



Annual Report 2017

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Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders



Dear Shareholders:

Thank you for coming to the 2018 Yulon Motor Shareholders Meeting.

In 2017, driven by the subsidy program for the replacement of old vehicles with new ones, the total sales of Taiwan's automobile market amounted to 445,000 units. It is estimated that the overall market will maintain a stable trend this year under the continued support of the government's excise tax policy for the third consecutive year.

Faced with the intense competition in Taiwan's auto market and the impact of various uncertainties such as the political and economic environment at home and abroad, Yulon Motor Co., Ltd. continued to create remarkable operational success in 2017 with concerted efforts of all the staff members. Our net profit before tax in 2017 was NT\$ 2.32 billion, increasing by 28.2% compared to the previous year.

Until August 2017, the self-owned brand Luxgen had been developing for 10 years. Sanyi-based plant produced and officially released its 100,000th U5 SUV, marking a new milestone for Taiwan's self-owned car brand. Yulon Motor will continue to increase its manufacturing capacity, introduce the new technology of Smart Factory, and increase customer satisfaction to further strengthen our customer-based brand value.

With respect to the reinvestment in the mainland market, in order to enhance LUXGEN's operational capabilities and competitiveness in China, Dongfeng Yulon Motor Co., Ltd., Yulon Motor's joint venture, continued to optimize and integrate various operating activities and actively promoted the "510 Plan." It is expected that 10 new LUXGEN models will be launched within five years to keep up with the growing demand

in the Chinese auto market; on the other hand, the Company will also be more active in the research and development of new energy vehicles and show the determination to protect the earth, save energy, and reduce carbon emissions with practical actions.

Additionally, Yulon Motor diversified into real estate business and invested in the establishment of Yulon Construction last year (2017) to promote the property development project of Xindian Yulon Town. The residential and commercial bases started construction in October last year (2017). It is expected that the project will be officially disclosed in the first quarter of next year (2019), and it is planned to obtain the certificate of construction completion in 2022. Pritzker Prize-winning architect Zaha Hadid was invited to make the overall architectural design of Yulon Town, and 10,000-ping ecological area was reserved as an ecological park. In the future, famous department stores, shopping malls, and movie studios will be introduced here in hopes of creating a new city landmark and satisfying consumers' imagination for future living.

I sincerely thank all shareholders, consumers, suppliers, and the general public for their support and love.

I hereby wish every shareholder health and success.

Chairman

Kenneth, K.T. Yen



II Company Introduction

2.1 Company Introduction

2.1.1 Establishing Date

September 10 1953.

2.1.2 Highlights of Development

- Sep 1953 The company was founded by Mr. Yen Tjing-Ling under the name of “Yulon Machinery Manufacturing Co., Ltd.” with a capital of NT\$2 million.
- Oct 1956 Trial of the first pilot 4WD jeep was successful and publicly exhibited on the “Double Tenth” National Day.
- Apr 1957 Hold a long journey road test of the made-in-house jeep from Taipei to Kaohsiung and delivered vehicle to Bangkok Thailand for international commodity exhibition.
- Dec 1957 Signed a technical cooperation contract with Nissan Motor Co., Ltd.
- Mar 1959 Officially started making 5-ton gasoline truck chassis coded as YLN-101.
- Mar 1960 Launched YLN-701 1200C.C Bluebird sedan, which was the pioneer of Taiwan’s sedan manufacturing.
- Sep 1960 Officially changed the company name to “Yulon Motor Company Ltd.”
- Apr 1962 Signed a technical cooperation contract with Innocenti Italy, started to produce 2-wheel motorcycle.
- Oct 1964 Late President Chiang Kai-Shek visited the plant.
- Oct 1964 Established the expansion plan to increase the annual production volume to 20,000 units.
- Dec 1968 Installed semi-automated production line in the casting plant.
- Mar 1970 The first large plating facility in Taiwan and a full capacity production line were completed and started operation
- Dec 1972 The accumulated vehicle production reached 50,000 units.
- Mar 1973 Established Xindian stamping plant.
- Nov 1973 Started the construction work for the expansion of office building in Xindian plant.
- Aug 1976 Stocks turned public and traded in Taiwan Stock Exchange.
- Jul 1977 The department in charge of the construction of San-Yi Plant was established to start construction work.
- Apr 1979 Established the MIS center. The company started to computerize its operation.
- May 1981 The Phase I construction work of San-Yi Plant was completed. Mass production started.
- Aug 1981 The Engineering Center at Kuishan Industrial Zone in Taoyuan was established for automobile design and development works.
- May 1983 Passenger sedan ‘SUNNY’ was exported to Middle East and Caribbean areas, the first local made sedan being exported.
- May 1986 Established ‘Vivian Wu Journalism Award Foundation.’
- Oct 1986 The first locally designed and developed model – Feeling 101 made it’s debut.
- Apr 1988 Established new production/sales network.
- Dec 1990 Sedan ‘NEW SENTRA’ launched.
- Sep 1991 Awarded with the “Golden Tower” award in the manufacturing group category and “Sliver Tower” award in the non-manufacturing group of the National QCC Contest. The first private company obtained certificate as a QCC group model.
- Dec 1991 The accumulated vehicle production reached 1 million units.

Jul 1992	Organized and launched the first “Yulon Environmental Conservation Season” and “Yulon Art Season” events.
Sep 1992	Yulon changed its corporate identification system (CIS).
Sep 1992	"Ching Pin" - another model developed by our own R&D team launched.
Jun 1993	MARCH mini-car launched.
Jul 1994	All models began to be identified and sold under NISSAN brand name.
Nov 1995	Centralization of plants and office implemented.
Feb 1996	CEFIRO sedan launched.
Nov 1996	Obtained ISO 9002 quality certificate.
Oct 1997	The Company’s VERITA Launched.
Oct 1997	Held the first “Wood Carving Golden Award” event.
Oct 1998	Awarded with the “National Quality Award” by the Executive Yuan, the highest quality award in the country.
Nov 1998	R&D engineering center was upgraded as Yulon Asia Technical Center (YATC).
Mar 1999	Obtained ISO 14001 certificate for Environment Management System.
Feb 1999	Developed the “Vehicle-related Horizontal Business,” provided full-range transportation service to customers.
Mar 1999	Awarded with the “Outstanding Company in Pollution Control” by the Environment Protection Administration (EPA) of the Executive Yuan.
Oct 1999	Invested in Nissan Motor Philippines Inc. (NMPI) and entered the Southeast Asian market.
Nov 1999	Obtained ISO 9001 certificate.
Nov 1999	Launched commercial vehicle ‘Cabstar,’ a milestone of commercial vehicles.
Dec 1999	Won the 2nd “National Public Welfare Award.”
May 2000	Signed a joint-venture contract with Dongfeng Motor Corporation in China and entered the Chinese market.
Jun 2000	New e-smart car SENTRA 180 launched.
Nov 2000	Obtained “Industrial Elite Award” from the Ministry of Economic Affairs.
Nov 2000	Obtained exclusive agency in Taiwan from Renault, France.
Jul 2001	PDM system on line, Yulon became the first car maker that developed the “System for Worldwide R&D Integration.”
Sep 2001	First recreation vehicle (RV) QRV model launched.
Oct 2001	Awarded with the “Outstanding Factory on Industrial Waste Minimization” by the Ministry of Economic Affairs.
Nov 2001	Awarded with the “2001 Outstanding Company on Energy Saving” by the Ministry of Economic Affairs.
May 2002	Won “The Best Community Relations Award” of the “2002 Best Public Relations Award” from the Foundation for Public Relations Research & Education of the R.O.C.
May 2002	Provided TOBE 5 guarantees, established a new service range for selling cars.
Sep 2002	Approved by the Industrial Development Bureau, Ministry of Economic Affairs to establish the Business Headquarters.
Oct 2002	San-Yi Plant received the prestigious Award of TPM (Total Productive Maintenance) Excellence from JIPM (Japan Institute of Plant Maintenance), Japan.
Oct 2002	Won the championship of NISSAN’s 6th NISTEC Asia Cup and World Cup Service Technician Contest.
Oct 2002	CEFIRO model received the “Best New Car Quality” (IQS) and “Best New Car Appeal” (APPEAL) from J.D. POWER’s Asia branch among all local made mid-size sedans.

- Oct 2002 Ranked in the 2nd place in 2002 among the benchmarking companies in the automobile industry from the Common Wealth Magazine, in which, Yulon was ranked No. 1 in its capability in innovation and making use of technology in the industry.
- Nov 2002 Received the “Outstanding Car Exporter” award from the Industrial Development Bureau, Ministry of Economic Affairs, in which, Yulon had the highest export value and ratio for export to Japan among all local car makers.
- Nov 2002 Received the “Outstanding Factory for Operating and Maintaining Pollution Control Equipment Award” from the Industrial Development Bureau, Ministry of Economic Affairs.
- Nov 2002 Received the 11th “Annual Environmental Protection Award for Enterprise” from the Environment Protection Administration of the Executive Yuan.
- Dec 2002 Awarded with the 1st “Golden Root Award – Rooted in Taiwan, Marketed Worldwide” by the Taiwan Industrial Technology Association.
- Dec 2002 The Company’s first sport utility vehicle (SUV) X-TRAIL launched.
- Aug 2003 The specimen of the elephant Lin-Wang was exclusively sponsored by Yulon Motor Company Ltd.
- Oct 2003 Celebrating the 50th Anniversary of Yulon Motor Company Ltd.
- Oct 2003 Yulon was spun off and become two separate companies " YULON and YULON NISSAN."
- Nov 2003 Forming a strategic alliance with IBM to develop the new version of TOBE service system.
- Nov 2003 Received the 2nd “Excellent Service Award” from Common Wealth Magazine, with Yulon’s innovation services value well recognized.
- Dec 2003 Opening ceremony of “Auto Mall” construction.
- Sep 2004 Initially issued unsecured convertible bonds for NT\$5.5 billion.
- Oct 2004 Yulon Motor was ranked No.1 of the 2004 Benchmark Enterprise in Transportation Industry sponsored by the Common Wealth Magazine.
- Nov 2004 Yulon Motor won the Gold Medal of the 7th “Wen-Hsing Awards” sponsored by the Council of Culture Affairs.
- Jan 2005 Yulon Motor and General Motor had officially signed a joint venture contract.
- May 2005 The grand opening of the “Auto Mall” provided citizens with a variety of city lives, such as, spherical square and spherical theater.
- Jul 2005 Formed “Yulon GM Co., Ltd.” with GM Motor to deal with new cars and services parts merchandise of BUICK, CADILLAC, and OPEL.
- Jul 2005 Invested in establishing dealerships of Yulon GM Datong Motor Co., Ltd., Zhitong Motor Co., Ltd., Zhongtong Motors Corporation, Qingtong Motor Co., Ltd., and Yingtong Motor Co., Ltd. to expand and handle channels of GM cars.
- Sep 2005 Extensive TOBE mobile service system launched.
- Oct 2005 Awarded with the “13th Industry Technology Developments—Excellent Innovative Accomplishments Award” by the Ministry of Economic Affairs.
- Oct 2005 Stamping factory of San-Yi Plant received certification of ISO TS/16949.
- Nov 2005 Held the “9th Yulon Golden Award of Woodcarving” and “International Woodcarving Festival.”
- Dec 2005 Awarded with the 1st “Green Accounting Prize of the R.O.C.” by the Commerce Department, MOEA.
- Dec 2005 Participated in the investment in establishing “Hwa-chuan Auto Technology Center Co., Ltd.” to engage in the research and development of various electric modules for innovative automobiles.
- Jul 2006 Yulon Motor won the Gold Medal of the 8th “Wen-Hsing Awards” sponsored by the Council of Culture Affairs.
- Aug 2006 Renault Modus 1.6 launched
- Sep 2006 Held the “10th Yulon Golden Award of Woodcarving”
- Nov 2006 The five-door Megane 1.6/2.0 launched.

- Dec 2006 Awarded with the “TPM Special Prize” for San-Yi Plant by the Japan Institute of Plant Maintenance and received the worldwide affirmation of the standard quality of production and management.
- Dec 2006 Exclusively sponsored the documentary film “Gift” for disseminating the beauty of the wood sculpture.
- Dec 2006 Holding the “Public Facilities Ground Breaking Ceremony” at the Xindian Plant B; the development of the “South Area of the Grand Taipei Core Project” was officially launched.
- Dec 2006 Completed signing the Letter of Intent for Cooperation with China Academy of Transportation Sciences in Beijing to jointly set up the company entitled “China Transportation Science and Information Technology Co., Ltd.” for providing differentiated service.
- Dec 2006 Subsidized for NT\$14,000,000 by the Department of Commerce, Ministry of Economic Affairs for the “Construction of International Logistics Hub for Automobile Industry” Project.
- Mar 2007 Yulon Motor was the only car enterprise that received the “1st Clean Home, Group Effort Award” from the EPA, Executive Yuan.
- Mar 2007 Yulon Motor production management level was known worldwide and received the “TPM Award” from JIPM in Japan.
- Aug 2007 The “2007 Yulon Woodcarving Award Series Exhibition” was introduced at Taoyuan International Airport.
- Sep 2007 Awarded for the industrial innovation achievement by the Technology Division MOEA.
- Oct 2007 NISSAN LIVINA 1.8/1.6 vehicle launched.
- Nov 2007 NISSAN CABSTAR launched.
- Nov 2007 Awarded with the 2007 Social and Education Public Welfare Award by the Ministry of Education.
- Nov 2007 Yulon Nissan Design Center ceremony held for grand opening.

- Feb 2008 The Xindian Plant with 2,525-pings land lot was sold to HTC for expanding and realizing land development profit.
- Mar 2008 NISSAN TIIDA was awarded with the 2008 Environment-friendly car by the EPA.
- Mar 2008 OPEL ASTRA Sri launched.
- Apr 2008 Won the “Fourth Global Views Magazine Corporate Social Responsibility Award” Traditional Production Category First Prize.
- May 2008 Luxgen Motor Co., Ltd. was incorporated for branding business.
- Jun 2008 Renault MEGANE dci series launched.
- Jul 2008 Awarded with the “Energy-saving Enterprise of the Year Award” Excellence Award by the Energy Division, MOEA.
- Sep 2008 The “Constructing Automobile Industry International Logistics HUB” project was awarded with the industrial science and technology award “Innovation Achievement – Process/Procedure Innovation” by the Ministry of Economic Affairs.
- Sep 2008 Issued the 2008 Yulon Motor perpetual operation report.
- Nov 2008 Awarded with the “Wen-Hsing Awards” for three consecutive years by the Council of Culture Affairs, Executive Yuan.
- Nov 2008 Renault GRAND SCENIC dissel RV launched.
- Dec 2008 Awarded with the “2008 Enterprises Sponsoring Athlete Group or Athletes Award” by the Sports Affairs Council, Executive Yuan,
- Jan 2009 NISSAN was awarded with the “2008 Consumer’s Favourite Brand – 1st Prize of Domestically Made Vehicle” by the Management Magazine.
- Feb 2009 NISSA TIIDA was awarded with the “2009 Environment-Friendly Vehicle” by the EPA.
- Mar 2009 Awarded with the “5th Global Views Monthly Magazine Corporate Social Responsibility Award” traditional industry manufacturing category 1st prize.

Aug 2009	Luxgen Motor Co., Ltd. presented the first LUXGEN 7 MPV 7-passenger RV.
Sep 2009	Yulon Tobe Motor Co., Ltd. was incorporated for marketing branding vehicles.
Oct 2009	NISSAN TIDA / LIVINA “2010 advanced model launched.”
Nov 2009	Issued the 2009 Yulon Motor corporate responsibility report.
Nov 2009	NISSAN BLUEBIRD “2010 advanced model launched.”
Nov 2009	NISSAN ROGUE received the recognition of the “2009 Car of the Year Award” the Best Imported car Crossover.
Dec 2009	Yulon Tobe Motor Co., Ltd. presented the first tobe M’car and exported to Vietnam.
Mar 2010	Awarded with the “6th Global Views Monthly Magazine Corporate Social Responsibility Award” traditional industry manufacturing category 1st prize.
Apr 2010	The LUXGEN 7 MPV of Luxgen Motor Co., Ltd. was awarded with the honour of the 18th “Excellence Award” and “Most Popular Car.”
May 2010	NISSAN TIIDA received the “2010 Environment-Friendly Vehicle” award for three consecutive years from the EPA.
May 2010	The LUXGEN 7 MPV EV+ electric car of Luxgen Motor Co., Ltd. was awarded with the “2010 Environment-Friendly Vehicle” by the EPA.
May 2010	Luxgen Motor Co., Ltd. had LUXGEN 7 SUV luxury RV launched.
Jun 2010	NISSAN launched LIVINA 1.6L “FUN Board.”
Jul 2010	Yulon Tobe Motor Co., Ltd. launched tobe m’car “Diamond Version.”
Jul 2010	The LUXGEN EV electric car of Luxgen Motor Co., Ltd. launched.
Aug 2010	Awarded with the “Wen-Hsing Awards” for the fifth time by the Council of Culture Affairs.
Sep 2010	Yulon Tobe Motor Co., Ltd. had tobe m’car “cool bear version” launched.
Oct 2010	Luxgen Motor Co., Ltd. had LUXGEN 7 CEO Model launched.
Nov 2010	NISSAN ALL NEW TEANA “2011 advanced model launched.”
Nov 2010	Luxgen Motor Co., Ltd. established the first overseas motor museum in Dominic in San Domingo, Republic Dominican.
Dec 2010	Luxgen Motor Co., Ltd. established two motor museums in Tinh Binh Duong and Ho Chi Minh City, Vietnam to develop Vietnamese market in depth.
Dec 2010	The LUXGEN 7 SUV of Luxgen Motor Co., Ltd. was awarded with the 19th “Excellence Award.”
Jan 2011	Yulon Tobe Motor Co., Ltd. had m’car 1.5L launched.
Feb 2011	The LUXGEN 7 MPV of Luxgen Motor Co., Ltd. was awarded with the 2010 Yahoo Car of the Year “Comfort Domestic-made Car Champion.”
Apr 2011	Yulon Motor and St. John’s University had an industry and academy strategic alliance agreement signed for industrial and academic cooperation in depth.
Apr 2011	The LUXGEN 7 MPV of Luxgen Motor Co., Ltd. was awarded with the honour of the 19th “Excellence Award” and “Most Popular Car.”
May 2011	The LUXGEN 7 SUV EV+Electric car of Luxgen Motor Co., Ltd. was awarded with the “2011 Environment-Friendly car” by the EPA.
Jul 2011	LUXGEN brand was awarded with the “Taiwan’s Top-100 Brands” by the Bureau of Foreign Trade, MOEA.
Jul 2011	The LUXGEN 7 SUV of Dongfeng Yulon Motor Co., Ltd. was officially off-line in Hangzhou.
Sep 2011	Yulon Tobe Motor Co., Ltd. had tobe W’car 1.5L launched.
Oct 2011	NISSAN NEW MARCH launched.
Nov 2011	The LUXGEN 7 MPV/SUV of Luxgen Motor Co., Ltd. was awarded with the “Best Domestic-made MPV/SUV Car of the Year Award” of 2011 Car of the Year Award.

- Nov 2011 Luxgen Motor Co., Ltd. was awarded with the “2011 Taiwan Innovation Enterprises” by the Ministry of Economic Affairs.
- Dec 2011 Luxgen Motor Co., Ltd. was awarded with the 13th “2011 Science and Technology Management Award – Corporate Award” of the CSMOT, the R.O.C.
- Dec 2011 Luxgen Motor Co., Ltd. had launched LUXGEN 5 Sedan model.
- Jan 2012 Luxgen Motor Co., Ltd. was awarded with the 2011 Yahoo! Car of the Year Award “Domestic-made – Metropolitan Car Champion,” “Domestic-made – Comfortable Car Champion,” and “Most Expected Car Champion.”
- Jan 2012 Awarded with the “Green Award” by Taipei City Himalayan Nature Civilization Conservation Association.
- Mar 2012 Awarded with the Outstanding Enterprise Award by Taipei City.
- May 2012 TOBE first 4-door sedan M’way 1.8L launched.
- Jul 2012 TOBE first 5-door hunch-back Q’way 1.8L launched.
- Jul 2012 Luxgen Motor Co., Ltd. was awarded with the 1st prize of the auto repair and service of the “2012 Gold Service Award” by the Common Wealth Magazine.
- Aug 2012 Luxgen Motor Co., Ltd. had the first LUXGEN 5 Sedan launched.
- Aug 2012 The LUXGEN CEO EV+ of Luxgen Motor Co., Ltd. was awarded with the 20th “Excellence Award.”
- Aug 2012 NISSAN TIIDA 1.6L/TEANA 2.5/INFINITI G25 2.5 were awarded with the “2012 Environment-friendly Vehicle” by the EPA.
- Sep 2012 The first LUXGEN Motor Museum in Middle East was introduced in Oman.
- Dec 2012 NISSAN BIG TIDDA launched.
- Apr 2013 The LUXGEN 5 Sedan of Luxgen Motor Co., Ltd. was awarded with the “Gold Award” of Taiwan Excellence.
- May 2013 NISSAN BIG TIDA was awarded with the 2013 Environment-Friendly Car Award.
- Jun 2013 NISSAN JUKE imported from England launched.
- Aug 2013 Luxgen Motor Co., Ltd. (Russia) announced the first LUXGEN 7 SUV off-line.
- Sep 2013 The grand opening of the first LUXGEN Motor Museum in Moscow, Russia.
- Sep 2013 LUXGEN U7 TURBO launched.
- Oct 2013 NISSAN SUPER SENTRA, the most powerful mid- and large sedan launched.
- Nov 2013 Yulon Motor was awarded with the “Energy-saving and Carbon-reduction Action Medal” by the EPA, Executive Yuan.
- Nov 2013 LUXGEN U6 TURBE launched.
- Dec 2013 LUXGEN S5 TURBO 1.8/2.0 launched.
- Mar 2014 NISSAN SUPER SENTRA was awarded with the 2014 Best Domestic Midsize Cars.
- Mar 2014 NISSAN ALL NEW LIVINA launched.
- Apr 2014 LUXGEN brand was awarded with the 2014 Remarkable Influential Brand by Manager Today.
- Apr 2014 LUXGEN U6 TURBO was awarded with the 2014 Car of the Year.
- Apr 2014 LUXGEN M7 TURBO was launched.
- May 2014 NISSAN NEW MARCH was awarded with 2014 Eco-Friendly Car.
- Sep 2014 Yulon Motor Co., Ltd. was awarded with Three Stars in “Fourth Business of Happiness” by Taipei City Government.
- Oct 2014 Yulon Motor Co., Ltd. was awarded with Top 20 Innovative Enterprises of Taiwan in 2014 by Business Next.
- Feb 2015 LUXGEN U6 TURBO was awarded with the 2015 Taiwan Excellence.
- Mar 2015 LUXGEN was awarded with “2015 Most Influential Brand Survey” from Manager Today in the category of Automobile (Domestic).

Mar 2015	NISSAN Super Perfect X-TRAIL was launched.
Jun 2015	Yulon Motor Co., Ltd. was awarded with Top 5% of the 1st Corporate Governance Evaluation System
Jun 2015	LUXGEN M7 TURBO ECO HYPER was launched.
Jun 2015	The Company announced the voluntary purchase of 1.89 million kWh green energy and became the first automobile industry in Taiwan to purchase green power.
Jul 2015	LUXGEN U7 TURBO ECO HYPER was launched.
Aug 2015	Yulon Motor Co., Ltd. was awarded with Top 50 of Excellence in Corporate Social Responsibility.
Sep 2015	2016 NISSAN ALL NEW JUKE was launched.
Oct 2015	LUXGEN S5 TURBO ECO HYPER was launched.
Oct 2015	NISSAN was awarded with non-luxury CSI and SSI by JD POWER in 2015.
Nov 2015	The Company was awarded with Bronze Medal in Taiwan Corporate Sustainability Report Awards by Taiwan Institute for Sustainable Energy.
Dec 2015	2016 NISSAN ALL NEW SUPER SENTRA was launched.
Mar 2016	LUXGEN U6 TURBO ECO HYPER SPORTS+ launched.
Mar 2016	NISSAN SUPER SENTRA launched.
Apr 2016	LUXGEN U6 TURBO ECO HYPER was awarded with the 2016 Car of the Year.
May 2016	LUXGEN V7 TURBO ECO HYPER launched.
May 2016	LUXGEN S3 CROSS SEDAN launched.
Jun 2016	NISSAN X-TRAIL launched.
Jun 2016	LUXGEN was awarded with the “Trusted Brand” gold award held by "Reader's Digest"
Sep 2016	The company was awarded with the “Balanced Work and Life Award” by the Ministry of Labor, which is the only domestic auto industry to obtain a dual recognition.
Sep 2016	NISSAN MURANO HYBRID launched.
Oct 2016	The company was awarded with the 2016 Sports Enterprise Certification by the Ministry of Education.
Oct 2016	NISSAN was awarded with the first prize of the JD POWER 2016 non-luxury car CSI service satisfaction and SSI sales satisfaction.
Oct 2016	LUXGEN S5 TURBO ECO HYPER 3D launched.

2.1.3 Achievement in 2017

Feb 2017	LUXGEN V7 TURBO ECO HYPER won the 2017 “Taiwan Excellence Silver Awards” .
Mar 2017	The sales of LUXGEN M7 TURBO ECO HYPER topped in the domestic LMPV market.
Mar 2017	NISSAN NEW MARCH Special Edition was introduced with special offer.
Apr 2017	NISSAN iTIIDA World Premiere featuring advanced technologies was released.
May 2017	LUXGEN provided LUXGEN M7 EV+ and M7 TURBO to support the Torch Relay and the vehicle fleet for honoured guests in National Intercollegiate Athletic Games 2017.
Jul 2017	NISSAN JUKE was rated as the Best Compact SUV by Fleet News Awards.
Aug 2017	LUXGEN’s 100,000th U5 SUV was officially released (10-year journey and 100,000 car owners’ support).
Sep 2017	A limited production of NISSAN Platinum Special Edition was launched.
Sep 2017	LUXGEN U5 underwent crash tests at the IDIADA Lab in Spain and passed Euro NCAP's most stringent vehicle safety testing standards.
Sep 2017	LUXGEN U5 SUV was officially launched (the world's first vehicle equipped with AR imaging system).
Sep 2017	LUXGEN worked with the Kaohsiung City Government to create a low-carbon island, responding to the global green trend.

Oct 2017	NISSAN claimed first place of non-luxury auto brands in the J.D. Power 2017 Taiwan Customer Service Index (CSI) Study SM for the 4th year.
Oct 2017	LUXGEN won the second place of non-luxury auto brands in the J.D. Power 2017 Taiwan Customer Service Index (CSI) Study SM.
Oct 2017	Yulon was the only automaker to win the Silver Award of "2017 Energy Efficiency Award" from the Ministry of Economic Affairs.
Oct 2017	NISSAN iTIIDA SR and NISSAN X-TRAIL were introduced.
Nov 2017	The redesigned Nissan compact sedan Sentra was launched.
Nov 2017	LUXGEN U6 GT/GT220 revolutionary model was launched.

2.1.4 Others:

1. Reinvestment in Affiliates and Reorganization:

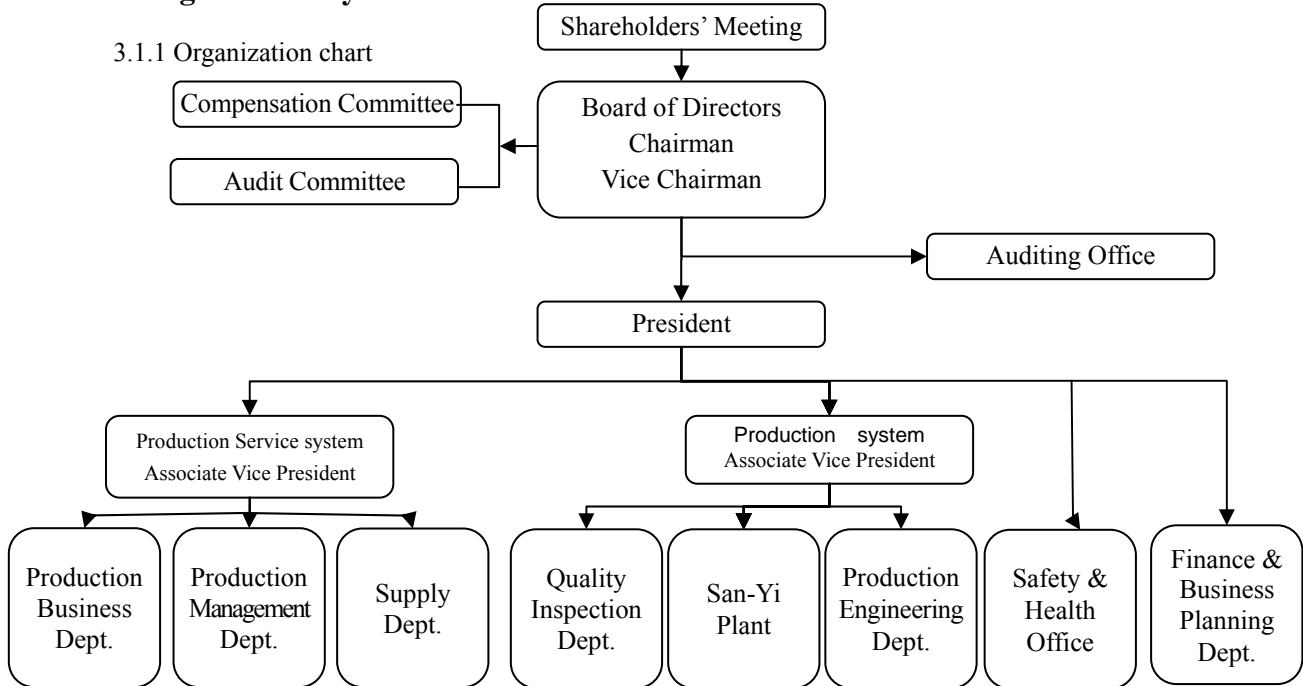
- (1) In order to improve its financial structure and enrich its working capital, Luxgen Motor Co., Ltd. reduced its capital by NT\$1.3 billion, and then increased it to NT\$1.3 billion. After the capital increase, the paid-in capital is NT\$2.8 billion.
- (2) In order to improve its financial structure, Yulon Tobe Motor Co. Ltd reduced its capital to make up for losses. The original capital was NT\$300 million, and the capital after the reduction is NT\$28 million.
- (3) Considering the future development of brand models and in order to enhance the coordination and freedom of subcontractors, the Company purchased 29.10% of the shares (8,380,800 shares) of Yue Sheng Industrial Co., Ltd. held by Central Glass Co., Ltd for NT\$131 million. After the purchase, the company's shareholding increased from 50.97% to 80.07%.
- (4) To improve the financial structure and terminate the loss, the Company made liquidation of its reinvestment in Shanghai Yuxing Automobile Sales&Service Co., Ltd. which the Company had held 100% of its equity after a capital increase of RMB 16 million.
- (5) In order to build the Automotive Repair Shop in Eastern Taichung, increase the ownership ratio of business locations and reserve space for the development of the head office, the Company invested NT\$ 29 million in the reinvested Yu Tang Motor Co., Ltd., which the Company holds 21.245% of the equity, and the shareholding ratio after the capital increase is 20.33%.In order to increase the working capital for the expansion of business and profits, Yulon Motor Finance (China) Co., Ltd. made a capital increase of RMB 500 million in cash. According to the original shareholding ratio, the Company subscribed for RMB 255 million, and Taiwan Acceptance Corporation subscribed for RMB 245 million.
- (6) In order to secure opportunities for future production expansion and improve financial structure, the Company made a capital increase of RMB 397 million in cash for Dongfeng Yulon Motor Co., Ltd. through Yulon China (Hong Kong) Investment Co., Ltd.
- (7) In order to strengthen the development of self-owned brand business, the Company increased the capital of North Luxgen Motor Co., Ltd. by NT\$185 million through its subsidiary, Luxgen Motor Co., Ltd.; and through Luxgen Motor Co., Ltd., the Company's shareholding ratio is 99.995%.
- (8) In order to improve the financial structure and enrich its working capital, Yulon Energy Technology Corporation, reinvested by the Company, reduced its capital to NT\$10 of paid-in capital, and then increased it to NT\$100 million in paid-in capital. The Company's shareholding after full subscription is 100%.
- (9) Director Chen Rui-tai, President of Uni-Calsonic Corporation, sold all of his shares of Uni-Calsonic due to personal retirement plan, and the Company's investment was converted into a value of NT\$ 22 million in stock price to purchase 5% shares of Uni-Calsonic. After the subscription, the company's shareholding ratio is 22.68%.
- (10) In order to establish a new sales model for Luxgen brand in China, the Company established Luxgen (Hangzhou) Motor Sales Co., Ltd. With a capital of approximately RMB 600 million, it is held 100% by Yulon Motor Investment (HK) Co., Ltd



Corporate Governance Report

3.1 Organization system

3.1.1 Organization chart



3.1.2 Primary Functions of Departments

Dept.	Job responsibility
Auditing Office	Responsible for planning and performing the audits and improvement follow-up of internal control system.
Production Business Dept.	Short-term and mid-term production plan and system planning for each brand, preparation for the production of each brand new car before ET, the cross-strait fixed asset investment and overseas factories performance management, and new customer development, negotiation, cost of production, and OEM performance management.
Production Management Dept.	Coordination, planning and control of multiple producing plan. Evaluation and management of new car series and supplier D&C. Planning and control of demand for components and materials. Outsourcing delivery control and follow-up. Planning and establishment of production control and logistics application system. Assistance and support for replenishment in overseas production sites.
Supply Dept.	Replenishing productivity and warehouse cost control. Component and material supply planning and control. Planning and establishment of logistics supply application system. Planning and promotion of component export sales. Assistance and support for replenishment in overseas production sites. Supporting brand sales and service, component warehousing and distribution.
Quality Inspection Dept.	Planning and deploying quality assurance strategy and quality assurance system of the entire company; product inspection, the deployment and monitoring of the intelligent system; and deployment of quality awareness and improvement activities.
San-Yi Plant	Managing and maintaining the planning and supervision of the matters related to the whole Company's power facilities, water, labor safety and health, and environmental protection; producing sedan (cargo truck), parts and jigs, tooling, and measuring tools; and implementing the policy and management by objective for the quality, cost, and delivery of the above-mentioned products.
Production Engineering Dept.	Planning and implementing the whole Company's manufacturing equipment; research, production, and promotion of the improvement options for production technology, and the management of new vehicle production, development, and pilot test. Management and Issuance of Technical data Drawing: New car components, and the planning and execution of new car color development.
Safety & Health Office	Regular inspection and supervision of labor working environment, implementation of industrial safety and health-related services, prevention of occupational hazards, and guiding the responsible units to implement the related projects according to company regulations.
Finance & Business Planning Dept.	Responsible for the Company's operating strategy planning, objectives, and operating plan control, managing operation funds and providing financial analysis information, handling accounting, stock affairs, taxation, and various human resources management affairs, promoting computerization of all business operations, and establishing the corporate management information and decision-making system.

3.2 Directors, Supervisors, President, Senior Vice President, Vice President, and the respective departments and branch officers

3.2.1 Directors and Supervisors' Information

April 17, 2018

Title (Note 1)	Nationality / Country of Origin	Name	SEX	Elected (inauguration Date)	Term	First Elected Date (Note 2)	Shareholdings when Elected		Current Shareholdings		Including current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education) (Note 3)	Positions concurrently held in this company and other company (Note 4)	Other competent Officer, Director, or Supervisor who is the spouse or the second-degree relative		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	R.O.C	Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen	Male	07.01.2016	3 years	07.01.1989	284,901,045 *160,126,140	18.11 10.18	284,901,045 *160,126,140	18.11 10.18	0 377,924	0 0.0204	0 0	0 0	Honorary Doctor of Business, St. John's University, USA.	Chairman, Yulon Motor Co., Ltd. Chairman, China Motor Corporation Chairman, Yulon Nissan Motor Cor., Ltd. Chairman, Tai-Yuen Textile Co., Ltd. Chairman, Hualing Motor Co., Ltd. Chairman, Hwa-chuan Auto Technology Center Co., Ltd. Chairman, Luxgen Motor Co., Ltd. Chairman, Fortune Motors Co., Ltd. Vice Chairman, Winsom Development Co., Ltd Please refer to the "Information on Affiliated Companies" for details.	Director	Li-Lien Chen	Husband and wife
Vice Chairman	R.O.C	Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen	Male	07.01.2016	3 years	07.01.2004	284,901,045 *11,901	18.11 0.0008	284,901,045 *11,901	18.11 0.0008	0 11,901	0 0.0008	0 0	0 0	Master in Advanced Management, National Chaio Tung University President, Yulon Motor Co., Ltd. Executive Vice President, Yulon Motor Co., Ltd.	Director, Yulon Motor Co., Ltd. Director, China Motor Corporation Director and Executive Assistant to the Chairman, Yulon Nissan Motor Co., Ltd. Chairman, Taiwan Acceptance Corporation Director, Hwa-chuan Auto Technology Center Co., Ltd. Director, Tai-Yuen Textile Co., Ltd. Vice Chairman, Luxgen Motor Co., Ltd. Director, Dongfeng Yulon Motor Limited Chairman, Winsom Development Co., Ltd Please refer to the "Information on Affiliated Companies" for details.	-	-	-
Director	R.O.C	China Motor Corporation Representative: Shin-I Lin	Male	07.01.2016	3 years	07.13.2007	262,228,166 *0	16.67 0	262,228,166 *0	16.67 0	0 0	0 0	0 0	0 0	Department of Mechanical Engineering, National, Cheng Kung University Vice Chairman and President, China Motor Corporation	Director, Yulon Motor Co., Ltd. Director, China Motor Corporation Independent Director, E-Sun Holding Co., Ltd. Independent Director, Shihlin Electric & Engineering Corporation. Please refer to the "Information on Affiliated Companies" for details.	-	-	-

April 17, 2018

Title (Note 1)	Nationality / Country of Origin	Name	SEX	Elected (inauguration) Date	Term	First Elected Date (Note 2)	Shareholdings when Elected		Current Shareholdings		Including current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education) (Note 3)	Positions concurrently held in this company and other company (Note 4)	Other competent Officer, Director, or Supervisor who is the spouse or the second-degree relative		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	R.O.C	China Motor Corporation Representative: Liang Zhang	Male	07.01.2016	3 years	08.27.2008	262,228,166 *0	16.67 0	262,228,166 *0	16.67 0	0 3,000	0 0.0002	0 0	0 0	State University of New York at Albany Ph.D. in economics	Director, Yulon Motor Co., Ltd. Chairman, Jardine Matheson (Taiwan) Independent Director, HSBC Bank (Taiwan) Director, Taiwan Acceptance Corporation Director, Maxigen Biotech Inc. Independent Director, My Humble House Hospitality Management Consulting Co., Ltd. Supervisor, Yulon Management Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	-	-	-
Director	R.O.C	Yen Tjing-Ling Industrial Development Foundation Representative: Li-Lien Chen	Female	07.01.2016	3 years	07.01.1992	17,287,844 * 377,924	1.09 0.024	17,287,844 * 377,924	1.09 0.024	0 160,126,140	0 10.18	0 0	0 0	Degree of Bachelor of Physical, Chinese Culture University, Chinese Culture University	Director, Yulon Motor Co., Ltd. Director, China Motor Corporation: Vice Chairman, Tai-Yuen Textile Co., Ltd. Director, Yen Tjing Ling Medical Foundation. Director, Taiwan Acceptance Corporation Director, Winsom Development Co., Ltd Please refer to the "Information on Affiliated Companies" for details.	Chairman	Kenneth K. T. Yen	Husband & Wife
Director	R.O.C	Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao	Male	07.01.2016	3 years	07.01.2004	17,287,844 * 15,412	1.09 0.001	17,287,844 * 15,412	1.09 0.001	0 15,412	0 0.001	0 0	0 0	MIB, Curtin University, Australia Senior V.P., Yulon Motor Co., Ltd. Sanyi Plant Manager, Yulon Motor Co., Ltd.	Director and President, Yulon Motor Co., Ltd. Director, Yulon Nissan Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Luxgen Motor Co., Ltd. Director, China Engine Corporation, etc. Please refer to the "Information on Affiliated Companies" for details.	-	-	-

April 17, 2018

Title (Note 1)	Nationality / Country of Origin	Name	SEX	Elected (inauguration Date)	Term	First Elected Date (Note 2)	Shareholdings when Elected		Current Shareholdings		Including current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education) (Note 3)	Positions concurrently held in this company and other company (Note 4)	Other competent Officer, Director, or Supervisor who is the spouse or the second-degree relative			
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C	Yi-Hong Hsieh	Male	07.01.2016	3 years	07.01.2013	*0	0	*0	0	0	0	0	0	0	Ph.D. of Stanford University Law School The Chinese University of Hong Kong, Special Lecture on "Financial Law," Visiting Professor, City University of Hong Kong Adjunct Professor, National Taiwan University Kong Adjunct Professor, EMBA National Central University Kong Adjunct Professor, Soochow University Members of the Board of Examiners, Senior Civil Service Examination of the Examination Yuan of ROC	Independent Director, Yulon Motor Co., Ltd. Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Compensation Committee member, Fubon Media Co., Ltd. Independent Director, Fubon Media Co., Ltd. Director, Taiwan Acceptance Corporation	-	-	-
Independent Director	R.O.C	Shunren Liu	Male	07.01.2016	3 years	07.01.2016	*0	0	*0	0	0	0	0	0	0	Professor, Department of Accounting, Taiwan University Assistant Professor, Institute of Business Administration, University of Maryland	Independent Director, Yulon Motor Co., Ltd. Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Lutheran House Independent Director Director, Taiwan Acceptance Corporation Ltd.	-	-	-
Independent Director	R.O.C	Zhongqi Zhou	Male	07.01.2016	3 years	07.01.2016	*0	0	*0	0	0	0	0	0	0	Chairman of the Board of Directors of China Telecom General Manager of Weibao Telecommunications Co., Ltd. General Manager of Siemens Nixdorf Informationssysteme Taiwan Branch	Independent Director, Yulon Motor Co., Ltd. Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Director, Taiwan Acceptance Corporation Ltd. Independent Director, Jiage Foods (Stock) Company Independent Director, Fubon Life Insurance Co., Ltd.	-	-	-

Note 1: Institutional shareholders are to have the name of institutional shareholders and representatives presented separately (for the representative of institutional shareholders, the name of the institutional shareholders should be indicated) and fill in Table 1 below.

Note 2: Fill in the date of being elected as the director or supervisor for the first time and with the discontinuity stated, if any.

Note 3: An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 4: It meant for the position held with the Company and the other companies.

* It meant for personal shareholding.

3.2.2 Major Shareholders of Institutional Shareholders

April 17 2018

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)
1. Tai-Yuen Textile Co., Ltd.	1. Yulon Motor Company Ltd. (20.85%) 2. Yen Tjing-Ling Industrial Development Foundation (14.24%) 3. British Virgin Islands Hoffman Brother Investment Company (9.80%) 4. British Virgin Islands Evans Corporation (9.71%) 5. Cayman Islands West Bridge Investment Company (9.13%) 6. Li Yuan Investment Co., Ltd. (7.17%) 7. Yong Shun Investment Corporation (6.82%) 8. Li Peng Investment Co., Ltd. (5.61%) 9. Taiyuen Textile Co. (4.55%) 10. Yuan Wei Investment Co., Ltd. (3.10%)
2. China Motor Corporation	1. Tai-Yuen Textile Co., Ltd. (25.18%) 2. Mitsubishi Motors Corporation (14.00%) 3. Yulon Motor Company Ltd. (8.05%) 4. Taiyuen Textile Co. (6.76%) 5. Mitsubishi Corporation (4.79%) 6. Cathay Life Insurance Co., Ltd. (3.64%) 7. Nan Shan Life Insurance Co., Ltd. (1.27%) 8. Kenneth, K.T. Yen (1.20%) 9. Citigroup Commercial Bank Hosted Norwegian Central Bank Investment Specialist (1.13%) 10. Standard Chartered Hosted Van Gogh Emerging Markets Stock Index Fund Specialist (0.95%)
3. Yen Tjing-Ling Industrial Development Foundation	Non-Profit organization

Note 1: If the director or supervisor is the representative of the institutional shareholders, the name of the institutional shareholders should be indicated.

Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders. If the major shareholders are institutional shareholders, please fill out Table 2 below.

