



Stock Code : 2206

# **Sanyang Motor Co., Ltd.**

## **2022 Annual Shareholders' Meeting**

### **Meeting Handbook**

**June 23, 2022**

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THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL SHAREHOLDERS' MEETING OF SANYANG MOTOR CO., LTD. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY INCONSISTENCY BETWEEN THE CHINESE VERSION AND THIS TRANSLATION, THE CHINESE VERSION SHALL PREVAIL.

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## **Chapter 1 Procedure for 2022 Annual Shareholders' Meeting of Sanyang Motor Co., Ltd.**

- I. Call Meeting to Order (report total shares represented by shareholders present and shareholder's agents)
- II. Chairperson Remarks
- III. Report Items
- IV. Ratification Items
- V. Discussions
- VI. Extempore Motions
- VII. Adjournment

## **Chapter 2 Agenda of the 2022 Annual Shareholders' Meeting of Sanyang Motor Co., Ltd.**

I. Time: 9:00 a.m. on Jun. 23, 2022

II. Location: No. 19, Sanmin Road, Hukou Township, Hsinchu County

III. Report of Attending Shares

IV. Chairperson Remarks

V. Report Items

(I) 2021 Business Report

(II) Audit Committee's review of the 2021 annual final accounting books and statements

(III) Report on 2021 employees' and directors' remuneration

(IV) Earnings distribution report of the first half of 2021

(V) 2021 treasure stock execution report

VI. Ratification Items

(I) 2021 business report and financial statements

(II) 2021 Earnings Distribution

VII. Discussions

(I) Amendments to the Company's "Articles of Incorporation"

(II) Amendments to the Company's "Rules of Procedure for Shareholders Meetings"

(III) Amendments to the Company's "Procedures for Assets Acquisition & Disposal"

(IV) Approve the lifting of non-competition restrictions for 26th directors and its authorized representative of the Company

VIII. Extempore Motions

IX. Adjournment

## Chapter 3 Report Items

### I. 2021 Business Report

# Sanyang Motor Co., Ltd. Business Report

#### (I) Results of Operation

Net sales amount was NT\$ 29,876,799thousand in 2021, with a 2.99% decrease in YoY growth compared with NT\$ 30,796,834thousand in 2020.

#### (II) Budget Execution

Unit: NTD\$ thousand

Item	Estimated 2021 net operating revenue	Actual 2021 net operating revenue	Difference	Control rate
Motorcycles	18,607,393	18,651,475	44,082	100.24
Automobiles	8,052,893	8,788,924	736,031	109.14
Others	2,090,174	2,436,400	346,226	116.56
Total	28,750,460	29,876,799	1,126,339	103.92

#### (III) Financial Revenue and Expenditure and Profitability Analysis

##### 1. Financial revenue and expenditure

In 2021, net operating revenue was NT\$ 29,876,799thousand, operating cost was NT\$ 26,161,020thousand, operating expense was NT\$ 2,259,914thousand, net operating income was NT\$ 1,434,778thousand, net profit of non-operating income and expense was NT\$ 582,487thousand and profit before income tax was NT\$ 2,017,265thousand.

##### 2. Profitability analysis

Item	2021	2020
Return on assets (ROA) (%)	5.58	6.26
Return on equity (ROE) (%)	12.13	13.46
Net profit margin (%)	6.13	6.29
Earnings per share (EPS) (current period) (NT\$)	2.30	2.41

## (IV) Research and Development

### 1. Motorcycles

#### (1) Mass production models launched in 2021

##### A. Fiddle LT 115 (ZRSG) (domestic sales)

###### Introduction

Fiddle LT 115 is a small commuter motorcycle developed particularly for young women, with a retro, fashionable, simple shape and fresh accessories/colors. It features women's most coveted light, delicate shape, and carriage convenience Fiddles LT 115 is equipped with the latest ZRSG technology (Zero Resistance Starter & Generator System) enabling less fuel consumption, exhaust emission, and noise pollution.

###### Product Positioning

Fiddle LT 115 is a commuter motorcycle built for young women between 18 and 24 years old, suitable for every day needs, It features exquisite body shape, light size, convenient storage, low seat height, an easily maneuverable center stand with an affordable price.

##### B. Fiddle DX 150 (domestic sales)

###### Introduction

Fiddle DX 150 was launched in early 2021, after the successful launch of Fiddle 125 in mid-2020, This model is targeting quality-conscious metropolitan men to satisfy their romantic desire for riding. The body of this model was designed with the low-key luxury concept, breaking through the stereotype of masculinity for motorcycles with an engine displacement of 150 c.c.; the mellow shape of the body also gives the feel of elegance and low profile. Carrying dual disk brakes and dual shock-absorbing system; it equips new technology-based LED headlight, LED position light, and LED taillight; full performance of 150c.c. and energy-saving Grade I fuel consumption; coupled with SYM's exclusive triple zero technology. Two models are available - ABS and CBS2.0. With the perfect blend of exquisite texture aesthetics and advanced technology, when riding with Fiddle DX 150, customers are no longer just a rider, but a gentleman with a sense of quality and technology.

###### Product Positioning

The model targets middle and high income office workers aged 25 to 44, predominantly male consumers who prefer retro models and focus on product

designs. Applicable to medium/short-distance commuting, it is an urban motorcycle with excellent shape and practicability in virtue of Grade I fuel consumption.

#### C. JET SL 125 (domestic sales)

##### Introduction

JET S was launched in 2015, and upgraded to the JET SR series equipped with an LED fisheye headlamp and light bar taillight in 2020. It has successfully become one of the preferred models for young men aged 18-24 looking for popular sports models. In 2021, JET aggressively launched the JET SL series equipped with a liquid-cooled engine. In addition to the continuation of the diversified refitting of the JET series, SL's model shape has been adjusted to a more aggressive racing style. Equipped with an upgraded auto dimmer LCD instrument, upgraded sizes of both front and back brake disks, and the ZRSG system. The focusing point of the alteration is the introduction of the liquid-cooled engine, with 16% more horsepower and 9% more torque than the previous air-cooled engine, making JET SL the race winner in class performance and the king of the track.

##### Product Positioning

The products are primarily specific to young men who are 18 to 24 years old. Besides going to school and commuting, the consumers like riding motorcycles for airing and climbing everywhere. They are also fond of having their motorcycles modified. In making purchases, priority is given to consider appearance, style, power control, price and modifiability.

#### D. 4MICA 125/150 (domestic sales)

##### Introduction

The 4MICA series is designed to adapt to the diverse work needs of the new generation, incorporate youthful genes and retain practical functions that can be installed in multi-functional organizations. The goal is to provide customized changes for different use to meet the many needs of new generation consumers who value flexible allocation of living and work. Enhanced active/passive safety with LED headlights and ABS system (placed in front wheels according to the model), fitted with handlebar brake locks, dual-flash lights, and the start & stop switch for the engine to improve the convenience of parking and meet the multi-functional model of leisure and work.

### Product Positioning

4MICA seeks to expand the infinite aspects of life, transforming motorcycles into vehicles that are "good partners in life and good helpers in work", so that consumers aged 25-50 can use modular accessories to combine customized vehicles that meet their personal needs. The multi-purpose 4MICA outlines a consumer-centric mobile life, makes everyday life unique.

#### E. DRGBT 158 R-Edition (domestic sales)

### Introduction

DRG BT is a brand new generation of liquid-cooled engine 158 c.c. scooter introduced for the Taiwan market. With the dragon, one of the oriental four divine beasts, as its design inspiration, its edgy styling was integrated with the high-speed line of supercars. It is positioned as a "performance sporty scooter" among the various models of scooters. With its unique exterior design and excellent functional equipment, it has won numerous praises since its launch in 2019. The upgraded R-Edition was launched in 2021. In compliance with Phase VII environmental regulations, the power performance of DRG BT was further upgraded. It is equipped with the TCS anti-slip traction control system, exclusive tires developed in cooperation with MAXXIS, and enables the riders to enjoy the riding speed at the meantime being protected with a significant improvement in safety functions. On the other hand, the "sapphire blue coating technology" was introduced into the projective headlights, further enhancing the brightness of the lighting. The direction lights were upgraded to the "sequential LED direction lights", which effectively alerted the vehicles at the back; a "3D Dragon Pattern LED Taillight Set" is adopted for a high recognition to enhance the night recognition and better serve the image of the dragon. The evolutionary DRG BT R-Edition not only optimized the power system but also upgraded the surrounding security and functionality, setting the DRG BT's flagship performance position.

### Product Positioning

The major target customers are men aged 18-24, and the second-tier customers are men aged 25-29. With a unique, avant-garde, speedy appearance, and rich technological equipment, it meets the demands of young people's leisure life and heavy motorcyclists' daily multi-functional life.

#### F. JET4 RX 50/125 (foreign sales)

##### Introduction

JET4 RX is focused on the sporty market in Europe and Central and South America. Designed with an aggressive new sports style, it is equipped with LED headlights, handlebars come with brake protectors, and its emissions are in compliance with Euro V environmental regulations.

##### Product Positioning

TET4 RX 50/125 targeting young men and women aged 16-35 (students/office workers); for uses of daily commuting and holiday leisure activities.

Modification spaces are provided which also offer riding pleasure.

#### G. Symphony ST 50/125/200 (foreign sales)

##### Introduction

There are three models in the Symphony series, including S, SR, and ST. Symphony ST is the 16-inch high-end model. Symphony ST is a brand new designed model with exterior lines primarily focused on agile, modern, and masculinity. Its frame is fully evolved, apart from the introduction of the Anti-Lift Engine Hanger system (A.L.E.H), the quick charge outlet, and the spacious under-seat luggage box which allows two helmets storage are the unique selling points.

##### Product Positioning

A 16-inch commuting scooter for mature men strengthens the modern sense of fashion; a larger size makes the scooter more suited for two passengers.

#### H. MAXSYM TL (foreign sales)

##### Introduction

SYM launched a new 500c.c. scooter in the European market. With a fluid and charismatic exterior design and excellent manufacturing technology, its shape was built and weaved into a perfect style. Under the simple European-style appearance, it contains lines of extreme sports aggression, showing the sports aesthetics of the new generation of large-scale scooters. Maxsym TL is equipped with a newly developed liquid-cooled and twin cylinder engines increasing the emissions from the original 465 c.c. to 508 c.c. Maxsym TL complies with Euro V environmental regulations. It's also equipped with a wet clutch, one-piece crankshaft, and reverse balance cylinder. Its afe engine, minimum shaft length for the same class, 50:50 perfect weight distribution, and

upside-down front fork suspension system with 6-link rear suspension has resulted in outstanding maneuverability. Equipped with a keyless system replaced the key to access the ignition by placing the key fob around. It introduced the first LED optical filmed taillights to the industry and created a 3D flame effect through the LED, bringing a high level of recognition and a rich variation in colors of the light when riding on the road. The full-color TFT LCD instrument panel is integrated with multi-module panels and color selection, and the enriched and concise design gives consumers a fresh experience.

#### Product Positioning

MAXSYM TL targets ages 30-50, male office workers and professionals, outdoor activity lovers, fond of the feel of speed (similar to cycling), currently riding SC300-400 or medium to large size scooters but looking to transform to the SC series.

#### (2) 2022 mass production models

Besides the existing 50-600 c.c. under mass production, for the different types of motorcycles and light motorcycles, we will, besides satisfying different market demands, launch the brand-new and modified new type motorcycles both in domestic and foreign markets in 2022 in successions according to market demands of different markets and compartments, including five brand-new scooters, four modified scooters, one modified electric scooter, which will contribute the motorcycle sales and income a lot.

