878,000	0.63%
Wei Tai Investment Co., Ltd		1,778,000	0.59%
Diamond Hosiery & Thread Co., Ltd.		1,768,000	0.59%
Lo-Wen Enterprises Co., Ltd.		1,700,000	0.57%
Farglory Life Insurance Inc.		1,392,000	0.46%
Taiwan Life Insurance Co., Ltd		1,042,000	0.35%

### (5) Information about Market Price per share, Net Value, Earnings, Dividends and Related Information in Recent 2 Years

Item		Fiscal Year	2020 year	2021 year	Current Fiscal Year and before May 11, 2022
Market value Per share (Note1)	Highest		289.50	284.00	252.00
	Lowest		179.50	245.00	241.00
	Average		256.09	263.63	247.14
Net Assets Per share (Note2)	Before distribution		72.25	63.34	70.29
	After distribution				-
EPS(Earning Per Share)	Weighted average number of shares		300,000,000	300,000,000	300,000,000
	EPS(Earning Per Share) (Note3)		21.80	10.09	2.70
Dividend Per share	Cash Dividend		18.53	9.06	-
	Stock Dividend		-	-	-
				-	-
	Cumulative un-paid dividend(Note4)		-	-	-
Analysis on ROI(Return on Investment)	Price-Earnings(P/E) Ratio(Note5)		11.75	26.13	-
	Price-Dividend Ratio(Note6)		13.82	29.09	-
	Dividend Yield(Note7)		7.24%	3.44%	-

\* In case of surplus or capital reserve reinvested to allotment of shares, the number of shares to be distrusted should be disclosed with traced adjustment of market value and cash dividend information.

Note 1: Denotes the highest common shares and lowest market value for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2: Please use the number of share outstanding by the end of the year and filled out by the distribution of the resolutions made by the Shareholders' meeting the second year.

Note 3: In the event of free allotment and requires tracing for adjustment, each EPS shall be listed before and after adjustment.

Note 4: In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with surplus, the cumulative unpaid dividends of that year shall be disclosed respectively.

Note 5: Price-Earnings Ratio = Current average closing price per share / EPS

Note 6: Price-Earnings Ratio = Current average closing price per share / Cash dividend

Note 7: Cash Dividend Yield = Cash dividend / Current average closing price per share

Note 8: Each net value and EPS shall be filled to the print date of annual report with the data attested (reviewed) by the CPA in last quarter.

The other columns should also be filled up to the current year data as of the print date of the annual report.

### (6) Dividend Policy and Execution Status

#### 1. Dividend Policy governed by this Company By-Laws

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

remaining current profit and undistributed retained earnings at the beginning of the year shall be proposed first by the Board of Directors and to be resolved in the shareholders meeting.

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

2. The proposal to this Shareholders Meeting for dividend distribution as follows

The proposal to the Shareholders General Meeting for 2022 for the dividend distribution is cash dividend at NT\$9.06 per share.

**(7) The effect of the distribution of stock dividend as proposed by this Shareholders Meeting on operation performance and earning per share : Nil**

**(8) Compensation of the Employee and Directors**

1. The articles of association indicate the percentage or scope of compensation for the employees and directors :

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

Apart from the appropriation of aforementioned employee remuneration, the Company also distributes three holiday bonuses, annual bonus, operating team growth performance bonus, and other incentive awards based on factors such as operation performance and the individual work performance of employees. The company intends to encourage employees with producing better performance for the company and shareholders.

Directors and of the Company may be paid NTD 100,000 (including the transportation allowances) monthly.

2. Yulon Nissan adopted the distribution proposal of the company's 2021 cash remuneration payable to employees at the Board of Directors Meeting on March 15, 2022 in accordance with the estimation of certain ratio from the profits of current year. In the event of discrepancy between the aforementioned estimation amount and the actual amount distributed, the accounting department shall process in according with variation in estimation and adjust to account in the year of distribution.

3. Information on the Board of the Directors adopting distribution compensation:

2021 director and employee compensation

	Board Resolution (03/15/2022)
	Amount (NT\$)
Directors' Compensation (Cash)	0
Employee's Compensation (Cash)	3,804,430
Total	3,804,430

4. The employee's bonus and directors' remuneration paid from last fiscal year's earnings is:

	Board Resolution (03/23/2021)	Actual Result
	Amount (NT\$)	Amount (NT\$)
Directors remuneration (Cash)	0	0
Employee bonus (Cash)	8,169,141	8,169,141
Total	8,169,141	8,169,141

Note: The employee bonus \$8,169,141 had distributed after the 2021 shareholders' meeting.

**(9) Status of company's repurchased Treasury Shares : Nil**

**2. Corporate Bonds issued : Nil**

**3. Preferred Stock issued : Nil**

**4. GDR(Global Depositary Receipt) issued : Nil**

**5. Employee Stock Options issued : Nil**

**6. Restricted Stock Dividends of Employee Issued : Nil**

**7. New shares issued for merger or acquisition : Nil**

**8. Recorded up to the previous one quarter of the Date of the Report is in Printing, previously issued or privately raised marketable securities that are still not completed or the completed and planned benefits but not shown over the recent 3 years : Nil**



# V、Highlights Of Operations

## 1. Business Content

### (1) Business Scope

#### 1. Business Scope

(1) Business Content: The company's main operating items include the design, research, development, sales and spare parts of cars products:

A. Passenger Vehicles: Sedan, RV and its components

B. Commercial Vehicles: Diesel Truck, Diesel Chassis and its components

#### (2) Operating weight

Unit : NTD thousand

Business Content	Fiscal year 2020		Fiscal year 2021	
	Amount	Percentage(%)	Amount	Percentage(%)
Finished cars	25,665,022	86.53	21,009,561	85.17
Parts	3,776,022	12.73	3,479,453	14.10
Other	219,594	0.74	179,370	0.73
Total	29,660,638	100.00	24,668,384	100.00

#### (3) Current main products

##### A. NISSAN brand:

KICKS series: 1.5L featuring continuously variable transmission.

TIIDA series: 1.6 L continuous variable speed hatchback, 5-door sedan.

SENTRA series: 1.6L continuous variable speed, 4-door sedan

X-TRAIL series: 2.0/2.5L CVT Continuously Variable Transmission 4WD SUV.

JUKE series: 1.0 L Imported SUV featuring continuously variable transmission (CVT).

ALTIMA series: 2.0L imported sports car, 4-door.

LEAF series: imported electric car

##### B. INFINITI:

Q50: L4 2.0L Turbo 7-speed, 4-door mid-sized luxury compact sport Sedan.

QX50: L4 2.0L CVT Continuously Variable Transmission, 5-door mid-sized luxury SUV.

QX55: L4 2.0L CVT Continuously Variable Transmission, 5-door mid-sized luxury sport SUV.

## (2) Industry Summary

### 1. Industry Environment Analysis

#### (1) Global Economic Environment

The international economy is still affected by the development of the war between Russia and Ukraine, the rise in international crude oil and commodity prices, and rising inflation, which will continue to affect the performance of the global economy. The estimation of the global economic growth in 2022 made by research institutions is shown in the following table:

2022 Global Economic Growth Rate Forecast		
Research Institute	Latest Forecast	Date of Announcement
IHS Markit	3.15%	Apr 2022
IMF International Monetary Fund	3.60%	Apr 2022

(2) China Economic Environment

Affected by the repeated outbreaks of the epidemic and the implementation of anti-epidemic lockdown measures, the growth rates of consumption, investment and imports and exports have all declined, and economic forecasts remain conservative. The estimation of the economic growth in mainland China made by research institutions is shown in the following table:

2022 China Economic Growth Rate Forecast		
Research Institute	Latest Forecast	Date of Announcement
IHS Markit	5.10%	Apr 2022
IMF International Monetary Fund	4.40%	Apr 2022

(3) Domestic Economic Environment

Due to the recent rise in the epidemic, which has affected the momentum of the domestic consumer market, and the rise in international raw material prices caused by the Russian-Ukrainian war, it has brought greater inflationary pressure and brought uncertainty to economic growth. The estimation of the economic growth in Taiwan made by research institutions is shown in the following table:

2022 Taiwan Economic Growth Rate Forecast		
Research Institute	Latest Forecast	Date of Announcemt
Directorate-General of Budget, Accounting and Statistics, Executive Yuan.R.O.C.(Taiwan)	4.42%	Feb 2022
IHS Markit	3.20%	Apr 2022
TIER	3.20%	Apr 2022

2. Industry Overview and Development

Due to the descending affected by the epidemic and the lack of imported cars in the second half of the year, sales decreased by 2.2% from 2020. In 2021, the total sales was 434,517 cars. The sale of made-in-Taiwan vehicle was 233,215 cars, which grown by 1.8% than 2020; imported vehicle was 201,302 cars, which decline by 6.4% than 2020; market share to 46.3%.

3. Relationships of the industry's upper, middle and down streams.

Upper streams: partners of manufacturing car parts and components.

Middle streams: center of manufacturing, R&D, and marketing.

Down streams: dealers directly dealing with customers and being responsible for car sales and after-sale services.

4. Development trend and competition by each product line

(1) Small family car(1600cc below):

In 2021, 25,902 domestic small saloon cars under 1600cc were sold, indicating a decreased rate of 20% compared to 2020, accounting for 36.8% of the domestic passenger car market.

(2) 2.0L or below car models (1600~2000cc):

In 2021, The medium sedan market sales reached 44,323 cars , indicating a decreased rate of 20.1% compared to 2020, accounting for 63.1% of the domestic passenger car market.

## (3) Decline of 2.0L or above car models

The sales volume in the large-sized car market in 2021 amounts to 12 cars, indicating a decreased rate of 99.2% compared to 2020, accounting for 0.2% of the large-sized car market.

## (4) RV car models

In 2021, the sales volume in the RV car market is 235,930 vehicles, the sales volume with an increase of 4.2% from 2020.

**(3) Technology, Research and Development (R&D)**

1. As of the most recent years and Printing of the Annual Report, the total R&D expenditure invested

Unit : NTD thousand

Item \ Fiscal Year	Fiscal year 2020	Fiscal year 2021	Current Fiscal Year and before May 11, 2022(Note)
R&D expenditure	597,114	419,245	97,193
Net Sales	29,660,638	24,668,384	9,565,773
Percentage of R&D expenditure over Net Sales	2.0%	1.7%	1.0%

Note : The figures are self-totaled number

2. The technology and product successfully developed

- (1) September 2007: Completed the development of LIVINA new model.
- (2) November 2007: Completed the development of CABSTAR new model.
- (3) February 2009: Completed the development of new TEANA model.
- (4) October 2011: Completed the development of new NEW MARCH model.
- (5) October 2012: Completed the development of new BIG TIIDA model.
- (6) October 2013: Completed the development of SUPER SENTRA model.
- (7) October 2013: Completed the Taiwan emission phase 5 development of TEANA / MARCH / TIIDA 4-door.
- (8) January 2014 :Completed the development for ALL NEW LIVINA.
- (9) October 2014 :Completed the development for modified model of SENTRA AERO.
- (10) March 2015: Completed the development of new-generation X-Trail model.
- (11) April 2016 :Completed 6 car models, TEANA / MARCH / TIIDA 4-door/BIG TIIDA / SUPER SENTRA / ALL NEW LIVINA in accordance with the TPMS regulations.
- (12) February 2017 completed the development for modified model of iTIIDA.
- (13) October 2017: Completed the development of remodeled SENTRA.
- (14) May 2018: Completed the development of remodeled X-TRAIL.
- (15) September 2018: Completed the development of remodeled SUPER SENTRA / BIG TIIDA.
- (16) October 2018: Completed the development of remodeled A ALL NEW LIVINA '19 in accordance with the TPMS regulations.
- (17) November 2018: Completed the development of remodeled NEW MARCH '19 in accordance with the TPMS regulations.
- (18) November 2018: Completed the development of new KICKS model.
- (19) July 2019: Completed the development of remodeled KICKS '19

- (20) October 2019: Completed the development of remodeled SUPER SENTRA / BIG TIIDA '20
- (21) November 2019: Completed the development of remodeled X-TRAIL '20
- (22) June 2020: Completed the development of Euro 6 KICKS model.
- (23) September 2020: Completed the development of ALL NEW SENTRA model.
- (24) September 2020: Completed the development of Euro 6 BIG TIIDA model.
- (25) October 2020: Completed the development of Euro 6 X-TRAIL model.
- (26) April 2021 : Completed the development of TIIDA J model.
- (27) July 2021 : Completed the development of KICKS commemorative model.
- (28) September 2021 : Completed the development of ALL NEW SENTRA “Black Belt” model.

### 3.R&D Plan

#### (1) Products to Be Developed & Time

Our Company continues to collaborate and communicate with NISSAN Japan closely to introduce new products that meet the market demand, on the basis of Taiwan market trend analysis and consumer requirement. The current selling models of KICKS, SENTRA, TIIDA, and X-TRAIL are all best-selling models in the market. In response to the rise of energy saving and environmental awareness, not only will our Company follows NISSAN’s global product strategy by launching the EV/HEV models in near future, but we will also strengthen the SUV/e-Power product lines to cope with the increasingly booming SUV market in order to continue expanding the market share.

#### (2) Expected Development Costs

Unit : NTD thousand

2022	2023	2024
461,783	563,272	432,636

### (4) Long, short term business development plan

In 2016, the growth momentum in the automotive market gradually improved as a result of the government’s replacement subsidies and the new models launched by each brand.

To continuously maintain a stable growth and secure the corporate sustainable development and long-term profitability, the Company has to actively plan and carry out the short-term and long-term action plans periodically.

#### 1. Short -term business development plan

##### (1) Product strategy

Design the optimal combination of car models and boost market share via a complementary strategy with domestic made car and imported car models incorporated.

Meanwhile, we also plan product lines close to the market trends , strive to produce the most attracting and needs-based products with an emphasized vehicle core value on better appearance, more durable usability, advanced technology and higher performance.

##### (2) Marketing strategy

###### A.NISSAN:

(A).NIM (NISSAN INTELLIGENT MOBILITY) include the three core technologies for “smart driving,” “smart energy” and “smart integration,” which will re-shape brand value and drive

brand rejuvenation for expansion in target customers.

- (B).To advocate activities of “promoting brand image,” “enhanced internal consensus,” “promotion activities for all car models/CRM” and “promotion activities for car types” to increase the brand penetration for our goal.
- (C).In order to enhance Car Advisor competitiveness, improve successful transaction rate, and provide more convenient purchasing experience, “interactive experience platform” , “test drive at your home” ,and ICT ( Information and Communication Technology ) tools such as "Nissan PAD APP" are introduced.
- (D).The introduction of the “i-NISSAN Sales Platform” has not only promoted the transparency of consumer trading conditions, but also improved the efficiency of the company’s order operations.
- (E).Execute Public Audience Push/ Specific Audience Push by leveraging NISSAN CARE APP, lock on target customer bases via precision selling, and thereby increase the success rate.

#### B.INFINITI:

- (A).To stress the brand core value of “Inspired performance”, the brand development focuses on three pillars, namely “driver and customer oriented”, “streamline and elegant”, and “high-tech embedded”.
- (B).To stress activities of “product experience marketing development,” “well-defined brand orientation” and “increased promotion effectiveness” to raise brand awareness.
- (C).To strengthen its distribution, NISSAN will continue to expand digital assisting tool application and five-star prestigious services with continuous improvement on SSL and CSI.

#### (3) Customer satisfaction strategies

- A.Sales Service Satisfaction: Speed up and improve sales satisfaction through marketing management campaigns such as brand propaganda, elite sales cultivation, customer care and information, and aid tools (i.e. NISSAN PAD and interactive experience platform).
- B.Post-Service Satisfaction: Develop CSI (NISSAN CARE APP/INFINITI CARE APP) in attempt to become the leading brand in domestic post-sales service satisfaction in addition to reengineer customer issues quickly and customer relation management to enhance customer service satisfaction.

#### (4) Profit increasing strategies

To achieve the best profit efficacy by enhancing car model combination management, and to effectively increase car model sales and profits by continuous implementation of car model profit and cost management.

#### (5) Cooperate with global trends in environmental protection, energy-conservation and carbon reduction to develop clean automobiles.

To shape the image of green brand, the company will continue and expand the introduction of green and clean-energy vehicles to build a green traffic vision comprising the co-existence concept of people, cars and nature.

#### (6) Proactively response to government policy on five-year commodity replacement funding

In early 2016, the government announced the implementation of old vehicles replacement with new commodity tax exemption and has effectively increased consumer intention to purchase new cars. To control the policy trend and strengthen competitive advantage, the company has formulated sales strategies with more ambition and built the one-stop management process to capture the policy related business opportunities through optimal

service content and quality.

## 2. Long-term business development plan

To sustain the demand for company growth, NISSAN Motor reexamines the mid and long-term internal and external environmental impact assessment and identifies the future potential market risks and opportunities. The Company prudently designs the “Mid-Term Strategic Plan” and expects to establish the core competitive advantage for the next generation in 3 years, in order to assure the accomplishment of mid-term strategic objectives.

The framework of Mid-Term Strategic Plan includes two principal objectives, 3S Strategic Framework, and Nine Major Strategic Supports, as described below:

### A. Sell More – Sales growth strategy based on “innovation.”

The mid and long-term core competitive advantages will develop from “innovation” and cooperate with big data analysis for the application of identifying potential customer of development, precision analysis of different customer demand, and development of differentiated marketing to effectively conduct marketing strategy. Meanwhile the strategy will unfold the overall brand development strategy, customer access process management strategy, channel competition strategy, and customer-oriented product development strategies as well as other core strategic supports to examine the overall precision combat approach and to substantially improve resource allocation effect and the growth in sales momentum.

### B. Spend Wise – Cost thinning strategy based on “reciprocity.”

The management consisting of revenue generation and saving will supplement each other and effectively improve the nature and profits of the company. Such management will not only expand the sales in breadth and depth but also initiate TdC (Total delivery Cost) for management improvement, reviewing and implementing nodes improvement comprehensively to substantially improve the competitive advantage in cost and to inject stable profit source for marketing resource and the company.

### C. Share with Hearts – Corporate rooting strategy based on “sharing.”

The company will comprehensively examine the changes in corporate nature and competitive environment through the formulation of mid-term strategy plan. The setup of mid and long-term strategic objectives and designing mid and long-term strategic orientation will refine the corporate cultural value with effective repurposing of organization management.

The Company will expand the potential and value of employees so that employees will incessantly discover innovation and take challenge with courage. All employees will develop consensus through intense communication and good interaction in the process, which will become the specific contribution of compelling power in “Sell More” and “Spend Wise.”

#### a. Launching next-generation human resource system

The system will continue building a strategic-oriented learning organization as the key development, upgrading organizational operation efficiency through organization process reengineering, V-up Nissan Motors system analysis and problem-solving approach, and cost and carbon reduction. Meanwhile the system will continue expand the scope and application of knowledge management platform to create opportunities

of constant learning growth for employees and build the environment and culture of learning-based organization.

- Remarkable marketing team plan: Update capacity of marketing team.
- Distinguished supervisor plan: Intensify the managerial capacity of management.
- Supervisor successor plan: Develop entry-level officers and successor for mid-level supervisor.
- Key talent retention: Retain the core talents for the company effectively through reasonable and transparent assessment system.
- Dual-track system: Build professional technological position and managerial positions in terms of long-term development orientation so employees will receive explicit development path.
- Key process document systematization: Document the company knowledge with core value and record and retain through systematic approach to facilitate management and use.

b. Introduce next-generation information system

The Company introduces an enterprise information sharing platform that integrates and shares information in real time without qualitative change to provide value-added applications and management in line with industry trends and effectively eliminate business risks and threats; in addition, the Company develops CDP(Customer Data Platform ) that analyzes and computes customer preferences for precision marketing and tracks customers' network activity for prospects to increase sales. Moreover, the company also continues to develop and improve Smart DMS to strengthen the competitiveness in distributors, upgrade the sales power in distributors, customer satisfaction and operational benefits, and thereby improve the overall operational performance of the company.

c. Continue to refine “innovative” corporate culture

The future core competitive advantage will continue to develop from “innovation” with introduction of innovative products and services to effectively utilize the core intelligence capital of the company and comprehensively build customer values.

In terms of product innovation, the company will collect and manage customer opinions with introduction or mainstream models into process management, thereby to discover the potential demand for consumers, develop and introduce products meeting customer expectation, and create maximum values for customers and shareholders.

Continue to strengthen “quick service” in terms of service innovation: Effectively improve customer satisfaction through professional and trustworthy after-sales service and quick solution of customer problems.

## 2. Market, Production & Sales Review

### (1) Market Analysis

#### 1. Sales Area of company's Main Products

This company's products are designing, R&D, Sales of Sedan, RV vehicles and commercial vehicles, and sales of other components. Taiwan area is our main sales area and Singapore, Egypt, Japan, Thailand, Indonesia, Philippines, Malaysia, and Vietnam are the main export sales areas.

#### 2. Market Share

In 2021, we sold 28,047 general cars and 915 import ones. The total sales volume is 28,962 units and the market share is 6.7%.

#### 3. Analysis and Description of 2021 Market Sales Status and Growth

Due to the affected by the epidemic and the shortage of imported cars in the second half of the year in 2021, the number of new cars registered in Taiwan in 2021 was down 2.2% from 2020. In 2021, the sales volume of domestic passenger cars was 70,237, which was 21.4% lower than 89,404 in 2020. The sales volume of RV was 235,930, which was 4.2% higher than 226,493 in 2020. This resulted in a continuous decline in the proportion of domestic cars to 53.7% in 2021, up 4.1% compared with 51.6% in 2020, showing the increasing difficulty in the operation of domestic cars.

#### 4. Market Sales Forecast for This Year (2022)

Affected by the Covid-19 pandemic and the global shortage of automotive chip supplies, the overall market is projected to be facing a risk of insufficient capacity utilization for the finished car lines in the first half of the year, and consequently impact the selling momentum. Taiwan's car market growth flourishes, accumulating 101,300 vehicles sold in all markets between January and March, down 14.4% compared with the same period last year. Q1 sale for domestic vehicles decreased by 11.7% and the sale for imported vehicles decreased by 17.7%, compared with that of the same period last year. Looking into 2022, in spite of the strong support by demand for car purchase, if the shortage with vehicle chips continues to expand, the utilization for vehicle production will be inadequate and may become a hidden concern in the growth of the car market.

In view of the fiercely competitive market environment, we will be rolling out NISSAN brands technology safety models for the year 2022, including the KICKS modified model, the long-range LEAF pure EV, the X-TRAIL e-POWER model, and the ALTIMA 2022 model, etc. to meet the expectations of our consumers and to demonstrate the competitive advantage of NIM (NISSAN INTELLIGENT MOBILITY); As to INFINITI brand, the all-new QX55 model will be introduced in the first quarter, and QX60 in the second half of the year to further strengthen and solidify our position in the market.

#### 5. Competitive Niche

##### (1) Advantageous Operation and Management Ability

- A. Expand combined operational effects across the strait and of the group.
- B. Leverage Nissan's global resources to reduce part costs.
- C. Strengthen our financial management ability and investment performance.

##### (2) A Superior and Complete Product Line

- A. Introduce products that meet market and customer needs to create customers' value.
- B. Innovate IT to strengthen product variation and competitive advantages.
- C. Increase brand name celebrity of our imported cars to continuously grow our sales volume.
- D. To develop a green brand image and increase product value and brand awareness



(3) Chinese Style of Design Ability

- A. Play an important role in Nissan's global R&D centers and dominate the design of some of our car models.
- B. Create profits through our technical output.
- C. Cater to the tastes of the Chinese market and design/develop products that can better meet customers' needs.

(4) Comprehensive Service System

- A. Provide real-time and comprehensive value-added services through our e-platform.
- B. Increase our dealers' overall operating and management ability.
- C. To promote "Service Express" to effectively increase customer satisfaction

(5) Learning Organization

- A. Increase our employees' core, management and professional competency.
- B. Increase the use of Nissan's V-UP system problem solving approach and gradually accumulate our acquired successful experience to form an innovative learning organization and establish long-term competitive advantages.
- C. Set up a KMS knowledge base and concretize successful experience to build a long-term competitive advantage.
- D. Improve the operating efficiency through continuous process checks and reengineering.

6. Advantageous and Disadvantageous Factors of Perspective Development and Strategies to Address

(1) Advantageous Factors

Our company will continue to use "innovation" as the core of our entire development, and center on our consumers' value to increase our "product power" and "service quality" to create a higher competitive edge. For our "product power", we will successively introduce Nissan's quality car designs (NISSAN and INFINITI brands) and combine the personalized IT interface with our products to provide our consumers with a more convenient and mobile life.

- A. In respect to NISSAN service, For our "service quality", we will continue to provide our consumers with "genial", "speedy", "professional", and "reliable" service with our thoughtful service ideal.
- B. In terms of service, INFINITI will continue to build offices meeting the specification of IREDI (INFINITI Retail Environment Design Initiative)" in addition to offering P.C.E (Premium Customer Experience), 5-start prestigious services for car owners to experience premium service quality. Meanwhile INFINITI will introduce digital assisting tools to provide more superior service experience, creating higher added-value and customer satisfaction for consumers.

(2) Disadvantageous Factors

- A. The expansion of imported luxury brands with introductory entry-level car models with lower price consumes the price and market of existing domestic cars.
- B. Business interruption caused by shortage in vehicle chips may take a toll on the production and supply of parts and vehicles.
- C. The electric car policy framework and environmental support are unclear, which may affect the medium-term and long-term development of renewable vehicles and cause potential business risks.

D. The proportion of old vehicles in Taiwan is too high. This had a negative impact on driver safety and environmental protection and also affected consumers' willingness to buy new cars.