3.2.3 Major shareholder of the major institutional shareholders:

April 17, 2018

Names of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
1. Yulon Motor Company Ltd.	1. Tai-Yuen Textile Co., Ltd. (18.11%) 2. China Motor Corporation (16.67%) 3. Kenneth, K.T. Yen (10.18%) 4. Nan Shan Life Insurance Co., Ltd. (3.70%) 5. Fande Investment Co., Ltd. (1.58%) 6. Labor Insurance Funds (1.47%) 7. Civil Service Pension Fund Administration Committee (1.34%) 8. Mercuries Life Insurance Co., Ltd. (1.25%) 9. Yen Ching Ling Industrial Development Foundation (1.09%) 10. Labor Pension Fund (1.07%)
2. British Virgin Islands Hoffman Brother Investment Company	Cannot be provided due to the restriction of local practices.
3. British Virgin Islands Evans Corporation	Cannot be provided due to the restriction of local practices.
4. Cayman Islands West Bridge Investment Company	Cannot be provided due to the restriction of local practices.
5. Li Yuan Investment Co., Ltd.	1. Vivian Wu Industry and Commerce ECCC Foundation (99.126%) 2. Taiyuen Textile Co. (0.869%) 3. Fan-Terh Investment Co., Ltd. (0.001%) 4. Wei Tai Investment Co., Ltd. (0.001%) 5. Lowin Industrial Co, Ltd. (0.001%) 6. Vincent Investment Co., Ltd. (0.001%) 7. Wavin Investment Corp. (0.001%)
6. Yong Shun Investment Corporation	1. Vivian Wu Industry and Commerce ECCC Foundation (99.083%) 2. Taiyuen Textile Co. (0.912%) 3. Fan-Terh Investment Co., Ltd. (0.001%) 4. Wei Tai Investment Co., Ltd. (0.001%) 5. Lowin Industrial Co., Ltd. (0.001%) 6. Vincent Investment Co., Ltd. (0.001%) 7. Wavin Investment Corp. (0.001%)
7. Li Peng Investment Co., Ltd.	1. Vivian Wu Industry and Commerce ECCC Foundation (98.993%) 2. Taiyuen Textile Co. (1.002%) 3. Fan-Terh Investment Co., Ltd. (0.001%) 4. Wei Tai Investment Co., Ltd. (0.001%) 5. Lowin Industrial Col, Ltd. (0.001%) 6. Vincent Investment Co., Ltd. (0.001%) 7. Wavin Investment Corp. (0.001%)
8. Taiyuen Textile Co.	1. British Virgin Islands Wanda Company (72.51%) 2. Tai-Yuen Textile Co., Ltd. (21.97%) 3. Yulon Motor Co., Ltd. (5.09%) 4. Vivian Wu Industry and Commerce ECCC Foundation (0.1684%) 5. Lowin Industrial Col, Ltd. (0.13%) 6. Wavin Investment Corp. (0.13%) 7. Kenneth, K.T. Yen (0.0006%)
9. Yuan Wei Investment Co., Ltd.	1. Vivian Wu Industry and Commerce ECCC Foundation (91.513%) 2. Taiyuen Textile Co. (8.477%) 3. Fan-Terh Investment Co., Ltd. (0.002%) 4. Wei Tai Investment Co., Ltd. (0.002%) 5. Lowin Industrial Co., Ltd. (0.002%) 6. Vincent Investment Co., Ltd. (0.002%) 7. Wavin Investment Corp. (0.002%)

Names of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
10. Mitsubishi Motors Corporation	1. Nissan Motor Co., Ltd. (33.99%) 2. Mitsubishi Corporation (9.23%) 3. Mitsubishi Heavy Industries, Ltd. (8.34%) 4. Bank of Tokyo-Mitsubishi UFJ (3.26%) 5. Japan TRUSTEE SERVICES letter! Bank Co., Ltd. (Trust) (2.15%) 6. MASTER TRUST Bank of Japan, Ltd. (Trust Account) (1.84%) 7. MHI Automotive Capital and MMC Co., Ltd. 2 (1.59%) 8. BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY1 (1.28%) 9. Japan TRUSTEE SERVICES letter! Bank Co., Ltd. (Trust 9) (0.98%) 10. Japan TRUSTEE SERVICES letter! Bank Co., Ltd. (Trust 5) (0.93%)
11. Mitsubishi Corporation	1. TRUSTEE SERVICES Bank of Japan Co., Ltd. (Trust Account) (8.26%) 2. MASTER TRUST Bank of Japan Co., Ltd. (Trust Account) (5.31%) 2. Tokyo Marine & Nichido Fire Insurance Co., Ltd. (4.68%) 4. Meiji Yasuda Life Insurance Company (4.07%) 5. ICHIGO TRUST PTE. LTD.(2.29%) 6. MASTER TRUST Bank of Japan Co., Ltd. (Mitsubishi Heavy Industries, Ltd. Retirement Benefit Trust account) (2.02%) 7. STATE STREET BANK WEST CLIENT-TREATY 505234 (1.73%) 8. Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 5) (1.66%) 9. Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 9) (1.40%) 10. Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 1) (1.23%)
12. Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
13. Nan Shan Life Insurance Co., Ltd.	1. Trust Account of First Bank hoding by Ruen Chen Investment Holding Co., Ltd. (75.14%) 2. Ruen Chen Investment Holding Co., Ltd. (15.48%) 3. Du Ying Zong (3.25%) 4. Ruen Hua Dyeing & Weaving Co., Ltd. (0.28%) 5. Ruen Tai Leasing Co., Ltd. (0.15%) 6. Ji Pin Investment Co., Ltd. (0.11%) 7. Kuo Wen Te (0.11%) 8. Pao Hui Investment Co., Ltd. (0.05%) 9. Pao Huang Investment Co., Ltd. (0.05%) 10. Pao Yi Investment Co., Ltd. (0.05%)
14. Citigroup Commercial Bank Hosted by the Norwegian central bank	Due to local practice restrictions, it can not provide.
15. Taiwan Life Insurance Co., Ltd.	CTBC FINANCIAL HOLDING CO., LTD.

Note 1: If the major shareholders in Table 1 are institutional shareholders, please state the name of the institutional shareholders.

Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders.

3.2.4 Expertise and independence of directors and Independent director

March 31, 2018

Name (Note 1)	Whether the person has work experience over five years and possesses any of the following qualifications			Conformed to the requirements of Independence (Note 2)										The number of public companies that the independent director also serves as independent director concurrently
	Lecturer or higher level qualification of a public/private university or college for teaching the relevant departments in relation to the business, legal, finance, accounting or other business requirement	Judge, prosecutor, lawyer, certified public accountant or other professional/technician who has acquired certificates or operation qualifications through the national examinations	Work experiences required for commercial, legal, financial, accounting or corporate business	1	2	3	4	5	6	7	8	9	10	
Kenneth K. T. Yen			✓								✓		✓	
Kuo-Rong Chen			✓			✓	✓			✓	✓	✓		
Shin-I Lin			✓			✓	✓				✓	✓		2
Li-Lien Chen			✓							✓		✓		
Liang Zhang			✓	✓		✓	✓	✓		✓	✓	✓		2
Zhen-Xiang Yao			✓			✓	✓			✓	✓	✓		
Yi-Hong Hsieh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shunren Liu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Zhongqi Zhou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: If the respective director or Independent director meets any of the following conditions within 2 years prior to his/her service and during the service period, please put a check mark (“✓”) in the blank space under the code representing the respective condition.

- (1) Neither an employee of the company nor the affiliated companies.
- (2) Neither a director/supervisor of the Company nor the affiliated company (unless he/she serves as an independent director of the Company/parent company which is set up in accordance with this Law or the laws of the local state).
- (3) The outstanding shares of the Company held under the names of the director/supervisor, their spouses, minor children, and those held under the name of other parties are less than 1% of the total outstanding shares of the Company or not a member listed as one of the top 10 individual shareholders of the Company.
- (4) Not the spouse, relative(s) within the second degree of kinship or the relative(s) by blood within the fifth degree of consanguinity of any person indicated in the foregoing three categories.
- (5) Not a member of the board, supervisor, or employee of institutional shareholders directly holding more than 5% of the company issued total shares, or a member of board, supervisor, or employee of the first five institutional shareholders.
- (6) Not a member of the board, supervisor, manager of a company or institution that has financial or business interaction with the Company. Or, not a shareholder that hold more than 5% of the outstanding shares of the said company or institution.
- (7) Not a professionals, sole proprietorship profit-seeking enterprise, or partnership that provides commercial, legal, financial or accounting service to the Company or to any affiliate of the Company; not a owner, partner, director, supervisor or manager of a company or institution that provides commercial, legal, financial or accounting service to the Company or to any affiliate of the Company; or not the spouse of any of the above persons. However, the Compensation Committee members who exercise job responsibilities in accordance with Article 7 of the “Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter” are not subject to the requirement.
- (8) Neither the spouse of any other director of the Company nor the relative with the second degree of kinship of any other director of the Company.
- (9) Not subject to any condition under Article 30 of the Company Law.
- (10) Not elected as director in the capacity of the government, legal person, or the representative thereof in accordance with Article 27 of the Company Law.

3.2.5 Information on President, Senior Vice President, Vice President, and each department head

Title (Note 1)	Nationality/ Country of Origin	Name	SEX	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Main experience (education) (Note 2)	Positions concurrently held in this company and other company (Note 3)	Manager who is the spouse or the second-degree relative		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President	R.O.C	Zhen-Xiang Yao	Male	08.08.2013	15,412	0.001	0	0	0	0	MIB, Curtin University, Australia Senior Vice President, Yulon Motor Co., Ltd. Sanyi Plant Manager, Yulon Motor Co., Ltd.	Director, Yulon Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Luxgen Motor Co., Ltd. Director, China Engine Corporation Please refer to the “Information on Affiliated Companies” for details.	-	-	-
Associate Vice President	R.O.C	Binglin Chen	Male	05.01.2013	0	0	0	0	0	0	MIB, Curtin University, Australia Senior Manager of Quality Inspection Dept. , Yulon Motor Co., Ltd.	-	-	-	
Manager	R.O.C	Shi Ting Chen	Male	07.09.2010	3,261	0.0002	0	0	0	0	Master of Industrial Engineering, National Yunlin University of Science and Technology Sanyi Plant Manager, Yulon Motor Co., Ltd. General Manager of Quality Inspection Dept, Yulon Motor Co., Ltd.	-	-	-	
Manager	R.O.C	Lihua Wu	Male	03.22.2011	8,811	0.0006	0	0	0	0	Department of Electronic Communication, National United University Sanyi Plant Manager, Yulon Motor Co., Ltd.	-	-	-	
Manager	R.O.C	Hongzheng Chen	Male	11.16.2016	29	0	0	0	0	0	MIB, Curtin University, Australia Senior Manager of Production Engineering Dept., Yulon Motor Co., Ltd.	-	-	-	
Manager	R.O.C	Wen Yuan Li	Male	05.01.2014	75	0	0	0	0	0	MIB, Curtin University, Australia Manager of Maintenance Dept, Guangzhou Fengshen Motor Sales Limited Senior Manager of Quality Inspection, Yulon Motor Co., Ltd.	Director, Luxgen Taipei Motor Co., Ltd. Please refer to the “Information on Affiliated Companies” for details.	-	-	-

Title (Note 1)	Nationality/ Country of Origin	Name	SEX	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Main experience (education) (Note 2)	Positions concurrently held in this company and other company (Note 3)	Manager who is the spouse or the second-degree relative		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Manager	R.O.C	Wen Yi Lo	Male	11.09.2015	1,136	0	0	0	0	0	University of Southampton Accounting and Finance Senior Manager of Finance & Business Planning Dept, Yulon Motor Co., Ltd	Director, Yuea Ching Business Co., Ltd. Supervisor, Car-Plus Auto Leasing CO., Ltd. Director, Sin-Chi Co., Ltd. Director, Chanchen Inter Consulting Co., Ltd. Director, Yuchia Motor Co., Ltd. Supervisor, Supervisor, China Cast Iron Pipe Co., Ltd. Supervisor, Advance Power Machinery Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	-	-	-
Manager	R.O.C	Jian Hui Li	Male	03.21.2016	60	0	0	0	0	0	MIB, Curtin University, Australia Manager of Manufacture Management Dept, Dongfeng Yulon Motor Limited Senior Manager of Quality Inspection, Yulon Motor Co., Ltd.	-	-	-	
Manager	R.O.C	Chong Ynan Chen	Male	08.16.2017	0	0	0	0	0	0	Institute of Mechanical Engineering National Cheng Kung University Univation Motor Philippines, Inc. (Philippine) President	-	-	-	
Manager	R.O.C	Meng Yue Jie	Female	04.01.2018	0	0	510	0	0	0	Institute of Human Resource Management, National Sun Yat-sen University Assistant Manager of Auditing Office, Yulon Motor Co., Ltd	-	-	-	

Note 1: It should include the information disclosure of the president, senior vice president, vice president, department heads, and branch officers; also, the position equivalent to president, senior vice president, or vice president.

Note 2: An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 3: It meant for the position held with the other companies.

3.2.6 Compensation paid to Directors, Supervisors, President, and Senior Vice President for the Year 2017

1. Payment of Remuneration to Director (including independent director) (The name of directors should be disclosed in accordance with the respective remuneration bracket)

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Remuneration (G) (Note 6)								
		The company	All companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)			
														Cash	Stock	Cash	Stock					
Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen	13,000,000	16,848,800	0	0	0	0	960,000	960,000	0.61%	0.78%	0	0	0	0	0	0	0	0	0.61%	0.78%	51,476,659
Vice Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen	6,375,054	17,056,805	0	0	11,694,908	11,694,908	3,232,000	7,032,000	0.93%	1.56%	8,601,944	8,601,944	534,588	534,588	26,038	0	26,038	0	1.33%	1.96%	27,090,915
Director	China Motor Corporation Representative: Li-Lien Chen																					
Director	China Motor Corporation Representative: Liang Zhang																					
Director	Yen Tjing-Ling Industrial Development Foundation Representative: Li-Lien Chen																					
Director	Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao																					
Independent Director	Yi-Hong Hsieh																					
Independent Director	Shunren Liu																					
Independent Director	Zhongqi Zhou																					

* In addition to the above table, the directors of the Company in the last year have provided services to all companies in the financial report (such as advisers who are not employees)

Remuneration bracket

	Name of directors			
	The accumulated amount from the above-mentioned four categories (A+B+C+D)		The accumulated amount from the above-mentioned seven categories (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the companies included in this financial statement (Note 9)	The Company (Note 8)	All the invested companies (Note 9)
Less than NT\$2,000,000	Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao Li-Lien Chen Representative of China Motor Corporation: Liang Zhang Independent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou	Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao Representative of China Motor Corporation: Liang Zhang Independent Director Shunren Liu	Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Representative of China Motor Corporation: Liang Zhang Representative of Yen Tjing-Ling Industrial Development Foundation: Li-Lien Chen Independent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou	Representative of China Motor Corporation: Liang Zhang Independent Director Shunren Liu
NT\$2,000,000 ~ NT\$5,000,000	Representative of China Motor Corporation Shin-I Lin	Representative of China Motor Corporation: Shin-I Lin Independent Director Yi-Hong Hsieh Zhongqi Zhou	Representative of China Motor Corporation Shin-I Lin	Independent Director Yi-Hong Hsieh Zhongqi Zhou
NT\$5,000,000 ~ NT\$10,000,000		Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Representative of Yen Tjing-Ling Industrial Development Foundation: Li-Lien Chen	Representative of Yen Tjing-Ling Industrial Development Foundation Zhen-Xiang Yao	Representative of China Motor Corporation: Shin-I Lin
NT\$10,000,000 ~ NT\$15,000,000	Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen		Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen	Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao
NT\$15,000,000 ~ NT\$30,000,000		Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen		Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Representative of Yen Tjing-Ling Industrial Development Foundation: Li-Lien Chen
NT\$30,000,000 ~ NT\$50,000,000				
NT\$50,000,000 ~ NT\$100,000,000				Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen
More than NT\$100,000,000				
Total	9	9	9	9

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (3-1) or (3-2) must be filled out.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.). When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other

transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

- Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.
- Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).
- Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.
- Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).
- Note 10: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
- Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.
b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."
c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.
- Note 12: To disclose individually by Art 10 of "Regulations Governing Information to be published in Annual Reports of Public Companies".
- * The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

2. Remuneration of the President and the Senior Vice President (The name of managerial officers should be disclosed in accordance with the respective remuneration bracket)

Title	Name	Salary (A) (Note 2)		Severance pay and Pension (B)		Bonus and special allowance (C) (Note 3)		Employee Remuneration Amount from Earnings Distribution (D) (Note 4)				The total of A+B+C+D / Net income ratio (%) (Note 9)		Receiving or not receiving remuneration from the reinvested companies other than the Company's subsidiaries (Note 10)
		The Company	All the companies included in this financial statement (Note 6)	The Company	All the companies included in this financial statement (Note 6)	The Company	All the companies included in this financial statement (Note 6)	The Company		All the companies included in this consolidated statement (Note 6)		The Company	All the companies included in this financial statement (Note 6)	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
President	Zhen-Xiang Yao													
Associate Vice President	Ching-Chi Chen	6,132,783	6,132,783	622,183	622,183	8,104,747	8,104,747	52,963	0	52,963	0	0.65%	0.65%	1,287,000
Associate Vice President	Binglin Chen													

* The information should be exposed nomatter the title but the position is equivalent to President, Vice President (such as: president, chief executive, director...)

Note: Associate Vice President Ching-Chi Chen has retired from the company since 2017/8/20.

Remuneration bracket

The remuneration bracket for President and Senior Vice President of the Company	Name of President and Senior Vice President	
	The Company (Note 6)	All the transfer invested companies (Note 7) E
Less than NT\$ 2,000,000		
NT\$2,000,000 ~ NT\$5,000,000	Ching-Chi Chen Binglin Chen	Ching-Chi Chen Binglin Chen
NT\$5,000,000 ~ NT\$10,000,000	Zhen-Xiang Yao	Zhen-Xiang Yao
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000		
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
More than NT\$100,000,000		
Total	2	2

Note 1: Names of President and Senior Vice President should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (1-1) or (1-2) must be filled out.

Note 2: It refers to the President's and Senior Vice President's salary, special responsibility allowance, and severance pay.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the President and Senior Vice President in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization. Note 4: It refers to the employee remuneration (including stock and cash) received by the President and Senior Vice President that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 5: Disclose the total amount of remuneration paid to the President and Senior Vice President by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Disclose the name of the President and Senior Vice President in the respective range of total remuneration received from all the Company.

Note 7: Disclose the total amount of remuneration paid to the President and Senior Vice President by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the President and Senior Vice President in the respective range of total remuneration received.

Note 8: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 9: a. It is required to specify in this column the relevant remuneration amount the President and Senior Vice President of the Company received from the reinvested companies other than the subsidiaries.

b. If the President and Senior Vice President have received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column E. In addition, the column title shall be revised as "All reinvested companies."

c. Remuneration shall mean the compensation, reward, employee bonus, and expense for business operation paid to the Company's President and Senior Vice President by the reinvested companies other than the subsidiaries and such President and Senior Vice President concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

3. Manager's Name of the allocated employee remuneration and allocation situation

March 31, 2018
Currency Unit: NT\$

	Title	Name	Amount of stock dividend	Amount of cash dividend	Total	% of Total Amount against Net Income
Managerial Officers	President	Zhen-Xiang Yao	0	107,794	107,794	0.0047%
	Associate Vice President	Ching-Chi Chen				
	Associate Vice President	Binglin Chen				
	Associate Vice President	Min-Hui Qiu				
	Manager	Hongzheng Chen				
	Manager	Shi Ting Chen				
	Manager	Lihua Wu				
	Manager	Wen Yuan Li				
	Manager	Wen Yi Lo				
	Manager	Jian Hui Li				

- Note 1: Names and job title of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.
- Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
- Note 3: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003 by the SEC as follows:
 (1) President and the equals
 (2) Senior Vice President and the equals
 (3) Vice President and the equals
 (4) General Manager of Finance
 (5) General Manager of Accounting
 (6) Managerial officers and the individuals authorized to sign
- Note 4: If Directors, President, and Senior Vice President have collected employee remuneration (including stock and cash), in addition to filling out Form 1-2, please fill out this Form too.

3.2.7 Analysis of the ratio of total remuneration paid by the Company and by all companies included in consolidated financial report to Directors, Supervisors, President, and Vice President / Net income (%) for the most recent two years, and explanation of remuneration policy, standard, and combination, the procedure of remuneration determination, and the relation between business performance and future risk:

1. The ratio of total remuneration paid by the Company to Directors, Supervisors, President, and Vice President / Net income (%)

Currency Unit: NT\$

	2017			2016		
	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)
Director	35,261,962	2,288,306,240	1.54%	32,492,833	1,334,703,113	2.43%
President and Associate Vice President	14,912,676	2,288,306,240	0.65%	15,611,207	1,334,703,113	1.17%
Supervisor	-	-	-	1,127,977	1,334,703,113	0.08%

Note : Except for the employees who hold permanent positions and assume defined missions and responsibilities with a monthly salary collected, the other employees are to be handled in accordance with Article 27 and Article 28 of the Articles of Incorporation.

2. The ratio of total remuneration paid by all companies included in consolidated financial report to Directors, Supervisors, President, and Vice President / Net income (%)

Currency Unit: NT\$

	2016			2015		
	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)
Director	53,592,513	2,288,306,240	2.34%	49,261,947	1,334,703,113	3.69%
President and Associate Vice President	14,912,676	2,288,306,240	0.65%	15,611,207	1,334,703,113	1.17%
Supervisor	-	-	-	1,127,977	1,334,703,113	0.08%

Note : Except for the employees who hold permanent positions and assume defined missions and responsibilities with a monthly salary collected, the other employees are to be handled in accordance with Article 27 and Article 28 of the Articles of Incorporation.

3. Explanation of remuneration policy, standard, and combination, the procedure of remuneration determination, and the relation between business performance and future risk:

The remuneration paid by the Company to directors and managers is determined by the Salary Remuneration Committee with routine review on the annual and long-term performance goals of directors and managers as well as the policy, system, standards and structure of salary remuneration. Moreover, the company routinely evaluates the achievement of performance goals of directors and managers with consideration of the amount, payment method and future operational risks of salary for submission to the Board of the Directors for approval before implementation. Items distributed under Profit Distribution Table shall be reported to the Shareholders' Meeting for approval before implementation.

In 2017, the Company evaluated the performance of its board members in accordance with the "Board of the Directors Performance Appraisal Procedures". There were no significant differences in the assessment scores of all the board members, who all reached more than 90 points. Therefore, aside from the Chairman, Directors' remuneration was allocated equally to the remaining Directors based on seats for allocation.

3.3 Operation of Corporate Governance

3.3.1 Information of the Board Function

The meeting of Board of Directors has been held for 6 times in the current year and the attendance status of the directors and supervisors is listed below:

Title	Name (Note 1)	Number of times attending in person	Number of times attending by proxy	Actual attendance rates (%)	Remark (Note 2)
Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen	5	4	56%	
Vice Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen	9	0	100%	
Director	Tai-Yuen Textile Co., Ltd. Representative: Shin-I Lin	8	1	89%	
Director	China Motor Corporation Representative: Li-Lien Chen	7	2	78%	
Director	China Motor Corporation Representative: Liang Zhang	7	2	78%	
Director	Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao	9	0	100%	
Independent Director	Yi-Hong Hsieh	9	0	100%	
Independent Director	Shunren Liu	8	1	89%	106/5/12 Attendance by proxy at the 5 th meeting of the 15 th term Board meeting term
Independent Director	Zhongqi Zhou	8	1	89%	106/8/7 Attendance by proxy at the 6 th meeting of the 15 th term Board meeting term

Other matters to be disclosed:

1. For the followings shall state the date of the Board meeting, the term, the contents of the motions, the opinions of all independent directors, and the Company's handling the opinions of all independent directors:

(1) The matters described in Article 14.3 of the Securities and Exchange Act

Board meeting date	Board meeting term	Summary of motions	Independent director's opinions	Response to the independent director's opinions
1/16/2017	The 1 st provisional meeting of the 15 th term	The liquidation after capital increase of Dongfeng Nissan distribution company in China that is invested by the company – “Shanghai Yuxing Automobile Sales Service Co., Ltd.”	Approved as proposed	To be executed in accordance with the resolution reached
1/16/2017	The 1 st provisional meeting of the 15 th term	The reappointment of the audit director of the company.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The de/incapitalization of Yulon Electric Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The equity transfer of Yohow Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The 2016 Financial Statements.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The 2016 Earnings Distribution.	Approved as proposed	To be executed in accordance with the resolution reached

3/20/2017	The 4 th meeting of the 15 th term	The the 2016 Distribution of Employees', Directors' and Supervisors' Remuneration	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The amendments to the Company's "Procedures for Acquisition and Disposal of Assets."	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The amendments to the Company's "Procedures for Derivatives Trading."	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The 2017 Status of Endorsement and Guarantee.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The 2017 bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached
3/20/2017	The 4 th meeting of the 15 th term	The amendments to the "Internal Control System" of the Company.	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The 2017 additional bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The amendments to the "Internal Control System" of the Company's stock service operation.	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The amendments to the Company's "Procedures for Endorsements and Guarantees."	Approved as proposed	To be executed in accordance with the resolution reached
5/12/2017	The 5 th meeting of the 15 th term	The Loaning of funds for Hangzhou Yujie Real Estate Co., Ltd	Approved as proposed	To be executed in accordance with the resolution reached
6/19/2017	The 2 nd provisional meeting of the 15 th term	Acknowledged the LOS issued for the financing amount of China Yulon Car Finance Company	Acknowledged as proposed	To be executed in accordance with the resolution reached
6/19/2017	The 2 nd provisional meeting of the 15 th term	The incapitalization of Dong Feng Yulon Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
6/19/2017	The 2 nd provisional meeting of the 15 th term	The incapitalization of Yu Tang Motor Co., Ltd..	Approved as proposed	To be executed in accordance with the resolution reached
6/27/2017	The 3 rd provisional meeting of the 15 th term	The establishment of Luxgen Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
6/27/2017	The 3 rd provisional meeting of the 15 th term	The cash capitalization of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
7/21/2017	The 4 th provisional meeting of the 15 th term	The payment of auto parts advance to Dong Feng Yulon Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The making of endorsements / guarantees for Luxgen Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The making of endorsements / guarantees for Sheng Qing (Beijing) Investment Limited	Approved as proposed	To be executed in accordance with the resolution reached

8/7/2017	The 6 th meeting of the 15 th term	The LOS issued for the financing amount of Sheng Qing (Beijing) Investment Limited	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The LOS issued for the financing amount of Sin Chi Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The LOS issued for the financing amount of Yu Ching Business Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/7/2017	The 6 th meeting of the 15 th term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The Company issued unsecured corporate bonds.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The additional bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The decapitalization of Luxgen Taipei Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The making of endorsements / guarantees for Luxgen Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The signing of Yulon Town planning and design management & construction management contract and the sales commission agreement between the Company and Yulon Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The 2017 pay raise of the manager of the company.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	The amendments to the “Internal Control System” and the “Internal Audit Implementation Enforcement Rules” of the Company’s stock service operation.	Approved as proposed	To be executed in accordance with the resolution reached
11/6/2017	The 7 th meeting of the 15 th term	Revisions of the Procedures for the Application of Suspending and Restoring Transactions and Enforcement Rules for Internal Audits of Managing Procedures for the Application of Suspending and Restoring Transactions	Approved as proposed	To be executed in accordance with the resolution reached

12/25/2017	The 8 th meeting of the 15 th term	The company to purchase the shareholding of Yue Sheng Industrial Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
12/25/2017	The 8 th meeting of the 15 th term	The LOS issued for the financing amount of the dealer in China	Approved as proposed	To be executed in accordance with the resolution reached
12/25/2017	The 8 th meeting of the 15 th term	The LOS issued for the Operation of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
12/25/2017	The 8 th meeting of the 15 th term	The de/incapitalization of Luxgen Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
12/25/2017	The 8 th meeting of the 15 th term	The Company's purchase of EF 1.5T GDI engine and EVX4 power system from Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached

(2)The matters resolved in the Board meeting with the objections or reservations of the independent directors recorded or declared in writing
None

2. The recusal of directors with a conflict of interest from discussing the respective motions (shall state the name of the directors, the contents of the motions, the reasons for recusal, and the participation in voting):
The Company adopted the "Rules of Procedure for Board of Directors Meetings" which was included the recusal system for directors. While processing the meeting, the procedure is in compliance with this rule.
3. The goals (such as, setting Auditing Committee, improving information transparency, etc.) of strengthening the functions of the Board of Directors of the year and in recent years by objectives and the performance evaluation:
 - (1) Apart from establishing the Salary Remuneration Committee with approval from the Board of the Directors on August 26th, 2011, the Company implemented the 14th Supervisor and Director Reelection during the 2013 annual meeting of shareholders. Two independent directors have been selected to strengthen the function of Board of the Directors and improve the effectiveness of corporate governance.
 - (2) he Company will undergo the 15th Director Reelection in 2016, where three independent directors wereelected while replacing the previous supervisor system with the Audit Committee. The Audit Committee is scheduled for establishment in July 2016 to strengthen the internal supervisory mechanism of the company.
 - (3) Moreover, to meet the trends in the development of international corporate governance and in response to the development of Taiwan's attention in social issues recently, The Company amended the "Rules of Procedure for Board of Directors Meetings," "Rules of Procedure for Audit Committee" on November 6, 2017 in attempt to constantly improve the corporate governance standards.
 - (4) To enhance information transparency, the Company has important resolutions reached in the Board meeting announced immediately on the MOPS. Also, update the relevant organization regulations on the Company's website in order to protect shareholders' equity and improve investors' understanding and recognition of the Company.
 - (5) The Company adopted "Board of Director and Director Member Performance Appraisal Guidelines" on November 9, 2015 and amended for the first time on November 7, 2016 in addition to completing the Board of Director evaluation in March 2018. This evaluation result complies with Board of Director operations, level of director participation, and operations of Remuneration Committee and Audit Committee, falling between 95.93 points and 99.31 points. The overall operation of the Board of Directors is deemed well in accordance with the results of 2017 Board of Director Performance Appraisal.

Note 1: The names of corporate shareholders and names of representatives shall be disclosed in case the director and Independent Director are corporate organizations.

Note 2: (1) In case any director or supervisor resigns before the end of the year, mark the date of resignation on the remarks and the actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

(2) In case of any director and supervisor reelection before the end of the year, fill in the new and former directors and supervisors in addition to marking the director and supervisor as new or former term, and date of reelection. The actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

3.3.2 Function of Audit Committee:

The Company has already established the committee in July, 2017.

Information of the Audit Committee Function

The meeting of Audit Committee has been held for 9 times in the current year and the attendance status of the Independent DirectorS is listed below:

Title	Name	Number of times attending in person(B)	Number of times attending by proxy	Actual attendance rates (%) (B/A)(note)	Remark
Independent Director	Yi-Hong Hsieh	9	0	100%	
Independent Director	Shunren Liu	8	1	89%	106/5/10 Attendance by proxy at the 5 th meeting of the 1 st term Audit Committee Function
Independent Director	Zhongqi Zhou	9	0	100%	

1. Other matters to be disclosed: 1. For the followings shall state the date of the Audit Committee meeting, the term, the contents of the motions, the opinions and the handlings of all committee members:

(1) The matters described in Article 14.5 of the Securities and Exchange Act.

Board meeting date	Board meeting term	Summary of motions	Committee members' opinions	Response to the Committee members' opinions
1/12/2017	The 1 st provisional meeting of the 1 st term	The liquidation after capital increase of Dongfeng Nissan distribution company in China that is invested by the company – "Shanghai Yuxing Automobile Sales Service Co., Ltd."	Approved as proposed	To be executed in accordance with the resolution reached
1/12/2017	The 1 st provisional meeting of the 1 st term	The reappointment of the audit director of the company.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The de/incapitalization of Yulon Electric Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The equity transfer of Yohow Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The 2016 Financial Statements.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The 2016 Earnings Distribution.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The amendments to the Company's "Procedures for Acquisition and Disposal of Assets."	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The amendments to the Company's "Procedures for Derivatives Trading."	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The 2017 Status of Endorsement and Guarantee.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 4 th meeting of the 1 st term	The 2017 bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached

(2) Except for the aforementioned matters, the matters that are not approved by the Audit Committee but resolved with the consent of two thirds of the Board members:

Board meeting date	Board meeting term	Summary of motions	Committee members' opinions	Response to the Committee members' opinions
3/16/2017	The 1 st meeting of the 1 st term	The 2017 LOS issued for the financing amount.	Approved as proposed	To be executed in accordance with the resolution reached
3/16/2017	The 1 st meeting of the 1 st term	The amendments to the "Internal Control System" of the Company.	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	The 2017 additional bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	The amendments to the "Internal Control System" of the Company's stock service operation.	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	To be revised the Company's "Procedures for Endorsements and Guarantees."	Approved as proposed	To be executed in accordance with the resolution reached
5/10/2017	The 5 th meeting of the 1 st term	The Loaning of funds for Hangzhou Yujie Real Estate Co., Ltd	Approved as proposed	To be executed in accordance with the resolution reached
6/16/2017	The 2 th provisional meeting of the 1 st term	The incapitalization of Dong Feng Yulon Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
6/16/2017	The 2 th provisional meeting of the 1 st term	The LOS issued for the financing amount of China Yulon Car Finance Company	Approved as proposed	
6/16/2017	The 2 th provisional meeting of the 1 st term	The incapitalization of Yu Tang Motor Co., Ltd	Approved as proposed	
6/27/2017	The 3 th provisional meeting of the 1 st term	The establishment of Luxgen Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
6/27/2017	The 3 th provisional meeting of the 1 st term	The cash capitalization of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
7/21/2017	The 4 th provisional meeting of the 1 st term	The payment of auto parts advance to Dong Feng Yulon Motor Sales Limited	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The second quarter 2017 Financial Statements.	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The making of endorsements / guarantees for Luxgen Motor Co., Ltd..	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The 2017 making of endorsements / guarantees for Sheng Qing (Beijing) Investment Limited	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The LOS issued for the financing amount of Sheng Qing (Beijing) Investment Limited	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The LOS issued for the financing amount of Sin Chi Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached

8/3/2017	The 6 th meeting of the 1 st term	The LOS issued for the financing amount of Yu Ching Business Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/3/2017	The 6 th meeting of the 1 st term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The Company issued unsecured corporate bonds.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The additional bank loan amount application of the company.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The incapitalization of Luxgen Taipei Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The LOS issued for the financing amount of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The making of endorsements / guarantees for Luxgen Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The signing of Yulon Town planning and design management & construction management contract and the sales commission agreement between the Company and Yulon Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	The amendments to the “Internal Control System” and the “Internal Audit Implementation Enforcement Rules” of the Company’s stock service operation.	Approved as proposed	To be executed in accordance with the resolution reached
11/2/2017	The 7 th meeting of the 1 st term	Revisions of the Procedures for the Application of Suspending and Restoring Transactions and Enforcement Rules for Internal Audits of Managing Procedures for the Application of Suspending and Restoring Transactions.	Approved as proposed	To be executed in accordance with the resolution reached
12/21/2017	The 8 th meeting of the 1 st term	The company to purchase the shareholding of Yue Sheng Industrial Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
12/21/2017	The 8 th meeting of the 1 st term	The LOS issued for the financing amount of the dealer in China	Approved as proposed	To be executed in accordance with the resolution reached
12/21/2017	The 8 th meeting of the 1 st term	The LOS issued for the Operation of Yulon Motor Finance (China) Limited	Approved as proposed	To be executed in accordance with the resolution reached
12/21/2017	The 8 th meeting of the 1 st term	The de/incapitalization of Luxgen Motor Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
12/21/2017	The 8 th meeting of the 1 st term	The Company’s purchase of EF 1.5T GDI engine and EVX4 power system from Hwa-chuan Auto Technology Center Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached

2. For the independent directors having themselves excused from attending the meeting due to a conflict of interest, the name of the independent directors, the content of the motion, the reason for the conflict of interest, and the participation in voting should be detailed: The Company adopted the “Rules of Procedure for Audit Committee” which was included the recusal system for independent directors. While processing the meeting, the procedure is in compliance with this rule.

3. The communication among the independent directors, the internal audit manager, and the independent auditors (including the material communication matters related to the company’s financial and business conditions, the communication methods, and the results of communication).

(1) Summary of communication between independent directors and internal audit supervisors

Date	Summary of communication highlights
3/16/2017	1. Internal audit report from Oct. 2016 to Jan. 2017. 2. Report on the internal control of the subsidiary company from Oct. 2016 to Jan. 2017. 3. Report on the 2016 Internal Control System Statement Proposition.
5/10/2017	1. Internal audit report in Feb.and Mar, 2017. 2. Continental subsidiary audit report during Feb.and Mar, 2017. 3. Report on the amendments to the "Internal Control System" of the Company's stock service operation.
8/3/2017	1. Internal audit report in Apr.and Jun, 2017. 2. Continental subsidiary audit report during Apr.and Jun, 2017.
11/2/2017	1. Internal audit report in Jul.and Sep, 2017. 2. Continental subsidiary audit report during Jul.and Sep, 2017. 3. Report to the Company's " Annual Audit Scheme " for 2017.
12/21/2017	1. Internal audit report in Oct.and Nov, 2017. 2. Continental subsidiary audit report during Oct.and Nov, 2017.

(2) Summary of communication between independent directors and accountants

Date	Summary of communication highlights
3/16/2017	1. CPAs expressed their opinions on the Company's 2016 individual and consolidated audit results and discuss with the independent director 2. CPAs explained the amendments to Regulations Governing the Preparation of Financial Reports by Securities Issuers and discuss with the independent directors 3. CPAs explained the regulatory amendments to the public companies' obligations to disclose information about their managers and discuss with the independent directors 4. CPAs explained the amendments to Regulations Governing the Acquisition and Disposal of Assets by Public Companies and discuss with the independent directors
8/3/2017	1. CPAs expressed their opinions on the second quarter 2017 individual and consolidated audit results and discuss with the independent director 2. CPAs explained the impact of the latest laws/letters on the Company and the recommendations and discuss with the independent directors
11/2/2017	1. CPAs expressed their opinions on the third quarter 2016 individual and consolidated audit results and discuss with the independent director 2. The accountant will explain the latest tax laws and recommendations and discuss with the independent directors

Notes :

* The day the independent directors resigned, if any, before the end of the year should be detailed in the Remark column with the date specified. The actual attendance rate (%) shall be stated in the remarks column. The actual attendance rate (%) of the independent directors is calculated according to the number of meetings held by the Audit Committee during their term of office and their actual attendance.

* The new independent directors elected, if any, before the end of the year, should be illustrated separately from the incumbent independent directors; also, the incumbent independent directors, newly elected independent directors, or the re-elected independent directors should be identified clearly with the re-election date specified in the Remark column. The actual attendance rate (%) of the independent directors is calculated according to the number of meetings held by the Audit Committee during their term of office and their actual attendance.

3.3.3 The operation of corporate governance and its differing from the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies,” and the reasons:

Item	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Y	N		
1. Does the company develop and disclose corporate governance practice principles in accordance with “Governance Best Practice Principles for TWSE/GTSM Listed Companies.”	V		The company has developed shareholders’ meeting regulations related to corporate governance, Board of the Directors meeting regulations, regulations governing classified document management operation, regulations governing classified information press and processing operation, announcement process standard operations, internal control system, acquisition or disposition of asset processing procedures, fund lending to others operation procedures, and other corporate governance related standard regulations. The execution of the operation system has complied with the requirement of the principles. As of the print date of this annual report, the Company has prepared the “Corporate Governance Principles” which was in accordance with “Governance Best Practice Principles for TWSE/GTSM Listed Companies” and disclosed on the official website.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
2. Corporate shareholding structure and shareholders’ equity (1) Does the company develop internal operation procedures to process shareholders’ suggestions, doubts, disputes, and complaints with implementation according to the procedures? (2) Does the company actually control the main shareholders and the final control list of major shareholders of the company?	V		(1) The company calls for shareholders’ meeting according to the Compact Law and relevant laws/regulation in addition to preparing complete agenda principles. For matters to be resolved by the shareholders’ meeting, the agenda will be executed accordingly. Moreover the company also set up spokesperson who will provide explanation for the suggestions and problems from the shareholders. There will also be special registrar department that will serve as service window for processing relevant affairs. (2) The company controls the shareholding of directors, supervisors, managers, and major shareholders with 10% shareholding in addition to declare the change of shareholding and share collateralization and de-collateralization of stocks according to the regulations.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(3) Does the company establish and execute the risk control and firewall mechanism with the affiliated enterprise? (4) Does the company develop internal specification to prohibit insiders from using undisclosed information from the market to buy or sell securities?	V		(3) The operation and finance between the Company and affiliated companies are governed by the “Affiliated Person Transaction Processing Guidelines,” “fund lending to others operation procedures,” “Endorsement and guarantee management regulations” and other regulations as well as preparing the “Classified document management operation guide” and “Public Process Standard Operations” in order to establish excellent internal major information processing the disclosing mechanism, thereby to avoid improper leak of consistency. The company shall follow laws and regulations to establish risk control and firewall mechanism. (4) The company has developed the “Prevention of Insider Trading Management Regulations” that offer explicit specification for insider trading targets, internal data archival and declaration announcement major information open, and the processing of internal major information.” The regulations should be maintained in step in the company website.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
3. Composition and function of Board of Directors (1) Does the Board of Directors develop diversified guidelines and implement execution in terms of member composition? (2) Does the company also voluntarily establish other functional committee apart from the salary remuneration committee and audit committee?	V		(1) The Company has developed the Board of Directors with members composition considered with diversity(Basic conditions and values, expertise and skills ...), proper diverse guidelines and implementation based on the operations, business model and development requirement, thereby to attain the ideal target of corporate governance. In addition to a female Director Li-Lien Chen, the members made up for the Company’s 15th Board of Directors possess respectively the following professional skills: The ones who are good at leadership, operational judgment, business management, crisis management, and have an international market vision are Kenneth, K.T. Yen, Kuo-Rong Chen, Zhen-Xiang Yao , Shin-I Lin; Li-Lien Chen has expertise in industry knowledge and administration; Yi-Hong Hsieh is skilled in legal affairs; Liang Zhang, Shunren Liu, and Zhongqi Zhou excel in economy & finance. (2) In consideration of the scale of the Board of Directors and the number of independent people, the company has established the remuneration committee according to the laws and regulations. All operations are regulated by internal control mechanism with projects and major meetings undergoing such meeting evaluation for important issues to provide reference for the Board of Directors in the execution of supervision function. The current supervisors’ term	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The term for this supervisor is expired in Jun.,2016 while the establishment of audit committee for 2016 has been set up . The remaining functional committees established according to the corporate management and plan.

Item	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Y	N		
			dismissal in Jun., 2016 and currently the company has established the audit committee Jul. 1, 2016 while the remaining functional committee shall be established according to the planning by corporate management.	
(3) Does the company develop Board of Directors Performance Assessment Guidelines and Evaluation Method in addition to conduct annual performance assessment?	V		(3) The company's agenda department shall divide the evaluation indicators in compliance with the relevant laws and regulations. Another indicator will conduct routine evaluation on the level of participation in corporate operations with specific indicators such as submitting discussion matters to Board of Directors, coordinating at least one Board of Directors meeting each quarter, compliance with conflict of interests in directors, attendance of Board of Directors meeting, execution of supervision and operation plans, expression of financial report, audit report and follow-up situations, shall undergo routine evaluation each year and the evaluation shall be performed at least once every three years by an external independent and professional agency or an external academic experts team. In accordance with the provisions of Article 28 of the third paragraph, the amendments to the Articles of Appropriation of the Board of Directors were amended and approved by the Board of Directors.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(4) Does the company routinely assess the independence of attesting CPA?	V		(4) The Company refers to the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence" to develop the CPA independence evaluation form and also asks the CPA firm to issue the independence statement. The Board of Directors evaluates the independence of the attesting CPA through the Statement of Independence presented by the Accounting Firm each year. The 2017 independent evaluation was completed, approved and adopted at the Board of Directors meeting held in March 2017	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
4. Does the listing/ OTC Company have a full-time (or part-time) corporate governance unit or person responsible for corporate governance related matters (Including but not limited to providing directors and supervisors with the necessary business operation data, processing the Board meeting and shareholders' meeting relevant matters, handling the company registration and change registration, preparing the minutes of Board meeting and shareholders' meeting, etc.) designated?	V		The Company's Finance and Planning Department and its manager are the specialized unit and the full-time official for corporate governance related matters, protecting the interests of shareholders and strengthening the functions of the Board of Directors (Including but not limited to providing directors and supervisors with the necessary business operation data, processing the Board meeting and shareholders' meeting relevant matters, handling the company registration and change registration, preparing the minutes of Board meeting and shareholders' meeting, etc.).	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
5. Does the company establish communication channel with the stakeholders (Including but not limited to shareholders, employees, customers, suppliers, etc.), , establish stakeholder section on the company website, and properly respond to the key corporate social responsibility issues concerned by the stakeholders?	V		The stakeholders may use sales department or spokesperson as communication channel in addition to providing investor relation (shareholders, employees, customers, suppliers, dealer, community etc.) contact window on the company website for readily available communication channel via phone, fax or email contact.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
6. Does the company commission professional registrar for handling of shareholder meeting affairs?		V	The company adopts independent registrar operations to timely control the primary shareholders of actually controlled company and the final control list of primary shareholders. To call for shareholders' meeting under legitimate, effective and safe premise; the Company has established internal control system and registrar internal audit operations for registrar operations.	The company adopts independent registrar operations to timely control the primary shareholders of actually controlled company and the final control list of primary shareholders.
7. Public information (1) Does the company establish website to disclose information on the financial operations and corporate governance? (2) Does the company adopt other information disclosure methods (i.e. establishing English website, assigning specialist to collect and disclose the corporate information, implement spokesperson system and displaying corporate website at investor meeting?)	V V		(1) The Company has established the website to disclose financial and operational information according to relevant laws and regulations. The company website is: http://www.yulon-motor.com.tw (2) The company assigns specialist in charge of collecting company information and disclosing significant events in addition to implementing executing spokesperson and agent spokesperson system. The website also shows items of corporate information conference.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Item	Operations (Note 1)		Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons	
	Y	N		Summary and Description
8. Does the company hold significant information that helps understand the operation of corporate governance (including but not limited to employees' rights, care for employees, investor relations, vendor relations, stakeholders' equity, advanced study of directors and supervisor, execution of risk management policy and risk measurement standards, execution of customer policy, and company buying liability insurance for directors and supervisors)?	V		<p>(1) Employees' equity: The company interacts with labor representative routinely communication, employee care cart events, and improvement on employee satisfaction as well as other approaches to strengthen the partnership with employees and assure harmony in labor and employer.</p> <p>(2) Care for employees: The company establishes employee welfare area, employee health check, insuring group insurance for all employees, arrange diverse leisure activity after work, hold family day for employees and health season event, assist with employee travel, subsidy on club activity funds, providing employees with diverse learning channel. On the other hand, employees physical and mental health, welfare and career. Please refer to Chapter 5, Section 6 of this report "description between the labors."</p> <p>(3) Investor Relations: The company offers service department as communication between the company and shareholders. The company also offers spokesperson system to provide contact window between shareholders and corporate investment institutes.</p> <p>(4) Vendor Relations: The company transacts with vendors on the concept of co-existence and co-prosperity with internal special department executing vendor supervision and counseling as well as the establishment of outstanding vendor incentive system for a diverse and effective communication channel with vendors. Moreover, the company has developed "contractor undertaking work safety and health management operation standards," "contractor plant operation management regulations" and others to request cooperation with vendor in compliance with regulations regarding environmental protection, safety or health issues, jointly committing to the improvement on corporate social responsibility.</p> <p>(5) Stakeholders' Rights: Our company respects and maintains the due legitimate equity in addition to establishing different communication methods to facilitate all stakeholders to immediately and effectively convey the opinion.</p>	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

(6) Directors' and supervisors' training records (from 2017/01/01 to 2017/12/31):

Title	Name	Organizer	Course Name	Hours	Note
Chairman	Kenneth K.T. Yen	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Vice Chairman	Kuo-Rong Chen	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Director	Shin-I Lin	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Director	Li-Lien Chen	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Director	Liang Zhang	Central China Securities and Futures Market Development Foundation	How Supervisors and Directors monitor the company to do a good job in fraud investigation and prevention; Best Practice	6	
Director	Zheng-Xiang Yao	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Independent Director	Yi-Hong Hsieh	Accounting Research and Development Foundation	The impact and response to the legal liability of the company in the new special chapter for the forfeiture in Criminal Code; A discussion on common types of litigation and legal liability for enterprises signing "business contracts"	6	
Independent Director	Shunren Liu	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	
Independent Director	Independent Director	China Corporate Governance Association	Major reform of auditor's report; How Directors and Supervisors monitor enterprise risk management and crisis management	6	

(7) Execution of risk management policy and risk measurement standards:

Refer to Chapter 7, Section 6 on "Risk Management and Evaluation" of this report.

(8) Execution of consumer protection or customer policy:

The Company establishes 24-hour 0800 toll-free hotline for consultation and free, providing distributors with operation and service office query, new car information notice, hoisting assistance, customer demand for requirement, suggestions and complaint case processing, providing consumers with

Item	Operations (Note 1)		Summary and Description	Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N		
			comprehensive equity query channel and demand services. (9)The company purchased liability insurance for director and monitors. The Company directors and supervisors uphold to loyalty and integrity principles, attention to obligation and execution of functions, who have not been discovered with litigation incidents or violation of acts. Nonetheless to more comprehensively protect the stakeholders' equity, the Company has commissioned TOKIO MARINE NEWA INSURANCE to carry out liability insurance planning and undertaking for directors and supervisors.	
9.			Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange in the last year; also, please provide the prioritized matters and measures for those yet to be improved matters (the companies not included in the assessment need not to fill out this form). For the corporate governance evaluation: the Corporate Social Responsibility Report developed by the Company has revealed non-financial information of the Company, but failed to meet the scoring standards due to the absence of the third-party verification. The Company will continue to follow the Global Reporting Initiative (GRI) Guidelines to prepare corporate social responsibility reports and fully disclose information on environmental sustainability, workplace environment, corporate governance, and public welfare. The Company will also actively integrate third-party audit verification in 2018 to improve the management structure and communication mechanism of the corporate social responsibility report.	