## 2. Automobiles

#### (1) 2021 automobiles under mass production:

##### A. The All-New Tucson L

#### Introduction

The All-New Tucson L has a fresh look that stunned the market since its release. Its design team has used the digital parametric dynamics technology for the first time to simulate the three-dimensional outlines, surface, angle, and shape, so as to finish the advanced accomplishment. The interspace is designed based on digital human engineering technology. It allows a broad and balanced view of the front seat and a 10.25-inch digital dashboard which is the largest size of the same class car. It features a borderless streamlined design and proprietary antiglare coating technology while integrating digital multimedia functions and air-conditioning. For the first time, through the hidden multi-point air outlet

design, the wind-free air conditioner not only brings a natural breeze effect to the car cabin but also reduces the noise value of the air outlet, which is like a quiet enjoyment in a first-class cabin. The flyover-shaped console and SBW electronic transmission gear design which is comparable to imported luxury cars are all brand new designs of the new generation HYUNDAI models. In addition, with The All-New Tucson L's industry-leading new technology, Remote Engine Start System, which allows users to start the engine remotely with the Smart Key. It also features the constant temperature air conditioner which the driver can turn on in advance; allowing passengers start a comfortable journey right when they get into the car. The All-New Tucson L is a European-standard long-wheelbase model supplied by the original factory for domestic demand, creating a large passenger space and a large luggage space that are crucial for family trips. Tucson L is equipped with up to 18 advanced safety technologies of "HYUNDAI SmartSense", and the Level-2 autonomous driving technology as a standard setup. In addition, The All-New Tucson L offers a lot more leading technologies than its class, including the advanced FCA-JX for Forward Collision-Avoidance Assist, BCA for Blind-Spot Collision-Avoidance Assist, RCCA for Rear-Cross-Traffic Collision-Avoidance Assist, SEW for Safe Exit Warning, and LVDA for Leading Vehicle Departure Alert, etc., building a full range of active protection for The All-New Range L. Combining all the advantages of innovative design, solid engineering, and safety technology, The All-New Tucson L is an advanced innovative sporty SUV that will officially change your stereotyped impression of domestic SUVs.

#### Product Positioning

With new-generation 1.6L gas turbine engines and 7-speed DCT system, these cars target customers who attach importance to performances.

#### B. VENUE Vivid Color Limited Edition

##### Introduction

When it comes to elements such as limited edition, customization, and personalized design, regardless of the fashion industry or the global car market, it often requires a very high starting price. However, the VENUE Vivid Color Limited Edition once again takes advantage of the high C/P value characteristic of the VENUE series. It not only introduces the high-quality exclusive paint of "Tiffany Blue" or "Jennifer Yellow" for the appearance but also piping in the seat leather trim treatment corresponds to the same color as the body. The

consistent exterior and interior design style are just like what fashionistas self required for dressing up. With the extremely limited quantity of 100 vehicles available, buyers rush to get one the exhibition halls in Taiwan.

#### Product Positioning

Targeting young customers looking for new changes with limited vivid color edition.

### C. VENUE Cool Grey

#### Introduction

When The All-New VENUE series of HYUNDAI was launched in May, the Vivid Color Limited Edition received a more overwhelming response from the market. The limited quantities available also attracted customers who are fond of ultra-bright colors. Therefore, a new limited edition of "Cool Grey" is launched, inheriting the fun and playful color appearance, it attracts customers with better driving pleasure than the same class and active safety technologies. With the VENUE Vivid Color collection, the one-tone color of silver, white and black that used to be on the street is replaced with the liveness of bright colors. Following the high praise of "Tiffany Blue" and "Jennifer Yellow", HYUNDAI introduced a new "Cool Grey" color pursuant to the trendy color of grey in fashion. The two-tone bright red roof, rearview mirrors, door handles, and Spark sports seats express your multiple characteristics and let people see not only your appearance but also your personality.

#### Product Positioning

Targeting young customers looking for new changes with limited vivid color edition.

### D. The New KONA / KONA N Line

#### Introduction

The New KONA / KONA N Line is powered by a second-generation Gamma 1.6 Turbo straight-line four-cylinder engine. The strongest features are enhanced horsepower and fuel efficiency. Brand new Continuously Variable Valve Duration (CVVD) tuned by the N Brand, integrated thermal management system, continuously variable oil pump (reduce engine power consumption), fuel injection system (350 bar, improve combustion efficiency), with the new seven-speed Dual Clutch Transmission (DCT) enhances the heat dissipation efficiency of the clutch and gear control optimization. Furthermore, with

Hyundai's original Drive Mode upgraded from 3 options to 6 options, you can select from multiple drive modes anytime you like, which is both practical and fun. HYUNDAI adheres to the development premise of the high-rigidity body and high safety equipment of the new car, 51.8% of the whole body of The New KONA / KONA N Line is made of AHSS advanced high-rigidity steel, which not only has a high-strength safety vehicle structure but also helps to enhance the dynamic anti-twist and control stability. The KONA Plus model and above are equipped with Level 2 semi-autonomous driving technology and HYUNDAI SmartSense all-intelligent safety technology, which are the best active and passive safety for the same class of SUVs. The crossover sport utility and innovative design have always been the main reason why KONA has always drawn high attention within the same class SUV market, and the innovative design of the new model brings a more mature feel. The sporty and vibrant streamline of the car body, the Two-Tone color mix and match, plus the new honeycomb air intake dam and the new front and rear bumpers in sporty foggy silver, and the separate LED head and tail lights make the already outstanding atmosphere even more arrogant. In particular, the top KONAN Line's exclusive black mesh water tank cover, N Line nameplate, N Line honeycomb air intake dam, and front bumper vertical air intake curtain make the visual effect sharper. The rear spoiler fins, single-side double tailpipes, and the upgraded 18-inch diamond-shaped cutting sports aluminum rims equipped with performance sport tires show the personality of a vowed racing rogue.

#### Product Positioning

As the latest-generation small SUVs, Venue highlights elegant design, safe equipment and dynamic maneuvering feelings.

#### E. KONA Electric

##### Introduction

KONA Electric is the first pure electric small SUV in the market, with its core advanced pure electric power and high mileage as major advantages eliminating consumer concerns about electric vehicles. Both standard EV300 and enhanced EV500 are equipped with high-performance permanent magnet synchronous electric motors, with the max power of 136 ps and 204 ps, the max torque of both 40.3 kgm. The zero-latency power output characteristic gives a quick acceleration that combustion engines can not deliver. The most critical battery system uses highly reliable liquid-cooled lithium-ion battery modules. In

addition to the excellent cooling heat dissipation function during its operation, its built-in EPCU energy system monitors data such as electricity and temperature at any time to ensure the battery system's performance and utilization are at ease. As for battery capacity related to endurance, the total battery capacity of standard EV300 and enhanced EV500 are 39.2 kWh and 64 kWh, with the maximum mileage of EV300 reaching 312 km (according to the WLTP test standard in Europe) and EV500 reaching 482 km, even exceeding the mileage of the same class gasoline-powered vehicles. In addition, it is equipped with exclusive technologies to accurately control the power of KONA Electric batteries: PDS three-stage kinetic energy regenerative braking system (with control paddles), low battery warning system, charging status indicator, CCC intelligent power monitoring system (with energy consumption ratio /preset charging time/charging max limit adjustable) and the VESS virtual engine sound system. KONA Electric continues the cool sports design style of the KONA series. The innovative aesthetics has been recognized by four major industrial design awards in Europe and the United States. The unique appearance of the electric vehicle is its integrated water tank guard shape and the streamlined and rounded front, which are both aesthetical and practical. The interior inherits the configuration of sports style, so that driving electric vehicles can enjoy both technology, comfort, and convenience. In terms of safety technology, the whole KONA Electric series are equipped with 15 HYUNDAI SmartSense advanced active and passive safety technologies and a high level of Level-2 autonomous driving technology. Even with the position as an affordable electric vehicle, it comes with state-of-the-art leading technology. Complemented with AHSS advanced high-rigidity steel body and the surrounding reinforced battery chassis structure to guard the last protective wall of safety.

#### Product Positioning

Kona electric is the first pure electric small SUV in the market, attracting customers who are passionate about technology and who care about the environment.

### F. The New SANTA FE

#### Introduction

The two new power systems of the New SANTA FE will be the strongest to outperform others in the same flagship class. In addition to the new generation

of Smartstream 2.2 CRDi diesel turbine engine power, a new 1.6 Turbo Hybrid was introduced. HYUNDAI's turbo hybrid model is the only one in its class. The 1.6 Turbo engine (180ps/27kgm) adopts GDi direct-injection technology. Through the pioneering technology Continuously Variable Valve Duration (CVVD) system, different valve opening times are given for each speed range to meet the needs of high acceleration and high economical driving. It breaks the barrier of fuel engine performance and energy saving. Combined with a high-performance permanent magnet synchronous motor (60ps/26.9kgm) and the second-generation 6-speed manual automatic transmission system, it has a comprehensive output performance of up to 230ps, which also contributes to the excellent performance of low fuel tax and high fuel consumption, creating unmatched linearity, smooth and full acceleration experience.

The New SANTA FE flagship model inherits the honor, pursues new ideas, and delicately portrays the figure of the new generation king, which integrates its luxurious aristocratic momentum. The size of the new model is enlarged with a large and eye-catching Cascading Grill three-dimensional grille water tank guard, combined with the design of the T-Shaped LED light set, and the corresponding T-Shaped sequence impression LED tail light set is introduced at the rear of the car. The horizontal design that runs through the left and right sides continuously stacks the sense of technology, forming a new and evolved luxury pattern. The appearance of The New SANTA FE is bold and innovative, and the luxury interior design has also moved towards a high-quality evolution, providing a perfectly comfortable experience. Benefiting from the larger size of the car, the legroom of the second-row seat is increased by 34mm, and the ride is more spacious and comfortable. An independent air-conditioning system for third-row passengers is also available. The acclaimed Easy-In electrically adjustable front passenger seat, Easy-Touch button to fast forward tilt in and out the second row, and the angle-adjustable / front and rear sliding second-row seat design are also continued. In addition, The New SANTA FE has a spacious luggage compartment. To make full use of the 6:4 separation of the second row or 5:5 separation of the third row, flexible space changes are available. Adhering to the concept of safety regardless of levels, The New SANTA FE is equipped with 10 HYUNDAI SmartSense all-intelligent safety technologies as standard and the Level-2 autonomous driving technology, making your wonderful journeys easier.

### Product Positioning

One of HYUNDAI's latest generation green energy SUV models. Through the introduction of Hybrid models, the overall brand image will be enhanced, and attracts customers who pay attention to safety equipment, have the need for third-row seats, large space, and care about performance.

## G. ELANTRA Flagship Model

### Introduction

ELANTRA's "Stunning Flagship" has a newly adjusted interior design which includes an upgraded ASUKA Flying Bird 8-inch multimedia audio and video touch console (including a Reverse Camera). ELANTRA is designed and manufactured locally in Taiwan. The double front-seat sports car seats are also embroidered with the model name "ELANTRA." The words and white piping stitching are applied on both sides of the seat, which not only provides a more convenient localized video and audio experience, but also has a better cabin texture performance.

### Product Positioning

The car is equipped with a 1.6 L engine displacement and Level 1 energy efficiency, and an upgraded audio-visual system to accommodate daily use.

## H. PORTER PRO

### Introduction

In response to the trend of environmental protection in the new era and to provide a more advanced business partner for commercial car owners, HYUNDAI's new PORTER PRO diesel beast has been remodeled. In terms of appearance, the new PORTER PRO has a sleek front design and is upgraded with the 4-in-1 crystal drill headlight set. Replacing with a new sedan-style steering wheel and trip computer speed dial, and the upgraded leather automatic shift lever, the driver's grasping texture is to be further upgraded. Equipped with the Super Vision high-contrast instrument with a 3.5-inch TFT LCD display trip computer, offering driving information just like a sedan does, allows the driver to grasp the driving condition in real-time. In addition to the automatic transmission models, the new PORTER PRO has a fully evolved 5-speed automated manual transmission function, which has the advantage of changing the gears more efficiently in response to the requirements of high loading and complex road conditions. In response to the trend of environmental protection, a

new SCR Selective Catalytic Reduction system was added to meet the environmental regulations of Phase VI. The new PORTER PRO's standard safety equipment includes ESC electronic stability control system, ABS anti-lock braking system, TCS traction control system, EBD electronic brakeforce distribution system, BAS brake assist system, and reinforced steel beam on the vehicle side. With the specially equipped HAC hill-start assist control system, there is no need to worry about the situation of sliding when climbing during daily trips. PORTER PRO also has the longest cargo platform of 10.3 feet and a legal load of up to 1,575 kg. One trip to carry twice the cargo, with the times progressing, a smart customer makes money by saving.

#### Product Positioning

PORTER PRO targets self-owned businesses, logistics, and business vehicles; customers who focus on cargo space and capacity.

#### (2) Vehicle types that will be produced in bulk in 2022:

The brand new MPVs, refitted passenger vehicles and commercial trunks will be launched in 2021 to satisfy customers' diverse methods and requirements for repurchase and upgrading.

