

Hota Industrial Mfg. Co., Ltd.

2022 Annual General Shareholders' Meeting - Minutes

Time: 09:00am, Wednesday, June 8, 2022

Venue: No. 12, Keya Rd., Daya Dist., Taichung City 428203, Taiwan (R.O.C.)

Number of shares present: Total shares represented by shareholders and proxy present 165,024,266 shares, which is 59.03% of the company's total outstanding shares, 279,517,513 shares.

Directors present: Sheng, Kuo-Jung, Lin, Yen-Huey, Huang, Feng-Yih, Kao Fong Machinery (Representative: Sheng, Chien-Chih), Hao-Qing Investment (Representative: Sun, Yong-Lu), Cheng, Wen-Zheng (Independent Director), Liu, Zheng-Huai (Independent Director)

Attendees: Mu Yang International Law Firm (lawyer Tsai Chi-Lung) 、PricewaterhouseCoopers Taiwan (CPA Wu, Sung-Yun)

Chairman: Sheng, Kuo-Jung

Minutes taker: Chen, Chang-Yuan

- I 、 Meeting called to order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.
- II 、 Chairman's Address: (Omitted)
- III 、 Reports items:
 - (i) 、 Operation Report of the Year 2021, please refer to Appendix 1.
 - (ii) 、 Review Report for the financial final accounts of the Year 2021 by the Audit Committee, please refer to Appendix 2.
 - (iii) 、 The Company's 2021 Employees' Compensation and Directors' Compensation are distribution as follows:
 - (1) Employees' Compensation: NTD 8,500,000.
 - (2) Directors' Compensation: NTD 3,600,000.
 - (3) All the above will be paid in cash.

IV 、 Matters for Ratification

Proposal 1

(Proposed by the board of directors)

Proceedings: Ratification for the financial final accounts of the Year 2021.

Explanation: The Company's consolidated financial statements, individual financial statements, and business reports of the Year 2021 have been prepared, approved by the Company's board of directors, and completely verified by accountants Wu Songyuan and Xu Jianye of PwC Taiwan, reviewed by the Audit Committee, and submitted for ratification, please refer to Appendix 3.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 163,131,594.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	160,446,445 (69,759,576)	41,008 (41,008)	2,644,141 (2,383,141)
% of the total represented share present	98.35%	0.03%	1.62%

Proposal 2

(Proposed by the board of directors)

Proceedings: Ratification of the earning distribution of the Year 2021.

Explanation:

1. The net profit after tax of the Company's business final accounts of the Year 2021 is NT\$341,822,734, and the distribution shall comply with the Company Act and the provisions of Article 27-1 and Article 28 of the Company's Articles of Incorporation.
2. The earning distribution proposal is based on the allocation of NT\$381,541,405 from the distributable retained earnings. According to the shareholder's shareholding recorded in the shareholder register on the base date of the distribution, a cash dividend of NT\$1.365 per common share, rounded down below one NT dollar; the total of the abnormal amount is included in the Company's other income.
3. If the proposal subsequently affected against the number of outstanding shares due to the purchase of treasury shares, the transfer and cancellation of treasury shares, the exercise of conversion of convertible corporate bonds, and the exercise of employee stock option certificates, etc., and changes the dividend rate of shareholders, the shareholders may fully authorize the chairman of the board to handle after the ratification of the proposal is confirmed.
4. After this proposal is ratified by the shareholders' meeting, the chairman may be authorized to set the ex-dividend base date, issuance date, and other related matters.
5. The distribution table for the year 2021, please refer to Appendix 4.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 163,131,594.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	160,420,948 (69,734,079)	67,280 (67,280)	2,643,366 (2,382,366)
% of the total represented share present	98.34%	0.04%	1.62%

V 、 Matters for Discussion

Proposal 1

(Proposed by the board of directors)

Proposal: Approved amendments of “Regulations Governing the Acquisition and Disposal of Assets”.

Explanations: The Company has made amendments to its “Procedure for the Acquisition and Disposal of Assets” in accordance with Order Financial-Supervisory-Securities-Corporate-1110380465 by the Financial Supervisory Commission, please refer to Appendix 5.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 163,131,594.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	160,044,164 (69,357,295)	40,080 (40,080)	3,047,350 (3,047,350)
% of the total represented share present	98.11%	0.02%	1.87%

VI 、 Extempore motion

VII 、 Adjournment: meeting ended at 10:14 am, June 8, 2022.

(Appendix 1)

A. Operation Report of the Year 2021

1. Execution Results of the Business Plan:

Unit: New Taiwan Dollar, thousand

Item	Year 2021		Year 2020	
	Amount	%	Amount	%
Operation Revenue	6,686,364	100	5,211,042	100
Operation Costs	(5,004,701)	(75)	(4,038,224)	(78)
Operation Margin	1,681,663	25	1,172,818	22
Operation Expenses	(1,230,031)	(18)	(776,207)	(15)
Operation Net Profit	451,632	7	396,611	7
Non-operating income and expenses	(47,832)	(1)	(72,563)	(1)
Net profit before tax	403,800	6	324,048	6
Income Tax Expense	(63,157)	(1)	(38,488)	—
Net Income after tax	340,643	5	285,560	6
Net income attributable to stockholders of the parent company	341,823	5	286,094	6
Net income attributable to non-controlling interests	(1,180)	—	(534)	—

2. Analysis of Profitability:

Item		Year 2021	Year 2020
Return on Assets (%)		2.09	2.10
Return on Equity of Shareholders (%)		4.50	4.38
Ratio to Paid-in Capital (%)	Operation Net Profit	16.16	15.58
	Net Income after tax	14.45	12.73
Net Profit Ratio (%)		5.09	5.48
Earnings per share(Not been retrospective adjusted)		1.23	1.12

3. Status of Research and Development:

1. The development results of Research & Development department in the last three years as follows:

- (1) Differential assembly.
- (2) Automatic and Tiptronic transmission components.
- (3) Torque conversion system parts.
- (4) Planetary gear set of Continuously Variable Transmission (CVT) gearbox.
- (5) Heavy locomotive gearbox and transmission components.
- (6) Gearbox parts for large agricultural machinery.
- (7) Precision mechanical reducer.
- (8) Gear hobbing machine, optical measuring instrument, gear scraping machine, chamfering machine.
- (9) All-Terrain vehicles (ATV) and electric scooters.
- (10) Electric vehicle gearbox components.
- (11) Gear rotation measuring instrument.

(12) Aerospace parts.

2. Major topics for future Research and Development

In recent years, the Company has worked hard towards product differentiation and market segmentation, committed to the development of high value-added products, and continued to invest in the design, research and development of green energy vehicle-related components to maintain its competitive advantage in the market and stabilize customers' relationships and their orders. In response to industrial upgrade and business expansion, the Company has successively purchased high-precision machinery and inspection equipment, cultivated R&D and design talents, invested in new product research and development, introduced smart manufacturing technology, and shortened research and development time to meet customer needs.

The focus of this year's research and development is to extend the previous year's results, to develop transmission systems for various vehicles, and to develop precision gears and transmission shafts required for green energy, environmentally friendly vehicle reducers.