(3) Countermeasures

Nissan Motor Co., Ltd. will continue to uphold to "innovation" and introduce superior products and services in order to strengthen its competitiveness. The company will devote in creating higher values for consumers and thoroughly implement customer-oriented management philosophy to fully achieve the corporate vision in "becoming the benchmark enterprise of cross-strait automobile industry in "product innovation" and "service innovation."

**(2) The major usage and production processes of main products: The company's main business is design, research, develop, sale and components sales of car products, and there are no production processes, therefore it's not applicable.**

**(3) Supplies of main raw materials: The company is not a production manufacturing industry; therefore it's not applicable.**

**(4) List of Major Suppliers and Clients Over the Recent 2 Fiscal Years**

1. Data of suppliers accounting for more than 10% of total purchases over the recent 2 fiscal years

Unit : NTD thousand

Rank	Fiscal year 2020				Fiscal year 2021				First Quarter in 2022			
	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor
1	Yulon Motor Co., Ltd.	23,797,486	98	Relative Party	Yulon Motor Co., Ltd.	20,491,665	99	Relative Party	Yulon Motor Co., Ltd.	6,243,531	96	Related Party
2	Others	519,809	2		Others	253,202	1		Others	216,067	4	
	Net Purchase amount	24,317,295	100		Net Purchase amount	20,744,867	100		Net Purchase amount	6,459,598	100	

2. Data of clients accounting for more than 10% of total sales over the recent 2 fiscal years

Unit : NTD thousand

Rank	Supplier's Name	Fiscal year 2020			Fiscal year 2021			First Quarter in 2022		
		Amount	% to Net Purchase	Relationship with Yulon-Motor	Amount	% to Net Purchase	Relationship with Yulon-Motor	Amount	% to Net Purchase	Relationship with Yulon-Motor
1	Taiwan Acceptance Corporation	25,612,672	86	Relative Party	20,892,345	85	Relative Party	6,776,463	88	Relative Party
2	Others	4,047,966	14		3,776,039	15		987,924	12	
	Net Purchase amount	29,660,638	100		24,668,384	100		7,764,387	100	

**(5) Production Volume over the recent 2 years: This company is not a production manufacturer industry; therefore it's not applicable.**

**(6) Sales Volume of Recent 2 Fiscal Years**

Unit : Volume \ NTD thousand

Sales Volume Main Produces (or by Department)	Fiscal year 2020		Fiscal year 2021		Fiscal year 2020		Fiscal year 2021	
	Local Sales		Export Sales		Local Sales		Export Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Vehicle	34,735	25,665,022	-		28,089	21,045,269	-	-
Parts	-	3,704,831	-	71,191	-	3,398,328	-	45,417
Other	-	100,519	-	119,075	-	118,295	-	61,075
Total	-	29,470,372	-	190,266	-	24,561,892	-	106,492

**3. Employee Data for the Recent Two Years and as of the Publication Date of Annual Report**

Fiscal Year		Fiscal year 2020	Fiscal year 2021	Current Fiscal Year and before May 11, 2022
No. of Employee	Marketing	162	156	148
	Management	80	73	75
	Research & Development	159	146	145
	Total	401	375	368
Average age		43.75	44.43	44.61
Average seniority		15.05	15.86	15.98
Academy Ratio	Doctor	0	0	0
	Master	215	198	194
	College	163	156	153
	Senior High School	22	20	20
	Below Senior High School	1	1	1

## 4. Expenditures on Environment Protection

**(1) Losses and Disposal caused by environmental pollution over the recent 2 years: Nil**

**(2) Probable environmental expenditures:**

The Company has passed the ISO 14001 certification in Nov. 2015, and the ISO 14001 : 2015 certification in Oct. 2021 and will continue to support the environment protection in the future. No major probable environmental expenditures are expected in the future.

## 5. Labor-Capital Relationship

**(1) Current Prominent Labor-Capital Agreements, Employee Benefits and Their Implementation**

### 1. Status of Labor-Capital Agreements

- (1) This company holds a monthly meeting with the labor representatives for proper communication of problems and improvements between the proprietor and the laborers.
- (2) Understand and pay more attention the needs and voice of the employee to promote the Labor-Capital harmony.
- (3) Ask for the opinions from the officials of the labor authorities, scholars or lawyers on relevant issues and hold seminars of relevant topics regularly.
- (4) Continue to strengthen our effort in educating the employees to enhance convergence.

### 2. Employee Benefits

- (1) Set the flexibility in working hours.
- (2) New employees enjoy special leave upon arrival
- (3) Provide commuter's transportation and scheduled home-returning transportation free of charge before holiday.
- (4) Provides safe, convenient, quiet dormitory environment and free of charge.
- (5) Establish employee welfares zone, which includes tennis court, indoor and outdoor basketball court, warm water swimming pool, sauna facilities, gymnasium, etc.
- (6) Hold family day on May 1 labour day, annual domestic and foreign tourism, year-end lucky draw and banquet.
- (7) Set up Worker's Complaint Handling System to assist colleagues to solve working problems and to maintain their rights and privileges.
- (8) The Employee Assistance Program (EAP) was set up, with specialized professionals to assist employees with consultations on various problems encountered in their work and life, so as to relieve employees' work-life pressure and maintain their mental health.
- (9) Institutionalize regulations on the prevention of sexual harassment to provide a harassment-free environment for the employees and employee-to-be. Necessary actions would be taken to prevent, correct, punish and handle acts of harassment, and to ensure the protection of the privacy of the victims as well as the rights of all employees.

### 3. Retirement System

- (1) This company complies with the requirements set forth in the Labor Standards Law and institutionalized relevant regulations on retirement and pecuniary aid in case of death.
- (2) For enhancing the quality of human resources and proper mechanism for replacing the old with the young employees, we have institutionalized a flexible retirement and resignation program.
- (3) The employee retirement regulations developed in accordance with "Labor Pension Act" belongs to the regulation governing pension appropriation. The Company has appropriated 6% from the

- monthly salary of employees to the individual pension fund accounts at the Bureau of Labor Insurance since July 1st, 2005. The 2021 and 2020, the Company has recognized the amount of appropriation according to the ration stipulated in the appropriation program to the Statement of Comprehensive Income in the amount of NT15,083 thousand and NT15,390 thousand, respectively.
- (4) The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

## **(2) Labor Dispute**

Harmonized Labor-Capital has been maintained since the very beginning, and labor dispute that had caused company loss has never happened.

In 2021, there was no loss due to labor disputes.

## **6. Cyber security management**

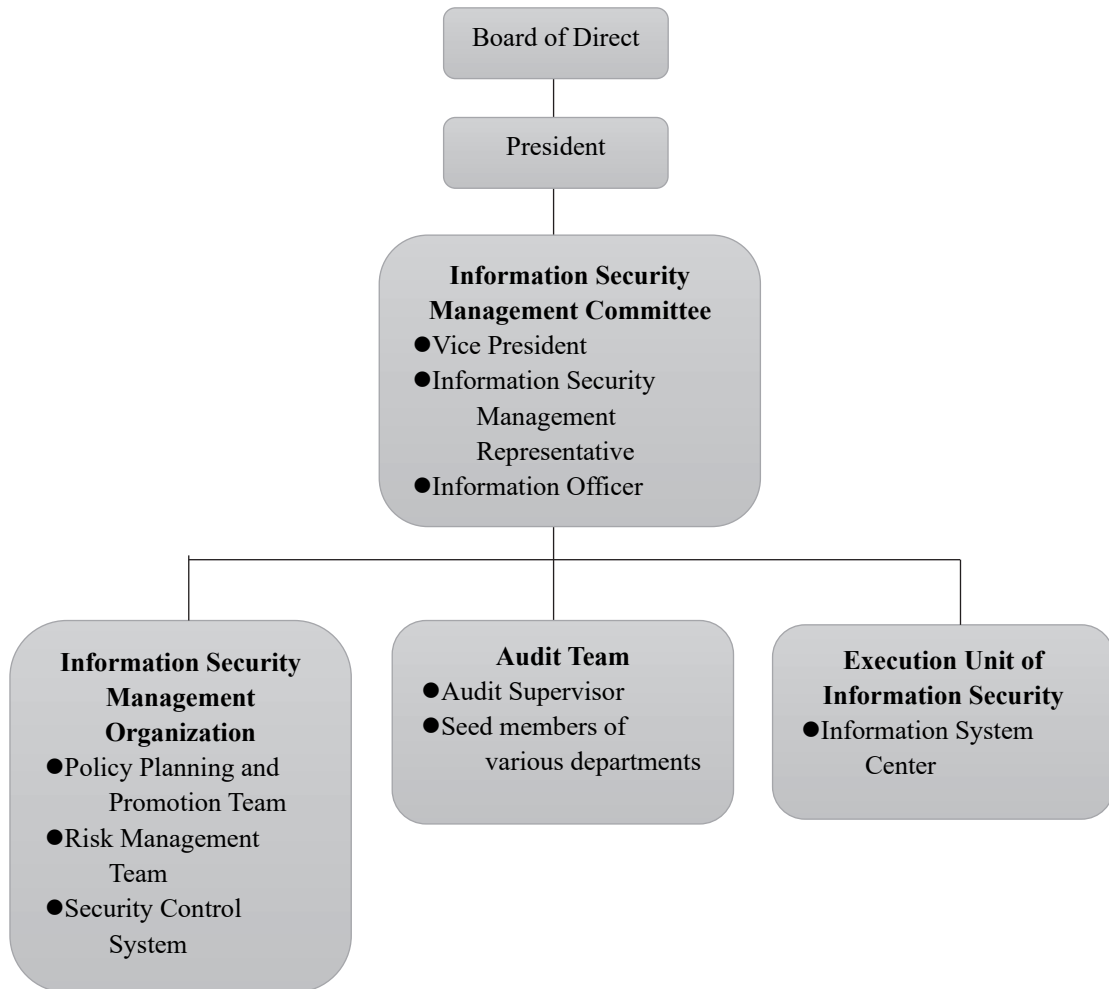
### **(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.**

Our company has passed the annual external independent audit for persistent maintenance of the international information security standards as outlined in the ISO27001 certification. An independent information security department "Information Security Organization Structure" has also been established, with Information Security Representatives to plan the information security operations for our company.

Yulon Nissan Motors, to secure our company's business secrets and follow the guidelines of Personal Data Protection Law as set forth by the government, will continue to proactively manage our information security and strengthen our defense capability. We will ensure all our information operations not only comply with the international information security standards, but are also in conformance with domestic and foreign information security acts and regulations. We will invest more in the research of information security and make it a way of life in our daily business operations.

Our information security-related management measures are as follows:

A. Establish “Yulon Nissan Information Security Management Committee” to review the company information security governance policies, audit the company information security management operations, and periodically report the information security governance status to the Board of Directors.



B. Draw up information/communication security policies:

The information security management mechanism, following the steps of PDCA and the axis of the information security strategies, will be executed in three aspects, ie., information security governance, legal compliance, and technology implementation. From systems to technologies, personnel to organizations, we will improve our information security protection capability in all dimensions.

Information Security Policy		
Information Security Governance	<ul style="list-style-type: none"> <li>● Proactive improvement of the management systems</li> <li>● Control of the risks</li> <li>● Strengthening of the prevention mechanism.</li> </ul>	Continue to proactively improve the management systems, including the reinforcement of education and training, design of information security infrastructure, and the strengthening of the protection technologies.
Legal Compliance	<ul style="list-style-type: none"> <li>● Periodical review</li> <li>● Modification</li> <li>● Establishment of a law-abiding mechanism</li> </ul>	Establish a law-abiding cyclical mechanism to review, and modify internal operation protocols so as to comply with the international information security standards.
Technology Implementations	<ul style="list-style-type: none"> <li>● Internal and external data collection</li> <li>● Data analysis utilization, forecast of the weakness of threats</li> <li>● Control of risk management.</li> </ul>	Utilize the data analysis technology to predict the information security risks and minimize thereof, so as to ensure the information security.

C. Obtain International Certification in Information Security:

Continuous passing of the annual ISO27001 information security management certification, and implementation of the information security evaluation procedures.

D. Implement an annual information security evaluation management process:

The purpose of this is to utilize a systematic risk evaluation methodology to clarify the possible risks to our information assets, so that we can take appropriate measures for containment, so as to minimize the risks to a bearable level to ensure that the business operation continues without obstacles.

E. Investment of resources in information security:

Continuously invest resources in information security-related implementations. Resources will be invested in areas such as the security infrastructure for perfect governance and technology, the defense mechanism for information security improvement, the analysis of security intelligence, and education/training. The goal is to improve the information security capability in all dimensions, from the aspect of management to technology.

**(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.**

In 2021, there was no loss due to significant cyber security incidents.

## 7. Prominent Contracts

Contract	Counter party	Contract Period	Highlights of Provisions	Restrictive Terms
Technical cooperation agreement	Nissan Motor Co., Ltd.	2003.11.01~ 2008.10.31 Note(1)	Technical cooperation to develop and manufacture a variety of vehicles	1. Restriction on sub-licensing to a third party 2. Restriction on sales beyond licensed territories
Dealing agreement on import cars	Nissan Motor Co., Ltd.	2003.11.01~ 2008.10.31 Note(1)	Dealing matters with import cars	1. Restriction on sales beyond licensed territories 2. Confidential responsibility on third party business
OEM, Substitute Materials Contract	Yulon Motor Co., Ltd.	2015.05.01~ 2020.04.30 Note(2)	Assembly for variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Restriction on sales beyond licensed territories
Sales Contract	Taiwan Acceptance Corporation	Note(3)	Provide Car Financing to Dealers	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yuan Long Motor Co., Ltd. and other 3 companies	2021.03.01~ 2024.02.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Tang Motor Co., Ltd. and other 2 companies	2017.03.01~ 2025.02.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Sin Motor Co., Ltd. and other 4 companies	2019.03.01~ 2025.02.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Chen Long Motor Co., Ltd. and other 2 companies	2020.03.01~ 2021.02.28 (Note4)	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business

Note(1): If no action is taken to renew or non renew the contract at least 6 months prior to its expiration, the contract will automatically be renewed for 1 years.

Note(2): If no action is taken to renew or non renew the contract at least 3 months prior to its expiration, the contract will automatically be renewed for 1 years.

Note(3): Yulon Nissan Motor Co., Ltd., and Taiwan Acceptance Corporation are affiliates, and Dealers collections are made through Taiwan Acceptance Corp.; therefore contract duration was not specifically instituted.

Note(4): If no action is taken to renew or non renew the contract at least 3 months prior to its expiration, the contract will automatically be renewed for 1 years.



## | VI · Financial Information |

### 1. Condensed Financial Statements for the recent 5 fiscal year

#### (1) Condensed Balance Sheet and Comprehensive Income Statement Individual Condensed Balance Sheets-IFRS

Unit : NTD thousand

Fiscal Year Item		Financial Data in recent 5 years					The financial data as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current Assets		8,005,623	7,749,776	6,985,580	6,537,926	3,803,026	4,277,066
Property, plant and equipment		1,479,225	1,793,200	1,934,280	1,929,478	1,715,905	1,549,087
Intangible assets		20,882	25,152	22,170	39,882	22,757	22,875
Other assets		16,264,911	16,531,619	18,458,399	19,257,344	19,111,787	20,687,295
Total Assets		25,770,641	26,099,747	27,400,429	27,764,630	24,653,475	26,536,323
Current Liabilities	Before distribution	2,545,626	3,323,171	2,534,198	2,483,233	2,321,931	2,593,057
	After distribution	8,845,626	8,624,171	8,915,198	8,042,233	Note2	-
Non-current liabilities		2,030,391	2,319,542	3,292,907	3,606,846	3,330,836	3,429,838
Total Liabilities	Before distribution	4,576,017	5,642,713	5,827,105	6,090,079	5,652,767	6,022,895
	After distribution	10,876,017	10,943,713	12,208,105	14,132,986	Note2	-
Equity attributable to owners of the company		21,194,624	20,457,034	21,573,324	21,674,551	19,000,708	20,513,428
Share Capital		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Capital Reserves		6,129,405	6,129,405	5,988,968	5,988,968	5,988,968	5,988,968
Retained Earnings	Before distribution	12,440,237	12,059,784	13,855,188	14,014,019	11,482,271	12,290,772
	After distribution	6,140,237	6,758,784	7,474,188	8,455,019	Note2	-
Other equity		(375,018)	(732,155)	(1,270,832)	(1,328,436)	(1,470,531)	(766,312)
Treasury stock		-	-	-	-	-	-
Noncontrolling interest (NCI)		-	-	-	-	-	-
Total equity	Before distribution	21,194,624	20,457,034	21,573,324	21,674,551	1,900,708	26,536,323
	After distribution	14,894,624	15,156,034	15,192,324	16,115,551	Note2	-

Note 1: Quarterly Statement of the First Quarter of 2022 has not been reviewed by CPAs.

Note 2: Earnings distribution proposal will be confirmed by 2022 general meeting of shareholders.

## Consolidated Condensed Balance Sheets-IFRS

Unit : NTD thousand

Item \ Fiscal Year		Financial Data in recent 5 years					The financial data as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current Assets		8,783,713	8,364,080	14,997,108	8,299,093	5,203,802	5,733,574
Property, plant and equipment		1,479,225	1,793,200	1,934,280	1,929,478	1,715,905	1,549,087
Intangible assets		20,882	25,152	22,170	39,882	22,757	22,875
Other assets		15,492,967	15,917,315	11,617,848	17,496,177	17,711,011	19,230,787
Total Assets		25,776,787	26,099,747	28,571,406	27,764,630	24,653,475	26,536,323
Current Liabilities	Before distribution	2,545,626	3,323,171	3,705,175	2,483,233	2,321,931	2,593,057
	After distribution	8,845,626	8,624,171	10,086,175	8,042,233	Note2	-
Non-current liabilities		2,036,537	2,319,542	3,292,907	3,606,846	3,330,836	3,429,838
Total Liabilities	Before distribution	4,582,163	5,642,713	6,998,082	6,090,079	5,652,767	6,022,895
	After distribution	10,882,163	10,943,713	13,379,082	11,649,079	Note2	-
Equity attributable to owners of the company		21,194,624	20,457,034	21,573,324	21,674,551	1,900,708	20,513,428
Share Capital		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Capital Reserves		6,129,405	6,129,405	5,988,968	5,988,968	5,988,968	5,988,968
Retained Earnings	Before distribution	12,440,237	12,059,784	13,855,188	14,014,019	11,482,271	12,290,772
	After distribution	6,140,237	6,758,784	7,474,188	8,455,019	Note2	-
Other equity		(375,018)	(732,155)	(1,270,832)	(1,328,436)	(1,470,531)	(766,312)
Treasury stock		-	-	-	-	-	-
Noncontrolling interest (NCI)		-	-	-	-	-	-
Total equity	Before distribution	21,194,624	20,457,034	21,573,324	21,674,551	1,900,708	26,536,323
	After distribution	14,894,624	15,156,034	15,192,324	16,115,551	Note2	-

Note 1: Quarterly Statement of the First Quarter of 2022 has been reviewed by CPAs.

Note 2: Earnings distribution proposal will be confirmed by 2022 general meeting of shareholders.

**Individual Condensed Income Statement-IFRS**

Unit : NTD thousand

Item	Fiscal Year	Financial Data in recent 5 years					The financial data as of March 31, 2022 (Note)
		2017	2018	2019	2020	2021	
Operating Revenue		33,221,774	31,257,730	32,498,607	29,660,638	24,668,384	7,764,387
Gross Profit		6,184,455	5,326,727	4,848,222	4,094,532	2,813,657	939,923
Operating profit or loss		2,096,150	1,360,274	1,394,245	341,492	168,429	124,539
Non-operating Income and Expenses		5,907,271	6,316,286	7,718,022	7,819,478	3,632,193	889,708
Profit before tax		8,003,421	7,676,560	9,112,267	8,160,970	3,800,622	1,014,247
Net income (loss)		6,642,500	5,890,046	7,281,897	6,540,938	3,025,993	808,501
Other comprehensive profit and loss (net)		(402,219)	(327,636)	(528,208)	(58,711)	(140,836)	704,219
Total current comprehensive profit and loss		6,240,281	5,562,410	6,753,689	6,482,227	2,885,157	1,512,720
Net income attributable to parent company's shareholders		6,642,500	5,890,046	7,281,897	6,540,938	3,025,993	808,501
Net income attributable to unrestrictive equity		-	-	-	-	-	-
Total comprehensive profit and loss attributable to parent company's shareholders		6,240,281	5,562,410	6,753,689	6,482,227	2,885,157	1,512,720
Total comprehensive profit and loss attributable to unrestrictive equity		-	-	-	-	-	-
EPS (Earning Per Share)		22.14	19.63	24.27	21.80	10.09	2.70

Note: Quarterly Statement of the First Quarter of 2022 has not been reviewed by CPAs.

### Consolidated Condensed Income Statement-IFRSs

Unit : NTD thousand

Fiscal Year Item	Financial Data in recent 5 years					The financial data as of March 31, 2022 (Note)
	2017	2018	2019	2020	2020	
Operating Revenue	33,221,774	31,257,730	32,498,607	29,660,638	24,668,384	7,764,387
Gross Profit	6,184,455	5,326,727	4,848,222	4,094,532	2,813,657	939,923
Operating profit or loss	2,075,688	1,336,754	1,364,489	299,359	122,994	118,367
Non-operating Income and Expenses	5,927,733	6,339,806	77,47,778	7,861,611	3,677,628	895,880
Profit before tax	8,003,421	7,676,560	9,112,267	8,160,970	3,800,622	1,014,247
Net income (loss)	6,642,500	5,890,046	7,281,897	6,540,938	3,025,993	808,501
Other comprehensive profit and loss (net)	(402,219)	(327,636)	(528,208)	(58,711)	(140,836)	704,219
Total current comprehensive profit and loss	6,240,281	5,562,410	6,753,689	6,482,227	2,885,157	1,512,720
Net income attributable to parent company's shareholders	6,642,500	5,890,046	7,281,897	6,540,938	3,025,993	808,501
Net income attributable to unrestrictive equity	-	-	-	-	-	-
Total comprehensive profit and loss attributable to parent company's shareholders	6,240,281	5,562,410	6,753,689	6,482,227	2,885,157	1,512,720
Total comprehensive profit and loss attributable to unrestrictive equity	-	-	-	-	-	-
EPS (Earning Per Share)	22.14	19.63	24.27	21.80	10.09	2.70

Note: Quarterly Statement of the First Quarter of 2022 has been reviewed by CPAs.

#### (2) CPAs' Name and Audit opinions

Fiscal Year	2017	2018	2019	2020	2021
CPA (Certified public accountant)	Wan-Yi Liao Robert Yu	Wan-Yi Liao Robert Yu	Wan-Yi Liao Robert Yu	Wan-Yi Liao Robert Yu	Chien-Hsin Hsieh Jui-Chuan Chih
Auditors' opinions	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

## 2. Financial analysis in recent 5 years

### Financial Ratio Analysis complying with IFRS - individual

Analysis items		Fiscal Year		Financial analysis in recent 5 years					The financial data as of March 31, 2022 (Note 1)
		2016	2017	2018	2019	2020	2021		
Finance Structure%	Debt to assets ratio	18	22	21	22	23	23		
	Long term funds to Property, plant and equipment ratio	1,570	1,270	1,286	1,310	1,301	1,546		
Liquidity %	Current Ratio	314	233	276	263	164	165		
	Quick Ratio	314	233	276	263	164	160		
	Interest coverage ratio	718	7701	1,147	554	253	394		
Operating Performance	Receivables turnover (times)	43	33	41	69	69	67		
	Average number days receivables outstanding	8	11	9	5	5	5		
	Inventory turnover (times)	21,552	-	-	-	-	-		
	Payable turnover (times)	26	22	27	81	86	52		
	Average inventory turnover days	-	-	-	-	-	-		
	Property, plant and equipment turnover (times)	21	19	17	15	14	19		
	Total asset turnover (times)	1	1	1	1	1	1		
Profitability	Return on assets (%)	24	23	27	23	12	13		
	Return on equity (%)	31	28	35	30	15	16		
	Pre-tax Income to Paid-in Capital Ratio (%)	267	256	304	272	127	135		
	Profit margin (%)	20	19	22	22	12	10		
	Earnings Per Share (NT dollar)	22.14	19.62	24.27	21.80	10.09	2.70		
Cash Flow	Cash flow from operations ratio (%)	107	64	Note3	10	Note3	Note3		
	Cash flow adequacy ratio (%)	12	12	7	11	13	18		
	Cash Flow Re-investment Ratio (%)	Note2	Note2	Note3	Note3	Note3	Note3		
Leverage	Operating leverage	1	1	1	3	5	2		
	Financial leverage	1	1	1	1	1	1		

Explanation of the changes in each financial ratio in recent two years:

1. Current Ratio · Quick Ratio and Interest protection multipliers was decreased compared with the same period last year due to the decrease amount receiving from JetFrod.
2. The decrease in Return on Total Assets Ratio and Cash flow adequacy ratio was because of the decrease in net profit.
3. Decrease Operating leverage was caused by the decrease in net profit.

Note1: Financial Statement of 2017- 2021 has been reviewed by CPAs. Quarterly individual Statement of the First Quarter in 2022 has not been reviewed by CPAs.

Note2: 2017 & 2018 cash flow from operating activities subtracting cash dividends becomes negative value and is hence not calculated.

Note3: 2019, 2021 and first quarter in 2022 was a net cash outflow from operating activities, therefore it is not counted.

Note4: The formula is as follows:

1. Finance structure

- (1) Debt to assets ratio = total liabilities/total assets.
- (2) Long term funds to property, plant and equipment ratio = (net shareholders' equity + Long term liabilities)/net fixed assets.

2. Liquidity

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
- (3) Interest coverage ratio = before income tax expenses and interest expense/current interest expense.