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

Note 2: The so-called corporate governance self-evaluation refers to the self-evaluation and description provided by the company in accordance with the corporate self-governance items on the report about the current corporate operations and executions.

3.3.4 The company that has set up a Compensation Committee shall disclose its composition, responsibilities, and operation:

1. The composition and responsibilities of Compensation Committee

The Company had the Compensation Committee setup with the approval of the Board of Directors on August 26, 2011. The Compensation Committee is responsible for regulating and regularly reviewing the annual and long-term performance objectives of the Company's directors and managers, and the policies, systems, standards, and structures of remuneration. Periodically assesses the achievement of performance objectives of the Company's directors and managers and defines the content and amount of each individual's remuneration.

Identity (Note 1)	Name	Conditions	Whether the person has work experience over five years and possesses any of the following qualifications			Conformed to the requirements of Independence (Note 2)								The number of public companies that the members also serves as Compensation Committee Member	Remark	
			Lecturer or higher level qualification of a public/private university or college for teaching the relevant departments in relation to the business, legal, finance, accounting or other business requirement.	Judge, prosecutor, lawyer, certified public accountant or other professional/technician who has acquired certificates or operation qualifications through the national examinations	Work experiences required for commercial, legal, financial, accounting or corporate business	1	2	3	4	5	6	7	8			
Independent director	Yi-Hong Hsieh	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	Complied
Independent director	Shunren Liu	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Complied
Independent director	Zhongqi Zhou	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Complied

Note 1: Please specify the identity of director, independent director, or others.

Note 2: If the respective member meets any of the following conditions within 2 years prior to his/her service and during the service period, please put a check mark (✓) in the blank space under the code representing the respective condition.

- (1) Not an employee of the Company or its affiliated companies.
- (2) Not a director/supervisor of the Company or its affiliated companies, unless he/she serves as an independent director of the Company or its parent company or a subsidiary of the Company in accordance with this law or local law.
- (3) The outstanding shares of the Company held under the names of the director/supervisor, their spouses, minor children, and those held under the name of other parties are less than 1% of the total outstanding shares of the Company or not a member listed as one of the top 10 individual shareholders of the Company.
- (4) Not the spouse, relative(s) within the second degree of kinship or the relative(s) by blood within the third degree of consanguinity of any person indicated in the foregoing three categories.
- (5) The Company or a director, supervisor, or employee of the top-five institutional shareholders;
- (6) Not a director, supervisor, manager, or an institutional shareholder with more than 5% shareholding of a specific company or an institution that has conducted finance or business transactions with the Company.
- (7) Not a professional, sole proprietorship profit-seeking enterprise, or partnership that provides commercial, legal, financial, or accounting service to the Company or to any affiliate of the Company; not a owner, partner, director, supervisor, or manager of a company or an institution that provides commercial, legal, financial, or accounting service to the Company or to any affiliate of the Company; or not the spouse of any of the above persons.
- (8) Not subject to any condition under Article 30 of the Company Law.

2. Operation of the Compensation Committee

(1) The Company's Compensation Committee is composed of with 3 members.

(2) The tenure for the members of the 3rd Compensation Committee is from July 1, 2016 to June 30, 2019. As of March 31, 2017, 5 meetings had been held and their attendances illustrated as follows:

Title	Name	Number of times attending in person (B)	Number of times attending by proxy	Actual attendance rates (%) (B/A) (Note 1)	Remark (Note 2)
Convener	Yi-Hong Hsieh	5	0	100%	Re-election on 07.01.2016
Committee member	Shunren Liu	5	0	100%	Took office on 07.01.2016
Committee member	Zhongqi Zhou	5	0	100%	Took office on 07.01.2016

Other matters to be disclosed:

(1) If the Board does not accept or amend the suggestions of the Compensation Committee, shall state the Board meeting date, the term, the contents of the motions, the resolution of the Board, and the Company's handling the opinions of the Compensation Committee (such as, when the remuneration resolved in the Board meeting is better than the remuneration recommended by the Compensation Committee, shall state the differences and the reasons for the differences):

None.

(2) If there is any opposition or reservation against the resolutions of the Compensation Committee recorded or documented in writing, shall state the meeting date of the Compensation Committee, the term, the contents of the motions, the opinions of all members, and handling the opinions of the members:

None.

Note: 1: If any of the Compensation Committee members has resigned before the end of the fiscal year, state the date of resignation in the remark column. The actual attendance rate (%) is based on the number of committee meetings held during the tenure and the actual number of attendance.

Note: 2: If any of the Compensation Committee members is elected before the end of the fiscal year, the incumbent members and the newly elected members should be stated and with the status of incumbent, newly elected, and reelected stated in the remark column, including the election date. The actual attendance rate (%) is based on the number of committee meetings held during the tenure and the actual number of attendance.

3.3.5 Performance of Corporate Social responsibility

The Company’s system and measure adopted for environmental protection, community involvement, social contributions, social services, social charity, consumer rights, human rights, security and health, and other social responsibility activities, and its performance:

Items	Operations (Note 1)		Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
<p>1. Implementation of corporate governance</p> <p>(1) Does the company develop corporate social responsibility policy or system and review the effectiveness of implementation?</p> <p>(2) Does the company routinely organize social responsibility education training?</p> <p>(3) Does the company establish and promote full-time (part-time) corporate social responsibility department, where the Board of Directors authorize senior management to process and report to the Board of Directors of the processing?</p> <p>(4) Does the company develop reasonable salary and remuneration policy in addition to combining employee performance appraisal system and corporate social responsibility, as well as establishing explicit and effective rewards and punishment system?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(1) The company has submitted the BOD to resolve and pass the “Corporate Social Responsibility Best Practice Principles. Apart from disclosing the principles in the company’s official website, the company shall report the relevant execution outcome to the BOD or general manager. Refer to the description under 6th point of the table for the effectiveness of implementation outcome or the company’s CSR.</p> <p>(2) The company has applied CSR G4 version of standards to departmental supervisor and employee education and training, in addition to releasing new knowledge home aids e-newsletter each quarter. The content includes promotion of conservation with the management, key policies, and employee care issues, which will help the company employees to understand the social responsibility system and promote.</p> <p>(3) The coordinator of the Company is the President, who recruits all department representatives to jointly form the Corporate social Responsibility Project Promotion Team (short as CSR Team). The team routinely report to the senior management for processing and complete the previous year’s CSR report annually. In 2017, Yulon was the only automaker to win the Silver Award of "2017 Energy Efficiency Award " from the Ministry of Economic Affairs.</p> <p>(4) The company establishes salary remuneration committee that develops policies related to employee performance appraisal and explicit reward/punishment system.</p>	<p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p> <p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p> <p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p> <p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p>
<p>2. Development of sustainable environment</p> <p>(1) Does the company devote in the improvement on the utilization efficiency of various resources and use recycled materials with low environmental impact?</p> <p>(2) Does the company establish proper environmental management system in accordance with its characteristics of industry?</p> <p>(3) Does the company pay attention on the impact of climate change on operational activating and execute strategies on greenhouse gas inventory, develop corporate energy-conservation and carbon emission reduction, and greenhouse gas reduction?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(1) To increase the utilization efficiency of all resources and use recycled materials with low environmental impact, the company establishes the material flow cost accounting (MFCA) to carry out material flow cost analysis in order to use more complete green management information as the overall planning and basis of promotion for environmental protection issues. Consequently the Company will be able to verify the effectiveness, if the environmental impact issue is serious and how the evaluation tool can make improvement.</p> <p>(2) The automobile industry is a technology and capital intense industry with considerably massive industry chain that triggers a wide range of related industries. To cooperate with the characteristics of this industry, the Company establishes material flow costs accounting to extend from environmental accounting and develop green management system using environmental material investment and output as the main objects of collection.</p> <p>(3) The company pays attention to the impact of climate change on operating activities. Starting 2006, the Company has held independent corporate inventory and established the “green energy project” in 2008 in addition to establishing the “green energy project” in 2008 to reduce by 4% of carbon salary per annual. It is an objective for continuous promotion of energy saving.</p>	<p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p> <p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p> <p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons</p>

Items	Operations (Note 1)		Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
		Summary and Description (Note 2)	
3. Maintenance of social welfare			
(1) Does the company develop relevant management policy and procedures in accordance with relevant laws and regulations and International Bill of Human Rights?	V	(1) The company HR department follows existing labor related laws to develop relevant management policy and procedures with implementation. In compliance with the "Corporate Social Responsibility Practice Principles" developed by the Company, it will comply with relevant labor laws and regulations, protect the legitimate rights and interests of its employees, respect the internationally recognized principles of basic labor and human rights, and allow no circumstances that endanger the basic rights of labor.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(2) Does the company establish employee complaint mechanism and channel with proper handling?	V	(2) The company establishes personnel complaint processing mechanism and in case employees encounter equity damage, they can reflect to HR department through phone or email.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(3) Does the company routinely provide safe and healthy work environment for employees in addition to implementing safety and health education?	V	(3) Although the company maintains employee health through the medical office. The safety and health office also provide education and training for new employees. For more information, please read the description under "Labor-Employer relationship under Chapter 5, Section 3 for more information.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(4) Does the company establish routine communication mechanism with employees and notify the employees of the operational change that could possibly cause major impact through reasonable means?	V	(4) Apart from the quarterly issued e-newsletter, the company also announces and routinely holds labor employer meeting for major resolution matters and execution policies, in attempt to communicate with employees. Please refer to Chapter 5, Section 5 on "Labor and Employer Relation" below.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(5) Does the company establish effective career competence development training program for employees?	V	(5) The company establishes technical curriculum architecture for employees to improve professional skills. For more information on the example of education and training, please refer to description of Chapter 5, Section 5 on "Labor and Employer Relation."	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(6) Does the company develop relevant rights/interest policy and complaint procedures to protect consumers in accordance with the R&D, purchase, production, operation, and service process?	V	(6) The company offers 0800 toll-free 24-hour hotline service and provides transparent and effective consumer complaint procedure for the company product and service.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(7) Does the company comply with all relevant laws and regulations and international standards for the marketing and labeling of products and services?	V	(7) The company has acquired safety review certificate from the Ministry of Transportation and Communication, EPA pollution exclusion, noise test and oil consumption test from the Bureau of Energy of Ministry of Economic Affairs to assure the product quality in conformance with relevant regulations and laws.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(8) Does the company evaluate the past records of vendors with impact on the environment and society prior to the business?	V	(8) The company routinely audit and evaluate vendor as well as requesting improvement program from vendor having had poor records in attempt to meet the philosophy in green purchase.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(9) Does the contract signed between the company and the major vendors include policy on vendor involving the violation of corporate social responsibility with significant impact on the environment and society and clauses that could terminate or cancel the contract at any time?	V	(9) The company considers green purchase as key reference index in vendor and cooperates with NISSAN MOTOR purchase clauses for strict selection of transacting associate vendors. The company may also terminate or cancel the contract in case the transaction party involves in ethical behaviours.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
4. Strengthen information disclosure			
(1) Does the company disclose relevant corporate social responsibility with relevance and reliability on the company	V	(1) Apart from disclosing relevance and reliability related CSR information on the annual report, the company also announces CSR report on the company website for stakeholders to download.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Items	Operations (Note 1)		Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
website and Market Observation Post System?			and the Reasons
<p>5. For companies having developed independent corporate social responsibility practice in accordance with “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” please describe the discretion of operation with the independent practice developed.</p> <p>The company has developed shareholding meeting regulations related to corporate governance, board of director meeting regulations, classified document management operation regulations, classified information spokesperson and processing operation regulations, announcement process standard operations, internal control system, acquisition or disposition of asset processing procedure, funds lending to others operation process and other standards and regulations related to corporate governance. Moreover the company also developed relevant management regulations regarding air pollution, waste water and toxic chemicals. The Company also develops “Environmental Consideration Management Procedure,” “Environmental Objective and Management Program,” “Yulon Environmental and Safety Health Manual,” energy-saving and carbon reduction, greenhouse gas reduction, water use reduction, or other waste policy. Under the impact of company’s processing, activity, product and service to sustainability, the Company promotes the different stage of environmental objectives and target. Currently the various related operation process have been developed, which complies with the requirement for “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” in terms of corporate governance, development of sustainable environment, maintenance of social welfare, and strengthening information disclosure. The Company has developed the “Corporate Social Responsibility Practice Principle”, requesting all group subsidiaries must also join and comply with the regulations.</p>			
<p>6. Other critical information that helps understand the operation of corporate social responsibility:</p> <p>(1) The company’s CSR operations for environmental protection</p> <p>(1.1) The Company applies ISO 14001 as the main architecture to develop “Environment, Safety and Health Manual” as reference for the Company’s environmental policy and safety and health policy, in addition to developing relevant management guidelines over air pollution, waste water, and toxic chemicals.</p> <p>(1.2) The production process of the Company relies on the raw materials and components provided by all associate vendors. The finished products of assembled cars can strengthen the green partnership with the associate vendors. The work plan applies carbon footprint and energy saving and carbon reduction as one of the items for evaluation at the site.</p> <p>(1.3) The Company founded Hua-chuang Automobile Information Technical Center Co., Ltd. (HAITEC) in December 2005 with commitment in the R&D of electric vehicles. The Company has successfully launched electric vehicles under Taiwanese brand. Electric vehicles are the most specific contribution made by Yulon Motors to cope with changes in global climate and realization of low-carbon economic society.</p> <p>(1.4) Moreover to promote the concept of environmental safety, improve environment pollution prevention work, and protect the safety and health of company employees, the Company has established different promotional teams such as the labor safety and health committee, greenhouse gas inventory and other promotional team in charge of various safety, health and environmental protection projects The company has developed energy-saving and carbon reduction, greenhouse gas reduction, water use reduction, or other waste policies.</p> <p>(1.5) Please refer to the Company’s Corporate Social Responsibility Report for the latest achievement in environmental protection performance, greenhouse gas reduction, and waste treatment.</p> <p>(1.6) In order to encourage young students’ involvement in environmental protection and energy conservation activities, the Company sponsored the “25th National College/ University Energy Efficient Vehicle Competition” for NT\$ 50,000 in 2017.</p> <p>(2) The Company’s CSR operations on community participation and community welfare.</p> <p>(2.1) The Company has long organized the “Yulon Wooden Sculpture Innovation Award” to encourage many young wooden artists to participate in the competition for years, so that Taiwan’s wooden sculpture arts will become more diversified and lively with originality. The Company perceives the artistic beauty of Sanyi wooden sculpture by combining with local industry and providing an exchange and encouraging platform. The Company has injected massive corporate funding to the locality since 2014 by expanding the organization of “Taiwan International Wooden Sculpture Competition” to expand the common calling for works. The Company also offers two Special Yulon Wooden Sculpture Award, namely “Yulon Wooden Sculpture Legacy Award” and “Yulon Wooden Sculpture Innovation Award” to increase the international visibility of Sanyi wooden sculpture arts and to growth with the local regions.</p> <p>(2.2) For years the Company has constantly cared about the temporary workers of Taipei City Government Department of Health by sponsoring the accidental insurance premium to reduce the injury and burden in life once the workers encounter accidents. The “Employer accident liability insurance” offers protection for several thousands of temporary workers employed by Taipei City Government to have a protection once encountering accidents. To give feedback to the people, the Company has also donated the insurance premium of “employee accident liability insurance” for the cleaning squad of Sanyi since 2014, providing protection for work and life.</p> <p>(2.3) To give feedback to the people, the Company offers scholarships to all levels of the schools in Sanyi Township to encourage students to study with more efforts. Each year the Company helps nearly 200 Sanyi Township students with scholarships of extensive scope.</p> <p>(2.4) The Company promotes long-term domestic basketball sports and opened the “Yulon Sanyi Children’s Basketball Summer Camp” starting in 2015. All elementary school third graders and above from Sanyi Township are invited to participate for free during summer vacation. The “Yulon LUXGEN Basketball Team” players serve as the summer camp coaches to teach Sanyi Township students with the correct basketball knowledge and basketball sports skills, providing a healthy and leisure educational entertainment.</p> <p>(2.5) The Company has the “Yulon Car Design Camp” arranged since the year of 2016 to help the 6th grade students of Sanyi Township understand auto design and development procedure by inviting them to participate in this activity during the winter vacation in order to show them the automotive modelling research and development process and automobile manufacturing procedure; also, to train the students in Sanyi Township understanding the automotive industry.</p> <p>(2.6) In order to narrow the gap between urban and suburban areas, so that the children in Sanyi Township have the opportunity to contact a variety of art aesthetics education, the company had sponsored the “Paper Windmill Troupe” in 2016Q4 to perform in Sanyi Township for the enjoyment of Sanyi folks free of charge that was truly an art feast for the benefit of local residents; also, that is the way the company showing its feedback to the society.</p> <p>(3) The corporate social responsibility operations of the Company to social contribution and community services</p> <p>(3.1) The Company established Yen Tjing Ling Industrial Research Institute by combining the academic and human resource from National Taiwan University and National Cheng Kung University to promote forward-looking engineering technology R&D and industry-academic cooperation so that industrial technology will build solid foundation and advance.</p> <p>(3.2) The Company established the Yen Tjing Ling Medical Foundation to provide scholarships for outstanding physicians to study overseas and conduct research and prevention on rare diseases.</p> <p>(3.3) The Company established the Vivian Wu Journalism Award Foundation to present outstanding journalists who will become the invisible power to</p>			

Items	Operations (Note 1)		Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
			correct social customs and mind cleansing.
			<p>(3.4) The Company established the Vivian Wu Industrial and Commercial Development Association to promote information exchange between domestic and foreign government agencies, academia and industries, assisting the promotion of industrial and commercial companies, advocating domestic industrial manufacturing capacity, improving product quality, and upgrading domestic brand image. In 2017, a total of 100 elementary school children from Sanyi participated in the event, and the number of registrants was quite high. The two-day event was personally led by the players of Yulon Luxgen Basketball Team.</p> <p>(3.5) The Company spares no effort in the long-term promotion of domestic basketball sports. In 1964, Yulon Motor founded the first Class A basketball team constituted by domestic private enterprises, driving the domestic basketball movement. In 1992, the “Yulon Professional Basketball Team” was officially founded and each year the Company injects provides funding with substantial corporate resources without interruption. Consequently Yulon Basketball Team has been able to participate in domestic games with outstanding performance. In 2017 and 2018, there were respectively 20 and 40 5th/ 6th graders from Sanyi participating in the event.</p> <p>(3.6) The Company founded the “Yulon Motor and Yulon Nissan Volunteer Club” in 2015, upholding to the mission of /”local care, and themed service” to dedicate care for the community neighbours and local underprivileged groups. The employees have realized the true meaning of “it is more blessed to give than to receive” in the process of dedication to care services. Yulon Motor and Yulon Nissan Volunteer Club devoted and completed the “Care Charity Fundraising Activity” in 2015 to deliver the results to three children’s homes in Miaoli while accompanying the children at the children’s homes with group entertainment activities. Several charity activities have been arranged since the establishment of Yulon Volunteer Society, such as collecting charity materials, Christmas gifts to nursery children, helping Sanyi Township low-income family clean up the home environment, inviting colleagues to woven wool hat for the home-alone senior citizens in Sanyi Township, arranging painting and recreational activities on the weekend for the children in the orphanage, etc.</p> <p>※Beach Cleaning Activity in Houlong, Miaoli</p> <p>In order to encourage employees to contribute to environmental protection, the Company held a beach-cleaning activity-“Coastal Cleanup Day with Yulon Motor”- at the Waipu Fishing Port in Houlong, Miaoli in Nov. 18, 2017. The event was led by the General Manager, who called on the Company’s executives and colleagues to jointly take part in it. More than 100 employees and their families participated in the event that day. Everyone worked together to clean up plastic bags, various types of containers, PET bottles, glass bottles, Styrofoam, etc. that were buried on the beach. A total of 617.9 kilograms of garbage was cleared out, then sorted out and removed with the help of Houlong Township Cleaning Team to make Houlong beach clean again.</p> <p>※ Presenting seniors living alone in Sanyi Township with Chinese New Year dishes and rice</p> <p>For 2018 Chinese New Year, Yulon Volunteer Club visited solitary and impoverished elderly people living in the Sanyi Township. Aside from giving them some heart-warming items such as Chinese New Year dishes and knitted gloves, the Club members also pasted Spring Festival Couplets for the elderly to bring them the festive atmosphere. In April 2018, Yulon Volunteer Club visited some needy families in Sanyi again and presented them with rice to express their care. It is worth mentioning that the 60 kg of rice offered came from the “Leopard Cat Rice” that the Company had purchased for the sake of an friendly environment and the conservation of leopard cats. In addition to expressing practical support for friendly farming and conservation of leopard cats, the good cause was translated into care for the community as well.</p> <p>※ Inviting children sponsored by Family Support Center to watch a professional basketball game</p> <p>On Mar. 17, 2017, Yulon Volunteer Club invited nearly 30 children from New Taipei City Family Support Center to watch a home game played by “Yulon Luxgen Basketball Team” at Xinzhuang Gymnasium, New Taipei City. It was for the very first time that the children had watched a basketball match on the spot, and they were very amazed by the vivid excitement.</p> <p>※Assisting a low-income household in Sanyi Township with house cleaning</p> <p>On Jul. 24, 2016, members of Yulon Volunteer Club headed for Sanyi Township to help a low-income household clean and tidy up the home environment. Due to the family’s particular case, the homeowner had no time to clean his home and the house had become extremely messy over time. After learning of the situation, Yulon Volunteer Club mobilized more than a dozen members to give a hand. They cleaned inside and outside the house thoroughly and made the living environment clean and refreshing again.</p> <p>(4) The Corporate Social Responsibility operations of the company for consumers’ equity</p> <p>(4.1) The Company has developed “Yulon Quality Manual” according to the architecture of ISO 9001 in the production process, rigorously requiring product quality from raw material feeding of the foremost front-end production to the production of finished cars.</p> <p>(4.2) During the initial launch of the new car, the Company also develops “New Car Quality Mobility Team Operation Standard” to quickly control the initial quality upon release to the market by immediately reacting to relevant department for immediate response and countermeasures so that the Company will improve service level.</p> <p>(4.3) For the processing mechanism of after-sales service, the Company develops “After-sales market processing standards,” “market products feedback processing guidelines” and other system to control the information on market vehicle quality and give feedback to the responsible department as reference on quality improvement.</p> <p>(4.4) For consumers, the Company develops “after-sales service market returning car for repair operation standards,” “after-sales service compensation operation standards” to take time and successfully complete the various service compensation program and provide service to customers with completion.</p> <p>(4.5) The Company also set up 0800 toll-free service hotline with 24-hours of real-voice service system, providing transparent and valid consumer complaint procedures for the Company product and services.</p> <p>(4.6) Since the Company adopts one series of consumer protection measures and treatment for consumers from the production to the sales backend, the investigation conducted by J.D. Power, an international credible investigation institute, shows that regardless of Sales Satisfaction Index (SII) for new car sales customer satisfaction or Customer Service Index (CSI) automobile after-sales service customer satisfaction, the Company has received excellence and recognition for both.</p>

Items	Operations (Note 1)		Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
			Summary and Description (Note 2)
(5) The Company's CSR operations for human right, safety and health Please refer to the description under Chapter 5, Section 2 on "Labour Employer Relation" for CSR operations on human right, safety and health.			
(6) The Company's CSR operations for vendor execution			
(6.1) The company has incorporated green material purchase as reference index for important appraisal. Vendor of non-conforming green materials shall be advised, deducted and order reduction to boost relevant CSR to all coordinating vendors.			
(6.2) The Company actively promotes associate vendors to receive certification for ISO 14001 and the vendors must be selected in compliance with provisions prescribed in Labour Standard Act and appeal in protection of human rights.			
(6.3) The Company has developed "Contractor undertaking work safety and health management operation standards," "contractor plant operation management guidelines" and "safety and health operation standards" to request vendors to comply with environmental protection, safety and health related regulation with commitment in improving the corporate social responsibility.			
(6.4) The actual operations have gradually draw attention from the vendors and please refer to the Corporate Social Responsibility Report of the Company for detailed execution effectiveness.			
(7) Other CSR operations of the Company			
(7.1) The Company has acquired "ISO 14001 International Environmental Management System Certification" since 1999.			
(7.2) The Company has received multiple awards of "Energy-Saving and Carbone Reduction Action Mark" presented by the EPA of Executive Yuan since the promotion by EPA on the program in 2009.			
(7.3) The Company has upheld to environmental protection and corporate competitiveness with dual emphasis. The Company has also explicitly declare and express its policy for shareholders, customers, vendors, communities, and employees as well as other stakeholders on the Company's sustainability report, combining environmental protection with management philosophy and preparing the annual items and objectives for each department as the execution guidelines for daily work items.			
(7.4) Please refer to the Company's corporate social responsibility report for the effectiveness of corporate social responsibility execution.			
VII. If the Company's products or corporate social responsibility report has been validated by the relevant certification institutions, it should be described in details: The CSR report was validated by an external rating institution in 2011 with an A+ rating received.			

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

Note 2: For companies having prepared the Social Corporate Responsibility Report, provide remarks on the summary and description to check through the Corporate Social Responsibility Report or index page.

3.3.6 Company's Ethical Corporate Management and the adopted measures

Implementation of Ethical Corporate Management

Items	Operations (Note 1)		Discretions with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
<p>1. Develop ethical management policy and program</p> <p>(1) Does the company specify the policy and approach regarding ethical management on articles and outbound documents as well as the commitment from Board of Directors and management to implement management policy?</p> <p>(2) Does the company develop prevention on non-integral conducts program to specify the operation procedures, conduct guide, punishment and complain system for violation with implementation in all programs?</p> <p>(3) Does the company adopt prevention measures according to Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other operational activities of other business scope without higher unethical behaviour risk?</p>	V		<p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>2. Implementation ethical management</p> <p>(1) Does the company evaluate the ethical records of transacting targets and specify the ethical behaviour clauses in the contract signed with the transacting targets?</p> <p>(2) Does the company establish a full-time (part-time) organization promoting corporate ethical management under the Board of Directors in addition to routinely report to the Board of the Directors for execution?</p> <p>(3) Does the company develop conflict of interest policy, provide proper petition channel and implement the execution?</p> <p>(4) Has the company established valid accounting system and internal control system to implement ethical management with the internal audit department routinely audit or the CPA executes inspection?</p> <p>(5) Does the company routinely hold domestic and external educational training for ethical management?</p>	V		<p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>

Items	Operations (Note 1)		Discretions with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	
<p>3. Operations of company reporting system</p> <p>(1) Does the company develop specific reporting and incentive system and establishing convenient reporting channel in addition to assigning proper handling specialist for the target reported?</p> <p>(2) Does the company develop investigation standard operation process and relevant confidential mechanism for accepting reported matters?</p> <p>(3) Does the company adopt measures that protect the informer without facing improper treatment due to reporting?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(1) The Company develops “work conducts” and “employee complaint processing guidelines.” For those proved from the investigation conducted by the complaint committee to violate the standards shall be executed according to work conducts and may subject to claims for indemnification through legal procedures to maintain the reputation and equity of the company.</p> <p>(2) The Company has developed reporting system and established internal independent reporting mailbox, hotline and assigning exclusive acceptance department for reporting, receiving reporting case, investigation process with results and documents containing records and preservation of production.</p> <p>(3) The Company has developed measures that will keep the identity of informer and the content of reporting confidential, and protect the informer not to receive improper treatment and incentives due to reporting.</p>	<p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>4. Strengthen information disclosure</p> <p>(1) Does the company disclose the content of ethical management practice developed and promote the effectiveness on the company website and Market Observation Post System?</p>	<p>V</p>	<p>(1) The Company shall announce the relevant corporate governance on the company website for investors to download. The information disclosed by the company to competent authority or public shall be processed through integral, acceptable, correct, timely, and comprehensible means with the establishment of company spokesperson and agent spokesperson. The speaking procedures must be prepared collectively while the management and employees may be requested to keep confidentiality of the finance and operation without unauthorized distribution of information. Moreover, the company shall disclose relevance and reliability information on the annual report and CSR report.</p>	<p>In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>V. If the Company has instituted ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe its operation differing from the Principles: The Company has instituted related regulations and specifications, including the Rules Governing the Conduct of Shareholders Meetings, Regulations Governing Procedures for Board of Directors Meeting, Rules Governing Managing Confidential Documents, Rules Governing Speaking and Handling Confidential Information, Standard Operating Procedure for Announcements, Internal Control System, and Prevention of Insider Trades. The implementation of the operating system is in conformity with the requirements of the Principles. The Company has established the “Ethical Corporate Management Best Practice Principles” and requires each subsidiary to comply with the requirement in order to fully implement this Principle.</p>			
<p>VI. Other helpful information for better understanding the Company’s operation of the Ethical Corporate Management Best Practice Principles (such as, the Company’s declaring its determination for ethical corporate management to the associated vendors, policies, inviting them to participate in education and training, and reviewing and amending the Company’s Ethical Corporate Management Best Practice Principles): The Company has the Ethical Corporate Management disclosed in the internal articles of incorporation, annual report, and the Company’s Website; also, declared in a timely manner at the product launch seminar and investor conference to help suppliers, customers, shareholders, and other relevant institutions and personnel clearly understand the ethical corporate management philosophy and specifications of the Company.</p>			

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

3.3.7 Corporate governance best-practice principles and related bylaws adopted by the Company and the inquiry methods:

The corporate governance and ethical corporate management regulations are disclosed in the “About Us” category of the “Investor Relations” Section on the Company’s Website; also, it is updated from time to time. Investors may have information downloaded discretionally. Significant events resolved by the board of directors and other significant information are uploaded to the MOPS in a timely manner.

3.3.8 Any other material information that would afford a better understanding of the status of the Company’s implementation of corporate governance may also be disclosed:

The Company was ranked top 5% of the 1st, 2nd, 3rd and 4th Corporate Governance Evaluation System co-developed by the TWSE and GTSM.

3.3.9 Internal Control System Execution Status

1. Statement of Internal Control System

Yulon Motor Company Ltd.
Statement of Internal Control System

March 26, 2018

Yulon Motor Co., Ltd. has conducted a self-check of internal control for the year of 2016. The results are as follows:

1. Yulon acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The said system has already been duly established at Yulon. The purposes of the Internal Control System are to provide a reasonable assurance for the Company's efficient and effective operations (including profit, performance, safeguard of assets, etc.), the reliability of financial reports, and the compliance with applicable laws and regulations.
2. Yulon also acknowledges that the Internal Control System possesses inherent constraints irrespective of the intended impeccability of the system design and therefore could only provide a reasonable assurance of the three goals referred to above. Due to the changes in environment and circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recognized, the Company would enforce corrective measures immediately.
3. The company evaluates the effectiveness of the design and implementation of its Internal Control System in accordance with the "Guidelines for the Establishment of Internal Control System by Public Companies" (referred to as the "Guidelines" hereinafter). The evaluation of the internal control system adopted by the said Guidelines has the internal control system divided into the following five factors based on the process of the management control: 1. Environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each component comprises certain factors. Please refer to the Guidelines for preceding items.
4. Yulon has assessed and evaluated the effectiveness of the internal control system design and implementation in accordance with the internal control system criteria referred to above.
5. Based on the evaluation of the aforementioned system, Yulon considered the Internal Control System as of December 31, 2016 (including supervision and management of subsidiaries), which included the Design and performance of the known operation effectiveness and the degree of reaching the efficiency goals, reliability of financial reporting and obeying the related internal control system of the relevant laws, are all effective, and it can ensure that the aforementioned goals to be reasonably reached.
6. This Statement of Internal Control System is the main content of the annual report and prospectus, and will be publicly disclosed. Upon any unlawful acts like pretense and concealment involved in the above-mentioned statement, Yulon will assume the legal responsibilities according to Article 20, 32, 171, and 174 of the Securities Exchange Act.
7. This Statement of Internal Control System had been approved by Yulon's Board of Directors at the meeting of March 21, 2017 with 9 directors presented at the meeting and none disagreeing with this Statement of Internal Control System.

Yulon Motor Company Ltd.

Chairman: Kenneth, K.T. Yen

President: Zhen-Xiang Yao



2. If the internal control system is audited by the commissioned independent auditor, the independent auditor's report should be disclosed: None

- 3.3.10 Company or employees been penalized by law or employees received penalties from company for violating the Internal Control regulations in fiscal year 2017 and as of the publication date of the annual report, major nonconformities, and status of improvements:

None

3.3.11 Major resolutions reached in the Shareholders' Meeting and Board meeting in fiscal year 2017 and as of the publication date of the annual report

1. Key Resolutions made by Shareholders' Meeting and Board of Directors

Meeting:Date	Types of Meetings	Important Resolutions Adopted at Meetings	Resolution outcome
01/16/2017	Board of Directors	<ol style="list-style-type: none"> Acknowledged the motions resolved in the 10th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. Adopted the business objectives of the company for the 2017. Adopted the liquidation after capital increase of Dongfeng Nissan distribution company in China that is invested by the company – “Shanghai Yuxing Automobile Sales Service Co., Ltd.” Adopted the reappointment of the audit director of the company. 	Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption.
03/20/2017	Board of Directors	<ol style="list-style-type: none"> Adopted the decapitalization of Yulon Electric Co., Ltd. Adopted the equity transfer of Yohow Co., Ltd. Adopted the 2016 Financial Statements. Adopted the 2016 Earnings Distribution. Adopted the 2016 Distribution of Employees' and Directors' Remuneration Adopted the 2016 Internal Control System Statement Proposition Adopted the amendments to the Company's "Procedures for Acquisition and Disposal of Assets." Adopted the amendments to the Company's "Procedures for Derivatives Trading." Adopted convening the 2017 annual shareholders' meeting. Adopted the 2017 Status of Endorsement and Guarantee. Adopted the 2017 LOS issued for the financing amount. Adopted the 2017 bank loan amount application of the company. Adopted assessing the independence and competence of accountants. Adopted the amendments to the "Internal Control System" of the Company. 	Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption.
05/12/2017	Board of Directors	<ol style="list-style-type: none"> Acknowledged the motions resolved in the 11th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. provisional Acknowledged the motions resolved in the 1st provisional meeting of the 6th term of the provisional board of directors of Yulon Nissan Motor Co., Ltd. Adopted the LOS issued for the financing amount of China Yulon Car Finance Company Adopted the LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. Adopted the 2017 additional bank loan amount application of the company. Passed the amendments to the "Internal Control System" of the Company's stock service operation. Adopted the amendments to the Company's "Procedures for Endorsements and Guarantees." Adopted on Loaning of Funds for Hangzhou Yujie Real Estate Co., Ltd 	Proposition adopted after Chairman asked for all attending directors' opinion and the independent directors' opinions.
06/16/2017	Board of Directors	<ol style="list-style-type: none"> Acknowledged the LOS issued for the financing amount of China Yulon Car Finance Company Adopted the cash capitalization of Dong Feng Yulon Motor Sales Limited(the capital increase of RMB 800 million : Dong Feng/ Yulon RMB 400 million each) Adopted the decapitalization of Yu Tang Motor Co., Ltd.. 	Ballet voting by proposition. Approving number of votes meeting regulations and all propositions adopted
06/27/2017	Board of Directors	<ol style="list-style-type: none"> Adopted the establishment of Luxgen Motor Sales Limited Adopted the cash capitalization of Yulon Motor Finance (China) Limited 	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
07/21/2017	Board of Directors	<ol style="list-style-type: none"> Approved the payment of auto parts advance to Dong Feng Yulon Motor Sales Limited 	Proposition adopted without objection after Chairman asked for all attending directors' opinion.

Meeting:Date	Types of Meetings	Important Resolutions Adopted at Meetings	Resolution outcome
8/7/2017	Board of Directors	<ol style="list-style-type: none"> Acknowledged the motions resolved in the 16th meeting of the 12th term of the board of directors of Yulon Nissan Motor Co., Ltd. Acknowledged the motions resolved in the 16th provisional meeting of the 2nd term of the board of directors of Yulon Nissan Motor Co., Ltd. Acknowledged the motions resolved in the 16th meeting of the 13th term of the board of directors of Yulon Nissan Motor Co., Ltd. Adopted the making of endorsements / guarantees for Luxgen Motor Co., Ltd. Adopted the making of endorsements / guarantees for Sheng Qing (Beijing) Investment Limited Adopted the LOS issued for the financing amount of Sheng Qing (Beijing) Investment Limited Adopted the LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. Adopted the LOS issued for the financing amount of Sin Chi Co., Ltd. Adopted the LOS issued for the financing amount of Yu Ching Business Co., Ltd. Adopted the LOS issued for the financing amount of Yulon Motor Finance (China) Limited Adopted the appointment of the manager of the company. Adopted the dismissal of the manager of the company. 	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
11/6/2017	Board of Directors	<ol style="list-style-type: none"> Acknowledged the motions resolved in the 16th meeting of the 14th term of the board of directors of Yulon Nissan Motor Co., Ltd. Acknowledged the motions resolved in the 15th meeting of the 13th term of the board of directors of Yulon Nissan Motor Co., Ltd. Adopted the Company issued unsecured corporate bonds. Adopted the additional bank loan amount application of the company. Adopted the decapitalization of Luxgen Taipei Motor Co., Ltd. Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company Adopted the LOS issued for the financing amount of Yulon Motor Finance (China) Limited Adopted the LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. Adopted the making of endorsements / guarantees for Luxgen Motor Co., Ltd. Approved the signing of Yulon Town planning and design management & construction management contract and the sales commission agreement between the Company and Yulon Construction Co., Ltd. Adopted the 2017 pay raise of the manager of the company. Adopted the "2018 Audit plant" reported to the Company. Adopted the amendments to the "Internal Control System" and the "Internal Audit Implementation Enforcement Rules" of the Company. Adopted the amendments to the "Rules of Procedure for Audit Committee" of the Company. Adopted the amendments to the "Internal Control System" and the "Internal Audit Implementation Enforcement Rules" of the Company's stock service operation. 	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
12/25/2017	Board of Directors	<ol style="list-style-type: none"> Approved the company to purchase the shareholding of Yue Sheng Industrial Co., Ltd. Adopted the LOS issued for the financing amount of the dealer in China Adopted the LOS issued for the Operation of Yulon Motor Finance (China) Limited Adopted the de/incapitalization of Luxgen Motor Co., Ltd. Approved the Company's purchase of EF 1.5T GDI engine and EVX4 power system from Hwa-chuan Auto Technology Center Co., Ltd. 	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
1/22/2018		<ol style="list-style-type: none"> Adopted 2018 Business Objectives Proposition. Approved the payment of auto parts advance to Dong Feng Yulon Motor Sales Limited Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company Adopted the establishment of Hangzhou New Energy Company. Adopted the establishment of Changsha New Energy Company. 	Proposition adopted without objection after Chairman asked for all attending directors' opinion
3/26/2018		<ol style="list-style-type: none"> Acknowledged the motions resolved in the 16th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. Adopte Syndicated Loan of Yulong Town in Xindian Adopted the LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. Adopted the LOS issued for the financing amount of Yulon Motor Finance (China) Limited Adopted the 2017 Financial Statements. Adopted the 2017 Earnings Distribution. Adopted the 2017 Distribution of Employees' and Directors' Remuneration Adopted the 2018 Status of Endorsement and Guarantee. Adopte the Company should conduct the by-election of an independent director Adopted the Prohibition on the new Director from Participation in Competitive Business. Adopted the amendments to the Company's "Procedures for Endorsements and Guarantees." Adopted convening the 2018 annual shareholders' meeting. Adopted the 2018 LOS issued for the financing amount. Adopted the 2018 bank loan amount application of the company. Adopted the appointment of the manager of the company. Adopted the 2017 Internal Control System Statement Proposition Adopted assessing the independence and competence of accountants. 	Proposition adopted without objection after Chairman asked for all attending directors' opinion

2. Review on the Execution of Resolutions made by the 2017 Annual Meeting of Shareholders:

Resolutions	Review on Execution
Acknowledge the 2016 Financial Statements.	The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized.
Acknowledge the 2016 Earnings Distribution.	The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized. Statutory reserves of NTD 133,470,311 and special surplus reserve of NTD 1,000,000,000 were appropriated and adjusted into account on June 22 nd , 2017, which was also disclosed on the 2017 Q2 financial report. Cash dividend to stockholders of NTD 786,459,955 was distributed. The base date was set to July 26 th , 2017 and the reserve distributed on August 18 th , 2017.
To be revised the Company's "Procedures for Acquisition and Disposal of Assets."	By voting the results, in favor of the power to meet the statutory requirements, the case passed.
To be revised the Company's "Procedures for Derivatives Trading."	By voting the results, in favor of the power to meet the statutory requirements, the case passed.
To be revised the Company's "Procedures for Endorsements and Guarantees."	By voting the results, in favor of the power to meet the statutory requirements, the case passed.

3.3.12 The objections of the directors or supervisors against the major resolutions reached in the Board meeting recorded or documented in writing in fiscal year 2017 and as of the publication date of the annual report:

Director or independent Director had no objection to the resolutions reached in the Board meeting.

3.3.13 Table of resignation and dismissal of the Chairman, President, Accounting Officer, Finance Officer, Internal Chief Auditor, and R&D Director in fiscal year 2017 and as of the publication date of the annual report: None.

3.3.14 Other disclosures:

None.

3.4 Information on auditing fees

Amounts of auditing and non-auditing fees (please indicate the corresponding fee bracket or amount):

Accounting Firm	Names of CPAs	Auditing period	Remark
Deloitte & Touche Taiwan	Hsin-Wei TAI You-Wei FAN	January 1, 2017 ~ December 31, 2017	

Note: If the Company has the CPAs or CPA Firm changed during the year, shall state the respective audit period and the reason for the change in the remark column.

Unit: NT\$ Thousand

Amount bracket	Fee items	Auditing fees	Non-auditing fees	Total
1	Less than NT\$2,000			
2	NT\$2,000 (inclusive) ~ NT\$4,000		✓	
3	NT\$4,000 (inclusive) ~ NT\$6,000			
4	NT\$6,000 (inclusive) ~ NT\$8,000			
5	NT\$8,000 (inclusive) ~ NT\$10,000			
6	Over NT\$10,000 (inclusive)	✓		✓

3.4.1 When the non-auditing fee paid to the independent auditors, the CPA firm, and the affiliated companies is more than one fourths of the auditing fee, shall disclose the amount of auditing and non-auditing fee and the content of non-auditing services

Information on auditing fees

Unit: NT\$ Thousand

CPA Firm	Name of CPAs	Auditing fee	Non-auditing fee					Auditing period	Remark
			System design	Industrial and commercial registration	Human resources	Others (Note 2)	Subtotal		
Deloitte & Touche Taiwan	Hsin-Wei TAI	22,604	0	466	0	2,289	2,755	1/1/2017 ~ 12/31/2017	Others are advances, travel expenses.
	You-Wei FAN							1/1/2017~ 12/31/2017	

Note 1: If the Company has the CPAs or CPA Firm changed during the year, shall state the respective audit period and the reason for the change in the remark column. Also, sequentially disclose the auditing fees and non-auditing fees.

Note 2: Non-auditing fees are illustrated by service items. If the "Other" item of non-auditing fee is more than 25% of the auditing fees, the content of service should be detailed in the remark column.

3.4.2 If the auditing fee paid in the year of changing to another CPA firm is less than the auditing fee paid in the prior year, shall state the amount of reduction and reasons

None

3.4.3 When the auditing fee is decreased by over 15% from the prior year, shall state the amount of auditing fee reduced, ratio, and reasons

None

3.5 Information on change of CPA: If the CPAs were changed in the last two years and thereafter, the following matters should be disclosed

(1) The predecessor CPA

Date of change	March 21, 2016		
Reason for the change and explanation	The attesting CPA of the Company was previously assigned to CPA Li-Wen KUO and Hsin-Wei TAI of Deloitte Taiwan and have been changed to CPA Hsin-Wei TAI and CPA Yu-Wei FAN starting the first quarter of 2016 in compliance with the provision to change CPA in shift according to the Accounting Requirement.		
Is the commission terminated by the principal or the CPA?	Client	CPA	Commissioner
	Status		
	Commission terminated voluntarily	N/A	N/A
	Commission rejected (not renewed)	N/A	N/A
Independent Auditor's Report with an opinion other than unqualified opinion within two years and the reasons	None		
An opinion different from the issuer	Yes	Accounting principle or practice	
		Disclosure of financial report	
		Auditing scope or procedures	
		Others	
	No	✓	
	Explanation	N/A	
Other disclosure matters (disclosures required by Article 10 Section 6 Paragraph 1 Point 4&7 of the Standards)	None		

(2) Successor CPA

CPA Firm	Deloitte & Touche Taiwan
Name of CPA	CPA Hsin-Wei TAI and CPA Yu-Wei FAN
Date of appointment	Passed in the Board meeting on March 21, 2016
Accounting treatment or accounting principles for specific transactions before the commission, and inquiry on the possible opinions issued on the financial reports, and results	N/A
Successor CPA's written opinion differing from the opinion of the predecessor CPA	N/A

(3) Written reply of the predecessor CPA:

None

3.6 When the Company's Chairman, President, or Financial/Accounting Manager employed by the underlying CPA firm or its affiliates within the year, shall disclose the name, the position, and working period in the underlying CPA firm or its affiliates:

None

3.7 Equity transfer and equity change of the directors, supervisors, managers, and shareholders with over 10% shareholding in fiscal year 2017 and as of the publication date of the annual report

3.7.1 Changes in Shareholding of the Directors, Supervisors, Managers, and Major Shareholders

Unit: Shares

Title	Name	2017		Up to April 17 of the year	
		Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized	Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized
Director	Tai-Yuen Textile Co., Ltd.	-	(14,800,000)	-	-
Director	China Motor Corporation	-	-	-	-
Director	Yen Tjing-Ling Industrial Development Foundation	-	-	-	-
Chairman	Kenneth K. T. Yen	-	-	-	-
Vice Chairman	Kuo-Rong Chen	-	-	-	-
Director	Shin-I Lin	-	-	-	-
Director	Liang Zhang	-	-	-	-
Director	Li-Lien Chen	-	-	-	-
Director	Zhen-Xiang Yao	-	-	-	-
Independent Directors	Yi-Hong Hsieh	-	-	-	-
Independent Directors	Shunren Liu	-	-	-	-
Independent Directors	Zhongqi Zhou	-	-	-	-
President	Zhen-Xiang Yao	-	-	-	-
Associate Vice President	Binglin Chen	-	-	-	-
Manager	Shi Ting Chen	-	-	-	-
Manager	Lihua Wu	-	-	-	-
Manager	Binglin Chen	-	-	-	-

Title	Name	2017		Up to April 17 of the year	
		Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized	Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized
Manager	Wen Yuan Li	-	-	-	-
Manager	Wen Yi Lo	-	-	-	-
Manager	Jian Hui Li	-	-	-	-
Manager	Hongzheng Chen	-	-	-	-
Manager	Chong Ynan Chen	-	-	-	-
Manager	Meng Yue Jie	-	-	-	-
Major shareholder	Tai-Yuen Textile Co., Ltd.	-	(14,800,000)	-	-
Major shareholder	China Motor Corporation	-	-	-	-
Major shareholder	Kenneth K. T. Yen	-	-	-	-

3.7.2 Equity Transferred Information: None.

3.7.3 Shares Pledged Information: None.

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

April 17, 2018

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding (Note 2)		Shareholding by Nominee Arrangement (Note 2)		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen	284,901,045	18.11	-	-	-	-	China Motor Corporation	Same chairman	
	160,126,140	10.18	377,924	0.024	-	-	Fan-Terh Investment Co., Ltd.	General Manager of Tai-Yuen Textile Co., Ltd. is the Chairman of Fande Investment Co., Ltd.	
							Yen Ching Ling Industrial Development Foundation	Same chairman	
China Motor Corporation Representative: Kenneth K. T. Yen	262,228,166	16.67	-	-	-	-	Tai-Yuen Textile Co., Ltd.	Same chairman	
	160,126,140	10.18	377,924	0.024	-	-	Yen Ching Ling Industrial Development Foundation	Same chairman	
Kenneth K. T. Yen	160,126,140	10.18	377,924	0.024	-	-	Tai-Yuen Textile Co., Ltd.	Chairman	
							China Motor Corporation	Chairman	
							Yen Ching Ling Industrial Development Foundation	Chairman	
Nan Shan Life Insurance Co., Ltd. Representative: Ying-Tsung Tu	58,349,000	3.70	-	-	-	-	-	-	
Fande Investment Co., Ltd. Representative: Wei-Kung Chi	24,980,566 237	1.58 0.00002	- -	- -	- -	- -	Tai-Yuen Textile Co., Ltd.	General Manager of Tai-Yuen Textile Co., Ltd. is the Chairman of Fande Investment Co., Ltd.	
Labor Insurance Funds	23,223,000	1.47	-	-	-	-	-	-	
Civil Service Pension Fund Administration Committee	21,152,000	1.34	-	-	-	-	-	-	
Mercuries Life Insurance Co., Ltd.	19,704,000	1.25	-	-	-	-	-	-	
Yen Ching Ling Industrial Development Foundation Representative: Kenneth K. T. Yen	17,287,844	1.09	-	-	-	-	China Motor Corporation	Same chairman	
	160,126,140	10.18	-	-	-	-	Tai-Yuen Textile Co., Ltd.	Same chairman	
Labor Pension Fund	16,891,000	1.07	-	-	-	-	-	-	

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.

