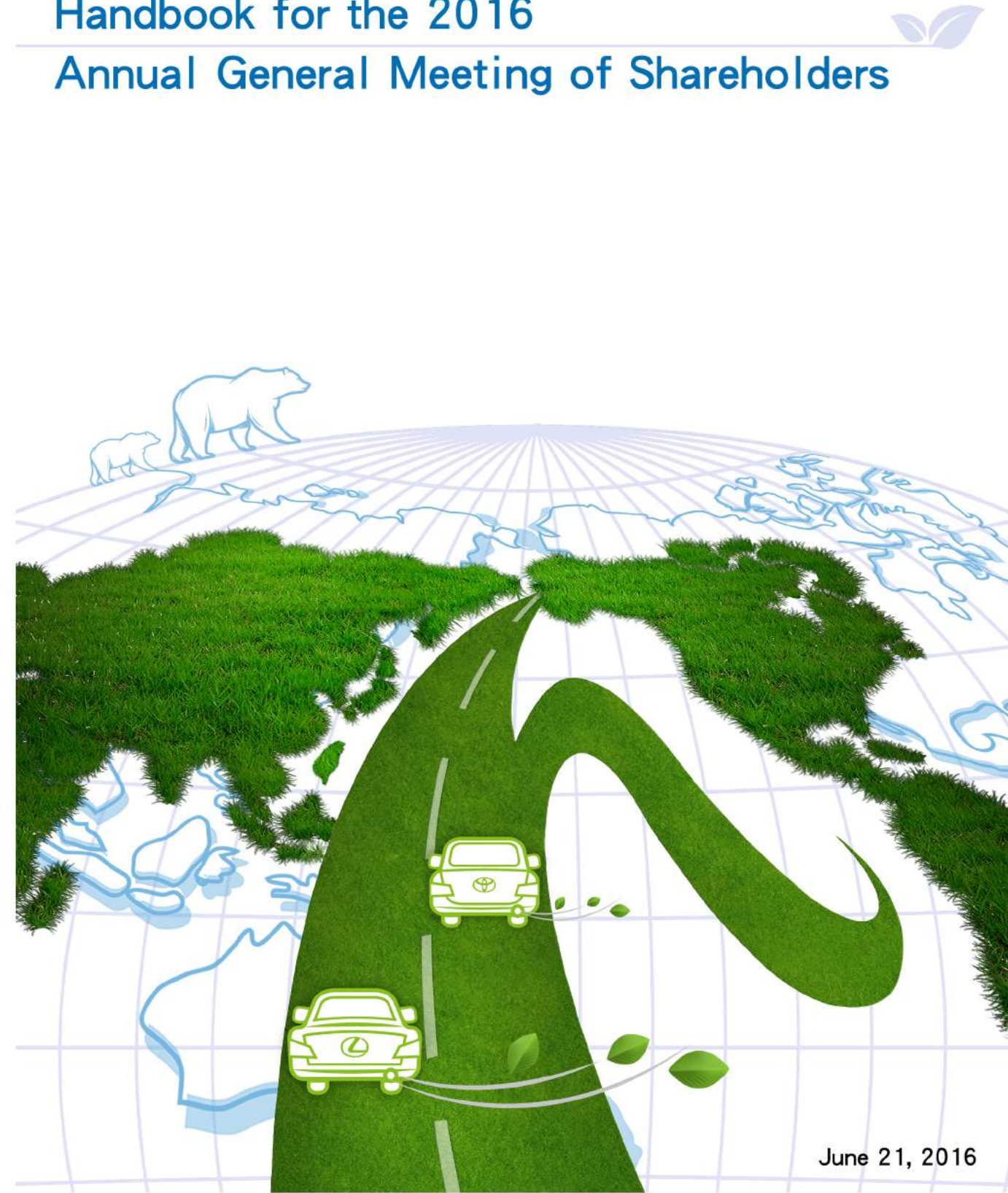


# Handbook for the 2016 Annual General Meeting of Shareholders



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# I、Agenda of the Annual General Shareholders' Meeting

Meeting Time : 9:00 a.m., June 21 (Tuesday), 2016

Meeting Place : No.10, Mingzhong St., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)

- 1、Chairman's Address
- 2、Discussion items
  - (1) Amendment to the Company's Articles of Incorporation.
- 3、Report items :
  - (1) Business Report for 2015
  - (2) Supervisors' review report for 2015
  - (3) Distribution of employees', directors' and supervisors' remuneration of 2015.
- 4、Ratification items :
  - (1) Adoption of the 2015 business report and financial statements.
  - (2) Adoption of the proposal for distribution of 2015 profits.
- 5、Elections & Discussion items :
  - (1) Election of Directors
  - (2) Release the prohibition on directors from participation in competition business.
- 6、Extemporaneous motions.
- 7、Adjourned

## II. Discussion items

1. (proposed by the Board of Directors)

**Proposal:** Amendment to the Company's Articles of Incorporation , please deliberate.

**Explanation:**(1) In response to the Company's establishment of the independent directors and audit committees pursuant to the law in 2016, the Board intends to remove from the Articles the provisos relating to the election of the Board of Directors (19<sup>th</sup> term), as well as the relevant provisions concerning "managing directors" and "supervisors."

(2) The Board intends to amend parts of the Company's Articles in accordance with Huazongyii order No. 10400058161 dated 20<sup>th</sup> May 2015, which added Article 235-1 to the Company Act and amended the provisions in Article 235 relating to remuneration of employee, directors and supervisors, and profit distribution.

(3) To meet the Company's business needs, the Board proposed to add a provision in the Articles, which will allow the Company to purchase liability insurance on behalf of a director during such director's term of office.

(4) Please refer to Appendix 1 for the Current and Amended Versions of the Company's Articles of Incorporation (pages 8-22)

**Resolution:**

### III. Report items

1: Business Report for 2015.

Explanation: Please see Appendix 2 for the Company's 2015 Business Report (pages 23~24).

2: Supervisors' Review Report for 2015 .

Explanation: (1) The Company's 2015 Business Report, Financial Statements, profits distribution proposal, etc. have been reviewed and audited by the supervisors, and the supervisors have issued the review report accordingly.

(2) Please refer to Appendix 3 for the Supervisors' Review Report (page 25).

3: Distribution of employees', directors' and supervisors' remuneration of 2015.

Explanation: (1) Handled in accordance with Finance Business No. 10402413890 letter dated 11th June 2015 issued by the Ministry of Economic Affairs.

(2) According to Article 34 of the Company's Articles (amended and adopted by resolution at the meeting of the shareholders), to the extent that the Company has annual profit, 1% of which shall be set aside for employee remuneration and no more than 2% of which for directors' remuneration (the remuneration for directors and supervisors in 2015 shall not exceed 3%); provided, however, the independent directors shall not participate in any distribution of remuneration. In the event that the Company has accumulated losses, the annual profit shall be retained to offset the amount of losses.

(3) The Company's annual profit in 2015 is 11,597,570 thousands New Taiwan dollars (which is the pre-tax profit prior to the deduction of the remuneration distributed to the employees and directors), 1% of which (totaling NT\$ 115,976 thousands) has been set aside for employee remuneration, and 3% of which (totaling NT\$ 347,927 thousands) have been set aside for directors' and supervisors' remuneration.

## IV. Ratification items

1. (proposed by the Board of Directors)

**Proposal:** Adoption of the 2015 Business Report and Financial Statements.

**Explanation:** (1) The Company's 2015 Business Report and Financial Statements have been adopted by resolution at the 21<sup>st</sup> meeting of the Board of Directors (18<sup>th</sup> term), which have been audited and certified by PricewaterhouseCoopers Taiwan, and reviewed by the supervisors.

(2) Please refer to Appendix 2 (pages 23~24) and Appendix 4 (pages 26~41) for the Company's 2015 Business Report and Financial Statements.

**Resolution:**

2. (proposed by the Board Directors)

**Proposal:** Adoption of the proposal for distribution of 2015 profits.

**Explanation:** (1) After setting aside 10% of the 2015 profits for the legal reserve, the Company, pursuant to the resolution at the 22<sup>nd</sup> meeting of the Board of Directors (18<sup>th</sup> term), intends to distribute cash dividends at NT\$ 12 per share.

(2) Please refer to Appendix 5 for the Table of Distribution of 2015 Profits (page 42).

(3) After this proposal is approved at the Annual Meeting of the Shareholders, the Chairman will be authorized to set the cash dividend ex-dividend date, payment date, and handle other relevant matters.

**Resolution:**

## V. Elections & Discussion items

1. (proposed by the Board of Directors)

**Proposal:** Proposal for Election of Directors, Please deliberate.

**Explanation:** (1) The term of the directors on the Board of Directors (18<sup>th</sup> term) and the supervisors will end on June 27<sup>th</sup> 2016. Accordingly, the Company intends hold an election at this Annual Meeting of the Shareholders.

(2) It is intended to elect 14 directors for the Board of Directors (19<sup>th</sup> term), of which 3 directors shall be independent directors, serving a term of 3 years beginning on June 21<sup>st</sup> 2016 and ending on June 20<sup>th</sup> 2019.

(3) According to the Company's Articles, the Company shall use the candidate nomination system for the election of directors, The list of director nominees has been reviewed and approved by the Board of Directors (18<sup>th</sup> term) at the 22<sup>nd</sup> meeting held on May 10<sup>th</sup> 2016. The Shareholders should elect from the list of nominees; the education, experience, and other personal information of the nominees are attached as Appendix 6, List of Director Candidates(pages 43-51).

**Resolution:**

2. (proposed by the Board of Directors)

**Proposal:** Proposal to Release the prohibition on directors from participation in competition business, Please deliberate.

**Explanation:** (1) In the event that the Company has directors who engage in acts specified in Article 209 of the Company Act, the Company intends to release such directors and his or her appointed representatives from non-compete restrictions on holding concurrent positions in businesses similar to those listed in the Company's scope of business (to the extent that such positions are held out of business needs), beginning on the date on which such directors take office, provided that doing so will not harm the interests of the Company.

(2) The Company intends to submit to the annual general meeting of the shareholders the proposal to release the directors on the Board of Directors (19<sup>th</sup> term) from non-compete restrictions. Details of the Concurrent Positions held by Directors of the Companies are attached as Appendix 7 (pages 52-54).