The scheduled research and development products are as follows:

- (1) American automobile automatic transmission components.
- (2) American automobile torque conversion system components.
- (3) New gearbox components for European high-end heavy locomotives.
- (4) Oil pump gear of American industrial machinery.
- (5) Gearbox parts of American Agricultural and Construction Machinery.
- (6) US patented Limited Slip Differential (LSD).
- (7) European series CVT components.
- (8) Air compressor components for truck brake system
- (9) Gear hobbing machine, gear scraping machine, chamfering machine.
- (10) All kinds of ATVs, electric scooters and medical assistance vehicles.
- (11) American electric vehicle gearbox components and their assembly.
- (12) Bevel gear and bevel gear differential assembly.
- (13) Planetary gear set of hybrid transmission.
- (14) Gear intelligent production integration technology.
- (15) Electric vehicle high-efficiency power transmission system assembly.
- (16) Aerospace parts.

4. Business Plan outline of the Year 2022:

1. Management Guideline:

- (1) Improve quality system and strengthen quality management:

Nowadays, major automobile manufacturers are constantly improving in terms of precision and quality requirements. Therefore, in the Quality system and management, the Company reinforces the training of quality control personnel and

prosecutes the management of suppliers, to assure product quality. Reducing the occurrence of internal defect and complaints from the external customers, it shall stabilize existing customers and establish a long-term good relationship with them.

(2) Improve technical capabilities to meet customer requirements:

Main customers of the Company have been European and American automobile factories, and first-tier system factories for a long time, especially in the parts of electric vehicles, and the precision requirements have been continuously improved. Therefore, the Company has not only upgraded and improved the equipment for production and inspection but also reinforced the training of operators on the assembly lines and of supervisors' capabilities for management to continue the excellence of technical research and development and meet the needs of customers.

(3) Actively strive for cooperation opportunities with well-known foreign car manufacturers

The Company continues to strive for more long-term cooperation opportunities with foreign automobile component manufacturers, automotive manufacturers, and emerging manufacturers of electric vehicles. With excellent quality and professional research and development technology, the Company seeks strategic alliances and technical cooperation opportunities with major transmission manufacturers, automobile manufacturers and electric vehicle manufacturers.

(4) Promote Productivity 4.0:

The new Dapumei factory in Chiayi County first promotes the smart manufacturing production model. In addition to purchasing automated and semi-automated machines and advanced inspection equipment, it plans to gradually implement smart automated production and inspection, which will assure quality, reduce labor costs, and improve production efficiency, furthermore optimizing its competitive edge in the industry and technical transformation.

2. Production and Marketing policy

(1) Strengthen the Company's research and development capabilities, provide customers with collaborative design services, prosecute the current IATF16949 quality certification system, improve business physique, and gradually promote toward Productivity 4.0, MES for manufacturing process and BI reports management. Meanwhile, the Company reinforces several quick response mechanisms including Total Quality Management activities (TQM), Lean Manufacturing (TPS), and Quality System Basics (QSB), and focuses on intense contact with customers to improve customer satisfaction.

(2) Implement corporate social responsibility, demonstrate the spirit of sustainable business operations, continue to follow the ISO 14001 and ISO 45001

environmental safety and health certification systems, improve workplace environmental safety and health, and respond to environmental protection, energy conservation and carbon reduction issues, and strengthen the implementation of ISO 14064 greenhouse gas inventory review, ISO 14067 carbon footprint certification.

- (3) In response to the global topic of Net Zero carbon emission and the massive development trend of electric vehicles and smart driving by various automakers, with abundant experience and technology, actively strive for relevant types of customers in various regions, design and develop collaboratively with them to expand the market of reducer components for electric vehicles.
- (4) To transmission components, differentials, torque conversion systems, planetary gear sets, and other transmission components for existing automobile manufacturers, in addition to continuously improving quality and reducing costs, increasing the Company's competitiveness, and then strive existing customers' orders from different regions in the world to expand the global market.

3. Future development strategy:

- (1) The development of Taiwan's automobile components is deeply influenced by the foreign automobile industry. From the perspective of the global consumer market, the Company continues to actively expand into the European, American, Chinese, and Emerging markets. However, in terms of energy conservation and carbon reduction, smart cars and electric vehicles are the focus of future vehicle development. Therefore, the Company must actively strive for major potential electric vehicle customers of related nature for collaborative development and cooperation to create new business opportunities.
- (2) Actively strive to cooperate and synchronize research and development with major international automobile manufacturers, transform for producing all-around systematic component assembly, thereby reducing the vicious competition of single-piece parts with simple manufacturing processes, to enhance profitability. It should be helpful for the Company's revenues and profits.
- (3) Continue to promote the joint research of high-tech R&D projects with industry, government, academia, and research; also local industry-academic cooperation to cultivate R&D and manufacturing talents. In addition to assisting in industrial upgrading, it can also fuel new R&D and manufacturing for the long term, and support the Company to utilize current patents to high-value-added systematic products.
- (4) In line with the government's "Our aircrafts manufactured by our own" policy,

the Company has passed the AS 9100 aerospace system certification which officially obtained the entry ticket to participate in the aerospace industry. It is hoped that the Company's core technology of automotive precision manufacturing can also be applied to the aerospace technology field, and adds new elements to the Company's product diversification.

4. Impacts by the external competition, the legal environment and the overall economics:

- (1) As countries are paying close attention to the global greenhouse effect caused by automobile exhaust gas, hybrid and electric vehicle products, new automobile companies have successively entered this market, it is nothing more than to produce environment-friendly vehicles with lower prices and higher quality. Hota industrial manufacturing is a professional manufacturer of transmission parts. In addition to providing technical services closer to customer needs, the Company enhances its competitiveness in the global energy-saving vehicle market and contributes to the automotive industry and the Net Zero carbon emission.
- (2) Due to the events in the recent two years including overall issue with regards to worldwide deficiency of orders, materials, sea-freight containers, labor, etc. as a result of impacts by Novel Coronavirus Pneumonia (COVID-19) as well as the influences on the global economy and inflation in exchange rate resulting from the war, the Company shall take grasps on the rapid changes of customers and markets. For the global auto parts, related industries intelligence, and domestic and foreign laws and regulations must be continuously collected to cope with various operational risks in the future.

In the end, I would like to express my sincere gratitude to all shareholders for their long-term support and encouragement. Wish all shareholders healthy and everything as your heart wishes.

Chairman of the Board:
SHEN, GUO-RONG

General Manager:
CHEN, JUN-ZHI

Accounting Supervisor
CHEN, CHANG-YUAN

Audit Committee's Review Report

The board of directors has prepared and submitted the Company's Business Report, Financial Statements, and Proposal for Earnings Distribution of the Company for the year 2021. PwC Taiwan has also audited the financial statements and issued the auditors' report. The Business Report, Financial Statements, and Proposal for Earnings Distribution of the Company for the year 2021 have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to the Securities and Exchange Act and the Company Act, we hereby submit the report for ratification.

Hota Industrial MFG. Co., Ltd.

Convener of the Audit Committee: Zheng, Wen-zheng

March 16, 2022

Hota Industrial Manufacturing Company Limited

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Hota Industrial Manufacturing Company Limited as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Hota Industrial Manufacturing Company Limited and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Company : Hota Industrial Manufacturing Company Limited

Chairman : SHEN, GUO-RONG

March 16, 2022

Independent Auditor's Report
(111) Ministry of Finance approved No.21004946

The Board of Directors and Shareholders
Hota Industrial Manufacturing Company Limited

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, according to our audit result and audit reports from other accountants (please refer to "Others" section), the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by the Securities Issuers and the International Reporting Standards (IRFS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters December 31, 2021 and 2020,

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Cut-off date for international export income

Notes

With regard to the accounting policy on income recognition, please refer to Note 4 (29) of the consolidated financial report.