3. Operating Performance

- (1) Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).
- (2) Average number days receivables outstanding = 365 days/average receivable turnover.
- (3) Inventory turnover (times) = cost of goods sold/average inventory.
- (4) Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).
- (5) Average inventory turnover days = 365 days/average inventory turnover.
- (6) Property, plant and equipment turnover (times) = net sales/net fixed assets.
- (7) Total asset turnover = net sales/total assets.

4. Profitability

- (1) Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.
- (2) Return on equity = shareholders' equity/net income after tax.
- (3) Profit margin = net income after tax/net sales.
- (4) Earnings Per Share = (net income after tax - preferred dividend)/weighted average number of shares.

5. Cash flow

- (1) Cash flow from operations ratio = cash flow from operations/current liabilities.
- (2) Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).
- (3) Cash flow re-investment ratio = (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.
- (2) Financial leverage = operating revenue/(operating revenue - interest expense).

**Financial Ratio Analysis complying with IFRS - Consolidated**

Analysis items		Fiscal Year		Financial analysis in recent 5 years					The financial data as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021			
Finance Structure%	Debt to assets ratio	18	22	24	22	23	23		
	Long term funds to Property, plant and equipment ratio	1,571	1,271	1,286	1,310	1,301	1,546		
Liquidity %	Current Ratio	345	252	405	334	224	221		
	Quick Ratio	344	251	399	329	219	212		
	Interest coverage ratio	718	7,701	1,147	554	253	394		
Operating Performance	Receivables turnover (times)	44	34	41	69	69	68		
	Average number days receivables outstanding	8	11	9	5	5	5		
	Inventory turnover (times)	21,552	-	-	-	-	-		
	Payable turnover (times)	26	22	27	81	86	52		
	Average inventory turnover days	-	-	-	-	-	-		
	Property, plant and equipment turnover (times)	21	19	17	15	14	19		
	Total asset turnover (times)	1	1	1	1	1	1		
Profitability	Return on assets (%)	24	23	27	23	12	13		
	Return on equity (%)	31	28	35	30	15	16		
	Pre-tax Income to Paid-in Capital Ratio (%)	267	256	304	272	127	135		
	Profit margin(%)	20	19	22	22	12	10		
	Earnings Per Share (NT dollar)	22.14	19.63	24.27	21.80	10.09	2.70		
Cash Flow	Cash flow from operations ratio (%)	85	45	Note3	26	Note3	Note3		
	Cash flow adequacy ratio (%)	2	2	1	7	13	3		
	Cash Flow Re-investment Ratio (%)	Note2	Note2	Note3	Note3	Note3	Note3		
Leverage	Operating leverage	1	1	1	3	5	3		
	Financial leverage	1	1	1	1	1	1		

Explanation of the changes in each financial ratio in recent two years:

1. Current Ratio · Quick Ratio and Interest protection multipliers was decreased compared with the same period last year due to the decrease amount receiving from JetFrod.
2. The decrease in Return on Total Assets Ratio and Cash flow adequacy ratio was because of the decrease in net profit.
3. Decrease Operating leverage was caused by the decrease in net profit.

Note1: Financial Statement of 2017- 2021 has been reviewed by CPAs. Quarterly Statement of the First Quarter in 2022 has been reviewed by CPAs.

Note2: 2017&2018 cash flow from operating activities subtracting cash dividends becomes negative value and is hence not calculated.

Note3: 2019, and 2021 operational activities were net cash outflow and therefore not included in the calculation.

Note4: The formula is as follows:

1. Finance structure

- (1) Debt to assets ratio = total liabilities/total assets.
- (2) Long term funds to property, plant and equipment ratio = (net shareholders' equity + Long term liabilities)/net fixed assets.

2. Liquidity

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
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3. Operating Performance

- (1) Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).
- (2) Average number days receivables outstanding = 365 days/average receivable turnover.
- (3) Inventory turnover (times) = cost of goods sold/average inventory.
- (4) Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).
- (5) Average inventory turnover days = 365 days/average inventory turnover.
- (6) Property, plant and equipment turnover (times) = net sales/net fixed assets.
- (7) Total asset turnover = net sales/total assets.

4. Profitability

- (1) Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.
- (2) Return on equity = shareholders' equity/net income after tax.
- (3) Profit margin = net income after tax/net sales.
- (4) Earnings Per Share = (net income after tax - preferred dividend)/weighted average number of shares.

5. Cash flow

- (1) Cash flow from operations ratio = cash flow from operations/current liabilities.
- (2) Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).
- (3) Cash flow re-investment ratio = (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.
- (2) Financial leverage = operating revenue/(operating revenue - interest expense).



### 3. Audit Committee's Report

#### Yulon Nissan Motor Co., Ltd.

#### Audit Committee's Report

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

Submitted to:

2022 Regular Shareholders' Meeting of the Company

Yulon Motor Co., Ltd.

Audit Committee Convenor : Jung-Fang Kuo



May 10, 2022

## 4. Recent Annual Financial Statements

### INDEPENDENT AUDITORS' REPORT

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

#### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

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

#### Depreciation of Molds and Dies

In accordance with IAS 16 "Property, Plant and Equipment", the depreciable amount of an asset should be allocated on a systematic basis over its useful life. The Company depreciates molds and dies using the unit of production method, and reviews the estimated number of vehicles that are expected to be sold in the future for each vehicle model every six months based on market sales. The estimated number of vehicles to be sold is then used to calculate the amount allocated to each mold and die, and is used as the basis for the depreciation of molds and dies. The depreciation of molds and dies in 2021 was \$580,136 thousand. Since the amount of depreciation of molds and dies is significant and

estimates of the units sold are highly dependent on management's judgment, the depreciation of molds and dies is considered to be a key audit matter.

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2022

Notice to Readers

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

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

## YULON NISSAN MOTOR COMPANY, LTD.

### BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,736,644	11	\$ 5,334,781	19
Financial assets at fair value through profit or loss (Notes 4 and 7)	547,289	2	626,514	2
Notes receivable (Notes 4, 8 and 20)	235	-	1,934	-
Notes receivable - related parties (Notes 4, 20 and 27)	21	-	579	-
Trade receivables (Notes 4, 8 and 20)	23,567	-	12,419	-
Trade receivables - related parties (Notes 4, 20 and 27)	287,324	1	389,371	2
Other receivables (Notes 4 and 8)	43,358	-	38,200	-
Other receivables - related parties (Notes 4 and 27)	159,614	1	133,801	1
Prepayments	4,974	-	327	-
Total current assets	<u>3,803,026</u>	<u>15</u>	<u>6,537,926</u>	<u>24</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4 and 10)	17,825,436	72	17,864,822	64
Property, plant and equipment (Notes 4, 5, 11 and 27)	1,715,905	7	1,929,478	7
Right-of-use assets (Notes 4, 12 and 27)	687,034	3	683,655	3
Computer software (Notes 4 and 13)	22,757	-	39,882	-
Deferred tax assets (Notes 4 and 22)	80,155	1	85,881	-
Other non-current assets (Notes 14 and 27)	519,162	2	622,986	2
Total non-current assets	<u>20,850,449</u>	<u>85</u>	<u>21,226,704</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

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

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Trade payables	\$ 15,961	-	\$ 16,763	-
Trade payables - related parties (Note 27)	300,085	1	174,944	1
Other payables (Note 15)	870,903	3	855,425	3
Other payables - related parties (Note 27)	226,817	1	182,293	1
Current tax liabilities (Notes 4 and 22)	631,800	3	978,846	3
Provisions (Notes 4, 5 and 16)	219,190	1	218,982	1
Lease liabilities (Notes 4, 12 and 27)	51,666	-	51,616	-
Other current liabilities (Note 17)	<u>5,509</u>	<u>-</u>	<u>4,364</u>	<u>-</u>
Total current liabilities	<u>2,321,931</u>	<u>9</u>	<u>2,483,233</u>	<u>9</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions (Notes 4, 5 and 16)	63,542	-	71,330	-
Tax liabilities - non-current (Notes 4 and 22)	117,017	1	349,455	1
Deferred tax liabilities (Notes 4 and 22)	2,425,443	10	2,418,760	9
Lease liabilities (Notes 4, 12 and 27)	637,348	3	630,505	2
Net defined benefit liabilities (Notes 4 and 18)	<u>87,486</u>	<u>-</u>	<u>136,796</u>	<u>1</u>
Total non-current liabilities	<u>3,330,836</u>	<u>14</u>	<u>3,606,846</u>	<u>13</u>
Total liabilities	<u>5,652,767</u>	<u>23</u>	<u>6,090,079</u>	<u>22</u>
<b>EQUITY</b>				
Capital stock - NT\$10 par value; authorized - 600,000 thousand stocks; issued and outstanding - 300,000 thousand stocks	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>11</u>
Capital surplus	<u>5,988,968</u>	<u>24</u>	<u>5,988,968</u>	<u>22</u>
Retained earnings				
Legal reserve	6,848,964	28	6,194,981	22
Special reserve	1,328,436	5	1,270,832	4
Unappropriated earnings	<u>3,304,871</u>	<u>14</u>	<u>6,548,206</u>	<u>24</u>
Total retained earnings	<u>11,482,271</u>	<u>47</u>	<u>14,014,019</u>	<u>50</u>
Other equity	<u>(1,470,531)</u>	<u>(6)</u>	<u>(1,328,436)</u>	<u>(5)</u>
Total equity	<u>19,000,708</u>	<u>77</u>	<u>21,674,551</u>	<u>78</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

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

## YULON NISSAN MOTOR COMPANY, LTD.

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 27)				
Sales (Note 4)	\$ 24,489,014	99	\$ 29,441,044	99
Service revenue (Note 4)	61,075	-	119,075	1
Other operating revenue	<u>118,295</u>	<u>1</u>	<u>100,519</u>	<u>-</u>
Total operating revenue	24,668,384	100	29,660,638	100
OPERATING COSTS (Notes 9, 21 and 27)	<u>21,854,727</u>	<u>89</u>	<u>25,566,106</u>	<u>86</u>
GROSS PROFIT	<u>2,813,657</u>	<u>11</u>	<u>4,094,532</u>	<u>14</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	1,716,888	7	2,760,434	9
General and administrative expenses	509,265	2	395,781	2
Research and development expenses	<u>419,245</u>	<u>2</u>	<u>597,114</u>	<u>2</u>
Total operating expenses	<u>2,645,398</u>	<u>11</u>	<u>3,753,329</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 21 and 27)	<u>170</u>	<u>-</u>	<u>289</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>168,429</u>	<u>-</u>	<u>341,492</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiary	3,660,469	15	7,731,128	26
Net foreign exchange (loss) gain (Note 21)	(26,865)	-	58,568	-
Gain on financial assets at fair value through profit or loss, net	34,789	-	29,014	-
Interest income (Note 4)	10,549	-	22,048	-
Other revenue (Note 27)	2,089	-	6,923	-
Interest expenses (Note 27)	(15,096)	-	(14,760)	-
Loss on disposal of investments, net (Note 21)	(23,904)	-	(5,477)	-
Overseas business expenses (Note 27)	(7,649)	-	(6,420)	-
Other losses	<u>(2,189)</u>	<u>-</u>	<u>(1,546)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,632,193</u>	<u>15</u>	<u>7,819,478</u>	<u>26</u>
PROFIT BEFORE INCOME TAX	3,800,622	15	8,160,970	27
INCOME TAX EXPENSES (Notes 4 and 22)	<u>774,629</u>	<u>3</u>	<u>1,620,032</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>3,025,993</u>	<u>12</u>	<u>6,540,938</u>	<u>22</u>

(Continued)



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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ 1,574	-	\$ (1,364)	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	-	-	(20)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	<u>(315)</u>	-	<u>277</u>	-
	<u>1,259</u>	-	<u>(1,107)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(142,095)</u>	-	<u>(57,604)</u>	-
Other comprehensive loss for the year, net of income tax	<u>(140,836)</u>	-	<u>(58,711)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$10.09</u>		<u>\$21.80</u>	
Diluted	<u>\$10.09</u>		<u>\$21.80</u>	

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

(Concluded)

## YULON NISSAN MOTOR COMPANY, LTD.

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

	Capital Stock	Capital Surplus (Notes 19)
BALANCE AT JANUARY 1, 2020	\$ 3,000,000	\$ 5,988,968
Appropriation of 2019 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividends distributed by the Company - NT\$21.27 per share	-	-
	-	-
Net profit for the year ended December 31, 2020	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-
BALANCE AT DECEMBER 31, 2020	3,000,000	5,988,968
Appropriation of 2020 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividends distributed by the Company - NT\$18.53 per share	-	-
	-	-
Net profit for the year ended December 31, 2021	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-
BALANCE AT DECEMBER 31, 2021	\$ 3,000,000	\$ 5,988,968

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

Retained Earnings (Notes 19)			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Foreign Operations	Total Equity
\$ 5,473,169	\$ 1,163,895	\$ 7,218,124	\$ (1,270,832)	\$ 21,573,324
721,812	-	(721,812)	-	-
-	106,937	(106,937)	-	-
-	-	(6,381,000)	-	(6,381,000)
721,812	106,937	(7,209,749)	-	(6,381,000)
-	-	6,540,938	-	6,540,938
-	-	(1,107)	(57,604)	(58,711)
-	-	6,539,831	(57,604)	6,482,227
6,194,981	1,270,832	6,548,206	(1,328,436)	21,674,551
653,983	-	(653,983)	-	-
-	57,604	(57,604)	-	-
-	-	(5,559,000)	-	(5,559,000)
653,983	57,604	(6,270,587)	-	(5,559,000)
-	-	3,025,993	-	3,025,993
-	-	1,259	(142,095)	(140,836)
-	-	3,027,252	(142,095)	2,885,157
\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708

## YULON NISSAN MOTOR COMPANY, LTD.

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,800,622	\$ 8,160,970
Adjustments for:		
Depreciation expenses	670,001	630,998
Amortization expenses	21,616	25,877
Gain on financial assets at fair value through profit or loss, net	(34,789)	(29,014)
Interest expense	15,096	14,760
Interest income	(10,549)	(22,048)
Share of the profit of subsidiary	(3,660,469)	(7,731,128)
Gain on disposal of property, plant and equipment, net	(170)	(289)
Loss on disposal of investment, net	23,904	5,477
Net foreign exchange loss (gain)	14,525	(134,789)
Recognition of inventory purchase commitments	2,408	11,177
Warranty costs	149,709	186,235
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	90,110	648,548
Notes receivable	1,699	(1,934)
Notes receivable - related parties	558	4,153
Trade receivables	(11,148)	5,765
Trade receivables - related parties	102,074	37,080
Other receivables	(6,273)	(13,049)
Other receivables - related parties	(25,813)	71,430
Prepayments	(4,647)	738
Contract liabilities	-	(33,029)
Trade payables	(802)	(65,743)
Trade payables - related parties	125,141	(304,007)
Other payables	6,025	(69,493)
Other payables - related parties	104,344	3,479
Other current liabilities	1,145	(243)
Provisions	(159,697)	(158,900)
Net defined benefit liabilities	(47,736)	(96,593)
Cash generated from operations	1,166,884	1,146,428
Interest paid	(15,096)	(14,760)
Income tax paid	(1,342,019)	(887,973)
Net cash generated from (used in) operating activities	<u>(190,231)</u>	<u>243,695</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	3,557,760	7,357,440
Interest received	11,664	23,973
Payments for property, plant and equipment (Note 24)	(393,918)	(465,919)
Proceeds from disposal of property, plant and equipment	602	476
Payments for computer software (Note 24)	(4,491)	(11,958)
Decrease (increase) in refundable deposits	48,282	(562,372)
Net cash generated from investing activities	<u>3,219,899</u>	<u>6,341,640</u>

(Continued)

**YULON NISSAN MOTOR COMPANY, LTD.****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (54,251)	\$ (55,658)
Payments of dividends	<u>(5,559,000)</u>	<u>(6,381,000)</u>
Cash used in financing activities	<u>(5,613,251)</u>	<u>(6,436,658)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(14,554)</u>	<u>134,826</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,598,137)	283,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,334,781</u>	<u>5,051,278</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,736,644</u>	<u>\$ 5,334,781</u>

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

(Concluded)

## YULON NISSAN MOTOR COMPANY, LTD.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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#### 1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the “Company”) is mainly engaged in the research and development of vehicles and the sale of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. (“Yulon”) transferred its sales and research and development businesses to the Company in October 2003 through a spin-off. The Company’s spin-off from Yulon was intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred 40% of its equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company’s board of directors on March 15, 2022.

#### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company assessed that the application of other standards and interpretations did not have material impact on the Company’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company assessed that the application of other standards and interpretations did not have material impact on the Company's financial position and financial performance.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

##### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis except for the financial instruments and net defined benefit liabilities which are measured at the present values of the defined benefit obligation less than fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability

When preparing its financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company



only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries, as appropriate, in the financial statements.

### **Classification of Current and Non-current Assets and Liabilities**

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

### **Foreign Currencies**

The functional currency of Company and presentation currency of the financial statements are both New Taiwan dollar (NT\$). The functional currency is the currency of the primary economic environment in which the Company operates.

In preparing the financial statements, transactions in currencies other than the New Taiwan dollar are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

The financial statements of foreign subsidiaries accounted for using the equity method which were prepared using foreign currencies are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - year-end rates; profit and loss - average rates during the year; equity - historical rates. The resulting differences are recorded as other comprehensive income.

### **Inventories**

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

### **Investments in Subsidiaries**

The Company uses the equity method to account for its investments in subsidiaries. Subsidiary is an entity that is controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiaries.

Investments accounted for using the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for using the equity method have been impaired, the impairment losses are recognized in profit or loss.

### **Property, Plant and Equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Other than molds and dies, which are depreciated on the basis of the estimated number of vehicles to be sold in the future, other items of property, plant and equipment are depreciated using the straight-line method. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each year, and the estimated sales volume is reviewed every six months, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Computer Software**

Computer software is initially stated at cost and subsequently stated at cost less accumulated amortization. The amortization is recognized on a straight-line basis over 3 years. The estimated useful, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Company expects to dispose of the asset before the end of its economic life.

### **Impairment of Property, Plant and Equipment, Right-of-Use Assets and Computer Software**

When the carrying amount of property, plant and equipment, right-of-use assets and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. When the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

### **Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the

fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

##### 1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

##### 2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- b) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in

subsequent reporting periods.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring reflected in the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

a. Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

The Company derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## Provisions

### a. Inventory purchase commitments

Where the Company has a commitment for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received, the present obligations arising from such commitments are recognized and measured as provisions.

### b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate by the management of the Company of the expenditure required to settle the Company's obligation.

## Revenue Recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

### a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered and legal ownership of the goods has been transferred to the customer.

### b. Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of design and research and development services for cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Company recognizes a contract liability for the difference.

## Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

### The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments.

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### **Employee Benefits**

#### a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

#### b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### a. Current tax

Current tax payable is dependent on current taxable income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that some revenue and expenses are taxable or deductible items in other periods, or not taxable or deductible items according to the Income Tax Act. The Company's current tax liabilities are calculated using the legislated tax rate on the balance sheet date.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Property, plant and equipment – allocation of depreciation of molds and dies

The Company depreciates molds and dies on the basis of the unit production method and reviews the estimated number of vehicles that are expected to be sold in the future for each vehicle model every six months based on market sales. The estimated number of vehicles to be sold is then used to calculate the amount allocated to each mold and die, and is used as the basis for the depreciation of molds and dies.

b. Provisions for the expected cost of warranties

The provisions for warranties are calculated on the basis of the estimate of quarterly warranty expenditure per car and the estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on the average of actual warranty expense in the past and the estimated number of units of cars subject to warranty at the end of every quarter. As of December 31, 2021 and 2020, the carrying amounts of provisions for warranties were \$160,588 thousand and \$170,576 thousand, respectively.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Checking accounts and demand deposits	\$ 450,464	\$ 314,790
Foreign currency demand deposits	446,263	1,368,071
Cash equivalents		
Foreign currency time deposits	1,520,413	3,326,520
Time deposits	6,991	6,990
Repurchase agreements collateralized by bonds	<u>312,513</u>	<u>318,410</u>
	<u>\$ 2,736,644</u>	<u>\$ 5,334,781</u>

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rate intervals of demand deposits, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Demand deposits and time deposits	0.01%-1.50%	0.01%-1.80%
Repurchase agreements collateralized by bonds	1.00%	1.05%



## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Mutual funds	<u>\$ 547,289</u>	<u>\$ 626,514</u>

## 8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
At amortized cost	<u>\$ 235</u>	<u>\$ 1,934</u>
<u>Trade receivables</u>		
At amortized cost	<u>\$ 23,567</u>	<u>\$ 12,419</u>
<u>Other receivables</u>		
Interest receivables	\$ 425	\$ 1,540
Others	<u>42,933</u>	<u>36,660</u>
	<u>\$ 43,358</u>	<u>\$ 38,200</u>

### a. Notes receivable

In order to minimize credit risk, the sales department monitors payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all notes receivable. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Company did not recognize an expected losses provision for notes receivable due to the estimation performed by the Company at the end of the reporting period, which shows that there was no significant change in the credit quality of the receivables and the amounts were still considered recoverable.

The following table details the loss allowance of notes receivable based on the Company's provision matrix.

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 235	\$ -	\$ -	\$ -	\$ -	\$ 235
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 1,934	\$ -	\$ -	\$ -	\$ -	\$ 1,934
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 1,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,934</u>

b. Trade receivables

In order to minimize credit risk, the sales department monitors payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Company did not recognize an expected losses provision for trade receivables due to the estimation performed by the Company at the end of the reporting period, which shows that there was no significant change in the credit quality of the receivables and the amounts were still considered recoverable.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate						
Gross carrying amount	\$ 23,567	\$ -	\$ -	\$ -	\$ -	\$ 23,567
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 23,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,567</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 12,419	\$ -	\$ -	\$ -	\$ -	\$ 12,419
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 12,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,419</u>

c. Other receivables

When there is objective evidence that other receivables are impaired, the Company assesses impairment loss on other receivables individually.

There were no past due other receivables for which the Company had not recognized an allowance for impairment loss.

**9. INVENTORIES**

	<u>December 31</u>	
	2021	2020
Parts	<u>\$ -</u>	<u>\$ -</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 was \$21,854,727 thousand, which included warranty costs of \$149,709 thousand and losses on inventory purchase commitments of \$2,408 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 was \$25,566,106 thousand, which included warranty costs of \$186,235 thousand and losses on inventory purchase commitments of \$11,177 thousand.

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2021	2020
<u>Investment in subsidiary</u>		
Yi-Jan Overseas Investment Co., Ltd.	<u>\$ 17,825,436</u>	<u>\$ 17,864,822</u>

At the end of the reporting period, the proportion of ownership and voting rights in the subsidiary was as follows:

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	2021	2020
Yi-Jan Overseas Investment Co., Ltd.	100%	100%

Refer to Table 5 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 was based on the subsidiaries' financial statements which have been audited for the same years.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
<u>Cost</u>									
Balance at January 1, 2020	\$ 3,659,497	\$ 750,570	\$ 64,630	\$ 233,255	\$ 11,565	\$ 3,721	\$ 28,388	\$ 8,530	\$ 4,760,156
Additions	442,498	106,322	2,832	16,383	-	-	-	390	568,425
Reclassification	-	-	-	788	-	-	-	-	788
Disposals	(1,171,669)	(215,928)	(360)	-	(1,125)	-	(4,393)	-	(1,393,475)
Reversal	(2,549)	-	-	-	-	-	-	-	(2,549)
Balance at December 31, 2020	<u>\$ 2,927,777</u>	<u>\$ 640,964</u>	<u>\$ 67,102</u>	<u>\$ 250,426</u>	<u>\$ 10,440</u>	<u>\$ 3,721</u>	<u>\$ 23,995</u>	<u>\$ 8,920</u>	<u>\$ 3,933,345</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2020	\$ (2,196,560)	\$ (418,430)	\$ (53,596)	\$ (135,253)	\$ (7,026)	\$ (3,561)	\$ (5,670)	\$ (5,780)	\$ (2,825,876)
Depreciation expenses	(459,213)	(83,571)	(4,615)	(16,572)	(1,540)	(34)	(5,312)	(422)	(571,279)
Disposals	1,171,669	215,928	360	-	938	-	4,393	-	1,393,288
Balance at December 31, 2020	<u>\$ (1,484,104)</u>	<u>\$ (286,073)</u>	<u>\$ (57,851)</u>	<u>\$ (151,825)</u>	<u>\$ (7,628)</u>	<u>\$ (3,595)</u>	<u>\$ (6,589)</u>	<u>\$ (6,202)</u>	<u>\$ (2,003,867)</u>
Carrying amount, net, December 31, 2020	<u>\$ 1,443,673</u>	<u>\$ 354,891</u>	<u>\$ 9,251</u>	<u>\$ 98,601</u>	<u>\$ 2,812</u>	<u>\$ 126</u>	<u>\$ 17,406</u>	<u>\$ 2,718</u>	<u>\$ 1,929,478</u>
<u>Cost</u>									
Balance at January 1, 2021	\$ 2,927,777	\$ 640,964	\$ 67,102	\$ 250,426	\$ 10,440	\$ 3,721	\$ 23,995	\$ 8,920	\$ 3,933,345
Additions	305,735	23,253	11,150	60,982	-	-	909	64	402,093
Disposals	-	-	(20,638)	(2,639)	(1,911)	(273)	-	(772)	(26,233)
Reversal	(3,000)	-	-	-	-	-	-	-	(3,000)
Balance at December 31, 2021	<u>\$ 3,230,512</u>	<u>\$ 664,217</u>	<u>\$ 57,614</u>	<u>\$ 308,769</u>	<u>\$ 8,529</u>	<u>\$ 3,448</u>	<u>\$ 24,904</u>	<u>\$ 8,212</u>	<u>\$ 4,306,205</u>

(Continued)

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
Accumulated depreciation and impairment									
Balance at January 1, 2021	\$ (1,484,104)	\$ (286,073)	\$ (57,851)	\$ (151,825)	\$ (7,628)	\$ (3,595)	\$ (6,589)	\$ (6,202)	\$ (2,003,867)
Depreciation expenses	(486,894)	(93,242)	(3,652)	(21,853)	(895)	(34)	(5,226)	(438)	(612,234)
Disposals	-	-	20,475	2,639	1,642	273	-	772	25,801
Balance at December 31, 2021	<u>\$ (1,970,998)</u>	<u>\$ (379,315)</u>	<u>\$ (41,028)</u>	<u>\$ (171,039)</u>	<u>\$ (6,881)</u>	<u>\$ (3,356)</u>	<u>\$ (11,815)</u>	<u>\$ (5,868)</u>	<u>\$ (2,590,300)</u>
Carrying amount, net, December 31, 2021	<u>\$ 1,259,514</u>	<u>\$ 284,902</u>	<u>\$ 16,586</u>	<u>\$ 137,730</u>	<u>\$ 1,648</u>	<u>\$ 92</u>	<u>\$ 13,089</u>	<u>\$ 2,344</u>	<u>\$ 1,715,905</u>

(Concluded)

The above reversal is due to the decline of the original cost of molds from supplies.