### (V) Outline of 2022 Business Plan

#### 1. Business strategies

- (1) Quality: Finish work and delivery punctually and by ensuring both quality and quantity.
- (2) Innovation: Keep improvement and enhance the company's competitiveness with new thinking and technology.
- (3) Service: Enhance professionalism, customer experience and brand satisfaction.

#### 2. Expected sales volume

Business volume objective in 2022: 356,000 motorcycles and 15,000 automobiles.

#### 3. Key production and distribution policy

##### (1) Boost the marketing system focusing on "customer satisfaction".

- A. Keep improving the value of SY brand by enriching the scientific and humanistic features of the products; reflect the brand features of vitality, enjoyment, innovation and international vision and bring more traveling funs to customers;
- B. Keep upgrading the hardware and software level of distribution channel, intensify service and technical training, create the channel store style and decoration complying with professional brand image and enhance the channel

- management efficiency and the level of sales, maintenance and parts (3S);
- C. Cooperate with overseas agents with high quality products, occupy overseas market actively and enhance the global market occupancy rate;
  - D. Enhance the differentiated added value in virtue of innovative thinking, break through outdated ideas, resolve difficulties from a non-traditional perspective and grasp and cope with market changes quickly and effectively;
  - E. Keep intensifying the management and sales systems of the spare parts, center while enhancing the quality and supply of parts and improve the sales volume of the original plant's parts.
- (2) Implement the production system where "quality" is prioritized.
- A. Boost the machine platform and balanced production constantly;
  - B. Implement quality audit and auxiliary system and ensure the quality of global production base and satellite plant;
  - C. Strengthen the problem awareness and problem-solving capacity of all staff and boost plant datamation, transparent information and reasonable process.
- (3) Enhance automobile plant's productivity and product competitiveness
- A. Cooperate with Hyundai Motor continuously and closely, keep the same pace with international HYUNDAI brand operation and intensify the capacity of the existing production line;
  - B. Introduce energy-saving and NEVs, motor vehicles with high performance and discounted price and intensify brand image and product competitiveness;
  - C. Introduce Hyundai Motor's most competitive commercial vehicle, improve product sales line and expand market occupancy;
  - D. Update production equipment and carry out reasonable process construction continuously, seek for overseas OEM orders and improve productivity.
- (4) Put an emphasis on the cultivation of international talents.
- (5) Establish certain economic scale for SYM.

**Chairman:**  
**Ching-Yuan Wu**

**Manager:**  
**Ching-Yuan Wu**

**Accounting supervisor:**  
**Kuei-Chin Huang**

II. Audit Committee's review of the 2021 annual final accounting books and statements

**Sanyang Motor Co., Ltd.**  
**Audit Report of the Audit Committee**

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements and Proposal for Earnings Distribution, among which the Financial Statements have been audited by KPMG, Taiwan, by whom an audit report has been issued accordingly. The above business report, financial statements and proposal for earnings distribution have been examined and reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Sincerely,

2022 Annual General Shareholders' Meeting of Sanyang Motor Co., Ltd.

Convener of the Audit Committee:  
Chung-Chuan Shih

Mar. 30, 2022

### III. Report on 2021 employees' and directors' remuneration

- (I) In accordance with Article 31-1 of the Articles of Incorporation: "If the Company has earnings, it shall set aside more than 1% of profit before income for employees' remuneration and the 1% or below remuneration to Directors."
- (II) According to provisions of the Articles of Incorporation, the Board of Directors ratified the resolution of distributing employees' remuneration of NT\$ 20,584thousand and Directors' remuneration of NT\$ 20,584thousand on Mar. 30, 2022, both of which would be paid in cash.

### IV. Earnings distribution report of the first half of 2021

- (I) According to Item 3, Article 32 of the Articles of Incorporation, the Company's earnings distribution or deficit offset shall be after the end of every half fiscal year. The proposal of the Company's first half of the fiscal year's earnings distribution or deficit offset shall be submitted along with the business report and financial statements to the Audit Committee for review and then approved by the Board of Directors.
- (II) According to the Board resolution on Nov. 11, 2021, the Company's profits for the period of the first half of 2021 was NT\$ 1,019,530,308; earnings of the first half of 2021 were not be distributed in consideration of the Company's future capital and operation demands.

## V. 2021 treasure stock execution report

Term of repurchase	The 13th time
Purpose of repurchase	To maintain credit and shareholders' equity
Repurchase period	June 1, 2021 - July 19, 2021
Repurchase price range	NT\$ per share NT\$19.00 - 33.00
Scheduled quantity of repurchase	Common stock 7,600thousand shares
Actual repurchased quantity	Common stock 5,438thousand shares
Amount of shares repurchased	NT\$ 163,962,447
Quantity of shares cancelled	Common stock 5,438thousand shares
Cumulative number of shares held in the Company	0%
Total treasury stock holdings as a percentage of total shares issued	0%
Reasons for buyback that have been reported but not completed	In order to safeguard shareholders' rights and interests and to take into account the market mechanism, the Company's repurchasing has proceeded in batches subject to the stock price change and trading volume, thus was not completed.

## **Chapter 4 Ratification Items**

### **Proposal No.1**

**Proposed by the Board of Directors**

Proposal: Please ratify 2021 business report and financial statements

Description:

- I. The Company's 2021 financial statements have been prepared and audited by certified public accountants, Tzong-Jer Chen and Hsin-Ting Huang of KPMG, and submitted to the annual shareholders' meeting in accordance with the law along with the business report, which has been reviewed by the Audit Committee.
- II. Please refer to Pages 3-16 and Pages 21-32 of the Handbook for the 2021 business report and financial statements.
- III. The proposal is hereby submitted for ratification.

Resolution:

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**  
**SANYANG MOTOR CO., LTD.**

**Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,469,419	4	1,375,884	4
1170	Notes and accounts receivable, net (Notes 6(d) and (r))	1,026,571	3	845,494	2
1180	Accounts receivable from related parties, net (Notes 6(d), (r) and 7)	316,340	1	187,488	1
1310	Inventories (for manufacturing business) (Notes 6(e))	2,113,817	6	1,929,910	6
1476	Other current financial assets (Note 8)	142,659	1	169,611	1
1479	Other current assets (Note 7)	86,831	-	151,483	-
		5,155,637	15	4,659,870	14
<b>Non-current assets:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	141,484	-	133,151	-
1550	Investments accounted for using the equity method (Notes 6(f) and 7)	21,602,535	62	20,723,059	61
1600	Property, plant and equipment (Notes 6(g), 7 and 8)	4,945,448	14	5,044,289	15
1755	Right-of-use assets (Note 7)	109,123	-	134,985	1
1760	Investment property, net (Notes 6(h))	2,404,562	7	2,340,672	7
1840	Deferred income tax assets (Note 6(o))	420,425	1	427,649	1
1980	Other non-current financial assets (Note 8)	267,460	1	382,461	1
1995	Other non-current assets, others	29,823	-	39,223	-
		29,920,860	85	29,225,489	86
<b>Total assets</b>		<b>\$ 35,076,497</b>	<b>100</b>	<b>33,885,359</b>	<b>100</b>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD.**

**Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

		<b>December 31, 2021</b>		<b>December 31, 2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(j))	\$ 3,420,644	10	5,366,753	16
2110	Short-term notes and bills payable (Note 6(i))	299,798	1	300,000	1
2120	Current financial liabilities measured at fair value through profit or loss(Note 6(b))	2,299	-	-	-
2130	Current contract liabilities (Note 6(r))	42,712	-	32,604	-
2170	Notes and accounts payable (Note 6(k))	2,155,409	6	2,322,595	7
2180	Accounts payable to related parties (Notes 6(k) and 7)	586,179	2	587,317	2
2200	Other payables	1,392,100	4	1,439,782	4
2220	Other payables to related parties (Note 7)	154,721	-	283,919	1
2230	Current tax liabilities	188,772	1	261,839	1
2251	Current provisions for employee benefits (Note 6(n))	68,906	-	79,528	-
2252	Short-term provisions for warranties (Note 6(m))	393,224	1	408,856	1
2280	Current lease liabilities (Note 7)	25,505	-	25,089	-
2322	Long-term borrowings, current portion (Note 6(l))	80,000	-	-	-
2399	Other current liabilities, others	108,575	-	162,458	-
		<u>8,918,844</u>	<u>25</u>	<u>11,270,740</u>	<u>33</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(l))	8,020,000	23	5,200,000	15
2570	Deferred income tax liabilities (Note 6(o))	1,401,672	4	1,401,672	4
2580	Non-current lease liabilities (Note 7)	84,572	-	110,078	-
2640	Net defined benefit liability, non-current (Note 6(n))	841,373	3	814,382	3
2645	Guarantee deposits received	348,757	1	289,479	1
2670	Other non-current liabilities, others	49,176	-	28,089	-
		<u>10,745,550</u>	<u>31</u>	<u>7,843,700</u>	<u>23</u>
<b>Total liabilities</b>		<u>19,664,394</u>	<u>56</u>	<u>19,114,440</u>	<u>56</u>
<b>Equity (Note 6(p)):</b>					
3100	Share capital	7,976,396	23	8,030,776	24
3200	Capital surplus	1,708,432	5	1,730,173	5
3300	Retained earnings	7,182,522	20	6,583,938	19
3400	Other equity	(1,322,431)	(4)	(1,441,152)	(4)
3500	Treasury shares	(132,816)	-	(132,816)	-
<b>Total equity</b>		<u>15,412,103</u>	<u>44</u>	<u>14,770,919</u>	<u>44</u>
<b>Total liabilities and equity</b>		<u>\$ 35,076,497</u>	<u>100</u>	<u>33,885,359</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6(r) and 7)	\$ 29,876,799	100	30,796,834	100
5000 Operating costs (Note 6(e))	26,161,020	88	26,862,690	87
	3,715,779	12	3,934,144	13
5910 Unrealized profit from sales	(21,087)	-	(9,499)	-
<b>Gross profit from operations</b>	<b>3,694,692</b>	<b>12</b>	<b>3,924,645</b>	<b>13</b>
<b>Operating expenses (Notes 6(n), (s) and 7):</b>				
6100 Selling expenses	786,503	2	818,672	3
6200 Administrative expenses	678,236	2	910,605	3
6300 Research and development expenses	804,092	3	818,706	3
6450 Expected credit gain (Note 6(d))	(8,917)	-	(2,820)	-
	2,259,914	7	2,545,163	9
<b>Net operating income</b>	<b>1,434,778</b>	<b>5</b>	<b>1,379,482</b>	<b>4</b>
<b>Non-operating income and expenses:</b>				
7010 Other income (Notes 6(t) and 7)	73,814	-	66,219	-
7020 Other gains and losses (Note 6(t) and 7)	(41,524)	-	59,295	-
7050 Finance costs (Note 6(t) and 7)	(115,570)	-	(138,874)	-
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (note 6(f))	665,767	2	532,651	2
7229 Gain on disposal of non-current assets held for sale (Notes 6 (t))	-	-	364,705	1
	582,487	2	883,996	3
7900 <b>Profit before income tax</b>	<b>2,017,265</b>	<b>7</b>	<b>2,263,478</b>	<b>7</b>
7950 <b>Less: Income tax expenses (Note 6(o))</b>	<b>187,075</b>	<b>1</b>	<b>325,134</b>	<b>1</b>
8200 <b>Profit for the period</b>	<b>1,830,190</b>	<b>6</b>	<b>1,938,344</b>	<b>6</b>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	(104,296)	-	(122,894)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	8,333	-	39,175	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	226,656	1	281,400	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	20,859	-	24,579	-
	151,552	1	222,260	1
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(39,361)	-	(151,362)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	(39,361)	-	(151,362)	-
8300 <b>Other comprehensive income</b>	<b>112,191</b>	<b>1</b>	<b>70,898</b>	<b>1</b>
8500 <b>Comprehensive income</b>	<b>\$ 1,942,381</b>	<b>7</b>	<b>2,009,242</b>	<b>7</b>
<b>Earnings per share (Note 6(q))</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<b>\$ 2.30</b>		<b>2.41</b>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<b>\$ 2.30</b>		<b>2.41</b>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Other equity					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	
<b>Balance at January 1, 2020</b>	\$ 8,535,956	1,736,657	2,255,440	1,388,247	2,429,250	6,072,937	(1,549,637)	(44,804)	(1,594,441)	(716,305)	14,034,804
Profit for the year	-	-	-	-	1,938,344	1,938,344	-	-	-	-	1,938,344
Other comprehensive income for the year	-	-	-	-	(122,579)	(122,579)	(151,362)	344,839	193,477	-	70,898
Comprehensive income for the year	-	-	-	-	1,815,765	1,815,765	(151,362)	344,839	193,477	-	2,009,242
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	230,382	-	(230,382)	-	-	-	-	-	-
Special reserve	-	-	-	225,097	(225,097)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(811,180)	(811,180)	-	-	-	-	(811,180)
Reversal of special reserve due to disposal of land	-	-	-	(39,666)	39,666	-	-	-	-	-	-
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(462,150)	(462,150)
Retirement of treasury shares	(505,180)	(6,687)	-	-	(533,772)	(533,772)	-	-	-	1,045,639	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	203	-	-	-	-	-	-	-	-	203
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	40,188	40,188	-	(40,188)	(40,188)	-	-
<b>Balance at December 31, 2020</b>	8,030,776	1,730,173	2,485,822	1,573,678	2,524,438	6,583,938	(1,700,999)	259,847	(1,441,152)	(132,816)	14,770,919
Profit for the year	-	-	-	-	1,830,190	1,830,190	-	-	-	-	1,830,190
Other comprehensive income for the year	-	-	-	-	(82,408)	(82,408)	(39,361)	233,960	194,599	-	112,191
Comprehensive income for the year	-	-	-	-	1,747,782	1,747,782	(39,361)	233,960	194,599	-	1,942,381
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	136,185	-	(136,185)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(130,078)	130,078	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,044,001)	(1,044,001)	-	-	-	-	(1,044,001)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(163,787)	(163,787)
Retirement of treasury shares	(54,380)	(719)	-	-	(108,688)	(108,688)	-	-	-	163,787	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	1,139	-	-	-	-	-	-	-	-	1,139
Changes in equities of long-term investments	-	(22,161)	-	-	(72,387)	(72,387)	-	-	-	-	(94,548)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	75,878	75,878	-	(75,878)	(75,878)	-	-
<b>Balance at December 31, 2021</b>	\$ 7,976,396	1,708,432	2,622,007	1,443,600	3,116,915	7,182,522	(1,740,360)	417,929	(1,322,431)	(132,816)	15,412,103

