

Stock code: 2101

Nankang Rubber Tire CORP., LTD.

Handbook for the 2022 Annual Meeting of Shareholders

Meeting Time: May 18, 2022

Place: Nankang's Xinfeng Factory

(No.399, Xinxing Rd. Xinfeng Township, Hsinchu County, Taiwan)

Call Meeting to Order

Meeting Agenda

Nankang Rubber Tire CORP., LTD.
2022 Annual Shareholders' Meeting
Meeting Agenda

Meeting format: physical meeting

Time: 9:00 a.m. May 18, 2022

Place: Nankang's Xinfeng Factory

(No.399, XinxingRd. Xinfeng Township, Hsinchu County, Taiwan)

1. Chairman's Address
2. Report Items
 - (1). 2021 Business Report
 - (2). Audit Committee's review report
 - (3). The status of Lending Funds to Other Parties and Endorsement Guarantee
 - (4). Establish the company's "Code of Ethical Conduct"
3. Proposals
 - (1). Adoption of the 2021 business report and financial statements
 - (2). Adoption of the company's 2021 year loss appropriation plan
4. Discussions
 - (3). Amendment to the Rules of Procedure for Shareholders' Meeting
 - (4). Amendment to the revision of the company's "Articles of Association"
 - (5). Amendment to the revision of "Acquisition or Disposal of Assets Processing Procedures"
 - (6).
5. Election: Nine seats of directors (including three seats of independent directors) in the 24th session of the Company
6. Other proposals: The case of lifting the non-compete restriction on new directors

1. Report Items

(1). 2021 business report

I. Production and sales report:

i. Production:

The company's production volume in 2020 is 5,223,000 pieces, a decrease of 3.3% from 5,401,000 pieces in the same period of the previous year. The output value was NT\$4,659,750,000, which was a decrease of 11.58% compared to NT\$5,270,156,000 in the same period of the previous year.

ii. Sales:

Domestic sales: The sales amount in 2021 is NT\$552,692,000, an increase of 35.94% from NT\$394,267,000 in the same period of the previous year.

Export: The sales amount in 2020 is NT\$3,572,754,000, a decrease of 38.53% from NT\$5,811,753,000 in the same period of the previous year.

Total: The amount of domestic and foreign sales in 2020 is NT\$4,125,446,000, which is a decrease of 33.66% from NT\$6,218,317,000 in the same period of the previous year.

iii. Consolidated Sales: The Consolidated Sales in 2021 is

NT\$8,077,591,000, a decrease of 16.68% from NT\$9,695,119,000 in the same period of the previous year

II. Financial Statements

Unit: Thousand Dollars

item	Parent Company Only (2021)		Consolidated (2021)	
	Amount	%	Amount	%
Operating revenue	6,218,316	100.00	9,695,119	100.00
Gross profit	1,422,218	22.87	2,330,544	24.04
Operating costs	(818,076)	(13.15)	(1,301,454)	(13.42)
Operating profit	604,142	9.72	1,029,090	10.61
Profit from continuing operations before tax	1,061,901	17.08	1,121,085	11.56
Income tax expenses	(217,523)	(3.50)	(276,707)	(2.85)
Profit	844,378	13.58	844,378	8.71
Earnings per share	1.05 Dollars		1.05 Dollars	
Assets	21,312,391		32,025,140	
Liabilities	10,525,084		21,237,833	
Total liabilities and equity	10,787,307		10,787,307	

(2). Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and loss appropriation plan.

The CPA firm of Baker Tilly Clock & Co was retained to audit Nankang's Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Nankang Rubber Tire CORP., LTD. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Nankang Rubber Tire CORP., LTD.

Chairman of the Audit Committee

A handwritten signature in blue ink, appearing to read '吴思侯' (Wu Sihou), is positioned to the right of the printed name of the Chairman of the Audit Committee.

March 24, 2021

To report the status of lending funds to other parties and endorsement / guarantee in 2020

Lending funds to other parties provided:

(1) Lending funds to other parties provided:

Unit: Dollars

Lender	Borrower	Quota		Actual Lending Amount		The reason of Lending	Note
		Maximum Amount	Ending Balance	Maximum Amount	Ending Balance		
Nankang International Co.Ltd	Nankang Rubber Tire Corp. Ltd.	713,375	692,000	570,700	276,800	Operating turnover	
Nanzong Construction Developments, Co., Ltd.	Nankang Rubber Tire Corp. Ltd.	700,000	700,000	600,000	600,000	Operating turnover	
Total Subsidiary			1,392,000		876,800		

(2) Endorsements / Guarantees Provided:

Unit: Dollars

Endorser / Guarantor	Endorsee / Guarante	Quota		Actual Lending Amount		Note
		Maximum Amount	Ending Balance	Maximum Amount	Ending Balance	
Nankang Rubber Tire Corp. Ltd.	Nankang International Co.Ltd	664,950	610,896	591,000	588,000	
Nankang Rubber Tire Corp. Ltd.	Nanzong Construction Developments, Co., Ltd.	450,000	450,000	450,000	450,000	
Nankang Rubber Tire Corp. Ltd.	Zhikai Development Co., Ltd	33,350	33,350	33,350	33,350	
Nankang Rubber Tire Corp. Ltd.	Yuanre Development Co., Ltd.	16,650	16,650	16,650	16,650	
Couple total			1,110,896		1,088,000	
Nanzong Construction Developments, Co., Ltd.	Nankang Rubber Tire Corp. Ltd.	7,000,000	7,000,000	7,000,000	7,000,000	
Total Subsidiary			7,000,000		7,000,000	

(3). Establish the company's "Code of Ethical Conduct"

Explanatory Notes:

1. In order to guide the behavior of the directors, managers and other employees of the company to comply with ethical standards, and to make the company's stakeholders better understand the company's ethical standards, this code is formulated with reference to the "Reference Example of Ethical Code of Conduct for Listed OTC Companies".
2. This Code shall be implemented after its approval by the Board of Directors and shall be submitted to the General Meeting of Shareholders as amended.
3. The text is contained in annex III.

2. Proposals

(1) Adoption of the 2021 business report and financial statements

Description:

1. The Company's 2021 financial statements (individual and consolidated financial statements), including: balance sheet, comprehensive income statement, statement of changes in equity and cash flow statement, have been verified by Zhengfeng United Accounting Firm Zhou Yinlai and Zeng Guofu accountants.
2. For the 2021 Individual accountant and consolidated audit report and financial statements (individual and consolidated financial statements), please refer to Annexes 1 and 2 on pages 29-38 and 39-48 of this manual.

resolution:

(2) Recognition of the Company's 2021 Annual Loss Allocation
(Proposed by the Board of Directors).

Explanation: The Company's 2021 annual loss allowance table is as follows:

NANKANG Tire Co., Ltd
Loss allowance table
FY2021

Unit: Meta

The surplus was not allocated at the beginning of the period	23,440,591
Minus: Net loss after tax for the current period	(243,254,005)
Minus: In FY2021, the actuarial plan (profit or loss) of employee benefits was determined	(4,385,094)
Plus: The number of changes in affiliates and joint ventures recognized using the equity method	<u>11,945,897</u>
Losses to be made up for the current year	(212,252,611)
Make up for losses with statutory surplus reserves	<u>212,252,611</u>
Losses to be made up	0

Chairman: Manager Accounting Supervisor:



resolution:

3. Discussion

(一) Discussion on Amendments to Part of the Articles of Association of the Company (Proposed by the Board of Directors)

Description:

1. In order to make the Company's method of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2(1) of the Company Law, the Holding of Shareholders' Meetings may be held by videoconference or other means announced by the Ministry of Economic Affairs in accordance with the provisions of Article 172-2 of the Company Law, and amend some provisions of the Articles of Association of the Company.
2. The details of the preceding and subsequent revisions are as follows:

Provisions	Before revision	Revised	Revision Notes
Article 7-1		<u>When the shareholders' meeting of the Company is held, it may be carried out by video conference or other means announced by the Ministry of Economic Affairs.</u>	一、New to this article. 二、Article 7 is amended to cooperate with the competent authorities in promoting the policies of video shareholders' meetings and to provide convenient channels for shareholders to participate in shareholders' meetings in response to the needs of the digital age.
Article 24	(Omitted above)... Amended for the 54th time on May 13, 2020, effective from the date of adoption by the Shareholders' Meeting.	(Omitted above)... Amended for the 54th time on May 13, 2020 and amended for the <u>55th time on May 18, 2022</u> , effective from the date of adoption by the Shareholders' Meeting.	Update the revision date.

resolution:

(二) Discussion on Amendments to Part of the Rules of Procedure of the Company's Meeting of Shareholders (Proposed by the Board of Directors)

Description:

1. In order to make the Company's method of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2,1 of the Company Law, the shareholders' meeting may be held by video conference or other means announced by the Ministry of Economic Affairs in accordance with the provisions of Article 172-2 of the Company Law, and cooperate with the amendment of some provisions of the rules of procedure of the Shareholders' Meeting of the Company.

2. The details of the preceding and subsequent revisions are as follows:

Provisions	Before revision	Revised	Revision Notes
Article 3	The meeting of shareholders of the Company shall be convened by the Board of Directors unless otherwise provided by decree. (Items 3 to 10)	The meeting of shareholders of the Company shall be convened by the Board of Directors unless otherwise provided by decree. <u>Changes to the manner in which the shareholders' meeting of the Company shall be convened shall be resolved by the Board of Directors and shall be made no later than the notice of the meeting of the shareholders' meeting is sent.</u> (Items 3 to 10)	Cooperate with regulatory revisions.
Article 4	(1st to 3rd omitted)	(1st to 3rd omitted) <u>After the power of attorney is delivered to the Company, if a shareholder wishes to attend the shareholders' meeting by video, he shall notify the Company in writing to revoke the proxy two days before the meeting of the shareholders' meeting;</u>	Cooperate with regulatory revisions.
Article 5	(Omitted first item)	(Omitted first item) <u>When the Company convenes a video shareholders' meeting, it shall not be restricted by the place of the meeting mentioned in the preceding paragraph.</u>	Cooperate with regulatory revisions.

Provisions	Before revision	Revised	Revision Notes
Article 6	<p>The Company shall set up a signature book for the shareholders present or the proxy appointed by the shareholders (hereinafter referred to as the shareholders) to sign in, or the shareholders present shall pay the sign-in card to sign in their place.</p> <p>The Company shall deliver the handbook, annual report, certificate of attendance, speech slip, voting vote and other meeting materials to the shareholders present at the shareholders' meeting; if there is an election of directors <u>or supervisors</u>, an additional election vote shall be attached.</p> <p>Shareholders should present their attendance card, attendance card and identity card or health insurance card to attend the shareholders' meeting; they are the solicitors of the power of attorney and should bring their identity card or health insurance card supporting documents for verification.</p> <p>When the government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one person. When a legal person is entrusted with attending a meeting of shareholders, only one person may be appointed to represent him.</p> <p>A legal person shareholder appointing a representative to attend the shareholders' meeting shall issue a letter of appointment in the check-in procedure, and the designated person shall bring his identity card or health insurance card supporting documents for verification.</p>	<p><u>The Company shall indicate in the notice of the meeting the time, place of registration, and other matters to be taken by the accepting shareholders, solicitors, and trustees (hereinafter referred to as the shareholders). The meeting of shareholders shall be convened by video meeting, and shall record the method of participation and exercise of rights of shareholders, the manner of handling of obstacles to the visual meeting platform or participation by video due to force majeure circumstances, and the date of postponement or renewal of the meeting and other precautions to be taken; if a video shareholders' meeting is convened, appropriate alternative measures provided by shareholders who have difficulties in participating by video.</u></p> <p><u>The registration time of the shareholders accepted in the preceding paragraph shall be handled at least 30 minutes before the start of the meeting; the registration office shall be clearly marked and the appropriate and suitable personnel shall be dispatched to handle it; the video meeting of the shareholders' meeting shall be accepted and registered on the platform of the shareholders' meeting 30 minutes before the start of the meeting, and the shareholders who have completed the registration shall be deemed to have attended the shareholders' meeting in person.</u></p> <p>The Company shall set up a signature book for the shareholders present or the proxy appointed by the shareholders (hereinafter referred to as the shareholders) to sign in, or the shareholders present shall pay the sign-in card to sign in their place.</p> <p>The Company shall deliver the handbook, annual report, certificate of attendance, speech</p>	Cooperate with regulatory revisions.

Provisions	Before revision	Revised	Revision Notes
	<p>Where a legal person shareholder entrusts another person to attend on behalf of another person and appoints a representative to attend, the appointing representative shall prevail.</p>	<p>slip, voting vote and other meeting materials to the shareholders present at the shareholders' meeting;</p> <p>Shareholders should present their attendance card, attendance card and identity card or health insurance card to attend the shareholders' meeting; they are the solicitors of the power of attorney and should bring their identity card or health insurance card supporting documents for verification.</p> <p>When the government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one person. When a legal person is entrusted with attending a meeting of shareholders, only one person may be appointed to represent him.</p> <p>A legal person shareholder appointing a representative to attend the shareholders' meeting shall issue a letter of appointment in the check-in procedure, and the designated person shall bring his identity card or health insurance card supporting documents for verification.</p> <p>Where a legal person shareholder entrusts another person to attend on behalf of another person and appoints a representative to attend, the appointing representative shall prevail.</p> <p><u>If the shareholders' meeting is convened by video, and the shareholders wish to participate in the meeting by video, they should register with the Company two days before the meeting of the shareholders' meeting.</u></p> <p><u>If the shareholders' meeting is convened by video conference, the Company shall upload the meeting manual, annual report and other relevant materials to the video meeting platform of the shareholders' meeting at least 30 minutes before the start of the</u></p>	

Provisions	Before revision	Revised	Revision Notes
		<p><u>meeting, and continue to disclose it until the end of the meeting.</u></p>	
Article 8	<p>The Company shall record <u>or</u> video the entire meeting <u>of the Shareholders' Meeting</u> and keep it for at least one year. However, a shareholder who initiates a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.</p>	<p>The Company shall <u>continuously and uninterruptedly</u> record <u>and video</u> the shareholder <u>registration process, the meeting process and the voting and counting</u> process from <u>the time of accepting</u> the shareholders' registration.</p> <p><u>The audio-visual materials referred to in the preceding paragraph shall be</u> kept for at least one year. However, a shareholder who initiates a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.</p> <p><u>If the shareholders' meeting is convened by video conference, the company shall record and keep the shareholders' registration, registration, registration, questioning, voting and the results of the company's vote count, and record and record the video conference continuously and uninterruptedly.</u></p> <p><u>The information and audio and video recordings mentioned in the preceding paragraph shall be properly preserved by the Company during the period of existence, and the audio and video recordings shall be provided to the person entrusted with the affairs of the video conference for preservation.</u></p>	Cooperate with regulatory revisions.

Provisions	Before revision	Revised	Revision Notes
Article IX	<p>Attendance at shareholders' meetings shall be based on shares. The number of shares present is calculated on the basis of a signature book or a sign-in card paid in addition to the number of shares exercising voting rights in writing or electronically. (2nd to 3rd omitted)</p> <p>However, in the absence of a representative of a majority of the shareholders representing a majority of the total number of issued shares, the Chairman may announce the postponement of the meeting to a limited time of two times, and the total delay shall not exceed one hour. When the second postponement is still insufficient to have more than one-third of the shareholders representing the total number of issued shares present, the chairman shall announce the flow of the meeting.</p> <p>If the shareholders representing more than one-third of the total number of issued shares are present after the second postponement of the preceding paragraph, they may make a false resolution in accordance with the provisions of Article 175, Paragraph 1 of the Company Law, and notify the shareholders of the false resolution to convene another shareholders' meeting within one month.</p>	<p>Attendance at shareholders' meetings shall be based on shares. The number of shares present is calculated based on the number of shares registered in the signature book or the sign-in card paid <u>and the video conferencing platform</u>, plus the number of shares that exercise voting rights in writing or electronically. (2nd to 3rd omitted)</p> <p>However, in the absence of a representative of a majority of the shareholders representing a majority of the total number of issued shares, the Chairman may announce the postponement of the meeting to a limited time of two times, and the total delay shall not exceed one hour. If the second postponement is still insufficient to have the shareholders representing more than one-third of the total number of issued shares, the chairman shall announce the streaming meeting; <u>if the shareholders' meeting is convened by video meeting, the Company shall also announce the streaming meeting on the shareholders' meeting video meeting platform</u>.</p> <p>When there is a shareholder representing more than one-third of the total number of issued shares in the preceding paragraph, a false resolution may be made in accordance with the provisions of Article 175, Paragraph 1 of the Company Law, and the shareholders shall be notified of the false resolution to convene another <u>shareholders' meeting</u> within one month;</p>	Cooperate with regulatory revisions.

Provisions	Before revision	Revised	Revision Notes
Article 11	(1st to 6th items)	<p>(1st to 6th items)</p> <p><u>Shareholders who convene a video meeting of shareholders' meetings and shareholders who participate by video may, after the chairman announces the meeting, until the announcement of the adjournment of the meeting, ask questions in words on the platform of the video meeting of the shareholders' meeting, and the number of questions asked on each proposal shall not exceed two times, each time limited to 200 words, and the provisions of items 1 to 5 shall not apply.</u></p> <p><u>If the questions asked in the preceding paragraph do not violate the provisions or do not exceed the scope of the proposal, it is advisable to disclose the questions on the video meeting platform of the shareholders' meeting for the sake of understanding.</u></p>	Cooperate with regulatory revisions.
Article 13	<p>(Omitted first item)</p> <p>(Omitted item 5)</p> <p><u>The proposal shall be deemed to have been passed by all shareholders present at the request of the chairman and shall be deemed to have the same effect as the voting;</u></p> <p>(Omitted item 7)</p> <p><u>The counting of votes shall be made public in the shareholders' meeting hall, and the results of the voting shall be reported on the spot and recorded.</u></p>	<p>(Omitted first item)</p> <p><u>When the Company convenes a general meeting of shareholders, it shall adopt the exercise of its voting rights electronically and in writing, and when it exercises its voting rights in writing or electronically, the method of exercising its voting rights shall be set out in the notice of convocation of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to be present in person at the shareholders' meeting. However, the Provisional Motion and amendments to the original proposal at the Meeting of Shareholders shall be deemed to be waived and the Company should refrain from proposing provisional motions and amendments to the original proposal.</u></p> <p><u>Where the voting rights are exercised in writing or electronically in the preceding paragraph, the expression of intent</u></p>	Cooperate with regulatory revisions.