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2021 and 2020.

Except for molds and dies which are depreciated on the basis of the estimated number of vehicles to be sold, other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 10 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvements	5 years
Tools	2 to 10 years

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Buildings	\$ 671,632	\$ 673,170
Transportation equipment	<u>15,402</u>	<u>10,485</u>
	<u>\$ 687,034</u>	<u>\$ 683,655</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 61,665</u>	<u>\$ 14,014</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 49,108	\$ 51,139
Transportation equipment	<u>8,659</u>	<u>8,580</u>
	<u>\$ 57,767</u>	<u>\$ 59,719</u>
		(Concluded)

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020. In addition, the Company early terminated part of the lease contract during the years ended December 31, 2021, which resulted in a decrease of \$519 thousand in right-of-use assets and recognition of a lease modification benefit of \$2 thousand.

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Current	<u>\$ 51,666</u>	<u>\$ 51,616</u>
Non-current	<u>\$ 637,348</u>	<u>\$ 630,505</u>

The discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Buildings	0.91%	0.91%
Transportation equipment	0.91%	0.91%

c. Material leasing activities and terms

The Company leases certain cars for the use of its executives with lease terms of 2 to 4 years. The Company does not have bargain purchase options to acquire the leasehold cars at the end of the lease terms.

The Company also leases buildings for the use of plants, offices and dormitory with lease terms of 5 to 18 years. If the lease term is not specified in the lease contract with the related party, lease term is based on the useful lives of the right-of-use assets, please refer to Note 27. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

## d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 2,474</u>	<u>\$ 3,041</u>
Total cash outflow for leases	<u>\$ (62,839)</u>	<u>\$ (65,177)</u>

The Company's leases of certain transportation equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**13. COMPUTER SOFTWARE**

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2020	\$ 40,721
Additions	15,464
Disposals	(4,764)
Reclassification	<u>28,125</u>
Balance at December 31, 2020	<u>\$ 79,546</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ (18,551)
Amortization expenses	(25,877)
Disposals	<u>4,764</u>
Balance at December 31, 2020	<u>\$ (39,664)</u>
Carrying amount at December 31, 2020	<u>\$ 39,882</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,546
Additions	4,491
Disposals	<u>(48,615)</u>
Balance at December 31, 2021	<u>\$ 35,422</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ (39,664)
Amortization expenses	(21,616)
Disposals	<u>48,615</u>
Balance at December 31, 2021	<u>\$ (12,665)</u>
Carrying amount at December 31, 2021	<u>\$ 22,757</u>

No impairment loss or reversal of impairment losses was recognized for the years ended December 31, 2021.

**14. OTHER NON-CURRENT ASSETS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Refundable deposits (Note 27)	\$ 517,556	\$ 565,838
Prepayments for equipment	<u>1,606</u>	<u>57,148</u>
	<u>\$ 519,162</u>	<u>\$ 622,986</u>

**15. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Advertising and promotion fees	\$ 508,639	\$ 512,940
Salaries and bonuses	203,638	191,446
Purchases of equipment	86,144	76,691
Taxes	3,842	12,868
Others	<u>68,640</u>	<u>61,480</u>
	<u>\$ 870,903</u>	<u>\$ 855,425</u>

**16. PROVISIONS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current		
Inventory purchase commitments	\$ 122,144	\$ 119,736
Warranties	<u>97,046</u>	<u>99,246</u>
	<u>\$ 219,190</u>	<u>\$ 218,982</u>
Non-current		
Warranties	<u>\$ 63,542</u>	<u>\$ 71,330</u>

	<b>Inventory Purchase Commitments</b>	<b>Warranties</b>	<b>Total</b>
Balance at January 1, 2020	\$ 108,559	\$ 143,241	\$ 251,800
Additional provisions recognized	11,177	186,235	197,412
Paid	<u>-</u>	<u>(158,900)</u>	<u>(158,900)</u>

(Continued)



	Inventory Purchase Commitments	Warranties	Total
Balance at December 31, 2020	<u>\$ 119,736</u>	<u>\$ 170,576</u>	<u>\$ 290,312</u>
Balance at January 1, 2021	\$ 119,736	\$ 170,576	\$ 290,312
Additional provisions recognized	2,408	149,709	152,117
Paid	<u>-</u>	<u>(159,697)</u>	<u>(159,697)</u>
Balance at December 31, 2021	<u>\$ 122,144</u>	<u>\$ 160,588</u>	<u>\$ 282,732</u> (Concluded)

The provisions for losses on inventory purchase commitments represent the present obligations of which the unavoidable costs for meeting the obligations under the commitments exceed the economic benefits expected to be received from the commitments.

The provisions for warranty claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under the local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

## 17. OTHER LIABILITIES

	<u>December 31</u>	
	2021	2020
Current		
Withholding	\$ 3,164	\$ 3,056
Others	<u>2,345</u>	<u>1,308</u>
	<u>\$ 5,509</u>	<u>\$ 4,364</u>

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2021 and 2020 was \$15,083 thousand and \$15,390 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

An analysis by function of the amounts recognized in profit or loss in respect of the defined contribution plan is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 7,265	\$ 7,522
General and administrative expenses	3,051	3,000
Research and development expenses	4,717	4,818
Non-operating expenses	<u>50</u>	<u>50</u>
	<u>\$ 15,083</u>	<u>\$ 15,390</u>

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of funded defined benefit obligation	\$ 349,137	\$ 406,889
Fair value of plan assets	<u>(261,651)</u>	<u>(270,093)</u>
Deficit	<u>\$ 87,486</u>	<u>\$ 136,796</u>
Net defined benefit liabilities	<u>\$ 87,486</u>	<u>\$ 136,796</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2020	<u>\$ 483,850</u>	<u>\$ (251,825)</u>	<u>\$ 232,025</u>
Service cost			
Current service cost	3,695	-	3,695
Net interest expense (income)	<u>3,629</u>	<u>(1,983)</u>	<u>1,646</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Recognized in profit or loss	<u>7,324</u>	<u>(1,983)</u>	<u>5,341</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,048)	(8,048)
Actuarial loss - changes in financial assumptions	9,520	-	9,520
Actuarial gain - experience adjustments	<u>(108)</u>	<u>-</u>	<u>(108)</u>
Recognized in other comprehensive income	<u>9,412</u>	<u>(8,048)</u>	<u>1,364</u>
Contributions from the employer	<u>-</u>	<u>(26,505)</u>	<u>(26,505)</u>
Benefits paid	<u>(18,268)</u>	<u>18,268</u>	<u>-</u>
Payment from the employer	<u>(75,429)</u>	<u>-</u>	<u>(75,429)</u>
Balance at December 31, 2020	<u>\$ 406,889</u>	<u>\$ (270,093)</u>	<u>\$ 136,796</u>
Balance at January 1, 2021	<u>\$ 406,889</u>	<u>\$ (270,093)</u>	<u>\$ 136,796</u>
Service cost			
Current service cost	3,053	-	3,053
Net interest expense (income)	<u>2,015</u>	<u>(1,360)</u>	<u>655</u>
Recognized in profit or loss	<u>5,068</u>	<u>(1,360)</u>	<u>3,708</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,370)	(3,370)
Actuarial loss - changes in financial assumptions	9,417	-	9,417
Actuarial gain - experience adjustments	<u>(7,621)</u>	<u>-</u>	<u>(7,621)</u>
Recognized in other comprehensive income	<u>1,796</u>	<u>(3,370)</u>	<u>(1,574)</u>
Contributions from the employer	<u>-</u>	<u>(6,349)</u>	<u>(6,349)</u>
Benefits paid	<u>(19,521)</u>	<u>19,521</u>	<u>-</u>
Payment from the employer	<u>(45,095)</u>	<u>-</u>	<u>(45,095)</u>
Balance at December 31, 2021	<u>\$ 349,137</u>	<u>\$ (261,651)</u>	<u>\$ 87,486</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 1,175	\$ 1,791
General and administrative expenses	839	2,127

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Research and development expenses	1,634	1,294
Non-operating expenses	<u>60</u>	<u>129</u>
	<u>\$ 3,708</u>	<u>\$ 5,341</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)	0.50%	0.50%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)		
0.25% increase	<u>\$ (8,116)</u>	<u>\$ (9,520)</u>
0.25% decrease	<u>\$ 8,393</u>	<u>\$ 9,852</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 8,082</u>	<u>\$ 9,490</u>
0.25% decrease	<u>\$ (7,682)</u>	<u>\$ (9,222)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ 6,000</u>	<u>\$ 6,480</u>
The average duration of the defined benefit obligation	9.4 years	9.7 years

## 19. EQUITY

### a. Capital surplus

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Excess from spin-off	\$ 5,986,507	\$ 5,986,507
Generated from investments accounted for using the equity method	<u>2,461</u>	<u>2,461</u>
	<u>\$ 5,988,968</u>	<u>\$ 5,988,968</u>

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company's capital surplus and to once a year).

The capital surplus from investments accounted for using the equity method may not be used for any purpose.

### b. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonus to stockholders. For the policies on the distribution of compensation of employees after the amendment, refer to Note 21-e. on compensation of employees.

The Company operates in a mature and stable industry. In determining the distribution of dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. The amount of dividends, which can be cash dividends or stock dividends, is formulated to be less than 90% of net income, though the final issued ratios would be proposed and approved by the board of directors. Cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

Under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company’s capital surplus. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 approved in the stockholders’ meetings on July 20, 2021 and June 19, 2020, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 653,983	\$ 721,812		
Special reserve	57,604	106,937		
Cash dividends	5,559,000	6,381,000	\$18.53	\$21.27

## 20. REVENUE

### a. Contract balances

	<u>December 31,</u>	<u>December 31,</u>	<u>January 1, 2020</u>
	<u>2021</u>	<u>2020</u>	
Notes receivable (Note 8)	<u>\$ 235</u>	<u>\$ 1,934</u>	<u>\$ -</u>
Notes receivable - related parties (Note 27)	<u>\$ 21</u>	<u>\$ 579</u>	<u>\$ 4,732</u>
Trade receivables (Note 8)	<u>\$ 23,567</u>	<u>\$ 12,419</u>	<u>\$ 18,184</u>
Trade receivables - related parties (Note 27)	<u>\$ 287,324</u>	<u>\$ 389,371</u>	<u>\$ 426,488</u>
Contract liabilities			
Designing and performing R&D of cars (Note 27)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,029</u>

The changes in the contract liability balances primarily result from the timing difference between the Company’s satisfaction of performance obligations and the customer’s payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
From contract liabilities at the beginning of the year		
Designing and performing R&D of cars	<u>\$ -</u>	<u>\$ 33,029</u>

## b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Vehicles	\$ 21,009,561	\$ 25,665,022
Parts	3,479,453	3,776,022
Others	<u>179,370</u>	<u>219,594</u>
	<u>\$ 24,668,384</u>	<u>\$ 29,660,638</u>

**21. NET PROFIT**

## a. Other operating income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Gain on disposal of property, plant and equipment	<u>\$ 170</u>	<u>\$ 289</u>

## b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating costs	\$ 580,136	\$ 542,784
Operating expenses	<u>89,865</u>	<u>88,214</u>
	<u>\$ 670,001</u>	<u>\$ 630,998</u>
An analysis of amortization by function		
Operating costs	\$ 15,768	\$ 15,990
Operating expenses	<u>5,848</u>	<u>9,887</u>
	<u>\$ 21,616</u>	<u>\$ 25,877</u>

## c. Remuneration for technical services

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs (Note 27)	<u>\$ 377,607</u>	<u>\$ 508,615</u>

Remuneration for technical services is the payment for technical services provided by Nissan and Autech Japan, Inc. based on the Company's technical cooperation agreements with the two companies. The remuneration for technical services provided by Nissan is calculated based on the purchase costs less commodity tax of each vehicle model, while the remuneration for technical services provided by Autech Japan, Inc. is calculated based on the R&D fees of each vehicle model plus the royalty fees of each vehicle sold.

d. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits (Note 18)		
Defined contribution plans	\$ 15,083	\$ 15,390
Defined benefit plans	<u>3,708</u>	<u>5,341</u>
	<u>18,791</u>	<u>20,731</u>
Labor and health insurance	38,060	38,986
Salary	483,529	472,215
Remuneration of directors	13,200	13,200
Other employee benefits	<u>47,612</u>	<u>51,261</u>
	<u>582,401</u>	<u>575,662</u>
 Total employee benefits expense	 <u>\$ 601,192</u>	 <u>\$ 596,393</u>
 An analysis of employee benefits expense by function		
Operating expenses	\$ 601,082	\$ 596,214
Non-operating expenses	<u>110</u>	<u>179</u>
	<u>\$ 601,192</u>	<u>\$ 596,393</u>

e. Compensation of employees

The Company accrued compensation of employees at the rates no less than 0.1% of net profit before income tax, and compensation of employees. The compensation of employees for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 15, 2022 and March 23, 2021, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	0.10%	0.10%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 3,804	\$ 8,169

If there is a change in amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the actual amounts of compensation of employees paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.



Information on the compensation of employees resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange, net

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains	\$ 130,049	\$ 196,506
Foreign exchange losses	<u>(156,914)</u>	<u>(137,938)</u>
Net profit (loss)	<u>\$ (26,865)</u>	<u>\$ 58,568</u>

g. Loss on disposal of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Gain on disposal of investments	\$ 5,310	\$ 7,607
Loss on disposal of investments	<u>(29,214)</u>	<u>(13,084)</u>
Net loss	<u>\$ (23,904)</u>	<u>\$ (5,477)</u>

## 22. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 748,051	\$ 1,519,929
Income tax on unappropriated earnings	13,462	419
Adjustments for prior years	1,022	(10,235)
Deferred tax		
In respect of the current year	<u>12,094</u>	<u>109,919</u>
Income tax expense recognized in profit or loss	<u>\$ 774,629</u>	<u>\$ 1,620,032</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 3,800,622</u>	<u>\$ 8,160,970</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Income tax expense calculated at the statutory rate	\$ 760,125	\$ 1,632,194
Adjustments of expenses in determining taxable income	2,197	2,361
Tax-exempt income	(2,177)	(4,707)
Income tax on unappropriated earnings	13,462	419
Adjustments for prior years' tax	<u>1,022</u>	<u>(10,235)</u>
Income tax expense recognized in profit or loss	<u>\$ 774,629</u>	<u>\$ 1,620,032</u> (Concluded)

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year		
Share of other comprehensive income of subsidiary accounted for using the equity method	\$ -	\$ 4
Remeasurement of defined benefit plans	<u>(315)</u>	<u>273</u>
Recognized in other comprehensive income (loss)	<u>\$ (315)</u>	<u>\$ 277</u>

c. Installment payments of income tax

Due to impact of the COVID-19 pandemic, the Company applied to the National Taxation Bureau for the payment of its income tax for the year 2019 in 36 equal installments on a monthly basis starting from July 2020 in accordance with Rule No. 10904533690 issued by the Ministry of Finance (MOF) of the Republic of China, and recognized the outstanding balance of \$232,438 thousand as income tax liabilities - current and of \$117,017 thousand as income tax liabilities - non-current based on the classification of current and non-current liabilities.

d. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax liabilities		
Income tax payable	<u>\$ 748,817</u>	<u>\$ 1,328,301</u>

e. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 46,739	\$ (19,319)	\$ 273	\$ 27,693
Provisions for warranties	28,648	5,467	-	34,115
Provisions for loss on inventory purchase commitments	21,712	2,235	-	23,947
Unrealized exchange loss, net	9,706	(9,706)	-	-
Share of other comprehensive loss of subsidiaries accounted for using the equity method	122	-	4	126
	<u>\$ 106,927</u>	<u>\$ (21,323)</u>	<u>\$ 277</u>	<u>\$ 85,881</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Shares of profit of subsidiaries	\$2,330,164	\$ 74,737	\$ -	\$2,404,901
Unrealized exchange gain, net	-	13,859	-	13,859
	<u>\$2,330,164</u>	<u>\$ 88,596</u>	<u>\$ -</u>	<u>\$2,418,760</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 27,693	\$ (9,548)	\$ (315)	\$ 17,830
Provisions for warranties	34,115	(1,997)	-	32,118
Provisions for loss on inventory purchase commitments	23,947	482	-	24,429
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
Unrealized exchange loss, net	-	5,652	-	5,652
Share of other comprehensive loss of subsidiaries accounted for using the equity method	<u>126</u>	<u>-</u>	<u>-</u>	<u>126</u>
	<u>\$ 85,881</u>	<u>\$ (5,411)</u>	<u>\$ (315)</u>	<u>\$ 80,155</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Shares of profit of subsidiaries	\$2,404,901	\$ 20,542	\$ -	\$2,425,443
Unrealized exchange gain, net	<u>13,859</u>	<u>(13,859)</u>	<u>-</u>	<u>-</u>
	<u>\$2,418,760</u>	<u>\$ 6,683</u>	<u>\$ -</u>	<u>\$2,425,443</u> (Concluded)

e. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

**23. EARNINGS PER SHARE**

The earnings and weighted-average number of common stock outstanding used in the computation of earnings per share were as follows:

**Net Profit for the Year**

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,025,993</u>	<u>\$ 6,540,938</u>

**Weighted-average Number of Common Stock Outstanding (In Thousands of Shares)**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of common stock used in the computation of basic earnings per share	300,000	300,000
Effect of potential dilutive common stock:		
Compensation of employees	<u>15</u>	<u>27</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>300,015</u>	<u>300,027</u>

Since the Company offered to settle the compensation of employees in cash or stocks, the Company assumed the entire amount of the compensation would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

**24. CASH FLOW INFORMATION**

## a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Company entered into the following non-cash investing activities:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Investing activities affecting both cash and non-cash transactions</u>		
Increase in property, plant and equipment	\$ 402,093	\$ 568,425
Net changes of prepayment for equipment	(55,542)	20,262
Net changes of trade payables	<u>47,367</u>	<u>(122,768)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 393,918</u>	<u>\$ 465,919</u>
Increase in computer software	\$ 4,491	\$ 15,464
Net changes of prepayment for equipment	<u>-</u>	<u>(3,506)</u>
Cash paid for acquisition of computer software	<u>\$ 4,491</u>	<u>\$ 11,958</u>

b. Changes in liabilities arising from financing activities

2021

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Leases Terminated</b>	<b>December 31, 2021</b>
Lease liabilities	\$ <u>682,121</u>	\$ <u>(54,251)</u>	\$ <u>61,665</u>	\$ <u>(521)</u>	\$ <u>689,014</u>

2020

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Leases Terminated</b>	<b>December 31, 2020</b>
Lease liabilities	\$ <u>724,349</u>	\$ <u>(55,658)</u>	\$ <u>14,014</u>	\$ <u>(584)</u>	\$ <u>682,121</u>

**25. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

**26. FINANCIAL INSTRUMENTS**

a. Fair value of financial instruments that are not measured at fair value

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approximately equal to their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ <u>547,289</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>547,289</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ <u>626,514</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>626,514</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and assumptions applied for the purpose of fair value measurement

The fair value of mutual funds traded on active market is the net asset value on the balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Company were consistent with those that market participants would use in setting a price for the financial instrument.

For trade receivables - related parties that are measured at FVTPL and have a 4-day credit period, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily at FVTPL	\$ 547,289	\$ 626,514
Financial assets at amortized cost (Note 1)	3,250,763	5,911,085
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,210,128	1,037,979

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables and other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise trade payables and part of other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables and borrowings. The Company's corporate treasury function coordinates access to domestic and international financial markets, manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other prices.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of the sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a)

and (b) below.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company is mainly exposed to the RMB, U.S. dollar and Japanese yen.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit associated with the functional currency weakening 5% against the relevant currency. For a 5% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	<b>RMB</b>		<b>U.S. Dollar</b>		<b>Japanese Yen</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss	\$ (84,129)	\$ (229,311)	\$ (27,857)	\$ (21,769)	\$ (2,270)	\$ (383)

These were mainly attributable to the exposure on outstanding RMB, U.S. dollar and Japanese yen denominated cash in bank, repurchase agreements collateralized by bonds, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 1,836,784	\$ 3,648,215
Financial liabilities	689,014	682,121
Cash flows interest rate risk		
Financial assets	899,860	1,686,566

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to



key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 would increase/decrease by \$2,250 thousand, which was mainly attributable to the Company's exposure to interest rates on its demand deposits and time deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 would increase/decrease by \$4,216 thousand, which was mainly attributable to the Company's exposure to interest rates on its demand deposits and time deposits.

c) Other price risk

The Company was exposed to price risk through its investments in funds. The Company manages this exposure by investing in a diversified a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the fund's value had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have been higher/lower by \$5,473 thousand and \$6,265 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

The Company's concentration of credit risk of 45% and 60% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Company's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the available unutilized borrowings facilities were both \$5,700,000 thousand.

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-derivative <u>financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,148,938 <u>5,291</u>	\$ 57,913 <u>10,568</u>	\$ 3,277 <u>41,870</u>	\$ - <u>187,869</u>	\$ - <u>508,492</u>
	<u>\$ 1,154,229</u>	<u>\$ 68,481</u>	<u>\$ 45,147</u>	<u>\$ 187,869</u>	<u>\$ 508,492</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 57,729</u>	<u>\$ 187,869</u>	<u>\$ 159,050</u>	<u>\$ 152,554</u>	<u>\$ 96,669</u>	<u>\$ 100,219</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-derivative <u>financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,028,818 <u>5,198</u>	\$ 8,796 <u>10,396</u>	\$ 365 <u>42,043</u>	\$ - <u>155,137</u>	\$ - <u>542,195</u>
	<u>\$ 1,034,016</u>	<u>\$ 19,192</u>	<u>\$ 42,408</u>	<u>\$ 155,137</u>	<u>\$ 542,195</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 57,637</u>	<u>\$ 155,137</u>	<u>\$ 161,385</u>	<u>\$ 154,894</u>	<u>\$ 110,947</u>	<u>\$ 114,969</u>

**27. TRANSACTIONS WITH RELATED PARTIES**

In addition to those disclosed in other notes, the Company had business transactions with the following related parties:

## a. Related parties

<b>Related Party</b>	<b>Relationship with the Company</b>
Investors that have significant influence over the Company	
Nissan Motor Corporation (“Nissan”)	Equity-method investor of the Company
Yulon Motor Co., Ltd. (“Yulon”)	Same as above
Subsidiaries	
Yi-Jan Overseas Investment Co., Ltd.	Subsidiary
Jetford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.
Other related parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Trading Europe Ltd.	Same as above
Nissan Trading (Thailand) Co., Ltd.	Same as above
Nissan Trading China Co., Ltd.	Same as above
Nissan Motor Egypt S.A.E.	Same as above
Nissan Import Egypt, Ltd.	Same as above
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distributor Indonesia	Same as above
Nissan North America, Inc.	Same as above
Nissan International SA	Same as above
Nissan Creative Service Co., Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Philippines Inc.	Same as above
INFINITI Motor Co., Ltd.	Same as above
Renault Nissan Automotive India Private Ltd.	Same as above
Autech Japan, Inc.	Same as above
Dongfeng Motor Co., Ltd.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Zhenzhou Nissan Automobile Co., Ltd.	Same as above
Allied Engineering Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motors Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Singan Co., Ltd.	Same as above
Y-teks Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above

(Continued)

<b>Related Party</b>	<b>Relationship with the Company</b>
Yue Sheng Industrial Co., Ltd.	Same as above
Yulon Energy Service Co., Ltd.	Same as above
Yufong Property Management Co., Ltd.	Sub-subsidiary of Yulon
Univation Motor Philippines, Inc.	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Co., Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co., Ltd.	Same as above
Le-Wen Co., Ltd.	Same as above
Visionary International Consulting Co., Ltd.	Same as above
Tai Yuen Textile Co., Ltd.	Same as above
San Long Industrial Co., Ltd.	Same as above
China Motor Corporation	Same as above
Singual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Shinshin Credit Corporation	Subsidiary of Taiwan Acceptance Corporation
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Sub-subsidiary of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Yuan Rui Auto Co., Ltd.	Same as above
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
Carnival Textile Industrial Corporation	Substantial related party of the Company
Y.M. Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation
DFS Industrial Group Co., Ltd.	Substantial related party of Dongfeng Nissan Passenger Vehicle Co.

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Luxgen Taoyuan Motor Co., Ltd.	Subsidiary of Luxgen Motor Co., Ltd.
Luxgen Taichung Motor Co., Ltd.	Same as above
Luxgen Kaohsiung Motor Co., Ltd.	Same as above
ROC-Keeper Industrial Ltd.	Subsidiary of ROC Spicer Co., Ltd.
Kuen You Trading Co., Ltd.	Investee of Yu Sing Motor Co., Ltd.
Fengye Leasing Co., Ltd.	Subsidiary of CL Skylite Trading Co., Ltd.
Euniton Enterprise Co., Ltd.	Substantial related party of Empower Motors Co., Ltd.