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 2,017,265	2,263,478
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	576,821	558,762
Amortization expense	23,178	26,065
Expected credit gain	(8,917)	(2,820)
Net loss on financial asset and liabilities measured at fair value through profit or loss	2,299	-
Interest expense	115,570	138,874
Interest revenue	(2,602)	(6,200)
Dividend revenue	(17,284)	(11,565)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(665,767)	(532,651)
Loss (gain) on disposal of property, plant and equipment	38,998	(7,533)
Loss on disposal of investment properties	8	-
Gain on disposal of non-current assets held for sale	-	(364,705)
Realized loss from sales	21,087	9,500
Others	902	835
Total adjustments to reconcile profit (loss)	84,293	(191,438)
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable, net	(172,160)	12,072
Notes and accounts receivable from related parties	(128,852)	41,618
Inventories	(204,079)	75,265
Other current assets	50,427	(344)
Contract liabilities	10,108	6,884
Notes and accounts payable	(167,186)	973,560
Accounts payable to related parties	(1,138)	186,645
Provisions for employee benefits	(10,622)	-
Other payables (including related parties)	(177,443)	1,022,953
Short-term provisions for warranties	(15,632)	29,124
Other current liabilities	(53,883)	80,379
Net defined benefit liabilities	(77,305)	(76,388)
Total adjustments	(863,472)	2,160,330
Cash inflow generated from operations	1,153,793	4,423,808
Interest received	2,574	6,103
Interest paid	(115,082)	(145,575)
Income taxes paid	(233,048)	(97,304)
<b>Net cash flows from operating activities</b>	808,237	4,187,032

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using the equity method	(150,000)	(1,000,305)
Proceeds from disposal of investments accounted for using equity method	-	15,190
Acquisition of property, plant and equipment	(479,291)	(566,903)
Proceeds from disposal of property, plant and equipment	22,424	23,341
Acquisition of investment properties	(63,560)	(452,183)
Proceeds from disposal of non-current assets held for sale	-	473,025
Other current financial assets	26,952	(1,311)
Other non-current financial assets	115,001	(222,827)
Other non-current assets	(13,778)	(20,344)
Dividends received	47,461	360,492
<b>Net cash flows used in investing activities</b>	(494,791)	(1,391,825)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	41,126,446	51,313,887
Decrease in short-term borrowings	(43,072,555)	(53,363,324)
Decrease in short-term notes and bills payable	(202)	(100,000)
Proceeds from long-term borrowings	5,200,000	5,950,000
Repayments of long-term borrowings	(2,300,000)	(4,870,000)
Increase in guarantee deposits received	59,278	1,246
Payments of lease liabilities	(25,090)	(13,895)
Cash dividends paid	(1,044,001)	(811,180)
Cost of increase in treasury shares	(163,787)	(462,150)
<b>Net cash flows used in financing activities</b>	(219,911)	(2,355,416)
<b>Net increase in cash and cash equivalents</b>	93,535	439,791
<b>Cash and cash equivalents at beginning of period</b>	1,375,884	936,093
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,469,419</b>	<b>1,375,884</b>

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>December 31, 2021</b>		<b>December 31, 2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(a))	\$ 4,829,905	10	4,861,112	11
1110	Current financial assets at fair value through profit or loss (Note 6(b))	-	-	19,606	-
1170	Notes and accounts receivable, net (Notes 6(d), (w) and 8)	2,462,934	5	2,135,827	5
1180	Notes and accounts receivable from related parties, net (Notes 6(d), (w) and 7)	627	-	351	-
1200	Other receivables (Notes 6(d) and 7)	565,970	1	315,890	1
1310	Inventories (for manufacturing business) (Note 6(e))	4,838,867	11	4,311,020	10
1320	Inventories (for construction business) (Notes 6(e) and 7)	2,036,118	5	1,346,440	3
1410	Prepayments	751,300	2	676,824	1
1476	Other current financial assets (Notes 6(a) and 8)	6,614,491	14	6,197,310	14
1479	Other current assets, others	21,865	-	46,346	-
		<u>22,122,077</u>	<u>48</u>	<u>19,910,726</u>	<u>45</u>
<b>Non-current assets:</b>					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	15,459	-	15,459	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	3,827,893	8	3,793,120	9
1550	Investments accounted for using the equity method (Notes 6(f) and 7)	733,112	2	705,126	2
1600	Property, plant and equipment (Notes 6(i), 7 and 8)	12,639,469	27	12,711,071	29
1755	Right-of-use assets (Notes 6(j) and 8)	768,218	2	809,316	2
1760	Investment property, net (Notes 6(k) and 8)	3,856,111	8	3,919,336	9
1840	Deferred income tax assets (Note 6(t))	528,791	1	534,144	1
1935	Long-term lease receivables (Notes 6(d), (w) and 8)	465,016	1	433,417	1
1975	Net defined benefit asset, non-current (Note 6(s))	-	-	931	-
1980	Other non-current financial assets (Notes 6(a) and 8)	1,422,164	3	1,015,128	2
1995	Other non-current assets, others	152,908	-	170,303	-
		<u>24,409,141</u>	<u>52</u>	<u>24,107,351</u>	<u>55</u>
<b>Total assets</b>		<b>\$ 46,531,218</b>	<b>100</b>	<b>44,018,077</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		Amount	%	Amount	%
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(m))	\$ 6,868,444	15	8,739,168	20
2111	Short-term notes and bills payable (Note 6(l))	851,949	2	718,127	2
2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	2,299	-	-	-
2130	Current contract liabilities (Note 6(w))	439,329	1	292,179	1
2170	Accounts payable (Note 6(n))	4,152,343	9	3,886,555	9
2180	Accounts payable to related parties (Notes 6(n) and 7)	179,094	-	227,009	1
2200	Other payables (Note 7)	2,547,702	6	2,793,015	6
2230	Current tax liabilities (Note 6(t))	304,652	1	351,081	1
2251	Current provisions for employee benefits (Note 6(s))	110,283	-	119,461	-
2252	Short-term provisions for warranties (Note 6(q))	405,292	1	421,730	1
2280	Current lease liabilities (Note 6(p))	126,197	-	124,239	-
2322	Long-term borrowings, current portion (Note 6(o))	460,373	1	597,365	1
2365	Current refund liabilities	192,265	-	211,458	-
2399	Other current liabilities, others	13,361	-	47,417	-
		<u>16,653,583</u>	<u>36</u>	<u>18,528,804</u>	<u>42</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(o))	9,171,524	20	5,607,732	13
2552	Non-current provisions (Note 6(q))	174,996	-	193,810	-
2570	Deferred income tax liabilities (Note 6(t))	1,506,396	3	1,506,240	3
2580	Non-current lease liabilities (Note 6(p))	528,626	1	562,953	1
2640	Net defined benefit liability, non-current (Note 6(s))	851,027	2	841,298	2
2645	Guarantee deposits received	770,260	2	663,982	2
2670	Other non-current liabilities, others	55,104	-	46,469	-
		<u>13,057,933</u>	<u>28</u>	<u>9,422,484</u>	<u>21</u>
	<b>Total liabilities</b>	<u>29,711,516</u>	<u>64</u>	<u>27,951,288</u>	<u>63</u>
<b>Equity attributable to owners of parent (Note 6(u)):</b>					
3100	Share capital	7,976,396	17	8,030,776	18
3200	Capital surplus	1,708,432	4	1,730,173	4
3300	Retained earnings	7,182,522	15	6,583,938	15
3400	Other equity	(1,322,431)	(3)	(1,441,152)	(3)
3500	Treasury shares	(132,816)	-	(132,816)	-
	<b>Total equity attributable to owners of parent:</b>	<u>15,412,103</u>	<u>33</u>	<u>14,770,919</u>	<u>34</u>
36XX	Non-controlling interests	1,407,599	3	1,295,870	3
	<b>Total equity</b>	<u>16,819,702</u>	<u>36</u>	<u>16,066,789</u>	<u>37</u>
	<b>Total liabilities and equity</b>	<u>\$ 46,531,218</u>	<u>100</u>	<u>44,018,077</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<u>2021</u>		<u>2020</u>	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(w) and 7)	\$ 41,617,351	100	40,774,917	100
5000	Operating costs (Notes 6(e), (s) and 7))	<u>33,684,513</u>	<u>81</u>	<u>32,968,062</u>	<u>81</u>
	<b>Gross profit from operations</b>	<u>7,932,838</u>	<u>19</u>	<u>7,806,855</u>	<u>19</u>
	<b>Operating expenses (Notes 6(d), (s), (x) and 7 ):</b>				
6100	Selling expenses	3,189,297	8	3,121,110	8
6200	Administrative expenses	1,422,515	3	1,646,575	4
6300	Research and development expenses	1,115,518	3	1,083,501	2
6450	Expected credit gain	<u>(17,103)</u>	<u>-</u>	<u>(3,690)</u>	<u>-</u>
		<u>5,710,227</u>	<u>14</u>	<u>5,847,496</u>	<u>14</u>
	<b>Net operating income</b>	<u>2,222,611</u>	<u>5</u>	<u>1,959,359</u>	<u>5</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Notes 6(y))	202,913	1	234,794	1
7010	Other income (Notes 6(y))	89,490	-	91,354	-
7020	Other gains and losses (Notes 6(y))	41,112	-	66,855	-
7050	Finance costs (Note 6(y))	(196,492)	-	(225,525)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method (Note 6(f))	(18,331)	-	2,453	-
7229	Gain on disposal of non-current assets held for sale (Notes 6(y))	<u>-</u>	<u>-</u>	<u>364,705</u>	<u>1</u>
		<u>118,692</u>	<u>1</u>	<u>534,636</u>	<u>1</u>
7900	<b>Profit before income tax</b>	2,341,303	6	2,493,995	6
7950	<b>Less: Income tax expenses (Note 6(t))</b>	<u>376,585</u>	<u>1</u>	<u>442,139</u>	<u>1</u>
	<b>Profit for the period</b>	<u>1,964,718</u>	<u>5</u>	<u>2,051,856</u>	<u>5</u>
8300	<b>Other comprehensive income (loss) (Notes 6(f) and (u)):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(103,783)	-	(151,083)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	220,847	-	365,047	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>20,859</u>	<u>-</u>	<u>24,579</u>	<u>-</u>
		<u>137,923</u>	<u>-</u>	<u>238,543</u>	<u>1</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(37,786)	-	(189,842)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(112)	-	1,471	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>184</u>	<u>-</u>
		<u>(37,898)</u>	<u>-</u>	<u>(188,187)</u>	<u>(1)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>100,025</u>	<u>-</u>	<u>50,356</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 2,064,743</u>	<u>5</u>	<u>2,102,212</u>	<u>5</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 1,830,190	5	1,938,344	5
8620	Non-controlling interests	<u>134,528</u>	<u>-</u>	<u>113,512</u>	<u>-</u>
		<u>\$ 1,964,718</u>	<u>5</u>	<u>2,051,856</u>	<u>5</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 1,942,381	5	2,009,242	5
8720	Non-controlling interests	<u>122,362</u>	<u>-</u>	<u>92,970</u>	<u>-</u>
		<u>\$ 2,064,743</u>	<u>5</u>	<u>2,102,212</u>	<u>5</u>
	<b>Earnings per share (Note 6(v))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<u>\$</u>	<u>2.30</u>	<u>\$</u>	<u>2.41</u>
9850	<b>Diluted earnings per share (NT dollars)</b>	<u>\$</u>	<u>2.30</u>	<u>\$</u>	<u>2.41</u>