Provisions	Before revision	Revised	Revision Notes
		<p><u>shall be served on the company two days before the meeting of the shareholders' meeting, and if there is a duplication of the expression of intent, the first to do so shall prevail. However, this shall not apply to those who express their intention before the declaration is revoked.</u></p> <p><u>After a shareholder has exercised his voting rights in writing or electronically, if he wishes to attend the shareholders' meeting in person or by video, he shall revoke the expression of intent to exercise the voting rights in the same way as in the exercise of voting rights two days before the shareholders' meeting; If the voting rights are exercised in writing or electronically and the proxy is entrusted with a proxy to attend the shareholders' meeting, the voting rights present and exercised by the proxy shall prevail.</u></p> <p><u>(Omitted item 5)</u></p> <p><u>When there is an amendment or substitution bill to the same motion, the Chairman shall determine the order in which it shall be voted on together with the original bill. If one of the bills is passed, the other bills shall be considered rejected and shall not be put to a further vote.</u></p> <p><u>(Omitted item 7)</u></p> <p><u>The vote counting operation of the voting or election proposal of the shareholders' meeting shall be publicly displayed in the shareholders' meeting, and the voting results shall be announced on the spot after the vote counting is completed, including the number of statistical rights, and shall be recorded.</u></p> <p><u>The shareholders' meeting shall be held by video meeting, and the voting and election results shall be counted in one lump sum after the chairman announces the</u></p>	

Provisions	Before revision	Revised	Revision Notes
		<p><u>end of the voting.</u></p> <p><u>When the Company convenes a video-assisted shareholders' meeting, a shareholder, solicitor or entrusted agent who has registered to attend the shareholders' meeting by video in accordance with Article 6 shall deregister in person two days before the meeting of the shareholders' meeting in the same manner as the registration;</u></p> <p><u>A person who exercises the right to vote in writing or electronically, without revoking his expression of intent, and participates in the shareholders' meeting by video, shall not exercise the right to vote on the original proposal or propose amendments to the original proposal or to exercise the right to exercise the right to vote on the original proposal, except for provisional motions.</u></p>	

Provisions	Before revision	Revised	Revision Notes
Article 15	<p>The matters to be decided by the shareholders' meeting shall be made into a record of the <u>proceedings, and the distribution and preservation of the proceedings shall be handled in accordance with the provisions of Article 183 of the Company Law.</u></p> <p><u>The resolution method in the preceding paragraph shall be approved by the chairman after the chairman consults the shareholders, and the shareholders have no objections to the proposal, it shall be recorded that the chairman has solicited all the shareholders present to pass the proposal without objection; however, when the shareholders have objections to the proposal, they shall indicate the method of voting and the ratio of the number of voting rights to the number of rights passed.</u></p>	<p>The matters to be decided by the shareholders' meeting shall be made into a record of the proceedings, <u>signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of proceedings may be carried out electronically.</u></p> <p><u>For the distribution of the proceedings in the preceding paragraph, the Company shall enter the announcement method of the Public Information Observatory.</u></p> <p><u>The minutes of proceedings shall indeed be recorded in accordance with the year, month, day, venue, name of the chairman, method of resolution, the main points of deliberations and voting results (including the number of statistical powers), and when electing directors, the number of votes of each candidate shall be disclosed. It shall be kept permanently during the existence of the Company.</u></p> <p><u>Where a shareholders' meeting is convened by video meeting, the minutes of the proceedings shall, in addition to the matters to be recorded in accordance with the preceding paragraph, record the time from the meeting of the shareholders' meeting, the manner of convening the meeting, the name of the chairman and the record, the appropriate alternative measures to be provided for shareholders who will have difficulties participating in the shareholders by video, and the handling method and handling situation in the event of an obstacle to the video meeting platform or participation in the video conference due to force majeure circumstances.</u></p>	Cooperate with regulatory revisions.
Article 16	The number of shares acquired by the solicitor <u>and the</u>	The number of shares solicited by the solicitor, <u>the</u>	Cooperate with regulatory

Provisions	Before revision	Revised	Revision Notes
	<p>number of shares represented by the entrusted agent shall be clearly disclosed in the shareholders' meeting on the day of the meeting of the shareholders' meeting in accordance with the prescribed format.</p>	<p>number of shares represented by the entrusted agent and the number <u>of shares attended by the shareholders in writing or electronically</u> shall be clearly disclosed in the shareholders' meeting in the shareholders' meeting in accordance with the statistical tables in the prescribed format on the day of the meeting of the shareholders' <u>meeting; if the shareholders' meeting is convened by video meeting, the company shall at least thirty minutes before the start of the meeting, Upload the above information to the video meeting platform of the Shareholders' Meeting and continue to disclose it until the end of the meeting.</u></p> <p><u>The Company shall hold a video meeting of the shareholders' meeting and announce the meeting, and the number of shareholders' attendance rights shall be disclosed on the video meeting platform. The same applies if there are other counts of attendance at the meeting.</u></p>	<p>revisions.</p>
<p><u>Article 19</u></p>		<p><u>If the shareholders' meeting is convened by video meeting, the Company shall immediately disclose the voting results of each proposal and the election results on the video meeting platform of the shareholders' meeting in accordance with the regulations and shall continue to disclose the results of the resolutions and the results of the meeting for at least 15 minutes after the chairman announces the adjournment of the meeting.</u></p>	<p>Cooperate with regulatory revisions.</p>
<p><u>Article 20</u></p>		<p><u>When the Company convenes a video shareholders' meeting, the Chairman and the record-keeper shall be at the same place in the Mainland, and the Chairman shall announce the address of that place at the time of the meeting.</u></p>	<p>Cooperate with regulatory revisions.</p>

Provisions	Before revision	Revised	Revision Notes
<p><u>Article 21</u></p>		<p><u>If the shareholders' meeting is convened by video conference, the Company may provide a simplified connection test for shareholders before the meeting and provide relevant services immediately before and during the meeting to assist in handling the technical issues of communication.</u></p> <p><u>If the shareholders' meeting is convened by video meeting, the chairman shall, when announcing the meeting, separately announce that the date of postponement or renewal of the meeting shall not apply to the date of postponement or renewal of the meeting as stipulated in Article 44-20 of the Guidelines for the Handling of Shares of Publicly Issued Stock Companies, and if the date of postponement or renewal of the meeting of the shareholders' meeting shall not apply to the date of the postponement or renewal of the meeting due to force majeure circumstances caused by force majeure circumstances to the video conference platform or participation in the video conference for more than 30 minutes.</u></p> <p><u>When postponing or renewing a meeting of the shareholders' meeting in accordance with the provisions of the preceding paragraph, there is no need to re-discuss and resolve the proposal that has completed the voting and counting, and announces the voting results or the list of directors elected.</u></p> <p><u>The Company shall postpone or renew its assembly in accordance with the provisions of Item 2, and shall handle the relevant pre-operations in accordance with the date of the original shareholders' meeting and the provisions of each of these Articles in accordance with the provisions of Item 44 of the</u></p>	<p>Cooperate with regulatory revisions.</p>

Provisions	Before revision	Revised	Revision Notes
		<p><u>Standard for the Treatment of Shares of Publicly Issued Stock Companies, and the shareholders listed in the register of shareholders whose transfer of ownership was scheduled to be suspended at the original shareholders' meeting shall have the right to attend the shareholders' meeting.</u></p> <p><u>The period specified in The period specified in Article 12 of the Rules Governing the Use of Power of Attorney by a Public Offering Company attending a Shareholders' Meeting and Item 3 of Article 13, And Item 2 of Article 44-5, Article 44-15 and Article 44-17 of the Guidelines for the Handling of Shares of Publicly Issued Stock Companies shall be postponed or renewed in accordance with the date of the shareholders' meeting specified in Item 2.</u></p> <p><u>If the Company convenes a video-assisted shareholders' meeting and the second video meeting cannot be renewed, if the total number of shares present at the shareholders' meeting by video is deducted, and the total number of shares present at the shareholders' meeting still reaches the statutory quota of the resolution of the shareholders' meeting, the shareholders' meeting may continue without the need to postpone or renew the meeting in accordance with the provisions of paragraph 2.</u></p> <p><u>When the Company convenes a video shareholders' meeting, it shall provide appropriate alternative measures to shareholders who will have difficulties in attending the shareholders by video.</u></p>	

Provisions	Before revision	Revised	Revision Notes
Article 22	<p>Matters not covered by these Rules shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations and articles of association.</p> <p>These Rules shall be implemented after they have been adopted by the General Meeting of Shareholders and shall be amended as such.</p>		Adjust the number of articles.

resolution:

(三) Discussion on Amendments to the Company's "Procedures for Handling the Acquisition or Disposal of Assets" (Proposed by the Board)

Description:

1. Proposed to amend the Company's "Procedures for Handling the Acquisition or Disposal of Assets" in response to business needs
2. The details of the preceding and subsequent revisions are as follows:

Provisions	Before revision	Revised	illustrate
Article 5	<p>Article 5(2). When issuing an appraisal report or opinion, the personnel in the preceding paragraph shall handle the following matters in accordance with the following matters:</p> <ol style="list-style-type: none"> 1. Before accepting a case, one should carefully assess one's professional ability, practical experience and independence. 2. When <u>examining</u> a case, appropriate operational procedures should be properly planned and implemented to form conclusions and issue reports or opinions on the basis of which; and the procedures carried out, the collection of information and conclusions shall be published in detail in the case working papers. 3. The <u>completeness, correctness and reasonableness</u> of the sources, parameters and information used shall be assessed item by item as the basis for issuing an appraisal report or opinion. 4. The declaration shall include matters such as the professionalism and independence of the relevant personnel, the <u>reasonableness and correctness of</u> the information used in the assessment, and compliance with relevant laws and regulations. 	<p>Article 5(2). When issuing an appraisal report or opinion, the person referred to in the preceding paragraph shall handle it in accordance <u>with the self-discipline norms of the trade associations to which he belongs and</u> the following matters:</p> <ol style="list-style-type: none"> 1. Before accepting a case, one should carefully assess one's professional ability, practical experience and independence. 2. When <u>enforcing</u> a case, appropriate operational procedures shall be properly planned and implemented to form conclusions and issue reports or opinions on the basis of which; and the procedures carried out, the collection of information and conclusions shall be published in detail in the case working papers. 3. The <u>appropriateness and reasonableness</u> of the sources, parameters and information used shall be assessed item by item as the basis for issuing an appraisal report or opinion. 4. The declaration shall include matters such as the professionalism and independence of the relevant personnel, the <u>appropriate and</u> reasonable information used in the assessment, and compliance with relevant laws and regulations. 	<p>Cooperate with the newly amended Article 5 of the "Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies"</p>

Provisions	Before revision	Revised	illustrate
Article 7	<p>Article 7(1)(4). 4. The total amount of immovable property and its right to use assets or securities acquired by the Company and its subsidiaries for business use, and the limit of individual securities: (1) If the amount of assets does not reach NT\$10 million, it shall be handled by the manager after submitting it to the authorized person of the general manager for approval. (2) If the amount of assets exceeds NT\$10 million or more but does not exceed 100 million, it shall be assessed and deliberated by the heads and handling personnel of each department or the special case team, and submitted to the general manager for approval. (3) Where the amount of assets exceeds NT\$100 million or more, except for those whose assets exceed NT\$100 million or more, they shall be handled in accordance with the provisions of the first four (1) and (2) and shall be submitted to the board of directors for deliberation. (4) The total amount of real estate or negotiable securities acquired by the Company for business use shall not exceed 300% of the shareholders' equity of the Company in the most recent accountant's visa and financial report, and the investment amount of each long-term and short-term securities shall not exceed 300% of the equity of the former shareholders; the total amount of the non-business real estate or long-term and short-term securities purchased by each subsidiary and the total amount of investment in individual securities shall not exceed NT\$100 million. The members of the so-called special case team shall be composed of the general manager</p>	<p>Article 7(1)(4). 4. The total amount of the assets or securities of the right to use the real estate and the right to use it that the Company and its subsidiaries acquire or dispose of for business use, and the limit of individual securities: (1) If the amount of assets does not reach NT\$10 million, it shall be handled by the manager after submitting it to the authorized person of the general manager for approval. (2) If the amount of assets exceeds NT\$10 million or more but does not exceed 100 million, it shall be assessed and deliberated by the heads and handling personnel of each department or the special case team, and submitted to the general manager for approval. (3) Where the amount of assets exceeds NT\$100 million or more, except for those whose assets exceed NT\$100 million or more, they shall be handled in accordance with the provisions of the first four (1) and (2) and shall be submitted to the board of directors for deliberation. (4) <u>If the securities in this paragraph are disposed of in the centralized trading market or the securities dealer's business office, they may be decided by the undertaker according to the market conditions, and the provisions of (1), (2) and (3) of the preceding four shall not apply.</u> The total amount of real estate or securities acquired by the Company for non-business use shall not exceed 300% of the shareholders' equity of the Company in the most recent accountant's visa and financial report, the amount of investment in the long-term and short-term securities of each company shall not exceed 300% of the equity of the former</p>	<p>Modify according to business needs</p>

Provisions	Before revision	Revised	illustrate
	<p>according to the needs of each case, and the amounts in this paragraph shall be reported to the board of directors by the management department for revision according to the business conditions and the latest regulations of the competent authorities.</p>	<p>shareholders, and the total amount of the non-business real estate or long-term and short-term securities purchased by each subsidiary and the total amount of investment in individual securities shall not exceed NT\$100 million. The members of the so-called special case team shall be composed of the general manager according to the needs of each case, and the amounts in this paragraph shall be reported to the board of directors by the management department for revision according to the business conditions and the latest regulations of the competent authorities.</p>	
Article IX	<p>Article 9,1(3) and (2). 3. In any of the following circumstances, in addition to the valuation results of the assets obtained are higher than the transaction amount, or the valuation results of the disposed assets are lower than the transaction amount, the accountant should be <u>consulted to handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the China Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation), and</u> express specific opinions on the reasons for the difference and the appropriateness of the transaction price: (1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount. (2) The difference in the valuation results of two or more professional appraisers is more than 10% of the transaction amount. If the subsidiary is a construction</p>	<p>Article 9,1(3) and (2). 3. In any of the following circumstances, the valuation result of a professional appraiser shall be approached in any case, unless the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed asset is lower than the transaction amount, the accountant shall be consulted to express a specific opinion on the reason for the difference and the appropriateness of the transaction price: (1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount. (2) The difference in the valuation results of two or more professional appraisers is more than 10% of the transaction amount. If a subsidiary is a construction company, in addition to using a limited price or a specific price as the reference basis for the transaction price, if there is a legitimate reason for failing to obtain the valuation report immediately, it</p>	<p>Cooperate with the newly amended Article 9 of the Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies</p>

Provisions	Before revision	Revised	illustrate
	<p>company, in addition to using the limited price or the specific price as the reference basis for the transaction price, if there is a legitimate reason for failing to obtain the valuation report immediately, it shall obtain the valuation report and the accountant's opinion of the accountant in paragraph 3 of the preceding paragraph within two weeks from the date of occurrence of the facts.</p>	<p>shall obtain the valuation report within two weeks from the date of occurrence of the facts, and obtain the accountant's opinion of paragraph 3 of the preceding paragraph <u>within two weeks from the immediate date of obtaining the valuation report.</u></p>	
Article 10	<p>Article 10: The company obtains or disposes of securities, and shall take the latest financial statements of the target company that have been verified by the accountant before the occurrence of the facts as a reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-up capital or more than NT\$300 million, the accountant shall be consulted to express an opinion on the reasonableness of the transaction price before the occurrence of the facts, <u>and if the accountant needs to use an expert reporter, it shall be handled in accordance with the provisions of The 20th Auditing Standards Bulletin Issued by the Accounting Research and Development Foundation.</u> However, this shall not apply unless the securities are publicly quoted in the active market or otherwise provided by the competent authorities.</p>	<p>Article 10: The company obtains or disposes of securities, and shall take the latest financial statements of the target company that have been verified by the accountant before the occurrence of the facts as a reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the paid-up capital of the Company or more than NT\$300 million, the accountant shall be consulted to express an opinion on the reasonableness of the transaction price before the occurrence of the facts. However, this shall not apply unless the securities are publicly quoted in the active market or otherwise provided by the competent authorities.</p>	<p>Cooperate with the newly amended Article 10 of the Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies</p>

Provisions	Before revision	Revised	illustrate
Article 11	<p>Article 11: If the Company obtains or disposes of intangible assets or its right to use assets or membership card transaction amounts to 20% of the Company's paid-up capital or more than NT\$300 million, in addition to transactions with Taiwan authorities, it shall negotiate with the accountant to express an opinion on the reasonableness of the transaction price before the occurrence of the facts, <u>and the accountant shall handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u></p>	<p>Article 11: If the Company obtains or disposes of intangible assets or the assets of its right to use or the transaction amount of the membership card reaches 20% of the Company's paid-up capital or more than NT\$300 million, in addition to trading with Taiwan authorities, it shall consult with the accountant on the reasonableness of the transaction price before the occurrence of the facts.</p>	<p>Cooperate with the newly amended Article 11 of the Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies</p>
Article 14	<p>Article 14: If the Company acquires or disposes of immovable property or its right of use assets from a related party, or acquires or disposes of real estate or other assets other than its right of use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or more than NT\$300 million, except for the purchase and sale of domestic public bonds, bonds with buy-back or sell-back conditions, and money market funds issued by domestic securities investment trusts, the following information shall be approved by more than one-half of the members of the Audit Committee. The transaction deed and payment may be signed only after the resolution of the Board of Directors is submitted, and if more than one-half of the members of the Audit Committee are not approved, the consent of more than two-thirds of all the directors may be taken, and the resolution of the Audit Committee shall be specified in the proceedings of the Board:</p> <p>1. The purpose, necessity and expected benefits of acquiring or disposing of assets.</p>	<p>Article 14: If the Company acquires or disposes of immovable property or its right of use assets from a related party, or acquires or disposes of real estate or other assets other than its right of use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or more than NT\$300 million, except for the purchase and sale of domestic public bonds, bonds with buy-back or sell-back conditions, and money market funds issued by domestic securities investment trusts, the following information shall be approved by more than one-half of the members of the Audit Committee. The transaction deed and payment may be signed only after the resolution of the Board of Directors is submitted, and if more than one-half of the members of the Audit Committee are not approved, the consent of more than two-thirds of all the directors may be taken, and the resolution of the Audit Committee shall be specified in the proceedings of the Board:</p> <p>1. The purpose, necessity and expected benefits of acquiring or disposing of assets.</p>	<p>Cooperate with the newly amended Article 15 of the Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies</p>

Provisions	Before revision	Revised	illustrate
	<p>2. The reason for selecting the related person as the transaction object.</p> <p>3. Information on the acquisition of immovable property or the assets of its right to use from a related party in accordance with the provisions of Articles 15 and 16 to assess the reasonableness of the predetermined transaction conditions.</p> <p>4. Matters such as the date and price of the original acquisition of the related party, the transaction object and its relationship with the company and the related person.</p> <p>5. A forecast statement of cash receipts and expenditures for each month of the coming year from the beginning of the contracted month, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.</p> <p>6. Valuation report issued by a professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of an accountant.</p> <p>7. Restrictions and other important agreed matters of the transaction. The calculation of the transaction amount in the preceding paragraph shall be calculated in accordance with Item 2 of Article 26, and the so-called one year shall be calculated retroactively according to the date of occurrence of the transaction, and shall be submitted to the Audit Committee for approval and partially exempted from re-crediting in accordance with the provisions of the 'Standards for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies'.</p> <p>The Board of Directors may authorize the Chairman of the Board of Directors to make a decision within a certain amount within a certain amount of the</p>	<p>2. The reason for selecting the related person as the transaction object.</p> <p>3. Information on the acquisition of immovable property or the assets of its right to use from a related party in accordance with the provisions of Articles 15 and 16 to assess the reasonableness of the predetermined transaction conditions.</p> <p>4. Matters such as the date and price of the original acquisition of the related party, the transaction object and its relationship with the company and the related person.</p> <p>5. A forecast statement of cash receipts and expenditures for each month of the coming year from the beginning of the contracted month, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.</p> <p>6. Valuation report issued by a professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of an accountant.</p> <p>7. Restrictions and other important agreed matters of the transaction. The Board of Directors may authorize the Chairman of the Board of Directors to make a decision within a certain amount within a certain amount of the Company and the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the Board of Directors may, in accordance with Paragraph 1, Paragraph 2 of Article 7, decide in advance and then report to the latest Board of Directors for retrospective recognition:</p> <p>(1) Acquisition or disposal of equipment for business use or assets of its right to use.</p> <p>2. Acquire or dispose of the assets of the right to use immovable property for</p>	