(Concluded)

b. Related party transaction details

Balances and transactions between the Company and related parties are based on agreements. Details of transactions between the Company and its related parties were disclosed below:

1) Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Sales</u>		
Taiwan Acceptance Corporation	\$ 20,892,345	\$ 25,612,672
Investors that have significant influence	4,093	10,536
Other related parties	<u>3,304,286</u>	<u>3,454,454</u>
	<u>\$ 24,200,724</u>	<u>\$ 29,077,662</u>
<u>Service revenue</u>		
Nissan	\$ 61,075	\$ 82,158
Autech Japan, Inc.	<u>-</u>	<u>36,917</u>
	<u>\$ 61,075</u>	<u>\$ 119,075</u>

The Company designs and performs R&D of cars mainly for Nissan and Autech Japan, Inc. Service revenue is recognized according to the related contracts.

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Other operating revenue</u>		
Taiwan Acceptance Corporation	\$ 41,243	\$ -
Yulon	13,670	22,399
Other related parties	<u>57,384</u>	<u>72,344</u>
	<u>\$ 112,297</u>	<u>\$ 94,743</u>

Other operating revenue mainly arose from the sale of steel plates, steel and aluminum parts and the extended warranty services.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Operating costs - purchases</u>		
Yulon	\$ 20,491,665	\$ 23,797,486
Investors that have significant influence	26,929	29,581
Other related parties	<u>38,969</u>	<u>20,228</u>
	<u>\$ 20,557,563</u>	<u>\$ 23,847,295</u>
<u>Operating costs - remuneration for technical services</u>		
Nissan	\$ 376,113	\$ 451,254
Autech Japan, Inc.	<u>1,494</u>	<u>57,361</u>
	<u>\$ 377,607</u>	<u>\$ 508,615</u>

Remuneration for technical services is the payment for technical services provided by Nissan and Autech Japan, Inc. based on the Company's technical cooperation agreements with the two companies. The remuneration for technical services provided by Nissan is calculated based on the purchase costs less commodity tax of each vehicle model, while the remuneration for technical services provided by Autech Japan, Inc. is calculated based on the R&D fees of each vehicle model plus the royalty fees of each vehicle sold.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Operating costs - parts development cost</u>		
Dongfeng Motor Co., Ltd.	<u>\$ -</u>	<u>\$ 163,635</u>

The parts development cost represents the expenses for parts jointly developed by the Company and Dongfeng Motor Co., Ltd.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Selling and marketing expenses</u>		
Yu Sing Motor Co., Ltd.	\$ 205,235	\$ 289,559
Yu Chang Motor Co., Ltd.	179,725	326,581
Empower Motors Co., Ltd.	147,280	260,093
Investors that have significant influence	20,991	23,481
Other related parties	<u>746,294</u>	<u>1,278,693</u>
	<u>\$ 1,299,525</u>	<u>\$ 2,178,407</u>

(Continued)

**For the Year Ended December 31**

General and administrative expenses

	<b>2021</b>	<b>2020</b>
Yulon Management Co., Ltd.	\$ 233,813	\$ 176,908
Investors that have significant influence	9,338	14,262
Other related parties	<u>6,108</u>	<u>11,464</u>
	<u>\$ 249,259</u>	<u>\$ 202,634</u>

Research and development expenses

Yulon	\$ 80,803	\$ 127,030
Investors that have significant influence	15,715	13,353
Other related parties	<u>9,380</u>	<u>9,578</u>
	<u>\$ 105,898</u>	<u>\$ 149,961</u> (Concluded)

Selling and marketing expenses are payments to other related parties for advertisement and promotion.

General and administrative expenses are payments to Yulon Management Co., Ltd. for consulting, labor dispatch and IT services.

Research and development expenses are payments for prototype fees, sample fees and for services related to the provision of system platform research for each vehicle model.

2) Non-operating transactions

**For the Year Ended December 31**

Other revenues

Tokio Marine Nawa Insurance Co., Ltd.	<u>\$ 30</u>	<u>\$ 500</u>
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Overseas business expenses

Yulon	\$ 4,116	\$ -
Yulon Management Co., Ltd.	<u>769</u>	<u>4,134</u>
	<u>\$ 4,885</u>	<u>\$ 4,134</u>

3) Receivables from related parties

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
Yuan Jyh Motor Co., Ltd.	\$ 21	\$ -
Yushin Motor Co., Ltd.	<u>-</u>	<u>579</u>
	<u>\$ 21</u>	<u>\$ 579</u>
<u>Trade receivables</u>		
Taiwan Acceptance Corporation	\$ 140,062	\$ 229,872
Investors that have significant influence	57,614	21,332
Other related parties	<u>89,648</u>	<u>138,167</u>
	<u>\$ 287,324</u>	<u>\$ 389,371</u>
<u>Other receivables</u>		
Yulon	\$ 127,759	\$ 122,095
Subsidiary	12,646	10,163
Other related parties	<u>19,209</u>	<u>1,543</u>
	<u>\$ 159,614</u>	<u>\$ 133,801</u>

Other receivables from Yulon are mainly purchase discounts and commodity taxes paid by the Company on behalf of Yulon.

Trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on trade receivables from related parties.

4) Refundable deposits

	<u>December 31</u>	
	2021	2020
Yulon	<u>\$ 516,622</u>	<u>\$ 564,881</u>

Refundable deposits are mainly the deposits paid by the Company to Yulon for materials.



## 5) Payables to related parties

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Trade payables</u>		
Yulon	\$ 224,624	\$ 54,631
Nissan	74,022	118,405
Other related parties	<u>1,439</u>	<u>1,908</u>
	<u>\$ 300,085</u>	<u>\$ 174,944</u>
<u>Other payables</u>		
Yu Sing Motor Co., Ltd.	\$ 28,685	\$ 9,934
Yulon	24,445	35,474
Hui-Lian Motor Co., Ltd.	23,142	4,473
Other related parties	<u>150,545</u>	<u>132,412</u>
	<u>\$ 226,817</u>	<u>\$ 182,293</u>

Trade payables to related parties are unsecured. As of December 31, 2021 and 2020, the balances of purchases of equipment from other payables were \$4,910 thousand and \$61,730 thousand, respectively.

## 6) Acquisition of property, plant and equipment

<b>Related Party</b>	<b>Acquisition Price</b>	
	<b>2021</b>	<b>2020</b>
Yueki Industrial Co., Ltd.	\$ 23,942	\$ 28,063
Uni Auto Parts Co., Ltd.	8,000	7,443
Nissan	-	15,695
Other related parties	<u>13,309</u>	<u>21,460</u>
	<u>\$ 45,251</u>	<u>\$ 72,661</u>

## 7) Disposal of property, plant and equipment

<b>Related Party</b>	<b>Sales Proceeds</b>		<b>Gain (Loss) on Disposal</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Yushin Motor Co., Ltd.	\$ 305	\$ -	\$ 124	\$ -
Yu Tang Motor Co., Ltd.	4	-	(1)	-
Empower Motors Co., Ltd.	<u>3</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ -</u>

8) Lease arrangements - the Company is lessee

Acquisition of right-of-use assets

The Company's rental expenses paid monthly are primarily comprised of building property, car testing expenses, cars for its executives for the years ended December 31, 2021 and 2020.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Acquisition of right-of-use assets</u>		
Yulon	\$ 48,089	\$ -
Ka-Plus Automobile Leasing Co., Ltd.	13,576	-
Other related parties	<u>-</u>	<u>6,676</u>
	<u>\$ 61,665</u>	<u>\$ 6,676</u>
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>

Lease liabilities

Yulon	\$ 670,588	\$ 665,652
Other related parties	<u>15,462</u>	<u>16,469</u>
	<u>\$ 686,050</u>	<u>\$ 682,121</u>

If the lease term is not specified in the lease contract with Yulon, the lease term is until the date of lease termination as agreed by both parties.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Interest expense</u>		
Yulon	\$ 5,950	\$ 6,330
Other related parties	<u>124</u>	<u>117</u>
	<u>\$ 6,074</u>	<u>\$ 6,447</u>

Interest expense is for lease liabilities.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Lease expense</u>		
Yulon	\$ 1,912	\$ 2,526
Other related parties	<u>562</u>	<u>515</u>
	<u>\$ 2,474</u>	<u>\$ 3,041</u>

Lease expenses included expenses relating to short-term leases. Future lease payables related to short-term leases, low-value asset leases are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Future lease payables	\$ <u>1,240</u>	\$ <u>-</u>

c. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 42,252	\$ 42,562
Post-employment benefits	<u>2,383</u>	<u>1,982</u>
	<u>\$ 44,635</u>	<u>\$ 44,544</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Other transactions with related parties

1) Trade receivables sold to Taiwan Acceptance Corporation

The Company sold to Taiwan Acceptance Corporation trade receivables which amounted to \$2,029,879 thousand and \$2,039,906 thousand for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company had received cash payments of \$1,990,544 thousand and \$2,002,480 thousand, respectively. Based on the contract, the amount of receivables sold is limited to the amount of guarantee provided by the original debtor to Taiwan Acceptance Corporation. Interest rate intervals of the Company's trade receivables sold to Taiwan Acceptance Corporation for the years ended December 31, 2021 and 2020 were 2.31% and 2.33%-2.41%; and the interest expenses recognized were \$1,050 thousand and \$1,077 thousand, respectively.

As of December 31, 2021 and 2020, the Company sold trade receivables to Taiwan Acceptance Corporation without recourse. The sale resulted in the derecognition of these trade receivables because the Company transferred the significant risks and rewards relating to the accounts to the buyer.

2) Molds contract signed with Diamond Leasing Service Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$1,242,969 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Diamond Leasing Service Co., Ltd., the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

3) Molds contract signed with Shinshin Credit Corporation

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$488,226 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Shinshin Credit Corporation the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

4) Molds contract signed with Sinjang Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$485,303 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Sinjang Co., Ltd. the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

5) Molds contract signed with Chan Yun Technology Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$69,360 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Chan Yun Technology Co., Ltd. the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

## 28. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 were as follows:

- a. The Company re-signed a manufacturing contract with Yulon, effective on or after May 1, 2015, for 5 years. This contract, for which the first expiry date was on April 30, 2020, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer (OEM) of automobile parts and after-sales service.

The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

- b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to December 31, 2021, no buy-back of vehicles has occurred.
- c. Unrecognized commitments

	<u>December 31</u>	
	2021	2020
Acquisition of property, plant, and equipment	<u>\$ 56,033</u>	<u>\$ 5,073</u>

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 387,332	4.3440 (RMB:NTD)	\$ 1,682,570
USD	20,128	27.680 (USD:NTD)	557,143
JPY	188,896	0.2405 (JPY:NTD)	<u>45,429</u>
			<u>\$ 2,285,142</u>
Non-monetary items			
USD	643,983	27.680 (USD:NTD)	<u>\$ 17,825,436</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	132	0.2405 (JPY:NTD)	<u>\$ 32</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,047,800	4.3770 (RMB:NTD)	\$ 4,586,221
USD	15,287	28.480 (USD:NTD)	435,374
JPY	27,697	0.2763 (JPY:NTD)	<u>7,653</u>
			<u>\$ 5,029,248</u>
Non-monetary items			
USD	627,276	28.480 (USD:NTD)	<u>\$ 17,864,822</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	8	0.2763 (JPY:NTD)	<u>\$ 2</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Year Ended December 31</b>				
		<u>2021</u>	<u>2020</u>	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.3410 (RMB:NTD)	\$ (11,709)	4.2820 (RMB:NTD)	\$ 78,355
USD	28.009 (USD:NTD)	(13,267)	29.549 (USD:NTD)	(19,876)
JPY	0.2554 (JPY:NTD)	<u>(1,889)</u>	0.2769 (JPY:NTD)	<u>89</u>
		<u>\$ (26,865)</u>		<u>\$ 58,568</u>

### 30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2 (attached)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
  - 9) Trading in derivative instruments: None
  - 10) Information on investees: Table 5 (attached)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investments in the mainland China area: Table 6 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders
- List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7 (attached).

TABLE 1

## YULON NISSAN MOTOR COMPANY, LTD.

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Investor	Type and Name of Marketable Securities	Relationship with the Investor	Financial Statement Account	December 31, 2021			Note
				Stocks (In Thousands)	Carrying Amount	Percentage of Ownership	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates	-	Financial assets at fair value through profit or loss	5,997	\$ 87,187	-	\$ 87,187
	PineBridge Global Multi-Strategy High Yield Bond Fund	-	Financial assets at fair value through profit or loss	3,035	50,000	-	50,000
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	3,944	50,000	-	50,000
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,068	50,000	-	50,000
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	3,950	50,000	-	50,000
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	2,713	32,058	-	32,058
	PineBridge Emerging Market Asia-Pacific Strategic Bond	-	Financial assets at fair value through profit or loss	1,876	30,000	-	30,000
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss	1,939	30,000	-	30,000
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	2,193	30,000	-	30,000
	Taishin Securities Investment Tr Co Ltd	-	Financial assets at fair value through profit or loss	2,485	30,000	-	30,000
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss	2,226	23,999	-	23,999
	Manulife Global Preferred Income Fund	-	Financial assets at fair value through profit or loss	1,962	21,388	-	21,388
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	800	21,040	-	21,040
	Nomura Global Equity Fund	-	Financial assets at fair value through profit or loss	186	18,700	-	18,700
	Allianz Global Investors Taiwan Intelligence Trends Fund	-	Financial assets at fair value through profit or loss	729	10,525	-	10,525
	Allianz Global Investors Preferred Securities and Income Fund	-	Financial assets at fair value through profit or loss	275	5,031	-	5,031
	TAROBORobts Quant Chinese Fund	-	Financial assets at fair value through profit or loss	66	3,841	-	3,841
	Fuh Hwa Hairloom No. 2 Balance Fund	-	Financial assets at fair value through profit or loss	277	3,520	-	3,520
	FSITC Global Utilities and Infrastructure Fund	-	Financial assets at fair value through profit or loss				

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value as of December 31, 2021.



TABLE 2

**YULON NISSAN MOTOR COMPANY, LTD.**

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Stocks (In Thousands)	Amount	Stocks (In Thousands)	Amount	Stocks (In Thousands)	Amount	Stocks (In Thousands)	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates	Financial assets at fair value through profit or loss	-	-	-	\$ -	27,915	\$ 400,000	27,915	\$ 400,325	-	\$ -
	Taishin Ta-Chong Money Market Fund		-	-	-	-	27,643	350,000	23,699	300,258	3,944	50,000
	Mega Diamond Money Market Fund		-	-	-	-	29,287	300,000	29,287	300,165	-	-
	TCB Money Market Fund		-	-	-	-	34,306	530,000	32,367	500,389	1,939	30,000
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	1,666	300,000	1,666	300,130	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-

Note: Shown at their original investment amount.

TABLE 3

## YULON NISSAN MOTOR COMPANY, LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total (Note 2)
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 20,491,665	99	4 days after sales for parts	\$ -	-	\$ (224,624)	71	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	20,892,345	85	3 days after sales for vehicles	-	-	140,062	45	-
	Yu Chang Motor Co., Ltd.	Same as above	Sale	439,339	2	14 days after sales for parts	-	-	17,365	6	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	412,310	2	14 days after sales for parts	-	-	16,162	5	-
	Empower Motors Co., Ltd.	Subsidiary of Yulon	Sale	365,937	1	Immediate payment for vehicles	-	-	12,151	4	-
	Yu Sing Motor Co., Ltd.	Same as above	Sale	353,760	1	14 days after sales for parts	-	-	5,108	2	-
	Hui-Lian Motor Co., Ltd.	Substantial related party of Yulon	Sale	333,187	1	Immediate payment for vehicles	-	-	-	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	275,926	1	Same as above	-	-	4,923	2	-
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	258,124	1	14 days after sales for parts	-	-	258	-	-
	Chen Long Co., Ltd.	Same as above	Sale	252,848	1	Same as above	-	-	4,093	1	-
	Ding Long Motor Co., Ltd.	Subsidiary of Chen Long	Sale	100,152	-	Immediate payment for vehicles	-	-	4,934	2	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are based on the carrying amount of the Company.

TABLE 4

**YULON NISSAN MOTOR COMPANY, LTD.**

**TRADE RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation Yulon	Subsidiary of Yulon Equity-method investor of the Company	Trade receivables \$ 140,062 Other receivables 127,759	112.95 Note 2	\$ - -	- -	\$ 140,062 107,809	\$ - -

Note 1: The turnover rate was based on the carrying amount of the Company.

Note 2: Trade receivable from Yulon are mainly commodity tax paid by the Company on behalf of Yulon, not across from sales; therefore, turnover rate is not calculated.

TABLE 5

**YULON NISSAN MOTOR COMPANY, LTD.**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2021	December 31, 2020	Stocks (In Thousands)	As of December 31, 2021		Net Income of the Investee	Share of Profit	Note
							(In Thousands)	%			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	\$ 1,847,983 (US\$ 57,371)	\$ 1,847,983 (US\$ 57,371)	84,987	100	\$ 17,825,436	\$ 3,660,469	\$ 3,660,469	Note
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	British Virgin Islands	Investment	US\$ 57,171	US\$ 57,171	71,772	100	US\$ 644,262	US\$ 130,696	US\$ 130,696	Note

Note: The carrying amount and related shares of profit of the equity investment were calculated based on the audited financial statements and percentage of ownership.

TABLE 6

## YULON NISSAN MOTOR COMPANY, LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	\$ 4,529,078 (RMB1,032,500)	Note 1	\$ 716,856 (US\$ 21,700)	\$ -	\$ -	\$ 716,856 (US\$ 21,700)	16.55	\$ 6,618,664 (US\$ 236,305)	\$ 395,595 (US\$ 14,124)	\$ 1,403,852 (US\$ 50,717)	\$ 4,875,274 (US\$ 158,344)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	9,486,201 (RMB2,303,250)	Note 1	1,124,786 (US\$ 35,471)	-	-	1,124,786 (US\$ 35,471)	42.69	7,667,065 (US\$ 273,736)	3,273,069 (US\$ 116,858)	15,020,808 (US\$ 542,659)	41,811,637 (US\$ 1,370,422)
<b>Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021</b>												
\$1,841,642 (US\$57,171)												
				<b>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)</b>								
				\$3,279,922 (US\$103,622)			\$11,400,425					

Note 1: The Company indirectly owns these investees through Jetford Inc., an investment company registered in a third region.

Note 2: The carrying amount and related investment income of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

**TABLE 7****YULON NISSAN MOTOR COMPANY, LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yulon Motor Co., Ltd.	143,500,000	47.83
Nissan Motor Corporation	120,000,000	40.00

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the non-physical securities delivery (including treasury shares) is more than 5%. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical securities delivered may be different or different due to the basis of preparation and calculation.

## 5. The Audited Consolidated Financial Statements of the Parent Company and Subsidiaries in Recent Year

### INDEPENDENT AUDITORS' REPORT

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

#### Opinion

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

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

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

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

#### Depreciation of Molds and Dies

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

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

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

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

### **Other Matter**

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors'

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2022

Notice to Readers

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

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 4,044,196	16	\$ 6,967,038	25
Financial assets at fair value through profit or loss (Notes 4 and 7)	547,289	2	626,514	2
Notes receivable (Notes 4, 8 and 21)	235	-	1,934	-
Notes receivable - related parties (Notes 4, 21 and 28)	21	-	579	-
Trade receivables (Notes 4, 8 and 21)	23,567	-	12,419	-
Trade receivables - related parties (Notes 4, 21 and 28)	287,324	1	389,371	1
Other receivables (Notes 4 and 8)	46,275	-	40,209	-
Other receivables - related parties (Notes 4 and 28)	146,968	1	123,638	1
Prepayments	<u>107,927</u>	<u>1</u>	<u>137,391</u>	<u>1</u>
Total current assets	<u>5,203,802</u>	<u>21</u>	<u>8,299,093</u>	<u>30</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4 and 11)	16,424,660	67	16,103,655	58
Property, plant and equipment (Notes 4, 5, 12 and 28)	1,715,905	7	1,929,478	7
Right-of-use assets (Notes 4, 13 and 28)	687,034	3	683,655	3
Computer software (Notes 4 and 14)	22,757	-	39,882	-
Deferred tax assets (Notes 4 and 23)	80,155	-	85,881	-
Other non-current assets (Notes 15 and 28)	<u>519,162</u>	<u>2</u>	<u>622,986</u>	<u>2</u>
Total non-current assets	<u>19,449,673</u>	<u>79</u>	<u>19,465,537</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Trade payables	\$ 15,961	-	\$ 16,763	-
Trade payables - related parties (Note 28)	300,085	1	174,944	1
Other payables (Note 16)	870,903	3	855,425	3
Other payables - related parties (Note 28)	226,817	1	182,293	1
Current tax liabilities (Notes 4 and 23)	631,800	3	978,846	3
Provisions (Notes 4, 5 and 17)	219,190	1	218,982	1
Lease liabilities (Notes 4, 13 and 28)	51,666	-	51,616	-
Other current liabilities (Note 18)	5,509	-	4,364	-
Total current liabilities	<u>2,321,931</u>	<u>9</u>	<u>2,483,233</u>	<u>9</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions (Notes 4, 5 and 17)	63,542	-	71,330	-
Tax liabilities - non-current (Notes 4 and 23)	117,017	1	349,455	1
Deferred tax liabilities (Notes 4 and 23)	2,425,443	10	2,418,760	9
Lease liabilities (Notes 4, 13 and 28)	637,348	3	630,505	2
Net defined benefit liabilities (Notes 4 and 19)	87,486	-	136,796	1
Total non-current liabilities	<u>3,330,836</u>	<u>14</u>	<u>3,606,846</u>	<u>13</u>
Total liabilities	<u>5,652,767</u>	<u>23</u>	<u>6,090,079</u>	<u>22</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Capital stock - NT\$10 par value; authorized 600,000 thousand stocks; issued and outstanding 300,000 thousand stocks	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>11</u>
Capital surplus	<u>5,988,968</u>	<u>24</u>	<u>5,988,968</u>	<u>22</u>
Retained earnings				
Legal reserve	6,848,964	28	6,194,981	22
Special reserve	1,328,436	5	1,270,832	4
Unappropriated earnings	<u>3,304,871</u>	<u>14</u>	<u>6,548,206</u>	<u>24</u>
Total retained earnings	<u>11,482,271</u>	<u>47</u>	<u>14,014,019</u>	<u>50</u>
Other equity	<u>(1,470,531)</u>	<u>(6)</u>	<u>(1,328,436)</u>	<u>(5)</u>
Total equity	<u>19,000,708</u>	<u>77</u>	<u>21,674,551</u>	<u>78</u>
TOTAL	<u>\$ 24,653,475</u>	<u>100</u>	<u>\$ 27,764,630</u>	<u>100</u>

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)				
Sales (Note 4)	\$ 24,489,014	99	\$ 29,441,044	99
Service revenue (Note 4)	61,075	-	119,075	1
Other operating revenue	<u>118,295</u>	<u>1</u>	<u>100,519</u>	<u>-</u>
Total operating revenue	24,668,384	100	29,660,638	100
OPERATING COSTS (Notes 9, 22 and 28)	<u>21,854,727</u>	<u>89</u>	<u>25,566,106</u>	<u>86</u>
GROSS PROFIT	<u>2,813,657</u>	<u>11</u>	<u>4,094,532</u>	<u>14</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	1,716,888	7	2,760,434	9
General and administrative expenses	554,700	2	437,914	2
Research and development expenses	<u>419,245</u>	<u>2</u>	<u>597,114</u>	<u>2</u>
Total operating expenses	<u>2,690,833</u>	<u>11</u>	<u>3,795,462</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 22 and 28)	<u>170</u>	<u>-</u>	<u>289</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>122,994</u>	<u>-</u>	<u>299,359</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates	3,668,664	15	7,283,908	25
Net foreign exchange (loss) gain (Note 22)	(32,585)	-	453,071	1
Interest income (Note 4)	53,509	-	116,898	-
Gain on financial assets at fair value through profit or loss, net	34,789	-	29,014	-
Other revenue (Note 28)	2,089	-	6,923	-
Interest expenses (Note 28)	(15,096)	-	(14,760)	-
Overseas business expenses (Note 28)	(7,649)	-	(6,420)	-
Loss on disposal of investments, net (Notes 22 and 28)	(23,904)	-	(5,477)	-
Other losses	<u>(2,189)</u>	<u>-</u>	<u>(1,546)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,677,628</u>	<u>15</u>	<u>7,861,611</u>	<u>26</u>
PROFIT BEFORE INCOME TAX	3,800,622	15	8,160,970	27
INCOME TAX EXPENSES (Notes 4 and 23)	<u>774,629</u>	<u>3</u>	<u>1,620,032</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>3,025,993</u>	<u>12</u>	<u>6,540,938</u>	<u>22</u>

(Continued)

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ 1,574	-	\$ (1,364)	-
Share of other comprehensive loss of associates accounted for using the equity method (Note 11)	-	-	(20)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>(315)</u>	<u>-</u>	<u>277</u>	<u>-</u>
	<u>1,259</u>	<u>-</u>	<u>(1,107)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	<u>(142,095)</u>	<u>-</u>	<u>(57,604)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(140,836)</u>	<u>-</u>	<u>(58,711)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 3,025,993</u>	<u>12</u>	<u>\$ 6,540,938</u>	<u>22</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 2,885,157</u>	<u>12</u>	<u>\$ 6,482,227</u>	<u>22</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$10.09</u>		<u>\$21.80</u>	
Diluted	<u>\$10.09</u>		<u>\$21.80</u>	