The Group mainly focused on the manufacturing and trading of related products for vehicle transmission parts. The main source of sales income is international export sales. Sales to customers involve different types of trading conditions. However, the Group recognize the sales revenue immediately after shipment. At the end of each period, ownership of the products that has not been transferred to the buyer due to the failure of the agreed trading conditions and the control of the product has not been transferred to the buyer. Because the data collection that does not meet the sales revenue recognition conditions involves a high degree of manual judgment and operation, the accountant has included the cut-off date of the export sales revenue as a significant review item.

Corresponding verification procedures

The accountants respond to above notes and take procedures for the specific aspects and procedures are summarized as follows:

1. Understand and evaluate the operating procedures and internal controls of the Company sales transactions, and test the controls.
2. Perform a cut-off test for sales transactions within a certain period before and after the end of the financial report, and confirm that revenue is recognized in the appropriate period.

Inventory allowance falling price and sluggish loss evaluation

Notes

With regard to inventory accounting policies, please refer to Note 4 (14) of the consolidated financial report. For important accounting estimates and assumptions for inventory evaluation, please refer to Note 5 (2) of the consolidated financial report. Please refer to Note 6 (6) of the consolidated financial report for the description of the inventory allowance loss. The Group's inventory and inventory allowance losses as of December 31, 2021 were NT\$3,161,905 thousand and NT\$105,119 thousand, respectively.

The Group is mainly engaged in the manufacturing and trading of automotive transmission parts related products. Due to the fierce competition in the automotive transmission parts market, there is a high risk of inventory falling-price loss or outdated price loss. The inventories of the Group are measured by cost and net realizable value. For inventories that are older than a certain period of age and those that are respectively identified as obsolete, provision is made for depreciation losses based on the degree of inventory depletion. The net realizable value used to evaluate obsolescence often involves subjective judgments and therefore a high degree of uncertainty in estimation exists. Considering the Group's inventory and its allowance for depreciation losses have a significant impact on the financial statements. The accountant believes that the Group's inventory depreciation loss evaluation is one of the most important items in this year's audit.

Corresponding verification procedures

The accountants respond to above notes and take procedures for the specific aspects and procedures are summarized as follows:

1. Understand and evaluate the inventory allowance for depreciation losses, the operating procedures and internal controls mentioned. And then test the controls.
2. Review the annual inventory-check plan and participate in the annual inventory check to evaluate the management's control of outdated inventory.
3. The policy for the provision of allowances for inventory evaluation losses is consistently adopted and the rationality of the provision policy is evaluated during the period of comparing the financial statements.
4. Obtain the inventory age reports to check the inventory items to test the accuracy of the inventory age calculation logic and information.
5. Regarding the estimated net realizable value of the inventory items, discuss with the management and obtain supporting documents, and then evaluate the rationality of the inventory allowance evaluation loss.

Other matters-adopting other accountant's audit reports

The Group's consolidated financial statements adopt equity method for investee companies whose financial statements have not been checked by this accountant, but by other accountants. Therefore, in the opinions expressed by this accountant on the above consolidated financial statements, the amounts listed in the financial statements of these companies are based on the audit reports of other accountants. The amount of investment using the equity method on December 31, 2021 and December 31, 2020 were NT\$314,127 thousand and 319,885 thousand, respectively, accounting for 1.49% and 1.74% of the total assets respectively. From January 1st to December 31st 2021 and from January 1st to December 31st 2020, the comprehensive profits recognized by the equity method were NT\$19,378 thousand in losses and NT\$2,398 thousand in losses, respectively, each accounting for 5.93% and 0.78% of comprehensive profit and loss.

Other matters – individual financial reports

Hota Industrial Manufacturing Company Limited has prepared its financial statements for the years ended December 31, 2021 and 2020, and we have issued an unqualified audit report thereon for your information.

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

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

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

Those charged with governance (including members of the audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

P r i c e w a t e r h o u s e C o o p e r s T a i w a n

Wu, Song-yuan

CPA

Xu, Jian-ye

Financial Supervisory Commission

Approved-certified No.: 1090350620Financial Supervisory
1050035683

March 16, 2022March 16, 2022March 16,
2022March 16, 2022

Hota Industrial Manufacturing Company Limited and Subsidiaries

Consolidated Balance sheet

2021 and 2020 December 31

(In Thousands of New Taiwan Dollars)

ASSETS			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 947,910	4	\$ 795,667	4
1120	Financial assets at fair value through other comprehensive income – current	6(2)	126,799	1	120,506	1
1136	Financial assets at amortized cost – current	6(3), 8	33,872	-	89,557	-
1150	Notes receivable	6(4)	50,462	-	18,537	-
1170	Accounts receivable	6(4), 7(2)	2,641,013	13	2,215,079	12
1200	Other receivables	6(5)	121,713	1	113,358	1
130X	Inventories	6(6)	3,056,786	14	1,898,027	10
1470	Other current assets		265,115	1	158,726	1
11XX	Total current assets		7,243,670	34	5,409,457	29
NONCURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income – noncurrent	6(2)	59,513	-	64,416	-
1535	Financial assets at amortized cost – noncurrent	6(3), 8	32	-	32	-
1550	Investments accounted for using equity method	6(7), 8	318,564	2	323,357	2
1600	Property, plant and equipment	6(8), 8	12,765,015	61	11,540,853	63
1755	Right-of-use assets	6(9)	304,088	1	317,045	2
1760	Investment property, net	6(11)	30,387	-	-	-
1780	Intangible assets		6,693	-	7,034	-
1840	Deferred income tax assets	6(30)	62,159	-	63,343	-
1900	Other noncurrent assets	6(12), 8	313,498	2	625,638	4
15XX	Total noncurrent assets		13,859,949	66	12,941,718	71
1XXX	TOTAL		\$ 21,103,619	100	\$ 18,351,175	100

(continue in next page)

Hota Industrial Manufacturing Company Limited and Subsidiaries

Consolidated Balance sheet

2021 and 2020 December 31

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(13)	\$ 1,320,339	6	\$ 2,088,753	11
2110	Short - term notes and bills payable	6(14)	1,260,000	6	600,000	3
2130	Current contract liabilities		244	-	-	-
2150	Notes payable		921,500	5	431,512	2
2170	Accounts payable		1,104,467	5	578,527	3
2200	Other payables	6(15), 7(2)	864,227	4	437,713	3
2230	Income tax payable	6(30)	65,160	-	42,974	-
2280	Lease liabilities – current	6(9), 7(2)	19,083	-	18,363	-
2320	Long-term liabilities due within one year or business cycle	6(16)	1,159,609	6	2,156,481	12
2399	Other current liabilities		18,749	-	71,967	1
21XX	Total current liabilities		6,733,378	32	6,426,290	35
NONCURRENT LIABILITIES						
2540	Long-term loans	6(16)	5,173,125	25	5,042,695	28
2570	Deferred income tax liabilities	6(30)	46,666	-	54,357	-
2580	Lease liabilities – noncurrent	6(9), 7(2)	247,554	1	257,476	1
2600	Other noncurrent liabilities	6(18)	158,768	1	163,314	1
25XX	Total noncurrent liabilities		5,626,113	27	5,517,842	30
2XXX	Total liabilities		12,359,491	59	11,944,132	65
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
	Capital stock	6(20)				
3110	Common stock		2,795,175	13	2,545,175	14
	Capital surplus	6(21)				
3200	Capital surplus		3,833,804	18	1,906,479	10
	Retained earnings	6(22)				
3310	Appropriated as legal capital reserve		689,651	4	660,162	4
3320	Appropriated as special capital reserve		48,236	-	48,236	-
3350	Unappropriated earnings		1,316,593	6	1,227,622	7
	Others	6(23)				
3400	Others		(60,354)	-	(35,116)	-
31XX	Equity attributable to shareholders of the parent		8,623,105	41	6,352,558	35
36XX	NON-CONTROLLING INTERESTS		121,023	-	54,485	-
3XXX	Total equity		8,744,128	41	6,407,043	35
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
3X2X	Total liabilities and equities		\$ 21,103,619	100	\$ 18,351,175	100

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with these consolidated financial statements.