**Resolution:**



## VI. Extemporaneous motions.

## VII. Adjournment

# VIII 、 Appendix

## Appendix 1

### Amended Version of the Company's Articles of Incorporation

Amended VERSION	Current VERSION (2015.6.25)	Description
Chapter 4 Directors and Audit Committee	Chapter 4 <del>Directors, Supervisors and Audit Committee</del>	In accordance with setting up the Audit Committee, references to supervisors have been deleted.
Article 19 <del>Deleted</del>	Article 19 <del>The Company shall follow Company Law of Republic of China to elect twenty one Directors and four Supervisors through shareholders' meeting. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.</del>	

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 19 The Company shall have thirteen to fifteen directors. The aforesaid Board of Directors shall have three independent directors, and ten to twelve non-independent directors. Directors shall be elected by adopting candidates nomination system as specified of Company Law of Republic of China. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.</p> <p>The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately. The ones being independent or non-independent directors.</p>	<p>Article 19-4 <del>Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016,</del> the Company shall have thirteen to fifteen directors. The aforesaid Board of Directors shall have three independent directors, and ten to twelve non-independent directors. Directors shall be elected by adopting candidates nomination system as specified of Company Law of Republic of China. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election. The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent directors elected shall be calculated separately. The ones with more votes are the ones being independent or non-independent directors.</p>	<p>1. Update Article number. 2. Delete effective time.</p>
<p>Article 20 <del>Deleted</del></p>	<p>Article 20 <del>The Company shall have seven managing Directors. The managing directors shall elect from among themselves a Chairman and a Vice Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors.</del></p>	
<p>Article 20 The directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Company shall have a Vice Chairman through the same way if necessary.</p>	<p>Article 20-1 <del>Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016,</del> the directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Company shall have a Vice Chairman through the same way if necessary.</p>	<p>1. Update Article number. 2. Delete effective time.</p>

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 23 <u>Deleted</u></p>	<p>Article 23 Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened in accordance with Article 203 of Company Law of Republic of China, meetings of Board of Directors shall be convened by the Chairman of Board of Directors. The Chairman of Board of Directors shall have the authority to represent the Company and is the chairman of shareholders' meeting, Board of Directors' meeting and Managing Board of Directors' meeting. The Vice Chairman of Board of Directors shall represent the Chairman of Board of Directors if he/she is on leave or not available. If the Vice Chairman of Board of Directors is not available to exercise his/her function, there shall be another managing director who is appointed by the Chairman of Board of Directors. The Chairman of Board of Directors could also be elected by managing directors or directors with each other if there is no appointed Chairman of Board of Directors. Notices of Board of Directors' meetings could be through written, fax or electronic.</p>	
<p>Article 23 Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of Board of Directors. The Chairman of Board of Directors shall have the authority to represent the Company and is the chairman of the chairman of shareholders' meeting, Board of Directors' meeting. The Vice Chairman of Board of Directors shall represent the Board of Directors shall represent the Chairman</p>	<p>Article 23-4 Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of Board of Directors. The Chairman of Board of Directors shall have the authority to represent the Company and is the chairman of shareholders' meeting, Board of Directors' meeting. The Vice Chairman of Board of Directors shall represent the Chairman of Board of Directors if he/she is on leave or not</p>	<p>1. Update Article number. 2. Delete effective time.</p>

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>of Board of Directors if he/she is on leave or not available. If the Vice Chairman of Board of Directors is not available to exercise his/her function, there shall be another director who is appointed by the Chairman of Board of Directors. The Chairman of Board of Directors could also be elected by directors themselves if there is no appointed Chairman of Board of Directors.</p> <p>Notices of Board of Directors' meetings could be through written, fax or electronic.</p> <p>Article 27 <b><u>Deleted</u></b></p>	<p>available. If the Vice Chairman of Board of Directors is not available to exercise his/her function, there shall be another director who is appointed by the Chairman of Board of Directors. The Chairman of Board of Directors could also be elected by directors themselves if there is no appointed Chairman of Board of Directors.</p> <p>Notices of Board of Directors' meetings could be through written, fax or electronic.</p> <p>Article 27 <del>Supervisors shall execute his/her job by relevant regulations and could present and pronounce his/her opinion in Board of Directors without a vote.</del></p>	<p>In accordance with setting up the Audit Committee, references to supervisors have been deleted.</p>
<p>Article 27</p> <p>In compliance with regulation, the Company shall establish an Audit Committee, which shall consist of all independent directors.</p> <p>The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Law, Securities and Exchange Law and other relevant regulations of Republic of China.</p> <p>The regulation of Audit Committee shall be specified by Board of Directors.</p>	<p>Article 27-4</p> <p><del>Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, in compliance with regulation, the Company shall establish an Audit Committee, which shall consist of all independent directors.</del></p> <p>The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Law, Securities and Exchange Law and other relevant regulations of Republic of China.</p> <p>The regulation of Audit Committee shall be specified by Board of Directors.</p>	<p>1. Update Article number. 2. Delete effective time.</p>
<p>Article 28 <b><u>Deleted</u></b></p>	<p>Article 28 <del>The Board of Directors is authorized to determine the salary for Directors and Supervisors, the standards of the industry shall take into account.</del></p>	

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 28 Board of Directors is authorized to determine the salary for Directors, the standards of the industry shall take into account. <u>The company may take out liability insurance for directors with respect to liabilities resulting from exercising their terms of occupancy.</u></p>	<p>Article 28-4 <del>Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016,</del> Board of Directors is authorized to determine the salary for Directors, the standards of the industry shall take into account.</p>	<p>1. Update Article number. 2. Delete effective time. 3. In order to build sense of security for the directors, the Company take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and to the shareholders arising from the wrongdoings or negligence of a director. The main purpose of this change is to let the Company operate steadily.</p>
<p>Article 29 The total registered shares owned by Directors of the Company shall in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.</p>	<p>Article 29 The total registered shares owned by Directors <del>and Supervisors</del> of the Company shall in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.</p>	<p>In accordance with setting up the Audit Committee, references to supervisors have been deleted.</p>
<p>Article 33 <del>Deleted</del></p>	<p>Article 33 <del>After the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to Supervisors before 30 days of regular shareholders' meeting:</del> 1. Business Report; 2. Financial Statements; 3. The surplus-earning distribution or loss offsetting proposals.</p>	

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 33</p> <p>After the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to the Audit Committee before 30 days of regular shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Business Report;</li> <li>2. Financial Statements;</li> <li>3. The surplus earning distribution or loss offsetting proposals.</li> </ol> <p>Article 34</p> <p><b>One percent of profit of the current year shall distribute to employees' remuneration; no more than two percent of profit of the current year shall distribute to directors' remuneration (no more than three percent of profit of the current year shall distribute to directors' and supervisors' remuneration in 2015), however, the independent directors are the exception. The Company's accumulated losses shall have been covered.</b></p> <p>The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p>	<p>Article 33-4</p> <p><del>Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016,</del> after the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to the Audit Committee before 30 days of regular shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Business Report;</li> <li>2. Financial Statements;</li> <li>3. The surplus earning distribution or loss offsetting proposals.</li> </ol> <p><u>Added</u></p>	<ol style="list-style-type: none"> <li>1. Update Article number.</li> <li>2. Delete effective time.</li> </ol> <ol style="list-style-type: none"> <li>1. In coordination with the revision of Article 235-1 of Company Law of Republic of China, add regulation of employees' remuneration.</li> <li>2. Synchronized with Article 20 of 「Articles of Incorporation of OO Company Limited」, add regulation of employees', directors' and supervisors' remuneration</li> <li>3. Upon approval of 2<sup>nd</sup> Remuneration Committee on the 8<sup>th</sup> meetings on 2015/10/26.</li> </ol>

Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 35 The Company is in changeable industry; also the life cycle of the Company is now at saturation stage. In order to fulfill the need of shareholders' cash inflow and take the Company's funding requirement and long-term financial plan into consideration, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years under relevant regulations and set aside a legal capital reserve at 10% of the profits left over. <b><u>Besides, after appropriating or returning to special capital reserve pursuant to applicable law or regulation, combine the shareholder earnings available for appropriation including accumulated un-appropriated earnings and earnings available for appropriation of this year.</u></b> The ratio for dividend shall not fewer than 50% of <b><u>current year earnings available</u></b> for distribution; distribution of cash dividend shall not fewer than 10% of total dividend. The way and ratio of distribution of profits shall take profit status and financial factors into consideration; the proposal shall be prepared by Board of Directors, and then submitted to shareholders' meeting asking for recognition.</p>	<p>Article 34 The Company is in changeable industry; also the life cycle of the Company is now at saturation stage. In order to fulfill the need of shareholders' cash inflow and take the Company's funding requirement and long-term financial plan into consideration, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years under relevant regulations and set aside a legal capital reserve at 10% of the profits left over <del>and set aside special capital reserve in accordance with shareholders' equity amount deduction. The profit shall allocate by the following portion if any:</del> 1. <del>3%</del> for Directors and Supervisors. <del>Since 2016, the remuneration to Directors and Supervisors will be 1% to 2%.</del> The independent Directors are the exception. 2. <del>One percent as bonus to employees of the Company.</del> <del>3.</del> The ratio for dividend shall not fewer than 50% of total distribution; distribution of cash dividend shall not fewer than 10% of total dividend. The way and ratio of distribution of profits shall take profit status and financial factors into consideration; the proposal shall be prepared by Board of Directors, and then submitted to shareholders' meeting asking for recognition.</p>	<p>1. In coordination with the revision of Article 235-1 of Company Law of Republic of China, add regulation of employees' remuneration. 2. Synchronized with Article 21 of 「Articles of Incorporation of OO Company Limited」, revise relate regulation of distribution of shareholders' dividends from Article 34 to Article 35. 3. Upon approval of 2<sup>nd</sup> Remuneration Committee on the 8<sup>th</sup> meetings on 2015/10/26. 4. Set up appropriating or returning to special capital reserve pursuant and combine the shareholder earnings available for appropriation including accumulated un-appropriated earnings and earnings available for appropriation of this year.</p>
<p>Article 36 The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.</p>	<p>Article 35 The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.</p>	<p>Update Article number.</p>



Amended VERSION	Current VERSION (2015.6.25)	Description
<p>Article 37 In regard to all matters not provided for in these Articles of Incorporation, the Company Law and other related regulations of the Republic of China shall govern.</p> <p><b><u>Deleted</u></b></p>	<p>Article 36 In regard to all matters not provided for in these Articles of Incorporation, the Company Law and other related regulations of the Republic of China shall govern.</p> <p>Article 36-1 Article 19 ~ Article 20 ~ Article 23 ~ Article 27 ~ Article 28 and Article 33 of Articles of Incorporation become void whilst the Company elect its independent Directors and set up Remuneration Committee.</p>	<p>Update Article number.</p> <p>In accordance with setting up the Audit Committee, references to supervisors have been deleted.</p>
<p>Article 38 These Articles of Incorporation are agreed to and signed on January 1, 1955....., thirty-third Amendment on June 21, 2012, thirty-fourth Amendment on June 25, 2015, <b><u>and thirty-fifth Amendment on June 21, 2016.</u></b></p>	<p>Article 37 These Articles of Incorporation are agreed to and signed on January 1, 1955....., thirty-third Amendment on June 21, 2012, and thirty-fourth Amendment on June 25.</p>	<p>1. Update revised date. 2. Update Article number.</p>

# Current Version of the Company's Articles of Incorporation

2015.6.25

## Section I - General Provisions

### Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name is Hotai Motor Company Limited.

### Article 2

The scope of business of the Company shall be as follows:

1. Manufacture, assemble and sell all kinds of Motors (include chassis and car body) and components.
2. Import and export all kinds of Motor Vehicles (include chassis and car body) and components.
3. Manufacture and maintain Special Vehicles (trailers, rubbish trucks, cranes, cement mixing vehicles, tankers and etc.)
4. Manufacture, assemble and sell all kinds of Industry Vehicles (tractors, bucket cars and hand lift cars) and components.
5. Car fix and Maintenance.
6. Import, export, and sell automotive measurement of Motor Vehicles.
7. Agency Business for all countries.
8. Broker Business.
9. Import and Export business.
10. Manufacture, assemble and sell heating and cooling machines for Motor Vehicles and the components.
11. Import and export heating and cooling machines for Motor Vehicles and the components.
12. Manufacture, assemble, sell, import and export radio equipment.
13. G801010 Warehousing.
14. In addition to business outside an operating license other laws prohibiting or restricting the non- business.

### Article 3

The Company may provide endorsement and guarantee and act as a guarantor.

### Article 4

The Company shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Law if the Company is as shareholders with limited liability.

### Article 5

The Company has its head office in Taipei City Taiwan, Republic of China, and shall be free, upon approval of Board of Director to set up, terminate or change representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Company deems it necessary or advisable to carry out any or all of its activities.

## Article 6

Public announcements of the Company shall be made in accordance with Article 28 of Company Law of the Republic of China.

## Section II - Capital Stock

### Article 7

The total capital stock of the Company shall be in the amount of 6,000,000,000 New Taiwan Dollars, divided into 600,000,000 shares, at ten New Taiwan Dollars each, and may be issued in installments under approval of Board of Directors.

### Article 8

The Company could ask for Large Denomination Securities if it is necessary to send the stocks to Taiwan Depository and Clearing Corporation.