Note 2: The percentage of shareholding shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.

Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

3.9 The shareholding of the Company and the Company's Directors, Supervisors, Managers, and the enterprises directly or indirectly controlled by the Company in the same invested company, and the consolidated shareholding ratio

April 30, 2018

Unit: Share; %

Reinvested Companies	Investment of Yulon Motor Co., Ltd.		Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Yulon		Total investment	
	Shares	%	Shares	%	Shares	%
China Motor Corporation	111,480,444	8.05%	459,006,728	33.16%	570,487,172	41.22%
Taiwan Acceptance Corporation	125,656,568	45.75%	4,665,773	1.70%	130,322,341	47.45%
Myson - Century Technology Inc.	5,024,617	8.37%	4,704,667	7.84%	9,729,284	16.22%
Tai-Yuen Textile Co., Ltd.	170,685,389	20.85%	153,968,784	18.81%	324,654,173	39.66%
Yueki Industrial Co., Ltd.	9,846,057	50.58%	65,888	0.34%	9,911,945	50.92%
Yue Sheng Industrial Co., Ltd.	23,061,050	80.07%	7,750	0.03%	23,068,800	80.10%
Sin Chi Co., Ltd.	87,000,000	100.00%	0	0.00%	87,000,000	100.00%
China Cast Iron Pipe Co., Ltd.	24,850	77.66%	6,109	19.09%	30,959	96.75%
YU LIN AUTO PARTS	21,728,516	25.01%	13,033,137	15.00%	34,761,653	40.01%
Uni-Calsonic Corporation	4,422,575	22.68%	5,323,525	27.30%	9,746,100	49.98%
Yu Chang Motor Co., Ltd.	13,998,500	64.99%	1,000	0.00%	13,999,500	65.00%
China Ogihara Corporation	25,469,581	37.76%	41,986,541	62.24%	67,456,122	100.00%
Yuan Long Motor Co., Ltd.	7,999,000	20.00%	1,000	0.00%	8,000,000	20.00%
Yu Ching Business Co., Ltd.	72,691,327	60.00%	48,460,885	40.00%	121,152,212	100.00%
Yu Pong Business Co., Ltd.	25,484,136	100.00%	0	0.00%	25,484,136	100.00%
Yung Hong Investment Co., Ltd.	77,622,000	100.00%	0	0.00%	77,622,000	100.00%
Yushin Motor Co., Ltd.	15,999,000	80.00%	1,000	0.01%	16,000,000	80.00%
China Engine Corporation	32,000,000	18.95%	32,000,000	18.95%	64,000,000	37.89%
Cheng Long Motor Co., Ltd.	9,474,916	27.00%	1,166	0.00%	9,476,082	27.00%
ROC Spicer Co., Ltd.	1,003,584	20.46%	1,423,360	29.02%	2,426,944	49.48%
Yu Tang Motor Co., Ltd.	7,117,075	20.33%	1,675	0.00%	7,118,750	20.34%
CARPLUS AUTO LEASING CO., LTD.	2,594,926	3.46%	51,491,530	68.57%	54,086,456	72.03%
Singan Co., Ltd.	10,212,515	35.62%	15,485,862	54.01%	25,698,377	89.64%
Yumin Motor Co., Ltd.	5,598,860	20.00%	7,561,140	27.00%	13,160,000	47.00%
B-WIZ Technology Co., Ltd.	8,331,999	43.85%	10,668,001	56.15%	19,000,000	100.00%
Sinjang Co., Ltd.	8,567,950	20.01%	34,256,050	79.99%	42,824,000	100.00%
ESINN Co., Ltd.	32,519,000	90.33%	1,000	0.00%	32,520,000	90.33%
Yulon Overseas Investment Co., Ltd.	506,647,575	100.00%	0	0.00%	506,647,575	100.00%
Yulon Nissan Motors Co., Ltd.	143,500,000	47.83%	11,029,000	3.68%	154,529,000	51.51%
Y-Teks Co., Ltd.	602,124	34.00%	212,388	11.99%	814,512	45.99%
Newa Insurance Co., Ltd.	52,009,524	17.39%	70,817,524	23.68%	122,827,048	41.08%
Yu Rich Financial Services Co., Ltd.	9,900,001	17.88%	45,454,599	82.12%	55,354,600	100.00%
Qinton Motor Co., Ltd.	6,745,947	100.00%	0	0.00%	6,745,947	100.00%

Reinvested Companies	Investment of Yulon Motor Co., Ltd.		Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Yulon		Total investment	
	Shares	%	Shares	%	Shares	%
Hua-Chuang Automobile Information Technical Center Co., Ltd.	205,600,000	41.12%	100,000,000	20.00%	305,600,000	61.12%
Hue-Lian Motor Co., Ltd.	6,117,138	20.35%	1,000	0.00%	6,118,138	20.35%
Luxgen Motor Co., Ltd.	280,000,000	100.00%	0	0.00%	280,000,000	100.00%
Yulon Tobe Motor Co., Ltd.	2,808,038	100.00%	0	0.00%	2,808,038	100.00%
Yulon Business Management Company	3,299,000	32.99%	6,701,000	67.01%	10,000,000	100.00%
Taiwan Mask Corporation	855,787	0.34%	0	0.00%	855,787	0.34%
First Financial Holding Co., Ltd.	940,020	0.01%	0	0.00%	940,020	0.01%
Shin Shin Bus Co., Ltd.	154,299	0.32%	0	0.00%	154,299	0.32%
Sino Aerospace of Taiwan	810,720	0.60%	810,720	0.60%	1,621,440	1.19%
Taiwan Stock Exchange Corporation	6,937,556	1.00%	0	0.00%	6,937,556	1.00%
Taiyuen Textile Co.	6,692,333	5.09%	29,031,910	22.10%	35,724,243	27.19%
dX Media	400,000	20.00%	0	0.00%	400,000	20.00%
Yulon Energy Service Co., Ltd.	10,000,000	100.00%	0	0.00%	10,000,000	100.00%
Yulon Construction Company	122,100,000	100.00%	0	0.00%	122,100,000	100.00%

IV Status of Fund Raising

4.1 Capital and Shares:

4.1.1 Source of stock capital

April 17, 2018

Unit: NT\$

Year Month	Par Value	Authorized Capital		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Invested with Assets Other than Cash	Other
09.1997	10	1,300,000,000	13,000,000,000	1,186,800,000	11,868,000,000	Paid-in Capital	-	MOF SFC Ruling (86)(1) No. 70410 dated 09/22/1997
06.1998	10	1,780,000,000	17,800,000,000	1,424,160,000	14,241,600,000	Earnings capitalization	-	MOF SFC Ruling (87)(1) No. 48031 dated 06/02/1998
05.1999	10	1,780,000,000	17,800,000,000	1,566,576,000	15,665,760,000	Earnings capitalization	-	MOF SFC Ruling (88)(1) No. 49148 dated 05/26/1999
12.2000	10	2,000,000,000	20,000,000,000	1,644,904,800	16,449,048,000	Earnings capitalization	-	MOF SFC Ruling (89)(1) No. 102246 dated 12/26/2000
06.2001	10	2,000,000,000	20,000,000,000	1,726,300,040	17,263,000,400	Earnings capitalization	-	MOF SFC Ruling (90)(1) No. 136949 dated 06/11/2001
09.2002	10	2,000,000,000	20,000,000,000	1,829,146,403	18,291,464,030	Earnings capitalization	-	MOEA So.Sun.Zi No. 09101377780 dated 09/16/2002
01.2004	10	2,000,000,000	20,000,000,000	1,371,216,258	13,712,162,580	Capital Decrease	-	MOEA So.Sun.Zi No. 09301008840 dated 01/20/2004
08.2004	10	2,000,000,000	20,000,000,000	1,391,784,501	13,917,845,010	Earnings capitalization	-	MOEA So.Sun.Zi No. 09301155140 dated 08/26/2004
09.2005	10	2,000,000,000	20,000,000,000	1,412,603,608	14,126,036,080	Earnings capitalization	-	MOEA So.Sun.Zi No. 09401173740 dated 09/06/2005
09.2006	10	2,000,000,000	20,000,000,000	1,433,760,592	14,337,605,920	Earnings capitalization	-	MOEA So.Sun.Zi No. 09501198260 dated 09/04/2006
03.2007	10	2,000,000,000	20,000,000,000	1,445,538,359	14,455,383,590	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09601052210 dated 03/19/2007
08.2007	10	2,000,000,000	20,000,000,000	1,449,897,329	14,498,973,290	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09601201720 dated 08/21/2007
12.2007	10	2,000,000,000	20,000,000,000	1,477,262,657	14,772,626,570	Conversion of Corporate Bonds & earnings capitalization	-	MOEA So.Sun.Zi No. 09601304650 dated 12/12/2007
04.2008	10	2,000,000,000	20,000,000,000	1,537,426,961	15,374,269,610	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 0970109062 dated 04/18/2008
08.2008	10	2,000,000,000	20,000,000,000	1,547,343,087	15,473,430,870	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09701194450 dated 08/11/2008
09.2008	10	2,000,000,000	20,000,000,000	1,570,404,491	15,704,044,910	Earnings capitalization	-	MOEA So.Sun.Zi No. 09701249270 dated 08/11/2008
09.2009	10	2,000,000,000	20,000,000,000	1,570,435,418	15,704,354,180	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09801203160 dated 09/07/2009
01.2010	10	2,000,000,000	20,000,000,000	1,570,686,264	15,706,862,640	Conversion of Corporate Bonds Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09901006830 dated 01/18/2010
04.2010	10	2,000,000,000	20,000,000,000	1,572,919,909	15,729,199,090	Conversion of Corporate Bonds	-	MOEA So.Sun.Zi No. 09901069120 dated 04/12/2010

Note 1: Fill up to the current-year data as of the print date of the annual report.

Note 2: Note the validity (approval) date and literature for fund increase.

Note 3: Shares issued in value lower than the par value shall be labelled through visible means.

Note 4: Monetary liabilities and technology offsetting shares shall be described with the type and amount of offset indicated.

Note 5: Private fundraising requires visible marking.

Unit: Shares

Type of Shares	Authorized Capital			Remark
	Issued (listed)	Unissued Capital	Total	
Common Stock	1,572,919,909	427,080,091	2,000,000,000	

Information on lump-sum reporting: Not applicable.

4.1.2 Structure of Shareholders

April 17, 2018

Structure of Shareholders Quantity (Qty)	Governmental Institution	Financial Institution	Other legal persons	Natural Person	Foreign Institutions and Foreign Individuals	Total
Number of persons	7	15	217	118,677	303	119,219
Shareholding	59,982,039	84,270,831	697,389,014	602,059,903	129,218,122	1,572,919,909
Shareholding ratio	3.81	5.36	44.34	38.28	8.21	100.00

Shareholding ratio of Chinese investors : 0

Note: The initial listed (OTC) companies and emerging companies should disclose the shareholding ratio of Chinese investors. Chinese investors meant for the citizens, legal persons, groups, institutions of Mainland China or the companies invested in third countries that have invested in Taiwan in accordance with Article 3 of the "Rules Governing the Investment Permits Issued to Chinese Investors."

4.1.3 Status of Ownership Dispersion

April 17, 2018
(Par value per share: NT\$10)

Shareholding class	No. of shareholders	Shareholding	Shareholding ratio (%)
1 to 999	58,774	11,701,595	0.74
1,000 to 5,000	45,578	98,324,069	6.25
5,001 to 10,000	7,619	60,312,317	3.84
10,001 to 15,000	2,306	29,188,579	1.86
15,001 to 20,000	1,536	28,579,696	1.82
20,001 to 30,000	1,188	30,751,373	1.96
30,001 to 50,000	979	39,964,690	2.54
50,001 to 100,000	692	50,072,257	3.18
100,001 to 200,000	301	42,350,015	2.69
200,001 to 400,000	120	34,040,261	2.16
400,001 to 600,000	44	21,743,453	1.38
600,001 to 800,000	10	7,043,426	0.45
800,001 to 1,000,000	12	11,326,902	0.72
More than 1,000,001	60	1,107,521,276	70.41
Total	119,219	1,572,919,909	100.00

Preferred stock: None

4.1.4 List of Major Shareholders

Major Shareholders (shareholders hold more than 5% of the outstanding shares or the top ten shareholders)

April 17, 2018

Names of major shareholders	Shares	Shareholding	Shareholding ratio
Tai-Yuen Textile Co., Ltd.		284,901,045	18.11%
China Motor Corporation		262,228,166	16.67%
Kenneth K. T. Yen		160,126,140	10.18%
Nan Shan Life Insurance Co., Ltd.		58,349,000	3.70%
Fande Investment Co., Ltd.		24,980,566	1.58%
Labor Insurance Funds		23,223,000	1.47%
Civil Service Pension Fund Administration Committee		21,152,000	1.34%
Shin Kong Life Insurance Company Limited		19,704,000	1.25%
Yen Ching Ling Industrial Development Foundation		17,287,844	1.09%
Labor Pension Fund		16,891,000	1.07%
Total		888,842,761	56.46%

4.1.5 Data on Market Price, Net Value, Earning, and Dividend per Share in the last two years

Item		Fiscal Year	2016	2017	Current Fiscal Year and before April 30, 2018 (Note 8)
Market value per share (Note 1)	Highest		31.75	29.45	24.40
	Lowest		26.00	22.15	21.70
	Average		28.16	26.34	23.01
Net Value per share (Note 2)	Before distribution		44.32	44.78	46.27
	After distribution		43.82	-	-
EPS (Earning Per Share)	Weighted average number of shares		1,462,769,000 shares	1,462,766,000 shares	1,462,769,000 shares
	EPS (Earning Per Share) (Note 3)		0.91	1.56	0.88
Dividend per share (Note 2)	Cash Dividend		0.9	0.5	-
	Stock Dividend	Stock Dividend from Retained earnings	0.5	0.58	-
		Stock Dividend from Capital Reserve	-	-	-
	Cumulative un-paid dividend (Note 4)		-	-	-
Analysis on ROI (Return on Investment)	Price-Earnings (P/E) Ratio (Note 5)		30.95	16.88	-
	Price-Dividend Ratio (Note 6)		56.32	45.41	-
	Dividend Yield (Note 7)		1.78%	2.20%	-

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

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

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

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

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

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

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

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

Note 8: Each net value and EPS shall be filled to the print date of annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should also be filled up to the current year data as of the print date of the annual report

4.1.6 Dividend Policy and Execution Status

1. The Company's Dividend Policy

The Company's operating environment is a mature and stable industry. The Company's dividend distribution is planned with the consideration of the Company's profitability, future working capital needs and industrial environmental change; also, taking into account the long-term shareholder's equity and long-term financial planning. The Company's dividend is paid with cash dividend or stock dividend. The Board of Directors shall draft distribution of surprise proposition and prioritize in distribution of cash dividends.

The distribution of dividends is related to shareholder's equity, the Company shall follow the dividend policy:

If the Company makes surplus for the fiscal year, apart from making up for the cumulative loss in the past and taxation according to the law, 10% of the legal reserve and special reserve according to the regulations of competent authority shall be appropriated. The balance together with the remaining amount as of the beginning unappropriated earnings shall be the available reserve for distribution.

The Company engages in an industry with stable maturity. In consideration of the profit status, funding requirement for future operational plan and changes in industry environment of the Company in addition to taking account of long-term shareholders' equity and long-term financial planning of the Company, the dividend distribution of the Company should not fall below 10% of the available reserve. Dividends are distributed in cash or stock. In particular, the proportion of cash dividend distribution may not fall below 20% of total dividend amount. Finally the Board of Directors proposes the distribution statement to reach resolution at the Shareholder Meeting.

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

The Company proposes to distribute cash dividend at the rate of NT\$0.58 per share in the 2017 Shareholders' Meeting with the record date of cash dividend scheduled on July 24th, 2018.

3. The Company's dividend is paid with cash dividend or stock dividend; also, the amount of dividend distribution is proposed by the Board of Directors and it is to be resolved in the Shareholders' Meeting. If there is material change in the distribution amount resolved by the Board of Directors, the amount of change is to be adjusted to the initially appropriated expense. If there is change in the distribution amount on the resolution date of the Shareholders' Meeting, it is to be processed as changes in accounting estimates and adjusted on the resolution date of the Shareholders' Meeting.

4. Description of significant changes in expected dividend policies:

The dividend policy of the Company in future three years shall follow the aforementioned distribution policy for execution without significant changes.

4.1.7 The impact of the distribution of stock dividend as proposed in this Shareholders Meeting on operation performance and earning per share:

Item		Fiscal Year	Fiscal Year 2017 (Estimated)
Paid-in capital – beginning (NT\$ Thousand)			15,729,199
Current dividend and interest	Cash dividends per share (NT\$)		0.58
	Stock dividends (shares) from capitalization of earnings		-
	Stock dividends (shares) from capitalization of additional paid-in capital		-
Changes in Business Performance	Operating Income (NT\$ Thousand)		N/A (Note)
	Operating income increase (decrease) ratio from last year (%)		
	Net income (NT\$ Thousand)		
	Net income increase (decrease) ratio from last year (%)		
	Earnings per share (NT\$)		
	Annual average return on investment ratio (reverse of annual average PE ratio) (%)		
Proforma earnings per share and PE ratio	If capitalized earnings is converted to cash dividends	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment ratio	
	If additional paid-in capital is not capitalized	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment ratio	
If additional paid-in capital is not capitalized and capitalized earnings is converted to cash dividends	Proforma earnings per share (NT\$)		
	Proforma annual average return on investment ratio		

Note: It is not applicable since there is no stock dividends distributed this year.

4.1.8 Employee Bonus and Remuneration to Directors and Supervisors

If the Company makes profits for the fiscal year, the profits shall be appropriated for remuneration in the follows:

- (1) The remuneration for directors may not exceed 0.5% while independent directors may not participate in the distribution of the preceding remuneration.
- (2) The remuneration for employees may not fall below 0.1%. The preceding remuneration for employees is resolved by the Board of Directors and distributed in the form of stocks or cash. The distribution of remuneration for employees and directors shall be reported to the Shareholder's Meeting.
- (3) If the Company still has cumulative loss, the amount to make up the loss shall be withheld beforehand, and then the remuneration is distributed in accordance with the previous proportions. The 14th supervisors could still acquire remuneration upon the expiration of term, dismissal or resignation in accordance with the 51st revision on June 11, 2013. The remuneration proportion, remuneration distribution procedure and distribution conditions shall comply with the regulations related to the remuneration for directors.

In addition to the aforementioned employee remuneration, the Company has incentives distributed, including three festival bonuses, annual bonus, and the management performance bonus according to the operating performance and personal performance in order to inspire employees to create better performance for the benefits of the Company and shareholders. The Company distributed additional bonus in the amount of NTD64.14 million in February, 2018.

2. Information about Proposed Distribution of Employee Bonus as Approved by the Board of Director

- (1) Proposed to distribute employee bonus in the amount of NT\$ 7,380,000 and remuneration to directors/supervisors in the amount of NT\$ 11,700,000 that is no difference from the estimated expense amount in 2017.
- (2) The employee bonus proposed for distribution by the Board this year is paid in cash instead of stock dividend.
3. The employee's bonus and directors/supervisors' remuneration paid from last fiscal year's earnings is:

Resolutions of earnings distribution for the year 2016 are approved by the meeting of the board of directors. According to such resolutions, it is proposed to distribute employee bonus in the amount of NT\$2,180,000 and

remuneration to directors and supervisors in the amount of NT\$9,100,000. These amounts are consistent with the actual amounts distribution resolved in the Shareholders' Meeting.

4.1.9 Situations of the Company's buy back stocks

It is not applicable since the Company did not buy back treasury stock.

4.2 Corporate Bonds issued

Issuance	First 2017 Unsecured corporate bonds.
Issuing Date	2017.12.12
Denomination	NT\$ 1,000,000
Place of issuance and exchange	R.O.C
Offering Price	The bond is issued at full face value
Total Amount	NT\$ 10,000,000,000
Coupon	Tranche A: 1.04% p.a. Tranche B: 1.17% p.a.
Tenor and Maturity Date	Tranche A: 5 years, Maturity: 12/12/2022 Tranche B: 7 years, Maturity: 12/12/2024
Guarantor	None
Trustee	Mega International Commercial Bank
Underwriter	KGI Securities Co. LTD.
Legal Counsel	Yicheng United Law HUI-JI GUO, Attorney-at-law
Auditor	Deloitte & Touche Taiwan CPA Hsin-Wei TAI and CPA Yu-Wei FAN
Repayment	Bullet
Outstanding	NT\$ 10,000,000,000
Redemption or Early Repayment Clause	None
Covenants	None
Credit Rating	Not Applicable
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities
	Not Applicable
	Conversion Right
	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders	Not Applicable
Custodian	None

4.3 Preferred Stock issued

None

4.4 Global depositary receipts issued

None

4.5 Employee Stock Options issued

None

4.6 New shares issued for merger or acquisition or acceptance of new shares from other companies

None

4.7 Content of Funds Utilization Plan

(1) The Plan (for the issuance or private placement of marketable securities that is not yet completed, or that was completed within the three years but without conspicuous effects generated yet, please detail the content of the plan)

Not applicable.

(2) The plan execution (If the progress or the expected effect of each plan is not fulfilled, the root causes should be specified)

Not applicable.

V. Highlights of Operations

5.1 Business Content

5.1.1 Business Scope

1. Major Business

- (1) The manufacturing, sales, design, test, inspection, assembling and repairing of different car models and related materials, parts & components, molding tools, jigs, instruments and other equipments. Class A car service garages, sales of automobile parts and accessories, remodeling and sales of auto body, motor vehicles inspection services, and car dealership;
- (2) All car raw materials and spare parts provided to Nissan Motor Co., Ltd. and overseas car related business;
- (3) The installation, sales, import/export business of low capacity radio-frequency electric devices and materials for automobiles;
- (4) The wholesales of telecommunication equipments;
- (5) The retails of telecommunication equipments;
- (6) The general import/export business (Except for those that require a permit);
- (7) Technical consultation services for the above business items;
- (8) General Business Management Consultation Services (Except for the CPA business and the securities investment consultation services);
- (9) Development, sale, and lease of residential premises and high-rise buildings;
- (10) Leasing of plant site;
- (11) Leasing of warehouse;
- (12) Leasing of office building;
- (13) Except for business that requires a permit, other business that is not forbidden or restricted by laws;

2. Major business categories and their percentages

The production and sales of automobiles and related parts and equipments, constituted 95.5% of the total business sales.

3. Main products

- (1) NISSAN passenger vehicle:
 - 370Z series: 7-speed automatic sports car
 - GT-R series: 3-mode 6-speed Automatic/ Manual Sports Car.
 - JUKE 1.6 series: XTRONIC-CVT
 - TIIDA series: Electronic Smart 4-speed Automatic Transmission / XTRONIC-CVT Sedan.
 - TEANA series: XTRONIC CVT CTV sedan
 - LIVINA series: X-CVT sedan / SUV
 - SENTRA series: X-CVT sedan
 - MARCH series: Smart 4-speed Automatic Sedan
 - X-TRIL series: CTV SUV
- (2) INFINITI:
 - Q30 series: 7-speed automatic/manual sedan/sports car
 - Q50 series: 7-speed automatic/manual sedan/sports car
 - Q60 series: 7-speed automatic/manual sedan/sports car
 - Q70 series: 7-speed automatic/manual sedan/sports car
 - QX50 series: 7-speed automatic/manual SUV
 - QX60: XTRONIC CTV SUV 7-speed automatic
 - QX70: 7-speed automatic/manual SUV
- (3) LUXGEN:
 - Luxgen M7 Turbo ECO series: 6-speed automatic/manual SUV
 - Luxgen U7 Turbo ECO series: 6-speed automatic/manual SUV
 - Luxgen S5 Turbo ECO series: 6-speed automatic/manual sedan
 - Luxgen U6 Turbo ECO series: 6-speed automatic/manual SUV

Luxgen S3 Turbo ECO series: CTV sedan (7-speed manual SUV)
 Luxgen V7 Turbo ECO series: Smart 6-speed Automatic Sedan
 Luxgen U5 Turbo ECO series: CTV sedan (7-speed manual SUV)

5.1.2 Industry Summary

1. Macroeconomy environment analysis:

(1) International situation:

In 2017, the global economic growth rate was approximately 3.2%. The global economy entered an upward cycle, freed from the stagnant growth, benefited from the advanced economic recovery of developed countries, and stimulated real economic momentum such as global investment, trade, and industrial production. Enterprises and consumption regained confidence. Financial market transactions were hot and the economic growth performance was far better than previously expected. Looking ahead to 2018, the updated data released by international forecasting agencies such as the World Bank, Global Insight and the IMF show that the global economy in 2018 will be superior to 2017 despite a number of uncertainties that may affect actual results.

With respect to the follow-up effect of the "New Policies" of the United States and China, U.S. President Trump actively promotes policies such as tax reform, financial deregulation, and infrastructure construction. In the future, under the incentives of tax cuts and financial liberalization, there will be a wave of investment in the United States or the movement of funds. As for China's recent tightening of environmental protection inspections, it may affect the prices of petrochemical products and increase the operating costs of the industry; however, as the major economies in the world begin to adjust their monetary policies, it is unavoidable to see financial markets fluctuate increasingly during the adjustment process. What's more, the international crude oil and raw material prices have risen higher than expected, which may increase the uncertainty of the future economy.

The 2018 global economic growth forecast is as follows:

	Global Insight	IMF	The World Bank
Global economic growth rate	3.4% ('18/04)	3.9% ('18/04)	3.1% ('18/04)

(2) Domestic economy:

Looking back at 2017, benefiting from the global economic recovery, the introduction of new mobile devices and the increased applications of new technologies, as well as rising raw material prices, industrial production and exports have achieved record-breaking results every month; constrained by the fact that some of the major manufacturers entered the time of peak demands for equipment installations in the first half of the year and the expansion of factory buildings, the comparative base of manufacturing investment was relatively higher, resulting in a slowdown in annual growth; retail sales in the first half of the year were weak, and momentum was gradually restored in the second half of the year, resulting in annual sales of the retail and catering industries all hitting record highs. According to the latest forecasts of major institutions at home and abroad, the economic growth rate of Taiwan this year is between 2.0% and 2.6%, which will surpass last year's performance

The 2018 Taiwan economic growth forecast of each major research institution is as follows:

	Directorate-General of Budget, Accounting and Statistics	Global Insight	IMF
Taiwan economic growth rate	2.4% ('18/04)	2.6% ('18/04)	2.0% ('18/04)

2. Industry Current Status and Development

Taiwan's auto industry has been developed for more than sixty years with the R&D, manufacturing quality, and management capabilities reached the level of advanced countries. In recent years, due to the unfavorable factors of international oil price fluctuations, global economic growth sluggish, real income stagnant growth, extended car useful life cycle, and domestic market saturation, motor manufacturers are facing business difficulties with low utilization of car plant capacity and rising production cost. Moreover, the drastic increase of demand for imported cars in the last two years has aggravated the management predicament year by year. Looking to the future, Taiwan's auto market is gradually maturing with limited space for significant growth; therefore, each motor manufacturer is committed to strengthening R&D capabilities and technical standards, to increase the added value of products, and to expand export markets in order to break through the bottleneck of survival and development. The Company has recently been devoted in the management of self-brand, LUXGEN. We rely on independent R&D and cope with market trends, taking actions in expanding Taiwan and overseas market.. Relationships of the industry's upper, middle, and down streams

3.The automotive industry is a technology-intensive and capital-intensive industry. The value chain process includes the industry of steel, plastics, rubber, glass, machinery, electric engineering, electronics, finance, and services. Also, the professional talents include the skills of R&D, manufacturing, procurement, marketing, management, repair and maintenance in order to build up a comprehensive automotive industry. In addition, the automotive industry creates an annual output value of hundreds of billions. The vehicle and component exports will generate many trade surpluses for the country and promote economic growth and provide hundreds of thousands of jobs that can be deemed as the locomotion of the economy.

4. Product development trends and competition

In recent years, due to the awakening of environmental consciousness, high oil prices, and global warming issue, various car makers have committed to launch environmental-friendly and fuel-efficient alternative energy vehicles, such as, Hybrid (powered vehicles), hydrogen fuel cell vehicles, biomass fuel vehicles, and pure battery-powered vehicles. The Company in response to this trend of energy-saving and carbon reduction has integrated the advantages of Taiwan's industry through heterogeneous cooperation to develop environmental-friend and energy-saving vehicles with the hope to construct the core competitive advantage in the next run of competition in the vehicle industry.

5.1.3 Technology and Research & Development

1. Technology, Research and Development (R&D) expense invested in 2017 and as of the publication date of the annual report

Unit: NT\$ Thousand

Fiscal Year	R&D expenditure	Operating income	R&D expenditure/total income ratio (%)
2017	283,282	94,111,028	0.301%
2018Q1	92,719	23,632,049	0.392%

2. Achievement in recent 3 years

- (1) April 2015: LUXGEN U6 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- (2) May 2015: YULON NISSAN X-TRIAL completed development, pilot-run and entering mass production stage.
- (3) June 2015: LUXGEN M7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- (4) July 2015: LUXGEN U7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- (5) October 2015: LUXGEN S5 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- (6) May 2016: LUXGEN S3 CROSS SEDAN completed development, pilot-run and entering mass production stage.

- (7) May 2016: LUXGEN V7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- (8) April 2017:
- (9) Sep 2017: NISSAN JUK Platinum Special Edition in limited production.
- (10) Sep 2017:
- (11) Oct 2017: NISSAN iTIIDA SR Special Edition and entering mass production stage.
- (12) Oct 2017: NISSAN X-TRAIL Hybrid Special Edition in limited production.
- (13) Nov 2017: NISSAN SENTRA was redesigned and entering mass production stage.
- (14) Nov 2017: LUXGEN U6 GT/U6 GT220 was redesigned and entering mass production stage.
- (15) Dec 2017: LUXGEN S3 was redesigned and entering mass production stage.

3. Future R&D plan and amount

- (1) Building electric vehicles with stable mass production capacity.
- (2) Automated. Guided Vehicle(AGV) Plan.
- (3) Establishing electric vehicle recovery and component testing capacity.
- (4) Improving multi-brand hybrid production skills and boosting production quality.
- (5) Establishing capacity in car unit precision.
- (6) Automotive assembly plant chassis settings.
- (7) Establish the vehicle dynamics laboratory.
- (8) Promotion of automotive customized manufacturing technology (Industry 4.0)

The for capital expenditure and expense investment required for the abovementioned R&D program, the Company has prepared about NT\$661 million in budget and in particular the professional technician personnel expense, labour expense and other affairs expense of the R&D program accounted for NT\$229 million alone.

5.1.4 Long-term and short-term business development plan

1. Short-term business development plan

(1) Multiple brands business operation:

In addition to the continued focus on OEM production and sale of NISSAN and INFINITI brands, the Company has been introducing the own-brand of LUXGEN M7 ECO HYPER/U7 ECO HYPER /S5 ECO HYPER /U6 ECO HYPER/S3 CROSS SEDAN/V7 TURBO ECO HYPER since 2009, and introduced LUXGEN U5/U6 GT/U6 GT220 will introduce ALL NEW SUV in 2017, and new electric vehicles will be introduced by the end of 2018 to make the product line more complete and mature, which will effectively increase the utilization rate of the production capacity and reduce the manufacturing cost. Through Yulong Group's comprehensive value-chain resource sharing, consumers will be provided with diverse and unexpected choices.

(2) Enhancing production and service satisfaction:

Yulon is a professional manufacturer of multi-brand. In response to the demand of multi-brand business operation, Yulon will strive to enhance the brand manufacturing quality, cost, delivery, and service satisfaction, to provide customized service and most competitive manufacturing quality for each brand in order to achieve a multi-wins situation for the brand Yulon and customer, and to make Yulon the best and cross-strait professional automobile factory.

(3) Activating assets implementation:

With regard to the development project of Yulong Town in Xindian, the second phase of the commercial district base has successfully started construction in October 2017. In the future, the development planning will integrate the concepts of real estate and automobile industry so as to create a unique product, turning it into a new landmark architecture in the Greater Taipei area.

(4) Internal procedure improvement:

The Company continues to improve risk management, control, and effectiveness of the monitoring process through internal processes improvement and internal audits; also, utilizes Kernel Objectives Management (KOM) to control the objective fulfillment of each department, aggressively strives to reduce cost, upgrades quality, and promotes work safety and health and environmental protection in order to effectively improve the Company's operating management performance and quality.

(5) Integrate the quality resource:

The Company uses the plant as the center to connect with supply chain, take initiative to implement quality management with associate suppliers, implement total quality management system, break the constraints in traditional quality ideology, and gradually introduce the production system, sales system, inbound and inventorying system & customer service system, thereby forming a quality value chain operation mechanism. The bilateral management control model is adopted to drive the overall industry value chain.

2. Long-term business development plan:

(1) Independent global brand marketing:

Yulon continues the development of LUXGEN brand with LUXGEN M7 ECO HYPER/U7 ECO HYPER /S5 ECO HYPER /U6 ECO HYPER /S3 CROSS SEDAN models launched successfully in domestic market since 2009. LUXGEN 7 NEW SUV and MPV, CEO, U6 and S5 have been successfully launched in China since 2011. In the future, Yulon intends to duplicate the successful experience in Taiwan to emerging markets, including China and other international market, to substantiate Global Sourcing, integrate internal and external resources, and introduce differentiated and excellent quality goods continuously in order to meet consumer needs and realize the business goal of "Branding and global marketing."

(2) Development of new energy vehicles:

In response to the international environment protection and energy-saving trend, Yulon strives to develop green energy electric vehicle industry, to develop its own brand EV electric car to be blended in the clean science and technology, to drive a low-pollution car, and to further promote Taiwan's electric-vehicle, electric vehicle components, energy storage, and carbon-related and community energy. Construct green energy development value chain to make electric car industry another trillion-dollar industry in Taiwan in order to catch up with the trend of environmental protection of international automotive industry.

(3) Electric car development :

"CO2 emission is the cause of global warming." Therefore, in recent years, the global capital markets for renewable energy and clean technology investment is loud and clear that has actually driven the "electric car" development of international industry booming. The governments of many nations have also included "electric car" as one of the major national development projects. In "Phase I" (2011~2013) of the pilot operation of the domestic government, Yulon electric car business is to support the pilot plan of the government by targeting on the local government or the state-owned institutions. In "Phase II" (2014~2016), in addition to the targeted objects in Phase I, the operation is extended to private enterprises with the market (general consumer) sales plan prepared. In addition, the current R&D direction is focusing on the generator for increasing the driving mileage and enhancing the durability; also, to initiate the related technology research and development in response to market demands.

(4) Deployment of cross-strait automotive industry:

The R&D, production, and marketing of the cross-strait automobile industry are with high complementarities. Yulon actively urges the Government to construct a platform for cooperation in order to promote cross-strait industrial cooperation and creates a business opportunity to enter Chinese market, ASEAN, and international market. In addition, Dongfeng Yulon Motor, the transfer investment of the Company, has launched LUXGEN 7 NEW SUV and MPV, S5 and U6 since 2011. In the future, Yulon will strive to increase its market share through cross-strait resources and complementary experience and the competitiveness of Yulon can be improved by expanding the production scale for large car and reducing R&D and tooling amortization cost.

5.2 Market, Production and Sales Review

5.2.1 Market Analysis

1. Main product and main market

The Company's products are: Medium/small size sedans, recreational vehicles, commercial vehicles, and heavy-duty vehicles that are mainly sold in Taiwan.

The total 2016 sales in Taiwan market for the Company reached 55,170 vehicle (including Nissan & Luxgen), decrease 6.6% compared with 2016, and the market share was 13.2%.

The 2017 overall sales of Taiwan car market is shown below:

Year of Sales	2016	2017
Total Sales Volume	439,585	444,629
Domestic Cars	265,141	254,917
Import Cars	174,444	189,712

Source: Taiwan Transportation Vehicle Manufacturers Association 2018/04

2. Supply and Demand situations in the market

(1)Market overview and prospects

A total of 445,000 vehicles (excluding heavy vehicles) were sold in 2017, representing 1.1% growth over the year of 2016. For the domestic automobile sales in 2017, 255,000 vehicles were made in Taiwan and 190,000 vehicles were imported, the imported vehicles sold that was 10.20% growth from the same period in 2016; also, such growth rate was far better than the total market growth rate.

Looking forward to 2018, Faced with the challenges of the global economy and affected by factors such as uncertain economic climate, it is estimated that the cross-strait automobile market will still maintain a stable trend this year. Taiwan auto market is expected with a total of 440,000 vehicles sold. The total sales volume of the mainland automobile market reached 28.8 million units last year. It is estimated that the total car market in mainland China will maintain more than 30 million units this year, too. Yulon will launch a "WIN" strategy this year to actively strengthen its management effectiveness, constantly innovate cooperation models, create opportunities in the challenge, pursue steady growth, and maintain a stable auto market both in Taiwan and China. Yulon's target this year is to reach the mark of 73,000 vehicles between the strait, of which, 53,000 vehicles sold in Taiwan and 20,000 vehicles sold in Mainland China.

(2)Competitiveness niche

Yulon owns Nissan joint venture brand and LUXGEN, professional OEM factory, and model development team; it is the most competitive automobile group in Cross Straits with complete value chain in automobile R&D, production and sales. In Taiwan market, Yulon will incorporate the sales of NISSAN and LUXGEN brand in the car market to create stable income. For Chinese market, the company has landed China early with the introduction of LUXGEN brand for marketing planning, in order to acquire the first-comer advantage of the market. Recently the sales has grown with the development of Chinese automobile market, the potential of the company can be expected.

Facing with the continuous rising market share of import cars in Taiwan and the M-type society car purchase behaviour provoking growth in luxury cars as well as other adverse factors, the advantage of domestic brand lie on high C/P value in spite of the better brand image of import cars from the consumers' viewpoints. In midst of the threat from import cars, LUGXEN owns the advantage of independent R&D and with the support of local partners from Nissan brand, Yulon will continue to meet consumer demand and provide differentiated products.

3. Favorable and Unfavorable factors for the development prospect

Favorable factors:

(1) Development of new energy technologies

Taiwan is highly urbanized with high population density and sufficient power supply that is especially suitable for the development of electric vehicles. The Company's vehicle manufacturing technology is mature. Work with the operation demonstrated by the government and cooperate with power companies to develop new energy technologies, to create a friendly environment for the use of electric vehicles, and to construct competitive advantage with environmental protection and forward-looking technology. In addition, Yulon is also actively investing in the research and development of pure-electric and plug-in hybrid electric car models, and Luxgen's new-energy vehicles have been simultaneously launched both in Taiwan and China.

(2) Continuous innovation, enhancing differentiated added-value

Innovation is the corporate culture of Yulon. In order to respond to market change as early as possible, the Company will adhere to the innovative technology, innovative product design, and innovative thinking in response to customer demand; also, enhance competitiveness and product added-value with innovation so to help the company transformed into a creative manufacturing service industry.

(3) Manufacturing capacity and quality level closer to international standards, good management

The Company has accumulated decades of automotive manufacturing craftsmanship with the manufacturing capability and quality reached international standards, and has a small variety of flexible production capacity. In terms of production management, the Company is good at various process improvement techniques to enhance product stability and to win numerous international outstanding quality awards.

(4) Seek opportunities for cross-strait cooperation of the automotive industry

The barriers to products, personnel, capital and other exchanges can be effectively reduced through the integration of the global economic and trade area or signing inter-regional FTA. Therefore, while facing the Chinese market that is likely to become a threat in the future, the Company has taken proactive development strategies to seek cross-strait car industrial cooperation opportunities and the feasibility of including vehicles in the ECFA secondary list. The R&D, production, and marketing of the cross-strait automobile industry are with high complementarities, the construction of a platform for cooperation can help reduce production cost effectively, expand production scale of single car model, reduce R&D and tooling amortization expenses, exercise complementary benefits, and work together to upgrade competitiveness.

(5) Oil price fluctuation times and the government's preferential policies

The global oil price has fluctuated, which indirectly increased the consumer's purchase desire. Moreover the domestic car market is entering the trend to change new car and under the release of new models from most car manufacturers, However, the government's excise tax policy for the replacement of old vehicles with new ones is still in place, coupled with the Ministry of Transport's loosening of restrictions on the vehicle type of taxi and the new car models introduced by various automakers, price cuts, and sales promotion efforts, it will help boost the purchase of automobile market in 2018.

Unfavorable factors:

(1) International situation uncertainty

The global economy has struggled for a decade after the financial tsunami and has finally taken a firm step in 2017, and the performance of major economies was surprising. In 2018, the global economy may continue to expand at a steady pace, yet the pace of growth may slow down. The potential risks may include the uncertainties such as the impact of the US tax reform on the global economy, the rise of trade protectionism, the heightened geopolitical risks in the Middle East and North Korea, and the debt problems of Chinese enterprises and other potential risks that all affect the pace of global economic growth; therefore, the future development must be observed closely.

(2) Domestic market saturation, difficult high growth

Consumers' spending habits could be affected by high fluctuation in international oil prices, the increasing popularity of mass transportation systems, the extending useful life of car, the impact of declining birthrate / aging society structure, and other factors.

(3) Difficult export development

Taiwan's vehicle export faces unfair tariff competition due to the delay in signing Free Trade Agreement (FTA). In addition, in recent years, Taiwan's auto market is approaching saturation, resulting in low capacity utilization, high production cost, and lack of international competitiveness. The export of vehicles is also subject to the unfavorable factor of technology restrained by the mother plant; therefore, the development of exporting business is difficult.

(4) Related regulations and policies causing operating cost to go up

The Government promotes energy-saving and carbon reduction policies and related regulations, such as: sewage regulations, the implementation of formality security certification, scrap car disposal fees, air pollution fee, and luxury taxes that cause business operating cost to go up.

(5) High-end cars with availability

In recent years international car manufactures promote entry-level high-end vehicles to successfully break into the domestic medium-priced car market. The new consumer group gradually formed to affect the sales of domestic vehicles.

(6) Enthusiastic second-hand market transactions

Nearly 657,000 vehicles are traded in average in the second-hand market in Taiwan which directly affects the sales of new car market.

4. Countermeasures:

Facing with the increasingly intense domestic car market expectation, the Company continues to upgrade and respond to the various strategies and core policies to cope with the globalized market and industry changes through the following table of adaptation:

<p><u>Strengths:</u></p> <ol style="list-style-type: none">1. Multi-brand professional manufacturing capacity, flexible production technology2. High-quality & international automakers' level of full-vehicle automotive technology3. The development of core technology in autonomy/mass production capacity of electric vehicles	<p><u>Weaknesses:</u></p> <ol style="list-style-type: none">1. The synchronization with the value chain company and the upgrade of digital integration2. A large number of customization and new technology directed into the car that requires more effective quality control program3. Due to the large amount of IT, the emergence of new energy vehicles and the advance of production technology, quality inspections need to constantly improve.
<p><u>Opportunities:</u></p> <ol style="list-style-type: none">1. AI and Big Data will Improve the Group's value-chain competitiveness2. The open architecture of industrial chain can be shared in the platform.3. The data transmission accelerated by the prevailing of handheld smart devices	<p><u>Threats:</u></p> <ol style="list-style-type: none">1. Taiwan's auto market has matured and the growth is limited.2. The major car makers competing to enter the digital / smart production3. Product development time to market shortened

The following challenges faced by Yulon:

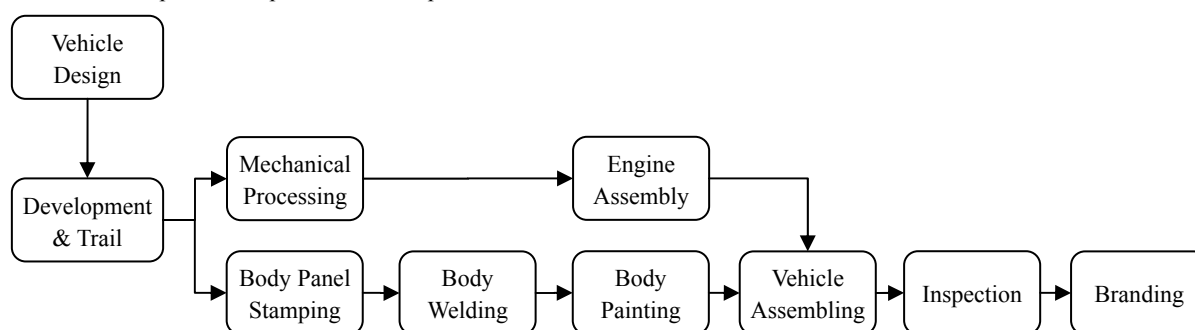
- (1) To set up relevant indicators such as smart production lines/intelligent warehouses in line with the trend of the Internet.
- (2) To shorten the trial time schedule through design review verification and digital simulation.
- (3) To set up an enhanced supplier guidance and tour system to ensure the quality of parts development.
- (4) To create a comprehensive solution for industrial development by combining the integration of physical and virtual networks, smart networking technology, SmartAuto and huge amounts of information.
- (5) To improve the efficiency of vehicle manufacturing with the open architecture of industrial chain.

5.2.2 Main Applications of Major Products and Their Manufacturing Processes

1. Main applications of major products

The Company designs, develops and pilot run, and manufactures various sedans, recreational vehicles, and commercial vehicles, mainly for passengers, cargo delivery, and leisure traveling. The Company also manufactures parts for car assembling and repair and maintenance service.