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited and Subsidiaries
Consolidated Statements of Comprehensive Income
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)
(Except for earnings per share of New Taiwan dollars)

ITEM	NOTE	2021		2020	
		Amount	%	Amount	%
4000 OPERATING REVENUE	6(24), 7(2)	\$ 6,686,364	100	\$ 5,211,042	100
5000 COST OF REVENUE	6(6)(29), 7(2)	(5,004,701)	(75)	(4,038,224)	(78)
5900 GROSS PROFIT		<u>1,681,663</u>	<u>25</u>	<u>1,172,818</u>	<u>22</u>
Operating expenses	6(29)				
6100 Sales and marketing expenses		(902,982)	(13)	(476,031)	(9)
6200 General and administrative expenses		(209,169)	(3)	(185,456)	(4)
6300 Research and development		(113,808)	(2)	(108,631)	(2)
6450 Expected credit losses	12(2)	(4,072)	-	(6,089)	-
6000 Total operating expenses		(1,230,031)	(18)	(776,207)	(15)
6900 INCOME FROM OPERATIONS		<u>451,632</u>	<u>7</u>	<u>396,611</u>	<u>7</u>
NON- OPERATING INCOME AND EXPENSES					
7100 Interest income	6(25)	949	-	4,803	-
7010 Other income	6(26)	101,135	1	110,810	2
7020 Other gains and losses	6(27)	(59,227)	(1)	(78,516)	(1)
7050 Finance costs	6(28)	(89,916)	(1)	(108,291)	(2)
7060 Share of profits of associates	6(7)	(773)	-	(1,369)	-
7000 Total non-operating income and expenses		(47,832)	(1)	(72,563)	(1)
7900 INCOME BEFORE INCOME TAX		403,800	6	324,048	6
7950 INCOME TAX EXPENSE	6(30)	(63,157)	(1)	(38,488)	-
8200 NET INCOME		<u>\$ 340,643</u>	<u>5</u>	<u>\$ 285,560</u>	<u>6</u>

(continue in next page)

Hota Industrial Manufacturing Company Limited and Subsidiaries
Consolidated Statements of Comprehensive Income
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)
(Except for earnings per share of New Taiwan dollars)

ITEM	NOTE	2021		2020	
		Amount	%	Amount	%
Other comprehensive income (loss), net					
Items that will not be reclassified subsequently to profit or loss:					
8311 Remeasurement of defined benefit obligation	6(18)	\$ 5,784	-	\$ 1,667	-
8316 Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6(2)	1,677	-	16,638	-
8320 Share of other comprehensive loss of associates	6(7)(23)	(19,202)	-	4,416	-
8349 Income tax benefit (expense) related to items that will not be reclassified subsequently	6(30)	(1,147)	-	(348)	-
8310 Total items not reclassified to profit or loss		(12,888)	-	22,373	-
Items that may be reclassified subsequently to profit or loss:					
8361 Exchange differences arising on translation of foreign operations	6(23)	(8,129)	-	(8,149)	-
8367 Unrealized gain on investments in debt instruments at fair value through other comprehensive income	6(23)	1,514	-	10,321	-
8370 Share of other comprehensive loss of associates	6(7)(23)	4,031	-	(4,324)	-
8399 Income tax benefit (expense) related to items that will be reclassified subsequently	6(30)	1,383	-	2,227	-
8360 Total amount of items that may be reclassified to profit or loss in the future		(1,201)	-	75	-
8300 Other comprehensive income, net of tax		(\$ 14,089)	-	\$ 22,448	-
8500 Total comprehensive income		<u>\$ 326,554</u>	<u>5</u>	<u>\$ 308,008</u>	<u>6</u>
NET INCOME ATTRIBUTABLE TO:					
8610 Shareholders of the parent		\$ 341,823	5	\$ 286,094	6
8620 Non-controlling interests		(1,180)	-	(534)	-
Total		<u>\$ 340,643</u>	<u>5</u>	<u>\$ 285,560</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
8710 Shareholders of the parent		\$ 328,016	5	\$ 308,010	6
8720 Non-controlling interests		(1,462)	-	(2)	-
Total		<u>\$ 326,554</u>	<u>5</u>	<u>\$ 308,008</u>	<u>6</u>
Basic earnings per share	6(31)				
9750 Total		<u>\$ 1.23</u>		<u>\$ 1.12</u>	
Diluted earnings per share	6(31)				
9850 Total Diluted earnings per share		<u>\$ 1.23</u>		<u>\$ 1.12</u>	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with these consolidated financial statements.

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited and Subsidiaries

Consolidated Statements of Changes in Equity

2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

Equity Attributable to Shareholders of the Parent												
		Retained Earnings				Others						
								Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Note	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve		Treasury Stock	Total	Non-controlling Interests	Total Equity
<u>2020</u>												
BALANCE, JANUARY 1, 2020		\$ 2,549,565	\$ 1,916,204	\$ 593,292	\$ 23,850	\$ 1,533,901	(\$ 32,179)	(\$ 16,057)	\$ -	\$ 6,568,576	\$ 56,352	\$ 6,624,928
Net income		-	-	-	-	286,094	-	-	-	286,094	(534)	285,560
Other comprehensive income (loss), net of income tax	6(23)	-	-	-	-	1,360	(10,242)	30,798	-	21,916	532	22,448
Total comprehensive income in 2020		-	-	-	-	287,454	(10,242)	30,798	-	308,010	(2)	308,008
Appropriations of earnings in 2019	6(22)											
Legal capital reserve		-	-	66,870	-	(66,870)	-	-	-	-	-	-
Special capital reserve		-	-	-	24,386	(24,386)	-	-	-	-	-	-
Common stock and cash dividends to shareholders		-	-	-	-	(509,913)	-	-	-	(509,913)	-	(509,913)
Share-based payment transaction	6(19)(21)	-	20,895	-	-	-	-	-	-	20,895	-	20,895
Disposal of investments in equity instruments at fair value through other comprehensive income	6(23)	-	-	-	-	7,436	-	(7,436)	-	-	-	-
Treasury stock repurchase	6(20)	-	-	-	-	-	-	-	(35,010)	(35,010)	-	(35,010)
Decrease in treasury stock	6(20)	(4,390)	(30,620)	-	-	-	-	-	35,010	-	-	-
The investee company distributes cash dividends		-	-	-	-	-	-	-	-	-	(1,865)	(1,865)
BALANCE, DECEMBER 31, 2020		\$ 2,545,175	\$ 1,906,479	\$ 660,162	\$ 48,236	\$ 1,227,622	(\$ 42,421)	\$ 7,305	\$ -	\$ 6,352,558	\$ 54,485	\$ 6,407,043
<u>2021</u>												
BALANCE, JANUARY 1, 2021		\$ 2,545,175	\$ 1,906,479	\$ 660,162	\$ 48,236	\$ 1,227,622	(\$ 42,421)	\$ 7,305	\$ -	\$ 6,352,558	\$ 54,485	\$ 6,407,043
Net income		-	-	-	-	341,823	-	-	-	341,823	(1,180)	340,643
Other comprehensive income (loss), net of income tax		-	-	-	-	5,160	(2,715)	(16,252)	-	(13,807)	(282)	(14,089)
Total comprehensive income in 2021	6(23)	-	-	-	-	346,983	(2,715)	(16,252)	-	328,016	(1,462)	326,554
Appropriations of earnings in 2020	6(21)(22)											
Special capital reserve		-	-	29,489	-	(29,489)	-	-	-	-	-	-
Common stock and cash dividends to shareholders		-	(72,675)	-	-	(234,794)	-	-	-	(307,469)	-	(307,469)
Cash capital increase	6(20)	250,000	2,000,000	-	-	-	-	-	-	2,250,000	-	2,250,000
Disposal of investments in equity instruments at fair value through other comprehensive income	6(23)	-	-	-	-	6,271	-	(6,271)	-	-	-	-
Non-controlling interests		-	-	-	-	-	-	-	-	-	68,000	68,000
BALANCE, DECEMBER 31, 2021		\$ 2,795,175	\$ 3,833,804	\$ 689,651	\$ 48,236	\$ 1,316,593	(\$ 45,136)	(\$ 15,218)	\$ -	\$ 8,623,105	\$ 121,023	\$ 8,744,128