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	Capital Stock	Capital Surplus (Note 20)
BALANCE AT JANUARY 1, 2020	\$ 3,000,000	\$ 5,988,968
Appropriation of 2019 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividends distributed by the Company - NT\$21.27 per share	-	-
	-	-
Net profit for the year ended December 31, 2020	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-
BALANCE AT DECEMBER 31, 2020	3,000,000	5,988,968
Appropriation of 2020 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividends distributed by the Company - NT\$18.23 per share	-	-
	-	-
Net profit for the year ended December 31, 2021	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-
BALANCE AT DECEMBER 31, 2021	\$ 3,000,000	\$ 5,988,968

Retained Earnings (Note 20)			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Foreign Operations	Total Equity
\$ 5,473,169	\$ 1,163,895	\$ 7,218,124	\$ (1,270,832)	\$ 21,573,324
721,812	-	(721,812)	-	-
-	106,937	(106,937)	-	-
-	-	(6,381,000)	-	(6,381,000)
721,812	106,937	(7,209,749)	-	(6,381,000)
-	-	6,540,938	-	6,540,938
-	-	(1,107)	(57,604)	(58,711)
-	-	6,539,831	(57,604)	6,482,227
6,194,981	1,270,832	6,548,206	(1,328,436)	21,674,551
653,983	-	(653,983)	-	-
-	57,604	(57,604)	-	-
-	-	(5,559,000)	-	(5,559,000)
653,983	57,604	(6,270,587)	-	(5,559,000)
-	-	3,025,993	-	3,025,993
-	-	1,259	(142,095)	(140,836)
-	-	3,027,252	(142,095)	2,885,157
\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,800,622	\$ 8,160,970
Adjustments for:		
Depreciation expenses	670,001	630,998
Amortization expenses	21,616	25,877
Gain on financial assets at fair value through profit or loss, net	(34,789)	(29,014)
Interest expense	15,096	14,760
Interest income	(53,509)	(116,898)
Share of profit of associates	(3,668,664)	(7,283,908)
Gain on disposal of property, plant and equipment, net	(170)	(289)
Loss on disposal of investment, net	23,904	5,477
Net foreign exchange loss	427,543	551,676
Recognition of inventory purchase commitments	2,408	11,177
Warranty costs	149,709	186,235
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	90,110	648,548
Notes receivable	1,699	(1,934)
Notes receivable - related parties	558	4,153
Trade receivables	(11,148)	5,765
Trade receivables - related parties	102,074	37,080
Other receivables	(6,273)	(13,049)
Other receivables - related parties	(23,330)	78,861
Prepayments	(4,647)	738
Contract liabilities	-	(33,029)
Trade payables	(802)	(65,743)
Trade payables - related parties	125,141	(304,007)
Other payables	6,025	(69,493)
Other payables - related parties	104,344	3,479
Other current liabilities	1,145	(243)
Provisions	(159,697)	(158,900)
Net defined benefit liabilities	(47,736)	(96,593)
Cash generated from operations	1,531,230	2,192,694
Interest paid	(15,096)	(14,760)
Income tax paid	(1,666,623)	(1,523,664)
Net cash generated from (used in) operating activities	<u>(150,489)</u>	<u>654,270</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	3,244,238	6,217,871
Interest received	53,716	122,705
Payments for property, plant and equipment (Note 25)	(393,918)	(465,919)
Proceeds from disposal of property, plant and equipment	602	476
Decrease (increase) in refundable deposits	48,282	(562,372)

(Continued)



## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	2021	2020
Payments for computer software (Note 25)	\$ (4,491)	\$ (11,958)
Decrease in other payables (Note 25)	<u>-</u>	<u>(1,170,977)</u>
Net cash generated from investing activities	<u>2,948,429</u>	<u>4,129,826</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	(54,251)	(55,658)
Payments of dividends	<u>(5,559,000)</u>	<u>(6,381,000)</u>
Cash used in financing activities	<u>(5,613,251)</u>	<u>(6,436,658)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(107,531)</u>	<u>34,246</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,922,842)	(1,618,316)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>6,967,038</u>	<u>8,585,354</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,044,196</u>	<u>\$ 6,967,038</u>

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

(Concluded)

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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#### 1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the “Company,” the Company and its subsidiaries are collectively referred to as the “Group”) is mainly engaged in the research and development of vehicles and the sale of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. (“Yulon”) transferred its sales and research and development businesses to the Company in October 2003 through a spin-off. The Company’s spin-off from Yulon was intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred 40% of its equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 15, 2022.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

## b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations did not have material impact on the Group’s financial position and financial performance.

## c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

##### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments and net defined benefit liabilities which are measured at the present values of the defined benefit obligation less than fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability

##### **Classification of Current and Non-current Assets and Liabilities**

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

### **Foreign Currencies**

The financial statements of each individual entity in the Group are presented in its functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars (NT\$). Upon preparing the consolidated financial statements, the operations and financial positions of each individual entity are translated into New Taiwan dollars.

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured at historical cost in foreign currencies are not retranslated.

When preparing the consolidated financial statements, the financial statements of the Group's foreign operations that are prepared using functional currencies which are different from the

currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities - period-end rates; profit and loss - average rates for the period; equity - historical rate. Any exchange differences are recognized in other comprehensive income.

### **Inventories**

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

### **Investment in Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the change in the Group's share of equity of associates.

When the Group's share of losses of an associate equals its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investments accounted for using the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for using the equity method has been impaired, the impairment losses are recognized in profit or loss.

### **Property, Plant and Equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Other than molds and dies, which are depreciated on the basis of the estimated number of vehicles to be sold in the future, other items of property, plant and equipment are depreciated using the straight-line method. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each year, and the estimated sales volume is reviewed every six months, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Computer Software**

Computer software is initially stated at cost and subsequently stated at cost less accumulated amortization. The amortization is recognized on a straight-line basis over 3 years. The estimated useful, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Group expects to dispose of the asset

before the end of its economic life.

### **Impairment of Property, Plant and Equipment, Right-of-use Assets, and Computer Software**

When the carrying amount of property, plant and equipment, right-of-use assets and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. When the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

### **Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

##### 1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

##### 2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- b) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring reflected in the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.



### Financial liabilities

#### a. Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

#### b. Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### **Provisions**

#### a. Inventory purchase commitments

Where the Group has a commitment for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received, the present obligations arising from such commitments are recognized and measured as provisions.

#### b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate by the management of the Group of the expenditure required to settle the Group's obligation.

### **Revenue Recognition**

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

#### a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered and legal ownership of the goods has been transferred to the customer.

#### b. Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of design and research and development services for cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference.

### **Leases**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement

date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments.

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### **Employee Benefits**

#### a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

#### b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

## Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### a. Current tax

Current tax payable is dependent on current taxable income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that some revenue and expenses are taxable or deductible items in other periods, or not taxable or deductible items according to the Income Tax Act. The Group's current tax liabilities are calculated using the legislated tax rate on the balance sheet date.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the stockholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized.

### c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments,

estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Property, plant and equipment - allocation of depreciation of molds and dies

The Group depreciates molds and dies on the basis of the unit production method and reviews the estimated number of vehicles that are expected to be sold in the future for each vehicle model every six months based on market sales. The estimated number of vehicles to be sold is then used to calculate the amount allocated to each mold and die, and is used as the basis for the depreciation of molds and dies.

b. Provisions for the expected cost of warranties

The provisions for warranties are calculated on the basis of the estimate of quarterly warranty expenditure per car and the estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on the average of actual warranty expense in the past and the estimated number of units of cars subject to warranty at the end of every quarter. As of December 31, 2021 and 2020, the carrying amounts of provisions for warranties were \$160,588 thousand and \$170,576 thousand, respectively.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Checking accounts and demand deposits	\$ 500,672	\$ 339,309
Foreign currency demand deposits	463,935	1,385,631
Cash equivalents		
Foreign currency time deposits	2,760,085	4,916,698
Time deposits	6,991	6,990
Repurchase agreements collateralized by bonds	<u>312,513</u>	<u>318,410</u>
	<u>\$ 4,044,196</u>	<u>\$ 6,967,038</u>

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rate intervals of demand deposits, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31</u>	
	2021	2020
Demand deposits and time deposits	0.01%-2.70%	0.001%-2.70%
Repurchase agreements collateralized by bonds	1.00%	1.05%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Mutual funds	<u>\$ 547,289</u>	<u>\$ 626,514</u>

## 8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2021	2020
Notes receivable		
At amortized cost	<u>\$ 235</u>	<u>\$ 1,934</u>
Trade receivables		
At amortized cost	<u>\$ 23,567</u>	<u>\$ 12,419</u>
Other receivables		
Interest receivables	\$ 3,342	\$ 3,549
Others	<u>42,933</u>	<u>36,660</u>
	<u>\$ 46,275</u>	<u>\$ 40,209</u>

### a. Notes receivable

In order to minimize credit risk, the sales department monitors payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all notes receivable. The expected credit losses on notes receivable are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and

foreign customers. Nevertheless, the Group did not recognize an expected losses provision for notes receivable due to the estimation performed by the Group at the end of the reporting period, which shows that there was no significant change in the credit quality of the receivables and the amounts were still considered recoverable.

The following table details the loss allowance of notes receivable based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 235	\$ -	\$ -	\$ -	\$ -	\$ 235
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 1,934	\$ -	\$ -	\$ -	\$ -	\$ 1,934
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,934</u>

b. Trade receivables

In order to minimize credit risk, the sales department traces payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Group did not recognize an expected losses provision for trade receivables due to the estimation performed by the Group at the end of the reporting period, which shows that there was no significant change in the credit quality of the receivables and the amounts were still considered recoverable.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 23,567	\$ -	\$ -	\$ -	\$ -	\$ 23,567
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 23,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,567</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 12,419	\$ -	\$ -	\$ -	\$ -	\$ 12,419
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 12,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,419</u>

c. Other receivables

When there is objective evidence that other receivables are impaired, the Group assesses impairment loss on other receivables individually.

There were no past due other receivables for which the Group had not recognized an allowance for impairment loss.

## 9. INVENTORIES

	<u>December 31</u>	
	2021	2020
Parts	<u>\$ -</u>	<u>\$ -</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 was \$21,854,727 thousand, which included warranty costs of \$149,709 thousand and losses on inventory purchase commitments of \$2,408 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 was \$25,566,106 thousand, which included warranty costs of \$186,235 thousand and losses on inventory purchase commitments of \$11,177 thousand.

## 10. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership	
			December 31	
			2021	2020
Yulon Nissan Motor Company, Ltd	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	Investment	100.00	100.00

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
<u>Material associate</u>		
Guangzhou Aeolus Automobile Co., Ltd.	\$ 15,020,808	\$ 14,518,040
<u>Associates that are not individually material</u>		
Aeolus Xiangyang Automobile Co., Ltd.	<u>1,403,852</u>	<u>1,585,615</u>
	<u>\$ 16,424,660</u>	<u>\$ 16,103,655</u>

a. Material associate

Company Name	Main Business	Location	Proportion of Ownership and Voting Rights	
			December 31	
			2021	2020
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	Guangdong Province	42.69%	42.69%

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs purposes.

Guangzhou Aeolus Automobile Co., Ltd.

	December 31	
	2021	2020
Current assets	\$ 8,321,087	\$ 6,630,916
Non-current assets	36,234,768	38,985,232
Current liabilities	(5,318,412)	(7,477,012)
Non-current liabilities	<u>(3,948,012)</u>	<u>(4,024,428)</u>

(Continued)



	<u>December 31</u>	
	2021	2020
Equity	<u>\$ 35,289,431</u>	<u>\$ 34,114,708</u>
Equity attributable to the Group	\$ 15,065,058	\$ 14,563,569
Deferred gain on disposal of investment	<u>(44,250)</u>	<u>(45,529)</u>
Carrying amount	<u>\$ 15,020,808</u>	<u>\$ 14,518,040</u> (Concluded)

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue	<u>\$ 21,782,544</u>	<u>\$ 30,731,711</u>
Net profit for the period	<u>\$ 7,667,065</u>	<u>\$ 15,765,831</u>
Dividends received from Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ 2,677,306</u>	<u>\$ 5,853,132</u>

b. Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2021	2020
The Group's share of:		
Net profit for the period	\$ 395,595	\$ 553,475
Other comprehensive income	<u>-</u>	<u>(20)</u>
Total comprehensive income for the period	<u>\$ 395,595</u>	<u>\$ 553,455</u>

c. Other information

The investments accounted for using the equity method and the share of profit of those investments at 2021 and 2020 were based on the associates' financial statements reviewed by the auditors for the same periods.

## 12. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
<u>Cost</u>									
Balance at January 1, 2020	\$ 3,659,497	\$ 750,570	\$ 64,630	\$ 233,255	\$ 11,565	\$ 3,721	\$ 28,388	\$ 8,530	\$ 4,760,156
Additions	442,498	106,322	2,832	16,383	-	-	-	390	568,425
Reclassified	-	-	-	788	-	-	-	-	788
Disposals	(1,171,669)	(215,928)	(360)	-	(1,125)	-	(4,393)	-	(1,393,475)
Reversal	<u>(2,549)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,549)</u>
Balance at December 31, 2020	<u>\$ 2,927,777</u>	<u>\$ 640,964</u>	<u>\$ 67,102</u>	<u>\$ 250,426</u>	<u>\$ 10,440</u>	<u>\$ 3,721</u>	<u>\$ 23,995</u>	<u>\$ 8,920</u>	<u>\$ 3,933,345</u>

(Continued)

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2020	\$ (2,196,560)	\$ (418,430)	\$ (53,596)	\$ (135,253)	\$ (7,026)	\$ (3,561)	\$ (5,670)	\$ (5,780)	\$ (2,825,876)
Depreciation expenses	(459,213)	(83,571)	(4,615)	(16,572)	(1,540)	(34)	(5,312)	(422)	(571,279)
Disposals	1,171,669	215,928	360	-	938	-	4,393	-	1,393,288
Balance at December 31, 2020	<u>\$ (1,484,104)</u>	<u>\$ (286,073)</u>	<u>\$ (57,851)</u>	<u>\$ (151,825)</u>	<u>\$ (7,628)</u>	<u>\$ (3,595)</u>	<u>\$ (6,589)</u>	<u>\$ (6,202)</u>	<u>\$ (2,003,867)</u>
Carrying amount, net, December 31, 2020	<u>\$ 1,443,673</u>	<u>\$ 354,891</u>	<u>\$ 9,251</u>	<u>\$ 98,601</u>	<u>\$ 2,812</u>	<u>\$ 126</u>	<u>\$ 17,406</u>	<u>\$ 2,718</u>	<u>\$ 1,929,478</u>
<u>Cost</u>									
Balance at January 1, 2021	\$ 2,927,777	\$ 640,964	\$ 67,102	\$ 250,426	\$ 10,440	\$ 3,721	\$ 23,995	\$ 8,920	\$ 3,933,345
Additions	305,735	23,253	11,150	60,982	-	-	909	64	402,093
Disposals	-	-	(20,638)	(2,639)	(1,911)	(273)	-	(772)	(26,233)
Reversal	(3,000)	-	-	-	-	-	-	-	(3,000)
Balance at December 31, 2021	<u>\$ 3,230,512</u>	<u>\$ 664,217</u>	<u>\$ 57,614</u>	<u>\$ 308,769</u>	<u>\$ 8,529</u>	<u>\$ 3,448</u>	<u>\$ 24,904</u>	<u>\$ 8,212</u>	<u>\$ 4,306,205</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2021	\$ (1,484,104)	\$ (286,073)	\$ (57,851)	\$ (151,825)	\$ (7,628)	\$ (3,595)	\$ (6,589)	\$ (6,202)	\$ (2,003,867)
Depreciation expenses	(486,894)	(93,242)	(3,652)	(21,853)	(895)	(34)	(5,226)	(438)	(612,234)
Disposals	-	-	20,475	2,639	1,642	273	-	772	25,801
Balance at December 31, 2021	<u>\$ (1,970,998)</u>	<u>\$ (379,315)</u>	<u>\$ (41,028)</u>	<u>\$ (171,039)</u>	<u>\$ (6,881)</u>	<u>\$ (3,356)</u>	<u>\$ (11,815)</u>	<u>\$ (5,868)</u>	<u>\$ (2,590,300)</u>
Carrying amount, net, December 31, 2021	<u>\$ 1,259,514</u>	<u>\$ 284,902</u>	<u>\$ 16,586</u>	<u>\$ 137,730</u>	<u>\$ 1,648</u>	<u>\$ 92</u>	<u>\$ 13,089</u>	<u>\$ 2,344</u>	<u>\$ 1,715,905</u>

(Concluded)

The above reversal is due to the decline of the original cost of molds from suppliers.

No impairment loss or reversal of impairment losses was recognized for the year ended December 31, 2021 and 2020.

Except for molds and dies which are depreciated on the basis of the estimated number of vehicles to be sold, other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 10 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvements	5 years
Tools	2 to 10 years

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Buildings	\$ 671,632	\$ 673,170
Transportation equipment	<u>15,402</u>	<u>10,485</u>
	<u>\$ 687,034</u>	<u>\$ 683,655</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 61,665</u>	<u>\$ 14,014</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 49,108	\$ 51,139
Transportation equipment	<u>8,659</u>	<u>8,580</u>
	<u>\$ 57,767</u>	<u>\$ 59,719</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020. In addition, the Group early terminated part of the lease contract during the year ended December 31, 2021, which resulted in a decrease of \$519 thousand in right-of-use assets and recognition of a lease modification benefit of \$2 thousand.

#### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	<u>\$ 51,666</u>	<u>\$ 51,616</u>
Non-current	<u>\$ 637,348</u>	<u>\$ 630,505</u>

The discount rates for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	0.91%	0.91%
Transportation equipment	0.91%	0.91%

#### c. Material leasing activities and terms

The Group leases certain cars for the use of its executives with lease terms of 2 to 4 years. The Group does not have bargain purchase options to acquire the leasehold cars at the end of the

lease terms.

The Group also leases buildings for the use of plants, offices and dormitory with lease terms of 5 to 18 years. If the lease term is not specified in the lease contract with the related party, lease term is based on the useful lives of the right-of-use assets, please refer to Note 28. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	<u>\$ 2,474</u>	<u>\$ 3,041</u>
Total cash outflow for leases	<u>\$ (62,839)</u>	<u>\$ (65,177)</u>

The Group's leases of certain transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**14. COMPUTER SOFTWARE**

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2020	\$ 40,721
Additions	15,464
Disposals	(4,764)
Reclassified	<u>28,125</u>
Balance at December 31, 2020	<u>\$ 79,546</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ (18,551)
Amortization expenses	(25,877)
Disposals	<u>4,764</u>
Balance at December 31, 2020	<u>\$ (39,664)</u>
Carrying amount at December 31, 2020	<u>\$ 39,882</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,546
Additions	4,491
Disposals	<u>(48,615)</u>
Balance at December 31, 2021	<u>\$ 35,422</u>

(Continued)

	<b>Amount</b>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ (39,664)
Amortization expenses	(21,616)
Disposals	<u>48,615</u>
Balance at December 31, 2021	<u>\$ (12,665)</u>
Carrying amount at December 31, 2021	<u>\$ 22,757</u>
	(Concluded)
No impairment loss or reversal of impairment losses was recognized for the year ended December 31, 2021 and 2020.	

## 15. OTHER NON-CURRENT ASSETS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Refundable deposits (Note 28)	\$ 517,556	\$ 565,838
Prepayments for equipment	<u>1,606</u>	<u>57,148</u>
	<u>\$ 519,162</u>	<u>\$ 622,986</u>

## 16. OTHER PAYABLES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Advertising and promotion fees	\$ 508,639	\$ 512,940
Salaries and bonuses	203,638	191,446
Purchases of equipment	86,144	76,691
Taxes	3,842	12,868
Others	<u>68,640</u>	<u>61,480</u>
	<u>\$ 870,903</u>	<u>\$ 855,425</u>

## 17. PROVISIONS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current		
Inventory purchase commitments	\$ 122,144	\$ 119,736
Warranties	<u>97,046</u>	<u>99,246</u>
	<u>\$ 219,190</u>	<u>\$ 218,982</u>

(Continued)

	<u>December 31</u>	
	2021	2020
Non-current Warranties	<u>\$ 63,542</u>	<u>\$ 71,330</u> (Concluded)

	<b>Inventory Purchase Commitments</b>	<b>Warranties</b>	<b>Total</b>
Balance at January 1, 2020	\$ 108,559	\$ 143,241	\$ 251,800
Additional provisions recognized	11,177	186,235	197,412
Paid	<u>-</u>	<u>(158,900)</u>	<u>(158,900)</u>
Balance at December 31, 2020	<u>\$ 119,736</u>	<u>\$ 170,576</u>	<u>\$ 290,312</u>
Balance at January 1, 2021	\$ 119,736	\$ 170,576	\$ 290,312
Additional provisions recognized	2,408	149,709	152,117
Paid	<u>-</u>	<u>(159,697)</u>	<u>(159,697)</u>
Balance at December 31, 2021	<u>\$ 122,144</u>	<u>\$ 160,588</u>	<u>\$ 282,732</u>

The provisions for losses on inventory purchase commitments represent the present obligations of which the unavoidable costs for meeting the obligations under the commitments exceed the economic benefits expected to be received from the commitments.

The provisions for warranty claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under the local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	2021	2020
Current		
Withholding	\$ 3,164	\$ 3,056
Others	<u>2,345</u>	<u>1,308</u>
	<u>\$ 5,509</u>	<u>\$ 4,364</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a

state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2021 and 2020 was \$15,083 thousand and \$15,390 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

An analysis by function of the amounts recognized in profit or loss in respect of the defined contribution plan is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 7,265	\$ 7,522
General and administrative expenses	3,051	3,000
Research and development expenses	4,717	4,818
Non-operating expenses	<u>50</u>	<u>50</u>
	<u>\$ 15,083</u>	<u>\$ 15,390</u>

There were no regular employees for Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc. as of December 31, 2020; therefore, the subsidiaries had no pension plan for employees.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of funded defined benefit obligation	\$ 349,137	\$ 406,889
Fair value of plan assets	<u>(261,651)</u>	<u>(270,093)</u>
Deficit	<u>\$ 87,486</u>	<u>\$ 136,796</u>
Net defined benefit liabilities	<u>\$ 87,486</u>	<u>\$ 136,796</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2020	<u>\$ 483,850</u>	<u>\$ (251,825)</u>	<u>\$ 232,025</u>
Service cost			
Current service cost	3,695	-	3,695
Net interest expense (income)	<u>3,629</u>	<u>(1,983)</u>	<u>1,646</u>
Recognized in profit or loss	<u>7,324</u>	<u>(1,983)</u>	<u>5,341</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,048)	(8,048)
Actuarial loss - changes in financial assumptions	9,520	-	9,520
Actuarial gain - experience adjustments	<u>(108)</u>	<u>-</u>	<u>(108)</u>
Recognized in other comprehensive income	<u>9,412</u>	<u>(8,048)</u>	<u>1,364</u>
Contributions from the employer	<u>-</u>	<u>(26,505)</u>	<u>(26,505)</u>
Benefits paid	<u>(18,268)</u>	<u>18,268</u>	<u>-</u>
Payment from the employer	<u>(75,429)</u>	<u>-</u>	<u>(75,429)</u>
Balance at December 31, 2020	<u>\$ 406,889</u>	<u>\$ (270,093)</u>	<u>\$ 136,796</u>
Balance at January 1, 2021	<u>\$ 406,889</u>	<u>\$ (270,093)</u>	<u>\$ 136,796</u>
Service cost			
Current service cost	3,053	-	3,053
Net interest expense (income)	<u>2,015</u>	<u>(1,360)</u>	<u>655</u>
Recognized in profit or loss	<u>5,068</u>	<u>(1,360)</u>	<u>3,708</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,370)	(3,370)
Actuarial loss - changes in financial assumptions	9,417	-	9,417
Actuarial gain - experience adjustments	<u>(7,621)</u>	<u>-</u>	<u>(7,621)</u>
Recognized in other comprehensive income	<u>1,796</u>	<u>(3,370)</u>	<u>(1,574)</u>
Contributions from the employer	<u>-</u>	<u>(6,349)</u>	<u>(6,349)</u>
Benefits paid	<u>(19,521)</u>	<u>19,521</u>	<u>-</u>
Payment from the employer	<u>(45,095)</u>	<u>-</u>	<u>(45,095)</u>
Balance at December 31, 2021	<u>\$ 349,137</u>	<u>\$ (261,651)</u>	<u>\$ 87,486</u>



An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 1,175	\$ 1,791
General and administrative expenses	839	2,127
Research and development expenses	1,634	1,294
Non-operating expenses	<u>60</u>	<u>129</u>
	<u>\$ 3,708</u>	<u>\$ 5,341</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)	0.50%	0.50%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)		
0.25% increase	<u>\$ (8,116)</u>	<u>\$ (9,520)</u>
0.25% decrease	<u>\$ 8,393</u>	<u>\$ 9,852</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 8,082</u>	<u>\$ 9,490</u>
0.25% decrease	<u>\$ (7,682)</u>	<u>\$ (9,222)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The expected contributions to the plan for the next year	<u>\$ 6,000</u>	<u>\$ 6,480</u>
The average duration of the defined benefit obligation	9.4 years	9.7 years

## 20. EQUITY

### a. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Excess from spin-off	\$ 5,986,507	\$ 5,986,507
Generated from investments accounted for using the equity method	<u>2,461</u>	<u>2,461</u>
	<u>\$ 5,988,968</u>	<u>\$ 5,988,968</u>

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company's capital surplus and to once a year).

The capital surplus from investments accounted for using the equity method may not be used for any purpose.

### b. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of compensation of employees after the amendment, refer to Note 22-e. on compensation of employees.

The Company operates in a mature and stable industry. In determining the distribution of dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. The amount of dividends, which can be cash dividends or stock dividends, is formulated to be less than 90% of net income, though the final issued ratios would be proposed and approved by the board of directors. Cash dividends should be at least 20% of total dividends to be distributed to the

stockholders.