2. The production process of main products



5.2.3 The Supply of Major Materials

The supply sources of major materials are from NISSAN in Japan and other domestic vendors. The material price and supply is very stable due to the long-term supply relationship and agreements signed with the suppliers.

5.2.4 The name, purchase (sale) amount, and ratio of the customers accounted for over 10% of the total purchase (sale) in one of the last two years, and the reason for the changes in purchase (sales)

1. List of Major Suppliers in the Last 2 Fiscal Years

Unit: NT\$ Thousand

Item	2015				2017				2018Q1			
	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer
1	Dengfeng Yulon Motor Co.Ltd	35,095,879	24.1	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	19,184,562	12.6	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	4,735,147	13.9	Invested company under the equity method
2	Yulon-Nissan Motor Co., Ltd.	19,097,049	13.1	Invested company under the equity method	Dengfeng Yulon Motor Co.Ltd	9,094,945	5.9	Invested company under the equity method	Dengfeng Yulon Motor Co.Ltd	1,831,794	5.4	Invested company under the equity method
	Other	82,600,162	56.6		Other	123,808,962	81.5		Other	27,517,704	80.7	
	Net purchase amount	145,785,052	100.0		Net purchase amount	152,088,469	100.0		Net purchase amount	34,084,645	100.0	

Note 1: List the name of the suppliers with more than 10% of the total purchase amount, purchase amount, and purchase ratio in the last two years; however, it can also be identified with I.D. Number if the limitation of disclosure is stated in the signed contract or the counterparty of the transaction is an unrelated individual.

2 : Financial data have been audited by the CPA..

Analysis of change in purchase ratio:

Dongfeng Yulon purchase amount fell is due to the sale in Chinese market not what it used to be; therefore, the seller has purchased less from the suppliers.

2. List of Major Clients in the Last 2 Fiscal Years

Unit: NT\$ Thousand

Item	2016				2017				2018Q1			
	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer
1	Yulon-Nissan Motor Co., Ltd.	15,208,632	17.0	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	13,280,029	18.5	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	3,207,024	18.7	Invested company under the equity method
2	Others	74,631,613	83.0		Others	58,531,357	81.5		Others	13,909,937	81.3	
	Net sales	89,840,245	100.0		Net sales	71,811,386	100.0		Net sales	17,116,961	100.0	

Note 1: List the name of the suppliers with more than 10% of the total purchase amount, purchase amount, and purchase ratio in the last two years; however, it can also be identified with I.D. Number if the limitation of disclosure is stated in the signed contract or the counterparty of the transaction is an unrelated individual.

2: Financial data have been audited by the CPA..

Analysis of change in purchase ratio:

No significant change in the major suppliers and the increase or decrease ratio is adequate.

5.2.5 Production Volume and Value of Recent Two Years

Unit: Volume - unit
Value – in NT\$ Thousand

Fiscal year	2016			2017		
	Production Capacity	Production quantity	Production Value	Production capacity	Production quantity	Production Value
Vehicle	80,000	57,816	23,624,361	80,000	54,875	20,830,230
Total	80,000	57,816	23,624,361	80,000	54,875	20,830,230

Note: Above information is based on the individual financial data.

5.2.6 Sales Volume and Value of Recent Two Years

Unit: Volume - unit
Value – in NT\$ Thousand

Fiscal Year	2016				2017			
	Local Sales		Export Sales		Local Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Vehicle	61,252	34,322,168	0	0	58,186	30,742,453	0	0
Parts		4,072,166	-	451,152	-	3,790,651	-	128,453
Total	61,252	34,322,168	0	451,152	58,186	34,533,104	0	128,453

Note: Above information is based on the individual financial data.

5.3 Employees

March 31, 2018

Fiscal Year		2016	2017	Data as of ending data on March 31, 2018
No. of Employee	Staff	291	285	276
	Technicians	833	832	828
	Administration Assistants	26	24	25
	Total	1,150	1,141	1,129
Average age		43.2	43.5	43.5
Average years of service		18.1	18.1	18.4
Academy Ratio	Doctor	0.1%	0.1%	0.1%
	Master	14.8%	15.2%	15.0%
	College	21.6%	22.7%	22.8%
	Senior High School	57.2%	56.0%	56.2%
	Below Senior High School	6.3%	6.0%	5.9%

Note: The information clearing time is on December 31, 2015 and 2016.

Year	2015	2016	As of March 31, 2017
Number of employees of the Company and subsidiaries	11,470	11,074	11,116

Note: The information clearing time is on December 31, 2015 and 2016.

5.4 Expenditures on Environment Pollution Control

5.4.1 From the last 2 years and as of the print date of the annual report, the aggregate disposition amount fined by eco-friendly agency was:

None

5.4.2 The countermeasures and the potential expense

1. Estimated Future Expenditures on Pollution Control:

Item \ Fiscal Year	2017	2018	2019
Plans and expenditures in buying pollution control equipment	Investment on pollution control equipment	Investment on pollution control equipment	Investment on pollution control equipment
Expected effect of improvement	To meet the pollution control requirements and international practice	To meet the pollution control requirements and international practice	To meet the pollution control requirements and international practice
Estimated Expenditures	NT\$35,000 thousand	NT\$35,000 thousand	NT\$35,000 thousand

2. Other expense:

Item \ Fiscal year	2017	2018	2019
Content of Expense	1. Environment dues NT\$13,500 thousand 2. Management expense NT\$13,000 thousand	1. Environment dues NT\$13,500 thousand 2. Management expense NT\$13,000 thousand	1. Environment dues NT\$13,500 thousand 2. Management expense NT\$13,000 thousand
Expected effect of improvement	To meet the pollution control requirements	To meet the pollution control requirements	To meet the pollution control requirements
Estimated Expenditures (1+2)	NT\$26,500 thousand	NT\$26,500 thousand	NT\$26,500 thousand

5.4.3 Effects of improvement performed:

Item \ Fiscal year	2017	2018	2019
·Effects on Net income	Depreciation Expense increased by NT\$7,500,000 each year	Depreciation Expense increased by NT\$7,500,000 each year	Depreciation Expense increased by NT\$7,500,000 each year
·Effects on Competing Positioning	Enhancing corporate reputation, reducing environmental pollution, and contributing to social welfare.	Enhancing corporate reputation, reducing environmental pollution, and contributing to social welfare.	Enhancing corporate reputation, reducing environmental pollution, and contributing to social welfare.

5.4.4 Whether the Company has developed energy-saving and carbon reduction, greenhouse gas emissions reduction, water usage reduction, or other waste policy:

1. GHG reductions: Since 2007, the "Energy Conservation and Carbon Reduction Project" has been set up from 580 kg-CO₂ to 2020 per year. 290 kg-CO₂ has been reduced by 50% per year. Reduced by 4% Continue to promote, reduce the global warming rate.
2. Waste reduction: The general waste output in 2016 is 7.5% lower than 2015 (213 → 197 tonnes), with a 2% reduction in output per year for our goal; resource recycling 100% recycling.

Please refer to the "Performance of social responsibility" in Chapter Three for the Company's environmental protection policy.

5.5 Labor-Employer Relation

5.5.1 Current Prominent Labor-Employer Agreement, employee benefits, and the Implementation

1. Status of Labor-employers Agreements

- (1) The Company holds a scheduled meeting with the labor representatives for proper communication of problems and improvements between the proprietor and the laborers.
- (2) Send personnel to attend union board meeting, understand and respond to the demands of the union, and promote harmonious labor relations.
- (3) Ask for the opinions from the officials of the labor authorities, scholars, or lawyers on relevant issues and hold seminars of relevant topics regularly.
- (4) Continue to strengthen our effort in educating the employees to enhance convergence.
- (5) Assist colleagues to solve work problems through the Worker's Complaint Handling System and to protect the rights and privileges of the colleagues.
- (6) Strengthen supervisors to conform to the management ideas of corporate culture by collecting consensus, organizing supervisor consensus camp and had meals with union officials for discussion.

2. Employee Benefits

- (1) Provide uniform, safety shoes, commuter's transportation, and scheduled home-returning transportation.
- (2) Provide safe, convenient, and quiet dormitory environment.
- (3) Establish employee welfares zone, which includes the recreational and leisure facilities of tennis court, badminton court, leisure garden, swimming pool, indoor and outdoor tennis court, basketball court, power walk track, sauna, video/audio center, library, restaurant, concessionary, and gymnasium.
- (4) Provide night snacks for employees who work overtime. .
- (5) Hold different ball games, club activities, May Day Family Day, domestic and international tourism, Dragon Boat Festival and Mid-Autumn Festival activities, new employee orientation party, employees' children summer camps, year-end party and the establishment of volunteer to provide service for the community and nursing homes and other large-scale activities (6) Setup Employee Welfare Committee and manage children and colleagues education grants, Family travel allowances, festivals benefits, and May 1st Labor Day activities.

- (7) In addition to complying with law and regulations, leave with pay is granted in accordance with the customs, such as, children first day in school, children wedding day, brothers and sisters wedding day, etc.
- (8) Adjust the off day in response to the production equipment maintenance that will take some time, so that employees can take a long vacation in spring and summer with their family to enhance parent-child interaction and relieve work pressure.
- (9) In order to promote the balance of work and life of colleagues, the “get off work on-time day” activities monthly is implemented monthly. The production line is arranged for an 8-hour production day without any overtime scheduled. The idea is to encourage the colleagues to arrange family activities, to attend self-growth courses, and to enjoy sports activities.
- (10) Provide pregnant workers with the designated parking spaces in the plant to help them get to work conveniently.
- (11) In cooperation with the promulgation of revised articles of Act of Gender Equality in Employment, the Company announces to provide 5 days of maternity check during the pregnancy of the employed while the maternal employee may take off as a unit of 30 minutes for each maternity check with pay.
- (12) Comply with “Act of Gender Equality in Employment” to set up breastfeeding room in the plant and sign contract with special contracted kindergartens in Fengyuan and Sanyi to recue burden on employees.
- (13) The employees may take “paternity leave” in 15 days before and after the day of delivery, choosing 5 days for leave with pay.
- (14) Employees are given 8 days of marital leave when they get married. The employees must take the aforementioned marital leave starting from 10 days prior to marriage registration and finish in 3 months, in leave units of days. Employees will be paid the same during the marital leave.
- (15) The Company develop employees with excellent and healthy habits by maintaining good health indices and take annual healthy weight reduction competition and smoking concession promotional activities.
- (16) The Company cooperates with Lifeline Association for free psychological consultation and promotion of Employee Assistance Program (EAP).
- (17) The Company promotes package nurturing care (pregnancy-delivery-nurturing) by promoting relevant care during the stages. For example, preparing maternal mother care manual, subsidized self-paid examination, holding nurturing seminar, president distributing newborn gifts, and organizing “baby’s day” sharing activities.
- (18) Encourage single colleagues to participate in the social activities arranged for single men and women by the Ministry of Interior with the enrollment service and sponsorship fees provided by the company.
- (19) Arrange happiness-topic seminars, invite experts to talk about the topics of interest to employees including workplace, parenting, and traveling, and promote work-life balance.
- (20) For a happy life camp, to provide colleagues with personal information and more leisure life, so that work and life balance.
- (21) Employees in case of marriage celebration and ceremony may apply to the Company for providing limo (town car) services.

3. Retirement System

- (1) Retired workers are to comply with the following provisions:
 - A. Employees who have reported to work after July 1, 2005 are subject to the Labor Pension Act.
 - B. The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.
- (2) The retirement of employees is to be processed in accordance with the following requirements:
 - A. After the Rules of the Labor Pension Act were implemented on July 1, 2005, employees may choose to adopt either the pension provisions of Labor Standard Act (Old Mechanism) or the pension system of Labor Pension Act (New Mechanism) while retaining their years of service in Old Mechanism, and their

pensions for years of service in Old Mechanism will be processed according to the regulations of Labor Standard Act.

- B. In accordance with the provisions of Article 56 (1) of the Labor Standards Act, the Company contributes 7% of the employee's monthly salary to his/ her personal labor retirement reserve fund account for the one adhering to Old Mechanism. It is a dedicated account for the exclusive use. The ownership belongs to the Company, and the Bank of Taiwan (Trust Department) is in charge of handling the receipt, maintenance, and use of the fund. When the employee adopting Old Mechanism meets the retirement pension requirements and applies for pensions from the Company, the Company will draw the fund from this special account and pays the retiree.
 - C. In accordance with the provisions of Article 56 (2) of the Labor Standards Act and the rules of IAS19 (International Accounting Standard Nineteen), the Company will check before the end of the year whether the balance of the labor retirement reserve fund account is sufficient for the Old-Mechanism pension applicant of the following year and submits the application to the "Labor Retirement Reserve Fund Supervision Committee" of the Company for deliberation. If the balance is insufficient, the Company will make contributions to the differences at a time by the end of March of the following year.
 - D. The Company has set up the "Labor Retirement Reserve Fund Supervision Committee," which consists of 3 representatives of the enterprise and 6 employee representatives. They meet quarterly to jointly monitor the use of retirement reserves.
 - E. The pension of employees is calculated in accordance with the Labor Standards Law as follows:
 - a. Two pension points are given for each service year and one pension point for each service year beyond the 15-year seniority with maximum 45 points granted. The service time for less than six months is counted as six months; also, the service time for less than one year is counted as one year.
 - b. Workers who have retired due to mental or physical disability as a result of work are entitled to additional 20% benefits in accordance with the provision in preceding paragraph.
 - c. Standard pension base meant for the average monthly salary at the time of retirement approval.
- (3) The retirement of employees is to be processed in accordance with the following requirements:
- A. Employees in one of the following circumstances may apply for retirement voluntarily:
 - a. Employees who have worked for the Company for over 15 years and at an age of 55 years old;
 - b. Employees who have worked for the Company for over 25 years;
 - c. Employees who have worked for the Company for over 10 years and at an age of 60 years old;
 - B. The Company may not force any employee into retirement unless in any of the following circumstances:
 - a. Employees who are at an age of 65 years old;
 - b. Insanity or physically disabled and incapable workers;

4. Employee code of conduct or ethics

The Company has internal work rules regulated in accordance with the relevant law and regulations to expressly define the rights and obligations of both employers and employees and to substantiate the organization and establish a management system in order to provide the Company and employees with a program of action. According to the above purposes, the Company has:

- (1) Promotion, performance evaluation, attendance, and remuneration management related rules and internal control operation regulated for the full understanding and compliance of the employees;
- (2) Employees work rules: The operating rules for the Company's employment, salaries, vacations, overtime, incentive and punishments, and related office regulations are regulated to discipline employee behavior.
- (3) To effectively manage the resources of internal network and Internet, respect intellectual property rights, and maintain corporate image, employees are required to sign the "Affidavit for not using illegal software" and "Intellectual property rights ownership and confidential agreement;" also, arrange the course of "The legal issues related to the Impact of Internet on the Company" as guidelines to employees. The new recruits shall sign the letter of consent for the use of personal data by the Company at the time of reporting to duty in compliance with the requirement of the Personal Information Protection Act.

(4) For the reference of regulating and reviewing the Company's internal document management and data and internal operating procedures and regulations, the "Rules Governing Document Management" is regulated to have the Company's internal operations improved continuously and the management system improved.

5. Employee safety and health

(1) The Company has acquired labor and health insurance for each employee in accordance with the provisions of the Labor Standards Act.

(2) The Company has acquired group insurance for employees and their spouses and children at the expense of the Company.

(3) Setup a "Staff Clinic" as the contracted clinic of the National Health Insurance to benefit employees, providing medical and surgical diagnosis and stop-smoking clinics, and healthcare services, including health education and counseling to improve medical convenience and enhance the health of employees and their dependents.

(4) The Company has arranged annual physical checkup for employees in accordance with the rules of labor protection.

(5) The Company has hired occupational medicine specialists to watch out for the occupational safety and health of the employees.

(6) Provide a good and safe working environment:

- Establish comprehensive protective equipment, the regional automatic fire monitoring reporting system, the annual firefighter organization and training, and implementing fire drills to strengthen staff responsive capacity in an emergency in accordance with fire regulations.
- Access is controlled and patrolled by security guards around the clock with the monitoring system network installed at the main intersections to ensure the movement of the security personnel and vehicles for safety purpose.

(7) For the mental and physical health of employees, arrange anger management and stress relief and disease prevention and health seminars from time to time. Extend care to the family of the employees with parenting seminars arranged to provide employees with a full range of health management.

6. Staff development: Education, training, and advanced study

The Company has based on the "Lifetime learning, diversified development, dedication spirit, and people-oriented" four guidelines to conduct talents incubation and development, and to actively provide staff with a learning and developing environment. A training system has been developed through the Talent Quality-management System (TTQS), and education and training programs have been planned and organized based on the Company's vision to implement strategies for medium and long-term goals. According to the needs of business category, the Company implemented; also, enhance the professional skills required to promote employees continuing to grow and applying what they have learned at work through a diversified learning channel, including on-job training, nanny system, job rotation, project implementation, digital learning, and on-job advanced study. Four-Level Training Evaluations Model, including L1-reaction level, L2-learning level, L3- behavior level, and L4- result level, is used to ensure that employees can learn before and after training and apply what is learned to work.

Provide a common class, professional class, and management training courses in accordance with the skills required for work. The total training cost amounted to NT\$2,971,000 in 2017 that was an average of NT\$2,095 per employee; also, a total of 19,269 training hours that was an average of 13.6 hours per employee per year. The Company provides the following training courses:

(1) Common Training: A common training curriculum held for all employees, including "encountering" happiness series of seminars and Labor Insurance Annuity and National Annuity..

(2) Professional training: To strengthen the training curriculum of professional competency, including CATIA 3D drawing techniques, MSA measurement system analysis, FTA flaw tree analysis, Taguchi method, why why analysis, work flowchart management, statistics processing control and engineering capacity analysis and

finance, HR management, production and manufacturing, production and management, and labour safety and health curriculum.

- (3) Management Training: Plan the management training classes in accordance with the management ability required of different levels of managers, including the training courses of the executives incentive consensus camp; career planning and self-growth of the middle level managers, job distribution and authorization, logical thinking style courses, such as, issue tracking and resolution; and entry-level staff's QC seven tools.
- (4) Recruits training: To allow new recruits quickly to get familiar with the corporate culture and work environment, arrange an orientation for all new recruits and arrange car dismantling and assembly courses for the new recruits of R&D Department, Production Department, and Quality Management Department so to allow the new recruits to better understand the overall structure of the car and the correlation between the various components.
- (5) Language training: To develop international business, organize language courses to enhance employee's language proficiency. There are TOEIC Practice and Japanese classes. Language proficiency is one of the conditions for promotion.

The Company establishes the training system through talent development quality management system and unfolds the strategy planning of mid to long term objectives in corporate vision, in order to develop educational training plan. The training results are also reflected by L1 to the action plan in pre-action and post-training. In the future, the Company will continue to devote in the promotion of employee learning.

5.5.2 Labor/employer dispute loss in 2017 and as of the publication date of the annual report:

None

5.5.3 Employee communication channels:

The Company is committed to provide executives and staff with open and clear diversified communication channels in order to promote harmonious labor relations and create a win-win for the Company and employees. The multiple communication channels include:

1. Arrange care for employee seminars to understand and appreciate the needs and aspirations of employees in order to promote harmonious labor relations every quarter.
2. Hold employee satisfaction surveys and improve the categories with low satisfaction every year.
3. Employees may have any identified severe negligent, illegal, and unethical events reported directly to the President Mailbox or Personnel Office. The complaints will be investigated by the Personnel Office or a task force by the nature of the complaint; also, an ad hoc meeting will be convened.
4. Provide care-train mailbox and care-service hotline to employees for them to share their work, environment, and living assistance matters.
5. Sexual harassment prevention operation management guidelines:

The Company has specifically developed the "Workplace Sexual Harassment Prevention Measures, Complaint and Punishment" and "Sexual Harassment Prevention Complaint and Investigation Guidelines" to protect employees' rights, maintain gender equality, prevent workplace sexual harassment incidents and sexual discrimination, therefore protecting the basic rights of employees.

In case the staff encounters the aforementioned situations from the plant, the staff can follow the Company's complaint guidelines and file complaint to complaint committee. The hotline of complaint: 886-37-871801 Ext. 2500

5.5.4 Work environment and employees’ personal security protection measures

Under the consideration of work environment and employees’ personal security measures, the Company has based on ISO 14001 & OHSAS 18001 management system to expand the significant environmental aspects of occupational safety and health risk control and to make improvement with the use of objectives and program management. Apply operating control methods to control lower risk, which has been improved and controlled effectively. The major goals and management solutions of the Company are summarized as follows:

Objective / Subject	Proposal	Status description	Implementation
Low CO2 emissions reduced to 292(kg/-co2/unit)	Electricity - to change the frequency of high-powered motors and lamps use LED or Electrodeless Fluorescent Lamp. Gas - Regenerative Thermal Oxidizer (RTO) uses high-efficiency thermal material. Heavy oil: Import the natural gas boiler, Shortened warming up time.	1. The high-powered motors were without inverter control, so, the inverter frequency control is added in accordance with the needs. 2. Traditional fluorescent and mercury lights are changed to the low power LED or Electrodeless Fluorescent Lamp. 3. The ratio of Regenerative Thermal Oxidizer (RTO) introducing fresh air was reduced. 4. Shortened warming-up time for oven, RTO and boiler.	289 (kg/unit)
Garbage reduction to 206.5 (ton / year)	Garbage sorting and recycling, periodic inspection of the sorting	Advocate by Environmental Safety meetings and inspect the classification regularly.	202.5 (ton / year)
Plant red solution event 10 (pieces / year)	Regularly conduct 5S inspection and TOP inspection.	Reduce the occurrence of hazard with a variety of routine inspection.	6 (pc/year)
The effectiveness of equipment security and function 100 (%)	Formulate an automatic check method to perform equipment safety and function check daily throughout the operation process	The operating unit onsite is to perform equipment safety function test at work in order to ensure normal function and reduce the risk of harm.	100 %
Plant effluent inspection(Water quality) COD <100 mg / L Total chromium <2.0 mg / L Copper <3.0mg / L Zinc <5.0mg / L Cadmium <0.03mg / L Nickel <1.0mg / L	Analysis of effluent COD (1 ~ 2 times / day), Total chromium, copper, zinc, cadmium, nickel heavy metals (2 times / week)	Regularly analyze and analyze water quality to ensure that effluent water meets and exceeds regulations.	COD 23 mg / L Total Chromium ND Copper ND Zinc ND Cadmium Nickel 0.39 mg / L

Employee personal safety protection measure management programs are as follows:

1. Access security: Hire security companies to maintain plant safety, staff dormitory safety, and surveillance system setup around the clock for day, night, and holiday.
2. Equipment maintenance and inspection: According to the provisions of the Fire Fighting Act, the operating unit onsite is to inspect fire-fighting facilities monthly, then contract firefighting agencies to perform repair and maintenance service and reporting on a quarterly basis. The machinery (crane, lifts, presses ... etc.) or equipment (boilers, high and low voltage electric equipment ... etc.) is to be maintained and inspected on a regular basis (daily, weekly, monthly, quarterly, semi-annually, and annually).
3. Disaster prevention measures and response: Stipulates responsibilities of all relevant units, contingency measures, reporting procedures, tasks, content ... etc. in accordance with the “Rules Governing Emergency Preparation and Contingency.” Arrange a drill twice a year, form a group in accordance with the provisions of civil defense, and arrange disaster prevention workshops annually.
4. Healthcare:
 - (1) Health Check: Physical checkup of the new recruits. General labor health check is arranged periodically in accordance with the frequency defined in the labor safety and health protection rules. One specific health check is arranged annually for the personnel of special operations.
 - (2) Health education propaganda: Hire plant physicians and occupational physicians onsite at least twice a month (content: prevention of occupational injuries and diseases and general injuries and diseases, health advice and first aid and emergency treatment, health education, health promotion and health guidance ... etc).

- (3) Implement pest and mosquito prevention and disinfection at the plant every six months.
- (4) Prohibit indoor smoking and define the smoking areas (23 locations within the plant).

5.6 Prominent Contracts

Contract	Counter party	Contract Period	Highlights of Provisions	Restrictive Terms
Vehicle OEM Agreement	Yulon Nissan Motors Co., Ltd.	From May 1 st 2015 to April 30 th 2020, the agreement will be renewed for 1 year automatically if there is not a written notice to have the agreement terminated 6 months in advance and likewise thereafter.	Assembly services of Nissan vehicles and parts	1. Confidentiality 2. Restrictions on Rights and Obligations transfer
Vehicle OEM Agreement	Luxgen Motor Co., Ltd.	From May 1 st 2015 to April 30 th 2020, the agreement will be renewed for 1 year automatically if there is not a written notice to have the agreement terminated 3 months in advance and likewise thereafter.	Assembly services of Luxgen vehicles and parts	1. Confidentiality 2. Restrictions on Rights and Obligations transfer

5.7 Litigation/Non-Litigation Events:

None

VI Financial Information

6.1 Condensed Financial Statements for recent 5 fiscal years

6.1.1 Condensed Balance Sheet and comprehensive Income Statement - IFRS

Consolidated Condensed Balance Sheets

Unit: NT\$ Thousand

Item	Fiscal Year	Financial Data in recent 5 years (Note 1)					Financial data up to March 31, 2018 (Note 3)
		2017	2016	2015	2014	2013	
Current Assets		169,428,441	131,584,835	122,157,795	108,805,788	89,079,959	177,551,834
Property, plant, and equipment (Note 2)		35,764,145	33,663,144	33,217,023	34,730,129	35,154,316	36,230,831
Intangible assets		6,880,839	6,131,053	6,504,954	7,394,962	3,408,438	6,715,807
Other assets (Note 2)		46,343,082	49,892,609	50,122,318	51,911,808	48,371,453	45,868,525
Total assets		258,416,507	221,271,641	212,002,090	202,842,687	176,014,166	266,366,997
Current Liabilities	Before distribution	158,832,963	132,381,417	118,623,293	112,688,582	89,862,312	163,763,143
	After distribution (Note 4)	-	134,396,668	121,072,579	114,805,314	91,902,937	-
Noncurrent liabilities		20,462,405	9,827,404	12,197,154	10,005,385	8,772,702	20,817,872
Total liabilities	Before distribution	179,295,368	142,208,821	130,820,447	122,693,967	98,635,014	184,581,015
	After distribution (Note 4)	-	144,224,072	133,269,733	124,810,699	100,675,639	-
Shareholder's equity attributable to parent company		70,432,153	69,714,546	71,477,924	70,001,021	67,712,806	72,776,804
Capital stock		15,729,199	15,729,199	15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital		6,665,705	6,664,910	6,650,489	6,561,260	6,497,817	6,669,444
Retained earnings	Before distribution	47,916,002	46,464,540	46,911,456	44,979,810	44,222,784	49,344,447
	After distribution (Note 4)	-	44,449,289	44,462,170	42,863,078	42,182,159	-
Other equity		497,551	1,232,201	2,563,084	3,107,056	1,639,310	1,410,018
Treasury stock		(376,304)	(376,304)	(376,304)	(376,304)	(376,304)	(376,304)
Unrestrictive equity		8,688,986	9,348,274	9,703,719	10,147,699	9,666,346	9,009,178
Total equity	Before distribution	79,121,139	79,062,820	81,181,643	77,379,152	80,148,720	81,785,982
	After distribution (Note 4)	-	77,047,569	78,732,357	75,338,527	78,031,988	-

* If individual financial statements are prepared, the Company shall have the Condensed Balance Sheet and Comprehensive Income Statement for recent 5 fiscal years prepared

* For the financial data with the IFRS adopted for less than five years, the financial data in Table (2) should be prepared in accordance with the Financial Accounting Standards of the R.O.C.

Note 1: It is required to specify the fiscal year that has not been audited by the certified public accountant.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value.

Note 3: Financial data of Q1 are reviewed by the CPA with the adoption of IFRS.

Note 4: For the financial data after distribution, please fill out in accordance with the resolutions approved in the shareholders meeting held next year.

Note 5: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Individual Condensed Balance Sheet

Unit: NT\$ Thousand

Item	Fiscal year	Financial Data in recent 5 years (Note 1)				
		2016	2015	2014	2013	2012
Current assets		28,407,784	16,408,827	18,857,280	15,364,352	12,651,520
Property, plant, and equipment (Note 2)		6,361,945	6,238,698	6,225,143	6,829,569	6,965,046
Intangible assets		1,277,490	68,642	85,860	61,848	165,483
Other assets (Note 2)		56,969,652	56,340,968	55,462,721	57,208,186	57,759,551
Total assets		93,016,871	79,057,135	80,631,004	79,463,955	77,541,600
Current liabilities	Before distribution	7,288,443	5,275,141	4,345,927	4,564,125	5,371,216
	After distribution (Note 3)	-	6,061,601	5,761,555	5,665,169	6,472,260
Noncurrent liabilities		15,296,275	4,256,396	4,807,153	4,898,809	4,457,578
Total liabilities	Before distribution	22,584,718	9,531,537	9,153,080	9,462,934	9,828,794
	After distribution (Note 3)	-	10,317,997	10,568,708	10,563,978	10,929,838
Shareholder's equity attributable to parent company		70,432,153	69,714,546	71,477,924	70,001,021	67,712,806
Capital stock		15,729,199	15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital		6,665,705	6,664,910	6,650,489	6,561,260	6,497,817
Retained earnings	Before distribution	47,916,002	46,464,540	46,911,456	44,979,810	44,222,784
	After distribution (Note 3)	-	45,678,080	45,495,828	43,878,766	43,121,740
Other equity		497,551	1,232,201	2,563,084	3,107,056	1,639,310
Treasury stock		(376,304)	(376,304)	(376,304)	(376,304)	(376,304)
Unrestrictive equity		-	-	-	-	-
Total equity	Before distribution	70,432,153	69,714,546	71,477,924	70,001,021	67,712,806
	After distribution (Note 3)	-	68,928,086	70,062,296	68,899,977	66,611,762

* If individual financial statements are prepared, the Company shall have the Condensed Balance Sheet and Comprehensive Income Statement for recent 5 fiscal years prepared.

* For the financial data with the IFRS adopted for less than five years, the financial data in Table (2) should be prepared in accordance with the Financial Accounting Standards of the R.O.C.

Note 1: It is required to specify the fiscal year that has not been audited by the certified public accountant.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value

Note 3: For the financial data after distribution, please fill out in accordance with the resolutions approved in the shareholders meeting held next year.

Note 4: For those who have been notified by the competent authorities to revise their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Consolidated Condensed Income Statement

Unit: NT\$ Thousand

Item	Fiscal year	Financial Data in recent 5 years (Note 1)					Financial data up to March 31, 2018 (Note 2)
		2017	2016	2015	2014	2013	
Operating income		94,111,028	112,166,685	122,525,821	120,610,516	92,813,914	23,632,049
Gross Profit - net		20,001,414	19,199,975	17,961,166	17,352,722	14,331,334	5,322,562
Operating profit or loss		1,897,027	2,223,895	279,956	408,370	(373,966)	1,315,250
Non-Operating income and expense		2,241,421	840,000	4,457,921	3,202,430	3,681,260	938,546
Net income before tax		4,138,448	3,063,895	4,737,877	3,610,800	3,307,294	2,253,796
Net income of continuing operations		3,078,421	1,779,223	3,919,292	2,809,406	2,291,068	1,779,204
Loss of discontinued operation (Note 3)		—	—	—	—	—	—
Net income (loss)		3,078,421	1,779,223	3,919,292	2,809,406	2,291,068	1,779,204
Other comprehensive profit and loss (net)		(870,238)	(1,928,172)	(907,689)	1,530,098	1,830,145	329,589
Total current comprehensive profit and loss		2,208,183	(148,949)	3,011,603	4,339,504	4,121,213	2,108,793
Net income attributable to parent company's shareholders		2,288,306	1,334,703	3,352,078	2,210,346	2,371,183	1,292,296
Net income attributable to unrestrictive equity		790,115	444,520	567,214	599,060	(80,115)	486,908
Total comprehensive profit and loss attributable to parent company's shareholders		1,508,187	(275,544)	2,575,361	3,565,907	4,001,033	1,544,767
Total comprehensive profit and loss attributable to unrestrictive equity		699,996	126,595	436,242	773,597	120,180	564,026
Earnings per share		1.56	0.91	2.29	1.51	1.62	0.88

* If individual financial statements are prepared, the Company shall have the Condensed Balance Sheet and Comprehensive Income Statement for recent 5 fiscal years prepared

* For the financial data with the IFRS adopted for less than five years, the financial data in Table (2) should be prepared in accordance with the Financial Accounting Standards of the R.O.C.

Note 1: It is required to specify the fiscal year that has not been audited by the certified public accountant.

Note 2: The net loss from discontinued operations is an amount net of income tax.

Note 3: For those who have been notified by the competent authorities to revise their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Individual Condensed Income Statement

Unit: NT\$ Thousand

Item	Financial Data in recent 5 years (Note 1)					
	Fiscal year	2017	2016	2015	2014	2013
Operating income		36,092,796	39,998,024	38,826,117	40,722,041	33,997,095
Gross profit – net		2,941,489	2,998,922	2,988,547	2,947,436	2,892,367
Operating profit or loss		1,847,150	1,802,855	1,784,862	1,652,282	1,296,988
Non-Operating income and expense		472,753	6,787	1,730,638	597,587	1,436,611
Net income before tax		2,319,903	1,809,642	3,515,500	2,249,869	2,733,599
Net income of continuing operations		2,288,306	1,334,703	3,352,078	2,210,346	2,371,183
Loss of discontinued operation (Note 2)		-	-	-	-	-
Net income (loss)		2,288,306	1,334,703	3,352,078	2,210,346	2,371,183
Other comprehensive profit and loss (net)		(780,119)	(1,610,247)	(776,717)	1,355,561	1,629,850
Total current comprehensive profit and loss		1,508,187	(275,544)	2,575,361	3,565,907	4,001,033

* If individual financial statements are prepared, the Company shall have the Condensed Balance Sheet and Comprehensive Income Statement for recent 5 fiscal years prepared.

* For the financial data with the IFRS adopted for less than five years, the financial data in Table (2) should be prepared in accordance with the Financial Accounting Standards of the R.O.C.

Note 1: It is required to specify the fiscal year that has not been audited by the certified public accountant.

Note 2: The net loss from discontinued operations is an amount net of income tax.

Note 3: For those who have been notified by the competent authorities to revise their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

6.1.2 The name and opinion of the independent auditor in recent 5 years

Fiscal year	2017	2016	2015	2014	2013
CPA (Certified public accountant)	Hsin-Wei TAI You-Wei FAN	Hsin-Wei TAI You-Wei FAN	Li-Wen KUO Win-Chin LIN	Li-Wen KUO Win-Chin LIN	Li-Wen KUO Win-Chin LIN
Audit opinions	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

6.2 Financial Analysis for recent 5 Fiscal Years

6.2.1 Consolidated Financial Ratio Analysis complying with IFRS

Analysis items (Note 3)		Fiscal year (Note 1)	Financial analysis in recent 5 years					Up to March 31, 2018(Note 2)
		2017	2016	2015	2014	2013		
Finance structure (%)	Debt to assets ratio	69.38	64.27	61.71	60.49	56.30	69.30	
	Long term funds to property, plant, and equipment ratio	257.45	237.62	249.38	232.99	223.76	262.73	
Solvency(%)	Current ratio (%)	106.67	99.4	102.98	96.55	100.19	108.42	
	Quick ratio (%)	96.07	90.79	93.34	84.98	87.23	97.42	
	Interest coverage ratio	15.15	10.78	12.68	10.21	9.13	24.38	
Operating ability	Receivables turnover (times)	1.08	1.53	1.94	2.24	2.07	0.99	
	Accounts receivable collecting days	337.96	238.55	188.14	162.94	176.32	368.69	
	Inventory turnover (times)	6.77	9.96	10.13	9.27	7.24	5.40	
	Payables turnover (times)	5.28	7.49	9.68	10.29	8.77	4.88	
	Average inventory turnover on sales	53.91	36.64	36.03	39.37	50.41	67.59	
	Property, plant, and property turnover (times)	2.71	3.35	3.61	3.45	2.51	2.63	
	Total asset turnover (times)	0.39	0.52	0.59	0.63	0.53	0.36	
Profitability	Return on assets (%)	1.38	0.94	2.05	1.65	1.50	0.71	
	Return on equity (%)	3.89	2.22	4.86	3.57	3.04	8.85	
	Percentage to paid-in capital (%)	Operating Net Income (losses)	12.06	14.14	1.78	2.60	(2.34)	33.45
		Income before tax (losses)	26.31	19.48	30.12	22.96	21.03	57.31
	Profit margin (%)	3.27	1.59	3.20	2.33	2.46	7.53	
	Earnings Per Share (NT\$)	1.56	0.93	2.29	1.51	1.62	0.88	
Cash flow	Cash flow from operations ratio (%)	(13.47)	(6.47)	(7.78)	(6.84)	1.74	(5.06)	
	Cash Flow Adequacy Ratio (%)	3.02	6.01	6.70	5.70	12.69	0	
	Cash Flow Re-investment Ratio (%)	(20.35)	(10.60)	(10.61)	(10.63)	(0.17)	(7.06)	
Leverage	Operating leverage	4.95	4.41	27.24	17.76	(16.96)	2.77	
	Financial leverage	1.18	1.16	(2.23)	25.09	0.48	1.08	
Reasons for changes of financial ratios for the last two years(analysis is exempted for any change less than 20%):								
1. The increase in interest margin was mainly attributable to the increase in profit margin for the year 2017 over 2016.								
2. The decrease in accounts receivable turnover and the increase in the average number of days of acquisition was due to the net sales of the 2017 decreased over the previous year.								
3. The decrease in Inventory turnover was due to the Cost of goods sold of the 2017 decreased over the previous year.								
4. The turnover rate of accounts payable declined is because of the cost of good sold was lower than that in 2016.								
5. The decrease in total asset turnover was due to the net sales of the 2017 decreased over the previous year.								
6. The main reason for profitability ratio increased is net profit more than 2016.								
7.Cash flow ratio, cash flow allowable ratio and cash reinvestment ratio decreased mainly due to the decrease in cash inflows from operating activities over the previous year..								

6.2.2 Individual Financial Ratio Analysis complying with IFRS

Analysis item (Note 3)		Fiscal year (Note 1)	Financial analysis in recent 5 years					
			2017	2016	2015	2014	2013	
Finance structure	Debt to assets ratio		24.28	12.06	11.37	11.91	12.68	
	Long term funds to property, plant, and equipment ratio		1,107.09	1,114.42	1,148.21	1,096.70	972.18	
Solvency	Current ratio		389.76	311.06	433.91	336.63	235.54	
	Quick ratio		327.21	230.16	334.45	227.91	144.58	
	Interest coverage ratio		146.37	937.18	2,289.74	642.35	1219.18	
Operating ability	Receivables turnover (times)		46.97	60.15	55.98	55.54	25.59	
	Average accounts receivable turnover days		7.77	6.07	6.52	6.57	14.27	
	Inventory turnover (times)		7.46	8.62	7.72	7.74	6.83	
	Payables turnover (times)		8.98	11.66	11.61	11.24	10.67	
	Average inventory turnover on sale		48.95	42.36	47.27	47.16	53.45	
	Property, plant, and property turnover (times)		5.73	6.42	5.95	5.90	5.09	
	Total asset turnover (times)		0.42	0.50	0.49	0.52	0.45	
Profitability	Return on assets (%)		2.65	1.67	4.19	2.82	3.15	
	Return on shareholder's equity (%)		3.27	1.89	4.74	3.21	3.57	
	Percentage to paid-in capital (%)	Operating Net Income (losses)		11.74	11.46	11.35	10.50	8.25
		Income before tax (losses)		14.75	11.50	22.35	14.30	17.38
	Profit margin (%)		6.34	3.34	8.63	5.43	6.97	
	Earnings Per Share (NT\$)		1.56	0.91	2.29	1.51	1.62	
Cash flow	Cash flow from operations ratio (%)		32.97	98.75	(9.32)	38.66	52.5	
	Cash Flow Adequacy Ratio (%)		35.21	44.97	29.62	66.85	37.86	
	Cash Flow Re-investment Ratio (%)		2.09	5.61	(2.16)	0.98	2.37	
Leverage	Operating leverage		1.24	1.24	1.26	1.28	1.33	
	Financial leverage		1.01	1.00	1.00	1.00	1.00	

Please explain the reasons for the changes in financial ratios in the last two years (analysis is exempted for any change less than 20%):

- The decrease in interest margin was mainly attributable to the increase in pre-tax profit for the year 2017 over 2016.
- The decrease in accounts receivable turnover and the turnover rate of accounts payable was due to the net sales of the 2017 decreased over the previous year.
- Profitability increase in the indicators was mainly due to the increase in investment income in 2017 compared with 2016, resulting in an increase in pre-tax and after-tax net profit.
- Cash flow ratio, cash flow allowable ratio and cash reinvestment ratio decreased mainly due to the decrease in cash inflows from operating activities over the previous year..

* If individual financial statements are prepared, the Company shall have individual financial ratio analysis performed.

* For the financial data with the IFRS adopted for less than five years, the financial data in Table (2) should be prepared in accordance with the Financial Accounting Standards of the R.O.C.

Note 1: It is required to specify the fiscal year that has not been audited by the certified public accountant.

Note 2: Listed companies or companies that have stock traded at a stock exchange corporation shall have the financial information up to the quarter prior to the publication date of annual report included for analysis.

Note 3: The following equations should be included in the end of the annual report:

1. Finance structure

(1) Debt to assets ratio = Total liabilities/total assets.

(2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + noncurrent liabilities)/net property, plant, and equipment

2. Solvency

(1) Current ratio = Current assets/current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities

(3) Interest coverage ratio = Net income before tax and interest expense/current interest expense

3. Operating ability

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

4. Profitability

- (1) Return on assets = [net income + interest expense x (1-tax ratio)]/average total assets
- (2) Return on shareholder's equity = Net income/average total shareholder's equity
- (3) Profit Ratio = Net income/net sales
- (4) Earnings per Share = (Net income attributable to parent company shareholders - preferred stock dividend)/weighted average number of shares issued (Note 4)

5. Cash flow

- (1) Cash flow ratio = Cash flow from operating activities/current liabilities
- (2) Net Cash flow adequacy ratio = Net cash flow from operating activities of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend)
- (3) Cash re-investment ratio = (Net cash flow from operating activities - cash dividend)/(gross property, plant, and equipment + long-term investment + other noncurrent asset + operating fund) (Note 5)

6. Leverage

- (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 6)
- (2) Financial leverage = Operating income/ (operating income - interest expense)

Note 4: The calculation of earnings per share referred to above should be with the following matters included for consideration:

1. It is based on the weighted average number of common stock shares rather than the outstanding shares at year end.
2. Where there is a cash capital increase or treasury stock transaction conducted, the circulation period should be included for the calculation of the weighted average number of shares.
3. Where there is a capitalization from earnings or additional paid-in capital conducted, when calculating earnings per share for the prior years and every interim, adjustment should be made proportionally to the capitalization ratio but without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the annual dividend (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income; when there is net loss, no adjustment is needed.

Note 5: The measurement of cash flow analysis should be with the following matters included for consideration:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. Inventory increase is included for calculation only when the ending balance is greater than the beginning balance. If inventory is decreased at the year end, it is counted as zero.
4. Cash dividend includes cash dividend of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 6: The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, should pay attention to its rationality and consistency.

Note 7: The paid-in capital ratio of the foreign companies referred to above is calculated with net worth ratio instead.

6.3 Audit Committee' Report

The Board of Directors has prepared the 2016 Business Report, Financial Statements and proposal for earnings distribution. The CPA Hsin-Wei TAI and CPA Yu-Wei FAN, members of the Deloitte & Touche, were retained to audit Yulon Financial Statements and had issued the unqualified-standard wording audit report. The Business Report, Financial Statements, and earning distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14.4 of the Securities Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To the 2018 Annual Shareholders' Meeting

Yulon Motor Co., Ltd.

Audit Committee Convenor : Yi-Hong Hsieh



Date: March 26, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

Opinion

We have audited the accompanying financial statements of Yulon Motor Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Yulon Motor Company Ltd. as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2017 are stated as follows:

Impairment Assessment of Vehicle Model Development Cost and Molds of Luxgen Motor Co., Ltd., Investment Accounted for Using Equity Method

(Please refer to Note 12.)

The vehicle model development cost of Luxgen Motor Co., Ltd., investment accounted for using equity method, was \$5,269,471 thousand, and the molds equipment used for the production of the vehicle model was \$3,866,307 thousand. Luxgen Motor Co., Ltd. identifies different models of vehicles as separate cash-generating units, and tests them for impairment annually.

The amounts of vehicle model development cost and molds equipment used for the production of the model were material to the financial statements as a whole. Furthermore, assessment of the recoverable amount used in impairment testing is an area of professional judgment. As a result, impairment assessment of the vehicle model development cost and molds equipment is determined as

a key audit matter. The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We understood the process and basis for the estimated growth rate and profitability of the sales forecast of the Company.
2. We reviewed whether the estimated operating cash flow was consistent with operating prospectus approved by the board of directors and inquired whether the future cash flow considered the latest operating performance and industry overview.
3. We assessed the evaluation model used by the management.
4. We assessed the weighted average cost of capital (WACC) used by the management in calculating the recoverable amount in accordance with the valuation model, including risk-free rate, volatility and risk premium. We verified that the WACC was consistent with the Company's status and the industry.

Impairment of Trade Receivable of Taiwan Acceptance Corporation and Its Subsidiaries ("TAC Group"), Investment Accounted for Using Equity Method

(Please refer to Note 12.)

The determination of estimated impairment of trade receivable of the TAC Group takes into consideration the present value of estimated future cash flows based on foreseeable economic status forecast by the management. This is determined to be material to the financial statements as a whole and involves significant management judgement; thus, this is determined as a key audit matter. As of December 31, 2017, allowance for impairment loss of trade receivable was NT\$2,492,456 thousand, representing 2.67% of TAC Group's total trade receivable; impairment loss of trade receivable recognized in TAC Group's consolidated statement of comprehensive income for the year ended December 31, 2017 was NT\$1,491,271 thousand, representing 22.59% of operating expenses.

Our audit procedures included:

1. We understood the policies on impairment of trade receivable and assessed the reasonableness of impairment of receivables by performing inquiry, and reperformance of related internal controls.
2. We involved our IT specialists in testing the system that generated trade receivable related documents used by management in performing the controls.
3. We performed analytical procedures on current and prior years' receivable balances and write-off of allowance for impairments to assess the reasonableness of the recognized impairment loss.
4. We assessed the data and model used in the estimation of receivable impairment, including collection of impaired receivables and discount rates.
5. We recalculated the impairment based on the impairment policy of the Group.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of

financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Wei, Tai and Yu-Wei, Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2018

Notice to Readers

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

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

YULON MOTOR COMPANY LTD.