### Article 9

The share certificates of the Company shall all be name-bearing share certificates signed by or sealed with the chop of at least three directors with the Company's seal, and issued in accordance with Company Law and relevant regulations of Republic of China. The Company may issue shares without printing share certificate, and should ask for preservation, combination, log in from Taiwan Depository and Clearing Corporation whilst issuing new shares.

### Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

### Article 11

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

### Article 12

The Company could charge handling fee whilst a stock certificate needs replacement because it is lost or because of other reasons.

## Section III - Shareholder's Meeting

### Article 13

Shareholders' meetings of the Company are of two types, namely: (1) regular meeting and (2) special meeting. Regular meeting holds every year and shall be convened within six months after the close of each fiscal year. Special meeting shall be convened if necessary.

The meeting shall be convened by Board of Directors unless there are relevant laws, rules and regulations of the Republic of China.

### Article 14

Each share of stock shall be entitled to one vote.

#### Article 15

Except as otherwise provided in the Company Law of the Republic of China, the chairman of shareholder's meeting should follow Article 23 of Articles of Incorporation.

#### Article 16

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, under his/her permission for all rights at the meeting, in accordance with Article 177 of Company Law of the Republic of China. The way to use proxies shall followed Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies unless there are other regulation by Company Law of Republic of China.

#### Article 17

Except as provided in Company Law of the Republic of China, resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting, and shareholders' meetings may be held if attended shareholders more than one half of the total issued and outstanding capital stock of the Company.

#### Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall record the date, place, chairman's name, the way of resolutions, meeting process and result of shareholder's meeting. Such minutes shall be signed by or sealed with the chop of the chairman of the meeting and sent to all shareholders in 20 days and kept during the continuance of existence of the Company.

The delivery of such minutes could be a public announcement.

The attendance list and proxies of the meetings shall be filed and kept at least a year, but if a shareholder raise a suit in accordance with Article 189 of Company Law of Republic of China, the attendance list and proxies of the meetings shall be filed and kept until the suit is over.

### Section IV - Directors, Supervisors and Audit Committee

#### Article 19

The Company shall follow Company Law of Republic of China to elect twenty-one Directors and four Supervisors through shareholders' meeting. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.

#### Article 19-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, the Company shall have thirteen to fifteen directors. The aforesaid Board of Directors shall have three independent directors, and ten to twelve non-independent directors. Directors shall be elected by adopting candidates nomination system as specified of Company Law of Republic of China. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.

The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent directors elected shall be calculated separately. The ones with more votes are the ones being independent or non-independent directors.

## Article 20

The Company shall have seven managing Directors. The managing directors shall elect from among themselves a Chairman and a Vice Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors.

## Article 20-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, the directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Company shall have a Vice Chairman through the same way if necessary.

## Article 21

The Chairman of Board of Directors shall have the authority to represent the Company and execute all management complied with the relevant regulations, Articles of Incorporation, Resolutions of shareholder's meeting and Board of Directors.

## Article 22

In the case that vacancies on Board of Directors exceed, for any reason, one third of the total number of the Directors, then Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in 60 days.

## Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened in accordance with Article 203 of Company Law of Republic of China, meetings of Board of Directors shall be convened by the Chairman of Board of Directors.

The Chairman of Board of Directors shall have the authority to represent the Company and is the chairman of shareholders' meeting, Board of Directors' meeting and Managing Board of Directors' meeting. The Vice Chairman of Board of Directors shall represent the Chairman of Board of Directors if he/she is on leave or not available. If the Vice Chairman of Board of Directors is not available to exercise his/her function, there shall be another managing director who is appointed by the Chairman of Board of Directors. The Chairman of Board of Directors could also be elected by managing directors or directors with each other if there is no appointed Chairman of Board of Directors.

Notices of Board of Directors' meetings could be through written, fax or electronic.

## Article 23-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of Board of Directors. The Chairman of Board of Directors shall have the authority to represent the Company and is the chairman of shareholders' meeting, Board of Directors' meeting. The Vice Chairman of Board of Directors shall represent the Chairman of Board of Directors if he/she is on leave or not available. If the Vice Chairman of Board of Directors is not available to exercise his/her function, there shall be another director who is appointed by the Chairman of Board of Directors. The Chairman of Board of Directors could also be elected by directors themselves if there is no appointed Chairman of Board of Directors. Notices of Board of Directors' meetings could be through written, fax or electronic.

#### Article 24

Except as otherwise provided in Company Law of the Republic of China, a meeting of Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

#### Article 25

A Director shall attend the meetings of Board of Directors in person, if he/she may not attend, he/she shall by written authorization, appoint another Director to attend on his/her behalf of meetings of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director. The ones who lives in foreign country would be an exemption and shall follow Company law of Republic of China.

#### Article 26

The resolutions of Board meetings shall be recorded in the minutes, and such minutes shall record the date, place, chairman's name, the way of resolutions, meeting process and result of Board meetings. Such minutes shall be signed by or sealed with the chop of the chairman of the meeting and sent to all directors in 20 days.  
The production and delivery of such minutes could be through electronic.  
The minutes, attendance list of the meetings shall be kept during the continuance of existence of the Company.

#### Article 27

Supervisors shall execute his/her job by relevant regulations and could present and pronounce his/her opinion in Board of Directors without a vote.

#### Article 27-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, in compliance with regulation, the Company shall establish an Audit Committee, which shall consist of all independent directors.  
The Audit Committee shall be responsible for those responsibilities of Supervisors specified under Company Law, Securities and Exchange Law and other relevant regulations of Republic of China.  
The regulation of Audit Committee shall be specified by Board of Directors.

#### Article 28

The Board of Directors is authorized to determine the salary for Directors and Supervisors, the standards of the industry shall take into account.

#### Article 28-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, Board of Directors is authorized to determine the salary for Directors, the standards of the industry shall take into account.

#### Article 29

The total registered shares owned by Directors and Supervisors of the Company shall in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

## Section V – Management

### Article 30

The Company shall appoint one President, and such other Vice Presidents and Directors.

### Article 31

The decision to engage with, terminate and pay for the managers shall be held in the meeting of Board of Directors if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

## Section - VI Account

### Article 32

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

### Article 33

After the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to Supervisors before 30 days of regular shareholders' meeting:

1. Business Report;
2. Financial Statements;
3. The surplus earning distribution or loss offsetting proposals.

### Article 33-1

Since election of 19<sup>th</sup> Directors in shareholders' meeting in 2016, after the close of each fiscal year, the following reports shall be prepared by Board of Directors, and submitted to Audit Committee before 30 days of regular shareholders' meeting asking for recognition:

1. Business Report;
2. Financial Statements;
3. The surplus earning distribution or loss offsetting proposals.

### Article 34

The Company is in changeable industry; also the life cycle of the Company is now at saturation stage. In order to fulfill the need of shareholders' cash inflow and take the Company's funding requirement and long-term financial plan into consideration, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years under relevant regulations and set aside a legal capital reserve at 10% of the profits left over and set aside special capital reserve in accordance with shareholders' equity amount deduction.

The profit shall allocate by the following portion if any:

1. 3% for Directors and Supervisors. Since 2016, the remuneration to Directors and Supervisors will be 1% to 2%. The independent Directors are the exception.
2. One percent as bonus to employees of the Company.
3. The ratio for dividend shall not fewer than 50% of total distribution; distribution of cash dividend shall not fewer than 10% of total dividend.

The way and ratio of distribution of profits shall take profit status and financial factors into consideration; the proposal shall be prepared by Board of Directors, and then submitted to shareholders' meeting asking for recognition.

## Section VII Supplementary Provisions

### Article 35

The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

### Article 36

In regard to all matters not provided for in these Articles of Incorporation, the Company Law and other related regulations of the Republic of China shall govern.

### Article 36-1

Article 19 、 Article 20 、 Article 23 、 Article 27 、 Article 28 and Article 33 of Articles of Incorporation become void whilst the Company elect its independent Directors and set up Audit Committee.

### Article 37

These Articles of Incorporation are agreed to and signed on January 1, 1955, and the first Amendment was on February 28, 1959, the second Amendment on February 6, 1960, the third Amendment on August 15, 1966, the fourth Amendment on May 12, 1967, the fifth Amendment on October 1, 1967, the sixth Amendment on March 15, 1970, the seventh Amendment on December 5, 1970, and the eighth Amendment on September 30, 1971, the ninth Amendment on February 28, 1974, the tenth Amendment on June 18, 1974, the eleventh Amendment on June 26, 1976, the twelfth Amendment on March 15, 1977, the thirteenth Amendment on March 17, 1978, the Fourteenth Amendment on April 25, 1979, the fifteenth Amendment on May 10, 1981, the sixteenth Amendment on September 7, 1982, the seventeenth Amendment on October 27, 1983, the eighteenth Amendment on March 17, 1988, the nineteenth Amendment on May 18, 1990, the twentieth Amendment on April 24, 1991, the twenty-first Amendment on May 22, 1992, the twenty-second Amendment on March 26, 1993, the twenty-third Amendment on May 27, 1994, the twenty-fourth Amendment on June 13, 1995, the twenty-fifth Amendment on May 10, 1996, the twenty-sixth Amendment on May 16, 1997, the twenty-seventh Amendment on May 15, 1998, the twenty-eighth Amendment on May 24, 2000, the twenty-ninth Amendment on May 11, 2001, thirty Amendment on June 20, 2002, thirty-first Amendment on June 18, 2004, thirty-second Amendment on June 13, 2007, thirty-third Amendment on June 21, 2012, and thirty-fourth Amendment on June 25, 2015.



## Business Report of 2015

**【Market】**

Even though a modest and uneven economic recovery is expected to continue in advanced economies, the slowdown growth from emerging markets and China has a great impact on the overall global economic growth. Consequently, global economic activity remained subdued in 2015. Since our domestic market was affected by the gradual slowdown of economic activity and pressured from the “red supply chain”, weaker investment and export performance was relatively reflected. In 2015, preliminary statistics for global growth rate was projected at 0.75 percent, which has been revised downwards by 3.17 percentage point from the previous year. Though the automobile market was affected by economic recession, a significant 13 percent growth from imported cars and low oil prices gave the sector a much-needed boost. As a result, sales record achieved 420,779 units, or 99.3 percent, which is slightly below the record from the year before.

**【Operational Review】**

Reflecting back on 2015, the automobile market faced numerous obstacles, such as, the government deduction of subsidizing hybrid vehicle with commodity-tax rebate, fierce competition in the imported cars which drives down prices, and government's proposal on a new automotive commodity-tax rebate project that is expected to help stimulate new-car sales was released in the media earlier than expected. These challenges caused consumers to stay on the sidelines. Fortunately, with the support from the parent company, Toyota Motor Corporation (TMC), Hotai Motor has launched several new remodels, ranging from TOYOTA brands-COROLLA ALTIS, RAV 4 to LEXUS brands-ES, RX, etc. With effective adjustments in promotional and marketing strategies, as well as, proactive sales strategy from the dealers, results appear in sales record of 138,196 units, giving a 32.8 percent market share and the spot as the bestselling car brand in Taiwan for the 14th consecutive year.