Provisions	Before revision	Revised	illustrate
	<p>Company and the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the Board of Directors may, in accordance with Paragraph 1, Paragraph 2 of Article 7, decide in advance and then report to the latest Board of Directors for retrospective recognition:</p> <p>(1) Acquisition or disposal of equipment for business use or assets of its right to use.</p> <p>2. Acquire or dispose of the assets of the right to use immovable property for business use.</p> <p>The Company has established independent directors, and when submitting to the Board of Directors for discussion in accordance with the provisions of paragraph 1, the opinions of the independent directors shall be fully considered, and if the independent directors have any objections or reservations, they shall be recorded in the board proceedings.</p>	<p>business use.</p> <p>The Company has established independent directors, and when submitting to the Board of Directors for discussion in accordance with the provisions of paragraph 1, the opinions of the independent directors shall be fully considered, and if the independent directors have any objections or reservations, they shall be recorded in the board proceedings.</p> <p><u>If the Company or its subsidiaries that are not domestic public offering companies have the first transaction, and the transaction amount reaches more than 10% of the total assets of the Company, the Company shall submit the information listed in item 1 to the shareholders' meeting for approval before signing the transaction contract and making payments. However, this does not apply to the extent that the Company deals with its parent company, subsidiaries, or its subsidiaries.</u></p> <p><u>The</u> calculation of the transaction amount in item 1 and the preceding paragraph shall be in accordance with Item 2 of Article 26, and the so-called one year shall be calculated retroactively within one year on the basis of the date of occurrence of the transaction, and shall be submitted to <u>the shareholders' meeting,</u> the audit committee and the board of directors for approval and the board of directors for partial exemption from re-crediting in accordance with the provisions of the 'Standards for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies'.</p>	
Article 26	<p>Article 26,1(7).</p> <p>.....</p> <p>7. In the event of asset transactions other than the preceding six paragraphs,</p>	<p>Article 26,1(7).</p> <p>.....</p> <p>7. In the event of asset transactions other than the preceding six paragraphs,</p>	<p>Cooperate with the newly amended</p>

Provisions	Before revision	Revised	illustrate
	<p>the disposal of creditor's rights by financial institutions or the investment in mainland China, the transaction amount shall amount to 20% of the company's paid-in capital or more than NT\$300 million. However, this does not apply in the following cases:</p> <p>(1) Buying and selling domestic public bonds.</p> <p>(2) Buying and selling bonds with buy-back or sell-back conditions, and purchasing or buying back money market funds issued by domestic securities investment trusts.</p>	<p>the disposal of creditor's rights by financial institutions or the investment in mainland China, the transaction amount shall amount to 20% of the company's paid-in capital or more than NT\$300 million. However, this does not apply in the following cases:</p> <p>(1) Buying and selling domestic public bonds <u>or foreign state bonds with credit ratings that are not lower than China's sovereign rating grade.</u></p> <p>(2) Buying and selling bonds with buy-back or sell-back conditions, and purchasing or buying back money market funds issued by domestic securities investment trusts.</p>	<p>Article 31 of the Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies</p>
Article 30	<p>Article 30: Amendments</p> <p>.....</p> <p>The thirteenth revision was made on May 12, 1100.</p>	<p>Article 30: Amendments</p> <p>.....</p> <p>The 13th revision was made on May 12, 2021, <u>and the 14th was revised on May 18, 2022.</u></p>	

resolution:

4. Electoral matters

Cause: Re-election of the Company's 24th Directors for 9 seats
(including 3 seats for independent directors)
(Proposed by the Board of Directors)

Description:

1. The term of office of the 23rd Directors of the Company expires on 15 May 2022, and in order to cooperate with the operations of the Ordinary Meeting of Shareholders, it is proposed to extend the performance of his duties in accordance with Article 195, Paragraph 2 of the Company Law until the time of the re-election of the Directors in the current year.
2. The 9 directors (including 3 independent directors) elected for a term of three years, from 18 May 2022 to 17 May 2025, the new directors will be elected immediately after the election of the ordinary shareholders' meeting, and the original directors will be dismissed at the same time.
3. The election of directors (including independent directors) shall be based on the provisions of the Articles of Association of this Company, and the nomination system of candidates shall be adopted, and the shareholders shall elect and appoint them from the list of candidates.
4. The list of candidates for this director (including independent directors) is as follows:

serial number	category	name	Major academic (sutra) calendar	The name of the government or legal person represented	Number of shares held
1	director	Guo Linyi	B.S., Department of Chemical Engineering, Fengjia University, Chairman of NANKANG Tire (Share) Company, Vice President of Manufacturing	Interpretation of Ye Investment (Shares) companies	33,941,666
2	director	Lin Junying	Master of Arts in Johnson & Wales University, Director of Southport Tire (Stock) Company	Interpretation of Ye Investment (Shares) companies	33,941,666

serial number	category	name	Major academic (sutra) calendar	The name of the government or legal person represented	Number of shares held
3	director	Chen Hengkuan	Master of Business, School of Management, National Taiwan University, Graduated from the Faculty of Law, National Taiwan University, Judge and President of the New Taipei District Court in Taiwan, Examination Committee Member, Director of The Co-Law Firm	Interpretation of Ye Investment (Shares) companies	33,941,666
4	director	Huang Jiaying	University of California, Davis (University of California, Davis), LL.M., Fu Jen University, Legal Director and Corporate Governance Supervisor of Hetai Products Insurance (Shares), Associate Counsel of Fubon Life (Shares) Corporate Law Compliance, Legal Director of Hetai Products Insurance Co., Ltd. and Commercial Lawyer of DXN Law Firm	Interpretation of Ye Investment (Shares) companies	33,941,666
5	director	Hou Jiaqi	M.S./Ph.D., Department of Bioengineering, Stanford University M.S., Department of Applied Computing, Harvard University, Johns Hopkins University, Department of Applied Mathematics and Department of Chemical Engineering, Vice Chairman of Hanlai International Hotel Co., Ltd., Senior Scientist of Pfizer, Hopkins Medical Research Assistant, Chairman of Zhonghe Wool Co., Ltd., Chairman of Hanshin Shopping Center Co., Ltd	Chongshen development industry (Shares) companies	18,000

serial number	category	name	Major academic (sutra) calendar	The name of the government or legal person represented	Number of shares held
6	director	Huang Mingyou	Department of Accounting, Soochow University, Deputy Director of Zicheng United Accounting Firm, Chairman of Chuancheng Investment Consulting Co., Ltd., Independent Director of Herun Enterprise Co., Ltd., Director of Zhonghe Wool Industry Co., Ltd	Chongshen development industry (Shares) companies	18,000
1	Independent Director	Wu Siyi	Master of Management, National Taiwan University of Science and Technology Examination Institute Advanced Examination Pass - Accountant Accountant of Li Hong Certified Public Accountants	-	0
2	Independent Director	Chen Mengxiu	Master of Laws, Bachelor of Laws, Chinese Culture University Director of Taipei Bar Association, Daheng International Law Firm, Lead Lawyer, Member of the National Federation of Bar Associations, Director of the Disaster Relief Foundation.	-	0
3	Independent Director	Xu Miaoqing	Saint John's University Master of Business Administration, Department of Business, National Taiwan University Law School, General Manager/ Senior Vice President and Chief Financial Officer of Nanshan Life Insurance Co., Ltd., Independent Director of Evergreen Aerospace Technology Co., Ltd	-	0

5. Ms. Wu Siyi's term of office as an independent director has reached three

terms, and the reasons for nomination are as follows: Considering that Ms. Wu Siyi has experience as an accountant and is familiar with relevant laws and regulations, which is of obvious benefit to the company's business, she continues to nominate Ms. Wu Siyi as an independent director.

6. Please proceed with the elections.

Election results:

5. Other motions

Cause of Action: Lifting of Non-Compete Restriction on New Directors
of the Company (Proposed by the Board of Directors)

Description:

1. For the sake of business, it is proposed to release the newly elected directors (including independent directors) and their legal representatives at the current shareholders' meeting of the Company, who may concurrently serve as directors of other companies similar to the business scope of the Company, and are subject to the non-compete under article 209 of the Company Law, and hereby lift the above-mentioned non-compete.
2. The newly elected directors (including independent directors) and their representatives who wish to request the shareholders' meeting to agree to lift the non-compete restriction shall explain the scope and content of the case on the spot before the shareholders' meeting discusses the case.

resolution:

Provisional motions

Meeting

壹、annex

- 一、Accountant audit report and 2021 individual financial statements
- 二、Accountant's Audit Report and 2021 Consolidated Financial Statements
- 三、Code of Ethical Conduct

Accountant's audit report 2021 Annual individual financial
statements

Accountants review reports

NO. 00031100CA

NANKANG Tire Co., Ltd. Public Appraisal:

Check the opinions

NANKANG Tire Co., Ltd.'s individual balance sheet for the periods 31 December 2021 and 31 December 2020, and the consolidated income statement of individuals for the periods 1 January to 31 December 2021 and 1 January 2020 to 31 December 2020, the Statement of Changes in Individual Equity, The individual cash flow statement, as well as the notes to the individual financial report (including the summary of significant accounting policies), have been reviewed by the accountant.

In accordance with the opinion of this accountant, the individual financial report of Shangkai has been prepared in all material respects in accordance with the financial reporting standards for securities issuers, which is sufficient to express the individual financial position of NANKANG Tire Co., Ltd. as at 31 December 2021 and 31 December 2020, and from 1 January to 31 December 2021 and Individual financial performance and individual cash flow for the period from January 1 to December 31, 2020.

The basis of the review opinion

The accountant performs the audit in accordance with the rules for accountants to verify the financial statements of the visa and the generally accepted auditing standards. The accountant's responsibilities under these standards will be further explained in the section on the accountant's responsibility to review the individual's financial reports. The personnel of the firm under the independence code of the accounting firm have maintained a detached independence from NANKANG Tire Co., Ltd. in accordance with the accountant's code of professional ethics and have fulfilled other responsibilities of the code. The Accountant believes that sufficient and relevant evidence has been obtained to form a basis for the audit opinion.

Key audit matters

Key audit matters refer to the most important matters in the 2021 individual

financial report of NANKANG Tire Co., Ltd. according to the professional judgment of this accountant. These matters have been addressed in the course of reviewing the individual financial report as a whole and forming an audit opinion, and the Accountant does not express a separate opinion on these matters. The key audit matters of NANKANG Tire Co., Ltd.'s 2021 individual financial report are described as follows:

Inventory evaluation

NANKANG Tire Co., Ltd. had an inventory of \$819,664 as at 31 December 2021, please refer to Note 4(10) to the individual financial report regarding the inventory accounting policy.

NANKANG Tire Co., Ltd. for the inventory evaluation is based on the cost and net realization value of the low, because the assessment of the net realization value of inventory is a major judgment and estimate, and the tire industry profit is directly affected by the price fluctuations of the main material natural rubber, there are still uncertainties in the external economic environment of the United States anti-dumping and high freight rates in the current period, so the accountant believes that the inventory evaluation of NANKANG Tire Co., Ltd. is listed as one of the most important matters in this year's audit.

The accountant's main audit procedures for the above key audit matters are as follows:

1. Assess the rationality of the company's inventory evaluation and the price reduction policy of sluggish products.
2. Check and calculate the company's inventory evaluation based on the information, to confirm the reasonableness of the net realization value.
3. Assess the inventory status through the annual inventory and inventory age analysis table to confirm the integrity of the decline in the price of the inventory of sluggish products.

Derogations from immovable property, plant and equipment

The amount of real estate, plant and equipment of NANKANG Tire Co., Ltd. as at 31 December 2021 was \$5,953,366, and the accounting policy for the impairment of non-financial assets is detailed in Note 4 (15) to the individual financial report.

The management of NANKANG Tire Co., Ltd. regularly assesses whether

there are signs of derogation from real estate, plant and equipment, and since the recoverable amount of the cash generating unit measured at the time of valuation of impairment involves many assumptions and estimates, and the estimation method directly affects the measurement of the recoverable amount may change, the accountant believes that the assessment of the impairment of the real estate, plant and equipment of NANKANG Tire Co., Ltd. is listed as one of the most important matters in the current year's audit.

The accountant's main audit procedures for the above key audit matters are as follows:

1. Understand, analyze and evaluate the reasonableness of the cash generating unit identified by the management of NANKANG Tire Co., Ltd. as having no signs of derogation.
2. Evaluate and analyze the hypothetical data for the impairment test, including cash flow forecasting, discount rate, etc., and confirm the appropriateness of each hypothetical data.

Responsibility of management and governance for individual financial reporting

It is the responsibility of management to prepare the individual financial reports that are properly expressed in accordance with the financial reporting standards for securities issuers and to maintain the necessary internal controls relating to the preparation of the individual financial reports to ensure that there are no material misrepresentations of fraud or error in the individual financial reports.

In the preparation of individual financial reports, the responsibilities of the management also include assessing the ability of NANKANG Tire Co., Ltd. to continue to operate, the disclosure of related matters, and the adoption of the accounting basis for continued operations, unless the management intends to liquidate NANKANG Tire Co., Ltd. or cease business, or there is no other practical solution other than liquidation or suspension of business.

The governance unit (including the audit committee) of NANKANG Tire Co., Ltd. is responsible for supervising the financial reporting process.

The accountant's responsibility to verify an individual's financial report

The purpose of the accountant's verification of the individual financial report is to obtain reasonable confidence in whether the individual financial

report as a whole has a material misrepresentation leading to fraud or error, and to issue an audit report. Reasonable assurance is a high degree of assurance, but the audit carried out in accordance with generally accepted auditing standards does not guarantee that material misrepresentations in individual financial reports will be detected. Misrepresentation may result from fraud or error. An untruthfully expressed individual amount or aggregate amount is considered material if it is reasonably expected to affect the economic decisions made by individual users of financial reporting.

The accountant exercises professional judgment and maintains professional suspicion when conducting audits in accordance with generally accepted auditing standards. The accountant also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of the individual's financial reports due to fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate evidence of verification as a basis for the audit opinion. Since fraud may involve collusion, forgery, deliberate omission, false declaration or trespassing of internal controls, the risk of not detecting a material misrepresentation of the fraud is higher than that of the person whose cause is wrong.
2. Obtain the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the prevailing circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of NANKANG Tire Co., Ltd.
3. Assess the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures made by it.
4. Based on the verification evidence obtained, it is concluded whether there are significant uncertainties as to the appropriateness of the management to adopt the accounting basis for continued operations and whether there are significant uncertainties about the events or circumstances that may give rise to material doubts about the ability of NANKANG Tire Co., Ltd. to continue to operate. If the accountant believes that there are material uncertainties in such events or circumstances, he or she shall remind the user of the individual financial report in the audit report to pay attention to the relevant disclosure of the individual financial report or amend the audit opinion at such time when such disclosure is inappropriate. The accountant's conclusions are based on the verification evidence obtained as at the date of the audit report. However, future events or circumstances may cause NANKANG Tire Co., Ltd. to no

longer have the ability to continue to operate.

5. Evaluate the overall presentation, structure and content of the individual financial report (including the relevant notes) and whether the individual financial report is allowed to express the relevant transactions and events.
6. Obtain sufficient and appropriate evidence for the financial information of the constituent individuals in NANKANG Tire Co., Ltd. to express an opinion on the financial reports of the individuals. The accountant is responsible for the guidance, supervision and execution of the audit case, and is responsible for forming the audit opinion of NANKANG Tire Co., Ltd.

Matters communicated between the accountant and the governance unit, including the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified during the audit).

The Accountant also provides the Governing Body with the statement that the persons of the Firm's affiliated firms subject to the independence norms have complied with the Statement of Independence in the Accountants' Code of Ethics and communicate with the Governing Body all relationships and other matters (including relevant protective measures) that may be deemed to affect the accountant's independence.

From the matters communicated with the governance unit, the accountant decided on the key audit matters for the 2021 individual financial report of NANKANG Tire Co., Ltd. The Accountant sets out such matters in the Audit Report, unless the Statute does not permit the public disclosure of specific matters, or in the rare event that the Accountant decides not to communicate specific matters in the Audit Report, as it can reasonably be expected that the negative impact of such communication will outweigh the public interest.

Z h e n g f e n g
A c c o u n t i n g F i r m

U n i t e d



周紀素



accountant:

Zhou Yinlai

accountant:

Zeng Guofu

Approval number: (80) Taiwan Financial
Certificate (VI) No. 53585

Jin Guan Zheng Liu Zi No. 09
30159560

State March 24, 2022


NANKANG Tire Co., Ltd
Individual balance sheet
 2021 and 31 December 2020

Unit: NT\$1000

asset		annotations	December 31, 2021		December 31, 2020	
code	Accounting items		amount	%	amount	%
11xx	liquid asset					
1100	Cash and approximate cash	Six	\$ 1,775,904	8	\$ 110,698	1
1110	Financial assets measured at fair value through profit or loss - liquidity	Seven	220,311	1	2,351,265	11
1160	Notes Receivable - Net amount of the related party	VIII. Twenty-seven	8,917	—	5,827	—
1170	Net accounts receivable	Eight	594,464	3	1,005,824	5
1180	Net accounts receivable - related person	VIII. Twenty-seven	103,084	—	90,348	1
1200	Other receivables		39,504	—	88,378	—
1210	Other receivables - related persons	Twenty-seven	1,681	—	1,795	—
130x	stocks	Nine	819,664	4	719,569	3
1410	Advance Payments		33,521	—	31,060	—
1476	Other financial assets		277	—	285	—
1479	Other current assets		50,336	—	14,784	—
	Total current assets		3,647,663	16	4,419,833	21
15xx	Non-current assets					
1550	Investments using the equity method	Ten	13,278,742	57	10,455,292	49
1600	Real estate, plant and equipment	Eleven	5,953,366	26	5,963,161	28
1755	Right-of-use assets	twelve	11,743	—	20,917	—
1760	Net investment real estate	Thirteen	331,318	1	331,346	2
1840	Deferred tax assets	Twenty-four	34,722	—	21,844	—
1915	Prepaid equipment payment		52,293	—	92,506	—
1920	Deposit margin		26,990	—	7,492	—
	Total non-current assets		19,689,174	84	16,892,558	79
1xxx	Total assets		\$ 23,336,837	100	\$ 21,312,391	100

(The attached notes are part of the individual financial report)

NANKANG Tire Co., Ltd

Individual Balance Sheet (continued)

2021 and 31 December 2020

Unit: NT\$1000

Liabilities and equity		annotations	December 31, 2021		December 31, 2020	
code	Accounting items		amount	%	amount	%
21xx	Current liabilities					
2100	Short-term borrowing	Fourteen	\$ 9,061,199	39	\$ 6,492,612	30
2110	Payable short-term tickets	Fifteen	459,354	2	479,613	2
2120	Financial liabilities measured at fair value by profit or loss - current	Seven	—	—	99	—
2130	Contractual liabilities	Twenty-two	28,561	—	55,039	—
2150	Bills payable		2,961	—	18,531	—
2170	Accounts Payable		120,349	1	190,808	1
2180	Accounts Payable - Related Person	Twenty-seven	152,303	1	140,042	1
2200	Other payables	Sixteen	344,849	1	369,126	2
2230	Income tax liabilities for the current period		149,216	1	250,568	1
2250	Debt Preparation - Liquid	Seventeen	9,300	—	10,100	—
2280	Lease liabilities - current	twelve	9,009	—	9,327	—
2320	Long-term liabilities maturing within one year	eighteen	769,406	3	789,242	4
2399	Other current liabilities		63,954	—	58,300	—
	Total current liabilities		11,170,461	48	8,863,407	41
25xx	Non-current liabilities					
2540	Long-term borrowing	eighteen	160,000	1	830,206	4
2571	Deferred tax liabilities - land value added tax		639,709	3	639,709	3
2572	Deferred tax liabilities - non-current	Twenty-four	35,539	—	89,385	—
2580	Lease liabilities - non-current	twelve	2,677	—	11,532	—
2640	Net defined benefit liabilities - non-current	nineteen	79,066	—	90,845	1
	Total non-current liabilities		916,991	4	1,661,677	8
2xxx	Total liabilities		12,087,452	52	10,525,084	49
3100	Share capital	Twenty (one).	8,339,349	36	8,339,349	39
3200	Capital reserve	Twenty (two).	290,880	1	18,970	—
3300	Retain surplus	Twenty (three).	2,479,537	10	3,196,579	15
3310	Statutory surplus reserve		388,893	1	348,586	2
3320	Special surplus reserve		2,302,896	10	2,302,896	11
3350	Unallocated surplus		(212,252)	(1)	545,097	2
3400	Other Benefits	Twenty (four)	139,619	1	175,638	1
3500	Treasury stocks	Twenty-one	—	—	(943,229)	(4)

3xxx	Total equity		11,249,385	48	10,787,307	51
	Total liabilities and equity		\$ 23,336,837	100	\$ 21,312,391	100

(The attached notes are part of the individual financial report)

Chairman:  Accounting Supervisor: 

NANKANG TIRE CO., LTD.