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												Total equity
	Retained earnings					Other equity		Total other equity	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements						
<b>Balance at January 1, 2020</b>	8,535,956	1,736,657	2,255,440	1,388,247	2,429,250	6,072,937	(1,549,637)	(44,804)	(1,594,441)	(716,305)	14,034,804	1,205,921	15,240,725
Profit for the year	-	-	-	-	1,938,344	1,938,344	-	-	-	-	1,938,344	113,512	2,051,856
Other comprehensive income for the year	-	-	-	-	(122,579)	(122,579)	(151,362)	344,839	193,477	-	70,898	(20,542)	50,356
Comprehensive income for the year	-	-	-	-	1,815,765	1,815,765	(151,362)	344,839	193,477	-	2,009,242	92,970	2,102,212
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	230,382	-	(230,382)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	225,097	(225,097)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(811,180)	(811,180)	-	-	-	-	(811,180)	-	(811,180)
Reversal of special reserve due to disposal of land	-	-	-	(39,666)	39,666	-	-	-	-	-	-	-	-
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(462,150)	(462,150)	-	(462,150)
Retirement of treasury shares	(505,180)	(6,687)	-	-	(533,772)	(533,772)	-	-	-	1,045,639	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	203	-	-	-	-	-	-	-	-	203	(504)	(301)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	40,188	40,188	-	(40,188)	(40,188)	-	-	-	-
<b>Balance at December 31, 2020</b>	8,030,776	1,730,173	2,485,822	1,573,678	2,524,438	6,583,938	(1,700,999)	259,847	(1,441,152)	(132,816)	14,770,919	1,295,870	16,066,789
Profit for the year	-	-	-	-	1,830,190	1,830,190	-	-	-	-	1,830,190	134,528	1,964,718
Other comprehensive income for the year	-	-	-	-	(82,408)	(82,408)	(39,361)	233,960	194,599	-	112,191	(12,166)	100,025
Comprehensive income for the year	-	-	-	-	1,747,782	1,747,782	(39,361)	233,960	194,599	-	1,942,381	122,362	2,064,743
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	136,185	-	(136,185)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(130,078)	130,078	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,044,001)	(1,044,001)	-	-	-	-	(1,044,001)	-	(1,044,001)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(163,787)	(163,787)	-	(163,787)
Retirement of treasury shares	(54,380)	(719)	-	-	(108,688)	(108,688)	-	-	-	163,787	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	1,139	-	-	-	-	-	-	-	-	1,139	(7,958)	(6,819)
Changes in equity of associates and joint ventures accounted for using the equity method	-	(22,161)	-	-	(72,387)	(72,387)	-	-	-	-	(94,548)	-	(94,548)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,675)	(2,675)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	75,878	75,878	-	(75,878)	(75,878)	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>\$ 7,976,396</b>	<b>1,708,432</b>	<b>2,622,007</b>	<b>1,443,600</b>	<b>3,116,915</b>	<b>7,182,522</b>	<b>(1,740,360)</b>	<b>417,929</b>	<b>(1,322,431)</b>	<b>(132,816)</b>	<b>15,412,103</b>	<b>1,407,599</b>	<b>16,819,702</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 2,341,303	2,493,995
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,383,638	1,310,808
Amortization expense	29,772	69,549
Expected credit gain	(17,103)	(3,690)
Net gain on financial assets or liabilities at fair value through profit or loss	(374)	(33,054)
Interest expense	196,492	225,525
Interest revenue	(202,913)	(234,794)
Dividend revenue	(56,132)	(55,998)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	18,331	(2,453)
Loss (gain) on disposal of property, plan and equipment	33,797	(6,686)
Property, plan and equipment transferred to expenses	12,767	-
Loss (gain) on disposal of investment properties	8	(62,448)
Gain on disposal of non-current assets held for sale	-	(364,705)
Impairment loss on non-financial assets	12,567	69,223
Others	(21,655)	(1,149)
Total adjustments to reconcile profit (loss)	1,389,195	910,128
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	22,279	13,448
Notes and accounts receivable, net	(327,305)	169,247
Accounts receivable from related parties	(276)	149
Other receivables	(46,288)	1,758
Inventories	(1,383,896)	(1,245,175)
Prepayments	(90,882)	(426)
Other current assets	136	7,316
Net defined benefit assets	931	(931)
Contract liabilities	145,912	103,829
Accounts payable	273,180	1,228,119
Accounts payable to related parties	(47,915)	111,417
Other payables	(244,424)	1,432,968
Provisions	(33,852)	45,869
Other current liabilities	(53,627)	124,077
Net defined benefit liabilities	(73,195)	(257,675)
Provisions for employee benefits	(9,122)	(7,665)
Other operating liabilities	4,692	18,707
Total adjustments	(474,457)	2,655,160
Cash inflow generated from operations	1,866,846	5,149,155
Interest received	173,383	192,854
Interest paid	(195,832)	(231,786)
Income taxes paid	(399,785)	(217,829)
<b>Net cash flows from operating activities</b>	1,444,612	4,892,394

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31	
	2021	2020
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(255,639)	(560,753)
Proceeds from disposal of financial assets at fair value through other comprehensive income	451,152	156,844
Acquisition of investments accounted for using the equity method	(150,000)	-
Proceeds from disposal of non-current assets held for sale	-	473,025
Acquisition of property, plant and equipment	(1,259,712)	(1,985,756)
Proceeds from disposal of property, plant and equipment	257,519	304,748
Increase in other receivables	(304,220)	(127,502)
Decrease in other receivables	125,130	127,502
Proceeds from disposal of investment properties	-	75,949
Increase in long-term lease receivables	(31,599)	(85,202)
Decrease (increase) in other current financial assets	(422,869)	585,767
Increase in other non-current financial assets	(401,866)	(638,945)
Increase in other non-current assets	(13,652)	(27,498)
Dividends received	65,152	57,920
<b>Net cash flows used in investing activities</b>	<b>(1,940,604)</b>	<b>(1,643,901)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	65,708,592	72,219,523
Decrease in short-term borrowings	(67,576,432)	(74,240,441)
Increase in short-term notes and bills payable	130,867	31,320
Proceeds from long-term borrowings	6,836,675	6,496,431
Repayments of long-term borrowings	(3,409,874)	(5,436,431)
Increase in guarantee deposits received	106,277	60,138
Payments of lease liabilities	(123,820)	(138,426)
Cash dividends paid	(1,044,001)	(811,180)
Cost of increase in treasury shares	(163,787)	(462,150)
Acquisition of subsidiaries	(6,819)	(419)
Changes in non-controlling interests	(2,675)	(2,517)
<b>Net cash flows from (used in) financing activities</b>	<b>455,003</b>	<b>(2,284,152)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>9,782</b>	<b>(86,127)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31,207)</b>	<b>878,214</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,861,112</b>	<b>3,982,898</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4,829,905</b>	<b>4,861,112</b>

## **Proposal No.2**

## **Proposed by the Board of Directors**

Proposal: Please ratify the proposal for the 2021 Earnings Distribution

Description:

- I. The profit for the period of the Company in 2021 was NT\$ 1,830,189,853, and the distributable earnings were NT\$ 3,062,009,034.
- II. According to Article 32 of the Articles of Incorporation, a proposal for earnings distribution in 2021 is planned to be prepared. The cash dividend per share is NT\$ 1.3. Please see next page for the 2021 Earnings Distribution.
- III. For the earnings distribution proposal, in case of a change in number of the outstanding shares due to the Company's repurchase of shares, it is proposed that the Chairman be authorized by general shareholders' meeting to adjust the ratio of dividends to be distributed to shareholders based on the total amount of cash dividends approved by the 2022 Annual Shareholders' Meeting and the number of actual outstanding shares outstanding on the base date of dividends distribution.
- IV. The cash dividend is rounded off to the nearest NT Dollar, with the decimal places removed. The total rounded off amounts, are accounted as other income in the Company's financial statements.
- V. The proposal is hereby submitted for ratification.

Resolution:

# Sanyang Motor Co., Ltd.

## 2021 Earnings Distribution

Currency Unit: NT\$

Summary	Amount
Beginning balance of retained earnings	1,474,331,345
Plus (minus):	
Retained earnings offset due from retired treasury stocks	(108,687,805)
Changes in actuarial gains and losses for the current period	(82,407,859)
Disposal of investments in equity instruments at fair value through other comprehensive income	75,877,791
Changes in associates accounted for using the equity method	(72,387,810)
Reversal of special reserve arising from reduction of other shareholder's equity. (Note 1)	117,813,053
Net after-tax profit for the year	1,830,189,853
	3,234,728,568
Aappropriated items:	
Legal reserve (10%)	(164,258,417)
Special reserve (Note 1)	(8,461,117)
Retained earnings available for distribution	3,062,009,034
Distribution item:	
Cash dividend NT\$ 1.3/share (Note 2)	1,036,931,485
Unappropriated retained earnings	2,025,077,549

Note 1: Special surplus reserve is extracted (reversed) according to Mar.31 2021 the Permit No. 1090150022 of Financial Supervisory Commission of Executive Yuan.

Note 2: The actual ex-dividend ratio per share shall be adjusted in accordance with the actual number of outstanding shares on the ex-dividend date.

Note 3: According Board resolution, the earnings of the first half of 2021 were not distributed by the Board resolution on Nov 11, 2021.