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 14,555,448	16	\$ 6,610,313	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	166,945	-	449,091	1
Debt investments with no active market - current (Notes 4 and 9)	5,089,600	6	3,989,600	5
Note and trade receivable (Notes 4 and 10)	23,961	-	67,566	-
Notes and trade receivable from related parties (Notes 4, 10 and 25)	635,451	1	384,964	-
Other receivables (Notes 4, 10 and 25)	212,682	-	502,298	1
Inventories (Notes 4 and 11)	6,873,416	7	3,987,664	5
Other current assets	<u>850,281</u>	<u>1</u>	<u>417,331</u>	<u>1</u>
Total current assets	<u>28,407,784</u>	<u>31</u>	<u>16,408,827</u>	<u>21</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 4)	56,845	-	48,519	-
Financial assets measured at cost - non-current (Notes 4 and 8)	27,931	-	27,931	-
Investments accounted for using equity method (Notes 4 and 12)	44,253,861	48	41,322,203	52
Property, plant and equipment (Notes 4 and 13)	6,361,945	7	6,238,698	8
Investment properties (Notes 4 and 14)	12,087,160	13	10,598,281	13
Other intangible assets (Notes 4 and 15)	1,277,490	1	68,642	-
Deferred tax assets (Notes 4 and 21)	531,535	-	515,318	1
Other non-current assets	<u>12,320</u>	<u>-</u>	<u>4,017,663</u>	<u>5</u>
Total non-current assets	<u>64,609,087</u>	<u>69</u>	<u>62,837,255</u>	<u>79</u>
TOTAL	<u>\$ 93,016,871</u>	<u>100</u>	<u>\$ 79,246,082</u>	<u>100</u>

(Continued)

YULON MOTOR COMPANY LTD.

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2017		2016	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Trade payables	\$ 2,862,921	3	\$ 2,112,501	3
Trade payables to related parties (Note 25)	1,482,892	2	1,205,530	1
Other payables (Notes 15 and 25)	2,904,164	3	1,300,853	2
Current tax liabilities (Notes 4 and 21)	-	-	492,765	1
Other current liabilities	38,466	-	163,492	-
Total current liabilities	<u>7,288,443</u>	<u>8</u>	<u>5,275,141</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Bonds payable	10,000,000	11	-	-
Long-term borrowings	1,500,000	1	-	-
Deferred tax liabilities (Notes 4 and 21)	2,541,633	3	2,518,765	3
Net defined benefit liabilities - non-current (Notes 4 and 18)	949,658	1	1,227,654	1
Deposits received	181,236	-	457,891	1
Credit balance on the carrying value of investments accounted for using the equity method (Notes 4 and 12)	94,052	-	23,216	-
Other non-current liabilities	29,696	-	28,869	-
Total non-current liabilities	<u>15,296,275</u>	<u>16</u>	<u>4,256,395</u>	<u>5</u>
Total liabilities	<u>22,584,718</u>	<u>24</u>	<u>9,531,536</u>	<u>12</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	<u>15,729,199</u>	<u>17</u>	<u>15,729,199</u>	<u>20</u>
Capital surplus	<u>6,665,705</u>	<u>7</u>	<u>6,664,910</u>	<u>8</u>
Retained earnings				
Legal reserve	7,849,288	8	7,715,818	10
Special reserve	37,373,565	40	36,373,565	46
Unappropriated earnings	<u>2,693,149</u>	<u>3</u>	<u>2,375,157</u>	<u>3</u>
Total retained earnings	<u>47,916,002</u>	<u>51</u>	<u>46,464,540</u>	<u>59</u>
Other equity				
Exchange differences on translating foreign operations	(593,515)	-	75,147	-
Unrealized gain on available-for-sale financial assets	1,091,158	1	1,157,054	2
Cash flow hedges	(92)	-	-	-
	<u>497,551</u>	<u>1</u>	<u>1,232,201</u>	<u>2</u>
Treasury shares	<u>(376,304)</u>	<u>-</u>	<u>(376,304)</u>	<u>(1)</u>
Total equity	<u>70,432,153</u>	<u>76</u>	<u>69,714,546</u>	<u>88</u>
TOTAL	<u>\$ 93,016,871</u>	<u>100</u>	<u>\$ 79,246,082</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements

(Concluded).

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)				
Sales	\$ 34,591,748	96	\$ 38,827,272	97
Other operating revenue	<u>1,501,048</u>	<u>4</u>	<u>1,170,752</u>	<u>3</u>
Total operating revenue	<u>36,092,796</u>	<u>100</u>	<u>39,998,024</u>	<u>100</u>
OPERATING COSTS (Notes 11, 13, 18, 20 and 25)				
Cost of goods sold	32,651,536	91	36,674,883	92
Other operating cost	<u>462,013</u>	<u>1</u>	<u>331,390</u>	<u>1</u>
Total operating costs	<u>33,113,549</u>	<u>92</u>	<u>37,006,273</u>	<u>93</u>
GROSS PROFIT	2,979,247	8	2,991,751	7
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	<u>(37,758)</u>	<u>-</u>	<u>7,171</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,941,489</u>	<u>8</u>	<u>2,998,922</u>	<u>7</u>
OPERATING EXPENSES (Notes 18, 20 and 25)				
Selling and marketing expenses	118,435	-	134,455	-
General and administrative expenses	820,698	2	889,213	2
Research and development expenses	<u>155,206</u>	<u>1</u>	<u>172,399</u>	<u>1</u>
Total operating expenses	<u>1,094,339</u>	<u>3</u>	<u>1,196,067</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>1,847,150</u>	<u>5</u>	<u>1,802,855</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSE				
Share of (losses)/gains of subsidiaries, associates and joint ventures (Notes 4 and 12)	295,913	1	(178,709)	-
Other income (Note 20)	50,653	-	49,723	-
Interest income	62,964	-	56,158	-
Finance costs	(15,959)	-	(1,933)	-
Other gains (Note 20)	<u>79,182</u>	<u>-</u>	<u>81,548</u>	<u>-</u>
Total non-operating income	<u>472,753</u>	<u>1</u>	<u>6,787</u>	<u>-</u>

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 2,319,903	6	\$ 1,809,642	4
INCOME TAX EXPENSE (Notes 4 and 22)	<u>31,597</u>	<u>-</u>	<u>474,939</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,288,306</u>	<u>6</u>	<u>1,334,703</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(5,802)	-	(174,573)	(1)
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(39,667)</u>	<u>-</u>	<u>(104,791)</u>	<u>-</u>
	<u>(45,469)</u>	<u>-</u>	<u>(279,364)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on available-for-sale financial assets	8,326	-	(2,170)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(742,976)</u>	<u>(2)</u>	<u>(1,328,713)</u>	<u>(3)</u>
	<u>(734,650)</u>	<u>(2)</u>	<u>(1,330,883)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(780,119)</u>	<u>(2)</u>	<u>(1,610,247)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,508,187</u>	<u>4</u>	<u>\$ (275,544)</u>	<u>(1)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
Basic	<u>\$ 1.56</u>		<u>\$ 0.91</u>	
Diluted	<u>\$ 1.56</u>		<u>\$ 0.91</u>	

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

(Concluded)

YULON MOTOR COMPANY LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Cash Flow Hedges	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets				
BALANCE, JANUARY 1, 2016	\$ 15,729,199	\$ 6,650,489	\$ 7,380,610	\$ 35,373,565	\$ 4,157,281	\$ 1,484,838	\$ 1,078,584	\$ (338)	\$ (376,304)	\$ 71,477,924	
Appropriation of the 2015 earnings											
Legal reserve	-	-	335,208	-	(335,208)	-	-	-	-	-	
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	
Cash dividends distributed by the Company (NT\$0.9 per share)	-	-	-	-	(1,415,628)	-	-	-	-	(1,415,628)	
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	14,421	-	-	(86,627)	-	-	-	-	(72,206)	
Net profit for the year ended December 31, 2016	-	-	-	-	1,334,703	-	-	-	-	1,334,703	
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(279,364)	(1,409,691)	78,470	338	-	(1,610,247)	
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	1,055,339	(1,409,691)	78,470	338	-	(275,544)	
BALANCE, DECEMBER 31, 2016	15,729,199	6,664,910	7,715,818	36,373,565	2,375,157	75,147	1,157,054	-	(376,304)	69,714,546	
Appropriation of 2016 earnings											
Legal reserve	-	-	133,470	-	(133,470)	-	-	-	-	-	
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	
Cash dividends distributed by the Company (NT\$0.5 per share)	-	-	-	-	(786,460)	-	-	-	-	(786,460)	
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	795	-	-	(4,915)	-	-	-	-	(4,120)	
Net profit for the year ended December 31, 2017	-	-	-	-	2,288,306	-	-	-	-	2,288,306	
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(45,469)	(668,662)	(65,896)	(92)	-	(780,119)	
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	2,242,837	(668,662)	(65,896)	(92)	-	1,508,187	
BALANCE, DECEMBER 31, 2017	\$ 15,729,199	\$ 6,665,705	\$ 7,849,288	\$ 37,373,565	\$ 2,693,149	\$ (593,515)	\$ 1,091,158	\$ (92)	\$ (376,304)	\$ 70,432,153	

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

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,319,903	\$ 1,809,642
Adjustments for:		
Depreciation expenses	360,480	392,296
Share of loss/(profit) of subsidiaries, associates and joint ventures	(295,913)	178,709
Interest income	(62,964)	(56,158)
Unrealized (gain)/loss on foreign currency exchange	(58,418)	(39,743)
Amortization expenses	44,404	45,225
Reversal of impairment loss recognized on non-financial assets	36,103	(17,854)
Finance costs	15,959	1,933
Dividend income	(10,428)	(11,235)
Realized (gain)/loss on the transactions with subsidiaries, associates and joint ventures	5,654	(47,428)
Gain on disposal of property, plant and equipment	(701)	(1,010)
Loss/(gain) on disposal of investment	-	350
Changes in operating assets and liabilities		
Financial assets held for trading	282,146	3,129,483
Notes and trade receivable	(217,306)	421,690
Other receivables	284,684	(88,434)
Inventories	(291,864)	51,088
Other current assets	(609,510)	(260,488)
Other operating assets	(7,120)	-
Trade payables	1,088,224	325,135
Other payables	387,029	77,370
Other current liabilities	(125,026)	98,346
Net defined benefit liabilities - non-current	(283,798)	(612,368)
Other operating liabilities	827	4,479
Cash generated from operations	2,862,365	5,401,028
Interest received	67,896	45,847
Interest paid	(9,677)	(1,933)
Income tax paid	(517,711)	(15,279)
Net cash generated from operating activities	<u>2,402,873</u>	<u>5,429,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries/associates	(8,142,330)	(3,183,519)
Dividends received	4,661,124	3,195,541
Acquisition of debt investments with no active market	(1,100,000)	(1,572,100)
Acquisition of property, plant and equipment	(459,869)	(250,603)
Proceeds from the capital reduction of investments accounted for using the equity method	134,309	1,231
Proceeds from disposal of property, plant and equipment	3,744	1,558
		(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Acquisition of other non-current assets	\$ -	\$ (2,746,698)
Acquisition of intangible assets	-	(22,147)
Proceeds from disposal of financial assets measured at cost	<u>-</u>	<u>130</u>
Net cash used in investing activities	<u>(4,903,022)</u>	<u>(4,576,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of bonds payable	10,000,000	-
Proceeds from long-term borrowings	1,500,000	-
Dividends paid to owners of the Company	(786,460)	(1,412,173)
Decrease in guarantee deposits received	<u>(276,656)</u>	<u>(70,293)</u>
Net cash generated from (used in) financing activities	<u>10,436,884</u>	<u>(1,482,466)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>8,400</u>	<u>4,154</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,945,135	(625,256)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,610,313</u>	<u>7,235,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 14,555,448</u>	<u>\$ 6,610,313</u>

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

(Concluded)

YULON MOTOR COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Motor Company Ltd. (the “Company”) was incorporated in September 1953. It manufactures and markets automobiles and parts.

The Company’s shares have been listed on the Taiwan Stock Exchange since July 1976.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 26, 2018.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Company are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Company has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Company’s respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill are enhanced when the above amendments were retrospectively applied in 2017.

b. New IFRSs in issue but not yet endorsed by the FSC

The Company has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018 (Note 3)
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification

and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss, if any, recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above measurements, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Impact on assets, liabilities and equity</u>			
<u>Current assets</u>			
Financial assets at fair value through profit or loss - current	\$ 166,945	\$ -	\$ 166,945
Financial assets measured at cost - current	-	5,089,600	5,089,600
Debt investments with no active market - current	5,089,600	(5,089,600)	-
<u>Non-current assets</u>			
Financial assets at fair value through profit or loss - non-current	-	18,377	18,377
Financial assets at fair value through other comprehensive income - non-current	-	756,647	756,647
Available-for-sale financial assets - non-current	56,845	(56,845)	-
Financial assets measured at cost - current	27,931	(27,931)	-
Investments accounted for using the equity method	<u>44,253,861</u>	<u>106,091</u>	<u>44,359,952</u>
Total effect on assets	<u>\$ 49,595,182</u>	<u>\$ 796,339</u>	<u>\$ 50,391,521</u>
<u>Equity</u>			
Retained earnings	\$ 2,693,149	\$ 139,002	\$ 2,832,151
Other equity			
Unrealized gain/(loss) on available-for-sale financial assets	1,091,158	(1,091,158)	-
Unrealized gain on financial assets at fair value through other comprehensive income - equity instruments	<u>-</u>	<u>1,748,495</u>	<u>1,748,495</u>
Total effect on equity	<u>\$ 3,784,307</u>	<u>\$ 796,339</u>	<u>\$ 4,580,646</u> (Concluded)
<u>Hedge accounting</u>			

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness

assessment with the principle of economic relationship between the hedging instrument and the hedged item.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

2) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

3) IFRIC 23 “Uncertainty Over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Company shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture.

When the amendments become effective, the Company shall apply the amendments retrospectively. However, the Company may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of

hindsight.

5) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that the reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Company shall apply the amendments retrospectively. However, the Company may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, (the “Regulations”).

Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 on the basis of the degree to which the fair value measurement inputs are observable and significant to the fair value measurement in its entirety; the inputs by level are described as follows:

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

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the parent company only financial statements.

Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities are classified as non-current.

Foreign Currencies

In the preparation of financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

The assets and liabilities of the Company's foreign operations (including those of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used that are different from that used by the Company in presenting its financial statements) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the invested company as whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries of entities that are not related to the Company.

Investments in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of the equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or

constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate of entities that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and placed in the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation, including property under construction for these purposes. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less impairment, if any. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the construction is completed and the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs. If a portion of the carrying amount of the asset can be allocated on a reasonable and consistent basis to the CGU, the Company compares the carrying amount of the CGU, including the portion of the asset's carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied instead to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication of asset impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When the carrying amount of the asset or CGU is increased to a revised estimate of its recoverable amount, the impairment loss is reversed, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at

fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

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

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investment, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when they are either held for trading or designated as at fair value through profit or loss (FVTPL).

Financial assets may be designated as at FVTPL upon initial recognition if:

- i. Such designation eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise; or
- ii. The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy and information about the asset is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of these unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments are nonderivative financial assets with fixed or determinable payments and fixed maturity on which the Company has the positive intent and ability to hold to maturity. Furthermore, they are not designated as at fair value through profit or loss and are not classified as available-for-sale financial assets nor can they be considered loans and receivables. The central government bond

which the Company has the positive intent and ability to hold to maturity is classified as held-to maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by the delivery of these unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment loss is recognized in profit and loss.

d) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

2) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment collectively even if they have been assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of not collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on trade receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the impairment losses decrease and the decreases can be related objectively to events occurring after impairment recognition, the previously recognized impairment losses are reversed through profit or loss to the extent that the carrying amounts of the investments at the date the impairment is reversed do not exceed what the amortized costs would have been had the impairment not been recognized.

When an available-for-sale (AFS) financial asset is considered impaired, cumulative loss previously recognized in other comprehensive income is reclassified to profit or loss in the period the asset is impaired. However, impairment loss on AFS equity securities previously recognized in profit or loss cannot be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. On available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

The carrying amounts of the financial assets are reduced by the impairment loss directly for all financial assets with the exception of trade receivables, of which the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible accounts receivable that are written off against the allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except in the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Company uses derivative financial instruments, such as forward exchange contracts and foreign currency option contracts, to manage its exposure to interest rate risks and exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances. Sales returns are recognized at the time of sale if the Company can reliably estimate future returns and a liability for returns is recognized on the basis of previous experience and relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- 1) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 2) The Company retains neither continuing managerial involvement to the degree usually

associated with ownership nor effective control over the goods sold;

- 3) The amount of revenue can be measured reliably;
- 4) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- 5) The transaction costs incurred in respect of the transaction can be measured reliably.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

b. Rental income

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding on the leases.

c. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

d. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and if it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract at the end of the reporting period and are measured on the basis of the percentage of contract costs incurred to date to the estimated total contract costs, except if this measurement is not representative of actual substance. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the excess is shown as construction contracts receivable. When progress

billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as construction contracts payable.

Leasing

Leases are classified as finance leases whenever the lease terms provide for the transfer of substantially all the risks and rewards of ownership to the lessee. Otherwise, the leases are classified as operating leases.

a. The Company as lessor

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

b. The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Recognition and Measurement of Defined Benefit Plans

The net defined benefit liabilities (assets) and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2017	2016
Cash on hand	\$ 689	\$ 680
Checking accounts and demand deposits	8,254,759	6,309,633
Cash equivalent		
Time deposits with original maturities within 3 months	<u>6,300,000</u>	<u>300,000</u>
	<u>\$ 14,555,448</u>	<u>\$ 6,610,313</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	2017	2016
Bank balance	0.002%-1.01%	0.001%-1.19%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets at fair value through profit or loss		
Credit-linked instruments	\$ 140,678	\$ 346,912
Principle guaranteed financial assets	<u>-</u>	<u>102,179</u>
	<u>140,678</u>	<u>449,091</u>
Financial assets held for trading		
Non-derivative financial assets		
Beneficial certificates - mutual funds	<u>26,267</u>	<u>-</u>
	<u>\$ 166,945</u>	<u>\$ 449,091</u>

8. FINANCIAL ASSETS MEASURED AT COST

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Non-current</u>		
Domestic unlisted common shares	<u>\$ 27,931</u>	<u>\$ 27,931</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 27,931</u>	<u>\$ 27,931</u>

Management believed that the above unlisted equity investments held by the Company have fair value that cannot be reliably measured because the range of reasonable fair value estimates was so significant. Therefore, they were measured at cost less impairment at the end of the reporting period.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Time deposits with original maturity more than 3 months	<u>\$ 5,089,600</u>	<u>\$ 3,989,600</u>

As of December 31, 2017 and 2016, the interest rate intervals of time deposits with original maturity more than 3 months were 0.51%-1.01% and 0.42%-1.19%, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2017	2016
<u>Notes receivable</u>		
Notes receivable - operating	\$ 40,331	\$ 74,971
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 40,331</u>	<u>\$ 74,971</u>
<u>Trade receivables</u>		
Trade receivables	\$ 647,103	\$ 405,581
Less: Allowance for impairment loss	<u>28,022</u>	<u>28,022</u>
	<u>\$ 619,081</u>	<u>\$ 377,559</u>

a. Trade and notes receivables

The average credit period of sales of goods was 45-90 days. Since major transaction parties were related parties, the Company's management, when assessing recoverability of its trade and notes receivables, any changes in the credit quality of credit grant to balance sheet dates, including financial and economic status of the counter party should be taken into consideration.

The movements of the allowance for doubtful trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2017	2016
Balance at January 1	\$ 28,022	\$ 28,022
Add: Impairment losses recognized on receivables	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 28,022</u>	<u>\$ 28,022</u>

b. Other receivables

	<u>December 31</u>	
	2017	2016
<u>Other receivable</u>		
Subsidy receivables	\$ 35,500	\$ 171,001
Receivables for steel plates	20,425	45,327
Receivables for disposal of financial assets	-	139,053
Receivables for personnel transfer	13,309	13,309
Others	<u>143,448</u>	<u>133,608</u>
	<u>\$ 212,682</u>	<u>\$ 502,298</u>

11. INVENTORIES

	December 31	
	2017	2016
Finished goods	\$ 2,187,409	\$ 2,270,128
Work in progress	376,440	102,949
Raw materials	<u>1,679,576</u>	<u>1,614,587</u>
	<u>4,243,425</u>	<u>3,987,664</u>
Property under construction		
Yulon Property Developments	<u>2,629,991</u>	<u>-</u>
	<u>\$ 6,873,416</u>	<u>\$ 3,987,664</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was \$32,651,536 thousand and \$36,692,737 thousand, respectively.

The cost of goods sold for the years ended December 31, 2017 and 2016 included reversal of inventory write-downs of \$36,121 thousand and \$17,854 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in subsidiaries	\$ 16,572,174	\$ 15,130,407
Investments in associates	<u>27,681,687</u>	<u>26,191,796</u>
	<u>\$ 44,253,861</u>	<u>\$ 41,322,203</u>

For the details of investments in subsidiaries, associates and joint ventures, please refer to Table 9 (information on investee), Table 10 (trading in derivative instruments), Exhibit 3 (statement of changes in investments accounted for using equity method) and financial statements of 2017.

a. Investments in subsidiaries

The Company invested in Yulon Overseas Investment Co., Ltd. (YOIC), then YOIC invested in Yulon Philippine Investment Co., Ltd., which invested in Univation Motor Philippines, Inc. (UMPI) (originally named NMPI) and Sta. Cruz Island Company (SCIC).

Under the approval of Taiwan's Investment Commission under the Ministry of Economic Affairs, the Company and one of its subsidiaries, TAC, directly invested RMB255,000 thousand (or US\$42,500 thousand) and \$245,000 thousand (or US\$40,833 thousand), respectively, on June 29, 2015, in Yulon Motor Finance (China) Co., Ltd. ("Yulon Motor Finance") in China. The Company and TAC held 51% and 49%, respectively, of Yulon Motor Finance's shares, and because of TAC's substantial control, Yulon Motor Finance was treated as TAC's subsidiary. On February 19, 2016, Yulon Motor Finance obtained a business license in China; under this license, Yulon Motor Finance may offer car loans to customers, loans to car dealers for their car purchases, loans to other companies for facilities and car financial leasing business, etc.

For the purpose of integrating enterprise resources and increasing efficiency of management, the Company reduced the capital stock of Yu Ching, Yu Pong and Yung Hong and acquired 98.6% of Yu Yuen in June 2016. In addition, the Company purchased 1.4% of Yu Yuen for the payment of \$34,485 thousand. As a result, the Company totally owned 100% of Yu Yuen.

b. Investments in associates

In view of the high economic growth in mainland China, the Company indirectly invested in a horizontal car service and customer service businesses through YOIC. The Company also invested in Hongzhou Xiaoshan Luxgen Automobile Parts Co., Ltd. (“Luxgen Automobile Parts”) in November 2008 to make use of business opportunities in the Chinese market for car parts and to have a business partner in the Chinese motor market. Luxgen Automobile Parts is primarily responsible for researching, developing, assembling, producing, and selling automobile parts, and it is 100% held by Yulon China (Hong Kong) Investment Co., Ltd. For the Company to have a self-owned brand in China, Dong Feng Yulon Motors Co., Ltd. (“Dong Feng Yulon Motors”), a joint venture held by the Company (50%) and Dong Feng Motors Co., Ltd. (50%) was established in Xiaoshan, Hongzhou. Yulon China (Hong Kong) Investment Co., Ltd. acquired a 50% stake in Dong Feng Yulon Motors by paying cash of \$419,218 thousand and transferring all its shares in Luxgen Automobile Parts valued at \$2,033,069 thousand.

The investments in China Motor Company, Uni-Calsonic Company, China Engine Company and Tokio Marine Newa Insurance Co., Ltd. were accounted for by the equity method despite the individual investments being less than 20% because the Company exercised significant influence over the investees’ operating and financial policy decisions.

The Group purchased 5% (NT\$21,899 in thousand) of Uni-Calsonic Corp’s shares. As a result, the Group’s ownership of Uni-Calsonic Corp. increased to 26.78% and adjusted the capital surplus from investments in associates and joint ventures accounted for using the equity method in first quarter of 2017.

Equity in the earnings of China Motor Company and Tai-Yuen Textiles Co., Ltd. on their holdings in the Company’s shares was accounted for by the treasury stock method.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Vehicles	Miscellaneous Equipment	Property under Construction	Total
<i>Cost</i>							
Balance at January 1, 2016	\$ 4,239,758	\$ 2,464,157	\$ 2,818,804	\$ 77,928	\$ 765,761	\$ 166,057	\$ 10,532,465
Additions	-	68,197	48,450	521	49,937	83,498	250,603
Disposals	-	(4,333)	(21,006)	(4,711)	(2,511)	-	(32,561)
Retirements	-	-	-	-	-	-	-
Reclassification	45,620	59,668	127,354	-	33,623	(163,546)	102,719
Balance at December 31, 2016	<u>\$ 4,285,378</u>	<u>\$ 2,587,689</u>	<u>\$ 2,973,602</u>	<u>\$ 73,738</u>	<u>\$ 846,810</u>	<u>\$ 86,009</u>	<u>\$ 10,853,226</u>

(Continued)

	Freehold Land	Buildings	Equipment	Vehicles	Miscellaneous Equipment	Property under Construction	Total
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2016	\$ -	\$ (1,484,533)	\$ (2,188,959)	\$ (67,607)	\$ (566,223)	\$ -	\$ (4,307,322)
Disposals	-	4,333	20,723	4,625	2,334	-	32,015
Retirements	-	-	-	-	-	-	-
Reclassification	-	(7,369)	-	-	-	-	(7,369)
Depreciation expense	-	(100,110)	(129,783)	(4,130)	(97,829)	-	(331,852)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ (1,587,679)</u>	<u>\$ (2,298,019)</u>	<u>\$ (67,112)</u>	<u>\$ (661,718)</u>	<u>\$ -</u>	<u>\$ (4,614,528)</u>
Carrying amount at December 31, 2016	<u>\$ 4,285,378</u>	<u>\$ 1,000,010</u>	<u>\$ 675,583</u>	<u>\$ 6,626</u>	<u>\$ 185,092</u>	<u>\$ 86,009</u>	<u>\$ 6,238,698</u>
<u>Cost</u>							
Balance at January 1, 2017	\$ 4,285,378	\$ 2,587,689	\$ 2,973,602	\$ 73,738	\$ 846,810	\$ 86,009	\$ 10,853,226
Additions	-	-	18,182	-	6,770	298,939	323,891
Disposals	(3,044)	(467)	(72,936)	(1,233)	(8,085)	-	(85,765)
Retirements	-	-	-	-	-	-	-
Reclassification	50,237	86,070	82,143	3,376	46,993	(165,124)	103,695
Balance at December 31, 2017	<u>\$ 4,332,571</u>	<u>\$ 2,673,292</u>	<u>\$ 3,000,991</u>	<u>\$ 75,881</u>	<u>\$ 892,488</u>	<u>\$ 219,824</u>	<u>\$ 11,195,047</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2017	\$ -	\$ (1,587,679)	\$ (2,298,019)	\$ (67,112)	\$ (661,718)	\$ -	\$ (4,614,528)
Disposals	-	467	72,936	1,233	8,085	-	82,721
Retirements	-	-	-	-	-	-	-
Reclassification	-	43,642	-	-	-	-	43,642
Depreciation expense	-	(140,389)	(124,711)	(3,963)	(75,874)	-	(344,937)
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (1,683,959)</u>	<u>\$ (2,349,794)</u>	<u>\$ (69,842)</u>	<u>\$ (729,507)</u>	<u>\$ -</u>	<u>\$ (4,833,102)</u>
Carrying amount at December 31, 2017	<u>\$ 4,332,571</u>	<u>\$ 989,333</u>	<u>\$ 651,197</u>	<u>\$ 6,039</u>	<u>\$ 162,981</u>	<u>\$ 219,824</u>	<u>\$ 6,361,945</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	30 - 60 years
Equipment	10 years
Vehicles	4 - 5 years
Miscellaneous equipment	2 - 5 years

14. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 8,815,881	\$ 2,815,653	\$ 11,631,534
Additions	-	-	-
Reclassified to property, plant and equipment	(45,620)	103,877	58,257
Balance at December 31, 2016	<u>\$ 8,770,261</u>	<u>\$ 2,919,530</u>	<u>\$ 11,689,791</u>

(Continued)

	Freehold Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ -	\$ (1,038,435)	\$ (1,038,435)
Reclassified to property, plant and equipment	-	7,369	7,369
Depreciation expense	-	(60,444)	(60,444)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ (1,091,510)</u>	<u>\$ (1,091,510)</u>
Carrying amount at December 31, 2016	<u>\$ 8,770,261</u>	<u>\$ 1,828,020</u>	<u>\$ 10,598,281</u>
<u>Cost</u>			
Balance at January 1, 2017	\$ 8,770,261	\$ 2,919,530	\$ 11,689,791
Additions	-	-	-
Reclassified to property, plant and equipment	(50,237)	1,598,301	1,548,064
Balance at December 31, 2017	<u>\$ 8,720,024</u>	<u>\$ 4,517,831</u>	<u>\$ 13,237,855</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ -	\$ (1,091,510)	\$ (1,091,510)
Reclassified to property, plant and equipment	-	(43,642)	(43,642)
Depreciation expense	-	(15,543)	(15,543)
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (1,150,695)</u>	<u>\$ (1,150,695)</u>
Carrying amount at December 31, 2017	<u>\$ 8,720,024</u>	<u>\$ 3,367,136</u>	<u>\$ 12,087,160</u>
			(Concluded)

The investment properties are depreciated on a straight-line basis over the estimated useful life of these assets from 30 to 60 years.

As of December 31, 2017 and 2016, the fair values of the Company's investment property were \$38,813,755 thousand and \$40,188,146 thousand, respectively. Both fair values were appraised by an independent qualified professional appraiser.

15. INTANGIBLE ASSETS

In order to comply with the global regulation of emission and fuel consumption, and also develop the advanced engine technology and new energy power train system for Luxgen brand, the Company acquired the intangible assets, PHEV(EF Engine and Plug in Hybrid Power Module), from Hua-chuang Automobile Information Technical Center Co., Ltd. The monetary amount of the transaction is NT\$1,210 million.

16. BONDS PAYABLE

The Company issued unsecured corporate bonds on December 12, 2017, with each issuance amounting to NT\$7 billion and NT\$3 billion, respectively, and the bonds have five-year maturities and seven-year maturities and simple interest at rates of 1.04% and 1.07%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date.

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Other payables		
Payables for employees bonus	\$ 445,917	\$ 437,900
Payables for other taxes	189,328	249,590
Payables for dividends	100,245	100,032
Payables for annual leave	68,789	164,824
Payables on motor design and research and development outputs	1,270,500	-
Others	<u>829,385</u>	<u>348,507</u>
	<u>\$ 2,904,164</u>	<u>\$ 1,300,853</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The defined benefit plan adopted by the Company is in accordance with the Labor Standards Law. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 7% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the pension fund investment policy and strategy.

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

	December 31	
	2017	2016
Present value of defined benefit obligation	\$ 1,808,003	\$ 1,877,150
Fair value of plan assets	<u>(855,184)</u>	<u>(646,229)</u>
Net defined benefit liability	<u>\$ 952,819</u>	<u>\$ 1,230,921</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2016	\$ <u>1,756,654</u>	\$ <u>(88,045)</u>	\$ <u>1,668,609</u>
Service cost			
Current service cost	24,322	-	24,322
Past service cost and loss on settlements	10,268	-	10,268
Net interest expense (income)	<u>25,976</u>	<u>(1,252)</u>	<u>24,724</u>
Recognized in profit or loss	<u>60,566</u>	<u>(1,252)</u>	<u>59,314</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,462)	(2,462)
Actuarial loss - changes in demographic assumptions	15,781	-	15,781
Actuarial loss - changes in financial assumptions	49,912	-	49,912
Actuarial loss - experience adjustments	<u>111,342</u>	<u>-</u>	<u>111,342</u>
Recognized in other comprehensive income	<u>177,035</u>	<u>(2,462)</u>	<u>174,573</u>
Contributions from the employer	-	(644,274)	(644,274)
Benefits paid	<u>(117,105)</u>	<u>89,804</u>	<u>(27,301)</u>
Balance at December 31, 2016	<u>\$ 1,877,150</u>	<u>\$ (646,229)</u>	<u>\$ 1,230,921</u>
Balance at January 1, 2017	<u>\$ 1,877,150</u>	<u>\$ (646,229)</u>	<u>\$ 1,230,921</u>
Service cost			
Current service cost	23,940	-	23,940
Past service cost and loss on settlements	32,100	-	32,100
Net interest expense (income)	<u>22,965</u>	<u>(9,611)</u>	<u>13,354</u>
Recognized in profit or loss	<u>79,005</u>	<u>(9,611)</u>	<u>69,394</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	2,602	2,602
Actuarial loss - changes in demographic assumptions	22,506	-	22,506
Actuarial loss - changes in financial assumptions	-	-	-
Actuarial loss - experience adjustments	<u>(19,306)</u>	<u>-</u>	<u>(19,306)</u>
Recognized in other comprehensive income	<u>3,200</u>	<u>2,602</u>	<u>5,802</u>
Contributions from the employer	-	(322,648)	(322,648)
Benefits paid	<u>(151,352)</u>	<u>120,702</u>	<u>(30,650)</u>
Balance at December 31, 2017	<u>\$ 1,808,003</u>	<u>\$ (855,184)</u>	<u>\$ 952,819</u>

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

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

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

	December 31	
	2017	2016
Discount rate(s)	1.25%	1.25%
Expected rate(s) of salary increase	1.75%	1.75%

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

	December 31, 2017
Discount rate(s)	
0.25% increase	\$ (47,144)
0.25% decrease	48,974
Expected rate(s) of salary increase	
0.25% increase	47,874
0.25% decrease	(46,319)

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

	December 31	
	2017	2016
Expected contributions to the plan for the next year	<u>\$ 35,000</u>	<u>\$ 325,271</u>
Average duration of the defined benefit obligation	10.9 years	11.3 years

19. EQUITY

a. Share capital

Common shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,572,920</u>	<u>1,572,920</u>
Capital shares	\$ 15,729,199	\$ 15,729,199
Capital surplus	<u>4,508,131</u>	<u>4,508,131</u>
	<u>\$ 20,237,330</u>	<u>\$ 20,237,330</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Recognized from issuance of common shares	\$ 4,508,131	\$ 4,508,131
Recognized from treasury share transactions	2,003,406	1,997,487
Recognized from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	143,867	143,867
<u>Used offset a deficit only</u>		
Arising from share of changes in capital surplus of associates or joint ventures	677	-
<u>Not be used to offset a deficit only</u>		
Recognized from share of changes in capital surplus of associates or joint ventures	<u>9,624</u>	<u>15,425</u>
	<u>\$ 6,665,705</u>	<u>\$ 6,664,910</u>

Note: Such capital surplus maybe used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed.

The Company's operating environment is in a mature industry. The Company shall consider profitability, future operating plans and funding needs, and industry condition, and long-term shareholders' rights and a long-term financial planning in the distribution of earnings. Dividends may be paid in cash or stock; total dividends should not be lower than 10% of distributable net profit, and cash dividends should not be lower than 20% of total dividends. The distribution plan will be proposed by the Company's board of directors and approved in the stockholders' meeting.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 21, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the

amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

For information on accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 20 - d. employee benefits expense.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

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

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 22, 2017 and June 21, 2016, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share	
	For the Year Ended		(N.T. Dollar)	
	December 31		For the Year Ended	
	2016	2015	2016	2015
Legal reserve	\$ 133,470	\$ 335,208		
Special reserve	1,000,000	1,000,000		
Cash dividend	786,460	1,415,628	\$ 0.5	\$ 0.9

The appropriations of earnings for 2017 had been proposed by the Company's board of directors on March 26, 2018. The appropriations and dividends per share were as follows:

	Appropriation	Dividends Per
	of Earnings	Share (NT\$)
Legal reserve	\$ 228,831	
Special reserve	1,000,000	
Cash dividends	912,294	\$ 0.58

The appropriations of earnings for 2017 are subject to the resolution in the shareholders' meeting to be held on June 15, 2018

d. Special reserve

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 36,373,565	\$ 35,373,565
Appropriation of earnings	<u>1,000,000</u>	<u>1,000,000</u>
Balance at December 31	<u>\$ 37,373,565</u>	<u>\$ 36,373,565</u>

On first-time adoption of IFRSs, the Company appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were \$8,255,468 thousand and \$655,829 thousand, respectively.

If the special reserve appropriated on the first-time adoption of IFRSs relates to property, plant and equipment and investment property other than land, the special reserve may be reversed continuously over the period of use of the asset. The special reserve relating to land may be reversed on the disposal or reclassification of the related asset. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed.

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 75,147	\$ 1,484,838
Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(668,662)</u>	<u>(1,409,691)</u>
Balance at December 31	<u>\$ (593,515)</u>	<u>\$ 75,147</u>

2) Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 1,157,054	\$ 1,078,584
Unrealized gains (losses) on revaluation of available-for-sale financial assets	8,325	(2,170)

(Continued)

	<u>For the Year Ended December 31</u>	
	2017	2016
Share of unrealized (losses) gains on available-for-sale financial assets of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(74,221)</u>	<u>80,640</u>
Balance at December 31	<u>\$ 1,091,158</u>	<u>\$ 1,157,054</u>
		(Concluded)

3) Cash flow hedge

	<u>For the Year Ended December 31</u>	
	2017	2016
Balance at January 1	\$ -	\$ (338)
Gains/(losses) on changes in the fair value of hedging instruments	<u>(92)</u>	<u>338</u>
Balance at December 31	<u>\$ (92)</u>	<u>\$ -</u>

f. Treasury shares

Reasons for Redemption	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>For the year ended December 31, 2017</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>
<u>For the year ended December 31, 2016</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>

The Company's shares held by subsidiaries as of December 31, 2017 and 2016 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
<u>December 31, 2017</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 285,899	\$ 285,899
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 285,902</u>	<u>\$ 285,902</u>
<u>December 31, 2016</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 317,271	\$ 317,271
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 317,274</u>	<u>\$ 317,274</u>

The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

20. NET PROFIT

Net profit contained the following components:

a. Other operating revenue

	<u>For the Year Ended December 31</u>	
	2017	2016
Revenue from sale of scrap	\$ 7,990	\$ 9,140
Revenue from providing guarantees	18,475	11,938
Revenue from remuneration of directors and supervisors	21,081	19,391
Others	<u>3,107</u>	<u>9,254</u>
	<u>\$ 50,653</u>	<u>\$ 49,723</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2017	2016
Gain on disposal of property, plant and equipment, investment property and intangible asset	\$ 32,805	\$ 41,268
Gain on disposal of financial assets	32,651	44,367
Net foreign exchange gain	19,076	2,682

(Continued)

	For the Year Ended December 31	
	2017	2016
Net loss on financial assets designated as at FVTPL	(846)	(56)
Net gain (loss) on financial assets classified as held for trading	1,266	(13,205)
Others	<u>(5,770)</u>	<u>6,492</u>
	<u>\$ 79,182</u>	<u>\$ 81,548</u>
		(Concluded)

c. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	\$ 226,583	\$ 246,573
Operating expenses	<u>133,897</u>	<u>145,723</u>
	<u>\$ 360,480</u>	<u>\$ 392,296</u>
An analysis of amortization by function		
Operating costs	\$ 28,139	\$ 24,735
Operating expenses	<u>16,265</u>	<u>20,490</u>
	<u>\$ 44,404</u>	<u>\$ 45,225</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Short-term benefits	\$ 1,389,442	\$ 1,394,504
Post-employment benefits		
Defined contribution plans	19,117	18,609
Defined benefit plans	<u>69,394</u>	<u>59,314</u>
Total employee benefits expense	<u>\$ 1,477,953</u>	<u>\$ 1,472,427</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,094,351	\$ 1,134,578
Operating expenses	<u>383,602</u>	<u>337,849</u>
	<u>\$ 1,477,953</u>	<u>\$ 1,472,427</u>

	For the Year Ended December 31					
	2017			2016		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary expense	\$ 493,605	\$ 123,220	\$ 616,825	\$ 523,863	\$ 123,393	\$ 647,256
Labor insurance	62,754	16,586	79,340	61,724	15,486	77,210
Pension	50,248	37,836	88,084	59,406	18,517	77,923
Other employment benefits	<u>487,744</u>	<u>205,960</u>	<u>693,704</u>	<u>489,585</u>	<u>180,453</u>	<u>670,038</u>
Total employment benefits	<u>\$ 1,094,351</u>	<u>\$ 383,602</u>	<u>\$ 1,477,953</u>	<u>\$ 1,134,578</u>	<u>\$ 337,849</u>	<u>\$ 1,472,427</u>

- Employees' compensation and remuneration of directors and supervisors for 2017 and 2016

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting in June 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on March 26, 2018 and March 20, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	0.32%	0.12%
Remuneration of directors and supervisors	0.50%	0.50%

Amount

	For the Year Ended December 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	\$ 7,383	-	\$ 2,175	-
Remuneration of directors and supervisors	11,695	-	9,104	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the year ended December 31, 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at

the Market Observation Post System website of the Taiwan Stock Exchange.

As of December 31, 2017 and 2016, the numbers of the Company's employees were 1,352 and 1,372, respectively.

- e. Impairment loss on non-financial assets

	For the Year Ended December 31	
	2017	2016
Inventories	<u>\$ (36,103)</u>	<u>\$ 17,854</u>

21. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	\$ -	\$ 342,210
Income tax on unappropriated earnings	13,541	136,850
Adjustments for prior year	<u>11,405</u>	<u>-</u>
	24,946	479,060
Deferred tax		
In respect of the current year	<u>6,651</u>	<u>(4,121)</u>
Income tax expense recognized in profit or loss	<u>\$ 31,597</u>	<u>\$ 474,939</u>

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

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	<u>\$ 2,319,903</u>	<u>\$ 1,809,642</u>
Income tax expense calculated at the statutory rate	\$ 394,384	\$ 307,639
Nondeductible expenses in determining taxable income	224	1,018
Tax-exempt income	(962,458)	(673,722)
Realized loss on investment	(344,210)	-
Unrecognized deductible temporary differences	13,541	136,850
Income tax on unappropriated earnings	918,711	703,154
Adjustments for prior years' tax	<u>11,405</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 31,597</u>	<u>\$ 474,939</u>

The applicable tax rate used above is the corporate tax rate of 17%.

In February 2018, it was announced by the President that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2017 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by 93,800 thousand and 25,405 thousand, respectively, in 2018.

As the status of 2018 appropriations of earnings is uncertain, the potential income tax consequences of 2017 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Balance at the End of the Year
<u>Deferred tax assets</u>			
Temporary differences			
Share of income of subsidiaries, associates and joint ventures	\$ 146,744	\$ -	\$ 146,744
Property, plant and equipment	5,175	(333)	4,842
Defined benefit obligation	285,668	1,335	287,003
Others	<u>77,731</u>	<u>15,215</u>	<u>92,946</u>
	<u>\$ 515,318</u>	<u>\$ 16,217</u>	<u>\$ 531,535</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Land value increment tax	\$ 2,397,673	\$ -	\$ 2,397,673
Property, plant and equipment	120,042	22,967	143,009
Others	<u>1,050</u>	<u>(99)</u>	<u>951</u>
	<u>\$ 2,518,765</u>	<u>\$ 22,868</u>	<u>\$ 2,541,633</u>

For the year ended December 31, 2016

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Balance at the End of the Year
<u>Deferred tax assets</u>			
Temporary differences			
Share of income of subsidiaries, associates and joint ventures	\$ 146,744	\$ -	\$ 146,744
Property, plant and equipment	5,508	(333)	5,175
			(Continued)

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Balance at the End of the Year
Defined benefit obligation	285,064	604	285,668
Others	<u>92,586</u>	<u>(14,855)</u>	<u>77,731</u>
	<u>\$ 529,902</u>	<u>\$ (14,584)</u>	<u>\$ 515,318</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Land value increment tax	\$ 2,397,673	\$ -	\$ 2,397,673
Property, plant and equipment	137,119	(17,077)	120,042
Others	<u>2,678</u>	<u>(1,628)</u>	<u>1,050</u>
	<u>\$ 2,537,470</u>	<u>\$ (18,705)</u>	<u>\$ 2,518,765</u>

(Concluded)

c. Information on integrated income tax was as follows:

	December 31	
	2017	2016
Unappropriated earnings		
Generated on and after January 1, 1998	<u>\$ -</u> (Note)	<u>\$ 2,375,157</u>
Imputation credits accounts (ICA)	<u>\$ -</u> (Note)	<u>\$ 1,300,129</u>
	<u>For the Year Ended December 31</u>	
	2017	2016
	(Expected)	
Creditable ratio for distribution of earnings	(Note)	29.65%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

d. Income tax assessed

The tax returns through 2014 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2017	2016
Basic earnings per share	<u>\$ 1.56</u>	<u>\$ 0.91</u>
Diluted earnings per share	<u>\$ 1.56</u>	<u>\$ 0.91</u>

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2017	2016
Earnings used in the computation of basic earnings per share	<u>\$ 2,288,306</u>	<u>\$ 1,334,703</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,288,306</u>	<u>\$ 1,334,703</u>

Shares

	For the Year Ended December 31	
	2017	2016
Weighted average number of common shares in computation of basic earnings per share	1,462,766	1,462,769
Effect of potentially dilutive common shares:		
Employees' compensation or bonus issue to employees	<u>322</u>	<u>105</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>1,463,088</u>	<u>1,462,874</u>

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

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure the entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The Company is not subject to any externally imposed capital requirements.

The Company's management reviews the capital structure whenever necessary. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the management's recommendations, the Company expects to balance its capital structure by paying dividends, borrowing new loans or repaying original loans.

24. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$ 26,267	\$ -	\$ -	\$ 26,267
Others	<u>-</u>	<u>-</u>	<u>140,678</u>	<u>140,678</u>
	<u>\$ 26,267</u>	<u>\$ -</u>	<u>\$ 140,678</u>	<u>\$ 166,945</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	<u>\$ 56,845</u>	<u>\$ -</u>	<u>\$ 56,845</u>	<u>\$ 56,845</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$ -	\$ -	\$ -	\$ -
Others	<u>-</u>	<u>-</u>	<u>449,091</u>	<u>449,091</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,091</u>	<u>\$ 449,091</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	<u>\$ 48,519</u>	<u>\$ -</u>	<u>\$ 48,519</u>	<u>\$ 48,519</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the years ended December 31, 2017 and 2016

	Financial Assets at Fair Value Through Profit or Loss - Held for Trading	
	December 31	
	2017	2016
Balance at the beginning of the year	\$ 449,091	\$ 1,248,832
Recognized in profit or loss	10,516	18,673
Purchases	2,159,500	4,833,590
Disposals/settlements	<u>(2,478,429)</u>	<u>(5,652,004)</u>
Balance at the end of the year	<u>\$ 140,678</u>	<u>\$ 449,091</u>

b. Categories of financial instruments

	December 31	
	2017	2016
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 26,267	\$ -
Designated as at FVTPL	140,678	449,091
Loans and receivables (1)	20,517,142	11,554,741
Available-for-sale financial assets (2)	84,776	76,450
<u>Financial liabilities</u>		
Amortized cost (3)	18,749,977	4,618,884

- 1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, and trade and other receivables.
- 2) The balances included the carrying amounts of available-for-sale financial assets measured at cost.
- 3) The balances included financial liabilities measured at amortized cost, which comprised short-term loans, notes payable, trade and other payables.

c. Financial risk management objectives and policies

For the Company to develop a clear direction and system for its analysis of and response to financial risks and the execution of a financial risk management plan, the definition and the purpose of financial risk management should be made clear before the establishment of related critical policies and processes. Through the financial risk management system, the Company oversees the handling of financial risks pertaining to daily operations, including market risk (exchange rate risk, interest rate risk, other price risk), credit risk, and liquidity

risk. The Company strives to identify, evaluate and decrease market uncertainty to mitigate the impact of market fluctuations on its financial performance.