Individual comprehensive income statement
2021 and 1 January to 31 December 2020

Unit: NT\$1000


code	project	annotations	2021 years		2020 degrees	
			amount	%	amount	%
4000	Operating income	Twenty-two	\$4,125,446	100	\$6,218,316	100
5000	Operating costs	Nine	(3,651,276)	(89)	(4,798,828)	(77)
5900	Operating gross profit		474,170	11	1,419,488	23
5910	The sale benefit has not been realized		(1,387)	—	(7,485)	—
5920	The benefit of sales has been realized		7,485	—	10,215	—
5950	Net operating gross profit		480,268	11	1,422,218	23
6000	Operating expenses					
6100	Merchandising fees		(672,465)	(16)	(398,862)	(6)
6200	Manage expenses		(436,778)	(10)	(324,273)	(5)
6300	Research and development costs		(108,078)	(3)	(94,446)	(2)
6450	Expected credit impairment losses		(400)	—	(495)	—
	Operating expenses total		(1,217,721)	(29)	(818,076)	(13)
6900	Business Profit (Loss)		(737,453)	(18)	604,142	10
7000	Non-operating income and expenses					
7100	Interest income		1,010	—	926	—
7010	Other income	XXIII (I)	16,393	—	74,342	1
7020	Other benefits and losses	XXIII (II)	910,348	22	376,496	6
7050	Financial costs	XXIII (III)	(86,827)	(2)	(93,434)	(2)
7070	The share of profit and loss of subsidiaries, affiliates and joint ventures using the equity method		(334,777)	(8)	99,429	2
	Total non-operating income and expenses		506,147	12	457,759	7
7900	Net profit before tax (net loss)		(231,306)	(6)	1,061,901	17
7950	Income tax expense	Twenty-four	(11,948)	—	(217,523)	(4)
8200	Net income (net loss) for the period		(243,254)	(6)	844,378	13
	Other consolidated gains and losses					
8310	Items that are not reclassified into profit or loss:					
8311	Determine the number of benefit plans to be remeasured	nineteen	(5,481)	—	5,708	—
8321	The number of defined benefit plans for affiliates and joint ventures		11,946	—	—	—
8349	Income tax related to items that are not reclassified	Twenty-four	1,096	—	(1,142)	—
	subtotal		7,561	—	4,566	—
8360	Items that may be subsequently reclassified into profit or loss:					

8361	The difference in exchange in the conversion of the financial statements of the foreign operating institution		(38,648)	(1)	111,946	2
8371	The exchange difference converted into the financial statements of affiliated enterprises and foreign operating institutions of joint ventures		2,629	—	—	—
8399	Income tax (expense) benefits related to other components of the consolidated profit or loss subtotal		—	—	—	—
			(36,019)	(1)	111,946	2
8300	Other consolidated profit and loss for the period (net after tax)		(28,458)	(1)	116,512	2
8500	Total consolidated profit and loss for the period		\$(271,712)	(7)	\$960,890	15
	Earnings per share (loss) (RMB)	Twenty-five				
9750	Basic earnings per share (loss)		\$ (0.29)		\$ 1.05	
9850	Diluted earnings per share (loss)		\$ (0.29)		\$ 1.05	

(The attached notes are part of the individual financial report)

Chairman: Manager: Accounting Supervisor:




NANKANG Tire Co., Ltd
Statement of Changes in Individual Equity
 2021 and 1 January to 31 December 2020

Unit: NT\$1000

project	Share capital	Capital reserve	Retain surplus			Other benefit items	Treasury stocks	Total equity
			Statutory surplus reserve	Special surplus reserve	Unallocated surplus	The difference in exchange in the conversion of the financial statements of the foreign operating institution		
Balance as of January 1, 2020	\$8,339,349	\$18,970	\$249,984	\$2,302,896	\$677,229	\$63,692	\$(943,229)	\$10,708,891
Surplus Allocation and Distribution:								
The statutory surplus reserve is proposed	—	—	98,602	—	(98,602)	—	—	—
Cash dividends on common stock	—	—	—	—	(882,474)	—	—	(882,474)
Net profit for 2020	—	—	—	—	844,378	—	—	844,378
Other consolidated profit and loss for FY2020	—	—	—	—	4,566	111,946	—	116,512
Total consolidated profit and loss for the period	—	—	—	—	848,944	111,946	—	960,890
Balances as of December 31, 2020	8,339,349	18,970	348,586	2,302,896	545,097	175,638	(943,229)	10,787,307
Surplus Allocation and Distribution:								
The statutory surplus reserve is proposed	—	—	40,307	—	(40,307)	—	—	—
Cash dividends on common stock	—	—	—	—	(481,349)	—	—	(481,349)

Treasury shares are transferred to employees	—	271,910	—	—	—	—	943,229	1,215,139
Net income (net loss) for FY2021	—	—	—	—	(243,254)	—	—	(243,254)
Other consolidated profit and loss for FY2021	—	—	—	—	7,561	(36,019)	—	(28,458)
Total consolidated profit and loss for the period	—	—	—	—	(235,693)	(36,019)	—	(271,712)
Balances as of December 31, 2021	\$8,339,349	\$290,880	\$388,893	\$2,302,896	\$(212,252)	\$139,619	\$—	\$11,249,385

Note 1: The Company's employee remuneration for 2021 and 1 January 2020 to 31 December 2020 was \$000 and \$1,063,063 respectively, which have been deducted from the consolidated income statements for each of these periods.

(The attached notes are part of the individual financial report)



Chairman: Manager: Accounting Supervisor:



NANKANG Tire Co., Ltd

Individual cash flow statement

2021 and 1 January to 31 December 2020

Unit: NT\$1000

project	2021	2020 degrees
Cash flow from operating activities:		
Net income before tax (net loss) for the period	\$(231,306)	\$1,061,901
Adjustment Items :		
Income and loss items:		
Depreciation expense	485,132	515,324
Expected credit impairment losses	400	495
The net benefit of financial assets and liabilities is measured at fair value through profit or loss	(889,619)	(425,498)
Interest Charges	86,827	93,434
Interest income	(1,010)	(926)
Dividend income	(12,252)	(9,033)
The share base pays the cost of remuneration	274,708	—
Share of profit or loss of subsidiaries and affiliates using the equity method	334,777	(99,429)
Disposal of real estate, loss of plant and equipment (benefit).	(19,839)	1,197
The sale benefit has not been realized	1,387	7,485
The benefit of sales has been realized	(7,485)	(10,215)
Unrealized interests with subsidiaries and affiliates	(792)	(2,331)
Other losses	418	26,813
The number of changes in assets/liabilities related to business activities		
Bills Receivable - Related Persons (Increase) Decreased	(3,090)	(367)
Decrease in accounts receivable (increase).	410,542	257,315
Accounts Receivable - Related persons (increase) decreased	(12,737)	38,477
Decrease in other receivables (increase).	49,792	(14,674)
Inventory (increase) decreased	(100,095)	20,964

Decrease in advance payments (increases).	(2,461)	(2,307)
The cost (increase) of obtaining contract increases has decreased	(34,793)	—
Other current assets (increases) decreased	(759)	193
Contract liabilities increase (decrease)	(26,478)	36,509
Bills payable increase (decrease).	(15,570)	3,812
Accounts payable increased (decreased).	(70,460)	54,143
Accounts payable - Increase (decrease) in related persons	12,261	17,781
Other payables increased (decreased).	(24,100)	(1,561)
Other payables - increase (decrease) for related persons	(630)	(369)

NANKANG Tire Co., Ltd

Individual Cash Flow Statement (continued)

2021 and 1 January to 31 December 2020

Unit: NT\$1000

project	2021 years	2020 degrees
Liability provisions increase (decrease).	(800)	800
Other current liabilities increased (decreased).	5,655	(1,107)
Net defined benefit liabilities increased (decreased).	(17,261)	(16,043)
Cash inflows (outflows) from operations	190,362	1,552,783
Interest charged	93	1,026
Interest paid	(86,217)	(95,595)
Income tax paid	(178,927)	(62,026)
Net cash inflows (outflows) from operating activities	(74,689)	1,396,188
Cash flow from investing activities:		
Acquisition of financial assets measured at fair value by profit or loss	(2,715,302)	(2,438,183)
Disposal of financial assets measured at fair value through profit or loss	1,547,958	615,552
Acquisition of investments using the equity method	—	(2,000)
The investee company that uses the equity method reduces capital and returns the share price	276,865	—
Receive dividends invested using the equity method	709,209	436,718
Acquisition of real estate, plant and equipment	(493,825)	(492,702)
Disposal of real estate, plant and equipment	58,325	3,045
Deposit margin (increase) decreases	(19,499)	17,137
Other receivables - related persons (increased) decreased	114	122,051
Other financial assets (increases) decreased	8	15
Other non-current assets (increases) decreased	—	72,962
Net (increase) decrease in prepaid equipment	40,213	13,552
Other dividends are charged	12,252	9,033
Net cash inflows (outflows) from investing activities	(583,682)	(1,642,820)
Cash flow from fund-raising activities:		
Short-term borrowing increased (decreased).	2,568,587	939,713
Payable short-term tickets increase	(20,259)	229,905

(decrease).		
Borrow long-term borrowing	637,311	740,093
Repay long-term borrowings	(1,311,524)	(783,560)
Deposit margin increases (decreases).	—	(360)
Lease principal repayment	(9,627)	(7,669)
Cash dividends are paid	(481,341)	(882,453)
Employees buy buybacks	940,430	—
Net cash inflows (outflows) from fund-raising activities	2,323,577	235,669
Cash for the current period and approximate cash increased (decreased).	1,665,206	(10,963)
Opening cash and approximate cash balances	110,698	121,661
Cash at the end of the period and approximate cash balances	\$1,775,904	\$110,698

(The attached notes are part of the individual financial report)

Chief Financial Officer: Manager: Accounting Supervisor:



Accountant's audit report 2021 Fiscal Year Merger Financial Report

Accountants review reports

NO.00031100CA

NANKANG Tire Co., Ltd. Public Appraisal:

Check the opinions

Consolidated balance sheets of NANKANG Tire Co., Ltd. and its subsidiaries for the periods ended December 31, 2021 and December 31, 2020, and from January 1, 2021 to December 31, 2020 The consolidated consolidated statement of income, the statement of changes in consolidated equity, the consolidated statement of cash flows, and the notes to the consolidated financial report (including the summary of material accounting policies) for the period from January 1 to December 31, 2012, have been reviewed by this accountant.

In accordance with the opinion of this Accountant, the Consolidated Financial Report of Shangkai has been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements approved and issued by the Financial Regulatory Commission, which are sufficient to express NANKANG Tire Co., Ltd. and its subsidiaries on December 31, 2021 and 2020 Consolidated financial position as at 31 December 2020, and consolidated financial performance and consolidated cash flows for the periods 1 January to 31 December 2021 and 1 January to 31 December 2020.

The basis of the review opinion

The accountant performs the audit in accordance with the rules for accountants to verify the financial statements of the visa and the generally accepted auditing standards. The accountant's responsibilities under these standards will be further explained in the section on the accountant's responsibility to review the consolidated financial statements. The personnel of the firm under the independence code of the accounting firm have maintained a detached independence from NANKANG Tire Co., Ltd. and its subsidiaries in accordance with the accountant's code of professional ethics and have fulfilled other responsibilities of the code. The Accountant believes that sufficient and relevant evidence has been obtained to form a basis for the audit opinion.

Key audit matters

Key audit matters refer to the most important matters in the 2021 consolidated financial report of NANKANG Tire Co., Ltd. and its subsidiaries in accordance with the professional judgment of this accountant. These matters have

been addressed in the course of the review of the consolidated financial statements as a whole and the formation of an audit opinion, and the Accountant does not express a separate opinion on these matters.

The key audit matters for the 2021 consolidated financial report of NANKANG Tire Co., Ltd. and its subsidiaries are set out below:

Inventory evaluation

The consolidated inventory of NANKANG Tire Co., Ltd. and its subsidiaries amounted to RMB13,581,140,000, representing 36% of total assets, of which \$1,639,545 was in stock of tyre manufacturing and \$11,941,595 in construction and development works under construction. For inventory accounting policies, please refer to Note IV (XI) to the Consolidated Financial Report for details.

NANKANG Tire Co., Ltd. and its subsidiaries for inventory evaluation is based on the cost and net realization value of the low, tire industry profits are directly affected by the price fluctuations of the main material natural rubber, there are still uncertainties in the external economic environment of the United States anti-dumping and high freight rates in the current period. In addition, the construction department of the subsidiary is still under development, the amount of construction in progress accounts for 88% of the consolidated inventory, affecting the decline in the consolidated inventory turnover rate, because the assessment of the net realized value of inventory is related to the material judgment and estimation and the amount of inventory is material to the consolidated report, so the accountant believes that the inventory evaluation of NANKANG Tire Co., Ltd. and its subsidiaries is listed as one of the most important matters in the current year' audit.

The accountant's main audit procedures for the above key audit matters are as follows:

1. Evaluate the rationality of the inventory evaluation of the merged company and the price reduction policy of the sluggish product.
2. The inventory evaluation of the consolidated company is calculated based on the information to confirm the reasonableness of the net realization value.
3. Assess the inventory status through the annual inventory and inventory age analysis form to confirm the integrity of the decline in the price of the inventory of the sluggish products of the consolidated company.
4. For the investment in the project under construction, check the relevant costs and confirm the appropriate attribution and classification, and understand the progress of the project and the rationality of the project investment. and assess the reasonableness of the carrying amount of the land under construction and

the carrying amount of the project without derogation.

Derogations from immovable property, plant and equipment

As at 31 December 2021, NANKANG Tire Co., Ltd. and its subsidiaries had a real estate, plant and equipment amount of RMB8,318,961,000, representing 22% of total assets, and the accounting policy for the impairment of non-financial assets is detailed in Note 4 (XVIII) to the Consolidated Financial Report.

The management of NANKANG Tire Co., Ltd. and its subsidiaries regularly assess whether there are signs of loss of real estate, plant and equipment, because the recoverable amount of each cash generating unit is measured at the time of valuation of loss reduction, involving many assumptions and estimates, the estimation method directly affects the recoverable amount measurement results may change, and the amount of real estate, plant and equipment is material to the consolidated report, so the accountant believes that the real estate of NANKANG Tire Co., Ltd. and its subsidiaries, The assessment of losses from plant and equipment was listed as one of the most important matters in the current year's audit.

The accountant's main audit procedures for the above key audit matters are as follows:

1. Understand, analyze and evaluate the reasonableness of the cash generating unit identified by the management of NANKANG Tire Co., Ltd. and its subsidiaries as having no signs of impairment.
2. Evaluate and analyze the hypothetical data for the impairment test, including cash flow forecasting, discount rate, etc., and confirm the appropriateness of each hypothetical data.

Other matters

NANKANG Tire Co., Ltd. has prepared individual financial reports for 2021 and 2020, and the audit report issued by this accountant without a qualified opinion is in the case for reference.

Responsibility of management and governance for consolidated financial reporting

The responsibility of management is to prepare the consolidated financial statements in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations approved and issued by the Financial Regulatory Commission, and to maintain the necessary internal controls in connection with the preparation of the consolidated financial reports to ensure that there are no material misrepresentations caused by fraud or error in the consolidated financial reports.

In preparing the consolidated financial report, the management's responsibilities also include assessing the ability of NANKANG Tire Co., Ltd. and its subsidiaries to continue to operate, the disclosure of related matters, and the adoption of the accounting basis for continued operations, unless the management intends to liquidate NANKANG Tire Co., Ltd. and its subsidiaries or cease operations, or there is no practical alternative to liquidation or closure.

The governance units (including the Audit Committee) of NANKANG Tire Co., Ltd. and its subsidiaries have the responsibility to supervise the financial reporting process.

The accountant's duty to audit the **consolidated** financial statements

The purpose of the accountant's verification of the consolidated financial report is to obtain reasonable confidence in whether there is a material misrepresentation of the consolidated financial report as a whole that leads to fraud or error, and to issue an audit report. Reasonable assurance is a high degree of confidence, but the audit carried out in accordance with generally accepted auditing standards does not guarantee that material misrepresentations in the consolidated financial statements will be detected. Misrepresentation may result from fraud or error. An untruthfully expressed individual amount or aggregate amount is considered material if it is reasonably expected to affect the economic decisions made by users of consolidated financial reporting.

The accountant exercises professional judgment and maintains professional suspicion when conducting audits in accordance with generally accepted auditing standards. The accountant also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of the consolidated financial reports resulting from fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate evidence of verification as a basis for the audit opinion. Since fraud may involve collusion, forgery, deliberate omission, false declaration or trespassing of internal controls, the risk of not detecting a material misrepresentation of the fraud is higher than that of the person whose cause is wrong.
2. To obtain the necessary understanding of the internal controls that are relevant to the audit in order to design appropriate audit procedures in the circumstances at that time, but for the purpose of which is not to express an opinion on the effectiveness of the internal controls of NANKANG Tire Co., Ltd. and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures made by it.
4. Based on the verification evidence obtained, it is concluded whether there are significant uncertainties as to the appropriateness of the management to adopt the accounting basis for continued operation and whether there are significant uncertainties in the event or circumstances that may give rise to significant doubts about the ability of NANKANG Tire Co., Ltd. and its subsidiaries to

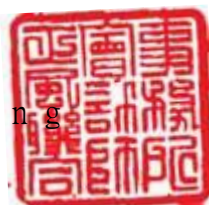
continue to operate. If the accountant believes that there are material uncertainties in such events or circumstances, he or she shall remind the users of the consolidated financial reports of the relevant disclosures of the consolidated financial reports in the audit report or amend the audit opinion at such time when such disclosures are inappropriate. The accountant's conclusions are based on the verification evidence obtained as at the date of the audit report. However, future events or circumstances may cause NANKANG Tire Co., Ltd. and its subsidiaries to no longer have the ability to continue to operate.

5. Evaluate the overall presentation, structure and content of the consolidated financial report (including the relevant notes) and whether the consolidated financial report is allowed to express the relevant transactions and events.
6. Obtain sufficient and appropriate evidence of the financial information of the constituent individuals within NANKANG Tire Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial report. The accountant is responsible for the guidance, supervision and implementation of the Group's audit cases, and is responsible for forming the Group's audit opinions.

Matters communicated between the accountant and the governance unit, including the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified during the audit).

The Accountant also provides the Governing Body with the statement that the persons of the Firm's affiliated firms subject to the independence norms have complied with the Statement of Independence in the Accountants' Code of Ethics and communicate with the Governing Body all relationships and other matters (including relevant protective measures) that may be deemed to affect the accountant's independence.

From the matters communicated with the governance unit, the accountant decided on the key audit matters for the 2021 consolidated financial report of NANKANG Tire Co., Ltd. and its subsidiaries. The Accountant sets out such matters in the Audit Report, unless the Statute does not permit the public disclosure of specific matters, or in the rare event that the Accountant decides not to communicate specific matters in the Audit Report, as it can reasonably be expected that the negative impact of such communication will outweigh the public interest.