**Chairman:**  
**Ching-Yuan Wu**

**Manager:**  
**Ching-Yuan Wu**

**Accounting supervisor:**  
**Kuei-Chin Huang**

## **Chapter 5 Discussions**

### **Proposal No.1**

### **Proposed by the Board of Directors**

Proposal: Please discuss Amendments to the Company's "Articles of Incorporation"

Description:

- I. Pursuant to the letter of the Ministry of Economic Affairs No. 11001129400 dated August 25, 2021, Article 172-2 of the Company Act, and Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and for the operational purposes of the Company, certain articles of the Company's "Articles of Incorporation" are proposed to be amended.
- II. Comparison between Original and Amendments to "Articles of Incorporation" is as follows:

Amended Provisions	Original Provisions	Description
<p>The Company's business scope is as follows:</p> <p>I. <u>CB01010 Mechanical Equipment Manufacturing</u></p> <p>II. <u>CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing</u></p> <p>III. <u>CD01030 Motor Vehicles and Parts Manufacturing</u></p> <p>IV. <u>CD01040 Motorcycles and Parts Manufacturing</u></p> <p>V. <u>CD01050 Bicycles and Parts Manufacturing</u></p> <p>VI. <u>CD01990 Other Transport Equipment and Parts Manufacturing</u></p> <p>VII. <u>CQ01010 Mold and Die Manufacturing</u></p> <p>VIII. <u>E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering</u></p> <p>IX. <u>F112040 Wholesale of Petroleum Products</u></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Article 2</p>	<p>The Company's business scope is as follows:</p> <p>I. <del>Production and domestic sales and export of automobiles, motoreycles, and bicyeles and their components</del></p> <p>II. <del>Production and domestic sales and export of various engines</del></p> <p>III. <del>Production and domestic sales and export of various machines and equipment, fixtures, tools, gauges and molds and their components</del></p> <p>IV. <del>Production and domestic sales and export of lawn mower and their components</del></p> <p>V. <del>Sales of solvent oil and engine oil (forbidden to sold or flow to the markets having restricted products (e.g. gasoline and diesel))</del></p> <p>VI. <del>Maintenance and repair of automobiles and motoreycles</del></p> <p>VII. <del>Exhibition of automobiles and motoreycles</del></p> <p>VIII. <del>Editing and publishing of relevant books and magazines of automobiles and motoreycles</del></p> <p>IX. <del>Safety driving and maintenance training of automobiles and motoreycles (except for auto driving training class business)</del></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Article 2</p>	<p>Pursuant to the amended codes and business types listed in the Company's Change Registration Form approved by the Ministry of Economic Affairs Letter No. 11001129400 dated 25 August 2021.</p>

Amended Provisions	Original Provisions	Description
<p>X. <u>F114010 Wholesale of Motor Vehicles</u></p> <p>XI. <u>F114020 Wholesale of Motorcycles</u></p> <p>XII. <u>F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories</u></p> <p>XIII. <u>F114040 Wholesale of Bicycle and Component Parts Thereof</u></p> <p>XIV. <u>F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof</u></p> <p>XV. <u>F206030 Retail Sale of Molds</u></p> <p>XVI. <u>F212050 Retail Sale of Petroleum Products</u></p> <p>XVII. <u>F214010 Retail Sale of Motor Vehicles</u></p> <p>XVIII. <u>F214020 Retail Sale of Motorcycles</u></p> <p>XIX. <u>F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories</u></p> <p>XX. <u>F214040 Retail Sale of Bicycle and Component Parts Thereof</u></p> <p>XXI. <u>F401010 International Trade</u></p> <p>XII. <u>F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u></p> <p>XXIII. <u>I199990 Other Consulting Service</u></p>	<p>X. <del>Air pollution emission and noise testing business of motor vehicles</del></p> <p>XI. <del>E701030 restrained telecom radio frequency equipment and materials installation engineering</del></p> <p>XII. <del>F401021 restrained telecom radio frequency equipment and materials import</del></p> <p>XIII. <del>CC01101 restrained telecom radio frequency equipment and materials manufacturing</del></p> <p>XIV. <del>CD01990 other transportation vehicle and components wholesales</del></p> <p>XV. <del>F114990 other transportation vehicle and components wholesales</del></p> <p>XVI. <del>Import and export business of related products mentioned above</del></p> <p>XVII. <del>Technical service and consulting business of related products mentioned above</del></p> <p>XVIII. <del>Agency of quotation, bidding and distribution for products of relevant manufacturers both at home and abroad</del></p>	

Amended Provisions	Original Provisions	Description
<p><u>XXIV. J101050 Environmental Testing Services</u>  <u>XXV. J303010 Magazine(Periodical) Publishing</u>  <u>XXVI. J304010 Book Publishing</u>  <u>XXVII. JA01010 Automobile Repair</u>  <u>XXVIII. JA02020 Motorcycle Repair</u>  <u>XXIX. JA02030 Bicycle Repair</u>  <u>XXX. JZ99990 Unclassified Other Services</u>  <u>XXXI. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	<p><del>XIX</del>.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p><u>Article 12-1</u>  The shareholders' meeting of the Company may be convened by way of video conference or other manners announced by the competent authority.</p>	<p>(Added)</p>	<p>The shareholders' meeting method is amended in line with Article 172-2 of the Company Act.</p>
<p><u>Article 18</u>  The Company will establish a Board of Directors that consists of <u>seven to eleven</u> directors. Each director will serve an office term of three years. Directors will be elected among competent candidates at the shareholders' meeting and can be re-elected subsequently.  The total number of shares held by the directors is determined in accordance with the standards stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority in charge of the securities industry. The election of directors is subject to the candidate nomination system of Item 1, Article 192 of the Company Act.</p>	<p><u>Article 18</u>  The Company will establish a Board of Directors consisting of <del>nine</del> directors. Each director will serve an office term of three years. Directors will be elected among competent candidates at the shareholders' meeting and can be re-elected subsequently.  The total number of shares held by the directors is determined in accordance with the standards stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority in charge of the securities industry. The election of directors is subject to the candidate nomination system of Item 1, Article 192 of the Company Act.</p>	<p>Adjusting the number of board members.</p>

Amended Provisions		Original Provisions		Description
Article 18-1	Since the 25th Board of Directors, the Company has designated at least three Independent Directors. The number of Independent Directors shall not be less than <u>one-third</u> of the aforesaid number of Directors.	Article 18-1	Since the 25th Board of Directors, the Company has designated at least three Independent Directors. The number of Independent Directors shall not be less than <del>one-fifth</del> of the aforesaid number of Directors.	Amended in line with Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 35	The Articles of Incorporation were erected on Jul. 17, 1961; the 1st amendment...; the 45th amendment took place on Jul. 7, 2021; <u>the 46th amendment took place on Jun. 23, 2022.</u>	Article 35	The Articles of Incorporation were erected on Jul. 17, 1961; the 1st amendment...; the 45th amendment took place on Jul. 7, 2021.	Amended date.

III. The proposal is hereby submitted to for resolution.

Resolution:

**Proposal No.2**

**Proposed by the Board of Directors**

Proposal: Please discuss Amendments to the Company’s “Rules of Procedure for Shareholders Meetings”

Description:

- I. It is proposed to amend some provisions of the “Rules of Procedure for Shareholders Meeting” in accordance with Article 172-2 of the Company Act.
- II. Comparison between Original and Amendments to “Rules of Procedure for Shareholders Meeting” is as follows:

Amended Provisions	Original Provisions	Description
<p>Article 2</p> <p>The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters. Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk. Shareholder or shareholder’s agent shall attend shareholders’ meeting by official attendance certificate, sign-in card or other attending certificates. The agent shall also carry along ID card for verification.</p> <p>A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person.</p> <p><u>The shareholders’ meeting of the Company may be convened by way of video conference or other manners announced by the competent authority.</u></p>	<p>Article 2</p> <p>The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters. Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk. Shareholder or shareholder’s agent shall attend shareholders’ meeting by official attendance certificate, sign-in card or other attending certificates. The agent shall also carry along ID card for verification.</p> <p>A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person.</p>	<p>The shareholders’ meeting method is amended in line with Article 172-2 of the Company Act.</p>

Amended Provisions		Original Provisions		Description
Article 21	The Rules were enacted on Mar. 26, 1994; the 1st amendment took place on Jun. 4, 1998; the 2nd amendment took place on Jun. 21, 2002; the 3rd amendment took place on Jun. 6, 2012; the 4th amendment took take place on May 20, 2013; the 5th amendment took place on Jun. 20, 2017; the 6th amendment took place on Jul. 7, 2021; <u>the 7th amendment took place on Jun. 23, 2022.</u>	Article 21	The Rules were enacted on Mar. 26, 1994; the 1st amendment took place on Jun. 4, 1998; the 2nd amendment took place on Jun. 21, 2002; the 3rd amendment took place on Jun. 6, 2012; the 4th amendment took take place on May 20, 2013; the 5th amendment took place on Jun. 20, 2017; the 6th amendment took place on Jul. 7, 2021.	Amendment date is added.

III. The proposal is hereby submitted to for resolution.

Resolution:

### Proposal No.3

### Proposed by the Board of Directors

Proposal: Please discuss Amendments to the Company's "Procedures for Assets Acquisition & Disposal"

Description:

- I. In accordance with the Financial Supervisory Commission Order No. 1110380465 of Financial Supervisory Securities Corporate which is dated January 28, 2022, part of the Company's "Procedures for Assets Acquisition & Disposal" is proposed to be amended.
- II. Comparison between Original and Amendments to "Procedures for Assets Acquisition & Disposal" is as follows:

Amended Provisions	Original Provisions	Description
<p>Evaluation and operating procedures: II. Securities: The Company and its subsidiaries acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the transaction amount of the securities thereof acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This</p>	<p>Evaluation and operating procedures: II. Securities: The Company and its subsidiaries acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the transaction amount of the securities thereof acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the</p>	<ol style="list-style-type: none"><li>1. Amended relevant procedures in accordance with the Financial Supervisory Commission Order No. 1110380465 dated January 28, 2022.</li><li>2. Amended part of the provision.</li></ol>

Amended Provisions	Original Provisions	Description
<p>requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the FSC.</p> <p>Article 7</p> <p>V. Related Party Transactions: In the event that the Company and its subsidiaries engage in any acquisition or disposal of assets from or to a related party, in addition to handling relevant resolution procedures and evaluating the reasonableness of the terms of the transaction in accordance with Paragraphs 1 to 4 of this Article and the following requirements, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or the opinion of a certified public accountant in accordance with the preceding provisions. When determining whether the transaction target is a related party, in addition to noting its legal status, the actual relations shall also be taken into consideration.</p>	<p>transaction price; <del>where the CPA requires the use of expert reports, it shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del> This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the FSC.</p> <p>Article 7</p> <p>V. Related Party Transactions: In the event that the Company and its subsidiaries engage in any acquisition or disposal of assets from or to a related party, in addition to handling relevant resolution procedures and evaluating the reasonableness of the terms of the transaction in accordance with Paragraphs 1 to 4 of this Article and the following requirements, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or the opinion of a certified public accountant in accordance with the preceding provisions. When determining whether the transaction target is a related party, in addition to noting its legal status, the actual relations shall also be taken into consideration.</p>	

Amended Provisions	Original Provisions	Description
<p>(I) When the Company and its subsidiaries intend to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 2 and 3 below.</li> </ol>	<p>(I)When the Company and its subsidiaries intend to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 2 and 3 below.</li> </ol>	

Amended Provisions	Original Provisions	Description
<p>4. The date and price at which the related party originally acquired the assets, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and the evaluation of the necessity of the transaction and the reasonableness of the fund's utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>Where the transactions stated in this paragraph appear in the Company or its subsidiaries, and the transaction amount reached 10% of the total company assets, the Company shall report the information listed in this paragraph to the shareholders' meeting for approval. The contract can be signed and the payment can be made after the approval is obtained. However, transactions between the Company and its subsidiaries, or between subsidiaries are excluded.</u></p> <p>The calculation of the amounts of the above-mentioned related party transactions shall be</p>	<p>4. The date and price at which the related party originally acquired the assets, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and the evaluation of the necessity of the transaction and the reasonableness of the fund's utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the amounts of the above-mentioned related party transactions shall be</p>	

Amended Provisions	Original Provisions	Description
<p>made in accordance with Paragraph 1 of Article 5, and "within the preceding year" as used herein refers to a period of one year calculated retrospectively from the date of occurrence of the current transaction. Items that have been approved by <u>the shareholders' meeting and the Board of Directors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may delegate the Chairman of the Board, in accordance with Paragraph 2 of Article 5, to decide such matters when the transaction is within a certain amount, and have the decisions subsequently submitted to and ratified in the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>(II) The reasonableness of the transaction costs shall be assessed by:</p>	<p>made in accordance with Paragraph 1 of Article 5, and "within the preceding year" as used herein refers to a period of one year calculated retrospectively from the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, <del>between the subsidiary and the parent company or other subsidiary,</del> or between the Company and its subsidiaries in which directly or indirectly hold 100 percent of the issued shares or authorized capital, the Board of Directors may delegate the Chairman of the Board, in accordance with Paragraph 2 of Article 5, to decide such matters when the transaction is within a certain amount, and have the decisions subsequently submitted to and ratified in the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>(II) The reasonableness of the transaction costs shall be assessed by:</p>	

Amended Provisions	Original Provisions	Description
<p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest cost on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the assets; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>3. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction cost for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding two subparagraphs.</p>	<p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest cost on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the assets; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>3. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction cost for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding two subparagraphs.</p>	