Kuozui Motors Ltd., the local assembler of TOYOTA cars and the first manufacturer to reach manufacturing capacity of 200,000 units in the Taiwan Automobile Industry, has been cooperating continuously with TMC, making improvements in factory capability, manufacturing technologies and aggressively cultivating overseas markets with great results. In other business operations of Hotai Motor Group, Hotai Finance Co. offers installment payment service to buyers of new and used cars, etc. and Hotai Leasing Co. has expanded its rental sites (including iRent sites) up to 91 locations across the country. The aim was to offer consumers a faster and a more convenient rental services to suit all travel needs. Hotai Finance Co. and Hotai Leasing Co. continuously ranked as No. 1 in various markets (short and long term leasing, auto auction, etc.). Carmax Co., Ltd., as the one of the professional car accessory suppliers in TOYOTA global supply chain, exported some of its certified products to TOYOTA distributors in Japan and the Middle East. As a result, revenue reached its record high since establishment. In connection with business investment sectors, Chang Yuan Motor Co. and Hotai Development Co., Ltd, etc. has become significant source of revenue for the company. Furthermore, because of the slower growth in automobile market in China, the automobile dealers are fiercely competitive. Fortunately, with the support of Hotong Motor Investment Co., Ltd. which integrated all outlets' sales and service resources in China, the outcome of Hotai Motor's overseas earnings reached its highest record in four years.

## 【Financial Performance】

Consolidated revenue totaled NT\$160.608 billion. Profit before tax was NT\$13.221 billion and net profit was NT\$10.883 billion; the net profit of parent company, Hotai Motor, was NT\$9.777 billion. The earning per share was NT\$17.9, increased 6.3 percent from 2014 and creates a historical record high again.

## 【Management and Corporate Development】

As for the prospect of this year, although the gradual slowdown of economic activity has impacted the recession of foreign trade, the automobile industry is expected to maintain at last year's sales record of 420,000 units, under the support of the government in stimulating old-vehicle replacement by subsidizing with commodity-tax rebate. In order to set the 15th consecutive top sales record in passenger car sector and the 7th consecutive top sales record in commercial vehicle sector, Hotai Motor will continue to provide customer-oriented services and optimal after-sales services.

Hotai Motor continues to uphold its core value - "The customer always comes first" and sustain efforts to promote "Only for YOU- Initiating KSF (Key Successful Factors)" in all aspects of customers' interaction. Starting from TOYOTA, LEXUS to HINO, the company has initiated an assessment on Employee Satisfaction (ES), by assisting frontline employees to find happiness at workplace and at the same time, let customers sense the company's effort on brand management. Furthermore, Hotai Motor aims to reinforce dealer's constitution, in order to achieve greater customer satisfaction. Overall, each business segment within the group will continue to explore new business opportunities, generate new growth momentum, strengthen corporate governance, and advance operational efficiency, to further consolidate our leading position in the automobile market.

Chairman of Board of Directors : Huang, Nan-Kuang

Manager : Su Chwen-Shing

Account Manager : Chen Ting-Ju

## Supervisors' Review Report

The Board of Directors has prepared the 2015 Business Report, Financial Statements, and Proposal for allocation of profit, and etc. The CPA firm of PricewaterhouseCoopers (PwC) Taiwan was retained to audit Hotai Motor Company Limited's Financial Statements and has issued an audit report relating to Financial Statement. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by Supervisor of Hotai Motor Company Limited. According to Article 219 of Company Law of Republic of China, we hereby submit this report.

To:

The Annual General Shareholder' Meeting of Hotai Motor Company Limited (2016)

Supervisors : Ko, Junn-Yuan

Ko Wang, Wen Liang

Tseng, Chi-Fu

Weng, Hung-Ta

2016/5/10

REPORT OF INDEPENDENT ACCOUNTANTS  
(TRANSLATED FROM CHINESE)

To the Board of Directors and Shareholders  
Hotai Motor Company Limited

We have audited the accompanying parent company only balance sheets of Hotai Motor Co., Ltd. as of December 31, 2015 and 2014, and January 1, 2014, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2015 and 2014. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for using equity method. The financial statements of these investee companies were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on investees as described in Note 13 is based solely on the reports of other independent accountants. In particular, the financial statements of investee companies, Formosa Flexible Packaging Corp. and Shi-Ho Screw Industrial Co., Ltd., were prepared in accordance with the generally accepted accounting principles in the Republic of China, and we have audited the adjustments to ensure consistency with the adopted generally accounting policies by Hotai Motor Co., Ltd. The total comprehensive income for these companies amounted to NT\$306,437 thousand and NT\$351,171 thousand, constituting 3.16% and 3.69% of the total comprehensive income for the years ended December 31, 2015 and 2014, respectively, and the related investments accounted for using equity method amounted to NT\$5,067,014 thousand and NT\$4,693,820 thousand, constituting 9.96% and 10.69% of total assets as of December 31, 2015 and 2014, respectively.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the financial statements referred to above present fairly, in all material respects, the financial position of Hotai Motor Co., Ltd. as of December 31, 2015 and 2014, and January 1, 2014, and its financial performance and cash flows for the years ended December 31, 2015 and 2014, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

March 28, 2016

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HOTAI MOTOR CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 5,820,416	12	\$ 2,654,072	6	\$ 6,710,404	15
1110	Financial assets at fair value through profit or loss	6(2)	3,153,196	6	2,500,522	6	1,844,042	4
1150	Notes receivable, net	6(4)	17,081	-	16,230	-	20,116	-
1160	Notes receivable – related parties, net	6(4) and 7	43,950	-	3,111	-	-	-
1170	Accounts receivable, net	6(4)	33,903	-	38,404	-	470,615	1
1180	Accounts receivable – related parties, net	6(4) and 7	1,445,862	3	719,093	2	1,736,878	4
1200	Other receivables	7	731,633	1	599,223	1	1,178,634	3
130X	Inventories	6(5)	1,572,201	3	960,785	2	2,274,170	5
1410	Prepayments		279,717	1	131,205	-	226,929	-
11XX	<b>Total current assets</b>		<u>13,097,959</u>	<u>26</u>	<u>7,622,645</u>	<u>17</u>	<u>14,461,788</u>	<u>32</u>
<b>Non-current assets</b>								
1523	Available-for-sale financial assets	6(3)	789,613	2	849,366	2	841,039	2
1550	Investments accounted for using equity method	6(6)	30,581,248	60	28,955,265	66	23,294,059	52
1600	Property, plant and equipment	6(7)	3,696,383	7	3,739,070	8	3,855,755	8
1760	Investment property, net	6(8)	2,068,920	4	2,114,574	5	1,786,426	4
1780	Intangible assets		-	-	1,692	-	4,482	-
1840	Deferred income tax assets	6(22)	265,936	-	269,311	1	273,626	1
1900	Other non-current assets		367,579	1	339,632	1	301,911	1
15XX	<b>Total non-current assets</b>		<u>37,769,679</u>	<u>74</u>	<u>36,268,910</u>	<u>83</u>	<u>30,357,298</u>	<u>68</u>
1XXX	<b>Total assets</b>		<u>\$ 50,867,638</u>	<u>100</u>	<u>\$ 43,891,555</u>	<u>100</u>	<u>\$ 44,819,086</u>	<u>100</u>

(Continued)

HOTAI MOTOR CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014  
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(9)	\$ 351,227	1	\$ 1,063,440	2	\$ 879,248	2
2170	Accounts payable	6(10)	1,966,924	4	312,924	1	1,866,789	4
2180	Accounts payable – related parties	6(10) and 7	3,544,343	7	2,111,698	5	4,141,619	9
2200	Other payables	6(11) and 7	2,120,939	4	1,809,337	4	1,694,247	4
2230	Current income tax liabilities	6(22)	843,186	2	563,358	1	653,911	1
2250	Provisions	6(13)	1,135,281	2	1,116,925	3	836,189	2
2300	Other current liabilities		130,958	-	110,309	-	40,856	-
21XX	<b>Total current liabilities</b>		<u>10,092,858</u>	<u>20</u>	<u>7,087,991</u>	<u>16</u>	<u>10,112,859</u>	<u>22</u>
<b>Non-current liabilities</b>								
2550	Provisions	6(13)	713,537	2	711,468	2	948,214	2
2570	Deferred income tax liabilities	6(22)	696,446	1	697,789	1	713,986	2
2600	Other non-current liabilities		658	-	1,610	-	1,499	-
25XX	<b>Total non-current liabilities</b>		<u>1,410,641</u>	<u>3</u>	<u>1,410,867</u>	<u>3</u>	<u>1,663,699</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>11,503,499</u>	<u>23</u>	<u>8,498,858</u>	<u>19</u>	<u>11,776,558</u>	<u>26</u>
<b>Equity</b>								
<b>Share capital</b>								
3110	Common stock	6(14)	5,461,792	11	5,461,792	12	5,461,792	12
<b>Capital surplus</b>								
3200	Capital surplus	6(15)	263,060	-	263,060	1	263,060	1
<b>Retained earnings</b>								
3310	Legal reserve	6(16)	7,285,058	14	6,365,384	14	5,600,373	13
3320	Special reserve		381,843	1	381,843	1	381,843	1
3350	Unappropriated earnings		24,863,218	49	21,805,767	50	20,584,842	46
<b>Other equity</b>								
3400	Other equity interest		1,109,168	2	1,114,851	3	750,618	1
3XXX	<b>Total equity</b>		<u>39,364,139</u>	<u>77</u>	<u>35,392,697</u>	<u>81</u>	<u>33,042,528</u>	<u>74</u>
<b>Commitments and contingent liabilities</b>								
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 50,867,638</u>	<u>100</u>	<u>\$ 43,891,555</u>	<u>100</u>	<u>\$ 44,819,086</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

HOTAI MOTOR CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	2015		(Adjusted) 2014	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(17) and 7	\$ 101,971,202	100	\$ 103,873,219	100
5000 <b>Operating costs</b>	6(5) and 7	( 93,228,787)	( 92)	( 95,832,386)	( 92)
5900 <b>Gross profit before realized (unrealized) gross profit on sales to subsidiaries and associates</b>		8,742,415	8	8,040,833	8
5910 Unrealized profit from sales		( 107,344)	-	( 70,646)	-
5920 Realized profit from sales		70,646	-	138,790	-
5950 <b>Gross profit</b>		<u>8,705,717</u>	<u>8</u>	<u>8,108,977</u>	<u>8</u>
<b>Operating expenses</b>	6(20)(21) and 7				
6100 Selling expenses		( 1,906,061)	( 2)	( 1,662,036)	( 2)
6200 General and administrative expenses		( 1,247,809)	( 1)	( 1,215,151)	( 1)
6000 <b>Total operating expenses</b>		<u>( 3,153,870)</u>	<u>( 3)</u>	<u>( 2,877,187)</u>	<u>( 3)</u>
6900 <b>Operating profit</b>		<u>5,551,847</u>	<u>5</u>	<u>5,231,790</u>	<u>5</u>
<b>Non-operating income and expenses</b>					
7010 Other income	6(18) and 7	915,140	1	819,283	1
7020 Other gains and losses	6(19)	10,546	-	67,702	-
7050 Finance costs	7	( 23,550)	-	( 27,858)	-
7070 Share of profit of subsidiaries associates and joint ventures accounted for using equity method	6(6)	<u>4,679,684</u>	<u>5</u>	<u>4,119,134</u>	<u>4</u>
7000 <b>Total non-operating income and expenses</b>		<u>5,581,820</u>	<u>6</u>	<u>4,978,261</u>	<u>5</u>
7900 <b>Profit before income tax</b>		<u>11,133,667</u>	<u>11</u>	<u>10,210,051</u>	<u>10</u>
7950 Income tax expense	6(22)	( 1,357,076)	( 1)	( 1,014,112)	( 1)
8200 <b>Profit for the year</b>		<u>\$ 9,776,591</u>	<u>10</u>	<u>\$ 9,195,939</u>	<u>9</u>
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>					
8330 Share of other comprehensive loss of subsidiaries associates and joint ventures accounted for using equity method		<u>(\$ 64,585)</u>	<u>-</u>	<u>(\$ 44,293)</u>	<u>-</u>
8310 <b>Total components of other comprehensive loss that will not be reclassified to profit or loss</b>		<u>( 64,585)</u>	<u>-</u>	<u>( 44,293)</u>	<u>-</u>
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		( 16,648)	-	133,004	-
8362 Unrealized gain (loss) from available-for-sale financial assets	6(3)	( 92,279)	-	9,998	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		<u>103,244</u>	<u>-</u>	<u>221,231</u>	<u>-</u>
8360 <b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>		<u>( 5,683)</u>	<u>-</u>	<u>364,233</u>	<u>-</u>
8300 <b>Other comprehensive income (loss), net</b>		<u>(\$ 70,268)</u>	<u>-</u>	<u>\$ 319,940</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 9,706,323</u>	<u>10</u>	<u>\$ 9,515,879</u>	<u>9</u>
<b>Earnings per share (in dollars)</b>	6(23)				
9750 <b>Basic earnings per share</b>		<u>\$</u>	<u>17.90</u>	<u>\$</u>	<u>16.84</u>
9850 <b>Diluted earnings per share</b>		<u>\$</u>	<u>17.89</u>	<u>\$</u>	<u>16.83</u>