Under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company’s capital surplus. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 approved in the stockholders’ meetings on July 20, 2021 and June 19, 2020, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 653,983	\$ 721,812		
Special reserve	57,604	106,937		
Cash dividends	5,559,000	6,381,000	\$18.53	\$21.27

## 21. REVENUE

### a. Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable (Note 8)	<u>\$ 235</u>	<u>\$ 1,934</u>	<u>\$ -</u>
Notes receivable - related parties (Note 28)	<u>\$ 21</u>	<u>\$ 579</u>	<u>\$ 4,732</u>
Trade receivables (Note 8)	<u>\$ 23,567</u>	<u>\$ 12,419</u>	<u>\$ 18,184</u>
Trade receivables - related parties (Note 28)	<u>\$ 287,324</u>	<u>\$ 389,371</u>	<u>\$ 426,488</u>
Contract liabilities			
Designing and performing R&D of cars (Note 28)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,029</u>

The changes in the contract liability balances primarily result from the timing difference between the Group’s satisfaction of performance obligations and the customer’s payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
From contract liabilities at the beginning of the year		
Designing and performing R&D of cars	\$ <u>          -</u>	\$ <u>33,029</u>

b. Disaggregation of revenue

Refer to Note 32 for information about disaggregation of revenue.

## 22. NET PROFIT

a. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Gain on disposal of property, plant and equipment	\$ <u>  170</u>	\$ <u>  289</u>

b. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 580,136	\$ 542,784
Operating expenses	<u>  89,865</u>	<u>  88,214</u>
	<u>\$ 670,001</u>	<u>\$ 630,998</u>
An analysis of amortization by function		
Operating costs	\$ 15,768	\$ 15,990
Operating expenses	<u>  5,848</u>	<u>  9,887</u>
	<u>\$ 21,616</u>	<u>\$ 25,877</u>

c. Remuneration for technical services

	<u>For the Year Ended December 31</u>	
	2021	2020
Operating costs (Note 28)	\$ <u>377,607</u>	\$ <u>508,615</u>

Remuneration for technical services is the payment for technical services provided by Nissan and Autech Japan, Inc. based on the Company's technical cooperation agreements with the two companies. The remuneration for technical services provided by Nissan is calculated based on the purchase costs less commodity tax of each vehicle model, while the remuneration for technical services provided by Autech Japan, Inc. is calculated based on the

R&D fees of each vehicle model plus the royalty fees of each vehicle sold.

d. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 15,083	\$ 15,390
Defined benefit plans	<u>3,708</u>	<u>5,341</u>
	<u>18,791</u>	<u>20,731</u>
Labor and health insurance	38,060	38,986
Salary	483,529	472,215
Remuneration of directors	13,200	13,200
Other employee benefits	<u>47,612</u>	<u>51,261</u>
	<u>582,401</u>	<u>575,662</u>
Total employee benefits expense	<u>\$ 601,192</u>	<u>\$ 596,393</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of employee benefits expense by function		
Operating expenses	\$ 601,082	\$ 596,214
Non-operating expenses	<u>110</u>	<u>179</u>
	<u>\$ 601,192</u>	<u>\$ 596,393</u>

e. Compensation of employees

The Company accrued compensation of employees at the rates no less than 0.1% of net profit before income tax, and compensation of employees. The compensation of employees for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 15, 2022 and March 23, 2021, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	0.10%	0.10%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 3,804	\$ 8,169

If there is a change in amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the actual amounts of compensation of employees paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange, net

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains	\$ 146,183	\$ 594,199
Foreign exchange losses	<u>(178,768)</u>	<u>(141,128)</u>
Net profit (loss)	<u>\$ (32,585)</u>	<u>\$ 453,071</u>

g. Loss on disposal of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Gains on disposal of investments	\$ 5,310	\$ 7,607
Losses on disposal of investments	<u>(29,214)</u>	<u>(13,084)</u>
Net loss	<u>\$ (23,904)</u>	<u>\$ (5,477)</u>

## 23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 748,051	\$ 1,519,929
Income tax on unappropriated earnings	13,462	419
Adjustments for prior years	1,022	(10,235)
Deferred tax		
In respect of the current year	<u>12,094</u>	<u>109,919</u>
Income tax expense recognized in profit or loss	<u>\$ 774,629</u>	<u>\$ 1,620,032</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 3,800,622</u>	<u>\$ 8,160,970</u>
Income tax expense calculated at the statutory rate	\$ 760,125	\$ 1,632,194
Adjustments of expenses in determining taxable income	2,197	2,361
Tax-exempt income	(2,177)	(4,707)
Income tax on unappropriated earnings	13,462	419
Adjustments for prior years' tax	<u>1,022</u>	<u>(10,235)</u>
Income tax expense recognized in profit or loss	<u>\$ 774,629</u>	<u>\$ 1,620,032</u>

Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc., respectively, are tax-exempt.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year		
Share of other comprehensive income of subsidiary accounted for using the equity method	\$ -	\$ 4
Remeasurement of defined benefit plans	<u>(315)</u>	<u>273</u>
Recognized in other comprehensive income (loss)	<u>\$ (315)</u>	<u>\$ 277</u>

c. Installment payments of income tax

Due to impact of the COVID-19 pandemic, the Group applied to the National Taxation Bureau for the payment of its income tax for the year 2019 in 36 equal installments on a monthly basis starting from July 2020 in accordance with Rule No. 10904533690 issued by the Ministry of Finance (MOF) of the Republic of China, and recognized the outstanding balance of \$232,438 thousand as income tax liabilities - current and of \$117,017 thousand as income tax liabilities - non-current based on the classification of current and non-current liabilities.

d. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax liabilities		
Income tax payable	<u>\$ 748,817</u>	<u>\$ 1,328,301</u>

e. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 46,739	\$ (19,319)	\$ 273	\$ 27,693
Provisions for warranties	28,648	5,467	-	34,115
Provisions for loss on inventory purchase commitments	21,712	2,235	-	23,947
Unrealized exchange loss, net	9,706	(9,706)	-	-
Share of other comprehensive loss of associates accounted for using the equity method	122	-	4	126
	<u>\$ 106,927</u>	<u>\$ (21,323)</u>	<u>\$ 277</u>	<u>\$ 85,881</u>

Deferred tax liabilities

Temporary differences				
Shares of profit of subsidiaries	\$ 2,330,164	\$ 74,737	\$ -	\$ 2,404,901
Unrealized exchange gain, net	-	13,859	-	13,859
	<u>\$ 2,330,164</u>	<u>\$ 88,596</u>	<u>\$ -</u>	<u>\$ 2,418,760</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 27,693	\$ (9,548)	\$ (315)	\$ 17,830
Provisions for warranties	34,115	(1,997)	-	32,118
Provisions for loss on inventory purchase commitments	23,947	482	-	24,429
Unrealized exchange loss, net	-	5,652	-	5,652
Share of other comprehensive loss of associates accounted for using the equity method	126	-	-	126
	<u>\$ 85,881</u>	<u>\$ (5,411)</u>	<u>\$ (315)</u>	<u>\$ 80,155</u>

(Continued)



	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Shares of profit of subsidiaries	\$ 2,404,901	\$ 20,542	\$ -	\$ 2,425,443
Unrealized exchange gain, net	<u>13,859</u>	<u>(13,859)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,418,760</u>	<u>\$ 6,683</u>	<u>\$ -</u>	<u>\$ 2,425,443</u> (Concluded)

## f. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

**24. EARNINGS PER SHARE**

The earnings and weighted-average number of common stock outstanding used in the computation of earnings per share were as follows:

**Net Profit for the Year**

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,025,993</u>	<u>\$ 6,540,938</u>

**Weighted-average Number of Common Stock Outstanding (In Thousands of Shares)**

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted-average number of common stock used in the computation of basic earnings per share	300,000	300,000
Effect of potential dilutive common stock:		
Compensation of employees	<u>15</u>	<u>27</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>300,015</u>	<u>300,027</u>

Since the Group offered to settle the compensation of employees in cash or stocks, the Group assumed the entire amount of the compensation would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

## 25. CASH FLOW INFORMATION

### a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investing activities affecting both cash and non-cash transactions</u>		
Increase in property, plant and equipment	\$ 402,093	\$ 568,425
Net changes of prepayment for equipment	(55,542)	20,262
Net changes of trade payables	<u>47,367</u>	<u>(122,768)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 393,918</u>	<u>\$ 465,919</u>
Increase in computer software	\$ 4,491	\$ 15,464
Net changes of prepayment for equipment	<u>-</u>	<u>(3,506)</u>
Cash paid for acquisition of computer software	<u>\$ 4,491</u>	<u>\$ 11,958</u>
Net changes of long-term equity investments accounted for using the equity method	\$ -	\$ -
Net changes of other payables	<u>-</u>	<u>1,170,977</u>
Cash paid for acquisition of associates	<u>\$ -</u>	<u>\$ 1,170,977</u> (Concluded)

### b. Changes in liabilities arising from financing activities

#### 2021

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Leases Terminated</b>	<b>December 31, 2021</b>
Lease liabilities	<u>\$ 682,121</u>	<u>\$ (54,251)</u>	<u>\$ 61,665</u>	<u>\$ (521)</u>	<u>\$ 689,014</u>

#### 2020

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Leases Terminated</b>	<b>December 31, 2020</b>
Lease liabilities	<u>\$ 724,349</u>	<u>\$ (55,658)</u>	<u>\$ 14,014</u>	<u>\$ (584)</u>	<u>\$ 682,121</u>

## 26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

## 27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approximately equal to their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 547,289	\$ _____ -	\$ _____ -	\$ 547,289

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 626,514	\$ _____ -	\$ _____ -	\$ 626,514

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and assumptions applied for the purpose of fair value measurement

The fair value of mutual funds traded on active market is the net asset value on the balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

For trade receivables - related parties that are measured at FVTPL and have a 4-day credit period, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily at FVTPL	\$ 547,289	\$ 626,514
Loans and receivables (Note 1)	4,548,586	7,535,188

(Continued)

	<u>December 31</u>	
	2021	2020
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,210,128	1,037,979 (Concluded)

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables and other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise trade payables and part of other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, and borrowings. The Group's corporate treasury function coordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other prices.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of the sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the RMB, U.S. dollar and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit associated with the functional currency weakening 5% against the relevant currency. For a 5% strengthening of the functional

currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	RMB		U.S. Dollar		Japan Yen	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2021	2020	2021	2020	2021	2020
Loss	\$ (176,693)	\$ (309,798)	\$ (27,857)	\$ (21,769)	\$ (2,270)	\$ (383)

These were mainly attributable to the exposure on outstanding RMB, U.S. dollar and Japanese yen denominated cash in bank, repurchase agreements collateralized by bonds, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 3,076,457	\$ 5,238,392
Financial liabilities	689,014	682,121
Cash flows interest rate risk		
Financial assets	967,739	1,728,646

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 would increase/decrease by \$2,419 thousand which were mainly attributable to the Group's exposure to interest rates on its demand deposits and time deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 would increase/decrease by \$4,322 thousand which were mainly attributable to the Group's exposure to interest rates on its demand deposits and time deposits.

c) Other price risk

The Group was exposed to price risk through its investments in funds. The Group manages this exposure by investing in a diversified portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the fund's value had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have been higher/lower by \$5,473 thousand and \$6,265 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

The Group's concentration of credit risk of 45% and 60% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Group's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the available unutilized borrowings facilities were both \$5,700,000 thousand.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,148,938 <u>5,291</u>	\$ 57,913 <u>10,568</u>	\$ 3,277 <u>41,870</u>	\$ - <u>187,869</u>	\$ - <u>508,492</u>
	<u>\$ 1,154,229</u>	<u>\$ 68,481</u>	<u>\$ 45,147</u>	<u>\$ 187,869</u>	<u>\$ 508,492</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 57,729</u>	<u>\$ 187,869</u>	<u>\$ 159,050</u>	<u>\$ 152,554</u>	<u>\$ 96,669</u>	<u>\$ 100,219</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,028,818 <u>5,198</u>	\$ 8,796 <u>10,396</u>	\$ 365 <u>42,043</u>	\$ - <u>155,137</u>	\$ - <u>542,195</u>
	<u>\$ 1,034,016</u>	<u>\$ 19,192</u>	<u>\$ 42,408</u>	<u>\$ 155,137</u>	<u>\$ 542,195</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 57,637</u>	<u>\$ 155,137</u>	<u>\$ 161,385</u>	<u>\$ 154,894</u>	<u>\$ 110,947</u>	<u>\$ 114,969</u>

**28. TRANSACTIONS WITH RELATED PARTIES**

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

## a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Investors that have significant influence over the Group	
Nissan Motor Corporation (“Nissan”)	Equity-method investor of the Company
Yulon Motor Co., Ltd. (“Yulon”)	Same as above
Other related parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Trading Europe Ltd.	Same as above
Nissan Trading (Thailand) Co., Ltd.	Same as above
Nissan Trading China Co., Ltd.	Same as above
Nissan Motor Egypt S.A.E.	Same as above
Nissan Import Egypt, Ltd.	Same as above
PT. Nissan Motor Indonesia (NMI)	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distributor Indonesia	Same as above
Nissan North America, Inc.	Same as above
Nissan International SA	Same as above
Nissan Creative Service Co., Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Philippines Inc.	Same as above
INFINITI Motor Co., Ltd.	Same as above
Renault Nissan Automotive India Private Ltd.	Same as above

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Autech Japan, Inc.	Same as above
Dongfeng Motor Co., Ltd.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Zhenzhou Nissan Automobile Co., Ltd.	Same as above
Allied Engineering Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motors Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Singan Co., Ltd.	Same as above
Y-teks Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Yulon Energy Service Co., Ltd.	Same as above
Yufong Property Management Co., Ltd.	Sub-subsidiary of Yulon
Univation Motor Philippines, Inc.	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Co., Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co., Ltd.	Same as above
Le-Wen Co., Ltd.	Same as above
Visionary International Consulting Co., Ltd.	Same as above
Tai Yuen Textile Co., Ltd.	Same as above
San Long Industrial Co., Ltd.	Same as above
China Motor Corporation	Same as above
Singual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Shinshin Credit Corporation	Subsidiary of Taiwan Acceptance Corporation
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.

(Continued)



<u>Related Party</u>	<u>Relationship with the Group</u>
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Sub-subsidiary of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Yuan Rui Auto Co., Ltd.	Same as above
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
Carnival Textile Industrial Corporation	Substantial related party of the Company
Y.M. Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation
DFS Industrial Group Co., Ltd.	Substantial related party of Dongfeng Nissan Passenger Vehicle Co.
Luxgen Taoyuan Motor Co., Ltd.	Subsidiary of Luxgen Motor Co., Ltd.
Luxgen Taichung Motor Co., Ltd.	Same as above
Luxgen Kaohsiung Motor Co., Ltd.	Same as above
ROC-Keeper Industrial Ltd.	Subsidiary of ROC Spicer Co., Ltd.
Kuen You Trading Co., Ltd.	Investee of Yu Sing Motor Co., Ltd.
Fengye Leasing Co., Ltd.	Subsidiary of CL Skylite Trading Co., Ltd.
Euniton Enterprise Co., Ltd.	Substantial related party of Empower Motors Co., Ltd.

(Concluded)

## b. Related party transaction details

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties were disclosed below:

## 1) Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Sales</u>		
Taiwan Acceptance Corporation	\$ 20,892,345	\$ 25,612,672
Investors that have significant influence	4,093	10,536
Other related parties	<u>3,304,286</u>	<u>3,454,454</u>
	<u>\$ 24,200,724</u>	<u>\$ 29,077,662</u>
<u>Service revenue</u>		
Nissan	\$ 61,075	\$ 82,158
Autech Japan, Inc.	<u>-</u>	<u>36,917</u>
	<u>\$ 61,075</u>	<u>\$ 119,075</u>

The Company designs and performs R&D of cars mainly for Nissan and Autech Japan, Inc. Service revenue is recognized according to the related contracts.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Other operating revenue</u>		
Taiwan Acceptance Corporation	\$ 41,243	\$ -
Investors that have significant influence	13,670	22,399
Other related parties	<u>57,384</u>	<u>72,344</u>
	<u>\$ 112,297</u>	<u>\$ 94,743</u>

Other operating revenue mainly arose from the sale of steel plates, steel and aluminum parts and the extended warranty services.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Operating costs - purchases</u>		
Yulon	\$ 20,491,665	\$ 23,797,486
Investors that have significant influence	26,929	29,581
Other related parties	<u>38,969</u>	<u>20,228</u>
	<u>\$ 20,557,563</u>	<u>\$ 23,847,295</u>

Operating costs - remuneration for technical services

Nissan	\$ 376,113	\$ 451,254
Autech Japan, Inc.	<u>1,494</u>	<u>57,361</u>
	<u>\$ 377,607</u>	<u>\$ 508,615</u>

Remuneration for technical services is the payment for technical services provided by Nissan and Autech Japan, Inc. based on the Company's technical cooperation agreements with the two companies. The remuneration for technical services provided by Nissan is calculated based on the purchase costs less commodity tax of each vehicle model, while the remuneration for technical services provided by Autech Japan, Inc. is calculated based on the R&D fees of each vehicle model plus the royalty fees of each vehicle sold.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Operating costs - parts development cost</u>		
Dongfeng Motor Co., Ltd.	<u>\$ -</u>	<u>\$ 163,635</u>

The parts development cost represents the expenses for parts jointly developed by the Company and Dongfeng Motor Co., Ltd.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Selling and marketing expenses</u>		
Yu Sing Motor Co., Ltd.	\$ 205,235	\$ 289,559
Yu Chang Motor Co., Ltd.	179,725	326,581
Empower Motors Co., Ltd.	147,280	260,093
Investors that have significant influence	20,911	23,481
Other related parties	<u>746,294</u>	<u>1,278,693</u>
	<u>\$ 1,299,525</u>	<u>\$ 2,178,407</u>
<u>General and administrative expenses</u>		
Yulon Management Co., Ltd.	\$ 233,813	\$ 176,908
Investors that have significant influence	9,338	14,262
Other related parties	<u>6,108</u>	<u>11,464</u>
	<u>\$ 249,259</u>	<u>\$ 202,634</u>
<u>Research and development expenses</u>		
Yulon	\$ 80,803	\$ 127,030
Investors that have significant influence	15,715	13,353
Other related parties	<u>9,380</u>	<u>9,578</u>
	<u>\$ 105,898</u>	<u>\$ 149,961</u>

Selling and marketing expenses are payments to other related parties for advertisement and promotion.

General and administrative expenses are payments to Yulon Management Co., Ltd. for consulting, labor dispatch and IT services.

Research and development expenses are payments for prototype fees, sample fees and for services related to the provision of system platform research for each vehicle model.

2) Non-operating transactions

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Other revenues</u>		
Tokio Marine Nawa Insurance Co., Ltd.	<u>\$ 30</u>	<u>\$ 500</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Overseas business expenses</u>		
Yulon	\$ 4,116	\$ -
Yulon Management Co., Ltd.	<u>769</u>	<u>4,134</u>
	<u>\$ 4,885</u>	<u>\$ 4,134</u>
		(Concluded)

3) Receivables from related parties

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
Yuan Jyh Motor Co., Ltd.	\$ 21	\$ -
Yushin Motor Co., Ltd.	<u>-</u>	<u>579</u>
	<u>\$ 21</u>	<u>\$ 579</u>
<u>Trade receivables</u>		
Taiwan Acceptance Corporation	\$ 140,062	\$ 229,872
Investors that have significant influence	57,614	21,332
Other related parties	<u>89,648</u>	<u>138,167</u>
	<u>\$ 287,324</u>	<u>\$ 389,371</u>
<u>Other receivables</u>		
Yulon	\$ 127,759	\$ 122,095
Other related parties	<u>19,209</u>	<u>1,543</u>
	<u>\$ 146,968</u>	<u>\$ 123,638</u>

Other receivables from Yulon are mainly purchase discounts and commodity taxes paid by the Company on behalf of Yulon.

Trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on trade receivables from related parties.

## 4) Refundable deposits

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Yulon	<u>\$ 516,622</u>	<u>\$ 564,881</u>

Refundable deposits are mainly the deposits paid by the Company to Yulon for materials.

## 5) Payables to related parties

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Trade payables</u>		
Yulon	\$ 224,624	\$ 54,631
Nissan	74,022	118,405
Other related parties	<u>1,439</u>	<u>1,908</u>
	<u>\$ 300,085</u>	<u>\$ 174,944</u>

Other payables

Yu Sing Motor Co., Ltd.	\$ 28,685	\$ 9,934
Yulon	24,445	35,474
Hui-Lian Motor Co., Ltd	23,142	4,473
Other related parties	<u>150,545</u>	<u>132,412</u>
	<u>\$ 226,817</u>	<u>\$ 182,293</u>

Trade payables to related parties are unsecured as of December 31, 2021 and 2020; the balance of payables for purchases of equipment from other payables was \$4,910 thousand and \$61,730 thousand, respectively.

## 6) Acquisition of property, plant and equipment

<b>Related Party</b>	<b>Acquisition Price</b>	
	<b>2021</b>	<b>2020</b>
Yueki Industrial Co., Ltd.	\$ 23,942	\$ 28,063
Uni Auto Parts Co., Ltd.	8,000	7,443
Nissan	-	15,695
Other related parties	<u>13,309</u>	<u>21,460</u>
	<u>\$ 45,251</u>	<u>\$ 72,661</u>

7) Disposal of property, plant and equipment

Related Party	Sales Proceeds		Gain (Loss) on Disposal	
	2021	2020	2021	2020
Yushin Motor Co., Ltd.	\$ 305	\$ -	\$ 124	\$ -
Yu Tang Motor Co., Ltd.	4	-	(1)	-
Empower Motors Co., Ltd.	<u>3</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ -</u>

8) Lease arrangements - the Group is lessee

Acquisition of right-of-use assets

The Company's rental expenses paid monthly are primarily comprised of building property, car testing expenses, cars for its executives for years ended December 31, 2021 and 2020.

	For the Year Ended December 31	
	2021	2020
<u>Acquisition of right-of-use assets</u>		
Yulon	\$ 48,089	\$ -
Ka-Plus Automobile Leasing Co., Ltd.	13,576	-
Other related parties	<u>-</u>	<u>6,676</u>
	<u>\$ 61,665</u>	<u>\$ 6,676</u>

	December 31	
	2021	2020
<u>Lease liabilities</u>		
Yulon	\$ 670,588	\$ 665,652
Other related parties	<u>15,462</u>	<u>16,469</u>
	<u>\$ 686,050</u>	<u>\$ 682,121</u>

	For the Year Ended December 31	
	2021	2020
<u>Interest expense</u>		
Yulon	\$ 5,950	\$ 6,330
Other related parties	<u>124</u>	<u>117</u>
	<u>\$ 6,074</u>	<u>\$ 6,447</u>

Interest expense is for lease liabilities.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Lease expense</u>		
Yulon	\$ 1,912	\$ 2,526
Other related parties	<u>562</u>	<u>515</u>
	<u>\$ 2,474</u>	<u>\$ 3,041</u>

Lease expenses included expenses relating to short-term leases that do not depend on an index or a rate. Future lease payables related to short-term leases are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term lease payments to be paid in the future	<u>\$ 1,240</u>	<u>\$ -</u>

c. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 42,252	\$ 42,562
Post-employment benefits	<u>2,383</u>	<u>1,982</u>
	<u>\$ 44,635</u>	<u>\$ 44,544</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Other transactions with related parties

1) Trade receivables sold to Taiwan Acceptance Corporation

The Company sold to Taiwan Acceptance Corporation trade receivables which amounted to \$2,029,879 thousand and \$2,039,906 thousand for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company had received cash payments of \$1,990,544 thousand and \$2,002,480 thousand, respectively. Based on the contract, the amount of receivables sold is limited to the amount of guarantee provided by the original debtor to Taiwan Acceptance Corporation. The interest rate intervals of the Company's trade receivables sold to Taiwan Acceptance Corporation for the years ended December 31, 2021 and 2020 were 2.31% and 2.33%-2.41%; and the interest expenses recognized were \$1,050 thousand and \$1,077 thousand, respectively.

As of December 31, 2021 and 2020, the Company sold trade receivables to Taiwan Acceptance Corporation without recourse. The sale resulted in the derecognition of these trade receivables because the Company transferred the significant risks and rewards relating to the accounts to the buyer.

2) Molds contract signed with Diamond Leasing Service Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$1,242,969 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Diamond Leasing Service Co., Ltd., the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

3) Molds contract signed with Shinshin Credit Corporation

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$488,226 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Shinshin Credit Corporation the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

4) Molds contract signed with Sinjang Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$485,303 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Sinjang Co., Ltd. the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

5) Molds contract signed with Chan Yun Technology Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of December 31, 2021, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$69,360 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Chan Yun Technology Co., Ltd. the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

## 29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 were as follows:

- a. The Company re-signed a manufacturing contract with Yulon, effective on or after May 1, 2015, for 5 years. This contract, for which the first expiry date was on April 30, 2020, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture



Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer (OEM) of automobile parts and after-sales service.