Amended Provisions	Original Provisions	Description
<p>4. The Company shall appraise the cost of the real property or the right-of-use assets thereof in accordance with preceding Subparagraphs 1 and 2 of this paragraph and engage a CPA to verify and provide an opinion on the appraisal.</p> <p>5. Under any of the following circumstances, the provisions of Paragraph 1 shall apply, and shall not apply to the requirements of the preceding four subparagraphs:</p> <p>(1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>(3) The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(4) The real property right-of-use assets for business use are acquired by the Company, its subsidiaries, or by its subsidiaries in which the Company</p>	<p>4. The Company shall appraise the cost of the real property or the right-of-use assets thereof in accordance with preceding Subparagraphs 1 and 2 of this paragraph and engage a CPA to verify and provide an opinion on the appraisal.</p> <p>5. Under any of the following circumstances, the provisions of Paragraph 1 shall apply, and shall not apply to the requirements of the preceding four subparagraphs:</p> <p>(1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>(3) The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(4) The real property right-of-use assets for business use are acquired by the Company and its subsidiaries, <del>its subsidiaries and its parent company or subsidiaries,</del> or by</p>	

Amended Provisions		Original Provisions		Description
	directly or indirectly holds 100 percent of the issued shares or authorized capital.		its subsidiaries in which the Company and its subsidiaries directly or indirectly hold 100% of the total issued shares or the total amount of capital.	
Article 9	The Procedures were formulated on June 28, 1989. The 1st amendment took place on Sep. 26, 1991; the 2nd amendment took place on May. 29, 1995; the 3rd amendment took place on Nov. 24, 1999; the 4th amendment took place on Mar. 31, 2000; the 5th amendment took place on Jul. 5, 2000; the 6th amendment took place on Jun. 20, 2001; the 7th amendment took place on Jun. 20, 2003; the 8th amendment took place on Jun. 13, 2008; the 9th amendment took place on Jun. 6, 2012; the 10th amendment took place on Jun. 25, 2015; the 11th amendment took place on Jun. 20, 2017; the 12th amendment took place on Jun. 28, 2019; the 13th amendment took place on Jul. 7, 2021; the 14th amendment took place on Jun. 23, 2022.	Article 9	The Procedures were formulated on June 28, 1989. The 1st amendment took place on Sep. 26, 1991; the 2nd amendment took place on May. 29, 1995; the 3rd amendment took place on Nov. 24, 1999; the 4th amendment took place on Mar. 31, 2000; the 5th amendment took place on Jul. 5, 2000; the 6th amendment took place on Jun. 20, 2001; the 7th amendment took place on Jun. 20, 2003; the 8th amendment took place on Jun. 13, 2008; the 9th amendment took place on Jun. 6, 2012; the 10th amendment took place on Jun. 25, 2015; the 11th amendment took place on Jun. 20, 2017; the 12th amendment took place on Jun. 28, 2019; the 13th amendment took place on Jul. 7, 2021.	Amended date.

III. The proposal is hereby submitted to for resolution.

Resolution:

## Proposal No.4

## Proposed by the Board of Directors

Proposal: Please discuss Approval the lifting of non-competition restrictions for 26th directors and its authorized representative of the Company

Description:

- I. In order for the Board of Directors to expand business in the interest of the Company, in accordance with Article 209 of the Company Act, the Company seeks to lift the none-compete restriction for its Board of Directors and its representatives.
- II. Lifting the non-compete restriction for the following twenty-sixth term Board of Directors:

Directors	Positions held at other companies
Ching-Yuan Wu	Director and Chairman of Taiwan Tea Corporation
Representative of Chien-Jin Investment Co., Ltd. Li-Chu Wu	Director and Chairman of Nanyang Insurance Agent Co., Ltd.
Representative of Chao-Yao Investment Co., Ltd. Yu-Chang Huang	Director of Taiwan Tea Corporation
Representative of Chao-Yao Investment Co., Ltd. Ren-Hao Tian	Director and Chairman of THREE BROTHERS INDUSTRIAL CO.,Ltd.
Chih-Hung Hsieh	Independent Director of the Grand Pacific Petrochemical Corporation

- III. The proposal is hereby submitted to for resolution.

Resolution:

## **Chapter 6 Extempore Motions**

## **Chapter 7 Adjournment**

# **Annex I Articles of Incorporation of Sanyang Motor Co., Ltd.**

## **Chapter 1 General Provisions**

Article 1           The Company is incorporated in accordance with the provisions relating to companies limited by shares of the Company Act. The Company is named Sanyang Motor Co., Ltd.

Article 2           The Company's business scope is as follows:

- I. Production and domestic sales and export of autos, motorcycles and bicycles and their components
- II. Production and domestic sales and export of various engines
- III. Production and domestic sales and export of various machines and equipment, fixtures, tools, gauges and molds and their components
- IV. Production and domestic sales and export of lawn mower and their components
- V. Sales of solvent oil and engine oil (forbidden to sold or flow to the markets having restricted products (e.g. gasoline and diesel)
- VI. Maintenance and repair of autos and motorcycles
- VII. Exhibition of autos and motorcycles
- VIII. Editing and publishing of relevant books and magazines
- IX. Safety driving and maintenance training of motors and motorcycles (except for auto driving training class business)
- X. Air pollution emission and noise testing business of motor vehicles
- XI. E701030 restrained telecom radio frequency equipment and materials installation engineering
- XII. F401021 restrained telecom radio frequency equipment and materials import
- XIII. CC01101 restrained telecom radio frequency equipment and materials manufacturing
- XIV. CD01990 other transportation vehicle and components wholesales
- XV. F114990 other transportation vehicle and components wholesales
- XVI. Import and export business of related products mentioned above.
- XVII. Technical service and consulting business of related products mentioned above.
- XVIII. Agency of quotation, bidding and distribution for products of relevant manufacturers both at home and abroad
- XIX. ZZ99999 In addition to the approved scope of business, the Company may

engage in all businesses except those which are otherwise prohibited or restricted by law.

Article 3 The Company shall have its head office in Hsinchu County, R.O.C., and pursuant to a resolution adopted at the meeting of the Board of Directors, may set up, change or abolish a branch, factory, branch factory or business office within or outside the territory of R.O.C., where deemed necessary.  
For the Company's reinvestment both at home and abroad, the total amount reinvested shall exceed the 40% of the Company's paid-in share capital.

Article 3-1 (Deleted)

Article 4 The Company's announcement shall be published in newspaper or e-news or on website established or designated by central competent authority, unless otherwise specified by securities competent authority.

Article 5 The Company may make guarantee for relevant parties according to business needs.

## Chapter 2 Shareholding

Article 6 The Company's total capital amount is NT\$ 9,500,000,000, contained in 950,000,000 shares (face value per share: NT\$ 10) which will be issued in separate installments. The large-denomination securities should be combined and issued as requested by Taiwan Depository & Clearing Corporation (TDCC).

Article 7 The Company's shares shall be registered and signed or sealed by the Chairman of the Board of Directors; it will be issued upon the verification according to laws. In addition, for shares issued by the Company, the stocks shall not be printed according to provisions of relevant laws; the shares issued by logging in securities centralized custody agency shall be handled in accordance with provisions of the agency.

Article 8 The Company's shareholders shall report their domicile or dwelling place to the Company and fill out and send signature card to the Company for reference. All dividends and bonuses obtained or the written contact with the Company shall be subject to this seal; the same applies when it is changed.

Article 9 All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of the seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Regulations for the Treatment of the Public Offered Corporate Shares", unless otherwise specified by law and securities regulations.

Article 9-1 If the Company has previously entrusted the stock affairs agency to handle the

change of its own stock affairs, it shall be handed with the attendance of more than half of the shareholders representing the total number of shares issued and with the consent of two-thirds of the voting rights of the attending shareholder, in accordance with the internal control system standard of the stock affairs organization of Taiwan Depository & Clearing Corporation. This provision shall also apply to those who have applied for self-establishment of stock affairs before the amendment of this provision.

Article 10 Registration for the transfer of shares shall be completed within sixty days before the date of annual general shareholders' meeting, thirty days before the date of special shareholders' meeting, or five days before the date on which dividends, bonus, or any other distributions will be paid or made by the Company. The period of the preceding paragraph shall be counted from the date of the meeting or the base date.

### Chapter 3 Shareholders' Meeting

Article 11 Shareholders' meeting is divided into general and special ones. General shareholders' meeting shall be convened on a yearly basis. General shareholders' meeting is held within six months after the end of each fiscal year by the Board of Directors, and special meeting will be convened as per laws, where necessary.

Article 12 A notice to convene a general shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and a notice of the date, place and reasons to convene a special shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.

Article 13 Except as otherwise provided by the Company Act, the shareholders' meeting shall be held by shareholders of a majority of the total issued and outstanding shares of the Company and the resolution shall be adopted upon the approval of a majority of the voting shares present at the meeting.

Article 14 All shareholders are entitled to one vote for every share held, except for the circumstances stipulated in Article 179 of the Company Act and special stocks of the Company.

Article 15 If a shareholder cannot attend a shareholders' meeting for any reason, he/she may designate a proxy to attend by submitting a power of attorney that records the scope of authorization. The measures shall be subject to the Company Act as well as the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 16 Where a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. If the meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are more than one person with the authority to convene, the chairperson for the meeting shall be appointed from among them.

Unless otherwise prescribed by relevant laws and ordinances or the Company's Articles of Incorporation, the Company shall duly convene the shareholders' meeting exactly in accordance with rules of procedure of shareholders' meeting.

Article 17 (Deleted)

#### Chapter 4 Board of Directors

Article 18 The Company will have a Board of Directors consisting of nine Directors. Each Director will serve an office term of three years. Directors shall be elected among competent candidates by the shareholders' meeting.

The total number of shares held by the Directors is determined in accordance with the standards stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority in charge of the securities industry.

The election of Directors is subject to the candidate nomination system of Item 1, Article 192 of the Company Act.

Article 18-1 Since the 25th Board of Directors, the Company has designated at least three Independent Directors. The number of Independent Directors shall not be less than 1/5 of the aforesaid number of Directors.

Article 18-2 The Company has set up the Audit Committee since the 25th session Board of Directors, which shall consist of the entire Independent Directors. The Audit Committee and its members shall be responsible for performing Supervisors' duties under the Company Act, the Securities and Exchange Act, and other applicable regulations. Regulations in the Articles of Incorporation with regards to Supervisors shall cease to apply upon the Company's establishment of the Audit Committee.

Article 19 Directors shall organize board meeting, which shall be attended by more than 2/3 Directors, and more than half of the participants agree to elect three standing Directors from each other, who shall elect one Chairman and one Vice Chairman respectively in the same manner. The Chairman is the chairperson of Board of Shareholders, Board of Directors, and Executive Board of Directors and

manages all external affairs on behalf of the Company. If the Chairman takes a leave of absence or is unable to exercise his functions and powers for some reason, the Vice Chairman shall act as his agent; if, however, the Chairman fails to designate his agent, the Managing Directors shall appoint one Managing Director to act as the agent.

Article 20 The Company's business policy and other material issues shall be determined by the Board of Directors. Shareholders' meeting shall be convened and chaired by Chairman. If the meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are more than one person with the authority to convene, the chairperson for the meeting shall be appointed from among them.

The convening notice of board meeting shall be produced and distributed in electronic form.

Article 21 Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the Directors present at a meeting attended by at least a majority of the Directors holding office.

Article 22 Directors shall personally attend board meetings. However, if a Director is unable to attend a board meeting, he/she may appoint another Director to serve as proxy to attend the meeting by submitting a proxy form specifying the scope of delegation. However, a Director may only serve as a proxy for one other Director. If participation by means of video conferencing is made available at a meeting, Directors who participate in the meeting by such means shall be deemed to have attended such meeting in person.

Article 23 For each Board of Directors Meeting, minutes must be drawn up that include the year, month, day, venue of the meeting, chairman's name and resolution method and matter. The meeting chairman must affix his/her signature or seal to the minutes, which must be sent to all Directors within twenty days from the meeting.

The meeting minutes shall be retained for as long as the Company is in existence.

Article 24 Remuneration paid to the Chairman, Directors and Supervisors shall be determined by the Board of Directors based on the degree of their participation in and contributions to the business operations of the Company, as well as industry standards at home and abroad.