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with these consolidated financial statements.

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited and Subsidiaries
Consolidated Statement of Cash Flows
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

	NOTE	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 403,800	\$ 324,048
Adjustments for:			
Provided by (used in) operating activities:			
Depreciation - Property	6(8)(29)	559,415	599,821
Depreciation - Right-of-use assets	6(9)(29)	15,592	23,262
Amortization expense	6(29)	6,373	10,067
Expected credit losses	12(2)	4,072	6,089
Interest expense	6(28)	85,708	103,511
Interest expense - Lease liability	6(9)(28)	4,208	4,780
Interest income	6(25)	(949)	(4,803)
Share of profits of associates	6(7)	773	1,369
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(27)	(5,630)	(2,494)
Cash increase to retain employee subscription remuneration costs	6(19)	-	20,895
Unrealized exchange loss		37,465	10,045
Changes in operating assets and liabilities:			
Changes in operating assets			
Notes receivables		(31,967)	(15,794)
Trade receivables and trade receivables from related parties		(414,847)	39,590
Other receivables		(9,002)	(23,961)
Inventories		(1,160,392)	(12,553)
Other current assets		(106,631)	35,305
Other noncurrent assets		(15,617)	7,696
Changes in liabilities			
Notes payable		489,988	113,353
Accounts payable (related parties)		527,247	15,614
Other payables		306,051	(9,560)
Other current liabilities		(48,867)	12,880
Other noncurrent liabilities		1,230	44,215
Cash generated from operations		648,020	1,303,375
Income taxes paid		(42,627)	(109,226)
Interest received		950	4,806
Interest paid		(90,406)	(103,583)
Net cash generated by operating activities		515,937	1,095,372

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Hota Industrial Manufacturing Company Limited and Subsidiaries
Consolidated Statement of Cash Flows
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

	NOTE	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of: Financial assets at fair value through other comprehensive income – current		(\$ 1,293)	\$ -
Proceeds from disposal or redemption of: Financial assets at fair value through other comprehensive income – current		2,929	17,608
Decrease (increase) in financial assets at amortized cost		54,839	(1,112)
Acquisitions of: Financial assets at fair value through other comprehensive income – noncurrent		(7,121)	(6,503)
Investment using the equity method		(11,925)	-
Dividends received from investments accounted for using equity		1,221	2,441
Acquisitions of: Property, plant and equipment	6(32)	(1,582,254)	(1,689,681)
Proceeds from disposal or redemption of: Property, plant and equipment		197,125	10,235
Increase in intangible assets		(5,791)	(2,715)
Refundable deposits refunded		7,646	1,047
Net cash used in investing activities		(1,344,624)	(1,668,680)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(33)	(762,651)	958,281
Proceeds from short-term bills payable	6(33)	660,000	40,000
Repayment of the principal portion of lease liabilities	6(33)	(13,468)	(20,136)
Proceeds from long-term bank loans	6(33)	1,385,207	6,319,534
Repayment from long-term bank loans	6(33)	(2,238,866)	(5,909,807)
Cash capital increase	6(20)	2,250,000	-
Cash dividends	6(22)	(307,469)	(509,913)
Proceeds from Disposal of Treasury Stock	6(20)	-	(35,010)
Net cash used in financing activities		972,753	842,949
EFFECT OF EXCHANGE RATE		8,177	(829)
NET INCREASE IN CASH AND CASH EQUIVALENTS		152,243	268,812
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		795,667	526,855
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 947,910	\$ 795,667

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with these consolidated financial statements.

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

These financial statements are translated from the traditional Chinese version and are unaudited by a CPA.

Independent Auditor's Report

(111) Ministry of Finance approved No. 21004711(111) Ministry of Finance approved No.
21004711(111) Ministry of Finance approved No. 21004711(111) Ministry of Finance
approved No. 21004711

The Board of Directors and Shareholders
Hota Industrial Manufacturing Company Limited Public

Opinion

We have audited the accompanying Individual states of Hota Industrial Manufacturing Company Limited (the "Company"), which comprise the individual balance sheets as of December 31, 2021 and 2020, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements present fairly, according to our audit result and audit reports from other accountants (please refer to "Others" section), the individual financial position of the Company as of December 31, 2021 and 2020, and its individual financial performance and its individual cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by the Securities Issuers and the International Reporting Standards (IRFS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issues into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters December 31, 2021 and 2020,

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

Key audit matters for the company's individual financial statements for the year ended December 31, 2021 are stated as follows:

Cut-off date for international export income

Notes

With regard to the accounting policy on income recognition, please refer to Note 4 (28) of the individual financial report.

The Company mainly focused on the manufacturing and trading of related products for vehicle transmission parts. The main source of sales income is international export sales. Sales to customers involve different types of trading conditions. However, the Company recognizes the sales revenue immediately after shipment. At the end of each period, ownership of the products that has not been transferred to the buyer due to the failure of the agreed trading conditions and the control of the product has not been transferred to the buyer. Because the data collection that does not meet the sales revenue recognition conditions involves a high degree of manual judgment and operation, the accountant has included the cut-off date of the export sales revenue as a significant review item.

Corresponding verification procedures

The accountants respond to above notes and take procedures for the specific aspects and procedures are summarized as follows:

1. Understand and evaluate the operating procedures and internal controls of the Company sales transactions, and test the controls.
2. Perform a cut-off test for sales transactions within a certain period before and after the end of the financial report, and confirm that revenue is recognized in the appropriate period.

Inventory allowance falling price and sluggish loss evaluation

Notes

With regard to inventory accounting policies, please refer to Note 4 (13) of the individual financial report. For important accounting estimates and assumptions for inventory evaluation, please refer to Note 5 (2) of the individual financial report. Please refer to Note 6 (6) of the individual financial report for the description of the inventory allowance loss. The Company's inventory and inventory allowance losses as of December 31, 2021 were NT\$2,767,618 thousand and NT\$85,702 thousand, respectively.