A c c o u n t i n g Firm

accountant:

周 銀 來

Zhou Yinlai



accountant:

曾 國 富

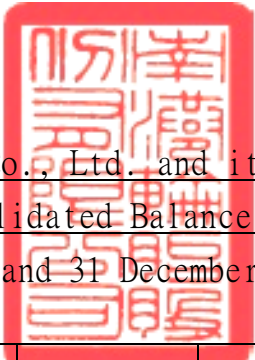
Zeng Guofu



Approval number: (80) Taiwan Financial
Certificate (VI) No. 53585

Jin Guan Zheng Liu Zi No. 09 30159560

State March 24, 2022


 NANKANG Tire Co., Ltd. and its subsidiaries
 Consolidated Balance Sheet
 2021 and 31 December 2020

Unit: NT\$1000

asset		annotations	December 31, 2021		December 31, 2020	
code	Accounting items		amount	%	amount	%
11xx	liquid asset					
1100	Cash and approximate cash	Six	\$ 3,238,003	9	\$ 3,972,357	13
1110	Financial assets measured at fair value through profit or loss - liquidity	Seven	220,311	1	2,351,265	7
1150	Net of bills receivable	Eight	432,066	1	444,085	1
1170	Net accounts receivable	Eight	1,469,825	4	1,775,020	6
1200	Other receivables		51,726	—	96,029	—
1220	Income tax assets for the current period		19,418	—	442	—
130x	stocks	Nine	13,581,140	36	9,965,305	31
1410	Advance Payments		453,167	1	255,645	1
1476	Other financial assets	Ten, thirty	2,806,071	8	2,665,926	8
1479	Other current assets	Eleven	1,209,766	3	738,992	3
	Total current assets		23,481,493	63	22,265,066	70
15xx	Non-current assets					
1550	Investments using the equity method	Twelve	4,851,354	13	815,998	2
1600	Real estate, plant and equipment	Thirteen	8,318,961	22	8,278,421	26
1755	Right-of-use assets	Fourteen	194,283	1	207,728	1
1760	Net investment real estate	Fifteen	331,318	1	331,346	1
1780	intangible asset		2,284	—	2,348	—
1840	Deferred tax assets	Twenty-six	36,049	—	21,844	—
1915	Prepaid equipment payment		52,293	—	92,506	—
1920	Deposit margin		55,047	—	9,883	—
	Total non-current assets		13,841,589	37	9,760,074	30

1xxx	Total assets		\$ 37,323,082	100	\$ 32,025,140	100
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(The attached notes are part of this consolidated financial report)

NANKANG Tire Co., Ltd. and its subsidiaries

Consolidated Balance Sheet (continued)

2021 and 31 December 2020

Unit: NT\$1000

Liabilities and equity		annotations	December 31, 2021		December 31, 2020	
code	Accounting items		amount	%	amount	%
21xx	Current liabilities					
2100	Short-term borrowing	Sixteen	\$ 8,868,901	24	\$ 6,893,034	21
2110	Payable short-term tickets	Seventeen	459,354	1	479,613	1
2120	Financial liabilities measured at fair value by profit or loss - current	Seven	—	—	99	—
2130	Contractual liabilities	Twenty-four	6,568,177	18	5,323,695	17
2150	Bills payable		2,961	—	18,531	—
2170	Accounts Payable		533,572	1	548,620	2
2200	Other payables	Eighteen	696,610	2	687,076	2
2230	Income tax liabilities for the current period		152,510	—	273,115	1
2250	Debt Preparation - Liquid	Nineteen	9,300	—	10,100	—
2280	Lease liabilities - current	fourteen	15,248	—	14,712	—
2320	Long-term liabilities maturing within one year	twenty	492,606	2	789,242	3
2399	Other current liabilities		79,424	—	81,257	—
	Total current liabilities		17,878,663	48	15,119,094	47
25xx	Non-current liabilities					
2540	Long-term borrowing	twenty	7,336,435	20	5,189,042	16
2571	Deferred tax liabilities - land value added tax	Twenty-six	733,196	2	733,196	3
2572	Deferred tax liabilities - non-current	Twenty-six	35,539	—	89,385	—
2580	Lease liabilities - non-current	fourteen	8,692	—	15,210	—
2640	Net defined benefit liabilities - non-current	Twenty-one	79,066	—	90,845	—
2670	Other non-current liabilities		2,106	—	1,061	—
	Total non-current liabilities		8,195,034	22	6,118,739	19
2xxx	Total liabilities		26,073,697	70	21,237,833	66
31xx	Equity attributable to the owners of the parent company					
3100	Share capital	Twenty-two (one).	8,339,349	22	8,339,349	26
3200	Capital reserve	Twenty-two (ii).	290,880	1	18,970	—
3300	Retain surplus	Twenty-two (three).	2,479,537	7	3,196,579	10
3310	Statutory surplus reserve		388,893	1	348,586	1

3320	Special surplus reserve		2,302,896	6	2,302,896	7
3350	Unallocated surplus		(212,252)	—	545,097	2
3400	Other Benefits	Xxii (iv).	139,619	—	175,638	1
3500	Treasury stocks	Twenty-three	—	—	(943,229)	(3)
	Total equity attributable to owners of the parent company		11,249,385	30	10,787,307	34
36xx	Non-controlling rights		—	—	—	—
3xxx	Total equity		11,249,385	30	10,787,307	34
	Total liabilities and equity		\$ 37,323,082	100	\$ 32,025,140	100

(The attached notes are part of this consolidated financial report)

Chairman: Manager Accounting Supervisor:



NANKANG Tire Co., Ltd. and its subsidiaries
Consolidated consolidated income statement
2021 and 1 January to 31 December 2020

Unit: NT\$1000

code	project	annotations	2021 years		2020 degrees	
			amount	%	amount	%
4000	Operating income	Twenty-four	\$8,077,591	100	\$9,695,119	100
5000	Operating costs	Nine	(6,748,804)	(84)	(7,364,738)	(76)
5900	Operating gross profit		1,328,787	16	2,330,381	24
5910	Unrealized interests with affiliated enterprises	Twenty-nine	(139)	—	(876)	—
5920	Realized benefits with affiliated enterprises	Twenty-nine	876	—	1,039	—
5950	Net operating gross profit		1,329,524	16	2,330,544	24
6000	Operating expenses					
6100	Merchandising fees		(1,537,670)	(19)	(793,842)	(8)
6200	Manage expenses		(534,655)	(6)	(412,620)	(4)
6300	Research and development costs		(108,078)	(1)	(94,446)	(1)
6450	Expected credit impairment (loss) of interest		19,521	—	(546)	—
	Operating expenses total		(2,160,882)	(26)	(1,301,454)	(13)
6900	Business Profit (Loss)		(831,358)	(10)	1,029,090	11
7000	Non-operating income and expenses					
7100	Interest income		15,727	—	28,034	—
7010	Other income	Twenty-five (one).	26,585	—	95,065	1
7020	Other benefits and losses	Twenty-five (two).	826,678	10	244,759	3
7050	Financial costs	Twenty-five (three).	(92,242)	(1)	(99,229)	(1)
7060	Share of profit or loss of affiliated enterprises and joint ventures using the equity method	twelve	(164,800)	(2)	(176,634)	(2)
	Total non-operating income and expenses		611,948	7	91,995	1
7900	Net profit before tax (net loss)		(219,410)	(3)	1,121,085	12
7950	Income tax expense	Twenty-six	(23,844)	—	(276,707)	(3)
8200	Net income (net loss) for the period		(243,254)	(3)	844,378	9
8310	Other consolidated gains and losses Items that are not reclassified to profit or loss:					
8311	Determine the number of benefit plans to be remeasured	Twenty-one	(5,481)	—	5,708	—
8321	The number of defined benefit plans for affiliates and joint ventures		11,946	—	—	—
8349	Income tax related to items that are not reclassified	Twenty-six	1,096	—	(1,142)	—
	subtotal		7,561	—	4,566	—
8360	Items that may be subsequently reclassified into profit or loss:					
8361	The difference in exchange in the conversion of the financial statements of the foreign operating institution		(38,648)	(1)	111,946	1
8371	The exchange difference converted into the financial statements of affiliated enterprises and foreign operating institutions of joint ventures		2,629	—	—	—

8399	Income tax (expense) benefits related to other components of the consolidated profit or loss subtotal		—	—	—	—
8300	Other consolidated profit and loss for the period (net after tax)		(36,019)	(1)	111,946	1
8500	Total consolidated profit and loss for the period		\$(271,712)	(4)	\$960,890	10
8600	Net profit is attributable to:					
8610	Parent company owner		\$(243,254)	(3)	\$844,378	9
8620	Non-controlling rights		—	—	—	—
8700	The total consolidated profit and loss is attributable to:					
8710	Parent company owner		\$(271,712)	(4)	\$960,890	10
8720	Non-controlling rights		—	—	—	—
	Earnings per share (loss) (RMB)	Twenty-seven				
9750	Basic earnings per share (loss)		\$ (0.29)		\$ 1.05	
9850	Diluted earnings per share (loss)		\$ (0.29)		\$ 1.05	

(The attached notes are part of this consolidated financial report)

Chairman: Manager Accounting Supervisor:



The statutory surplus reserve is proposed	—	—	40,307	—	(40,307)	—	—	—	—	—
Cash dividends on common stock	—	—	—	—	(481,349)	—	—	(481,349)	—	(481,349)
Treasury shares are transferred to employees	—	271,910	—	—	—	—	943,229	1,215,139	—	1,215,139
Net loss for FY2021	—	—	—	—	(243,254)	—	—	(243,254)	—	(243,254)
Other consolidated profit and loss for FY2021	—	—	—	—	7,561	(36,019)	—	(28,458)	—	(28,458)
Total consolidated profit and loss for the period	—	—	—	—	(235,693)	(36,019)	—	(271,712)	—	(271,712)
Balances as of December 31, 2021	\$8,339,349	\$290,880	\$388,893	\$2,302,896	\$(212,252)	\$139,619	\$—	\$11,249,385	\$—	\$11,249,385

(The attached notes are part of this consolidated financial report)

Chairman: Manager: Account Supervisor:



NANKANG Tire Co., Ltd. and its subsidiaries

Consolidated cash flow statement

2021 and 1 January to 31 December 2020

Unit: NT\$1000

project	2021 years	2020 degrees
Cash flow from operating activities:		
Net profit (net loss) before tax for the period	\$(219,410)	\$1,121,085
Adjustment Project:		
Income and loss items:		
Depreciation expense	769,322	787,593
Amortization expenses	375	422
Expected Credit Impairment Loss (Benefit)	(19,521)	546
The net benefit of financial assets and liabilities is measured at fair value through profit or loss	(889,619)	(425,498)
Interest Charges	92,242	99,229
Interest income	(15,727)	(28,034)
Dividend income	(12,252)	(9,033)
The share base pays the cost of remuneration	274,708	—
Share of profit or loss of affiliated enterprises and joint ventures using the equity method	164,800	176,634
Disposal and scrapping of real estate, loss of plant and equipment (benefit).	(4,430)	7,747
No sales profits have been realized	139	876
The profit from the sale has been realized	(876)	(1,039)
Other losses	418	26,813
Lease Modification Benefits	—	(22)
The number of changes in assets/liabilities related to business activities		
Mandatory reduction in financial assets measured at fair value through profit or loss (increase).	—	(315)
Decreased in bills receivable (increase).	12,578	(228,524)
Bills Receivable - Related Persons (Increase) Decreased	(1,688)	(93)
Decrease in accounts receivable (increase).	306,642	335,946
Accounts Receivable - Related persons (increase) decreased	(899)	6,341
Decrease in other receivables (increase).	42,444	(18,017)
Inventory (increase) decreased	(3,619,032)	(1,401,312)
Decrease in advance payments	(180,021)	(81,770)

(increases).		
Other current assets (increases) decreased	(875)	528
The incremental cost (increase) of obtaining the contract is reduced	(469,940)	(699,315)
Contract liabilities increase (decrease).	1,245,932	1,660,707
Bills payable increase (decrease).	(15,570)	3,813
Increase (decrease) in accounts payable	(16,671)	216,843
Accounts Payable - Associates Increase (Decrease)	3,265	—
Increase (decrease) in other payables	15,329	12,549
Increased (decreased) liability provision	(800)	800
Increase (decrease) in other current liabilities	(1,393)	(935)
Net defined benefit liabilities increased (decreased)	(17,261)	(16,043)
Cash inflows (outflows) generated by operations	(2,557,791)	1,548,522

NANKANG Tire Co., Ltd. and its subsidiaries

Consolidated Cash Flow Scale (continued)

2021 and 1 January to 31 December 2020

Unit: NT\$1000

project	2021 years	2020 degrees
Interest charged	17,510	29,693
Interest paid	(91,429)	(101,403)
Refund (payment) of income tax	(230,242)	(99,929)
Net cash inflow (outflow) from operating activities	(2,861,952)	1,376,883
Cash flow from investment activities:		
Acquisition of financial assets measured at fair value by profit or loss	(2,715,302)	(2,438,183)
Disposal of financial assets measured at fair value through profit or loss	1,547,958	615,552
Acquisition of investments using the equity method	—	(2,000)
Acquisition of real estate, plant and equipment	(845,002)	(763,945)
Disposal of real estate, plant and equipment	71,641	4,055
Deposit margin (increase) decreases	(45,448)	18,605
Other receivables - related persons (increased) decreased	—	120,000
Acquisition of intangible assets	(323)	(407)
Other financial assets (increases) decreased	(140,498)	1,083,743
Net (increase) decrease in prepaid equipment	40,213	13,552
Dividends received	15,227	9,033

Net cash inflow (outflow) from investing activities	(2,071,534)	(1,339,995)
Cash flow from fund-raising activities:		
Increase (decrease) in short-term borrowings	1,977,997	(531,731)
Increase in short-term tickets payable (decrease)	(20,259)	229,905
Borrow long-term borrowing	2,730,000	5,578,435
Repay long-term borrowings	(897,242)	(3,015,561)
Deposit margin increase (decrease)	1,050	(580)
Lease principal repayment	(17,076)	(14,449)
Cash dividends are paid	(481,341)	(882,453)
Employees buy buybacks	940,430	—
Net cash inflows (outflows) from fund-raising activities	4,233,559	1,363,566
The impact of exchange rate changes on cash and cash on the contract	(34,427)	100,113
Cash for the current period and approximate cash increased (decreased).	(734,354)	1,500,567
Opening cash and approximate cash balances	3,972,357	2,471,790
Cash at the end of the period and approximate cash balances	\$3,238,003	\$3,972,357

(The attached notes are part of this consolidated financial report)

Chairman: Manager Accounting Supervisor:



Code of Ethical Conduct

Updated by the 23rd Board of Directors at the 21st session on March 1, 2022

Article 1: (Purpose and Basis of Provision)

In order to guide the conduct of the directors, managers of the Company (including general managers and equivalents, deputy general managers and equivalents, associates and equivalents, heads of the financial department, heads of accounting departments, and other persons with the right to manage affairs and sign for the company) and other employees to comply with the ethical standards, and to make the company's stakeholders more aware of the company's ethical standards, this Code of Conduct is hereby followed with reference to the "Reference Example of a Code of Ethical Conduct for Listed Companies" and relevant regulations.

Article 2: (Applicable Objects)

This Code applies to the directors, officers and other employees of the Company.

The above applies to the Company's personnel.

Article 3: (Contents)

The Company and its personnel will follow the Code of Ethics and the Principle of Good Faith in the conduct of their business, and comply with the following Codes of Conduct:

一、Prevention of conflicts of interest :

The Company's personnel shall conduct official duties in an objective and efficient manner and shall not improperly benefit their own, spouse or second-party relatives in their position in the Company.

The Company shall prevent conflicts of interest if the Company and the aforementioned persons belong to the related enterprises, such as capital loans, endorsement guarantees, major asset transactions, and purchase (sale) of goods.

The above-mentioned persons should take the initiative to explain

whether they have a potential conflict of interest with the Company.

二、Avoid opportunities for personal gain:

The Company's personnel shall not do the following:

1. have the opportunity to seek personal gain or obtain private interests by using the Company's property, information or through the convenience of one's position;
2. Compete with the Company.

When the Company has the opportunity to make a profit, the Company's personnel are responsible for increasing the legitimate and legitimate benefits available to the Company.

三、Confidentiality Obligations:

The Company's personnel shall have the obligation of confidentiality, unless authorized or disclosed by law, such as the Company's business or customer information that they become aware of in connection with their duties, and the same shall apply after leaving office.

The information in the preceding paragraph shall be kept confidential, including all undisclosed information that may be exploited by competitors or leaked and then harm the company or customers.

四、a fair shake:

The Company's personnel shall treat the Company's business dealings fairly, competitors and employees, and shall not obtain improper benefits by manipulating, concealing or misusing the information they have learned based on their positions, making false statements about important matters or other unfair transaction methods.

五、Protect and appropriately use company assets:

Personnel of the Company are responsible for protecting the Company's assets and ensuring that they can be used effectively and lawfully in official business.

六、Compliance with laws and regulations:

The Company's personnel shall comply with all laws and regulations and the Company's policies that regulate the Company's business

activities.

七、 Prohibited insider trading:

Personnel of the Company shall not engage in relevant securities transactions if they have important undisclosed information. In addition to the provisions on the prevention of internal transactions, if the Company finds that there is a risk of insider trading, it shall be transferred to the relevant authorities for handling.

八、 Encourage the reporting of any illegal or contrary code of conduct:

The Company values and continues to promote ethics and encourages employees to report to directors, managers, internal audit supervisors or other appropriate personnel in accordance with the Company's whistle-blowing system when they suspect or discover any violation of laws, regulations or these Codes.

In order to encourage employees to report violations of the law, the company has established a 'complaint and reporting method', the authority and responsibility unit is the management department, allowing anonymous whistle-blowing, and informing employees that the company will do its best to protect the safety of whistleblowers from harassment, threats or retaliation.

九、 Disciplinary measures

In the event that an Company's personnel violate the Code, the Company shall handle it in accordance with relevant laws and regulations and the Company's internal disciplinary measures, and disclose the date of the violation, the reason for the violation, the violation of the Code, and the handling of the violation of the Code at the Public Information Observatory in real time.

Before making the penalty decision, the company has formulated a relevant complaint system within the 'Complaint and Reporting Measures' to provide relief for personnel who violate this Code.

Article 4: (Procedure for the Application of Exemptions)

In exceptional circumstances, the Company may waive the application of

this Code of Ethical Conduct to the Company's personnel, subject to prior approval.

Directors and managers shall, if an exemption is necessary to comply with the provisions of this Code, be passed by a Resolution of the Board of Directors and disclose in real time at the Public Information Observatory information such as the date of the Board's adoption of the exemption, the objections or reservations of the independent directors, the period for which the exemption applies, the reasons for the application of the exemption and the criteria for the application of the exemption, etc., so as to enable the shareholders to assess the appropriateness of the board's resolution, to discourage the occurrence of arbitrary or suspicious exemptions from compliance with the Code, and to ensure that any exemption from compliance with the Code has appropriate controls in place to protect the Company.

Article 5: (Method of Disclosure)

The Company shall disclose its code of ethical conduct on the Company's website, annual report, prospectus and public information observatory, as amended.

Article 6: (Level of Approval)

The formulations and amendments to this Code shall be implemented with the consent of the Board of Directors and shall be submitted to the General Meeting of Shareholders as amended.

Article 7: (Revision History)

This Code is set out for the 23rd session of the Board on 1 March 2022.

貳、appendix

- 一、Rules of procedure of the shareholders' meeting
- 二、Articles of Incorporation
- 三、Election of Directors
- 四、Procedures for obtaining or disposing of assets
- 五、Shareholding of all directors

NANKANG Tire Co., Ltd Rules of procedure of the shareholders' meeting

Revised at the Ordinary Meeting of Shareholders on May 12, 2021

Article 1

In order to establish a good governance system for shareholders' meetings, improve the supervision function and strengthen the management function of the Company, these Rules are formulated in accordance with Article 5 of the Code of Practice for Listed And Listed Companies to comply with them.

Article 2

The rules of procedure of the shareholders' meeting of the Company shall, unless otherwise provided by laws or regulations or the articles of association of the company, be governed by the provisions of these Rules.

Article 3

The meeting of shareholders of the Company shall be convened by the Board of Directors unless otherwise provided by decree.