The accompanying notes are an integral part of the parent company only financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju



HOTAI MOTOR CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings				Other equity			Total equity	
		Share -common stock	Capital surplus -additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealized gain from available-for-sale financial assets		Gain (loss) on effective portion of cash flow hedges
Balance at January 1, 2014 (Adjusted)		\$ 5,461,792	\$ 263,060	\$ 5,600,373	\$ 381,843	\$ 20,584,842	\$ 173,701	\$ 636,163	(\$ 59,246)	\$ 33,042,528
Appropriations of earnings:	6(16)	-	-	765,011	- ( 765,011 )	-	-	-	-	-
Legal reserve		-	-	-	- ( 6,881,858 )	-	-	-	-	( 6,881,858 )
Cash dividends		-	-	-	-	-	-	-	-	-
Participation in investee's capital increase not proportional to ownership		-	-	-	- ( 283,852 )	-	-	-	-	( 283,852 )
Profit for the year		-	-	-	-	9,195,939	-	-	-	9,195,939
Other comprehensive income for the year		-	-	-	- ( 44,293 )	-	216,569	98,360	49,304	319,940
Balance at December 31, 2014 (Adjusted)		\$ 5,461,792	\$ 263,060	\$ 6,365,384	\$ 381,843	\$ 21,805,767	\$ 390,270	\$ 734,523	(\$ 9,942)	\$ 35,392,697
Balance at January 1, 2015 (Adjusted)		\$ 5,461,792	\$ 263,060	\$ 6,365,384	\$ 381,843	\$ 21,805,767	\$ 390,270	\$ 734,523	(\$ 9,942)	\$ 35,392,697
Appropriations of earnings:	6(16)	-	-	919,674	- ( 919,674 )	-	-	-	-	-
Legal reserve		-	-	-	- ( 5,734,881 )	-	-	-	-	( 5,734,881 )
Cash dividends		-	-	-	-	9,776,591	-	-	-	9,776,591
Profit for the year		-	-	-	-	-	-	-	-	-
Other comprehensive loss for the year		-	-	-	- ( 64,585 )	-	17,561	4,257	7,621	( 70,268 )
Balance at December 31, 2015		\$ 5,461,792	\$ 263,060	\$ 7,285,058	\$ 381,843	\$ 24,863,218	\$ 372,709	\$ 738,780	(\$ 2,321)	\$ 39,364,139

The accompanying notes are an integral part of the parent company only financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

HOTAI MOTOR CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>Cash flows from operating activities</u>			
Profit before tax for the year		\$ 11,133,667	\$ 10,210,051
Adjustments to reconcile net profit to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net loss (gain) on financial assets at fair value through profit or loss	6(19)	67,111	( 26,075 )
Reversal of bad debts expense		( 157 )	-
Depreciation (including investment property)	6(7)(8)(20)	93,836	99,777
Amortization	6(20)	1,692	2,790
Net gain on disposal of property, plant and equipment (including rental property)	6(7)(8)(19)	( 464 )	-
Loss on abandonment of property, plant and equipment	6(7)(8)(19)	18,289	19
Share of profit of associates accounted for using equity method	6(6)	( 4,679,684 )	( 4,119,134 )
Impairment loss on financial assets		-	1,671
Gain on disposal of investments accounted for using equity method		-	( 1,930 )
Interest expense		23,550	27,858
Interest income	6(18)	( 78,611 )	( 91,091 )
Unrealized profit from sales		107,344	70,646
Realized profit from sales		( 70,646 )	( 138,790 )
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 719,785 )	( 630,405 )
Notes receivable		( 41,690 )	775
Accounts receivable		( 722,111 )	1,449,996
Other receivables		( 132,390 )	577,288
Inventories		( 611,416 )	1,313,385
Prepayments		( 148,556 )	95,802
Net changes in liabilities relating to operating activities			
Notes and accounts payable		3,086,645	( 3,583,786 )
Other payables		311,830	115,035
Other current liabilities		39,005	350,189
Other non-current liabilities		1,117	( 236,635 )
Cash generated from operations		7,678,576	5,487,436
Cash dividends received		2,898,253	1,725,187
Interest paid		( 23,734 )	( 27,881 )
Income taxes paid		( 1,075,216 )	( 1,116,547 )
Interest received		78,591	93,214
Net cash provided by operating activities		<u>9,556,470</u>	<u>6,161,409</u>
<u>Cash flows from investing activities</u>			
Acquisition of available-for-sale financial assets	6(3)	( 32,526 )	-
Acquisition of investments accounted for using equity method	6(6)	( 10,763 )	( 3,228,212 )
Proceeds from disposal of investments accounted for using equity method		151,524	57,117
Acquisition of property, plant and equipment	6(7)	( 25,878 )	( 311,259 )
Proceeds from disposal of property, plant and equipment and investment property	6(7)	2,558	-
Increase in other non-current assets		( 27,947 )	( 37,721 )
Net cash provided by (used in) investing activities		<u>56,968</u>	<u>( 3,520,075 )</u>
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans		( 712,213 )	184,192
Cash dividends paid	6(16)	( 5,734,881 )	( 6,881,858 )
Net cash used in financing activities		<u>( 6,447,094 )</u>	<u>( 6,697,666 )</u>
Increase (decrease) in cash and cash equivalents		3,166,344	( 4,056,332 )
Cash and cash equivalents at beginning of year		2,654,072	6,710,404
Cash and cash equivalents at end of year		<u>\$ 5,820,416</u>	<u>\$ 2,654,072</u>

The accompanying notes are an integral part of the parent company only financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

## REPORT OF INDEPENDENT ACCOUNTANTS (TRANSLATED FROM CHINESE)

To the Board of Directors and Shareholders  
Hotai Motor Company Limited

We have audited the accompanying consolidated balance sheets of Hotai Motor Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and January 1, 2014, and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries and investee companies accounted for using equity method. The financial statements of these subsidiaries and investee companies accounted for using equity method were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the reports of other independent accountants. In particular, the financial statements of investee companies, Formosa Flexible Packaging Corp. and Shi-Ho Screw Industrial Co., Ltd., were prepared in accordance with the generally accepted accounting principles in the Republic of China, and we have audited the adjustments to ensure consistency with the accounting policies adopted by Hotai Motor Co., Ltd. The total assets of these subsidiaries (including the balance of investment accounted for using equity method) amounted to NT\$5,067,014 thousand and NT\$4,693,820 thousand, constituting 3.07% and 3.15% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and the net operating revenue amounted to NT\$0 thousand and NT\$386,636 thousand, constituting 0% and 0.24% of the consolidated net operating revenue for the years then ended, respectively. Based on the reports of other independent accountants, the share of profit (loss) and other comprehensive income of associates and joint ventures accounted for using equity method amounted to NT\$306,437 thousand and NT\$351,171 thousand, representing 2.83% and 3.29% of the consolidated total comprehensive income for the years ended December 31, 2015 and 2014, respectively.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hotai Motor Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014 and January 1, 2014, and their financial performance and cash flows for the years ended December 31, 2015 and 2014 in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Hotai Motor Co., Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on those financial statements.

PricewaterhouseCoopers  
Taipei, Taiwan  
Republic of China  
March 28, 2016

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014  
(Expressed in thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
			Amount	%	Amount	%	Amount	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 10,406,462	6	\$ 7,288,563	5	\$ 9,845,686	7
1110	Financial assets at fair value through profit or loss	6(2)	3,805,448	2	3,129,242	2	2,046,850	2
1135	Derivative financial assets for hedging	6(4)	304,772	-	215,016	-	-	-
1150	Notes receivable, net	6(5) and 8	9,515,166	6	8,535,498	6	8,043,156	6
1160	Notes receivable - related parties, net	6(5) and 7	43,958	-	3,111	-	-	-
1170	Accounts receivable, net	6(5) and 8	73,734,891	45	64,876,815	44	53,217,866	39
1180	Accounts receivable - related parties, net	6(5) and 7	1,963,769	1	591,570	-	1,703,718	1
1200	Other receivables	7	1,436,765	1	1,517,878	1	2,484,251	2
130X	Inventories	6(6)	5,962,436	4	5,314,086	4	7,756,089	6
1410	Prepayments		4,918,793	3	3,417,113	2	3,264,627	3
1470	Other current assets	8	99,071	-	124,302	-	147,538	-
11XX	<b>Total current assets</b>		<u>112,191,531</u>	<u>68</u>	<u>95,013,194</u>	<u>64</u>	<u>88,509,781</u>	<u>66</u>
<b>Non-current assets</b>								
1523	Available-for-sale financial assets	6(3)	829,558	1	887,358	-	892,259	-
1550	Investments accounted for using equity method	6(7)	13,839,712	8	13,622,097	9	9,413,664	7
1600	Property, plant and equipment	6(8) and 8	35,464,467	21	36,763,973	25	33,596,748	25
1760	Investment property, net	6(9)	796,718	-	487,015	-	487,664	-
1780	Intangible assets		-	-	1,692	-	4,726	-
1840	Deferred income tax assets	6(26)	979,376	1	1,020,346	1	1,033,603	1
1900	Other non-current assets	8	1,091,166	1	1,374,276	1	1,086,483	1
15XX	<b>Total non-current assets</b>		<u>53,000,997</u>	<u>32</u>	<u>54,156,757</u>	<u>36</u>	<u>46,515,147</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 165,192,528</u>	<u>100</u>	<u>\$ 149,169,951</u>	<u>100</u>	<u>\$ 135,024,928</u>	<u>100</u>

(Continued)

**HOTAI MOTOR CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014**  
(Expressed in thousands of New Taiwan Dollars)