The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

- b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to December 31, 2020, no buy-back of vehicles has occurred.
- c. Unrecognized commitments

	<u>December 31</u>	
	2021	2020
Acquisition of property, plant, and equipment	<u>\$ 56,033</u>	<u>\$ 5,073</u>

### 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 387,332	4.3440 (RMB:NTD)	\$ 1,682,570
USD	20,128	27.680 (USD:NTD)	557,143
RMB	290,368	0.1568 (RMB:USD)	1,851,299
JPY	188,896	0.2405 (JPY:NTD)	<u>45,429</u>
			<u>\$ 4,136,441</u>

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
USD	593,376	27.680 (USD:NTD)	<u>\$ 16,424,660</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	132	0.2405 (JPY:NTD)	<u>\$ 32</u> (Concluded)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,047,800	4.3770 (RMB:NTD)	\$ 4,586,221
USD	15,287	28.480 (USD:NTD)	435,374
RMB	368,702	0.1533 (RMB:USD)	1,609,747
JPY	27,697	0.2763 (JPY:NTD)	<u>7,653</u>
			<u>\$ 6,638,995</u>
Non-monetary items			
USD	565,438	28.480 (USD:NTD)	<u>\$ 16,103,655</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	8	0.2763 (JPY:NTD)	<u>\$ 2</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Year Ended December 31</b>				
		<b>2021</b>	<b>2020</b>	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.3410 (RMB:NTD)	\$ (11,709)	4.2820 (RMB:NTD)	\$ 78,355
RMB	0.1550 (RMB:USD)	(5,720)	0.1449 (RMB:USD)	394,503
USD	28.009 (USD:NTD)	(13,267)	29.549 (USD:NTD)	(19,876)
JPY	0.2554 (JPY:NTD)	<u>(1,889)</u>	0.2769 (JPY:NTD)	<u>89</u>
		<u>\$ (32,585)</u>		<u>\$ 453,071</u>

### 31. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
- 1) Financing provided to others: None
  - 2) Endorsements/guarantees provided: None
  - 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2 (attached)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
  - 9) Trading in derivative instruments: None
  - 10) Information on investees: Table 5 (attached)
  - 11) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investments in the mainland China area: Table 7 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of

collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

c. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8 (attached).

### 32. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Vehicle segment: Vehicle sales

Parts segment: Parts sales

Investment segment: Overseas business activities

Other segment: Other operating activities other than the above segments

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Revenue		Profit Before Tax	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Vehicle segment	\$ 21,009,561	\$ 25,665,022	\$ (289,472)	\$ (169,356)
Parts segment	3,479,453	3,776,022	668,955	675,605
Investment segment	-	-	3,661,015	7,277,488
Other segment	179,370	219,594	(243,559)	(188,602)
	\$ 24,668,384	\$ 29,660,638	3,796,939	7,595,135
Gain on disposal of property, plant and equipment			170	289
Interest income			53,509	116,898
Gain on financial assets at fair value through profit or loss, net			34,789	29,014
Foreign exchange gain (loss), net			(32,585)	453,071
Interest expense			(15,096)	(14,760)

(Continued)

	<b>Revenue</b>		<b>Profit Before Tax</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Gain (loss) on disposal of investments, net			(23,904)	(5,477)
Central administration costs			<u>(13,200)</u>	<u>(13,200)</u>
Profit before tax			<u>\$ 3,800,622</u>	<u>\$ 8,160,970</u> (Concluded)

Segment profit represents the profit earned by each segment, excluding the allocation of gain on disposal of property, plant and equipment, interest income, gain on financial assets at fair value through profit or loss, net, foreign exchange gain (loss), net, interest expense, gain (loss) on disposal of investments, net, central administration costs and remuneration of directors, and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segment total assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Vehicle segment	\$ 1,548,298	\$ 1,803,075
Parts segment	19,198	24,493
Investment segment	16,424,660	16,103,655
Other segment	<u>148,409</u>	<u>101,910</u>
	18,140,565	18,033,133
Unallocated assets	<u>6,512,910</u>	<u>9,731,497</u>
Consolidated total assets	<u>\$ 24,653,475</u>	<u>\$ 27,764,630</u>

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Vehicles	\$ 21,009,561	\$ 25,665,022
Parts	3,479,453	3,776,022
Others	<u>179,370</u>	<u>219,594</u>
	<u>\$ 24,668,384</u>	<u>\$ 29,660,638</u>

d. Geographical information

The Group's revenues from external customers by location of operations are detailed below:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Domestic	\$ 24,556,837	\$ 29,470,372
Overseas	<u>111,547</u>	<u>190,266</u>
	<b><u>\$ 24,668,384</u></b>	<b><u>\$ 29,660,638</u></b>

The Group's non-current assets by location of assets are detailed below:

	<b><u>December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Domestic	\$ 2,944,858	\$ 3,276,001
Overseas	<u>-</u>	<u>-</u>
	<b><u>\$ 2,944,858</u></b>	<b><u>\$ 3,276,001</u></b>

e. Information about major customers

The Group's revenue from major customers is detailed below:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
A specific customer from the vehicle segment	<u>\$ 20,892,345</u>	<u>\$ 25,612,672</u>

No other single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2021 and 2020.

**TABLE 1**
**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**
**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Investor	Type and Name of Marketable Securities	Relationship with the Investor	Financial Statement Account	December 31, 2021			Note
				Stocks (In Thousands)	Carrying Amount	Percentage of Ownership	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates PineBridge Global Multi-Strategy High Yield Bond Fund	-	Financial assets at fair value through profit or loss	5,997	\$ 87,187	-	\$ 87,187
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	3,035	50,000	-	50,000
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,944	50,000	-	50,000
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	3,068	50,000	-	50,000
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	3,950	50,000	-	50,000
	PineBridge Emerging Market Asia-Pacific Strategic Bond	-	Financial assets at fair value through profit or loss	2,713	32,058	-	32,058
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss	1,876	30,000	-	30,000
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,939	30,000	-	30,000
	Taishin Securities Investment Tr Co Ltd	-	Financial assets at fair value through profit or loss	2,193	30,000	-	30,000
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss	2,485	30,000	-	30,000
	Manulife Global Preferred Income Fund	-	Financial assets at fair value through profit or loss	2,226	23,999	-	23,999
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	1,962	21,388	-	21,388
	Nomura Global Equity Fund	-	Financial assets at fair value through profit or loss	800	21,040	-	21,040
	Allianz Global Investors Taiwan Intelligence Trends Fund	-	Financial assets at fair value through profit or loss	186	18,700	-	18,700
	Allianz Global Investors Preferred Securities and Income Fund	-	Financial assets at fair value through profit or loss	729	10,525	-	10,525
	TAROBO Robis Quant Chinese Fund	-	Financial assets at fair value through profit or loss	275	5,031	-	5,031
	Fuh Hwa Heriloom No. 2 Balance Fund	-	Financial assets at fair value through profit or loss	66	3,841	-	3,841
	FSITC Global Utilities and Infrastructure Fund	-	Financial assets at fair value through profit or loss	277	3,520	-	3,520

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value as of December 31, 2021.

TABLE 2

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal Amount	Carrying Amount	Gain (Loss) on Disposal	Ending Balance	
					Stocks (In Thousands)	Amount	Stocks (In Thousands)	Amount				Stocks (In Thousands)	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates Taishin Ta-Chong Money Market Fund Mega Diamond Money Market Fund TCB Money Market Fund FSITC Taiwan Money Market Fund FSITC Money Market Fund	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	- - - - - -	- - - - - -	- - - - - -	\$ - - - - - -	27,915 27,643 29,287 34,306 1,666	\$ 400,000 350,000 300,000 530,000 300,000	\$ 400,325 300,258 300,165 500,389 300,130	\$ 400,000 300,000 300,000 500,000 300,000	\$ 325 258 165 389 130	- 3,944 - 1,939 -	\$ - 50,000 - 30,000 -

Note: Shown at their original investment amount.



**TABLE 3**
**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021**  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total (Note 2)
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 20,491,665	99	4 days after sales for parts	\$	-	\$ (224,624)	71	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	20,892,345	85	3 days after sales for vehicles	-	-	140,062	45	-
	Yu Chang Motor Co., Ltd.	Same as above	Sale	439,339	2	14 days after sales for parts	-	-	17,365	6	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	412,310	2	14 days after sales for parts	-	-	16,162	5	-
	Empower Motors Co., Ltd.	Subsidiary of Yulon	Sale	365,937	1	Immediate payment for vehicles	-	-	12,151	4	-
	Yu Sing Motor Co., Ltd.	Same as above	Sale	353,760	1	14 days after sales for parts	-	-	5,108	2	-
	Hui-Lian Motor Co., Ltd.	Substantial related party of Yulon	Sale	333,187	1	Immediate payment for vehicles	-	-	-	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	275,926	1	Same as above	-	-	4,923	2	-
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	258,124	1	Same as above	-	-	258	-	-
	Chen Long Co., Ltd.	Same as above	Sale	252,848	1	14 days after sales for parts	-	-	4,093	1	-
	Ding Long Motor Co., Ltd.	Subsidiary of Chen Long	Sale	100,152	-	Immediate payment for vehicles	-	-	4,934	2	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are based on the carrying amount of the Company.

TABLE 4

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

**TRADE RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation Yulon	Subsidiary of Yulon Equity-method investor of the Company	Trade receivables	112.95	\$ -	-	\$ 140,062	\$ -
			Other receivables	Note 2	-	-	107,809	-

Note 1: The turnover rate was based on the carrying amount of the Company.

Note 2: Trade receivable from Yulon are mainly commodity tax paid by the Company on behalf of Yulon, not across from sales; therefore, turnover rate is not calculated.

TABLE 5

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

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2021	December 31, 2020	As of December 31, 2021		Carrying Amount	Net Income of the Investee	Share of Profit	Note
						Stocks (In Thousands)	%				
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	\$ 1,847,983 (US\$ 57,371)	\$ 1,847,983 (US\$ 57,371)	84,987	100	\$ 17,825,436	\$ 3,660,469	\$ 3,660,469	Notes 1 and 2
Yi-Jan Overseas Investment Co., Ltd.	Jefford Inc.	British Virgin Islands	Investment	US\$ 57,171	US\$ 57,171	71,772	100	US\$ 644,262	US\$ 130,696	US\$ 130,696	Notes 1 and 2

Note 1: The carrying amount and related shares of profit of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 2: Eliminated.

TABLE 6

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Financial Statement Account	Transaction Details		
					Amount (Note 3)	Payment Terms (Note 4)	% to Total Sales or Assets (Note 5)
0	Yulon Nissan Motor Company, Ltd.	Jetford Inc.	a	Trade receivables - related parties Reduction of general and administrative expenses	\$ 12,646 44,854	- -	- -

Note 1: Intercompany relationships are numbered as follows:

- a. The Company is numbered as 0.
- b. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

- a. The Company to subsidiaries is numbered as 1.
- b. Subsidiaries to the Company is numbered as 2.
- c. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

TABLE 7

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	\$ 4,529,078 (RMB1,032,500)	Note 1	\$ 716,856 (US\$ 21,700)	\$ -	\$ -	\$ 716,856 (US\$ 21,700)	16.55	\$ 6,618,664 (US\$ 236,305)	\$ 395,595 (US\$ 14,124)	\$ 1,403,852 (US\$ 50,717)	\$ 4,875,274 (US\$ 158,344)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	9,486,201 (RMB2,303,250)	Note 1	1,124,786 (US\$ 35,471)	-	-	1,124,786 (US\$ 35,471)	42.69	7,667,065 (US\$ 273,736)	3,273,069 (US\$ 116,858)	15,020,808 (US\$ 542,659)	41,811,637 (US\$ 1,370,422)
<b>Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021</b>												
\$1,841,642 (US\$57,171)		\$3,279,922 (US\$103,622)										
				<b>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)</b>			\$11,400,425					

Note 1: The Company indirectly owns these investees through Jetford Inc., an investment company registered in a third region.

Note 2: The carrying amount and related investment income of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

**TABLE 8****YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yulon Motor Co., Ltd.	143,500,000	47.83
Nissan Motor Corporation	120,000,000	40.00

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the non-physical securities delivery (including treasury shares) is more than 5%. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical securities delivered may be different or different due to the basis of preparation and calculation.

**6. The company and its affiliates have not encountered any financial difficulties over the last years and as of the the publication date of the annual report:**

No applicable. This company and its affiliates have not encountered any financial difficulties.

## VII · Review and Analysis of Financial Conditions and Operation Performance and Risk Management

### 1. Financial Conditions

Unit : NTD thousand

Item	Fiscal Year		Difference	
	Fiscal year 2020	Fiscal year 2021	Amount	%
Current Assets	\$8,299,093	\$5,203,802	(3,095,291)	-37%
Long-Term Equity Investments	16,103,655	16,424,660	321,005	2%
Fixed Assets	1,929,478	1,715,905	(213,573)	-11%
Other Assets	1,432,404	1,309,108	(123,296)	-9%
Total Assets	27,764,630	24,653,475	(3,111,155)	-11%
Current Liabilities	2,483,233	2,321,931	(161,302)	-6%
Other Liabilities	3,606,846	3,330,836	(276,010)	-8%
Total Liabilities	6,090,079	5,652,767	(437,312)	-7%
Share Capital	3,000,000	3,000,000	-	-%
Capital Reserves	5,988,968	5,988,968	-	-%
Retained Earnings	14,014,019	11,482,271	(2,531,748)	-18%
Other adjustment items shareholders' equity	-1,328,436	-1,470,531	(142,095)	11%
Total shareholder equity	21,674,551	19,000,708	(2,673,843)	-12%

#### Variance Analysis

The decrease of current assets were because of paying the dividends.

The decrease of retained earnings was because of distributing the dividends.



## 2. Financial Performance

### (1) Comparison and Analysis of Financial Performance

Unit : NTD thousand

Item	Fiscal Year		Increase (Decrease) Amount	Changes(%)
	Fiscal year 2020	Fiscal year 2021		
Gross Revenue	\$29,678,306	\$24,736,078	(4,942,228)	(17)
Less:Sales Returns Sales Allowances	<u>17,668</u>	<u>67,694</u>	50,026	283
Net Operating Revenue	29,660,638	24,668,384	(4,992,254)	(17)
Operating Cost	<u>25,566,106</u>	<u>21,854,727</u>	(3,711,379)	(15)
Operating margin	4,094,532	2,813,657	(1,280,875)	(31)
Operating Expenses	<u>3,795,173</u>	<u>2,690,663</u>	(1,104,510)	(29)
Operating Profit	299,359	122,994	(176,365)	(59)
Non-Operating Revenue and Gain	7,889,814	3,759,051	(4,130,763)	(52)
Non-Operating Expense and Loss	<u>28,203</u>	<u>81,423</u>	53,220	189
Income Before Income Tax	8,160,970	3,800,622	(4,360,348)	(53)
Income Tax Expense	<u>1,620,032</u>	<u>774,629</u>	(845,403)	(52)
Net Income	<u>\$ 6,540,938</u>	<u>\$ 3,025,993</u>	(3,514,945)	(54)

#### Variance Analysis :

- (1) The decrease in gross revenue operating margin and operating profit was affected by the epidemic and the number of sales units was declined.
- (2) The decrease in non-operating revenue and gain was decline in the income of the reinvested company
- (3) The decrease in non-operating expense was because of RMB inflation against USD and hence the appreciation of gain in foreign currency exchange.

### (2) Gross profit analysis :

Unit : NTD thousand

Item	Variance between two periods	Difference sources			
		Selling Price Difference	Cost Price Difference	Combined Sales Difference	Volume difference
Gross Profit	(1,280,875)	(167,561)	(613,908)	228,067	(687,249)
Content	<ol style="list-style-type: none"> <li>1. Unfavorable cost variance was caused by the combined sales difference.</li> <li>2. Unfavorable cost variance was caused by the increased of purchase cost for cars in 2021.</li> <li>3. Favorable sales mix variance was caused by the increase in sales for cars with higher gross profit in 2021.</li> <li>4. Unfavorable volume variance was caused by the decrease in sales volume of cars in 2021.</li> <li>5. The Company accepted the commission from Autech Japan, Inc and NISSAN Motor Corp. to engage in the research and design with service revenue decreased by NTD58,000 thousand in 2021.</li> <li>6. For the company income from the sales of steel plates, the non-operating income was increased by NTD17,776 thousand in 2021.</li> </ol>				

### 3. Cash Flow Analysis

#### (1) Cash Flow Analysis for the Recent 2 years

Fiscal Year Item	Fiscal year 2020	Fiscal year 2021	Increase (Decrease) Ratio (%)
Cash Flow Ratio (%)	26	(Note2)	-
Cash Flow Adequacy Ratio (%)	7	13	86%
Cash Reinvestment Ratio (%)	(Note1)	(Note1)	-
Difference Analysis and Description of Changes in Increase and Decrease Ratio: Increase cash flow adequacy ratio was caused by decreasing of financial asset. Note1. Operating activities are net cash outflows and excluded from calculation. Note2. 2021 operational activities were net cash outflow and therefore not included in the calculation.			

#### (2) Cash Flow Analysis for the Next Year

Unit:NTD thousand

Cash balance at the beginning of the year	Expected annual net cash flow from operating activities	Expected annual net cash flow from investment and accommodation activities	Expected cash balance	Expected contingency plan for insufficient cash	
				Investment plan	Financial plan
4,044,196	649,225	28,760	4,722,181	-	-

### 4. Influence on Financial Condition caused by Prominent Capital Expenditures in fiscal year 2021

#### (1) The Use and Capital Source of Prominent Capital Expenditure

Unit : NTD thousand

Program items	Actual and estimated source of capital	Actual or estimated date of completion	Total fund needed	Actual or estimated use of capital					
				Fiscal year 2017	Fiscal year 2018	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022
Model Clamp Lifting Tool	Self-owned fund	111.12.31	2,879,132	228,539	741,013	632,505	479,355	366,693	431,027
Other equipment	Self-owned fund	111.12.31	151,401	23,224	29,685	57,763	19,424	2,992	18,313
MIS equipment	Self-owned fund	111.12.31	56,148	9,509	10,163	11,675	6,282	9,392	9,127

#### (2) Anticipated benefits

1. Invested in new model mold, increase production line to raise market shares.
2. The investment in information system related hardware and software, updating management information system will increase the managerial efficiency and strengthen market competition capabilities.
3. Increase the degree of automation, reduce the labor costs.

## 5. Investment Policy in Fiscal Year 2021, Major Reasons for Profit and Loss, Its Improvement Plan and Next Year's Investment Plan

Unit : USD thousand \ NTD thousand

Investor Company	Investee Company	Percentage of Ownership on December 31,2021	Investment Gain (Loss)	Cause of Gain(Loss)	Improvement plan	Investment plan in the currently year
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	100	\$ 3,660,469	Growing Status of China Car Market	Nil	Nil
Yi-Jan Overseas Investment Co., Ltd.	JetFord, Inc.	100	USD 130,696	Growing Status of China Car Market	Nil	Nil
JetFord, Inc.	Aeolus Xiangyang Automobile Co., Ltd.	16.55	USD 14,124	Growing Status of China Car Market	Nil	Nil
	Guangzhou Aeolus Automobile Co., Ltd.	42.69	USD 116,858	Growing Status of China Car Market	Nil	Nil

## 6. Risk Management and Evaluation

### (1) Influence of the interest rate, foreign exchange rate and rate of inflation on company's profit/loss and plans to encounter these risks in the future:

#### 1. Influence of interest rate fluctuation on the company's profit/loss and future coping strategies:

The market interest rate is quite low in recent years, so the affect of fluctuation on the company's profit/loss is limited.

#### 2. Influence of foreign exchange rate fluctuation on the company's profit/loss and future coping strategies

To avoid potential risks, the company has not specially manipulated the foreign exchange rate; the exchange rate difference is utilizing the sharing method agreed with Nissan.

#### 3. Influence of inflation on the company's profit/loss and future coping strategies: Nil.

### (2) Policy on High Risk, High Leverage Investment, Capital Loans to Others, Endorsement and Trade on Derivatives, Major Reason for Profit/Loss and plans to encounter these risks in the future:

#### 1. This company has not involved in High Risk, High Leverage Investment.

2. As to the Capital Loans to Others, Endorsement and Trade on Derivatives, these activities are governed by company's 'Procedure of Capital Loans to Others', 'Procedure of Endorsement' and 'Procedure of Trade on Derivatives'. There was no related activity in 2019.

### (3) Future research/development plans and estimated investing R&D expenditure:

Please refer to : V \ Highlights of Operations—1.Business Scope —(3)Technology, Research and Development (R&D)

**(4) Important Changes of Local and Foreign Government Policies and Regulations and Their Influence Over Company's Financial Condition and Plans to Encounter these Risks in the Future:**

After entering the WTO, the company has not enjoyed the favorable tax exemption/deduction of goods since the fiscal year 2005, but the company has reduced the purchasing cost and expenses, therefore the influence on the company's profit/loss is limited.

**(5) Changes on technology and industrial change influence toward the company's finance business and coping strategies:**

The company has the best car research/development team and personnel in the country, to quickly handle the technology changes and industrial change.

**(6) Changes on Corporate Image that Influence Company's Risk Management and Contingency Plans:**

The company has a good corporate reputation, and there has been no negative report in connection with the corporation.

**(7) Benefit anticipated and possible risks of merge and acquisition:**

It's not applicable, because the company was not involved in any merge and acquisition.

**(8) Benefit anticipated and possible risks of plant site expansion: N/A.**

**(9) Risks of having purchase or sales centralization**

1. Purchase: The company incoming shipment is Yulon Motor Company, Ltd., it's a listed company that has an outstanding credibility, excellent production technology and strong finance, so the company has no need of worrying about the interruption of incoming shipment.
2. Sales: Local market is the main selling of the company, selling cars and parts to the consumers through each location dealer. The company has an exclusive department responsible for supervising the sales development of each dealer, after a long period, the dealers' sales are pretty stable, so there is no risk of having sales centralization

**(10)The impact and the risk of having a big Volume of transferring or changes of Shareholders equity of the Directors, or holding more than10% shares shareholders, Except for the releasing of shares : Nil.**

**(11)The impact and risk of changing operating rights of the company: Nil.**

**(12)Litigation/Non-Litigation Events:**

1. The company: Nil.
2. The proportion of shares that the owned by big shareholders like the Company's Board Members, General Manager, Real Owner that exceeds 10% and the belonging company: Nil.

**(13)Other Important Risks and actions to be taken: Nil.**

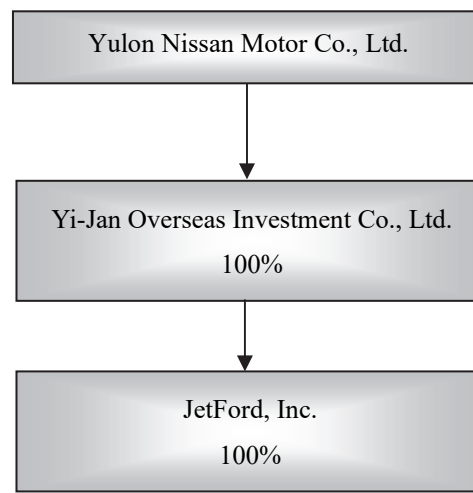
**7. Other Important Items: Nil**

## | VIII 、 Special Noted Items |

### 1. Affiliates information

#### (1) Affiliates Consolidated Operation Statement

##### 1. Organization Chart of Yulon Motor's Affiliated Companies



##### 2. Basic information of affiliates

Dec. 31, 2021

Unit : USD thousand

Name	Establishing Date	Address	Actually accrued capital amount	Main Business Items
Yi-Jan Overseas Investment Co., Ltd.	1999.11.17	2F,Cayside,Harbour Drive P.O.Box 30592 S.M.B. George Town Grand Cayman Island B.W.I.	USD 84,987	Investments
JetFord, Inc.	1994.01.12	P.O.Box 3151 Road Town, Tortola British Virgin Islands	USD 71,772	Investments

##### 3. Shareholders representing both holding companies and subordinates: Nil

4. Information of the directors and general managers of the affiliates

Dec. 31, 2021

Name	Title	Name or representative	Shares	
			Shares	Percentage
Yi-Jan Overseas Investment Co., Ltd.	Director	Yulon Nissan Motor Co., Ltd. Representative: Wen-Rong Tsay	84,986,756	100%
JetFord, Inc.	Director Director Director	Yi-Jan Overseas Investment Co., Ltd. Representative: Wen-Rong Tsay Wen-Chuan Chung Chao-Yen Liang	71,771,793	100%

5. Affiliates' Operating Results

Dec. 31, 2021

Unit : NTD thousand

Affiliate Code Number	Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating net income	Net Income / Loss (after-tax)	Earning Per Share (NT dollar) (after-tax)
22270001	Yi-Jan Overseas Investment Co., Ltd.	2,571,699	17,825,436	-	17,825,436	3,660,655	3,660,469	3,660,469	43.07
22270002	JetFord, Inc.	2,347,251	17,833,165	12,646	17,820,519	4,191,178	3,660,655	3,660,655	51.00

## (2) Affiliates Consolidated Financial Report:

### Statement

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No.10, ”Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed is included in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours

Company Name: Yulon Nissan Motor Co., Ltd.



Responsible person: Yen Chen, Li Lien



March 15, 2021

### (3) Consolidated report of public companies and their affiliates: Nil

2. **Fiscal Year 2021 and prior to the publication date of the annual report, The Status of Issuing Private Placement Securities: Nil**
3. **Fiscal Year 2021 and prior to the publication date of the annual report, Acquisition or Disposal of Yulon Shares by Subsidiaries: Nil**
4. **Other necessary supplementary notes: Nil**
5. **Any events that had significant impacts on shareholders’ right or securities prices as stated in Section 3 Paragraph 2 in Article 36 of the Securities Transaction Law for fiscal year 2021 and prior to the publication date of the annual report: Nil**



LEAF EV



JUKE 1.0T



ALTIMA 2.0



X-TRAIL 2.5/2.0



KICKS 1.5



TIIDA 1.6



SENTRA 1.6







**INFINITI**

**QX50 2.0T**



**Q50 3.0T**



**QX55 2.0T**



**Yulon Nissan Motor Co., Ltd.**



**Chairperson Yen Chen, Li Lien**



## **Corporate Vision**

Becoming the Benchmark Company of “Product Innovation”  
and “Service Innovation” in the Cross Strait Auto Industry

### **YULON NISSAN MOTOR CO., LTD**

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