- 1) Financial risk management is defined by the Company as the application of various methods to control and handle current risks by assessing the direct and indirect potential risks affecting the Company's financial status. By minimizing the "cost of risk," the Company ensures its operating stability and its status to continue as a going concern.
- 2) On the key issues involved in financial risk management, the Company has the needed precautions and controls in place. Even with precautions and controls in place, inevitable loss (or events that cause the Company to deviate from its operating goals; in these situations, post-event measures are taken to deter or ease unfavorable consequences for the Company's continued development. Financial risks are due to external and internal factors. To handle these risks, the Company has established these precautionary measures, which include the following key management concepts, control mechanisms, and management tools.
 - a) Precautionary measures

Key management concepts

- i. Business planning: Among the Company's goals is to run its business using clearly defined key performance indicators. The future operating guidelines and programs, from short term to long term, are also explicitly stated. In addition, the goals of financial functions and ways to achieve these goals are described in the Company's business plan.
- ii. Identification of risk and establishment of risk indicators: This is based on the previous phase of key points of management, to identify potential risk and its monitoring indicators.

Control mechanisms

- i. Business planning and adjustment: This is achieved by mid-term operating prospectus.
- ii. Macro-economic and study of laws and regulation: The Company invites external professional and scholars for workshops regarding current economic status and updates on laws and regulations nonscheduled

Management tools

- i. Research reports on microeconomic and macroeconomic conditions: These reports cover exchange and interest rates and economic growth around the world.
- ii. Analysis of operations: The Company uses its midterm analysis of operations as a control mechanism.
- iii. Articles of Incorporation: The Articles clearly state the risk management measures and the standards for establishing key risk indicators.

b) Operating controls

Key management concepts

- i. Risk assessment and monitoring: The Company monitors regularly key risk indicators and related financial processes.
- ii. Risk reports: The information system automatically sends reports on financial operations and risk indicator-related data periodically or more frequently, as needed to the Company's management. Internal audit teams conduct audits, based on quarterly and yearly audit plans, of the financial risk management of the Company and its subsidiaries. Internal audit teams also conduct audits of financial risk management indicators and execution results.

Control mechanisms

- i. Internal audit: Each financial subunit within the Company conducts, manages and controls independent internal audits after audit plans are proposed to the management.
- ii. Financial management system and procedures: The Company establishes financial management system and monitors daily operations and specific risks.

Management tools

- i. BIS (Business Intelligent System) reports and alerts: The Company uses BIS alerts to transmit data on important operating financial indicators at least monthly.
- ii. Monthly reports on profits of the Company and its subsidiaries: Operating profit and loss reports are summarized monthly; these reports include analytical summaries and reviews of items not meeting standards set by the management.
- iii. Internal audit reports: The internal audit team prepares internal audit reports that include the results of financial risk management.
- iv. Reports on capital financing and endorsements provided: The Company issues monthly a summary report of the prior month's status of capital financing and endorsements provided.
- v. ERP (Enterprise Resource Planning), DMS (Document Management System) and SAP system verifications: Operating management systems from external parties assist in verifying and strengthening the Company's financial risk management.

c) Post-loss measures

Key management concepts

- i. Reasons and strategies for statistical deviations from preset goals: When key financial management indicators show abnormal outcomes, the Company should get an understanding of the internal and external causes of and reasons for the abnormalities to determine a corresponding strategy.

- ii. Execution of and follow-ups on strategy: The Company follows up the execution of the strategy applied to handle an abnormality. It also tries to restore normal operations.

Control mechanisms

- i. Analysis and reporting of unattained goals: The Company presents the causes of unattainable financial management goals in periodic reports and management meetings. In addition, improvement plans and schedules are considered in management meetings.
- ii. Board and financial meetings: The Company timely calls for board meetings and review of financial management meetings to ensure that the financial risk management problems are resolved promptly, if not immediately.

Management tools

- i. Reports on unfavorable factors and impacts: The Company lists the impact of unattained risk management goals for each risk indicator.
- ii. Board meeting reports: The execution of financial risk management is summarized in the board meeting reports.
- iii. Endorsement valuation report: The period-end balance of endorsements provided is assessed timely to ensure it conforms to local regulations and corporate rules.
- iv. Periodic meetings for the review of the status of Company groupings by industry: The Company periodically holds review meetings for the comprehensive review of all Company groupings based on their respective industry attributes.

3) Market risk

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to exchange rate risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company's currency exposure was mainly to the U.S. dollar, renminbi and yen.

The following table shows the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against foreign currency. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates. The sensitivity analysis included only

outstanding foreign currency denominated monetary items and forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period is adjusted for a 1% change in exchange rates.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Profit or loss	\$ (100)	\$ 3,005	\$ 2,687	\$ 2,839

	RMB Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Profit or loss	\$ (41)	\$ 95	\$ 2,528	\$ 1,630

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward contracts.

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

	December 31	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 11,389,600	\$ 4,289,600
Financial liabilities	10,000,000	-
Cash flow interest rate risk		
Financial assets	8,309,781	6,879,993
Financial liabilities	1,500,000	-

Sensitivity analysis

The sensitivity analysis was based on the Company's exposure to changes in interest rates for both derivative and non-derivative instruments at the end of the reporting period.

If interest rates had been 1% higher and had all other variables been held constant, the Company's pre-tax profit would have increased by \$68,098 thousand in 2017 and \$68,800 thousand in 2016.

c) Other price risk

The Company was exposed to equity price risk on its investments in listed equity securities.

Sensitivity analysis

The Company assesses equity price risk using sensitivity analysis.

The following sensitivity analyses was based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, the fair values of available-for-sale investments and held-for-trading investments would have decreased by \$831 thousand and \$485 thousand as of December 31, 2017 and 2016, respectively.

d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk referred to the failure of counterparties to discharge an obligation and to financial guarantees provided by the Company.

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The amount of contingent liabilities in relation to financial guarantee issued by the Company

It is the Company's policy to have transactions only with creditworthy counterparties. Credit information on counterparties is gathered by independent rating agencies through credit search and analysis. Credits are then given to counterparties in the basis of the nature of transactions, financial status of the counterparties, and collateral conditions, with related contracts to be renewed after careful reexamination to ensure that credit risk is within the level the Company has the capacity to bear.

e) Liquidity risk

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

25. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Related parties and relationships with the Company

<u>Related Party</u>	<u>Relationship with the Company</u>
Taiwan Acceptance Corporation	Subsidiary
Yu Ching Business Co., Ltd.	Subsidiary
Yu Hong Investment Co., Ltd.	Subsidiary
Yu Pong Business Co., Ltd.	Subsidiary
Yung Hang Investment Co., Ltd.	Subsidiary

(Continued)

Related Party	Relationship with the Company
Leader Investment Co., Ltd.	Subsidiary
Yue Sheng Industrial Co., Ltd.	Subsidiary
Yue-Ki Industrial Co., Ltd.	Subsidiary
China Cast Iron Pipe Co., Ltd.	Subsidiary
Yu Chang Motor Co., Ltd.	Subsidiary
Yushin Motor Co., Ltd.	Subsidiary
Yu Chia Motor Co., Ltd.	Subsidiary
Singan Co., Ltd.	Subsidiary
Singgual Travel Service Co., Ltd.	Subsidiary
Tai Yuen Venture Capital Co., Ltd.	Subsidiary
Yulon Construction Co., Ltd.	Subsidiary
Yumin Motor Co., Ltd.	Subsidiary
Tian Wang Co., Ltd.	Subsidiary
Yu Pool Enterprise Co., Ltd.	Subsidiary
Chan Yun Technology Co., Ltd.	Subsidiary
Univation Motor Philippines, Inc.	Subsidiary
Xiamen Y.C. Invest. Consulting, Ltd.	Subsidiary
Sin Chi Co., Ltd.	Subsidiary
ESINN Co., Ltd.	Subsidiary
Y-Teks Co., Ltd.	Subsidiary
Yu-Chan Co., Ltd.	Subsidiary
Unisyn International Co., Ltd.	Subsidiary
Yulon Overseas Investment Co., Ltd.	Subsidiary
Yulon China Investment Co., Ltd.	Subsidiary
Yulon Philippine Investment Co., Ltd.	Subsidiary
Uni Auto Parts Manufacture Co., Ltd.	Subsidiary
Shinshin Credit Co., Ltd.	Subsidiary
Chan Chen Inter. Consulting Co., Ltd.	Subsidiary
CARPLUS Auto Leasing Corporation	Subsidiary
Chun Min Business Co., Ltd.	Subsidiary
Diamond Leasing Service Co., Ltd.	Subsidiary
Yu Rich Financial Service Co., Ltd.	Subsidiary
Chinh-Ling RTC Co., Ltd.	Subsidiary
Uni Investment Co., Ltd.	Subsidiary
Fuzhou Lianghong Motor Parts Limited	Subsidiary
YueKi Industrial (Samoa) Co., Ltd.	Subsidiary
Qinton Motor Co., Ltd.	Subsidiary
Taixin Investment (Samoa) Co., Ltd.	Subsidiary
Wen Yang Investment (Samoa) Co., Ltd.	Subsidiary
Qing Yi (Samoa) Investment Co., Ltd.	Subsidiary
Ke Yu (Nan Jing) Information Technology Limited	Subsidiary
Tai Feng (Nan Jing) Software Technology Limited	Subsidiary
Qing Tai (Nan Jing) Technology Limited	Subsidiary
H. K. Manpower Service Co, Ltd.	Subsidiary
Yi Ding (Zhang Zhou) Information Technology Limited	Subsidiary
Mei De (Zhang Zhou) Software Technology Limited	Subsidiary
Shi Cheng (Zhang Zhou) Technology Development Limited	Subsidiary
Jin Ce (Zhang Zhou) Software Technology Limited	Subsidiary

(Continued)

Related Party	Relationship with the Company
Gao Te (Beijing) Investment Limited	Subsidiary
Sheng Qing (Beijing) Investment Limited	Subsidiary
Dong Tai (Beijing) Co., Ltd.	Subsidiary
Zhu Hai FuTeEn Industry & Trade Limited	Subsidiary
TAC Global Investment (Samoa) Co., Ltd	Subsidiary
Car-Plus China Investment (Samoa) Co., Ltd.	Subsidiary
Car-Plus Auto Leasing (Suzhou) Limited	Subsidiary
Car-Plus Global Investment (Samoa) Co., Ltd	Subsidiary
Changzhou Y-Teks Automotive Trim Parts Limited	Subsidiary
Hangzhou Yu Zhong Trading Limited	Subsidiary
Hangzhou TangYu Investment Limited	Subsidiary
Hangzhou QienYu Investment Limited	Subsidiary
Hangzhou HsiaoYu Investment Limited	Subsidiary
Molife Cultural Enterprise Co., Ltd.	Subsidiary
Hsiang Shuo Enterprise Co., Ltd.	Subsidiary
Mega Elegant Investment Limited (HK)	Subsidiary
Yulon China (Hong Kong) Investment, Ltd.	Subsidiary
Wen Yang (Hong Kong) Investment Co., Ltd.	Subsidiary
Tai Xin (Hong Kong) Investment Co., Ltd.	Subsidiary
Qing Yi (Hong Kong) Investment Co., Ltd.	Subsidiary
Luxgen Motor Co., Ltd.	Subsidiary
Jing Hui (Shanghai) Trading Co., Ltd.	Subsidiary
Unisyn International (HK) Co., Ltd.	Subsidiary
Luxgen Taipei Motor Co., Ltd.	Subsidiary
Luxgen Taoyuan Motor Co., Ltd.	Subsidiary
Luxgen Taichung Motor Co., Ltd.	Subsidiary
Luxgen Tainan Motor Co., Ltd.	Subsidiary
Luxgen Kaohsiung Motor Co., Ltd.	Subsidiary
Car-Plus Shanghai Investment (Samoa) Co., Ltd.	Subsidiary
Car-Plus Auto Leasing (Shanghai) Limited	Subsidiary
Yulon Tobe Motor Co., Ltd.	Subsidiary
Shanghai YuXing Automobiles Sales & Service Limited	Subsidiary
ZhuHai Esinn Automobiles Sales & Service Limited	Subsidiary
Taipei Tobe Co., Ltd.	Subsidiary
Hangchow Y-Teks Automotive Trim Parts Limited	Subsidiary
Yue-Ki Industrial (HK) Co., Ltd.	Subsidiary
Hangzhou Yuwan Auto Motive Parts Limited	Subsidiary
Yulon Energy Co., Ltd.	Subsidiary
Hangchow Liangrun Motor Parts Limited	Subsidiary
Yu-Rong Leasing (Suzhou) Limited	Subsidiary
Sinjiang Enterprise Co., Ltd.	Subsidiary
Feng-hua Investment (HK) Limited	Subsidiary
Energy Engineering Co., Ltd.	Subsidiary
Luxgen Overseas Holdings Private Limited	Subsidiary
Yulon China Holdings (Cayman) Co., Ltd.	Subsidiary
Yulon Motor Investment (HK) Co., Ltd.	Subsidiary
Yulon Motor Investment (China) Co., Ltd.	Subsidiary
Dong Feng Yulon Motor Sales Limited	Subsidiary

(Continued)

Related Party	Relationship with the Company
Yu Chang Investment (China) Co., Ltd.	Subsidiary
Honyeng Co., Ltd.	Subsidiary
Auser Motors Inc.	Subsidiary
Yu Shin Investment Ltd.	Subsidiary
Yumin Insurance Broker Co., Ltd.	Subsidiary
Yu-Kuo Finance Leasing Limited	Subsidiary
Yulon Motor Finance (China) Limited	Subsidiary
Zhejiang Cheng-Yi Auto Service Co., Ltd.	Subsidiary
Hangzhou Cheng-Yi-Jian Used-cars Authenticate & Evaluation Service Co., Ltd.	Subsidiary
Da-Wei Technology Co., Ltd.	Subsidiary
He-Shan Li-Sheng Auto Sales & Service Co., Ltd.	Subsidiary
Hangzhou Yu-Jie Real Estate Co., Ltd.	Subsidiary
Zhejiang Cheng Yi Auction Co., Ltd.	Subsidiary
TaTeng Transportation Co., Ltd.	Subsidiary
Wuhan Yuguo Auto Trade Co., Ltd.	Subsidiary
Luxgen (Hangzhou) Motor Sales Co., Ltd.	Subsidiary
Chenglong Co., Ltd.	Associates
Yuan Lon Co., Ltd.	Associates
Yu Tang Co., Ltd.	Associates
Yulon-Nissan Motor Co., Ltd.	Associates
Guangzhou He Xi Co., Ltd.	Associates
Haitec Co., Ltd.	Associates
Dongfeng Yulon Motor Co., Ltd.	Joint venture's associates
Tai-Yuen Textiles Co., Ltd.	Associates
China Motor Co., Ltd.	Associates
Tokyo Marine Newa Insurance Co., Ltd.	Associates
ROC-Spicer Co., Ltd.	Associates
Uni-Calsonic Co., Ltd.	Associates
China Ogihara Co., Ltd.	Associates
China Engine Co., Ltd.	Associates
Hui Zhou Dong Feng Yi Jing Co., Ltd.	Associates
Hui-Lian Motor Co., Ltd.	Associates
Yulon Management Co., Ltd.	Associates
Chi Ho Company	Associates
Ding Long Co., Ltd.	Associate's subsidiary
Hangzhou Haitec Co., Ltd.	Associate's subsidiary
Tang Li Co., Ltd.	Associate's subsidiary
Yuan Zhi Co., Ltd.	Associate's subsidiary
Lian Cheng Co., Ltd.	Associate's subsidiary
Yuen-Jin Co., Ltd.	Associate's subsidiary
Kian Shen Co., Ltd.	Associate's subsidiary
Hua Ling Co., Ltd.	Associate's subsidiary
Wen Shen Co., Ltd.	Associate's subsidiary
Advanced Power Machine Co., Ltd.	Associate's subsidiary
Lowin Industrial Co., Ltd.	Associate's subsidiary
Lin Wei Co., Ltd.	Associate's subsidiary
Yu Lai Co., Ltd.	Associate's subsidiary
Xiang Wei Co., Ltd.	Associate's subsidiary

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Dongguan Huashun Co., Ltd.	Associate's subsidiary
Tianjin HuaHong Co., Ltd.	Associate's subsidiary
Guangzhou Hua You Co., Ltd.	Associate's subsidiary
Sin Yi Co., Ltd.	Associate's subsidiary
Taiwin Co., Ltd.	Associate's subsidiary
Hui-Fong Motor Co., Ltd.	Other related parties
Shappy Machinery Co., Ltd.	Other related parties
Nissan Motor Co., Ltd.	Other related parties
Zhejiang Kang Da Co., Ltd.	Other related parties
Shug Ye Motor Co., Ltd.	Other related parties
Southeast Motor Co., Ltd.	Other related parties
Jin De Technology Co., Ltd.	Other related parties
Gunze Co., Ltd.	Other related parties
Taiway Co., Ltd.	Other related parties
ROC-Keeper Co., Ltd.	Other related parties
Carnival Industrial Co., Ltd.	Other related parties
Yi-Jan Overseas Investment Co., Ltd.	Other related parties
Hua Chiun Motor Co., Ltd.	Other related parties
Yuan Ruei Co., Ltd.	Other related parties
Greentrans Co., Ltd.	Other related parties

(Concluded)

b. Transactions in operating activities

<u>Related Party Categories</u>	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Sales of goods</u>		
Subsidiaries		
Luxgen	\$ 9,340,020	\$ 10,340,690
Others	<u>18,622</u>	<u>68,280</u>
	<u>9,358,642</u>	<u>10,408,970</u>
Associates		
Yulon Nissan	25,013,917	27,823,133
Others	<u>96,987</u>	<u>475,295</u>
	<u>25,110,904</u>	<u>28,298,428</u>
Other related parties	<u>2</u>	<u>-</u>
Joint venture	<u>73,966</u>	<u>-</u>
	<u>\$ 34,543,514</u>	<u>\$ 38,707,398</u>
<u>Purchases of goods</u>		
Subsidiaries		
	<u>\$ 3,078,025</u>	<u>\$ 3,307,296</u>
Associates	<u>2,155,004</u>	<u>2,885,266</u>

(Continued)

Related Party Categories	For the Year Ended December 31	
	2017	2016
Other related parties		
Nissan motor	\$ 7,230,561	\$ 9,446,198
Others	<u>572,327</u>	<u>574,594</u>
	<u>7,802,888</u>	<u>10,020,792</u>
Joint venture	<u>584,742</u>	<u>-</u>
	<u>\$ 13,620,659</u>	<u>\$ 16,213,354</u>
 <u>Operating expense</u>		
Subsidiaries	\$ 68,039	\$ 63,271
Associates	55,872	68,626
Other related parties	<u>10,136</u>	<u>5,363</u>
	<u>\$ 134,047</u>	<u>\$ 137,260</u>
 <u>Other operating revenue</u>		
Subsidiaries	\$ 27,074	\$ 18,137
Associates		
Yulon Nissan	616,827	456,946
Others	<u>4,845</u>	<u>6,513</u>
	<u>621,672</u>	<u>463,459</u>
Other related parties	<u>2,719</u>	<u>2,744</u>
	<u>\$ 651,465</u>	<u>\$ 484,340</u>

(Concluded)

On the balance sheet dates, the amounts receivable from related parties were as follows:

Related Party Categories	December 31	
	2017	2016
<u>Notes and trade receivable</u>		
Subsidiaries		
Luxgen	\$ 173,505	\$ 98,980
Others	<u>2,148</u>	<u>2,760</u>
	<u>175,653</u>	<u>101,740</u>
Associates		
Yulon Nissan	389,409	248,494
Others	<u>2,894</u>	<u>26,524</u>
	<u>392,303</u>	<u>275,018</u>
Other related parties	<u>16,477</u>	<u>8,206</u>
Joint venture	<u>51,018</u>	<u>-</u>
	<u>\$ 635,451</u>	<u>\$ 384,964</u>

(Continued)

Related Party Categories	December 31	
	2017	2016
<u>Other financial assets (recognized as other receivables)</u>		
Subsidiaries		
Luxgen	\$ 67,800	\$ 21,598
Others	<u>19,493</u>	<u>18,438</u>
	<u>87,293</u>	<u>40,036</u>
Associates		
Yulon Nissan	31,053	184,785
Others	<u>24,188</u>	<u>119,942</u>
	<u>55,241</u>	<u>304,727</u>
Other related parties	<u>16,818</u>	<u>44,704</u>
	<u>\$ 159,352</u>	<u>\$ 389,467</u>

(Concluded)

On the balance sheet dates, the amounts payable to related parties were as follows:

Related Party Categories	December 31	
	2017	2016
<u>Trade payables</u>		
Subsidiaries	\$ 740,622	\$ 459,772
Associates	110,787	344,681
Other related parties	456,654	401,077
Joint venture	<u>174,829</u>	<u>-</u>
	<u>\$ 1,482,892</u>	<u>\$ 1,205,530</u>
<u>Other payables</u>		
Subsidiaries	\$ 35,905	\$ 30,399
Associates		
Haitec	1,267,390	-
Others	<u>278,936</u>	<u>4,837</u>
	<u>1,546,326</u>	<u>4,837</u>
Other related parties	<u>-</u>	<u>2</u>
	<u>\$ 1,582,231</u>	<u>\$ 35,238</u>

c. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 57,491	\$ 60,753
Post-employment benefits	1,428	1,518
Other employee benefits	<u>271</u>	<u>153</u>
	<u>\$ 59,190</u>	<u>\$ 62,424</u>

The compensation of the board members and the Company's management is determined by the remuneration committee based on individual performance and market conditions.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, information on significant contingent liabilities and unrecognized commitments on the balance sheet date is as follows:

- a. The Company has a manufacturing contract with Yulon Nissan Motor Co., Ltd. ("Yulon Nissan") with a five-year validity from May 1, 2015 to April 30, 2020. The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry. The contract states that Yulon Nissan has authorized the Company to manufacture Nissan automobiles and parts, and Yulon Nissan is responsible for the subsequent development of new automobile parts. The volume of the Company's manufacturing should be based on Yulon Nissan's projection of car unit sales for the year. In addition, the Company manufactures other service parts for Yulon Nissan upon the latter's request.

Yulon Nissan is responsible for developing new car models, refining designs, and providing the Company with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

- b. Luxgen Motor Co., Ltd. ("Luxgen") entrusted to the Company the manufacture and assembly of cars based on the design purchased by Luxgen from Haitec Co., Ltd., a vehicle model developer. This car assembly is based on a five-year contract valid from May 1, 2015 to April 30, 2020. The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry. The contract states that Luxgen authorizes the Company to manufacture Luxgen automobiles and parts. The volume of the Company's manufacturing should be based on Luxgen's projection of car unit sales for the year. In addition, the Company manufactures other service parts for Luxgen upon the latter's request.

Luxgen is responsible for contracting the Company for the manufacture of new car model parts, refining designs, registering products, and providing the Company with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

- c. See Table 2 for the information on endorsements/guarantees provided to subsidiaries or associates.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

<u>December 31, 2017</u>			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,269	29.710 (USD:NTD)	\$ 97,122
JPY	91,533	0.262 (JPY:NTD)	24,000
RMB	90	4.565 (RMB:NTD)	411
EUR	324	35.370 (EUR:NTD)	<u>11,460</u>
			<u>\$ 132,993</u>
Nonmonetary items			
RMB	\$ 506,405	4.565 (RMB:NTD)	<u>\$ 2,311,737</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,934	29.710 (USD:NTD)	\$ 87,169
JPY	1,116,233	0.262 (JPY:NTD)	292,676
RMB	1,790	4.565 (RMB:NTD)	8,171
EUR	7,472	35.370 (EUR:NTD)	<u>264,285</u>
			<u>\$ 652,301</u>
<u>December 31, 2016</u>			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,953	32.250 (USD:NTD)	\$ 288,734
JPY	77,982	0.276 (JPY:NTD)	21,492
RMB	82	4.617 (RMB:NTD)	379
EUR	1,107	33.900 (EUR:NTD)	<u>37,527</u>
			<u>\$ 348,132</u>
Nonmonetary items			
RMB	255,000	4.488 (RMB:NTD)	<u>\$ 1,144,502</u>

(Continued)

Financial liabilities

Monetary items

USD	18,271	32.250 (USD:NTD)	\$ 589,240
JPY	1,108,111	0.276 (JPY:NTD)	305,395
RMB	2,146	4.617 (RMB:NTD)	9,908
EUR	5,916	33.900 (EUR:NTD)	<u>200,552</u>
			<u>\$ 1,105,095</u>

(Concluded)

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange gains (losses) were \$19,076 thousand and \$2,682 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions or functional currencies of the Company.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 8)
- 9) Information on investees. (Table 9)

b. Information on investments in mainland China

There was no information on investments in mainland China should be disclosed excluding in Table 10.

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
11	HangZhou Yu Zhong	Sheng Qing	Other receivables	Y	\$ 371,267	\$ 371,267	\$ -	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 774,230	\$ 1,161,344	Note
12	TAC	Yu Rich	Other receivables	Y	800,000	800,000	800,000	1.15%	Operating capital	-	Operating capital	-	-	-	1,060,196	4,240,783	Note
13	Yu-Rong Leasing (Suzhou)	TAC Finance Company	Account receivables	Y	45,700	-	-	-	Operating capital	-	Operating capital	-	-	-	533,569	533,569	Note
14	TAC Finance Company	Zhe Jiang Kang Da	Other receivables	Y	45,700	-	-	-	Operating capital	-	Operating capital	-	-	-	379,864	379,864	Note
15	SCC	Yu Rich	Other receivables	Y	800,000	800,000	800,000	1.16%	Operating capital	-	Operating capital	-	-	-	1,063,180	1,063,180	Note
16	Shanghai Yuming	Ka Shing Yu Da	Other receivables	Y	13,751	13,751	-	-	Operating capital	-	Operating capital	-	-	-	33,484	33,484	Note
17	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	Other receivables	Y	68,393	22,918	22,918	5.00%	Operating capital	-	Operating capital	-	-	-	108,799	108,799	Note
18	Su Zhou Feng Shun	Su Zhou Cheng Li	Other receivables	Y	22,798	-	-	-	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note
		Su Zhou Cheng Guo	Other receivables	Y	27,501	27,501	18,334	5.90%	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note
		Su Zhou Cheng Hung	Other receivables	Y	52,711	52,711	27,501	5.90%	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note
19	An Hui Min Tung	An Ching Ling Tung	Other receivables	Y	9,167	9,167	-	-	Operating capital	-	Operating capital	-	-	-	11,459	22,918	Note
20	Yu-Hsin Intl	Hangchow Y-Teks	Other receivables	Y	31,360	29,848	29,848	3.00%	Operating capital	-	Operating capital	-	-	-	127,511	191,266	Note
21	Suzhou Yueshun	Su Zhou Cheng Li	Other receivables	Y	13,679	6,875	6,875	5.90%	Operating capital	-	Operating capital	-	-	-	22,352	22,352	Note
22	Yu Ching	Yulon China	Other receivables	Y	679,816	678,639	-	-	Operating capital	-	Operating capital	-	-	-	683,767	683,767	Note
23	Nan Jing Yu Hua	Yulon Motor Investment Nanjing Hanhong	Other receivables	Y	20,626	20,626	-	-	Operating capital	-	Operating capital	-	-	-	206,229	412,457	Note
			Other receivables	Y	116,834	116,834	116,834	0.00%	Operating capital	-	Operating capital	-	-	-	206,229	412,457	Note
24	Xiao Gan Yu Feng	Wuhan Yu Hsin	Other receivables	Y	114,588	114,588	-	-	Operating capital	-	Operating capital	-	-	-	137,506	229,177	Note
25	Sin Chi	Yulon China	Other receivables	Y	410,227	410,227	-	-	Operating capital	-	Operating capital	-	-	-	414,094	414,094	Note
26	Hangzhou Yu-Jie	Dongfeng Yulon Sheng Qing	Other receivables	Y	229,177	229,177	229,177	3-3.36%	Operating capital	-	Operating capital	-	-	-	550,070	550,070	Note
			Other receivables	Y	412,518	412,518	412,518	3-3.46%	Operating capital	-	Operating capital	-	-	-	825,105	2,750,349	Note

Note: Yulon China (HK) Holding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$25 million and aggregate financing limits was \$25 million.

Yulon China Investment Co., Ltd.: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$120 million and aggregate financing limits was \$120 million.

Hong Shou Culture: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Hsiang Shou: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yulon Motor Investment: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Zhu Hai Fu Te En: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Nanjing Hanhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Su Zhou Feng Shen: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Wu Jiang Lian Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

HangZhou Yu Zhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 1,000% of the lender's net equity and aggregate financing limits was 1,500% of the lender's net equity.

(Continued)

TAC Leasing (Suzhou): Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC Finance Company: Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to each borrower was not exceeding 10% of the lender's net equity.

Shanghai Yuming: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Guang Zhou Yuan Du: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Su Zhou Feng Shun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

An Hui Min Tung: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB2.5 million and aggregate financing limits was RMB0.5 million.

Yu-Hsin Intl Investment: Credit financing limit for each borrower were not exceeding 20% of the lender's net equity and aggregate financing limits were not exceeding 40% of the lender's net equity.

Suzhou Yueshun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yu Ching Business: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Nan Jing Yu Hua: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Xiao Gan Yu Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB30 million and aggregate financing limits was RMB50 million.

Sin Chi: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yu Jie: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 60% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	The Company	Sin Chi	b	\$ 9,860,501	\$ 500,000	\$ 500,000	\$ -	\$ -	0.71	\$ 28,172,861	Y	N	N	Note 1
		Yulon Construction	b	9,860,501	600,000	600,000	-	-	0.85	28,172,861	Y	N	N	Note 1
		Yu Sing	b	9,860,501	690,000	690,000	450,000	-	0.98	28,172,861	Y	N	N	Note 1
		Yu Ching	b	9,860,501	1,000,000	1,000,000	-	-	1.42	28,172,861	Y	N	N	Note 1
		UMPI	c	9,860,501	1,630,720	1,552,096	291,943	-	2.20	28,172,861	Y	N	N	Note 1
		Luxgen	b	9,860,501	9,250,000	9,250,000	5,100,000	-	13.13	28,172,861	Y	N	N	Note 1
		LUXGEN (Hangzhou) Motor Sales	c	9,860,501	3,001,000	2,984,800	-	-	4.28	28,172,861	Y	N	Y	Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	c	345,810	312,000	312,000	204,358	-	12.63	988,029	N	N	Y	Note 1
2	TAC	Car-Plus Leasing (Shanghai)	c	26,504,895	320,000	320,000	-	-	0.03	53,009,790	Y	N	Y	Note 1
		Yu-Rong Leasing (Suzhou)	c	26,504,895	3,657,628	3,644,000	2,550,800	-	0.34	53,009,790	Y	N	Y	Note 1
		TAC Leasing (Suzhou)	c	26,504,895	10,000,000	10,000,000	8,360,640	-	0.94	53,009,790	Y	N	Y	Note 1
3	Car-plus Corporation	Diamond Leasing	b	4,558,748	500,000	500,000	100,000	-	0.27	9,117,495	Y	N	N	Note 1
		Car-Plus Leasing (Shanghai)	b	4,558,748	480,000	480,000	-	-	0.26	9,117,495	Y	N	Y	Note 1
4	Sheng Qing	Fu Jian Yu Xin	b	8,301,551	137,351	-	-	-	-	41,507,757	N	N	Y	Note 1
		Tung Ling Kuo Tung	b	8,301,551	18,334	18,334	-	-	1.10	41,507,757	N	N	Y	Note 1
		Shanghai Yuming	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Xiao Gan Yu Feng	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Shen Jun Yu Peng	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Chang Sha Yu Lu	b	8,301,551	32,085	32,085	-	-	1.93	41,507,757	N	N	Y	Note 1
		Jiangmen Junxing	b	8,301,551	45,835	45,835	-	-	2.76	41,507,757	N	N	Y	Note 1
		Nanjing Hanhong	b	8,301,551	68,753	68,753	-	-	4.14	41,507,757	N	N	Y	Note 1
		Wuhan Yu Hsin	b	8,301,551	91,671	91,671	-	-	5.52	41,507,757	N	N	Y	Note 1
		Qingdao Yuanhuang	b	8,301,551	137,506	137,506	65,034	-	8.28	41,507,757	N	N	Y	Note 1
Guang Zhou Yuan Du	b	8,301,551	366,269	229,177	140,286	-	13.80	41,507,757	N	N	Y	Note 1		
5	Nanjing Hanhong	Zhu Hai Fu Te En	c	470,787	165,007	165,007	-	-	70.10	588,483	N	N	Y	Note 1
6	Zhu Hai Fu Te En	Nanjing Hanhong	c	366,683	137,506	137,506	35,687	-	84.36	550,025	N	N	Y	Note 1
7	Su Zhou Feng Shen	Wu Jiang Lian Cheng	c	661,345	45,835	45,835	45,835	-	6.93	1,984,036	N	N	Y	Note 1
		Su Chou Cheng Pin	b	661,345	113,988	55,002	55,002	-	8.32	1,984,036	N	N	Y	Note 1
		Tai Chang Cheng Mau	b	661,345	64,170	64,170	10,558	-	9.70	1,984,036	N	N	Y	Note 1
		Su Zhou Feng Shun	b	661,345	68,753	68,753	68,753	-	10.40	1,984,036	N	N	Y	Note 1
		Su Zhou Cheng Pang	b	661,345	137,506	137,506	45,835	-	20.79	1,984,036	N	N	Y	Note 1
8	Wu Jiang Lian Cheng	Su Zhou Feng Shen	d	412,518	91,190	45,835	45,835	-	46.39	916,708	N	N	Y	Note 1
		Su Zhou Feng Shun	d	412,518	296,368	229,177	79,937	-	231.95	916,708	N	N	Y	Note 1
9	Su Zhou Feng Shun	Su Zhou Feng Shen	d	1,032,466	91,190	45,835	45,835	-	22.20	2,064,932	N	N	Y	Note 1
		Wu Jiang Lian Cheng	b	1,032,466	205,178	160,424	45,835	-	77.69	2,064,932	N	N	Y	Note 1

(Continued)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Each Endorsement/Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
10	Su Zhou Cheng Pang	Su Zhou Feng Shen	d	\$ 412,518	\$ 206,259	\$ 206,259	\$ -	\$ -	527.68	\$ 825,037	N	N	Y	Note 1
11	Xiao Gan Yu Feng	Sheng Qing	d	232,085	45,835	45,835	-	-	98.75	464,170	N	N	Y	Note 1
12	Jiangmen Junxing	Sheng Qing	d	255,409	45,835	45,835	41,252	-	89.73	510,818	N	N	Y	Note 1
13	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	b	543,995	68,753	68,753	-	-	25.28	1,359,988	N	N	Y	Note 1
14	Guang Zhou Yuan Zhi	Guang Zhou Yuan Du	d	293,258	364,760	229,177	140,286	-	999.00	488,764	N	N	Y	Note 1

Note 1: The Company: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

Union & NKH Auto Parts: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

TAC: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 50% of the aggregate endorsement/guarantee amounts.

Car-plus Corporation: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 250% of the endorser's/guarantor's net equity.

Sheng Qing: The aggregate endorsement/guarantee limit was calculated for 2,500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Nanjing Hanhong: The aggregate endorsement/guarantee limit was calculated for 250% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser's/guarantor's net equity.

Zhu Hai Fu Te En: The aggregate endorsement/guarantee limit was RMB120 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

Su Zhou Feng Shen: The aggregate endorsement/guarantee limit was calculated for 300% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 100% of the endorser's/guarantor's net equity.

Wu Jiang Lian Cheng: The aggregate endorsement/guarantee limit was calculated for RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was calculated for RMB90 million.

Su Zhou Feng Shun: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Su Zhou Cheng Pang: The aggregate endorsement/guarantee limit was RMB180 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

Xiao Gan Yu Feng: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Jiangmen Junxing: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Guang Zhou Yuan Du: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser's/guarantor's net equity.

Guang Zhou Yuan Zhi: The aggregate endorsement/guarantee limit was calculated for 2,500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 1,500% of the endorser's/guarantor's net equity.

(Concluded)

TABLE 3

YULON MOTOR COMPANY LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Structured finance products</u>							
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	150	\$ 15,033	-	\$ 15,033	-
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	100	10,045	-	10,045	-
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	200	20,090	-	20,090	-
	SinoPac Securities CLN - Jin Ke 1st	-	Financial assets at fair value through profit or loss - current	400	40,229	-	40,229	-
	KGI Securities CLN - DA-CIN 4th	-	Financial assets at fair value through profit or loss - current	300	30,142	-	30,142	-
	Yuanta Securities CLNT-Da Feng 2nd	-	Financial assets at fair value through profit or loss - current	250	25,139	-	25,139	-
	<u>Beneficiary certificates</u>							
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	714	21,271	-	21,271	-
	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	500	4,995	-	4,995	-
	<u>Common stocks</u>							
	Photronics DNP Mask Company	Related party in substance	Available-for-sale financial assets - non-current	856	15,404	0.33	15,404	-
	First Financial Holding Company	-	Available-for-sale financial assets - non-current	940	18,377	0.01	18,377	-
	Mison - Century Technology, Ltd.	Related party in substance	Available-for-sale financial assets - non-current	5,025	23,063	8.37	23,063	-
	Taiwin Company	The same chairman	Financial assets measured at cost - non-current	6,692	26,240	5.09	Not applicable	-
	Shin Bus Company	-	Financial assets measured at cost - non-current	154	485	0.32	Not applicable	-
	Taiwan Stock Exchange	-	Financial assets measured at cost - non-current	6,938	1,206	1.00	Not applicable	-
Taiwan Aerospace Company	-	Financial assets measured at cost - non-current	811	-	0.60	Not applicable	-	
TAC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	5,578	-	5,693	-
SCC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	11,054	-	11,354	-
H. K. Manpower	<u>Beneficiary certificates</u>							
	Union Money Market Fund	-	Financial assets at fair value through profit or loss - current	235	3,082	-	3,082	-
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	3,021	-	3,021	-
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	206	3,029	-	3,029	-
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	129	2,063	-	2,063	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Da Wei	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	579	\$ 8,533	-	\$ 8,533	-
Yu Pong	<u>Beneficiary certificates</u> FSITC RMB High Yield Bond TWD Inc. The Rsit Digital Fund FSITC Money Market KGI Feng-Li Fund	- - - -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	1,000 186 181 800	9,399 5,535 32,093 10,352	- - - -	9,399 5,535 32,093 10,352	- - - -
	<u>Structured finance products</u> CLNF20151105001-Tarako Textile Corp. CLN20160622001 C.T.I. 3 CLN20170928003 DaLue	- - -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	- - -	6,394 1,005 15,079	- - -	6,394 1,005 15,079	- - -
	<u>Common stocks</u> Yulon Motor Company Fubon Financial Company	The parent company -	Available-for-sale financial assets - current Available-for-sale financial assets - current	- 2,419	3 122,631	- -	3 122,631	- -
China Cast Iron Pipe	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	-	9,153	-	9,153	-
Yue Sheng	<u>Common stocks</u> Yueki Company	The same ultimate parent company	Financial assets measured at cost - non-current	10	100	0.08	Not applicable	-
Qinton	<u>Beneficiary certificates</u> Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,305	-	1,305	-
Yung Hong	<u>Common stocks</u> Carnival Company Kian-shen Company Asia Plastic Recycling Holding Limited TAC Corporation	Related party in substance Related party in substance - The same ultimate parent company	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	283 81 2,261 4	1,333 7,464 28,380 478	- - - -	1,333 7,464 28,380 478	- - - -
	<u>Beneficiary certificates</u> FSITC Taiwan Money Market FSITC Money Market	- -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	28,893 139	439,384 24,650	- -	439,384 24,650	- -
	<u>Common stocks</u> Asia Plastic Recycling Holding Limited Gongin Precision Industrial Co., Ltd. UOG Industrial Company Orgchem Technology Company T-Car Inc. Adto Company Rocker Zone	- - - - - - -	Available-for-sale financial assets - current Financial assets measured at cost - current Financial assets measured at cost - current Financial assets measured at cost - non-current Financial assets measured at cost - non-current Financial assets measured at cost - non-current Financial assets measured at cost - non-current	1,875 70 115 291 1,275 1 330	23,531 520 1,145 5,298 35,600 10 9,900	- - - - - - -	23,531 Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable	- - - - - - -

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yu Ching	<u>Beneficiary certificates</u> Goldman Sachs (Asia) L.L.C.	-	Financial assets measured at cost - non-current	-	\$ 1,552	-	Not applicable	-
	<u>Beneficiary certificates</u> FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,661	63,269	-	63,269	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	1,846	20,171	-	20,171	-
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,903	28,033	-	28,033	-
Chinh-Ling	<u>Common stocks</u> Gongin Company	-	Financial assets measured at cost - current	102	1,326	-	Not applicable	-
	Yulon Motor Company	The parent company	Available-for-sale financial assets - non-current	11,838	285,899	-	285,899	-
	Yulon Management	Related party in substance	Financial assets measured at cost - non-current	1	9	-	Not applicable	-
Yu Chang	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,724	17,709	-	17,709	-
Yushin	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	726	6.96	Not applicable	-
Yu Pool	<u>Common stocks</u> Yu Pool Company	Related party in substance	Financial assets measured at cost - non-current	150	1,500	4.69	Not applicable	-
Sin Chi	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	85	847	13.60	Not applicable	-
Yu Sing	<u>Beneficiary certificates</u> The Rsit Enhanced	-	Financial assets at fair value through profit or loss - current	2,457	29,238	-	29,238	-
	Franklin Money Fund	-	Financial assets at fair value through profit or loss - current	991	10,180	-	10,180	-
Yulon Construction	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	842	6.97	Not applicable	-
	Carnival Company	Related party in substance	Financial assets at fair value through profit or loss - current	118	558	-	558	-
	Rectron Ltd.	-	Financial assets at fair value through profit or loss - current	16	99	-	99	-
	Yang Ming Marine Transport Corporation	-	Financial assets at fair value through profit or loss - current	6	64	-	64	-
	Shin Kong Security Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	1,918	-	1,918	-
	Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	14	300	-	300	-
	Yue Sheng Company	The same ultimate parent company	Financial assets measured at cost - non-current	2	33	-	Not applicable	-
Yulon China	<u>Beneficiary certificates</u> Yung Jen Industrial Co., Ltd.	-	Financial assets measured at cost - non-current	-	2,232	-	Not applicable	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Dong Tai (Beijing)	<u>Financial products</u> Ze Woe 2-0048 Investment Fund	-	Financial assets at fair value through profit or loss - current	-	\$ 9,109	-	\$ 9,109	-
Ke Yu	<u>Financial products</u> Ze Woe 2-0048 Investment Fund	-	Financial assets at fair value through profit or loss - current	-	27,328	-	27,328	-
Fuzhou Lianghong	<u>Financial products</u> Gan Yuan-Ri Xin Yue Yi	-	Financial assets at fair value through profit or loss - current	-	68,320	-	68,320	-

(Concluded)

TABLE 4

YULON MOTOR COMPANY LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount (Note 1)	
The Company	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	62,955	\$ 750,000	62,955	\$ 750,376	\$ 750,000	\$ 376	-	\$ -	
	Fubon Chi-Hsiang Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	93,706	1,460,000	93,706	1,460,241	1,460,000	241	-	-	
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	92,663	1,500,000	92,663	1,500,267	1,500,000	267	-	-	
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	101,375	1,490,048	101,375	1,491,603	1,490,048	1,555	-	-	
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	104,879	1,680,000	104,879	1,680,507	1,680,000	507	-	-	
	Prudential Financial Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	31,924	500,000	31,924	501,912	500,000	1,912	-	-	
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	131,761	2,000,000	131,761	2,001,748	2,000,000	1,748	-	-	
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	332,828	3,357,000	332,828	3,357,798	3,357,000	798	-	-	
	Hua Nan Phoenix Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	18,615	300,000	18,615	300,047	300,000	47	-	-	
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	117,811	1,400,000	117,811	1,400,296	1,400,000	296	-	-	
	Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	99,185	1,300,000	99,185	1,300,192	1,300,000	192	-	-	
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	367,952	4,024,000	367,952	4,025,113	4,024,000	1,113	-	-	
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	37,225	500,000	37,225	500,045	500,000	45	-	-	
	Taishin Ta-Chong Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	241,279	3,400,000	241,279	3,400,868	3,400,000	868	-	-	
	Allianz Gbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	148,931	1,850,000	148,931	1,850,527	1,850,000	527	-	-	
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	135,901	2,200,000	135,901	2,201,082	2,200,000	1,082	-	-	
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	161,717	2,011,105	161,717	2,011,981	2,011,105	876	-	-	
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	241,610	2,476,000	241,610	2,477,729	2,476,000	1,729	-	-	
	Yulon Overseas	Investments accounted for using equity method	-	-	-	904,588	-	5,477,993	-	-	-	-	-	-	953,070
	Luxgen	Investments accounted for using equity method	-	-	-	202,675	-	1,300,000	-	-	-	-	-	-	1,211,179
Yulon Motor Finance Company	Investments accounted for using equity method	-	-	-	1,144,502	-	1,173,765	-	-	-	-	-	-	2,311,737	
TAC	Yulon Motor Finance Company	Investments accounted for using equity method	-	-	-	1,099,619	-	1,128,439	-	-	-	-	-	2,221,426	
Qing Yi	TPI Technology Incorporation	Investments accounted for using equity method	-	-	-	382,308	-	-	-	495,038	495,038	-	-	-	
Wen Yang	TPI Technology Incorporation	Investments accounted for using equity method	-	-	-	-	-	495,038	-	-	-	-	-	271,332	

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount (Note 1)
Yulon Overseas	Yulon China	Investments accounted for using equity method	-	-	-	\$ 1,143,959	-	\$ 5,477,993	-	\$ -	\$ -	\$ -	-	\$ 960,825
Yulon China	Yulon China Holding	Investments accounted for using equity method	-	-	-	(2,222,049)	-	3,610,397	-	-	-	-	-	(925,250)
	Yulon China (Hong Kong) Investment Limited	Investments accounted for using equity method	-	-	-	1,600,669	-	1,820,295	-	-	-	-	-	172,007
Yulon China (Hong Kong) Investment Limited	Dongfeng Yulon motor Co., Ltd.	Investments accounted for using equity method	-	-	-	1,494,072	-	1,820,295	-	-	-	-	-	52,784
Yulon China Holding	Yulon China (HK)	Investments accounted for using equity method	-	-	-	(2,221,928)	-	3,610,397	-	-	-	-	-	(925,129)
Yulon China (HK) Holding	LUXGEN (Hangzhou) Motor Sales	Investments accounted for using equity method	-	-	-	-	-	2,706,976	-	-	-	-	-	1,625,905
	Yulon Motor Investment	Investments accounted for using equity method	-	-	-	(2,721,479)	-	984,831	-	-	-	-	-	(2,985,404)
Yulon Construction	Yu-Jie	Investments accounted for using equity method	-	-	-	1,367,787	-	897,800	-	-	-	-	-	2,288,152

Note 1: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets and investments accounted for using equity method.