The Company is mainly engaged in the manufacturing and trading of automotive transmission parts related products. Due to the fierce competition in the automotive transmission parts market, there is a high risk of inventory falling-price loss or outdated price loss. The inventories of the Company are measured by cost and net realizable value. For inventories that are older than a certain period of age and those that are respectively identified as obsolete, provision is made for depreciation losses based on the degree of inventory depletion. The net realizable value used to evaluate obsolescence often involves subjective judgments and therefore a high degree of uncertainty in estimation exists. Considering the Company's inventory and its allowance for depreciation losses have a significant impact on the financial statements. The accountant believes that the Company's inventory depreciation loss evaluation is one of the most important items in this year's audit.

Corresponding verification procedures

The accountants respond to above notes and take procedures for the specific aspects and procedures are summarized as follows:

1. Understand and evaluate the inventory allowance for depreciation losses, the operating procedures and internal controls mentioned. And then test the controls.
2. Review the annual inventory-check plan and participate in the annual inventory check to evaluate the management's control of outdated inventory.
3. The policy for the provision of allowances for inventory evaluation losses is consistently adopted and the rationality of the provision policy is evaluated during the period of comparing the financial statements.
4. Obtain the inventory age reports to check the inventory items to test the accuracy of the inventory age calculation logic and information.
5. Regarding the estimated net realizable value of the inventory items, discuss with the management and obtain supporting documents, and then evaluate the rationality of the inventory allowance evaluation loss.

Other matters-adopting other accountant's audit reports

The company's individual financial statements adopt equity method for investee companies whose financial statements have not been checked by this accountant, but by other accountants. Therefore, in the opinions expressed by this accountant on the above individual financial statements, the amounts listed in the financial statements of these companies are based on the audit reports of other accountants. The amount of investment using the equity method on December 31, 2021 and December 31, 2020 were NT\$59,394 thousand and 45,707 thousand, respectively, accounting for 0.30% and 0.27% of the total assets respectively. From January 1st to December 31st 2021 and from January 1st to December 31st 2020, the comprehensive profits recognized by the equity method were NT\$2,843 thousand in benefits and NT\$258 thousand in losses, respectively, each accounting for 0.87% and 0.08% of comprehensive profit and loss.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IRFS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of

the Republic of China ,and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

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

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers Taiwan

Wu, Song-yuan

CPA

Xu, Jian-ye

Financial Supervisory Commission

Approved-certified No.: Financial-Supervisory-Securities-Auditing-1090350620

Approved-certified No.: Financial-Supervisory-Securities-Auditing-1050035683

March 16, 2022

Hota Industrial Manufacturing Company Limited

Individual Balance Sheet

2021 and 2020 December 31

(In Thousands of New Taiwan Dollars)

ASSETS		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 776,622	4	\$ 687,561	4
1120	Financial assets at fair value through profit or loss	6(2)	78,221	1	76,039	1
1136	Hedging financial assets	6(3), 8	2,121	-	57,355	-
1150	Notes receivable, net	6(4)	25,442	-	9,842	-
1170	Accounts receivable, net	6(4)	2,472,606	13	2,041,334	12
1180	Other receivables from related parties, net	7(2)	37,761	-	18,665	-
1200	Other receivable	6(5), 7(2)	67,702	-	40,778	-
130X	Inventories	6(6)	2,681,916	14	1,676,038	10
1470	Other current assets		224,690	1	129,732	1
11XX	Total current assets		<u>6,367,081</u>	<u>33</u>	<u>4,737,344</u>	<u>28</u>
NONCURRENT ASSETS						
1517	Financial assets at fair value through profit or loss	6(2)	54,313	-	57,650	-
1550	Investments accounted for using equity method	6(7)	913,788	5	860,624	5
1600	Property, plant and equipment	6(8), 8	11,569,887	60	10,476,818	62
1755	Right-of-use assets	6(9)	250,524	1	257,098	2
1760	Investment property, net	6(11)	30,387	-	-	-
1780	Intangible assets		6,142	-	7,034	-
1840	Deferred income tax assets	6(31)	58,738	-	60,604	-
1900	Other noncurrent assets	6(12)	243,429	1	545,418	3
15XX	Total noncurrent assets		<u>13,127,208</u>	<u>67</u>	<u>12,265,246</u>	<u>72</u>
1XXX	TOTAL		<u>\$ 19,494,289</u>	<u>100</u>	<u>\$ 17,002,590</u>	<u>100</u>

(continue in next page)

Hota Industrial Manufacturing Company Limited

Individual Balance Sheet

2021 and 2020 December 31

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2100	Short-term loans	6(13), 8	\$ 947,263	5	\$ 1,850,370	11
2110	Short-term bills payable	6(14)	1,260,000	7	600,000	4
2150	Notes payable		921,500	5	425,000	2
2170	Accounts payable	7(2)	958,995	5	438,171	3
2200	Other payable	6(15), 7(2)	795,731	4	435,034	3
2230	Income tax payable	6(31)	65,160	-	42,911	-
2280	Lease liability — Current		14,868	-	13,874	-
2320	Long-term liabilities due within one year or business cycle	6(16), 8	860,341	4	1,997,512	12
2399	Other current liabilities		15,779	-	69,321	-
21XX	Total current liabilities		<u>5,839,637</u>	<u>30</u>	<u>5,872,193</u>	<u>35</u>
NONCURRENT LIABILITIES						
2540	Long-term loan	6(16), 8	4,614,720	24	4,344,727	26
2570	Deferred income tax liabilities	6(31)	46,666	-	54,357	-
2580	Lease liability — noncurrent	6(9)	240,836	1	246,790	1
2600	Other noncurrent liabilities	6(18)	129,325	1	131,965	1
25XX	Total noncurrent liabilities		<u>5,031,547</u>	<u>26</u>	<u>4,777,839</u>	<u>28</u>
2XXX	Total liabilities		<u>10,871,184</u>	<u>56</u>	<u>10,650,032</u>	<u>63</u>
EQUITY						
	Capital	6(20)				
3110	Common shares		2,795,175	14	2,545,175	15
	Capital reserve	6(21)				
3200	Capital surplus		3,833,804	19	1,906,479	11
	Capital reserve	6(22)				
3310	Legal reserve		689,651	4	660,162	4
3320	Special reserve		48,236	-	48,236	-
3350	Unappropriated earnings		1,316,593	7	1,227,622	7
	Other equity	6(23)				
3400	Other equity		(60,354)	-	(35,116)	-
3XXX	Total equity		<u>8,623,105</u>	<u>44</u>	<u>6,352,558</u>	<u>37</u>
	Commitments and contingencies	9				
3X2X	Total liabilities and equities		<u>\$ 19,494,289</u>	<u>100</u>	<u>\$ 17,002,590</u>	<u>100</u>

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

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited
Individual Statements of Comprehensive Income
2021 and 2020 January 1 to December 31