Liabilities and equity	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(10)	\$ 35,991,935	22	\$ 39,325,617	26	\$ 39,805,982	30
2110	Short-term notes and bills payable	6(11)	42,713,916	26	30,930,339	21	21,728,390	16
2125	Derivative financial liabilities for hedging	6(4)	16,924	-	248,713	-	287,595	-
2150	Notes payable		125,782	-	40,850	-	80,586	-
2170	Accounts payable		2,969,924	2	1,378,685	1	3,022,385	2
2180	Accounts payable - related parties	7						
			3,986,085	2	2,497,230	1	4,363,897	3
2200	Other payables	6(14) and 7	4,057,771	2	5,128,441	3	4,399,369	3
2230	Current income tax liabilities	6(26)	1,299,820	1	1,018,451	1	1,050,981	1
2250	Provisions	6(16)	1,320,472	1	1,300,155	1	1,249,238	1
2300	Other current liabilities	6(12)(13)	7,677,998	4	3,980,346	3	2,505,801	2
21XX	<b>Total current liabilities</b>		<u>100,160,627</u>	<u>60</u>	<u>85,848,827</u>	<u>57</u>	<u>78,494,224</u>	<u>58</u>
<b>Non-current liabilities</b>								
2540	Long-term loans	6(13)	5,046,822	3	8,773,662	6	5,672,479	4
2550	Provisions	6(16)	1,056,213	1	1,026,078	1	993,233	1
2570	Deferred income tax liabilities	6(26)	1,860,088	1	1,811,960	1	1,740,745	1
2600	Other non-current liabilities	6(17)						
			11,291,816	7	10,625,616	7	9,851,350	8
25XX	<b>Total non-current liabilities</b>		<u>19,254,939</u>	<u>12</u>	<u>22,237,316</u>	<u>15</u>	<u>18,257,807</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>119,415,566</u>	<u>72</u>	<u>108,086,143</u>	<u>72</u>	<u>96,752,031</u>	<u>72</u>
<b>Equity attributable to shareholders of the parent</b>								
<b>Share capital</b>								
3110	Common stock	6(18)	5,461,792	3	5,461,792	4	5,461,792	4
<b>Capital surplus</b>								
3200	Capital surplus	6(19)	263,060	-	263,060	-	263,060	-
<b>Retained earnings</b>								
3310	Legal reserve	6(20)	7,285,058	5	6,365,384	4	5,600,373	4
3320	Special reserve		381,843	-	381,843	-	381,843	-
3350	Unappropriated earnings		24,863,218	15	21,805,767	15	20,584,842	15
<b>Other equity</b>								
3400	Other equity interest		1,109,168	1	1,114,851	1	750,618	1
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>39,364,139</u>	<u>24</u>	<u>35,392,697</u>	<u>24</u>	<u>33,042,528</u>	<u>24</u>
36XX	<b>Non-controlling interest</b>		<u>6,412,823</u>	<u>4</u>	<u>5,691,111</u>	<u>4</u>	<u>5,230,369</u>	<u>4</u>
3XXX	<b>Total equity</b>		<u>45,776,962</u>	<u>28</u>	<u>41,083,808</u>	<u>28</u>	<u>38,272,897</u>	<u>28</u>
<b>Commitments and contingent liabilities</b>								
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 165,192,528</u>	<u>100</u>	<u>\$ 149,169,951</u>	<u>100</u>	<u>\$ 135,024,928</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars, except earnings per share amounts)

Items	Notes	2015		(Adjusted) 2014	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(21) and 7	\$ 160,607,628	100	\$ 160,214,136	100
5000 <b>Operating costs</b>	6(6)(24) and (7)	( 139,402,826 )	( 87 )	( 140,255,420 )	( 88 )
5900 <b>Gross profit before realized (unrealized) gross profit on sales to associates</b>		21,204,802	13	19,958,716	12
5910 Unrealized profit from sales		( 49,409 )	-	( 21,542 )	-
5920 Realized profit from sales		21,542	-	11,914	-
5950 <b>Gross profit</b>		21,176,935	13	19,949,088	12
<b>Operating expenses</b>	6(24)(25)				
6100 Selling expenses		( 8,095,785 )	( 5 )	( 7,668,156 )	( 5 )
6200 General and administrative expenses		( 3,960,610 )	( 2 )	( 3,801,742 )	( 2 )
6000 <b>Total operating expenses</b>		( 12,056,395 )	( 7 )	( 11,469,898 )	( 7 )
6900 <b>Operating profit</b>		9,120,540	6	8,479,190	5
<b>Non-operating income and expenses</b>					
7010 Other income	6(22) and 7	1,854,910	1	1,722,931	1
7020 Other gains and losses	6(23)	( 170,947 )	-	68,970	-
7050 Finance costs	7	( 61,880 )	-	( 78,423 )	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)	2,478,143	1	2,035,472	2
7000 <b>Total non-operating income and expenses</b>		4,100,226	2	3,748,950	3
7900 <b>Profit before income tax</b>		13,220,766	8	12,228,140	8
7950 Income tax expense	6(26)	( 2,338,273 )	( 1 )	( 1,935,575 )	( 1 )
8200 <b>Profit for the year</b>		\$ 10,882,493	7	\$ 10,292,565	7

(Continued)

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars, except earnings per share amounts)

	Items	Notes	2015		(Adjusted) 2014	
			Amount	%	Amount	%
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss		(\$ 64,585)	-	(\$ 44,293)	-
8310	<b>Total components of other comprehensive loss that will not be reclassified to profit or loss</b>		( 64,585)	-	( 44,293)	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 29,925)	-	168,582	-
8362	Unrealized gain (loss) from available-for-sale financial assets	6(3)	( 93,334)	-	11,706	-
8363	Gain on effective portion of cash flow hedges	6(4)	13,905	-	71,582	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income		106,280	-	156,194	-
8399	Income tax related to components of other comprehensive income	6(26)	( 2,364)	-	3,083	-
8360	<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>		( 5,438)	-	411,147	-
8300	<b>Other comprehensive income (loss) for the year, net of tax</b>		(\$ 70,023)	-	\$ 366,854	-
8500	<b>Total comprehensive income for the year</b>		\$ 10,812,470	7	\$ 10,659,419	7
8610	Owners of parent		\$ 9,776,591	6	\$ 9,195,939	7
8620	Non-controlling interests		1,105,902	1	1,096,626	-
			\$ 10,882,493	7	\$ 10,292,565	7
	<b>Comprehensive income attributable to:</b>					
8710	Owners of parent		\$ 9,706,323	6	\$ 9,515,879	6
8720	Non-controlling interests		1,106,147	1	1,143,540	1
			\$ 10,812,470	7	\$ 10,659,419	7
	<b>Earnings per share (in dollars)</b>					
9750	<b>Basic earnings per share</b>	6(27)	\$ 17.90		\$ 16.84	
9850	<b>Diluted earnings per share</b>		\$ 17.89		\$ 16.83	

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju



HOJAI MOTOR CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
 (Expressed in thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent							Total	Non-controlling interest	Total equity	
	Retained earnings			Financial statements		Other equity					
	Share capital - common stock	Capital surplus - additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	statements translation differences of foreign operations	Unrealized gain from available-f or -sale financial assets				Gain (loss) on effective portion of cash flow hedges
Notes	\$ 5,461,792	\$ 263,060	\$ 5,600,373	\$ 381,843	\$ 20,584,842	\$ 173,701	\$ 636,163	(\$ 59,246)	\$ 33,042,528	\$ 5,230,369	\$ 38,272,897
Balance at January 1, 2014 (adjusted)											
Appropriation of 2013 earnings:											
Legal reserve	6(20)	-	765,011	-	( 765,011)	-	-	-	-	-	-
Cash dividends	6(20)	-	-	-	( 6,881,858)	-	-	-	( 6,881,858)	( 352,248 )	( 7,234,106)
Participation in investee's capital increase not proportional to ownership											
Profit for the year											
Other comprehensive income for the year											
Change in non-controlling interest											
Balance at December 31, 2014 (adjusted)	<u>\$ 5,461,792</u>	<u>\$ 263,060</u>	<u>\$ 6,365,384</u>	<u>\$ 381,843</u>	<u>\$ 21,805,767</u>	<u>\$ 390,270</u>	<u>\$ 734,523</u>	<u>(\$ 9,942)</u>	<u>\$ 35,392,697</u>	<u>\$ 5,691,111</u>	<u>\$ 41,083,808</u>
Balance at January 1, 2015 (adjusted)											
Appropriation and distribution of 2014 earnings:											
Legal reserve	6(20)	-	919,674	-	( 919,674)	-	-	-	-	-	-
Cash dividends	6(20)	-	-	-	( 5,734,881)	-	-	-	( 5,734,881)	( 394,245 )	( 6,129,126)
Profit for the year											
Other comprehensive loss for the year											
Change in non-controlling interest											
Balance at December 31, 2015	<u>\$ 5,461,792</u>	<u>\$ 263,060</u>	<u>\$ 7,285,058</u>	<u>\$ 381,843</u>	<u>\$ 24,863,218</u>	<u>\$ 372,709</u>	<u>\$ 738,780</u>	<u>(\$ 2,321)</u>	<u>\$ 39,364,139</u>	<u>\$ 6,412,823</u>	<u>\$ 45,776,962</u>

2014

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2015

The accompanying notes are an integral part of these consolidated financial statements.  
 See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan Dollars)

	Notes	2015	2014
<u>Cash flows from operating activities</u>			
Consolidated profit before tax		\$ 13,220,766	\$ 12,228,140
Adjustments to reconcile net profit to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net loss (gain) on financial assets at fair value through profit or loss	6(23)	68,579	( 27,468 )
Bad debts expense and financial guarantee expense		861,933	745,889
Depreciation	6(8)(9)(24)	8,928,881	8,577,071
Amortization	6(24)	17,702	19,498
Provision for (reversal of) loss on rental assets	6(8)	( 771 )	25,221
Net loss (gain) on disposal of property, plant and equipment (including rental property)	6(23)	15,557	( 1,565 )
Share of profit of associates accounted for using equity method	6(7)	( 2,478,143 )	( 2,035,472 )
Impairment loss on financial assets	6(23)	-	1,671
Gain on disposal of investments accounted for using equity method		-	( 1,938 )
Interest expense		1,623,110	1,520,279
Interest income	6(22)	( 3,218,082 )	( 2,890,328 )
Unrealized profit from sales		49,409	21,542
Realized profit from sales		( 21,542 )	( 11,914 )
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 744,785 )	( 1,054,924 )
Notes and accounts receivable		( 12,112,723 )	( 12,048,556 )
Inventories		( 648,350 )	2,257,019
Prepayments		( 1,496,410 )	( 162,873 )
Other receivables		81,214	887,171
Other current assets		25,231	18,156
Net changes in liabilities relating to operating activities			
Notes and accounts payable		3,165,026	( 3,435,753 )
Other payables		( 1,039,572 )	752,492
Other current liabilities		1,817,413	990,678
Other non-current liabilities		693,319	975,357
Cash generated from operations		8,807,762	7,349,393
Cash dividends received		2,265,502	1,147,073
Interest paid		( 1,659,478 )	( 1,482,346 )
Income taxes paid		( 1,967,806 )	( 1,881,074 )
Interest received		3,217,981	2,889,602
Net cash provided by operating activities		10,663,961	8,022,648

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

HOTAI MOTOR CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan Dollars)

	Notes	2015	2014
<u>Cash flows from investing activities</u>			
Acquisition of available-for-sale financial assets		( 32,526 )	( 552 )
Acquisition of investments accounted for using equity method		-	( 3,228,968 )
Proceeds from disposal of investments accounted for using equity method		-	9,526
Decrease in cash due to changes in consolidated entities		-	( 63,257 )
Acquisition of property, plant and equipment	6(8)	( 12,735,512 )	( 16,196,791 )
Proceeds from disposal of property, plant and equipment along with investment property (including rental assets)		4,740,419	4,385,536
Insurance claims on property, plant and equipment		34,132	24,174
Decrease (increase) in other assets - others		203,079	( 460,420 )
Acquisition of investment property	6(9)	( 373 )	-
Repayment of investments		8,862	-
Net cash used in investing activities		<u>( 7,781,919 )</u>	<u>( 15,530,752 )</u>
<u>Cash flows from financing activities</u>			
Decrease in short-term loans		( 3,643,686 )	( 623,652 )
Increase in short-term notes and bills		11,783,577	9,201,949
Proceeds from long-term loans		2,809,941	5,928,374
Repayment of long-term loans		( 4,636,225 )	( 3,291,394 )
Changes in non-controlling interests		( 384,435 )	( 346,368 )
Proceeds from issuing bonds	6(12)	-	1,000,000
Cash dividends paid	6(20)	( 5,734,881 )	( 6,881,858 )
Net cash provided by financing activities		<u>194,291</u>	<u>4,987,051</u>
Net effect of changes in foreign currency exchange rates		<u>41,566</u>	<u>( 36,070 )</u>
Increase (decrease) in cash and cash equivalents		3,117,899	( 2,557,123 )
Cash and cash equivalents at beginning of year		<u>7,288,563</u>	<u>9,845,686</u>
Cash and cash equivalents at end of year		<u>\$ 10,406,462</u>	<u>\$ 7,288,563</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 28, 2016.