## Chapter 5 Supervisor

- Article 25 The Company designates two Supervisors, who take office for three years. The Supervisors are elected from those with capacity for act and can be reelected upon the expiration of office term. The total sum of all registered shares held by all Directors and Supervisors shall not be less than that as specified in “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” from the regulatory authority.
- Article 26 Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, inspect the accounting books and documents, and request the Board of Directors or managerial personnel to make reports thereon.
- Article 27 For various statements of shareholders’ meeting prepared and submitted by the Board of Directors, the Supervisors shall check the book investigation report opinion and submit it to the shareholders’ meeting.
- Article 28 The Supervisors can attend board meeting without voting rights.
- Article 29 The remuneration provision applies to the Supervisors.

## Chapter 6 Manager

- Article 30 The Company designates general manager, vice general manager and assistant manager according to business needs, who shall handle all the Company’s affairs in accordance with Chairman’s instruction and board resolution. The appointment, dismissal and remuneration of aforesaid perpsonnel shall be governed by Article 29 of the Company Act.

## Chapter 7 Finance

- Article 31 The Company's accounting period begins from January 1 and ends on December 31 each year. Upon closing of each fiscal year, the Board of Directors shall prepare the following documents and shall forward the same to the Supervisors for review no later than thirty days prior to the date of the annual general shareholders’ meeting:
- I. Business Report
  - II. Financial Statements
  - III. Proposals for Earnings Distribution or Deficit Coverage.
- Article 31-1 If the Company has earnings, it shall set aside more than 1% of pre-tax interest for employees’ remuneration and 1% or below remuneration to Directors and Supervisors. When there are accumulated losses, the Company shall retain the covered amount in advance. Independent Directors shall not participate in the preceding remuneration distribution.

## Article 32

For any earnings in the annual account, the Company shall extract and pay taxes and cover the accumulative deficit for the previous year first as per laws; next, extract the 10% statutory surplus reserve and calculate the accumulative undistributed earnings after adding the undistributed earnings at the beginning of period; then, extract or reserve special surplus reserve as per laws, which shall serve as the distributable earnings of current year. Board of Directors shall prepare the earning distribution scheme and submit it to Shareholders' meeting for resolution

Since the Company's enterprise lifecycle is at the nature stage, but the industrial environment may vary with other external factors; the Company will still expand domestic and foreign markets actively for further growth, the Company, while distributing earnings, shall discuss our future capital demand, tax system and influence on shareholders, besides considering the actual earnings first; with the goal of keeping dividends steady, decide the dividend distribution. The dividends may be distributed either in cash or by stocks, but the distribution ratio shall not be higher than 50% of the total divided amount. Board of Directors shall prepare the distribution scheme and make resolution according to the Company Act.

The Company shall distribute earnings or offset deficit at the end of a half of accounting year. The proposal of the first half of the fiscal year or deficit offset submitted along with the business report and financial statement to the Audit Committee for reviewed and approved by the Board of Directors.

In distributing earnings as mentioned above, the Company shall first forecast and reserve the taxes payable, lawfully offset losses or set aside legal reserves or special reserves. In case of any surplus, the surplus and the opening accumulated undistributed earnings shall be accounted as distributable earnings. However, this provision shall not apply if such legal reserves amount to the total capital of the Company.

In distributing surplus earnings according to the foregoing Paragraph 3 by issuing new shares, the Company shall follow the Company Act. To distribute surplus earnings in cash, it shall be approved by the Board of Directors.

## Chapter 8 Supplementary Provisions

### Article 33

Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and other relevant laws and regulations.

### Article 34

Board of Directors shall determine the Company's organization regulations and affairs handling rules separately.

## Article 35

The Articles of Incorporation were erected on Jul. 17, 1961; the 1st amendment took place on Dec. 25, 1961; the 2nd amendment took place on Mar. 31, 1965; the 3rd amendment took place on Jun. 16, 1966; the 4th amendment took place on Nov. 20, 1966; the 5th amendment took place on Sep. 16 1967; the 6th amendment took place on Oct. 16, 1968; the 7th amendment took place on May 26, 1969; the 8th amendment took place on Aug. 14, 1970; the 9th amendment took place on Apr. 18, 1971; the 10th amendment took place on Apr. 16, 1972; the 11th amendment took place on Apr. 15, 1973; the 12th amendment took place on Dec. 25, 1973; the 13th amendment took place on Apr. 7, 1964; the 14th amendment took place on Mar. 29, 1977; the 15th amendment took place on Mar. 5, 1978; the 16th amendment took place on Feb. 25, 1979; the 17th amendment took place on Mar. 23, 1980; the 18th amendment took place on Mar. 15, 1981; the 19th amendment took place on Mar. 21, 1982; the 20th amendment took place on Mar. 20, 1983; the 21st amendment took place on Mar. 25, 1984; the 22nd amendment took place on Mar. 23, 1986; the 23rd amendment took place on Mar. 22, 1987; the 24th amendment took place on Mar. 27, 1988; the 25th amendment took place on Mar. 24, 1991; the 26th amendment took place on Mar. 26, 1992; the 27th amendment took place on Mar. 26, 1993; the 28th amendment took place on Mar. 26, 1994; the 29th amendment took place on Mar. 24, 1995; the 30th amendment took place on Jun. 5, 1999; the 31st amendment took place on Jun. 7, 2000; the 32nd amendment took place on Jun. 20, 2001; the 33rd amendment took place on Jun. 21, 2002; the 34th amendment took place on May 28, 2004; the 35th amendment took place on May 27, 2005; the 36th amendment took place on Jun. 6, 2006; the 37th amendment took place on Jun. 19, 2009; the 38th amendment took place on May 27, 2011; the 39th amendment took place on Jun. 6, 2012; the 40th amendment took place on May 20, 2013; the 41st amendment took place on Nov. 19, 2014; the 42nd amendment took place Jun. 22, 2016; the 43rd amendment took place on Jun. 20, 2017; the 44th amendment took place on Jun. 28, 2019; the 45th amendment took place on Jul. 7, 2021.

## **Annex II Rules of Procedure for Shareholders Meeting of Sanyang Motor Co., Ltd.**

- Article 1 Unless otherwise prescribed by relevant laws and ordinances or the Company's Articles of Incorporation, the Company's rules of procedure of shareholders' meeting shall be subject to these rules.
- Article 2 The Company's notice of meeting shall include the time of registration of accepting shareholders, place of registration office and other matters needing attention. The time of registration of accepting shareholders described in the preceding paragraph shall be completed at least 30 min ahead of the meeting. There should be explicit sign at the registration office and sufficient competent personnel should be assigned.
- Shareholder or shareholder's agent shall attend shareholders' meeting by official attendance certificate, sign-in card or other attending certificates. The agent shall also carry along ID card for verification.
- A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person.
- Article 3 The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
- Article 4 The shareholders' meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.
- Article 5 The shareholders' meeting shall be convened by Board of Directors and duly chaired by the Chairman. In the Chairman's absence or unavailability due to any reason, the Vice Chairman shall chair the meeting on his behalf. In the event that the Vice Chairman is absent or unavailable as well, the Chairman shall, in advance, appoint a Director to act in his place. In the event that the Chairman does not appoint an agent, one Director shall be elected from among themselves to act in his place.
- Where the aforesaid chairperson is a Managing Director or Director agent, it shall have held office for at least six months and be familiar with the financial and business condition of the Company. The same requirements shall apply if the chairperson for the meeting is a Director representative of a juristic person.
- Where shareholders' meeting is convened by a person with the authority to

convene other than the Board of Directors, such person shall act as the chairperson at that meeting; if there are two or more persons with the authority to convene, the chairperson for the meeting shall be appointed from among them.

Article 6 The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in a shareholders' meeting as an observer.

Staff at the shareholders' meetings shall wear ID badges or arm badges.

Article 7 The Company shall record the registration, meeting progress and vote casting and counting of shareholders' meeting in its entirety through continuous audio and videotape, the meeting proceedings, voting, and counting the ballots and keep records for at least one year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.

Article 8 The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the meeting is still attended by shareholders representing less than 1/3 of the total issued shares, it shall be recognized as a false resolution according to Item 1, Article 175 of the Company Act.

In the event that the total number of shares represented by attending shareholders reaches the half of the total issued shares before that same shareholder meeting is adjourned, the chairperson shall submit the resolution having been recognized as a false one to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.

Article 9 The agenda for the shareholders' meeting shall be set by the Board of Directors and relevant proposals (including extempore motion and revision to original proposal) shall be voted case by case if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda by board of shareholders.

The preceding paragraph shall apply mutatis mutandis to the shareholders' meeting convened by any person, other than the Board of Directors, with the authority to convene such meeting.

In respect of the scheduled agenda referred to in the preceding two paragraphs, the chairperson may not, absent a resolution, unilaterally announce the adjournment of the meeting before all of the items on the scheduled agenda have been resolved (including extempore motion).

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such meeting at the same location or seek an alternative venue.

Article 10

Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its speech main idea, shareholder's account number (or the attendance ID number) and the account name of the shareholder, so that the chairman could determine the speaking order.

After setting down the speech main idea in preceding a slip of paper, the shareholder shall announce it at the public position of venue of the meeting, and chairperson will determine the speed order. In case of any inconsistency between the shareholder's speech and record in the slip of paper, the former shall apply. The chairperson shall not adjourn the meeting without discussion or voting if the contents of the shareholder's speech are amendments, substitutions, provisional motions or other proposals.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

Article 11

On the same issue, each shareholder shall not take the floor more than twice and shall not speak for more than five minutes for each time, unless agreed upon by the chairperson.

The chairperson may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 12

In the event that a juristic (corporate) person is entrusted to participate in a shareholders' meeting, that juristic (corporate) person may appoint only one representative to participate in the meeting.

In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholders' meeting, only one representative may speak for the same issue.

Article 13

After a shareholder speaks on the floor; the chairperson may answer either by himself or herself or through a designee.

Article 14

Where the chairperson believes an issue has been discussed in the meeting up to

the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote.

Article 15 The person(s) supervising the casting of the ballots and the person(s) counting the ballot(s) are designated by the chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder.

The voting results shall be announced at the meeting and recorded. The counting of votes or election motions at shareholders' meeting shall be handled publicly on spot, and the results of the voting or election, including the counted power, the list of elected Directors and their elected power, shall be announced on spot and recorded.

Article 16 During the process of the meeting, the chairperson may announce a recess at an appropriate time.

Article 17 Unless otherwise provided for in law and the Company's articles of incorporation, decisions at the shareholder meeting shall be resolved by a majority vote of the shareholders attending the meeting. A decision, if no objection is raised upon the chairperson's inquiry, shall be deemed having been passed, and the effect shall be the same as that of voting.

Article 18 In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

Article 19 The chairperson may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear arm badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

Article 20 The meeting minutes shall be signed or sealed by the chair of the shareholders' meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, chairperson's name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistics weight); in case of selecting Directors and Supervisors, it shall disclose the number of votes

of each candidature. The meeting minutes shall be retained for as long as the Company is in existence.

Article 21

The Rules were enacted on Mar. 26, 1994; the 1st amendment took place on Jun. 4, 1998; the 2nd amendment took place on Jun. 21, 2002; the 3rd amendment took place on Jun. 6, 2012; the 4th amendment took take place on May 20, 2013; the 5th amendment took place on Jun. 20, 2017; the 6th amendment took place on Jul. 7, 2021.

## Annex III Shareholding of All Directors

- I. As of Apr. 25, 2022, total 797,639,604 shares had been issued.
- II. The statutory number of shares held by all Directors: 25,524,467 shares
- III. As of the ownership stop date of this general shareholders' meeting, number of shares held by all Directors had been 63,932,240.
- IV. Table for Number of Shares Held by All Director Individuals is as follows:

### Sanyang Motor Co., Ltd.

#### Register of Directors

Benchmark date: Apr. 25, 2022

Position	Name	Shareholding while elected		Current Shareholding	
		Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Chairman	Ching-Yuan Wu	20,126,240	2.36%	20,126,240	2.52%
Vice Chairman Director	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu Li-Hsi Jiang	29,181,000	3.42%	29,181,000	3.66%
Managing Director Independent Director	Chung-Chuan Shih	-	-	-	-
Director Director Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang Ren-Hao Tien Te-Ching Zhang	14,625,000	1.71%	14,625,000	1.83%
Independent Director	Chien Chiang	-	-	-	-
Independent Director	Chih-Hung Hsieh	-	-	-	-
Total number of shares held by Directors		63,932,240	7.49%	63,932,240	8.02%