The Company shall, 30 days before the meeting of the ordinary meeting of shareholders or 15 days before the meeting of the extraordinary meeting of shareholders, make electronic files and transmit them to the Public Information Observatory the causes and explanatory materials of the notice of the meeting of the shareholders' meeting, the paper for the power of attorney, the relevant acknowledgement cases, the discussion bill, the election or dismissal of directors, the matters of the supervisor, etc. And 21 days before the meeting of the regular meeting of shareholders or 15 days before the meeting of the extraordinary meeting of shareholders, the shareholders' meeting manual and supplementary materials of the meeting, the electronic file is produced and transmitted to the public information observation station. Fifteen days before the meeting of the shareholders' meeting, the manual of the shareholders' meeting and the supplementary information of the meeting shall be prepared for the shareholders to read at any time, and displayed in the company and its shareholding agency, and shall be distributed on the spot of the shareholders' meeting.

Notices and announcements should state the reasons for the call; The notification may be made electronically by the consent of the counterparty.

The selection or dismissal of directors, the change of articles of association, the reduction of capital, the application for the suspension of public offerings, the non-competition license of directors, the conversion of surpluses into capital, the conversion of reserves into capital, the

dissolution, merger, division of companies, or the various paragraphs of Article 185, paragraph 1 of the Company Law, Articles 26-1 and 43-6 of the Securities Exchange Law, and Articles 56-1 and 60bis of the Guidelines for the Handling of Securities Offering and Issuance of Securities by Issuers shall be listed and explained in the causes of the call and the main contents of the matters shall not be raised by provisional motion.

Shareholders who hold more than one percent of the total number of issued shares may submit a proposal in writing to the Company for an ordinary meeting of shareholders. However, if there is only one item, and more than one proposal is proposed, it is not included in the bill. In addition, if the shareholder proposes one of the circumstances of each paragraph of Article 172-1,1 of the Company Law, the Board of Directors may not be listed as a proposal.

The Company shall announce the acceptance of the shareholders' proposals, the place of acceptance and the acceptance period before the date of the suspension of the transfer of shares before the ordinary meeting of shareholders, and the acceptance period shall not be less than 10 days.

The proposal proposed by the shareholder shall be limited to 300 words, and those exceeding 300 words shall not be included in the proposal; the proposed shareholder shall attend the ordinary meeting of shareholders in person or entrust others to participate in the discussion of the proposal.

The Company shall notify the proposed shareholders of the results of the processing before the notice of the convocation of the shareholders' meeting, and the proposals in accordance with the provisions of this article shall be included in the notice of meeting. For shareholder proposals that are not included in the proposal, the board of directors shall explain the reasons for the failure to include it at the shareholders' meeting.

Article 4

Shareholders may issue a power of attorney issued by the Company at each shareholders' meeting, specifying the scope of authorization, appointing agents and attending the shareholders' meeting.

A shareholder shall issue a power of attorney and entrust one person to the extent that it shall be served to the company or the shareholders' agent five days before the meeting of the shareholders' meeting, and if there is any repetition of the power of attorney, the first to be served shall prevail. However, this does not apply to the principal before the declaration is revoked.

After the power of attorney is delivered to the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise his or her voting rights in writing or electronically, he shall give notice of revocation of the entrustment to the Company in writing two days before the meeting of the shareholders' meeting;

Article 5

The place where the shareholders' meeting is convened shall be at the place where the Company is located or at a place suitable for the attendance of shareholders and suitable for the convening of the shareholders' meeting, and the meeting shall not start at 9:00 a.m. or later than 3:00 p.m.

Article 6

The Company shall set up a signature book for the shareholders present or the proxy appointed by the shareholders (hereinafter referred to as the shareholders) to sign in, or the shareholders present shall pay the sign-in card to sign in their place.

The Company shall deliver the handbook, annual report, certificate of attendance, speech slip, voting vote and other meeting materials to the shareholders present at the shareholders' meeting; if there is an election of directors or supervisors, an additional election vote shall be attached.

Shareholders should present their attendance card, attendance card and identity card or health insurance card to attend the shareholders' meeting; they are the solicitors of the power of attorney and should bring their identity card or health insurance card supporting documents for verification.

When the government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one person. When a legal person is entrusted with attending a meeting of shareholders, only one person may be appointed to represent him.

A legal person shareholder appointing a representative to attend the shareholders' meeting shall issue a letter of appointment in the check-in procedure, and the designated person shall bring his identity card or health insurance card supporting documents for verification.

Where a legal person shareholder entrusts another person to attend on behalf of another person and appoints a representative to attend, the appointing representative shall prevail.

Article 7

If the shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall be the chairman of the board, and if the chairman of the board of directors requests leave or is unable to exercise his or her powers for any reason, it shall be handled in accordance with the provisions of Article 208 of the Company Law.

If the shareholders' meeting is convened by a convener other than the board of directors, the chairman shall be the convener, and if there are two or more conveners, one of them shall be elected by each other.

The Company may appoint its appointed lawyers, accountants or related persons to attend the Shareholders' Meeting as non-voting participants.

Article 8

The Company shall record or video the entire meeting of the Shareholders' Meeting and keep it for at least one year. However, a shareholder who initiates a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.

Article IX

Attendance at shareholders' meetings shall be based on shares. The number of shares present is calculated based on the signature book or the sign-in card paid.

At the time of the meeting, the Chairman shall immediately announce the meeting and announce the number of non-voting rights and the number of shares present. However, in the absence of a representative of a majority of the shareholders representing a majority of the total number of issued shares, the Chairman may announce the postponement of the meeting to a limited time of two times, and the total delay shall not exceed one hour. When the second postponement is still insufficient to have more than one-third of the shareholders representing the total number of issued shares present, the chairman shall announce the flow of the meeting.

If the shareholders representing more than one-third of the total number of issued shares are present after the second postponement of the preceding paragraph, they may make a false resolution in accordance with the provisions of Article 175, Paragraph 1 of the Company Law, and notify the shareholders of the false resolution to convene another shareholders' meeting within one month.

Before the conclusion of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairman may re-submit the false resolution to the shareholders' meeting for a vote in accordance with Article 174 of the Company Law.

Article 10

If the meeting of shareholders is convened by the Board of Directors, the agenda shall be determined by the Board of Directors, and the meeting shall be conducted in accordance with the scheduled agenda and shall not be changed without the resolution of the Shareholders' Meeting.

If the shareholders' meeting is convened by a person other than the board of directors with the right to convene, the provisions of the preceding paragraph shall be permitted.

The Chairman shall not adjourn the meeting without resolution until the conclusion of the proceedings (including provisional motions) of the agenda of the first two items, and the Chairman shall, in violation of the rules of procedure, declare the adjournment of the meeting and may elect a person to serve as the Chairman with the consent of a majority of the voting rights of the shareholders present and continue to meet.

The Chairman shall give full explanation and discussion to proposals and amendments or provisional motions proposed by shareholders, and if he considers that the level is sufficient

for voting, he may declare that he has ceased discussion and put to the vote.

Article 11

Before attending the speech of shareholders, they must first fill in the speech slip indicating the main purpose of the speech, the shareholder account number (or attendance card number) and the account name, and the chairman shall decide the order of his speech.

Shareholders present only mention the note and do not speak shall be deemed to have not spoken. If the content of the speech does not match the record of the speech, the content of the speech shall prevail.

Each shareholder of the same proposal shall not speak more than twice without the consent of the Chairman, and each time shall not exceed five minutes, provided that the shareholder speaks in violation of the regulations or exceeds the scope of the topic, and the Chairman may stop him from speaking.

When attending the speech of shareholders, other shareholders shall not interfere with their speech except with the consent of the chairman and the shareholder who spoke, and the chairman of the violator shall stop it.

When a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.

After the shareholders present speak, the chairman may respond in person or by designating relevant personnel.

Article 12

The votes of the shareholders' meeting shall be calculated on the basis of shares.

The resolution of the shareholders' meeting shall not count the number of shares of non-voting shareholders into the total number of issued shares.

Shareholders shall not join the voting and shall not exercise their voting rights on behalf of other shareholders if their own interests in the matters of the meeting are in danger of being detrimental to the interests of the Company.

The number of shares whose voting rights are not allowed to exercise in the preceding paragraph shall not be counted in the number of voting rights of shareholders present.

Except for trust institutions or stock agencies approved by the competent securities authorities, when a person is entrusted by two or more shareholders at the same time, the voting rights of his proxy shall not exceed 3% of the voting rights of the total number of issued shares, and the voting rights exceeded by him shall not be counted.

Article 13

Shareholders have one vote per share, except where restricted or who do not have voting rights listed in Article 179, Paragraph 2 of the Companies Act.

The voting of the proposal shall, except as otherwise provided in the Company Law and the

Articles of Association of the Company, be passed by the consent of a majority of the voting rights of the shareholders present. At the time of voting, the total number of voting rights of the shareholders present shall be announced by the Chairman or his designated person on a case-by-case basis.

The proposal shall be deemed to have been passed by all shareholders present at the request of the chairman and shall be deemed to have the same effect as the voting;

The scrutineer and counting officer for voting on the proposal shall be designated by the Chairman, provided that the scrutineer shall be a shareholder.

The counting of votes shall be made public in the shareholders' meeting hall, and the results of the voting shall be reported on the spot and recorded.

Article 14

When a shareholders elect a director, they shall handle it in accordance with the relevant election regulations stipulated by the Company, and shall announce the election results on the spot, including the list of elected directors and their number of elected rights, the list of unsuccessful directors and supervisors, and the number of voting rights obtained.

The ballot papers for the election items referred to in the preceding paragraph shall be sealed and signed by the scrutineer and shall be properly kept and kept for at least one year.

However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept for one year. However, a shareholder who initiates a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.

Article 15

The matters to be decided by the shareholders' meeting shall be made into a record of the proceedings, and the distribution and preservation of the proceedings shall be handled in accordance with the provisions of Article 183 of the Company Law.

The resolution method in the preceding paragraph shall be approved by the chairman after the chairman consults the shareholders, and the shareholders have no objections to the proposal, it shall be recorded that the chairman has solicited all the shareholders present to pass the proposal without objection; however, when the shareholders have objections to the proposal, they shall indicate the method of voting and the ratio of the number of voting rights to the number of rights passed.

Article 16

The number of shares acquired by the solicitor and the number of shares represented by the entrusted agent shall be clearly disclosed in the shareholders' meeting on the day of the meeting of the shareholders' meeting in accordance with the prescribed format.

If the resolution of the shareholders' meeting is material information stipulated by laws and regulations and stipulated by The Taiwan Stock Exchange Co., Ltd. (China Securities

Counter Trading Center), the Company shall transmit the content to the Public Information Observatory within the prescribed time.

Article 17

The staff handling the shareholders' meeting shall wear an identification card or armband.

The President may direct picketers or security personnel to assist in maintaining order in the meeting. Picketers or security guards should wear picketer armbands or identification cards when present to assist in maintaining order.

Shareholders who violate the rules of procedure and do not obey the chairman's corrections, obstruct the progress of the meeting, and do not comply with the order, the chairman may direct the picketers or security personnel to invite them to leave the venue.

Article 18

In the course of the meeting, the President may, at his discretion, declare a break or, in the event of an irresistible circumstance, the President may decide to suspend the meeting and, as the case may be, announce the time for the continuation of the meeting.

Article 19

Matters not covered by these Rules shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations and articles of association.

These Rules shall be implemented after they have been passed by the General Meeting of Shareholders and shall be amended as such.

Articles of Association of NANKANG Tire Co., Ltd

May 13, 109

Chapter I General Provisions

Article 1: The Company is organized in accordance with the provisions of the Company Law Co., Ltd. and is named "NANKANG Tire Co., Ltd." The English name is "NANKANG RUBBER TIRE CORP.,LTD."

Article 2: The main business of the company is as follows:

- First, C804010 tire manufacturing industry.
- Second, CC01010 power generation, transmission, distribution machinery manufacturing industry.
3. CC01030 electrical and audio-visual electronic products manufacturing industry.
4. CC01060 Wire communication machinery and equipment manufacturing industry.
- 5, CC01070 Wireless communication machinery and equipment manufacturing industry.
- Sixth, CC01080 electronic components manufacturing industry.
- Seven, CC01990 other motor and electronic machinery equipment manufacturing industry.
8. F114050 tire wholesale industry.
- IX. F214050 tire retail industry.
10. F301020 supermarket industry.
11. F401010 International Trade Industry.
- XII. F501060 Restaurant Industry.
13. G202010 parking lot operation industry.
14. G801010 warehousing industry.
15. H701010 Residential and Building Development, Leasing and Sales Industry.
16. H701020 industrial plant development, leasing and sales industry.
17. H701040 development industry of specific professional areas.
18. H701050 invests in the construction of public construction industry.
19. H701060 New Town, New Community Development Industry.
20. I301010 Information Software Service Industry.
21. J701020 Amusement Park Industry.
- 22, J901020 General ryokan business.
23. JE01010 Leasing Industry.
24. ZZ99999 May, in addition to licensing business, operate businesses that are not prohibited or restricted by laws and regulations.

The operation of The Business shall be handled in accordance with the relevant laws and regulations.

Article 2-1: Investment in other related undertakings shall not be subject to the restriction of

Article 13 of the Company Law not exceeding 40% of the paid-up share capital of the Company, and shall be authorized to handle it by the Board of Directors.

Article 2 bis: The company may endorse the guarantee act in accordance with the company's external endorsement guarantee method for business needs.

Article 3: The company has a head office in Taipei City, and may set up branches in various places according to actual needs.

Article 4: The company's announcement method shall be handled in accordance with the Company Law and relevant regulations.

Chapter II Shares

Article 5: The total capital of the Company is set at NT\$100 million, each share is collected, and the board of directors is authorized to issue them in installments, and the additional capital can be issued in excess of the par amount when issuing new shares.

Article 5-1: The Company may, with the consent of a shareholders' meeting representing a majority of the total number of issued shares, and with the consent of more than two-thirds of the voting rights of the shareholders present, issue employee warrants at a price lower than the closing price of the ordinary shares of the issued Japanese company, or transfer them to employees at an average price lower than the average price actually bought back. The Company shall pay the treasury shares and issued employee warrants, employee new share subscription rights, and restricted employee rights new shares in accordance with the Company Law or the Securities and Exchange Act, including employees of controlling or subordinate companies who meet certain conditions.

Article 6: The company's shares shall be issued in the form of a registered name, signed or sealed by three or more directors, and issued by the competent authority or the issuance registration agency approved by the competent authority. The shares issued by the Company may be exempted from printing shares, as may other securities be the same, and the securities centralized custody institution shall be consulted to register. In the event of transfer of accounts or loss of shares, the handling of shares shall be handled in accordance with the "Guidelines for the Handling of Shares of Publicly Issued Companies" promulgated by the competent authorities and the relevant laws and regulations.

Chapter III Shareholders' Meeting

Article 7: The shareholders' meeting is divided into two kinds: ordinary meeting and extraordinary meeting, and the regular meeting is convened once a year, and it

is convened by the board of directors within six months after the end of each fiscal year. The Provisional Meeting shall be convened when necessary in accordance with relevant laws and regulations.

Article 8: If the shareholders' meeting is convened by the board of directors, and the chairman of the board of directors is the chairman of the board, and the chairman of the board of directors requests leave or is unable to exercise his powers for any reason, it shall be handled in accordance with the provisions of Article 208 of the Company Law;

Article 9: At the shareholders' meeting of the Company, the shareholders present have one vote per share.

Chapter IV Board of Directors

Article 10: The Company shall have seven to eleven directors for a term of three years and may be re-elected. If a director's term of office expires and he or she is not eligible for re-election, his or her executive duties shall be extended until the re-elected director takes office.

The election of directors shall be based on the nomination system of article 192-1 of the Company Law, and the shareholders' meeting shall select and appoint them from the list of candidates for directors. Matters such as the acceptance of the nomination of director candidates, the announcement and other related matters shall be handled in accordance with the relevant laws and regulations of the Company Law and the Securities exchange law.

According to article 14bis of the Securities exchange law, the number of independent directors of the company shall not be less than three, and the nomination system of candidates shall be adopted, and the shareholders' meeting shall elect them from the list of independent director candidates, and the non-independent and independent directors shall be elected together, respectively, according to the number of their respective elections, and each shall be elected by the person with more voting rights.

The professional qualifications, shareholding, part-time restrictions, nomination and selection methods and other matters to be complied with by independent directors shall be handled in accordance with the relevant provisions of the competent securities authority.

The total number of shares to be held by all directors shall be governed by the regulations of the competent authority.

Art.11: The directors shall organize the board of directors, with the attendance of more than two-thirds of the directors and the consent of more than half of the directors

present, elect one person as the chairman of the board of directors, and may elect one person as the vice chairman in the same way, and the chairman shall represent the company and preside over all business, and the vice chairman shall assist the chairman in handling daily business.

Article 12: The chairman of the board of directors shall take charge of all the affairs of the board of directors, and the implementation of the company's business shall be decided by the board of directors. Except for matters that shall be resolved by the Shareholders' Meeting as provided for in the Company Law or the Articles of Association, they shall be resolved by the Board of Directors. When the Board of Directors is not in session, the Chairman of the Board of Directors shall exercise the functions and powers of the Board of Directors in accordance with the provisions of relevant laws and regulations. In order to avoid the company from encountering emergency disadvantages or responding to major accidents or responding to the needs of the company's operation, the chairman of the board of directors may, unless otherwise provided by law, adjust the necessary institutions of the company and its organizations, and decide on the relevant business policies and handle regular business.

Article 13: The powers and powers of the Board of Directors shall be as follows:

- 一、Validation of important chapters.
- 二、Decision on business policy.
- 三、Preparation of budgetary accounts.
- 四、Formulation of the distribution of surpluses.
- 五、Formulation of capital increases and decreases.
- 六、Creation of mortgages on immovable property and handling of sale and purchase.
- 七、Decisions on key candidates of the Company.
- 八、Decisions on organizational adjustments and other important matters of the Company.
- 九、Preparation of annual reports.
- 十、Other functions and powers entrusted to them in accordance with the Company Law and the shareholders' meeting.

Article 14: The company's business policy and other important matters shall be resolved by the board of directors. Except for the first meeting of the board of directors convened in accordance with the provisions of Article 203 of the Company Law, the board of directors shall be convened by the chairman of the board of directors in accordance with article 204 of the company law and serve as the chairman, and if the chairman of the board of directors requests leave or is

unable to perform his functions and powers for any reason, it shall be handled in accordance with the provisions of article 208 of the company law.

Directors may entrust other directors to attend meetings of the board of directors, but each time a power of attorney shall be issued to specify the scope of authorization, and the agent shall be entrusted by one person, but the independent directors shall attend in person for matters that are required to be attended in person according to law, and shall not be appointed as agents of non-independent directors, and if the independent directors have objections or reservations, they shall be stated in the minutes of the board of directors, and the independent directors shall not be able to attend in person for any reason, and if there is any objection or reservation to the proposal, unless there are legitimate reasons, a written opinion shall be issued in advance and shall be included in the proceedings of the board of directors.

Article 14-1: The convocation of the Board of Directors shall specify the reasons and notify the Directors in writing, e-mail or fax seven days before seven days. However, in case of emergency, it may be summoned at any time.

Article 15: The resolution of the board of directors, unless otherwise provided by the Company Law, shall be attended by more than half of the directors, and with the consent of the majority of the directors present, and the resolution shall be signed or sealed by the chairman.

When the board of directors is adjourned, the chairman of the board of directors shall, in accordance with the law, the articles of association, the resolutions of the shareholders' meeting and the board of directors, and implement the functions and powers of the board of directors.

Article 15-1: The remuneration of all directors shall be paid regardless of profit or loss, and the upper limit of the remuneration of the chairman of the board shall not exceed 1.5 times the salary of the general manager, the maximum remuneration of the vice chairman shall not exceed 1 times the salary of the general manager, and the remuneration of the remaining directors shall be paid according to the level of the same industry, but the remuneration of independent directors shall be slightly higher than the remuneration of non-independent directors.