Chairman: Huang Nan-Kuang    President: Su Chwen-Shing    Accounting Manager: Chen Ting-Ju

Hotai Motor Co., Ltd  
Table of Distribution of 2015 Profit

Unit: NT\$

Item	Subtotal	Total
Unappropriated earnings from previous period		15,155,023,900
Less: adjustment from adopting the 2013 IFRSs		3,812,290
2015 retained earnings adjustment		64,584,172
Unappropriated earnings after adjustment		15,086,627,438
Profit before income tax of current year	11,133,667,090	
Less: Income tax	1,357,076,543	
Plus: Profit of current year		9,776,590,547
Less: 10% set aside for legal reserve		977,659,055
Distributable earnings of current period		8,798,931,492
Distributable Items		
Cash dividends (NT\$12 per share)		6,554,150,208
Unappropriated earnings at the end of period		17,331,408,722

Chairman: Huang Nan-Kuang

President: Su Chwen-Shing

Accounting Manager: Chen Ting-Ju

## List of Director Candidates

Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Chun Yung Investment Co., Ltd. represented by Huang, Nan-Kuang	Department of Chemistry, Fu Jen University	Chairman, Hotai Motor Co., Ltd. Chairman, Ho-Jan Investment Co., Ltd. Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co., Ltd.	Chairman, Hotai Motor Co., Ltd. Chairman, Ho-Jan Investment Co., Ltd. Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co., Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Taipei Toyota Motor Co., Ltd. Director, Tau Miau Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Denso Taiwan Corp. Supervisor, CarMax Co., Ltd.	167,000
Chun Yung Investment Co., Ltd. represented by Lin, Li-Hua	Department of Money and Banking, National Chengchi University	Chairman, Hoyu Investment Co., Ltd. Managing Director, Hotai Motor Co., Ltd. Supervisor, Ho Tai Development Co., Ltd. Supervisor, Kuozui Motors Co., Ltd. Supervisor, Hochih Motor Co., Ltd.	Chairman, Hoyu Investment Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	167,000

Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Chun Yung Investment Co., Ltd. represented by Huang, Wen-Jui	Master's in Business Intelligence, Tokyo University of Information Sciences	Director, Hotai Motor Co., Ltd.	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp. Director, Chung Kuo Insurance Co., Ltd. Supervisor, Chang Yuan Motor Co., Ltd. Director, Hotai Motor Co., Ltd.	167,000
Chun Yung Investment Co., Ltd. represented by Huang, Chih-Cheng	School of Management, University of California	Managing Director, Hotai Motor Co., Ltd. Vice Chairman, Huang Lieh-Huo Social Welfare Foundation Chairman, Shi-Ho Screw Industrial Co., Ltd. Executive Director, Hotai Motor Co., Ltd. Shanghai Office Chairman, Shanghai Heling Motor Service Co., Ltd. Chairman, Shanghai Hoyu Motor Service Co., Ltd. Chairman, Tianjin Hoyu Motor Sales & Service Co., Ltd. President, Hoyu Investment Co., Ltd. Director, Concord Securities Cop. Director, Chung Kuo Insurance Co., Ltd.	Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp. Managing Director, Hoyu Investment Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Shi-Ho Screw Industrial Co., Ltd. Director, CarMax Autotech (Shanghai) Co., Ltd. Director, He Zhan Development Co., Ltd. Director, Beijing Ho-Yu (BVI) Investment Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd.	167,000

Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Jin Yuan Shan Investment Co., Ltd. represented by Su, Yann-Huei	The Affiliated Industrial Vocational High School of National Changhua University of Education	<p>President, Tai Cheng Investment Co., Ltd.  President, Matsusei Co., Ltd.  Associate Manager, Circulate Headquarter of Wei Chuan Corporate  Manager, International Business Department of Wei Chuan Corporate  Director, Wei Chuan USA Inc.  President, South California Real Estate Investment and Development Inc.</p>	<p>Supervisor, Kuotu Motor Co., Ltd.  Vice Chairman, Huang Ko-Ming Health Foundation  Chairman, Cheng-Hsuan Social Welfare Foundation  Managing Director, Hotai Motor Co., Ltd.</p>	36,071,520

Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Jin Yuan Shan Investment Co., Ltd. represented by Su, Yi-Chung	MBA, St. Mary's University	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, CarMax Co., Ltd. Director, Taian Insurance Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd. Vice Chairman, Kuozui Motors Co., Ltd. Vice Chairman, Hoyu Investment Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Ho Tai Service & Marketing Co., Ltd. Director, He Zhan Development Co., Ltd. Director, Triples Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	36,071,520
Jin Yuan Shan Investment Co., Ltd. represented by Su, Chwen-Shing	MBA, Massachusetts Institute of Technology	Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Director, Hochih Motor Co., Ltd. Managing Director, Hotai Motor Co., Ltd.	President, Hotai Motor Co., Ltd. Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Vice Chairman, Hoton Motor Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Ho-Jan Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hoyu Investment Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, CarMax Auto Tech (Shanghai) Co., Ltd. Director, Shanghai Hoyu Motor Service Co., Ltd.	36,071,520



Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
			<p>Director, Shanghai Hozhan Motor Service Co., Ltd.  Director, Shanghai Helling Motor Service Co., Ltd.  Director, Chongqing Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Tangshan Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Nanchang Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.  Director, Tianjin Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Tianjin Hozhan Motor Service Co., Ltd.  Director, Tianjin Ho-Yu Motor Sales &amp; Service Co., Ltd.  Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.  Director, Linyi Ho-Yu Motor Sales &amp; Service Co., Ltd.  Director, Beijing Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Linyi Helling Lexus Motor Sales &amp; Service Co., Ltd.  Director, Beijing Ho-Yu Toyota Motor Sales &amp; Service Co., Ltd  Director, Chongqing Yudu Toyota Sales Co., Ltd.  Director, Chongqing Yurun Automobile Sales &amp; Service Co., Ltd.  Director, Chongqing Yuguo Automobile Accessory Co. Ltd.  Supervisor, Kuotu Motor Co., Ltd.  Supervisor, Denso Taiwan Corp.</p>	

Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Jin Yuan Shan Investment Co., Ltd. represented by Su, Maick	California State University, Long Beach	Chairman, Empire Energy Co., Ltd. Chairman, Taroko Bus Traffic Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Hotai Motor Co., Ltd.	Managing Director, Hotai Motor Co., Ltd. Chairman, Empire Energy Co., Ltd. Chairman, Taroko Bus Traffic Co., Ltd. Director, Formosa Flexible Packaging America, Inc. Director, Ho-Chuang Insurance Agency Co., Ltd. Supervisor, Ho Tai Development Co., Ltd. Director, Hotai Motor Co., Ltd.	36,071,520
Toyota Motor Corporation, represented by Katsuhito Ohno	School of Foreign Languages, Tokyo University of Foreign Studies	Director, Hotai Motor Co., Ltd.	Director, CarMax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Hotai Motor Co., Ltd.	44,406,112
Gui Long Investment Co., Ltd. represented by Chang, Shih-Yieng	School of Economics, Konan University	Director, Hotai Motor Co., Ltd.	Managing Director, Hoyu Investment Co., Ltd. Director, Ho-An Insurance Agency Co., Ltd. Director, Ho-Chuang Insurance Agency Co., Ltd. Director, Hotai Motor Co., Ltd.	4,571,000
Yuan Tuo Investment Co., Ltd. represented by Ko, Junn-Yuan	The Affiliated Industrial Vocational High School of National Changhua University of Education	Chairman, Chang Yuan Motor Co., Ltd. Supervisor, Hotai Motor Co., Ltd.	Chairman, Chang Yuan Motor Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd. Supervisor, Hotai Motor Co., Ltd.	10,055,376

Independent Director	Education	Experience	Current Positions Held in Hotai and other Companies	Current Share Ownership
Chen, Chi-Chen	Master, Department of Management Science, National Chiao Tung University	Manager, Hotai Motor Co., Ltd. Information and Audit Department	Member, Hotai Motor Co., Ltd. Remuneration Committee	286
Su, Chin-Huo	Master, Department of Industrial Engineering & Management, Asian Institute of Technology	Member, Section Manager, Deputy Supervisor, Industrial Development Bureau, Ministry of Economic Affairs President, Corporate Synergy Development Center	Member, Hotai Motor Co., Ltd Remuneration Committee Adjunct Chair Professor, Department of Industrial and Systems Engineering, Chun Yuan Christian University	0
Wu, Shih-Hao	Phd, Department of Business Administration, National Taipei University	Vice Chairman, Commerce Development Research Institute Associate Professor and Chairman, Department of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology Chairman, Management Education & Research Centre Section Manager, Wei Chuan Foods Corporation	Member, Hotai Motor Co., Ltd Remuneration Committee Independent Director, Taiwan Tabaco & Liquor Corporation Associate Professor, Department of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology	0

Details of the Concurrent Positions held by Directors  
of the Companies

Title	Name	The positions of other companies who currently serve as
Director	Chun Yung Investment Co., Ltd. represented by Huang, Nan-Kuang	Chairman, Ho-Jan Investment Co., Ltd. Chairman, Kuotu Motor Co., Ltd. Chairman, Hoton Motor Investment Co., Ltd. Vice Chairman, Yokohama Tire Taiwan Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Chang Yuan Motor Co., Ltd.– Director, Taipei Toyota Motor Co., Ltd. Director, Tau Miao Motor Co., Ltd. Director, Central Motor Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Denso Taiwan Corp. Supervisor, CarMax Co., Ltd.
Director	Chun Yung Investment Co., Ltd. represented by Lin, Li-Hua	Chairman, Hoyu Investment Co., Ltd.
Director	Chun Yung Investment Co., Ltd. represented by Huang, Wen-Jui	Director, Shanghai Ho-Yu (BVI) Investment Co., Ltd. Director, Tien Jin Ho Yu Investment Co., Ltd. Director, Hoyun International Limited Director, Formosa Flexible Packaging Corp. Director, Chung Kuo Insurance Co., Ltd. Supervisor, Chang Yuan Motor Co., Ltd.
Director	Chun Yung Investment Co., Ltd. represented by Huang, Chih-Cheng	Chairman, Toyota Material Handling Taiwan Ltd. Chairman, Formosa Flexible Packaging Corp. Managing Director, Hoyu Investment Co., Ltd. Director, Ho Tai Development Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Shi-Ho Screw Industrial Co., Ltd. Director, CarMax Autotech (Shanghai) Co., Ltd. Director, Ho Tai Service & Marketing Co., Ltd. Director, He Zhan Development Co., Ltd. Director, Beijing Ho-Yu (BVI) Investment Co., Ltd. Director, Hoton Motor Investment Co., Ltd. Director, Shanghai Hoyu Motor Service Co., Ltd. Director, Shanghai Hozhan Motor Service Co., Ltd. Director, Shanghai Heling Motor Service Co., Ltd. Director, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Director, Tangshan Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanchang Heling Lexus Motor Sales & Service Co., Ltd.