		(In Thousands of New Taiwan Dollars) (Except for earnings per share of New Taiwan dollars)					
		2021		2020			
Item	Note	Amount	%	Amount	%		
4000	Net Revenue	6(24), 7(2)	\$ 6,230,770	100	\$ 4,787,240	100	
5000	Cost of revenue	6(6)(29)(30), 7(2)	(4,628,884)	(75)	(3,669,401)	(76)	
5900	Gross profit		1,601,886	25	1,117,839	24	
5910	Unrealized loss of sales		3,220	-	1,432	-	
5950	Net operating profit		1,605,106	25	1,119,271	24	
	Operating expenses	6(29)(30)					
6100	Marketing		(861,507)	(14)	(451,722)	(10)	
6200	Administrative		(89,759)	(1)	(97,367)	(2)	
6300	Research and development		(113,808)	(2)	(108,631)	(2)	
6450	Expected credit impairment loss		(4,164)	-	(5,674)	-	
6000	Total Operating Expenses		(1,069,238)	(17)	(663,394)	(14)	
6900	Operation interest		535,868	8	455,877	10	
	Other gains and losses						
7100	Interest income	6(25)	482	-	3,399	-	
7010	Other income	6(26)	26,010	-	80,510	2	
7020	Other gains and losses	6(27)	(77,381)	(1)	(107,801)	(2)	
7050	Finance costs	6(28)	(75,806)	(1)	(94,946)	(2)	
7070	Share of other comprehensive gain of subsidiaries on investments in equity instruments at fair value	6(7)	(8,172)	-	(19,370)	(1)	
7000	Total Other gains and losses		(134,867)	(2)	(138,208)	(3)	
7900	Net profits before tax		401,001	6	317,669	7	
7950	Income tax	6(31)	(59,178)	(1)	(31,575)	(1)	
8200	Net profits		\$ 341,823	5	\$ 286,094	6	

(continue in next page)

Hota Industrial Manufacturing Company Limited
Individual Statements of Comprehensive Income
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)
(Except for earnings per share of New Taiwan dollars)

			2021		2020	
Item		Note	Amount	%	Amount	%
Other comprehensive income(loss), net						
Items Not reclassified to profit or loss						
8311	Measure on defined benefit plans	6(18)	\$ 5,584	-	\$ 1,863	-
8316	The share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures recognized using the equity method-items not reclassified to profits and losses		(582)	-	9,009	-
8330	The share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures recognized using the equity method-items not reclassified to profits and losses - Not reclassified to profit or loss		(16,491)	-	11,338	-
8349	Income tax related to items not reclassified to profit or loss	6(31)	(1,117)	-	(373)	-
8310	Total not reclassified to profit or loss		(12,606)	-	21,837	-
Items that may be reclassified to profit and loss in the future						
8361	Currency conversion difference in the conversion of financial statements of foreign operating organizations		(8,129)	-	(8,145)	-
8367	Net unrealized appraisal of gains and losses of debt instrument investments measured at fair value through other comprehensive gains and losses		1,514	-	10,321	-
8380	The share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures recognized using the equity method-items that may be reclassified to profits and losses		4,031	-	(4,324)	-
8399	Income tax related to items not reclassified to profit or loss	6(31)	1,383	-	2,227	-
8360	Total Items that may be reclassified to profit and loss		(1,201)	-	79	-
8300	Other comprehensive net gains/losses		<u>(\$ 13,807)</u>	<u>-</u>	<u>\$ 21,916</u>	<u>-</u>
8500	Total comprehensive gains/losses		<u>\$ 328,016</u>	<u>5</u>	<u>\$ 308,010</u>	<u>6</u>
Basic earnings per share						
9750	Total basic earnings per share	6(32)	<u>\$ 1.23</u>		<u>\$ 1.12</u>	
Diluted earnings per share						
9850	Total diluted earnings per share	6(32)	\$ 1.23		\$ 1.12	

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

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited
Individual Statements of Changes in Equity
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

	Notes	Common Shares	Capital Surplus	Retained earnings			Other interests		Treasury Stock	Total Equity
				Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income		
Year 2020										
BALANCE, JANUARY 1, 2020		\$ 2,549,565	\$ 1,916,204	\$ 593,292	\$ 23,850	\$ 1,533,901	(\$ 32,179)	(\$ 16,057)	\$ -	\$ 6,568,576
Net profits 2020		-	-	-	-	286,094	-	-	-	286,094
Other comprehensive gains/losses 2020	6(23)	-	-	-	-	1,360	(10,242)	30,798	-	21,916
Total comprehensive income		-	-	-	-	287,454	(10,242)	30,798	-	308,010
Earnings distribution and allocation 2019	6(21)(22)									
Legal reserve listed		-	-	66,870	-	(66,870)	-	-	-	-
Special reserve listed		-	-	-	24,386	(24,386)	-	-	-	-
Common stock cash dividend		-	-	-	-	(509,913)	-	-	-	(509,913)
Share-based payment transaction	6(19)(21)	-	20,895	-	-	-	-	-	-	20,895
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	6(23)	-	-	-	-	7,436	-	(7,436)	-	-
Repurchase Treasury stock	6(20)	-	-	-	-	-	-	-	(35,010)	(35,010)
Logout Treasury stock	6(20)(21)	(4,390)	(30,620)	-	-	-	-	-	35,010	-
Balance, December 31,2020		\$ 2,545,175	\$ 1,906,479	\$ 660,162	\$ 48,236	\$ 1,227,622	(\$ 42,421)	\$ 7,305	\$ -	\$ 6,352,558
Year 2021										
BALANCE, JANUARY 1, 2021		\$ 2,545,175	\$ 1,906,479	\$ 660,162	\$ 48,236	\$ 1,227,622	(\$ 42,421)	\$ 7,305	\$ -	\$ 6,352,558
Net profits 2021		-	-	-	-	341,823	-	-	-	341,823
Other comprehensive gains/losses 2021	6(23)	-	-	-	-	5,160	(2,715)	(16,252)	-	(13,807)
Total comprehensive income		-	-	-	-	346,983	(2,715)	(16,252)	-	328,016
Earnings distribution and allocation 2020	6(22)									
Legal reserve listed		-	-	29,489	-	(29,489)	-	-	-	-
Common stock cash dividend		-	(72,675)	-	-	(234,794)	-	-	-	(307,469)
Cash capital increase	6(20)(21)	250,000	2,000,000	-	-	-	-	-	-	2,250,000
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	6(23)	-	-	-	-	6,271	-	(6,271)	-	-
Balance, December 31,2021		\$ 2,795,175	\$ 3,833,804	\$ 689,651	\$ 48,236	\$ 1,316,593	(\$ 45,136)	(\$ 15,218)	\$ -	\$ 8,623,105

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

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial Manufacturing Company Limited
Individual Statement of Cash Flows
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

	<u>Note</u>	<u>January 1 to December 31, 2021</u>	<u>January 1 to December 31, 2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 401,001	\$ 317,669
Adjustments for:			
Income expense item			
Depreciation expense	6(8)(29)	526,139	561,737
Depreciation expense - Right-of-use assets	6(9)(29)	10,391	16,602
Amortization	6(29)	5,971	9,671
Interest expense	6(28)	71,809	90,721
Interest expense-Lease liability	6(9)(28)	3,997	4,225
Interest income	6(25)	(482)	(3,399)
Expected credit loss	12(2)	4,164	5,674
Share of other comprehensive loss of subsidiaries on investments in equity instruments at fair value	6(7)	8,172	19,370
Cash increase to retain employee subscription remuneration costs	6(19)	-	20,895
Gain on disposal of intangible assets, net	6(27)	(5,010)	(2,493)
Unrealized sales loss		(3,220)	(1,432)
Unrealized exchange loss		36,514	10,045
Changes in assets/liabilities related to operation activities			
Property net change related to operation activities			
Notes receivable		(15,600)	(9,261)
Accounts receivable		(418,823)	144,012
Accounts receivable - related parties		(19,096)	680
Other accounts receivable		(26,925)	212,982
Inventory		(1,005,878)	49,220
Other current assets		(94,957)	12,593
Other noncurrent assets		1	(360)
Liabilities net change related to operation activities			
Notes payable (related parties included)		496,499	43,222
Accounts payable (related parties included)		520,825	9,841
Other payables		282,403	(14,861)
Other current liabilities		(53,542)	59,144
Other noncurrent liabilities		(1,123)	(2,047)
Cash inflow from operation activities		723,230	1,554,450
Interest charged		483	3,402
Interest paid		(72,493)	(92,343)
Income tax paid		(42,488)	(99,841)
Net cash inflow by operation activities		<u>608,732</u>	<u>1,365,668</u>