Art.15bis: The Company may purchase liability insurance for the directors to reduce the risk of directors being sued by shareholders or other related parties due to the performance of their duties in accordance with the law.

Chapter V: The Auditing Committee

Article 16: The Company shall establish an 'Audit Committee' in accordance with the

provisions of Article 14-4 of the Securities exchange law, and the Audit Committee shall be composed of all independent directors.

Matters concerning the number, term of office, powers, rules of procedure and other matters of the Audit Committee shall be formulated separately in accordance with the relevant provisions of the Measures for the Exercise of Functions and Powers of the Audit Committee of the Publicly Issued Company.

Article 17: Deletion

Article 18: Deletion

Article 18-1: Deletion

Article 18bis: Deletion

Chapter VI Managers and Staff

Article 19: The company has one general manager, one executive deputy general manager and several deputy general managers, and its appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Law.

Chapter VII Distribution of Surplus in the Final Accounts

Article 20: At the end of each fiscal year of the Company, the Board of Directors shall compile a list and submit it to the shareholders' meeting for recognition.

一、 Business Report.

二、 financial statement.

三、 Proposal for surplus distribution or loss allocation.

The Company's surplus distribution or loss allocation shall be made at the end of each half of the fiscal year.

Article 21: If the Company has any profit at the end of each year (the so-called profit refers to the pre-tax benefit before deducting the interest before the distribution of employee remuneration), it shall allocate 0.1% (inclusive) to 1% (inclusive) for employee remuneration, which shall be distributed by the board of directors by resolution and reported to the shareholders' meeting. However, if the Company has accumulated losses, before allocating employee remuneration, it shall first reserve the amount to make up for the loss, and then the balance shall be allocated in accordance with the proportion of the preceding paragraph.

When the employee remuneration in the preceding paragraph is paid in stock or cash, the payment shall include employees of the subsidiary company who meet certain conditions.

The Company's surplus distribution or loss may be made at the end of each half of the fiscal year. If there is a surplus in each half of the fiscal year, it shall

first estimate and retain the taxable contributions, make up for the accumulated losses, estimate the retention of employee remuneration, and the second ten percent of the statutory surplus reserve; and the special surplus reserve shall be raised or reversed in accordance with the law, and if there is a surplus, the balance shall be added to the accumulated undistributed surplus of the previous half of the fiscal year as a shareholder dividend, and the board of directors shall draft a proposal for the distribution of the surplus, and when it is done in cash, it shall be resolved by the board of directors, and when it is issued by the new shares, it shall be submitted to the shareholders' meeting for resolution and distributed.

If there is a net profit after tax in the total accounts of the Company for the current period, it shall first make up for the accumulated loss (including adjusting the amount of undistributed surplus), and then deposit 10% of the statutory surplus reserve in accordance with the law, except when the statutory surplus accumulated reserve has reached the total paid-up capital of the Company. Special surplus reserves or reserve surpluses are appropriated as necessary. If there is still a surplus and an undistributed surplus at the beginning of the same period (including adjusting the amount of undistributed surplus), the board of directors shall propose a proposal for the distribution of surplus, and when it is issued by way of new shares, it shall be submitted to the shareholders' meeting for resolution and then distributed.

In accordance with Article 240, Paragraph 5 of the Companies Act, the Company authorizes the Board of Directors to pay all or part of the dividends and dividends in full or in part by way of the resolution of more than two-thirds of the directors and the resolution of a majority of the directors present, and to report to the shareholders' meeting.

The company's business is mainly based on the tire industry, diversified operations, the tire industry is currently in a mature stage, the use of residual dividend policy, in the annual surplus, in view of the next few years there are still equipment maintenance and updates, production technology upgrades and plant expansion plans and other capital needs, first to retain the surplus financing required funds, the remaining surplus in cash dividends distributed; in principle, the stock dividend in the surplus distribution is between 70% and 100%, cash dividends between 0% and 30%, but the above proportion can still be adjusted according to actual needs. The above proportion should be adjusted for actual needs, taking into account the funds required for the Company's future investment plan and long-term financial planning, and if the funds required for the Company's future investment plan and long-term

financial planning are less than 50% of the distributable surplus of the current year, the cash dividend payment ratio may be increased to 50%.

Article 21-1: The Company shall, in accordance with the provisions of Article 241 of the Company Law, issue all or part of the statutory surplus reserve and capital reserve to new shares or cash in proportion to the original shares of the shareholders, and when issuing cash, authorize the board of directors to attend the attendance of more than two-thirds of the directors and the resolution of more than half of the directors, and report to the shareholders' meeting.

Chapter VIII Supplementary Provisions

Article 22: The company's organizational regulations, and other articles of association separately.

Article 23: Matters not specified in these Articles of Association shall be handled in accordance with the provisions of the Company Law.

NANKANG Tire Co., Ltd Election of Directors and Supervisors

On January 24, 2007, the amendment was approved by the Extraordinary General Meeting
of Shareholders

- Article 1: The election of directors and supervisors of NANKANG Tire Co., Ltd. (hereinafter referred to as the Company) shall be in accordance with the provisions of these Measures.
- Article 2: The election of directors and supervisors of the Company shall be held by the method of counting the voting by name, and the registered name of the elector shall be replaced by the attendance card number.
- Article 3: The election of directors and supervisors of the company, in which the independent directors adopt the nomination system of candidates, and each share has the same voting right as the number of directors or supervisors to be elected according to its voting rights, and the board of directors prepares the ballots that should be elected as the number of directors or supervisors and distributes them to the shareholders. The ballots referred to in the preceding paragraph may be a centralized election of one person or a number of persons shall be allocated for election, and the non-independent and independent directors shall be elected together, according to the number of their respective elections, and each shall be elected by the person with the larger number of votes obtained.
- Article 4: The amount of shares held by a person who is elected as a director or supervisor shall not be less than the prescribed by the competent authority.
- Article 5: The directors and supervisors of the Company shall be elected sequentially by the representatives with more voting rights in accordance with the quota stipulated in the articles of association of this company, and the directors and supervisors who are elected at the same time shall decide to serve as directors or supervisors at their own discretion, and the vacancies shall be filled by the electees with more than the original elections. If two or more persons have the same number of rights and exceed the quota stipulated in the Statute, the number of persons with the same number of rights shall be determined by drawing lots, and if there are no participants, the Chairman shall draw lots on his behalf.
- Article 6: The election shall begin with the Chairman appointing a number of scrutineers and tellers to handle various relevant duties.
- Article 7: When the board of directors prepares ballots, it shall be numbered according to the attendance card number and fill in its number of rights.
- Article 8: Electoral vote "electee" Fields must be filled in The name of the person to be elected may be filled in with the name of the shareholder or the identification card number, except that if the legal person is a shareholder, the vote shall be cast The Elector column must be filled in Lists the name of the legal entity and the representative of the legal entity.
- Article 9: An electoral ballot with one of the circumstances listed on the left shall be invalid.
- 一、 Those who do not use the ballot papers provided for in these Measures.

- 二、 Those whose handwriting is blurred and unrecognizable.
- 三、 The name of the elected person is the same as that of other shareholders, but the name of the person who has not filled in the shareholder account number or identity card number can be identified.
- 四、 If the name of the person selected does not match the name of the shareholders' register or identity card.
- 五、 The same ballot paper shall be filled in with two or more persons elected.
- 六、 In addition to filling in the name of the elected person and the account number of the shareholder, other words are written.

Article 10: After the voting is completed, the vote will be issued on the spot, and the result of the voting shall be announced by the chairman on the spot.

Article 11: The elected directors and supervisors shall be issued a notice of election by the board of directors separately.

Article 12: These Measures shall be adopted and implemented by the Shareholders' Meeting and shall be the same when amended.

NANKANG Tire Co., Ltd Procedures for obtaining or disposing of assets

Revised on May 12, 2021

Chapter I General Provisions

Article 1: Establish the purpose

In order to protect investment and implement information disclosure, the company obtains or disposes of assets in accordance with this handling procedure.

Article 2: Basis of Decree

This handling procedure shall be handled in accordance with the provisions of Article 36-1 of the Securities Exchange Law (hereinafter referred to as this Law) and the Financial Supervision and Administration Commission (hereinafter referred to as the competent authority) stipulated the 'Guidelines for the Disposal of Assets Acquired or Disposed of by Publicly Traded Companies', but if other laws provide otherwise, follow those provisions.

Article 3: Scope of Application

The scope of application of assets referred to in this Standard is as follows:

- 一、Investments in stocks, bonds, corporate bonds, financial bonds, securities of commutation funds, depositary receipts, warrants for subscription (sale), beneficiary securities and asset-based securities.
- 二、Real estate (including land, housing and construction, investment real estate, inventory of construction industry) and equipment, right of use assets.
- 三、Membership.
- 四、Intangible assets such as patents, copyrights, trademarks, and concessions.
- 五、Claims of financial institutions (including receivables, foreign exchange purchase discounts, loans, and collections).
- 六、Derivatives (the Company has separately formulated derivatives treatment methods).
- 七、Assets acquired or disposed of in accordance with the law as a result of a merger, division, acquisition or transfer of shares.

八、Other important assets.

Article 4: Definition of terms

The terms used in this Code are defined as follows:

- 一、Derivatives: (for details, Article 2 of the Company's Derivatives Trading Procedures).
- 二、Assets acquired or disposed of in accordance with the law for merger, division, acquisition or transfer of shares: refers to assets acquired or disposed of in accordance with the Merger and Acquisition Law, the Financial Holding Company Law, the Financial Institutions Merger Law or other laws, or the issuance of new shares in accordance with Article 156 ter of the Company Law to accept the shares of the other company (hereinafter referred to as the share transfer).
- 三、Related person: it should be determined in accordance with the provisions of the financial report preparation standards for securities issuers.
- 四、Subsidiaries: they should be identified in accordance with the requirements of the financial reporting standards for securities issuers.
- 五、Professional appraiser: refers to a real estate appraiser or other person who is required to engage in real estate and equipment valuation business according to law.
- 六、Date of occurrence of facts: refers to the date of signing the transaction, the date of payment, the date of entrustment transaction, the date of transfer, the date of resolution of the board of directors or the date on which the transaction object and transaction amount are fully funded. However, for investors who are subject to the approval of the competent authority, the former of the above opening date or the date of receipt of approval from the competent authority shall prevail.
- 七、Mainland investment: refers to mainland investment carried out in accordance with the provisions of the Investment Review Committee of the Ministry of Economy in mainland China or the licensing measures for technical cooperation.

Article 5: The valuation report obtained by the Company or the opinion of the accountant, lawyer or securities underwriter, the professional appraiser and its valuation personnel, accountants, lawyers or securities underwriters shall comply with the following requirements:

- 一、Have not been convicted of a term of imprisonment of not

less than one year for violating this Law, the Company Law, the Banking Law, the Insurance Law, the Financial Holding Company Law, the Commercial Accounting Law, or for fraud, breach of trust, misappropriation, forgery of documents, or for business crimes. This does not apply, however, to the completion of execution, the completion of probation or the completion of three years after pardon.

- 二、The parties to the transaction must not be related persons or have substantial relations.
- 三、If the company should obtain the valuation reports of two or more professional appraisers, the different professional appraisers or appraisers shall not be related to each other or have substantial relations.

When issuing an appraisal report or opinion, the personnel in the preceding paragraph shall handle the following matters in accordance with the following matters:

- 一、Before taking on a case, one should carefully assess one's professional competence, practical experience and independence.
- 二、When examining a case, appropriate operational procedures should be properly planned and implemented to form conclusions and issue reports or opinions on the basis of which; the procedures carried out, the collection of information and conclusions should be published in detail in the case working paper.
- 三、The completeness, correctness and reasonableness of the sources, parameters and information used shall be assessed item by item as the basis for issuing an appraisal report or opinion.
- 四、The declaration shall include matters such as the professionalism and independence of the relevant personnel, the reasonableness and correctness of the information used in the assessment, and compliance with relevant laws and regulations.

Chapter II: Procedures for Handling

Section 1 Determination of Procedures for Handling

Article 6: The procedures for obtaining or disposing of assets stipulated by the Company in accordance with the regulations shall be approved by more than one-half of all members of the Audit Committee, and after the resolution of the board of directors is passed, it shall be submitted to the shareholders' meeting for approval, and the same shall be true when amended.

If more than one-half of the members of the Audit Committee are not approved, the consent of more than two-thirds of all directors may be carried out, and the resolution of the Audit Committee shall be set out in the proceedings of the Board of Directors. If there is a record or written statement of the director's objection, the company shall also send the director's objection information to the Audit Committee.

The Company has established independent directors, and when submitting the procedures for obtaining or disposing of assets to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered and their objections or reservations shall be recorded in the proceedings of the Board of Directors.

All members of the Audit Committee and all directors referred to in item 1 shall be counted as actual incumbents.

Article 7: The Company has formulated the appraisal procedures and operating methods for the procedures for obtaining or disposing of assets:

- 一、Appraisal Procedure: The decision procedure and reference basis for the Company's acquisition or disposal of asset transactions shall be handled in accordance with the procedures stipulated in Articles 9 to 12, 15 to 18 of this Handling Procedure.
- 二、Operating procedures: Except for those who acquire or dispose of assets in Section 3, Enterprise Merger, Division, Acquisition and Share Transfer in Section 4, other assets acquired or disposed of by the Company shall be handled in accordance with the provisions of Section 2, and the authorization amount, level, execution unit and transaction process are as follows:
 - (一)、If the assets acquired or disposed of by the Company meet the requirements of this procedure, they shall be approved by the board of directors or retroactively recognized afterwards; if they belong to the circumstances stipulated in Article 185 of the Company Law, they must be approved by the shareholders' meeting.
 - (二)、If the assets acquired or disposed of by the Company do not meet the reporting standards that should be announced in this processing procedure, the authorization methods formulated by the board of directors shall be handed over to the manager's

department.

(三)、 The authorized amount and level of the transaction conditions for the acquisition or disposal of assets by the Company shall be handled in accordance with the provisions of Paragraph 4 of this Article.

(四)、 The transaction process of the company's acquisition or disposal of assets shall be signed by the supervisor of the unit of authority and responsibility for approval by the general manager, and the approved matters of the transaction shall be submitted by the general manager to the board of directors for discussion or retroactive recognition (the board of directors has otherwise authorized the hands-free report). In addition, the executive unit is the host department except for the real estate and other fixed assets for the use department, the sponsoring department and the relevant rights and responsibilities department, the organizer who implements the announcement declaration is the supervisor of the unit with rights and responsibilities, and the co-organizer is the finance department.

三、 Announcement and declaration procedure: The announcement and declaration procedure for the acquisition or disposal of assets by the Company shall be handled with reference to the provisions of Articles 26 and 27 of this Procedure.

四、 The total amount of assets or securities acquired by the Company and its subsidiaries for non-business use and its right to use assets, and the limit of individual securities:

(一)、 If the amount of assets does not reach NT\$10 million, it shall be handled by the manager after submitting it to the authorized person authorized by the general manager.

(二)、 If the amount of assets exceeds NT\$10 million or more than 100 million, it shall be evaluated and deliberated by the heads and handling personnel of each department or the special case team, and submitted to the general manager for approval.

(三)、 Where the amount of assets exceeds NT\$100 million or more, it shall be handled in accordance with the provisions of the first four (1) and (2) and shall be submitted to the board of directors for

deliberation and handling.

(四)、The total amount of real estate or securities acquired by the Company for non-business use shall not exceed 300% of the shareholders' equity of the Company in the most recent accountant's visa and financial report, and the amount of investment in the long-term and short-term securities of each company shall not exceed 300% of the equity of the previous shareholders; the total amount of the non-business real estate or long-term and short-term securities purchased by each subsidiary and the total amount of the investment in individual securities. Limited to no more than NT\$100 million.

The members of the so-called special case team shall be composed of the general manager according to the needs of each case, and the amounts in this paragraph shall be reported to the board of directors by the management department for revision according to the business conditions and the latest regulations of the competent authorities.

五、Procedures for the control of the acquisition or disposal of assets by a subsidiary: It shall be handled in accordance with the operating procedures for the control of the subsidiary by the parent company of the internal control of the Company. In addition, the Company shall urge the subsidiaries to prescribe and implement procedures for the acquisition or disposal of assets in accordance with the provisions of this Standard.

六、Relevant personnel who violate the provisions of the Company's procedures for obtaining or disposing of assets shall be handled in accordance with the Personnel Reward and Punishment Measures stipulated by the Company.

七、Other important things:

(一)、After the acquired assets are released by the Finance Department, they shall be listed in the property catalogue by the Ministry of Finance or included in the investment list by the supervisor of the unit notified of the authority and responsibility, and at the end of each year, the audit unit shall, as appropriate, take stock with the supervisor of the responsible unit, the Finance Department and the General Affairs Department.

(二)、After the investment in long-term and short-term

securities is obtained, it shall be stored in a place with sound fire prevention or protective measures, and a special person shall be assigned to keep it, and the custodian shall make detailed records of the changes in the custodial data and maintain a complete and detailed record, and the matters to be published shall include the name and quantity of the securities; the Company shall stipulate other matters that should be recorded.

- (三)、 If the assets are unusable or lost during inventory, they shall be signed by the management unit and handled in accordance with the relevant laws and regulations stipulated in this procedure.
- (四)、 The Company's related party transactions, derivatives transactions, business mergers, divisions, acquisitions or transfer of shares shall be handled in accordance with the provisions of the preceding paragraph and shall prescribe procedures in accordance with the provisions of Sections 3 to 4 of this Chapter.
- (五)、 The procedures for the acquisition or disposal of assets by the Company shall be handled in accordance with the relevant provisions of the Company's internal control system.

Article 8: If the company obtains or disposes of assets that shall be approved by the board of directors in accordance with the prescribed procedures or other laws, if there is a director's objection and there is a record or written statement, the company shall send the director's objection information to the audit committee.

The Company has established independent directors, and when submitting the procedures for obtaining or disposing of assets to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered and their objections or reservations shall be recorded in the proceedings of the Board of Directors.

The Company has set up an audit committee, and major asset transactions shall be subject to the consent of more than one-half of all members of the audit committee and the resolution of the board of directors, if not with the consent of more than one-half of all members of the audit committee, the consent of more than two-thirds of all directors may be carried out, and

the resolution of the audit committee shall be specified in the proceedings of the board of directors.

Section 2 Acquisition or Disposal of Assets

Article 9: The Company acquires or disposes of real estate, equipment or assets with its right to use, except for transactions with domestic government agencies, self-commissioned construction, leased land commissions, or acquisition or disposal of equipment for business use or assets with the right to use, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, and shall obtain an appraisal report issued by a professional appraiser before the occurrence of the facts, and comply with the following requirements:

- 一、When, for special reasons, a limited price or a specific price is required as the reference basis for the transaction price, the transaction shall be submitted to the resolution of the Board of Directors first, and the same shall be true if there is a subsequent change in the trading conditions.
- 二、Where the transaction amount reaches NT\$1 billion or more, two or more professional appraisers should be asked to appraise.
- 三、In any of the following circumstances, in addition to the valuation results of the assets obtained are higher than the transaction amount, or the valuation results of the disposed assets are lower than the transaction amount, the accountant should be consulted to handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the China Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation), and express specific opinions on the reasons for the difference and the appropriateness of the transaction price:
 - (一)、The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
 - (二)、The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.
- 四、The date of issuance of the report by the professional appraiser and the date of establishment of the deed shall not exceed three months. However, if the present value of the same period of announcement applies and it has not exceeded six months, the original professional appraiser

may issue an opinion letter.

If the subsidiary is a construction company, in addition to using the limited price or the specific price as the reference basis for the transaction price, if there is a legitimate reason for failing to obtain the valuation report immediately, it shall obtain the valuation report and the accountant's opinion of the accountant in paragraph 3 of the preceding paragraph within two weeks from the date of occurrence of the facts.