Title	Name	The positions of other companies who currently serve as
		Director, Zaozhuang Ho-yu Toyota Motor Sales and Service Co., Ltd. Director, Tianjin Heling Lexus Motor Sales & Service Co., Ltd. Director, Tianjin Hozhan Motor Service Co., Ltd. Director, Tianjin Hoyu Motor Sales & Service Co., Ltd. Director, Shanghai Ho-qian Logistics Equipment Trading Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Hoyu Motor Sales & Service Co., Ltd. Director, Taizhou Kaudu Lexus Motor Sales & Service Co., Ltd. Supervisor, Kuotu Motor Co., Ltd.
Director	Jin Yuan Shan Investment Co., Ltd. represented by Su, Yi- Chung	Chairman, Ho Tai Development Co., Ltd. Chairman, Ho-An Insurance Agency Co., Ltd. Chairman, Ho-Chuang Insurance Agency Co., Ltd.
Director	Jin Yuan Shan Investment Co., Ltd. represented by Su, Chwen-Shing	Chairman, CarMax Co., Ltd. Chairman, Eastern Motor Co., Ltd. Vice Chairman, Hoton Motor Investment Co., Ltd. Director, Kuozui Motors Co., Ltd. Director, Ho-Jan Investment Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Nan Du Motor Co., Ltd. Director, Kau Du Automobile Co., Ltd. Director, Hoyu Investment Co., Ltd. Director, Hotai Finance Co., Ltd. Director, Hotai Leasing Co., Ltd. Director, Hozao Enterprise Co., Ltd. Director, Hoyun International Lease Co., Ltd. Director, CarMax Auto Tech (Shanghai) Co., Ltd. Director, Shanghai Hoyu Motor Service Co., Ltd. Director, Shanghai Hozhan Motor Service Co., Ltd. Director, Shanghai Heling Motor Service Co., Ltd. Director, Chongqing Heling Lexus Motor Sales & Service Co., Ltd. Director, Tangshan Heling Lexus Motor Sales & Service Co., Ltd. Director, Nanchang Heling Lexus Motor Sales & Service Co., Ltd. Director, Zaozhuang Ho-Yu Toyota Motor Sales and Service Co., Ltd.

Title	Name	The positions of other companies who currently serve as
		Director, Tianjin Heling Lexus Motor Sales & Service Co., Ltd. Director, Tianjin Hozhan Motor Service Co., Ltd. Director, Tianjin Ho-Yu Motor Sales & Service Co., Ltd. Director, Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd. Director, Linyi Ho-Yu Motor Sales & Service Co., Ltd. Director, Beijing Heling Lexus Motor Sales & Service Co., Ltd. Director, Linyi Heling Lexus Motor Sales & Service Co., Ltd. Director, Beijing Ho-Yu Toyota Motor Sales & Service Co., Ltd. Director, Chongqing Yudu Toyota Sales Co., Ltd. Director, Chongqing Yurun Automobile Sales & Service Co., Ltd. Director, Chongqing Yuguo Automobile Accessory Co. Ltd. Supervisor, Kuotu Motor Co., Ltd. Supervisor, Denso Taiwan Corp.
Director	Jin Yuan Shan Investment Co., Ltd. represented by Su, Maick	Chairman, Empire Energy Co., Ltd. Chairman, Taroko Bus Traffic Co., Ltd. Director, Chang Yuan Motor Co., Ltd. Director, Formosa Flexible Packaging America, Inc. Director, Ho-Chuang Insurance Agency Co., Ltd. Supervisor, Ho Tai Development Co., Ltd.
Director	Toyota Motor Corporation, represented by Katsuhito Ohno	Director, CarMax Co., Ltd. Director, Kuotu Motor Co., Ltd. Director, Hoton Motor Investment Co., Ltd.
Director	Gui Long Investment Co., Ltd. represented by Chang, Shih-Yieng	Managing Director, Hoyu Investment Co., Ltd. Director, Ho-An Insurance Agency Co., Ltd. Director, Ho-Chuang Insurance Agency Co., Ltd.
Director	Yuan Tuo Investment Co., Ltd. represented by Ko, Junn-Yuan	Chairman, Chang Yuan Motor Co., Ltd. Managing Director, Hoyu Investment Co., Ltd. Director, Lang Yang Toyota Motor Co., Ltd. Chairman, SUN UNION TRADING CO., LTD Supervisor, YONG CHI TRADING CO., LTD.. Director, Kitahara Industrial Co., Ltd
Independent Director	Wu, Shih-Hao	Independent Director, Taiwan Tabaco & Liquor Corporation

## Rules and Procedures of Shareholders' Meeting of Hotai Motor Company Limited

2012.6.21

### Article 1

Shareholders' Meeting of the Company (the Meeting) shall be conducted in Accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

### Article 2

The shareholders of this Rules and Procedures mean and equal to shareholders themselves or his/her representative.

### Article 3

Shareholders attending the Meeting shall be with attendance certification and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

### Article 4

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

### Article 5

The Chairman of Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of Board of Directors cannot preside at the Meeting, the Vice Chairman of Board of Directors shall preside at the Meeting. If, for any reason, the Vice Chairman of Board of Directors cannot preside at the Meeting, the Chairman shall appoint one of the Directors to represent him/her. If the Chairman of Board of Directors do not appoint one, the managing directors or the Directors should elect one person from amongst themselves.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

If there are more than one person entitled to convene the Meeting, they should elect each other themselves.

### Article 6

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear identification cards.

### Article 7

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.

#### Article 8

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of Company Law of Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of Company Law of Republic of China. If during the process of the Meeting the number of outstanding shares Represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of Company Law of Republic of China.

#### Article 9

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, who is entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned.

#### Article 10

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speech by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

#### Article 11

The inquiries related to the report items set forth in the agenda from the shareholders or their representatives shall only be raised after the chairman or his/her representative finishes the reading or reporting of such report items. Each shareholder shall not, for each discussion item, speak more than once, each time not exceeding 3 minutes. For other items, each shareholder shall not speak more than two times, each time not exceeding 5 minutes.



If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, inappropriately influence the Meeting, the chairman may stop the speech of such shareholder. The shareholders who disobey the chairman's instruction might be forced to leave the Meeting by disciplinary officers involuntary.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

#### Article 12

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

#### Article 13

The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate.

#### Article 14

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

#### Article 15

Except otherwise specified in Company Law of Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted if no objection is voiced after solicitation by the chairman. If there is an objection, the resolution shall be deemed adopted as if the chairman achieve the requirement that the present shareholders deduct the objected shareholders pass majority of the votes. The above two ways shall be deemed adopted and shall have the same effect as if it was voted.

The result of voting shall be announced at the Meeting and placed on record.

The minutes shall be recorded and preserved in accordance with Article 18 of the Articles of Incorporation of the Company.

#### Article 16

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

#### Article 17

During the Meeting, the chairman may, at his/her discretion, set time for intermission. In case of incident of force majeure such as Air raid warning, earthquakes and outbreak of fire, the chairman may decide to temporarily suspend the Meeting until the emergency is being solved for an hour and announce when the Meeting will resume.

#### Article 18

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose. The shareholders shall obey the chairman and Disciplinary Officers' instructions. The person who intervene or disturb the Meeting and do not obey instructions shall be remove as obstacles by disciplinary officers.

#### Article 19

Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Law, Securities and Exchange Act and relevant laws and regulations.

#### Article 20

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Rules for Election of Directors  
Of  
Hotai Motor Company Limited

2015.6.25

Article 1

The directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

In the election of directors of the Company, the directors shall be elected through cumulative voting, the names of voters may be represented by shareholders' numbers. When electing the Company's directors, each share shall be entitled to one vote for each director to be elected. The holder of the shares may cast all votes for one candidate, or may distribute the votes among several candidates.

Article 3

In the election of directors of the Company, the Company adopts the candidate nomination system due to Article 192-1 of Company Law of Republic of China. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately. Candidates who acquire more votes (electronic votes included) should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behalf of the candidate who is not present.

Article 4

At the beginning of the election, the chairman shall appoint several persons each to check, tell and record the ballots.

Article 5

Ballots shall be prepared by the Company and note the number of voting rights by represented shareholders' numbers. The one who elect electronically do not use ballots.

#### Article 6

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and could note his/her shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and ID number. If the candidate is a legal entity, voters shall fill in the "candidate" column the legal entity or the name(s) of their representative(s) and the legal entity's together. If the legal entity has more than one representatives, the name of the representatives shall be filled in the column.

#### Article 7

Ballots shall be deemed void under the following conditions:

1. Not follow the rules specified herein;
2. Blank ballots not completed by the voter;
3. Illegible writing;
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
5. Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) or the representatives name of legal entity;
6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers or ID numbers not being indicated to distinguish them.

#### Article 8

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

#### Article 9

The Company shall issue notifications to the directors elected.

#### Article 10

Others provided in Company Law or relevant regulation of Republic of China shall be followed as the Rules for Election of Directors has no related regulation.

#### Article 11

The Rules for Election of Directors and any revision thereof shall become effective with an approval at the shareholders' meeting.

## Shareholdings of Directors and Supervisors

As of 4/23/2016 ; Unit: Share

Title	Name	Authorized Representative	Shareholding	%
Chairman	Tuo De Investment Co., Ltd.	Huang, Nan-Kuang	479,000	0.09%
Vice-Chairman	Toyota Motor Corporation	Katsuhito Ohno	44,406,112	8.13%
Managing Director	Jin Yuan Shan Investment Co., Ltd.	Su, Yi-Chung	36,071,520	6.60%
Managing Director	De-Ye Investment Co., Ltd.	Lin, Li-Hua	102,000	0.02%
Managing Director	Jin Yuan Shan Investment Co., Ltd.	Su, Shih-An	36,071,520	6.60%
Managing Director	Zi-Hui Enterprise Co., Ltd.	Huang, Chih-Cheng	3,114,878	0.57%
Managing Director	Jin Yuan Shan Investment Co., Ltd.	Su, Chwen-Shing	36,071,520	6.60%
Director	Jin Yuan Shan Investment Co., Ltd.	Su, Yann-Huei	36,071,520	6.60%
Director	Sheng-Gao Enterprise Co., Ltd.	Huang, Si-Bo	2,000,937	0.37%
Director	Jin De Mei Investment Co., Ltd.	Chang, Han-Yun	5,248,393	0.96%
Director	Jin Yuan Shan Investment Co., Ltd.	Su, Maick	36,071,520	6.60%
Director	Hong-Yuan Investment Co., Ltd.	Chang, Tien-Chun	101,000	0.02%
Director	Jin Yuan Shan Investment Co., Ltd.	Su, Jean	36,071,520	6.60%
Director	Shang-Yao Investment Co., Ltd.	Wang, Ko-Chin	5,756,997	1.05%
Director	Chang Hong Bai Sheng Investment Co., Ltd.	-	100,000	0.02%
Director	Gui Long Investment Co., Ltd.	Chang, Shih- Yieng	4,571,000	0.84%
Director	Jin Yuan Shan Investment Co., Ltd.	Su, Yin	36,071,520	6.60%
Director	Huang, Wen-Jui	-	972,625	0.18%
Director	Jin Yuan Shan Investment Co., Ltd.	Leon Soo	36,071,520	6.60%
Director	Sheng Quan Investment Co., Ltd.	Ting, Chiao-Tung	6,342,894	1.16%
Director	Hino Motors Ltd.	MITSUHARU TABATA	11,101,528	2.03%
Total			120,368,884	22.04%
Managing Supervisor	Yuan Tuo Investment Co., Ltd.	Ko, Junn-Yuan	10,055,376	1.84%
Supervisor	Yuan Tuo Investment Co., Ltd.	Ko Wang, Wen Liang	10,055,376	1.84%
Supervisor	Nan Chun Investment Co., Ltd.	Tseng, Chi-Fu	4,820,249	0.88%
Supervisor	Weng, Hung-Ta	-	638,189	0.12%
Total			15,513,814	2.84%

Paid-up capital: 5,461,791,840 (NTD) Total shares issued: 546,179,184 common shares.

According to Article 26 of Securities Exchange Act of Republic of China, the least specified percentage of its total issued shares of all Directors and Supervisors is below:

Share Ownership of Directors required by law (4%): 21,847,167(Share)

Share Ownership of Supervisors required by law (0.4%): 2,184,717(Share)

Share Ownership Ratio of Directors and Supervisors already meet legal standard.