(continue in next page)

Hota Industrial Manufacturing Company Limited
Individual Statement of Cash Flows
2021 and 2020 January 1 to December 31

(In Thousands of New Taiwan Dollars)

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of: Financial assets at fair value through other comprehensive income – current		(\$ 1,293)	\$ -
Proceeds from disposal or redemption of: Financial assets at fair value through other comprehensive income – current		3,907	17,608
Decrease (increase) in financial assets measured at amortized cost		55,233	(56,749)
Gain financial assets measured at fair value through other comprehensive gains and losses from noncurrent		(5,401)	(6,503)
Investment using the equity method		(79,925)	-
Cash dividends from the equity method		1,221	5,363
Acquisitions of Property, plant and equipment	6(33)	(1,312,904)	(1,347,423)
Disposal of property, facility and equipment		43,481	7,180
Gain intangible assets		(4,839)	(3,287)
Decrease (increase) in refundable deposits		4,959	1,080
Net cash outflow by investing activities		(1,295,561)	(1,382,731)
<u>Cash flow from financing activities</u>			
Increase in short-term payables	6(34)	660,000	40,000
Increase (decrease) in short-term loans	6(34)	(898,390)	841,081
Long-term loan repayment	6(34)	(6,286,414)	(5,505,894)
Long-term borrowings repayment	6(34)	5,423,302	5,532,505
Lease principal repayment	6(34)	(12,169)	(14,809)
Cash dividends	6(22)(34)	(307,469)	(509,913)
Cash capital increase	6(20)	2,250,000	-
Treasury stock buyback cost	6(20)	-	(35,010)
Net cash inflow from financing activities		828,860	347,960
Impact of exchange rate changes on cash and cash equivalents		(52,970)	(20,782)
Increase in current cash and cash equivalents		89,061	310,115
Cash and cash equivalents in the beginning of term		687,561	377,446
Cash and cash equivalents in the end of term		\$ 776,622	\$ 687,561

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

Chairman : Shen, Guo-rong

Manager : Chen, Jun-zhi

Chief accountant : Chen, Chang-yuan

Hota Industrial MFG. Co., Ltd.
Earning Distribution statement of the year 2021

Unit: New Taiwan Dollar

Item	Amount	Remark
Unappropriated retained earnings at beginning of period	963,337,840	
Remeasurement of Defined benefit plans	5,160,746	
Sale of Equity Instrument at fair value through other comprehensive income.	6,271,736	
Net Profit of year 2021	341,822,734	
Unappropriated retained earnings, Total	1,316,593,056	
Legal Reserve (10%)	(35,325,522)	
Special Reserve	(12,118,079)	
Total retained earnings	1,269,149,455	
Current Distribution Items		
Cash Dividend (NTD 1.365 per share)	(381,541,405)	
Stock Dividend (NTD 0.0 per share)	—	
Current Distribution		
Unappropriated retained earnings at end of period	887,608,050	
<p>1. The Company's earnings distribution policy adopts the priority to allocate the earnings of the year 2021, if insufficient shall be compensated by the surplus of previous years on the first-in-first-out principle.</p> <p>2. The ex-right/ex-dividend rate is calculated based on the total number of shares issued and outstanding 279,517,513 shares; the actual allotment amount per thousand shares is calculated based on the actual number of shares issued and outstanding on the ex-rights/ex-dividend base date. In the case of this earnings distribution proposal, if the number of distributable shares of the Company's common shares has changed [reason for the change: It is the number of converted shares of convertible corporate bonds, or convertible special shares, or employee stock option], the shareholders' ex-right / ex-dividend ratio changes and need modification, shareholders' meeting is proposed to authorize the board of directors to deal with it.</p>		

Chairman of the Board:

SHEN, GUO-RONG

General Manager:

CHEN, JUN-ZHI

Accounting Supervisor

CHEN, CHANG-YUAN

(Appendix 5) Comparison table of the “Regulations Governing the Acquisition and Disposal of Assets” Before and After version.

Current Article	Revised Article	Description
<p>5. Provisions of External Experts</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. Paragraph Omitted. 2. Paragraph Omitted. 3. Paragraph Omitted. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the industry code of the respective affiliated trade associations and the following:</p> <ol style="list-style-type: none"> 1. Paragraph Omitted. 2. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable and that they have complied with applicable laws and regulations. 	<p>5. Provisions of External Experts</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. Paragraph Omitted. 2. Paragraph Omitted. 3. Paragraph Omitted. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Paragraph Omitted. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with 	

Current Article	Revised Article	Description
	applicable laws and regulations.	
<p>2.1.3</p> <p>Where any one of the following circumstances applies with respect to the expert appraiser's appraisal results, unless that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall issue a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>2.1.3</p> <p>Where any one of the following circumstances applies with respect to the expert appraiser's appraisal results, unless that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Republic of China Accounting Research and Development Foundation (hereinafter "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	
<p>2.2</p> <p>A public company 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, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally 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 requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>2.2</p> <p>A public company acquiring or disposing of securities shall 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, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial</p>	

Current Article	Revised Article	Description
	Supervisory Commission (FSC).	
<p>2.3</p> <p>In acquiring or disposing of intangible assets or right-of-use asset or membership the transaction amount of which reaches 20% of the Company's paid in capital or Three Hundred Million New Taiwan Dollar, unless transacting with a domestic government agency, a certified public accountant shall provide opinion which shall be dated before the date of occurrence in respect of the reasonableness of the transaction price.</p>	<p>2.3</p> <p>Where the intangible assets or right-of-use asset the transaction amount of which reaches 20% of the Company's paid in capital or Three Hundred Million New Taiwan Dollar, unless transacting with a domestic government agency, a certified public accountant shall provide opinion in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
<p>2.4</p> <p>Where the Company or its non-domestically public subsidiary engages in the transactions referred to in Paragraph 1 hereof, if the transaction amount reaches 10 percent or more of the public company's total assets, the public company shall present the information as stated in sections under Paragraph 1 hereof to the public company's shareholders' meeting for approval prior to signings of transaction agreement and payments; however, this shall not apply to the transactions between the public company and its parent company, subsidiary, or the transactions between its subsidiaries.</p>	Newly Added	
<p>2.5</p> <p>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be done in accordance with 6.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items having submitted to the shareholders' meeting and the board of directors for adoption and to the supervisors for rectification need not be counted toward the transaction amount.</p>	<p>2.5</p> <p>The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with 6.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	

Current Article	Revised Article	Description
6.1.6.1 Trading of domestic government bonds or foreign government bonds with credit ratings no lower than that of domestic sovereign ratings.	6.1.6.1 Trading of domestic government bonds.	
6.1.6.2 Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded note, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.	6.1.6.2 Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.	
8. This Procedure was amended on 8th of June, 2022.	8. This Procedure was amended on 21st of June, 2019 .	