Article 10: The company obtains or disposes of securities, and shall take the latest financial statements of the target company that have been verified by the accountant before the occurrence of the facts as a reference for assessing the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-up capital or more than NT\$300 million, the accountant shall be consulted to express an opinion on the reasonableness of the transaction price before the occurrence of the facts, and if the accountant needs to use an expert reporter, it shall be handled in accordance with the provisions of The 20th Auditing Standards Bulletin Issued by the Accounting Research and Development Foundation. However, this shall not apply unless the securities are publicly quoted in the active market or otherwise provided by the competent authorities.

Article 11: If the Company obtains or disposes of intangible assets or its right to use assets or membership card transaction amounts to 20% of the Company's paid-up capital or more than NT\$300 million, in addition to transactions with Taiwan authorities, it shall negotiate with the accountant to express an opinion on the reasonableness of the transaction price before the occurrence of the facts, and the accountant shall handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

Article 11-1: The calculation of the transaction amount in the first three articles shall be handled in accordance with the provisions of Article 26, Paragraph 2, and the so-called one year shall be calculated retroactively within one year on the basis of the date of occurrence of the transaction, and the valuation report or accountant's opinion issued by the person who has obtained the professional valuation in accordance with the provisions of the 'Standards for the Disposal of Assets Acquired or Disposed of by Public Offering Companies' shall be

exempted from re-crediting.

Article 12: Where the company acquires or disposes of assets through the court auction procedure, it may substitute the valuation report or accountant's opinion with the supporting documents issued by the court.

Section 3 Related Person Transactions

Article 13: The Company and its related parties to obtain or dispose of assets, in addition to the preceding section and this section shall handle the relevant resolution procedures and assess the reasonableness of the transaction conditions and other matters, the transaction amount of more than 10% of the Company's total assets, shall also obtain the valuation report or accountant's opinion issued by the professional appraiser in accordance with the provisions of the preceding section.

The calculation of the transaction amount referred to in the preceding paragraph shall be handled in accordance with the provisions of Article 11-1.

When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should be considered.

Article 14: If the Company acquires or disposes of immovable property or its right of use assets from a related party, or acquires or disposes of real estate or other assets other than its right of use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or more than NT\$300 million, except for the purchase and sale of domestic public bonds, bonds with buy-back or sell-back conditions, and money market funds issued by domestic securities investment trusts, the following information shall be approved by more than one-half of the members of the Audit Committee. The transaction deed and payment may be signed only after the resolution of the Board of Directors is submitted, and if more than one-half of the members of the Audit Committee are not approved, the consent of more than two-thirds of all the directors may be taken, and the resolution of the Audit Committee shall be specified in the proceedings of the Board:

- 一、The purpose, necessity and expected benefits of acquiring or disposing of assets.
- 二、The reason for selecting a related person as a transaction object.
- 三、Information related to the acquisition of immovable property or the assets of its right to use from a related party in accordance with the provisions of Articles 15 and

16 to assess the reasonableness of the predetermined transaction conditions.

- 四、Matters such as the date and price of the original acquisition of the related party, the person of the transaction and its relationship with the company and the related person.
- 五、A forecast of cash receipts and expenditures for each month of the coming year, which is expected to commence in the contract month, and assess the necessity of the transaction and the reasonableness of the use of funds.
- 六、Valuation report issued by a professional appraiser obtained in accordance with the preceding provisions, or the opinion of an accountant.
- 七、Restrictions and other important contractual matters of the transaction.

The calculation of the transaction amount in the preceding paragraph shall be calculated in accordance with Item 2 of Article 26, and the so-called one year shall be calculated retroactively according to the date of occurrence of the transaction, and shall be submitted to the Audit Committee for approval and partially exempted from re-crediting in accordance with the provisions of the 'Standards for the Disposal of Assets Acquired or Disposed of by Publicly Issued Companies'. The Board of Directors may authorize the Chairman of the Board of Directors to make a decision within a certain amount within a certain amount of the Company and the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the Board of Directors may, in accordance with Paragraph 1, Paragraph 2 of Article 7, decide in advance and then report to the latest Board of Directors for retrospective recognition:

- 一、Acquisition or disposal of equipment for business use or assets with the right to use it.
- 二、Acquisition or disposal of assets with the right to use immovable property for business use.

The Company has established independent directors, and when submitting to the Board of Directors for discussion in accordance with the provisions of paragraph 1, the opinions of the independent directors shall be fully considered, and if the independent directors have any objections or reservations, they shall be recorded in the board proceedings.

Article 15: The Company shall assess the reasonableness of the transaction costs by acquiring immovable property or its right

of use assets from a related party in the following manner:

- 一、The interest on the necessary funds and the cost to be borne by the buyer according to law are added to the transaction price of the related party. The so-called interest cost of the necessary funds shall be calculated by the weighted average interest rate of the borrowings made by the company in the year in which the assets are purchased, provided that it shall not be higher than the maximum borrowing interest rate of the non-financial industry announced by the Ministry of Finance.
- 二、If a related party has set a mortgage borrower with the subject matter to a financial institution, the total value of the loan of the financial institution to the subject matter shall be assessed, but the actual cumulative value of the loan of the financial institution on the subject matter shall reach more than 70% of the total value of the loan and the loan period shall exceed one year. However, this shall not apply if the financial institution and one of the parties to the transaction are related to each other.

A person who purchases or leases land and housing of the same subject matter together may assess the transaction costs for the land and the house in accordance with either of the methods listed in the preceding paragraph.

The Company acquires immovable property or its right-of-use assets from a related party, assesses the cost of immovable property or its right-of-use assets in accordance with the provisions of items 1 and 2, and shall consult with an accountant for review and express specific opinions.

The Company shall handle the acquisition of immovable property or the assets of its right of use from a related party in any of the following circumstances, and the provisions of the preceding three shall not apply:

- 一、Related persons acquire immovable property or assets of their right to use as a result of inheritance or gift.
- 二、The time at which the related party contracted to acquire immovable property or its right-of-use assets is more than five years from the date of contract in this transaction.
- 三、Sign a joint construction contract with a related party, or obtain real estate by inviting a related party to build real estate from a local construction commission, lease land commission construction, etc.
- 四、The Company acquires, between the Company and the parent

company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the assets of the right to use immovable property for business use.

Article 16: When the assessment results of the Company in accordance with the provisions of Paragraph 1 and Item 2 of the Preceding Article are lower than the transaction price, it shall be handled in accordance with the provisions of Article 17. However, this shall not apply to those who submit objective evidence and the specific reasonableness opinions of professional appraisers and accountants of real estate due to the following circumstances:

- 一、The person concerned is a person who has acquired plain land or leased land for reconstruction, and may prove that he meets one of the following conditions:
 - (一)、The house is assessed in accordance with the method specified in the preceding article, and the house is calculated according to the construction cost of the related person plus the reasonable construction profit, and the total amount exceeds the actual transaction price.

The so-called reasonable construction profit shall be based on the average operating gross profit margin of the relevant person's construction department in the last three years or the gross profit margin of the construction industry in the most recent period announced by the Ministry of Finance.
 - (二)、In cases of other non-related person transactions on other floors of the same underlying premises or adjacent areas within one year, where the area is similar and the terms of the transaction are assessed by the reasonable floor or area price difference that should be established in accordance with the practice of selling or leasing immovable property.
- 二、The Company provides evidence that the transaction conditions of the immovable property purchased from a related party or the assets with the right to use the immovable property acquired by lease are equivalent to those of other non-related person transactions in the neighboring area within one year and the area is similar. In the case of transactions in neighboring areas referred

to in the preceding paragraph, the principle is that the same or adjacent street contour and the square circle of the objects that are not more than the object of the transaction or whose announced present value is similar; the so-called area is similar, the area of other non-related person transaction cases is not less than 50% of the area of the subject matter of the transaction; the so-called one year is based on the date of the acquisition of the real estate or the assets of its right to use, and the retrospective calculation is one year.五百公尺

Article 17: If the Company acquires immovable property or its right of use assets from a related party, if the assessment result is lower than the transaction price in accordance with the provisions of Article 15 and Article 16, it shall handle the following matters:

- 一、The difference between the transaction price of the immovable property or its right-of-use assets and the appraisal cost shall be set aside in accordance with the provisions of paragraph 1 of Article 41 of this Law, and shall not be distributed or transferred to a capital allotment. An investor who evaluates the investment of a company by the equity method is a public offering company, and shall also include a special surplus reserve in accordance with the provisions of Article 41, Paragraph 1 of this Law in accordance with the proportion of the amount to be raised.
- 二、The Audit Committee shall be handled in accordance with Article 218 of the Company Law.
- 三、The treatment of the first and second paragraphs shall be submitted to the shareholders' meeting and the details of the transaction shall be disclosed in the annual report and prospectus.

The Company may use the special surplus reserve if the assets purchased or leased at a high price have been recognized as losses or disposed of or terminated leases or for appropriate compensation or restitution, or if there is other evidence that it is not unreasonable, and with the consent of the Financial Supervisory Commission. If the Company acquires immovable property or its right of use assets from a related party, if there is other evidence showing that the transaction is contrary to business practice, it shall also be handled in accordance with the provisions of the preceding two paragraphs.

Section 4: Mergers, Divisions, Acquisitions and Transfer of Shares

Article 18: The Company shall, before the resolution of the Board of Directors convenes, appoint an accountant, lawyer or securities underwriter to express its opinion on the reasonableness of the share exchange ratio, the purchase price or the cash or other property allocated to the shareholders, and submit it to the Board of Directors for discussion and approval. However, the merger of subsidiaries of the Company that directly or indirectly holds 100% of the issued shares or total capital, or the merger between subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, may be exempt from obtaining a reasonableness opinion issued by the experts of the previous opening.

Art.19: The Company participating in the merger, division or acquisition shall prepare public documents to the shareholders before the meeting of the shareholders' meeting, and deliver them to the shareholders together with the expert opinions in paragraph 1 of the preceding article and the notice of the meeting of the shareholders' meeting, so as to serve as a reference for whether to agree to the merger, division or acquisition. However, this does not apply to those who may be exempted from convening a shareholders' meeting to resolve mergers, divisions or acquisitions in accordance with other laws.

If the shareholders' meeting of either party participating in the merger or division cannot be convened due to insufficient attendance, voting rights or other legal restrictions, or the resolution is rejected by the shareholders' meeting, it shall immediately explain to the public the reasons for the occurrence, the follow-up processing operations and the date on which the shareholders' meeting is expected to be convened.

Article 20: The Company participating in the merger, division or acquisition shall convene a meeting of the board of directors and shareholders on the same day to resolve the merger, division or acquisition of matters related to the merger, division or acquisition, unless otherwise provided by other laws or if there are special factors in advance and approved by the competent authority.

The board of directors of a company participating in the transfer of shares shall convene its board of directors on the same day, unless otherwise provided by other laws or if there are special factors in advance to report to the competent authority for approval.

A company participating in a merger, division, acquisition or transfer of shares listed or whose shares are traded in a securities place shall keep a complete written record of the following information and keep it for five years for reference:

- 一、Basic personnel information: including all those involved in the merger, division, acquisition or share transfer plan or implementation of the plan before the news is made public, their title, name, id card number (passport number for foreigners).
- 二、Important Matter Dates: These include the date of signing a Letter of Intent or Memorandum, appointing financial or legal counsel, entering into a deed and board of directors, etc.
- 三、Important documents and proceedings: including merger, division, acquisition or share transfer plans, letters of intent or memorandums, material deeds and minutes of the board of directors.

A company participating in a merger, division, acquisition or share transfer that is listed or whose shares are traded in the securities dealer's business premises shall, within two days from the date of adoption by the board of directors, report the information in the first and second paragraphs of the preceding paragraph to the competent authority in the prescribed format to the competent authority for future reference.

If a company participating in a merger, division, acquisition or transfer of shares has a company that is not listed or whose shares are traded in the securities dealer's business office, the company listed or whose shares are traded in the securities dealer's business office shall sign an agreement with it and handle it in accordance with the provisions of subparagraphs 3 and 4 of this Article.

Article 21: The person who participates in or knows of the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment, and shall not disclose the contents of the plan before the information is made public, nor shall it buy or sell the shares of all companies and other securities of equity nature related to the merger, division, acquisition or transfer of shares by themselves or in the name of others.

Article 22: The Company's participation in the merger, division, acquisition or transfer of shares, the share exchange ratio or

purchase price shall not be changed arbitrarily except in the following circumstances, and shall be changed in the merger, division, acquisition or share transfer contract:

- 一、Handle cash capital increase, issuance of conversion of corporate bonds, gratuitous allotment of shares, issuance of corporate bonds with stock options, special shares with stock options, stock certificates and other securities of an equity nature.
- 二、Acts that affect the company's financial business, such as the disposal of major assets of the company.
- 三、Major disasters, major technological changes, etc. affecting the company's shareholders' equity or securities prices.
- 四、Adjustment of the repurchase of treasury shares by any party of a company participating in a merger, division, acquisition or transfer of shares in accordance with the law.
- 五、There has been an increase or decrease in the number of entities or households participating in the merger, division, acquisition or transfer of shares.
- 六、Those who have set other conditions for change in the contract and have disclosed them to the public.

Article 23: The company participates in the merger, division, acquisition or transfer of shares, and the contract shall specify the rights and obligations of the company participating in the merger, division, acquisition or transfer of shares, and shall specify the following matters:

- 一、Handling of Breach of Contract.
- 二、Principles governing the issuance of equity securities or repurchased treasury shares of an equity nature before a company extinguished or split as a result of a merger.
- 三、After the benchmark date for calculating the exchange ratio, the participating companies may, in accordance with the law, buy back the number of treasury shares and the principles for handling them.
- 四、The handling method of the increase or decrease in the number of participating entities or households.
- 五、The progress of the plan implementation is expected, and the schedule of completion is expected.
- 六、When the plan is overdue and not completed, the relevant procedures such as the scheduled date of the shareholders' meeting shall be convened according to law.

Article 24: If any party to a company involved in a merger, division,

acquisition or share transfer intends to merge, divide, acquire or transfer shares with another company after the information is disclosed to the public, unless the number of participants is reduced and the shareholders' meeting has resolved and authorized the board of directors to change its authority, the participating company may be exempted from the resolution of the shareholders' meeting to repeat the resolution, and the procedures or legal acts that have been completed in the original merger, division, acquisition or share transfer case shall be re-conducted by all participating companies.

Article 25: If a company participating in the merger, division, acquisition or transfer of shares has a non-public company, the public offering company shall sign an agreement with it and handle it in accordance with the provisions of Articles 20, 21 and 24.

Chapter III: Information Disclosure

Article 26: If the company acquires or disposes of assets in the following circumstances, it shall, in accordance with the prescribed format, apply the relevant information to the website designated by the competent authority within two days from the date of occurrence of the facts:

- 一、Acquire or dispose of immovable property or assets of its right to use from a related party, or acquire or dispose of assets other than immovable property or its right of use assets with a related party and the transaction amount amount of 20% of the company's paid-in capital, 10% of total assets or more than NT\$300 million. However, this does not apply to the purchase and sale of domestic bonds, bonds subject to buy-back or sell-back conditions, and money market funds that subscribe for or buy back domestic securities investment trust business.
- 二、To make a merger, division, acquisition or transfer of shares.
- 三、Losses from trading in derivatives amount up to the maximum amount of all or individual contractual losses prescribed by the prescribed procedures.
- 四、The equipment acquired or disposed of for business use or the assets with its right to use, and the object of the transaction is not a related person, and the transaction amount reaches one of the following provisions:
 - (一)、When the paid-up capital of the Company does not reach NT\$10 billion, the transaction amount reaches

NT\$500 million or more.

(二)、When the paid-up capital of the Company reaches more than NT\$10 billion, the transaction amount reaches more than NT\$1 billion.

五、The transaction amount of the real estate acquired or disposed of for construction use or the assets of the right to use it for construction purposes and the transaction object is not a related person, of which the paid-in capital reaches NT\$10 billion or more, and the real estate that is self-constructed and completed is disposed of, and the transaction object is not a related person, and the transaction amount is more than NT\$1 billion.

六、If the real estate is acquired by means of self-construction, lease-of-land commissioning, joint construction and sub-housing, joint construction and sub-sale, and the transaction object is not a related person, the transaction amount expected by the company does not reach NT\$500 million or more.

七、Except for the preceding six paragraphs, the transaction amount of asset transactions, the disposal of creditor's rights by financial institutions or the investment in mainland China shall amount to 20% of the company's paid-up capital or more than NT\$300 million. However, this does not apply in the following cases:

(一)、Buy and sell domestic bonds.

(二)、Buying and selling bonds with buy-back and sell-back conditions, and purchasing or buying back money market funds issued by domestic securities investment trusts.

The transaction amount of the preceding paragraph shall be calculated in the following manner:

一、The amount of each transaction.

二、Accumulate the amount of transactions of the same nature obtained or disposed of with the same counterparty within one year.

三、The amount of immovable property acquired or disposed of (acquired and disposed of separately) within one year of the same development plan.

四、The amount of securities acquired or disposed of (acquired and disposed of separately) in one year.

The term "one year" referred to in item 2 is based on the date of the occurrence of the transaction facts, and is calculated retroactively for one year, and is exempted from

re-counting in accordance with the announcement in accordance with the provisions of this standard.

If the items to be announced by the Company in accordance with the provisions are corrected if there are errors or omissions in the announcement and should be corrected, it shall re-announce all the projects within two days from the date of becoming aware of it.

The Company shall acquire or dispose of assets in the Company by keeping the relevant deeds, minutes of proceedings, memorandums, valuation reports, opinions of accountants, lawyers or securities underwriters in the Company for at least five years, unless otherwise required by law.

Article 27: After the Company announces the declaration of transactions in accordance with the provisions of the preceding article, in any of the following circumstances, it shall apply the relevant information to the website designated by the competent authority within two days from the date of occurrence of the facts:

- 一、There are cases of change, termination or termination of the relevant contract signed in the original transaction.
- 二、Mergers, divisions, acquisitions or transfers of shares are not completed in accordance with the schedule set out in the contract.
- 三、There are changes to the content of the original announcement declaration.

Chapter IV Supplementary Provisions

Article 28: The Company's subsidiaries are not domestic public offering companies, and the acquisition or disposal of assets shall be announced by the Company if there are provisions in Chapter III that the declaration shall be made.

The subsidiary mentioned in the preceding paragraph shall apply the provisions on the amount of paid-in capital or total assets of the declarable declaration standards of Article 26, paragraph 1, and the amount of paid-in capital or total assets of the Company shall prevail.

The provisions of these Measures on 10% of total assets are calculated based on the total assets amount of individual or individual financial reports in the most recent period stipulated in the standards for the preparation of financial reports of securities issuers.

If the shares of a subsidiary do not have a par value or the

par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital in these Measures shall be calculated as 10% of the equity attributable to the owners of the parent company, and the transaction amount of the paid-in capital amount of NT\$10 billion shall be calculated as the equity attributable to the owners of the parent company of NT\$20 billion.

Article 29: If there are any unfinished matters and doubts about the application of this processing procedure, it shall be handled in accordance with the relevant laws and regulations, and if the laws and regulations do not stipulate it, the board of directors of the company shall discuss and decide.

Shareholding of all directors

Closing Date: March 20, 2022

job title	name		Number of shares held
Chairman	Representative of Yiye Investment (Share) Company	Guo Linyi	33,941,666
Vice Chairman	Representative of Yiye Investment (Share) Company	Zhao Guoshuai	33,941,666
Directors	Representative of Yiye Investment (Share) Company	Lin Junying	33,941,666
Directors	Representative of Yiye Investment (Share) Company	Guo Shengwen	33,941,666
Directors	Representative of Yiye Investment (Share) Company	Jiang Qingxing	33,941,666
Directors	Representative of Yiye Investment (Share) Company	Huang Mingyou	33,941,666
Independent Director	Zheng Huirong		0
Independent Director	Wu Siyi		0
Independent Director	Chen Zhuque		0

Note 1: All Directors hold 33,941,666 shares.

Note 2: The minimum number of shares to be held by all directors shall not be less than 26,685,916 shares