(Concluded)

TABLE 5**YULON MOTOR COMPANY LTD.**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
						None						

TABLE 6

YULON MOTOR COMPANY LTD.

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
						None						

TABLE 7

YULON MOTOR COMPANY LTD.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/(Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Yulon Nissan	An investee accounted for by equity method	Sales	\$ (25,013,917)	72	Within 180 days	-	60 days to 180 days	\$ 389,409	59	
	Luxgen	The Company's subsidiary	Sales	(9,340,020)	27	Within 90 days	-	60 days to 180 days	173,505	26	
TAC	Yu Chang	The same ultimate parent company	Sales	(4,472,038)	11	Receipt of payment on the day	-	-	44,336	-	
	Yuan Lon	An investee accounted for by equity method	Sales	(3,608,350)	9	Receipt of payment on the day	-	-	8,008	-	
	Hui-Lian	An investee accounted for by equity method	Sales	(3,345,218)	8	Receipt of payment on the day	-	-	17,813	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(3,625,814)	9	Receipt of payment on the day	-	-	23,447	-	
	Yu Sing	The same ultimate parent company	Sales	(3,216,501)	8	Receipt of payment on the day	-	-	15,027	-	
	Empower	The same ultimate parent company	Sales	(3,059,283)	8	Receipt of payment on the day	-	-	86,385	-	
	Yushin	The same ultimate parent company	Sales	(2,483,437)	6	Receipt of payment on the day	-	-	9,791	-	
	Yu Tang	An investee accounted for by equity method	Sales	(2,539,411)	6	Receipt of payment on the day	-	-	13,741	-	
	Cheng Long	An investee accounted for by equity method	Sales	(2,391,845)	6	Receipt of payment on the day	-	-	27,723	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(2,196,992)	5	Receipt of payment on the day	-	-	7,107	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(2,076,170)	5	Receipt of payment on the day	-	-	13,531	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(1,567,345)	4	Receipt of payment on the day	-	-	5,078	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(1,374,781)	3	Receipt of payment on the day	-	-	5,024	-	
	Ding Long	An investee accounted for by equity method	Sales	(1,211,136)	3	Receipt of payment on the day	-	-	61	-	
	Lian Cheng	An investee accounted for by equity method	Sales	(476,844)	1	Receipt of payment on the day	-	-	1,050	-	
Yuan Zhi	An investee accounted for by equity method	Sales	(437,038)	1	Receipt of payment on the day	-	-	1,994	-		
Sin Jiang	TAC	The same ultimate parent company	Sales	(5,034,276)	94	Receipt of payment on the day	-	-	960	2	
Diamond Leasing	Car-plus Corporation	The same ultimate parent company	Sales	(751,083)	100	1 day	-	-	27,200	17	
Yu Sing	Car-plus Corporation	The same ultimate parent company	Sales	(332,896)	9	30 days	-	-	21,648	8	
NISSAN Taiwan Ltd. (Shanghai)	Southeast Bus	A related party in substance	Sales	(397,670)	97	45 days	According to the contract	65 days	38,273	50	
Union & NKH Auto Parts	Yulon	The Parent company	Sales	(1,244,521)	52	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	272,821	62	
Union & NKH Auto Parts	China Motor	An investee accounted for by equity method	Sales	(688,528)	29	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	58,063	13	
Fuzhou Lianghong	Southeast Bus	A related party in substance	Sales	(1,446,276)	59	45 days	-	-	160,831	33	
Yueki	Yulon	The Parent company	Sales	(920,269)	63	45 days	Bargaining	45 days	203,813	38	
	China Motor	An investee accounted for by equity method	Sales	(158,544)	11	45 days	Bargaining	45 days	28,980	5	
	Kian-shen	A related party in substance	Sales	(148,227)	10	45 days	Bargaining	45 days	53,561	10	
Y-Teks	Yulon	The Parent company	Sales	(295,338)	71	45 days	-	-	81,699	54	
Yue Sheng	Yulon	The Parent company	Sales	(274,962)	57	At sight or a month	Bargaining	At sight or a month	59,910	60	
Luxgen	Hui-Fong	A related party in substance	Sales	(328,751)	3	At sight	-	At sight	-	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(256,553)	2	At sight	-	At sight	7,602	3	
	TAC	The same ultimate parent company	Sales	(10,967,160)	91	Within 3 days	-	Within 3 days	72,177	28	
Luxgen Taipei	Car-plus Corporation	The same ultimate parent company	Sales	(178,475)	4	1 day	-	1 day	1,552	1	
Singan	Yulon	The Parent company	Sales	(143,607)	64	At sight or a month	Bargaining	At sight or a month	45,210	75	
Singual Travel	Yulon	The Parent company	Sales	(260,679)	34	At sight or a month	Bargaining	At sight or a month	60,806	36	

(Continued)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/(Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Dong Feng Yulon Sales Company	Jiangmen Yuli	The same ultimate parent company	Sales	\$ (119,149)	2	Sales revenue received in advance	-	Sales revenue received in advance	\$ -	-	
Hangchow Liangrun	Dongfeng Yulon	An investee accounted for by equity method	Sales	(157,484)	54	65 days	Note 1	Note 1	270,731	70	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	1,244,521	4	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	(272,821)	6	
	Yueki	The Company's subsidiary	Purchase	920,269	3	45 days	Bargaining	45 days	(203,813)	5	
	Nissan Motor Co., Ltd.	A related party in substance	Purchase	7,230,561	26	12 days after bill of lading	-	12 days after bill of lading	(354,018)	8	
	Y-Teks	The Company's subsidiary	Purchase	295,338	1	45 days	-	-	(81,699)	2	
	Yue Sheng	The Company's subsidiary	Purchase	274,962	1	At sight or a month	Bargaining	At sight or a month	(59,910)	1	
	Dongfeng Yulon	An investee accounted for by equity method	Purchase	1,893,409	7	60 days after monthly closing	-	60 days after monthly closing	(174,829)	4	
	Singan	The Company's subsidiary	Purchase	143,607	1	At sight or a month	Bargaining	At sight or a month	(45,210)	1	
	Singgual Travel	The same ultimate parent company	Purchase	260,679	1	At sight or a month	Bargaining	At sight or a month	(60,806)	1	
	Uni-calsonic	An investee accounted for by equity method	Purchase	145,775	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(32,439)	1	
	China Ogihara	An investee accounted for by equity method	Purchase	353,807	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(245)	-	
	China Engine	An investee accounted for by equity method	Purchase	149,734	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(42,907)	1	
	Yuen-jin	A related party in substance	Purchase	138,372	-	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
	Taiway	A related party in substance	Purchase	187,602	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(52,168)	1	
TAC	Yulon Nissan	An investee accounted for by equity method	Purchase	29,375,994	65	Within 3 days	-	-	(397,862)	58	
	Luxgen	The same ultimate parent company	Purchase	10,967,160	24	Within 3 days	-	-	(72,177)	11	
	Sin Jiang	The same ultimate parent company	Purchase	5,034,276	11	Within 3 days	-	-	(960)	-	
Car-plus Corporation	Hui-Fong	A related party in substance	Purchase	445,868	6	10 days	-	-	(9,616)	3	
	Diamond Leasing	The same ultimate parent company	Purchase	751,083	8	1 day	-	-	(27,200)	8	
	Yu Sing	The same ultimate parent company	Purchase	332,896	4	30 days	-	-	(21,648)	6	
	Luxgen Taipei	The same ultimate parent company	Purchase	178,475	2	1 day	-	-	(1,552)	-	
Yu Sing	TAC	The same ultimate parent company	Purchase	3,216,501	77	Receipt of payment on the day	-	-	(15,027)	33	
	Yulon Nissan	An investee accounted for by equity method	Purchase	438,867	11	Receipt of payment on the day	-	-	(6,102)	14	
Yushin	TAC	The same ultimate parent company	Purchase	2,483,437	83	Receipt of payment on the day	-	-	(9,791)	14	
	Yulon Nissan	An investee accounted for by equity method	Purchase	254,196	8	Receipt of payment on the day	-	-	(1,727)	3	
Yu Chang	TAC	The same ultimate parent company	Purchase	4,472,038	85	Receipt of payment on the day	-	-	(44,336)	44	
Empower	TAC	The same ultimate parent company	Purchase	3,059,283	76	Receipt of payment on the day	-	-	(86,385)	68	
	Yulon Nissan	An investee accounted for by equity method	Purchase	342,456	8	Receipt of payment on the day	-	-	-	-	
Luxgen	Yulon	The Parent company	Purchase	9,340,020	97	Within 90 days	-	60 days to 180 days	(173,505)	88	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	3,625,814	89	Receipt of payment on the day	-	-	(23,447)	52	
	Luxgen	The same ultimate parent company	Purchase	256,553	6	At sight	-	-	(7,602)	17	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	2,076,170	90	Receipt of payment on the day	-	-	(13,531)	37	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	2,196,992	89	Receipt of payment on the day	-	-	(7,107)	27	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	1,374,781	89	Receipt of payment on the day	-	-	(5,024)	68	
Luxgen Kaohsiung	TAC	The same ultimate parent company	Purchase	1,567,345	97	Receipt of payment on the day	-	-	(5,078)	100	
Jiangmen Yuli	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	119,149	22	Payment in advance	-	-	-	-	
Fu Jian Yu Xin	Southeast Bus	A related party in substance	Purchase	423,451	73	Payment in advance	-	-	-	-	
Dong Feng Yulon Sales Company	Dongfeng Yulon	An investee accounted for by equity method	Purchase	4,217,836	95	Payment in advance	-	-	(6,295,603)	85	
Luxgen (Hangzhou) Motor Sales Co., Ltd.	Dongfeng Yulon	An investee accounted for by equity method	Purchase	2,491,516	98	Payment in advance	-	-	(725,995)	81	

Note: Till the end of balance sheet date, no other transaction parties were available for comparison, since Hangchow Liangrun Parts Company had traded with Dong Feng Yulon Motors and Union & NKH Auto Parts Company only.

(Concluded)

TABLE 8

YULON MOTOR COMPANY LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Yulon Nissan	An investee accounted for by equity method	\$ 420,462 (Note 1)	57.98	\$ -	-	\$ 380,041	\$ -
	Luxgen	The Company's subsidiary	241,305 (Note 2)	51.62	-	-	214,436	-
Union & NKH Auto Parts	The Company	The Parent company	272,821	5.54	-	-	172,296	-
Fuzhou Lianghong	Southeast Bus	A related party in substance	160,830	5.49	-	-	59,215	-
Hangchow Liangrun	Dongfeng Yulon	An investee accounted for by equity method	270,731	0.24	-	Actively demand for settlement	-	-
Yueki	The Company	The Parent company	203,813	4.40	940	Depend on capital status	146,381	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	348,118	0.70	193,342	-	62,405	-
Yulon China	Sheng Qing	The same ultimate parent company	802,119 (Note 3)	-	-	-	-	-
Ke Yu	Sheng Qing	The same ultimate parent company	457,741 (Note 3)	-	-	-	-	-
	Tai Feng (Nan Jing) Software Technology Co., Ltd.	The same ultimate parent company	216,218 (Note 3)	-	-	-	-	-
Mei De	Sheng Qing	The same ultimate parent company	137,628 (Note 3)	-	-	-	-	-
Sheng Qing	Zhu Hai Fu Te En	The same ultimate parent company	200,759 (Note 3)	-	-	-	-	-
	Nanjing Hanhong	The same ultimate parent company	138,881 (Note 3)	-	-	-	-	-
	Yulon Motor Investment	The same ultimate parent company	1,065,673 (Note 3)	-	-	-	-	-
	Tai Feng	The same ultimate parent company	107,652 (Note 3)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
	Wuhan Yu Hsin	The same ultimate parent company	\$ 232,332 (Note 3)	-	\$ -	-	\$ -	\$ -
	Shen Jun Yu Peng	The same ultimate parent company	190,125 (Note 3)	-	-	-	-	-
	Xiao Gan Yu Feng	The same ultimate parent company	100,838 (Note 3)	-	-	-	-	-
Guang Zhou Yuan Du	Qingdao Yuanhuang	The same ultimate parent company	113,866 (Note 3)	-	-	-	-	-
Hangzhou Yu-Jie	Sheng Qing	The same ultimate parent company	412,518 (Note 3)	-	-	-	-	-
	Dongfeng Yulon	An investee accounted for by equity method	229,177 (Note 3)	-	-	-	-	-
Yulon Motor Investment	Haitec Co., Ltd. (Hangzhou)	An investee accounted for by equity method	190,217 (Note 3)	-	-	-	-	-
SCC	Yu Rich Financial Services Co., Ltd.	The same ultimate parent company	800,000 (Note 3)	-	-	-	-	-
Nan Jing Yu Hua	Nanjing Hanhong	The same ultimate parent company	116,834 (Note 3)	-	-	-	-	-
TAC	Yu Rich Financial Services Co., Ltd.	The same ultimate parent company	800,000 (Note 3)	-	-	-	-	-
Union & NKH Auto Parts	Hangchow Liangrun	The same ultimate parent company	191,183 (Note 3)	-	-	-	-	-
Qing Yi	Wen Yang	The same ultimate parent company	456,816 (Note 3)	-	-	-	-	-
Nanjing Hanhong	Nan Jing Yu Shang	The same ultimate parent company	104,563 (Note 3)	-	-	-	-	-

Note 1: The receivables comprised account and notes receivables of \$389,409 thousand and other receivables of \$31,053 thousand.

Note 2: The receivables comprises account receivables of \$173,505 thousand and other receivables of \$67,800 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

TABLE 9

YULON MOTOR COMPANY LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
The Company	Yulon Nissan	Miaoli, Taiwan	Sales of cars	\$ 7,062,225	\$ 7,062,225	143,500	47.83	\$ 9,932,892	\$ 6,642,500	\$ 3,031,391	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	810,409	810,409	111,480	8.05	4,494,370	4,540,190	332,754	-
	TAC	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	125,657	45.75	3,575,591	2,324,227	1,063,334	-
	Tai-Yuen Textiles	Taipei, Taiwan	Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products	44,956	44,956	170,685	20.85	7,654,038	1,116,246	178,810	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	60,651	60,651	9,846	50.58	343,486	(37,688)	(17,653)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	106,948	106,948	14,680	50.97	235,160	24,855	12,756	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	62,764	10,006	7,771	-
	Union & NKH Auto Parts	Taipei, Taiwan	Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles	183,692	183,692	21,729	25.01	626,120	200,714	50,027	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	61,271	39,372	4,423	22.68	106,225	31,212	6,504	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	90,506	13,152	29,428	-
	China Ogihara	Taoyuan, Taiwan	Design, manufacturing and sales of cars and various kinds of molds, fixtures, stamping parts and inspection implements	280,071	280,071	25,470	37.76	486,484	181,245	58,827	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	110,286	12,414	3,298	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,077,221	1,077,221	72,691	60.00	711,991	456,114	270,117	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	1,122,659	1,122,659	25,484	100.00	937,314	172,644	170,276	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	77,622	100.00	672,169	60,835	60,835	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	15,999	80.00	196,587	15,270	24,153	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	181,524	5,676	(3,008)	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	9,475	27.00	207,399	141,399	40,185	-
	Tai Yuen Venture Capital	Taipei, Taiwan	Investments	-	237,897	-	-	-	25,159	12,454	-
	Chi Ho	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	-	27,540	-	-	-	(306)	26	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	71,166	42,485	7,117	20.33	107,059	11,283	3,179	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	566,868	566,868	1,004	20.46	609,038	248,675	51,012	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,595	3.46	63,345	410,683	13,900	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	99,935	99,935	10,213	35.62	152,818	108,835	38,789	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	5,599	20.00	63,844	16,232	4,642	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	40,680	40,680	8,332	43.85	21,471	(890)	(390)	-
	Sin Jiang	Taipei, Taiwan	Wholesale and retail of secondhand cars	85,895	85,895	8,568	20.01	97,012	30,503	6,103	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	1,024,733	117,417	117,417	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	325,199	325,199	32,519	90.33	35,716	13,298	37,565	-
	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	61,307	61,307	602	34.00	351,941	199,187	64,443	-
	Yulon Overseas	B.V.I.	Investments	15,512,944	10,034,951	506,648	100.00	953,070	(5,347,192)	(5,334,148)	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	1,387,096	888,988	154,610	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	99,000	99,000	9,900	17.88	121,102	100,423	16,523	-
Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	67,459	67,459	6,746	100.00	80,704	5,228	5,228	-	
Haitec	Taipei, Taiwan	Product design	2,047,449	2,007,456	205,600	41.12	(94,052)	(944,472)	(171,194)	-	
Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	64,690	23,166	9,218	-	
DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	1,669	439	88	-	
Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	8,840,000	7,540,000	280,000	100.00	1,211,179	(116,493)	(112,654)	-	
Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	500,000	500,000	2,808	100.00	28,343	262	262	-	
Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	27,180	6,990	1,550	-	
Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	400,000	300,000	10,000	100.00	39,342	(38,646)	(37,442)	-	
Yulon Construction	Taipei, Taiwan	Construction industry	3,034,485	3,034,485	122,100	100.00	4,875,843	156,624	65,858	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
TAC	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	\$ 757,288	\$ 757,288	51,492	68.57	\$ 1,261,244	\$ 410,683	\$ -	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	134,000	100.00	2,657,950	480,044	-	-
	TAC Global	Samoa	Shareholding company	1,564,612	1,564,612	50,537	100.00	2,082,694	263,935	-	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	153,763	888,988	-	-
	Empower	Taichung, Taiwan	Retail of cars and related parts	48,843	48,843	7,560	27.00	90,943	16,232	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	181,731	181,731	17,128	40.00	193,912	30,503	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	500,001	500,001	45,455	82.12	578,389	100,423	-	-
	SCC	Shinshin Samoa	Samoa	Shareholding company	389,077	389,077	12,000	100.00	400,023	34,510	-
Car-plus Corporation	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	91,771	9,540	-	-
	Car-Plus Samoa	Samoa	Shareholding company	378,187	378,187	12,000	100.00	566,367	48,979	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	90,811	90,811	8,559	19.99	96,898	30,503	-	-
	Da-Wei	Taipei, Taiwan	brokerage of electric vehicles	10,000	10,000	1,000	100.00	10,146	164	-	-
Da-Wei Technology Co., Ltd.	Da Teng	Taipei, Taiwan	Taxi service	1,235	-	500	100.00	1,375	140	-	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	15,973	996	-	-
Sin Jiang	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	42,790	42,790	1,337	71.34	28,538	(3,327)	-	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,004	193,004	6,000	60.00	369,953	59,035	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	185,183	185,183	6,000	60.00	196,415	22,596	-	-
TAC Global	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	246,635	59,035	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	130,943	22,596	-	-
	Yu Rong International	Samoa	Shareholding company	1,296,290	1,296,290	42,000	100.00	1,693,649	232,236	-	-
	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	537	28.66	11,465	(3,327)	-	-
Tai Yuen Venture Capital	Haitec	New Taipei City, Taiwan	Product design	-	112,418	-	-	-	(944,472)	-	-
Yu Pong	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	42,080	42,080	1,135	0.08	29,514	4,540,190	-	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	682,685	682,685	48,461	40.00	684,225	456,114	-	-
Yue Sheng	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	25,510	25,510	212	11.99	128,018	199,187	-	-
Yung Hong	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	253,834	253,834	9,994	0.72	259,847	4,540,190	-	-
Yu Ching	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	55,467	55,467	3,500	1.17	92,730	888,988	-	-
	Yulon Nissan	Miaoli, Taiwan	Sales of cars	336,923	336,923	3,500	1.17	251,676	6,642,500	-	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	19,914	19,914	2,742	9.56	40,864	108,835	-	-
	Chinh-Ling	Taipei, Taiwan	Product design	36,098	36,098	5,000	100.00	17,829	(287)	-	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	9	9	1	0.01	9	6,990	-	-
Yueki	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	408	408	27	-	747	4,540,190	-	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	17,328	17,328	800	4.10	17,328	31,212	-	-
	Yue Ki Samoa	Samoa	Investments	123,058	123,058	4,126	100.00	553,078	17,325	-	-
	Yue Ki HK	Hong Kong	Investments	330,094	330,094	-	100.00	96,611	(65,278)	-	-
Yu Chang	Tian Wang	Kaohsiung, Taiwan	Secondhand cars and car related products	17,000	17,000	1,700	100.00	29,954	8,521	-	-
	Yu Chang China	Samoa	Investments	47,422	47,422	1,564	100.00	-	-	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	26,450	26,450	1,420	20.00	9,969	1,911	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Yushin	Yu Pool	Miaoli, Taiwan	Supply of and providing services on information software and retail trade of spare parts of vehicles	\$ 7,000	\$ 7,000	1,000	100.00	\$ 35,446	\$ 1,549	\$ -	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	12,250	12,250	2,100	20.00	21,877	4,673	-	-
	Yu Shin Investment	Samoa	Investments	46,331	46,331	-	100.00	(17,649)	(6,473)	-	-
Singan	Singgual Travel	New Taipei City, Taiwan	Sales of car parts	130,591	130,591	13,000	100.00	219,452	42,070	-	-
	Hsiang Shou	New Taipei City, Taiwan	Towing	128,400	128,400	10,000	100.00	208,743	65,643	-	-
	Hong Shou Culture	New Taipei City, Taiwan	Publication	64,100	64,100	5,000	100.00	22,542	(11,278)	-	-
Empower	Chunmin	Taichung, Taiwan	Comprehensive retail of car parts	8,000	8,000	800	100.00	10,931	97	-	-
	Hong Yen	Samoa	Investments	47,082	47,082	45,995	100.00	68,024	(27,005)	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	27,446	27,446	2,120	20.00	8,848	(9,159)	-	-
	Yu Ming Insurance	Taichung, Taiwan	Property insurance	3,000	3,000	300	100.00	3,345	(316)	-	-
Sin Chi	Yulon Nissan	Miaoli, Taiwan	Sales of cars	311,853	311,853	3,050	1.02	219,126	6,642,500	-	-
	Yu Chia	Taipei, Taiwan	Sales, maintenance and repair of heavy vehicles and related products	120,000	120,000	12,000	100.00	39,677	819	-	-
	Chanchen	Taipei, Taiwan	Management consulting, leases of real estate and general advertising	10,000	10,000	1,000	100.00	14,884	3,099	-	-
Yu Sing	Yu-Jan	Taipei, Taiwan	Sales and arrangement of cars and related products	-	5,000	-	-	-	-	-	-
	Ding Long	Taipei, Taiwan	Sales, maintenance and repair of cars and parts	37,790	37,790	3,779	37.79	41,851	1,419	-	-
	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	-	22,050	-	-	-	(52,165)	-	-
Y-Teks	Yu-Hsin Intl	B.V.I.	Investments	65,854	65,854	2,208	66.67	1,094,645	313,664	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	435	435	-	-	735	4,540,190	-	-
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	632,823	(21,054)	-	-
Union & NKH Auto Parts	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	640	640	64	-	1,664	4,540,190	-	-
	Uni Investment	B.V.I.	Investments	289,287	289,287	8,403	100.00	2,151,890	213,873	-	-
Luxgen	Luxgen Taipei	New Taipei City, Taiwan	Repair, wholesale and retail of cars and parts	157,625	157,625	18,499	99.99	165,591	(52,165)	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Repair, wholesale and retail of cars and parts	64,883	64,883	6,299	59.99	61,193	4,673	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	71,624	71,624	6,359	59.99	26,098	(9,159)	-	-
	Luxgen Tainan	Tainan, Taiwan	Repair, wholesale and retail of cars and parts	182,388	182,388	8,399	79.99	64,163	(18,790)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	58,344	58,344	4,259	59.99	28,053	1,911	-	-
	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	140,159	164,961	-	-
	Singan	New Taipei City, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	85,257	108,835	-	-
Luxgen Overseas Hondings Private Limited	Luxgen Limited Liability	Russia	Sale, maintenance and repair of cars and parts	-	1,148,111	-	99.99	-	(1,830)	-	-
Yulon Construction	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,690	1,690	32	-	838	4,540,190	-	-
	YuFeng Co., Ltd.	New Taipei City, Taiwan	Buildings and Greening services	24,990	-	2,499	99.96	24,986	-	-	-
Yulon Energy	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	200	100.00	1,085	(122)	-	-
Yulon Overseas	Yulon Philippine	Cayman	Investments	1,063,467	1,152,446	32,791	100.00	(57,750)	191,962	-	-
	Yulon China	B.V.I.	Investments	14,423,409	9,693,873	290,564	100.00	960,825	(5,538,805)	-	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	868,813	941,507	-	100.00	(33,134)	236,664	-	-
	NPI	Philippine	Sale, maintenance and repair of cars and parts	70,001	75,858	12	24.50	(27,591)	(181,226)	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Yulon China	Qing Yi	Samoa	Investments	\$ 471,696	\$ 511,163	15,850	100.00	\$ 567,049	\$ (139)	\$ -	-
	Wen Yang	Samoa	Investments	479,136	519,225	16,100	100.00	282,628	(86,506)	-	-
	Tai Xin	Samoa	Investments	720,823	781,134	19,600	100.00	752,215	(11,056)	-	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	8,102,631	6,807,975	-	100.00	172,007	(3,164,301)	-	-
	Yulon China Holding	Cayman	Investments	4,399,037	854,625	22,500	100.00	(925,250)	(2,303,215)	-	-
Yulon China	Feng Hua	Hong Kong	Investments	83,328	90,300	-	40.00	95,453	37,928	-	-
Yulon China Holding	Yulon Motor Investment	Hong Kong	Investments	4,399,037	854,625	-	100.00	(925,129)	(2,303,215)	-	-

(Concluded)

TABLE 10

YULON MOTOR COMPANY LTD.

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting	\$ 70,476	b.	\$ 55,354	\$ -	\$ -	\$ 55,354	\$ 29,882	100.00	\$ 29,882	\$ 597,911	\$ -	2, b)
Ke Yu	Computer software maintenance and computer system integration	836,226	b.	717,847	-	-	717,847	(10,902)	100.00	(10,902)	749,620	-	2, b)
Tai Feng	Computer software maintenance and computer system integration	520,202	b.	441,936	-	-	441,936	(8,244)	100.00	(8,244)	496,927	-	2, b)
Qing Tai	Computer software maintenance and computer system integration	547,764	b.	456,816	-	-	456,816	(78,159)	100.00	(78,159)	271,332	-	2, b)
Dongfeng Yulon	Manufacturing of key car components, electric cars and related parts	16,139,622	b.	6,217,879	1,799,393	-	8,017,272	(6,354,132)	50.00	(3,177,067)	52,784	-	2, b)
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts	201,126	b.	83,328	-	-	83,328	37,929	40.00	15,171	238,631	-	2, b)
Yulon Motor Investment	Investment, shareholding and related business	834,862	b.	788,640	965,234	-	1,753,874	(1,278,749)	100.00	(1,278,749)	(2,985,404)	-	2, b)
Hang Zhou Haitec Company	Product design	140,599	b.	14,880	-	-	14,880	(51,244)	10.00	(5,124)	404,689	-	2, a)
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	4,554,637	a.	1,306,110	1,173,765	-	2,479,875	56,999	73.42	41,847	4,533,163	-	2, b)
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chastises, connection arms, cross rails of engines and other stamping and welding parts	145,715	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system	62,245	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing	78,279	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts	113,811	b.	2,232	-	-	2,232	45	2.59	-	2,232	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products	361,180	b.	2,976	-	-	2,976	5,523	2.10	-	2,976	-	-
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts	683,196	b.	-	-	-	-	54,656	17.00	9,292	537,977	-	2, c)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Hangchow Yue Wan	Manufacturing of car parts	\$ 340,089	b.	\$ -	\$ -	\$ -	\$ -	\$ (65,247)	51.00	\$ (33,276)	\$ 110,860	\$ -	2, c)
Hangchow Y-Teks	Manufacturing and sales of car interior furnishing and related business	271,956	b.	-	-	-	-	(30,643)	27.00	(8,274)	330,515	-	2, c)
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business	53,036	b.	-	-	-	-	142	14.00	20	78,178	-	2, c)
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business	148,800	b.	-	-	-	-	94,588	5.00	4,729	191,980	-	2, c)
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business	196,416	b.	-	-	-	-	1,527,839	6.00	91,670	1,008,224	-	2, c)
Fuzhou Lianghong	Manufacturing of car seats	473,519	b.	-	-	-	-	183,335	17.00	31,167	636,601	-	2, c)
Hangchow Liangrun	Manufacturing of car seats	444,710	b.	-	-	-	-	(40,445)	25.00	(10,111)	206,254	-	2, c)
Guang Zhou Ri Zheng Spring	Manufacturing of vibration damper springs	796,080	b.	-	-	-	-	355,226	25.00	88,807	1,276,669	-	2, c)
Shang Hai Jing-Huei	Sales of car parts	51,372	a.	-	-	-	-	9,932	96.00	9,535	76,655	-	2, c)
Yu-Jie	Construction industry	2,277,319	a.	-	-	-	-	8,438	100.00	8,438	2,288,152	-	2, b)
Car-Plus (Suzhou)	Lease of cars and related services	297,600	b.	-	-	-	-	59,035	39.20	23,140	615,464	-	2, b)
Car-Plus Leasing (Shanghai)	Lease of cars and related services	297,600	b.	-	-	-	-	22,596	39.20	8,857	615,464	-	2, b)
TAC Leasing (Suzhou)	Equipments and cars leasing business	892,800	b.	-	-	-	-	197,725	45.75	90,459	1,333,924	-	2, b)
TAC Finance Company	Equipments and cars leasing business	892,800	b.	-	-	-	-	86,276	56.60	48,832	379,864	-	2, b)
Zhe Jiang Cheng Yi Company	Secondhand vehicle consultation service and Vehicle transaction agent	91,093	b.	-	-	-	-	(4,987)	52.59	(2,623)	45,801	-	2, c)
Hangzhou Cheng-Yi-Jun	Secondhand vehicle authenticate and evaluation service	2,277	b.	-	-	-	-	(4)	52.59	(2)	2,182	-	2, c)
Zhejiang Cheng-Yi Auction	Secondhand vehicle auction service	9,109	b.	-	-	-	-	(2,101)	52.59	(1,105)	6,982	-	2, c)
Su Zhou Yu Guo	Car purchases and loans to car dealers for car purchases	9,109	b.	-	-	-	-	2,009	16.98	341	2,477	-	2, c)
Shanghai Yu Guo	Car purchases and loans to car dealers	9,109	b.	-	-	-	-	509	16.98	86	3,182	-	2, c)
Dongguan Yu Guo	Sales of cars	9,109	b.	-	-	-	-	2,924	16.98	496	2,211	-	2, c)
Xiamen Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(6,951)	16.98	(1,180)	788	-	2, c)
Chengdu Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(5,573)	16.98	(946)	1,043	-	2, c)
Ho Fei Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(577)	16.98	(98)	2,557	-	2, c)
Qingdao Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(1,252)	16.98	(213)	2,353	-	2, c)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Wuhan Yu Guo	Sales of cars	\$ 9,109	b.	\$ -	\$ -	\$ -	\$ -	\$ (135)	42.60	\$ (58)	\$ 8,973	\$ -	2, c)
Kunming Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(1,942)	16.98	(330)	2,144	-	2, c)
Fu Jian Yu Xin	Sales of cars	91,977	b.	-	-	-	-	(13,204)	100.00	(13,204)	(43,351)	-	2, b)
Ning Bo Yu Cheng	Sales of cars	91,977	b.	-	-	-	-	(17,777)	100.00	(17,777)	(24,162)	-	2, b)
Shanghai Yuming	Sales of cars	176,616	b.	-	-	-	-	(56,949)	67.00	(38,147)	80	-	2, b)
Ka Shing Yu Da	Sales of cars	56,302	b.	-	-	-	-	(14,380)	67.00	(9,633)	33,436	-	2, b)
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts	70,378	b.	-	-	-	-	(6,528)	45.00	(2,921)	36,693	-	2, c)
Yi Ding	Sales of cars and car parts	229,941	b.	-	-	-	-	(2,486,738)	50.00	(1,243,369)	(4,096,853)	-	2, a)
Luxgen (Hangzhou) Motor Sales	Sales of cars and car parts	2,735,573	b.	-	2,735,573	-	2,735,573	(1,069,314)	100.00	(1,069,314)	1,625,905	-	2, a)
Sheng Qing	Investments	2,118,647	b.	-	-	-	-	64,486	100.00	64,486	1,440,957	-	2, b)
Mei De	Computer software maintenance and computer system integration	365,607	b.	-	-	-	-	550	100.00	550	368,652	-	2, b)
Shi Cheng	Computer software maintenance and computer system integration	333,078	b.	-	-	-	-	(78,547)	100.00	(78,547)	11,569	-	2, b)
Jin Ce	Computer software maintenance and computer system integration	90,459	b.	-	-	-	-	(4,338)	100.00	(4,338)	72,915	-	2, b)
Yi Ding Information Technology Limited	Computer software maintenance and computer system integration	253,856	b.	-	-	-	-	1,171	100.00	1,171	240,722	-	2, b)
Dong Tai	Investments	339,378	b.	-	-	-	-	(83,239)	100.00	(83,239)	(7,941)	-	2, b)
Gao Te	Investments	266,732	b.	-	-	-	-	1,072	100.00	1,072	245,695	-	2, b)
Shen Jun Yu Peng	Sales of cars	55,186	b.	-	-	-	-	16,583	65.00	10,779	187	-	2, b)
Su Zhou Feng Shen	Sales of cars	220,744	b.	-	-	-	-	220,394	40.00	88,158	377,841	-	2, b)
Guang Zhou Yuan Du	Sales of cars	160,959	b.	-	-	-	-	21,188	51.00	10,806	128,462	-	2, b)
Zhu Hai Fu Te En	Sales of cars	22,994	b.	-	-	-	-	21,021	100.00	21,021	139,358	-	2, b)
Nanjing Hanhong	Sales of cars	323,080	b.	-	-	-	-	(3,978)	100.00	(3,978)	179,357	-	2, b)
Wuhan Yu Hsin	Sales of cars	128,767	b.	-	-	-	-	51,493	100.00	51,493	(15,272)	-	2, b)
HangZhou Yu Zhong	Trading	45,988	b.	-	-	-	-	221	100.00	221	77,165	-	2, b)
Shanghai Yuexing	Sales of cars	193,339	b.	-	-	-	-	(11,695)	100.00	(11,695)	1	-	2, b)
Jiangmen Junxing	Sales of cars	92,906	b.	-	-	-	-	15,164	60.00	9,099	71,412	-	2, b)
Jiangmen Yuli	Sales of cars	46,918	b.	-	-	-	-	3,113	60.00	1,868	58,240	-	2, b)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
He-Shan Li-Sheng	Sales of cars	\$ 2,915	b.	\$ -	\$ -	\$ -	\$ -	\$ 473	60.00	\$ 284	\$ -	\$ -	2, b)
Guang Zhou Yuan Zhi	Sales of cars	45,988	b.	-	-	-	-	(17,237)	51.00	(8,791)	(11,502)	-	2, b)
Qingdao Yuanhuang	Sales of cars	137,965	b.	-	-	-	-	(9,510)	51.00	(4,850)	(76,390)	-	2, b)
Hang Zhou Hua Zhi	Sales of cars	91,977	b.	-	-	-	-	(54,832)	80.00	(43,865)	(95,161)	-	2, b)
Chang Sha Yu Lu	Sales of cars	91,977	b.	-	-	-	-	(18,002)	100.00	(18,002)	52,665	-	2, b)
Hang Zhou Tang Yu	Investments	45,988	b.	-	-	-	-	92	100.00	92	49,438	-	2, b)
Hang Zhou Chien Yu	Investments	45,988	b.	-	-	-	-	(149)	100.00	(149)	41,183	-	2, b)
Zhuhai Yuhsin	Sales of cars	22,994	b.	-	-	-	-	(8,880)	100.00	(8,880)	(19,084)	-	2, b)
Shenzhen Yu Zhi	Sales of cars	45,988	b.	-	-	-	-	(12,105)	100.00	(12,105)	23,165	-	2, b)
Xiao Gan Yu Feng	Sales of cars	73,581	b.	-	-	-	-	42,573	100.00	42,573	89,166	-	2, b)
Su Zhou Feng Shun	Sales of cars	115,622	b.	-	-	-	-	105,064	40.00	42,025	341,639	-	2, b)
Suzhou Yueshun	Sales of cars	45,988	b.	-	-	-	-	(532)	40.00	(213)	50,292	-	2, b)
Su Chou Cheng Pin	Sales of cars	185,814	b.	-	-	-	-	7,906	40.00	3,163	189,974	-	2, b)
Wu Jiang Lian Cheng	Sales of cars	45,988	b.	-	-	-	-	33,302	40.00	13,321	132,763	-	2, b)
Su Zhou Cheng Li	Sales of cars	69,447	b.	-	-	-	-	2,460	40.00	984	41,894	-	2, b)
Hang Zhou Hsiao Yu	Investments	45,988	b.	-	-	-	-	(81)	99.00	(80)	41,028	-	2, b)
Nan Jing Yu Shang	Sales of cars	36,791	b.	-	-	-	-	(9,425)	100.00	(9,425)	(51,586)	-	2, b)
Hang Zhou Hua You	Sales of cars	36,791	b.	-	-	-	-	(28,932)	80.00	(23,145)	(121,878)	-	2, b)
Su Zhou Cheng Pang	Sales of cars	45,988	b.	-	-	-	-	17,304	40.00	6,922	56,090	-	2, b)
Nan Jing Yu Hua	Sales of cars	137,965	b.	-	-	-	-	(1,563)	100.00	(1,563)	135,040	-	2, b)
Su Zhou Cheng Guo	Sales of cars	46,918	b.	-	-	-	-	(12,222)	40.00	(4,889)	19,658	-	2, b)
Su Zhou Cheng Hung	Sales of cars	46,918	b.	-	-	-	-	(3,974)	40.00	(1,589)	39,234	-	2, b)
Tai Chang Cheng Mau	Sales of cars	46,918	b.	-	-	-	-	12,804	40.00	5,121	67,422	-	2, b)
An Hui Min Tung	Sales of cars	46,918	b.	-	-	-	-	(16,345)	100.00	(16,345)	(13,172)	-	2, b)
An Ching Tsai Tung	Sales of cars	23,459	b.	-	-	-	-	(6,969)	100.00	(6,969)	(69,540)	-	2, b)
An Ching Ling Tung	Sales of cars	18,767	b.	-	-	-	-	(9,763)	100.00	(9,763)	(56,122)	-	2, b)
Tung Ling Kuo Tung	Sales of cars	23,459	b.	-	-	-	-	(144)	100.00	(144)	(360)	-	2, b)
Ho Fei Chun Hui	Sales of cars	2,346	b.	-	-	-	-	(21,012)	100.00	(21,012)	(26,631)	-	2, b)
Zi Bo Yu An	Sales of cars	23,459	b.	-	-	-	-	(14,380)	100.00	(14,380)	(13,427)	-	2, b)

(Continued)

Accumulated Investment in Mainland China as of December 31, 2017	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	\$18,143,378	\$20,962,925	\$47,472,685

Note 1: Method of investment have following type:

- a. Direct investment in Mainland China.
- b. Indirect investment in the Company of Mainland China through a third place.
- c. Other.

Note 2:

- a. If it is in preparation, there is no investment gains and losses, should be noted.
- b. The amounts of investment gain (loss) was recognized on following bases:
 - 1) Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.
 - 3) Other.

Note 3: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(Concluded)

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2017 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YULON MOTOR COMPANY LTD.



By:



KAI-TAI YEN
Chairman

March 26, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Impairment Assessment of Luxgen's Vehicle Model Development Cost and Molds

(Please refer to Notes 4, 5, 18, 20 and 28.)

The vehicle model development cost of Luxgen brand was NT\$5,269,471 thousand, and the molds equipment used for the production of the vehicle model was NT\$3,866,307 thousand. The Group identifies different models of vehicles as separate cash-generating units, and tests them for impairment at least annually.

The amounts of vehicle model development cost and molds equipment used for the production of the model were material to the financial statements as a whole. Furthermore, assessment of the

recoverable amount used in impairment testing is an area of professional judgment. As a result, impairment assessment of the vehicle model development cost and molds equipment is determined as a key audit matter.

The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We understood the process and basis for the estimated growth rate and profitability of the sales forecast of the Group.
2. We reviewed whether the estimated operating cash flow was consistent with operating prospectus approved by the board of directors and inquired whether the future cash flow considered the latest operating performance and industry overview.
3. We assessed the evaluation model used by the management.
4. We assessed the weighted average cost of capital (WACC) used by the management in calculating the recoverable amount in accordance with the valuation model, including risk-free rate, volatility and risk premium. We verified that the WACC was consistent with the Group status and the industry.

Estimated Impairment of Trade Receivable

As described in Note 5, the determination of estimated impairment of trade receivable of the Group's horizontal segments takes into consideration the present value of estimated future cash flows based on foreseeable economic status forecast by the management. This is determined to be material to the financial statements as a whole and involves significant management judgement; thus, this is determined as a key audit matter. As of December 31, 2017, allowance for impairment loss of trade receivable was NT\$2,495,848 thousand, representing 2.57% of total trade receivable; impairment loss of trade receivable recognized in the consolidated statement of comprehensive income for the year ended December 31, 2017 was NT\$1,429,980 thousand, representing 7.90% of operating expenses.

Our audit procedures included:

1. We understood the policies on impairment of trade receivable and assessed the reasonableness of impairment of receivables by performing inquiry, inspection and reperformance of related internal controls.
2. We involved our IT specialists in testing the system that generated trade receivable related documents used by management in performing the controls.
3. We performed analytical procedures on current and prior years' receivable balances and write-off of allowance for impairment to assess the reasonableness of the recognized impairment loss.
4. We assessed the data and model used in the estimation of receivable impairment, including collection of impaired receivables and discount rates.
5. We recalculated the impairment based on the impairment policy of the Group.

Other Matter

We have also audited the financial statements of Yulon Motor Company Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Wei, Tai and Yu-Wei, Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2018

Notice to Readers

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

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 24,631,189	9	\$ 17,082,251	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,054,494	-	2,130,637	1
Available-for-sale financial assets - current (Notes 4 and 8)	146,165	-	185,593	-
Financial assets measured at cost - current (Notes 4 and 11)	2,991	-	3,010	-
Debt investments with no active market - current (Notes 4, 12 and 35)	7,396,152	3	5,247,872	2
Notes and trade receivable (Notes 4, 13 and 35)	92,135,989	36	77,439,788	35
Notes and trade receivable from related parties (Notes 4, 13, 34 and 35)	2,200,030	1	2,011,383	1
Finance lease receivables (Notes 4 and 14)	17,952,213	7	12,648,089	6
Other receivables (Note 34)	4,041,993	2	2,047,097	1
Inventories (Notes 4, 15 and 35)	12,125,616	5	7,571,563	3
Other current assets (Note 21)	7,741,609	3	5,217,552	2
Total current assets	<u>169,428,441</u>	<u>66</u>	<u>131,584,835</u>	<u>59</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	58,244	-	423,474	-
Held-to-maturity financial assets - non-current (Notes 4 and 9)	16,632	-	17,095	-
Financial assets measured at cost - non-current (Notes 4 and 11)	87,501	-	155,305	-
Debt investment with no active market - non-current (Notes 4, 12 and 35)	183,991	-	9,750	-
Investments accounted for using the equity method (Notes 4 and 17)	29,384,814	11	30,476,626	14
Property, plant and equipment (Notes 4, 18 and 35)	35,764,145	14	33,663,144	15
Investment properties (Notes 4 and 19)	11,923,408	5	10,813,104	5
Goodwill (Note 4)	882	-	882	-
Vehicle model development cost (Notes 4 and 20)	6,479,471	3	5,733,470	3
Other intangible assets (Notes 4 and 20)	400,486	-	396,701	-
Deferred tax assets (Notes 4 and 29)	1,277,349	1	1,092,327	1
Long-term finance lease receivables (Notes 4 and 14)	948,688	-	1,019,284	-
Refundable deposits	1,218,987	-	416,913	-
Long-term prepayments for lease (Note 21)	1,003,988	-	1,093,773	1
Other non-current assets	239,480	-	4,374,958	2
Total non-current assets	<u>88,988,066</u>	<u>34</u>	<u>89,686,806</u>	<u>41</u>
TOTAL	<u>\$ 258,416,507</u>	<u>100</u>	<u>\$ 221,271,641</u>	<u>100</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2017		2016	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 49,220,404	19	\$ 39,492,732	18
Short-term bills payable (Note 22)	65,410,076	25	54,317,680	25
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,145	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	201	-	-	-
Notes and trade payables	6,010,742	2	5,754,665	3
Notes and trade payable to related parties (Note 34)	8,675,235	3	7,615,136	3
Other payables (Notes 20, 24 and 34)	12,087,797	5	8,461,606	4
Current tax liabilities (Notes 4 and 29)	530,075	-	902,548	-
Provisions - current (Notes 4 and 25)	295,236	-	334,057	-
Current portion of long-term borrowings (Notes 4 and 22)	776,712	-	1,197,964	1
Current portion of bonds payable (Notes 4 and 23)	4,342,919	2	3,000,000	1
Other current liabilities (Note 24)	11,483,566	5	11,303,884	5
Total current liabilities	158,832,963	61	132,381,417	60
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 23)	10,000,000	4	-	-
Long-term borrowings (Note 22)	2,952,752	1	927,511	-
Provisions - non-current (Notes 4 and 25)	898,195	-	851,333	-
Deferred tax liabilities (Notes 4 and 29)	3,648,046	2	3,557,823	2
Long-term trade payables (Notes 20, 24 and 34)	1,050,000	-	2,100,000	1
Deferred revenue - non-current (Note 24)	27,920	-	23,980	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	1,379,780	1	1,729,048	1
Other non-current liabilities (Note 24)	505,712	-	637,709	-
Total non-current liabilities	20,462,405	8	9,827,404	4
Total liabilities	179,295,368	69	142,208,821	64
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Share capital				
Ordinary shares	15,729,199	6	15,729,199	7
Capital surplus	6,665,705	3	6,664,910	3
Retained earnings				
Legal reserve	7,849,288	3	7,715,818	4
Special reserve	37,373,565	14	36,373,565	16
Unappropriated earnings	2,693,149	1	2,375,157	1
Total retained earnings	47,916,002	18	46,464,540	21
Other equity				
Exchange differences on translating foreign operations	(593,515)	-	75,147	-
Unrealized gain on available-for-sale financial assets	1,091,158	-	1,157,054	1
Cash flow hedges	(92)	-	-	-
Total other equity	497,551	-	1,232,201	1
Treasury shares	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	70,432,153	27	69,714,546	32
NON-CONTROLLING INTERESTS (Note 27)	8,688,986	4	9,348,274	4
Total equity	79,121,139	31	79,062,820	36
TOTAL	\$ 258,416,507	100	\$ 221,271,641	100

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 28 and 34)				
Sales	\$ 72,754,343	77	\$ 93,771,672	84
Investment income	156,027	-	53,001	-
Rental revenue	7,571,120	8	7,240,012	6
Service revenue	3,196,922	4	2,889,172	3
Other operating revenue	<u>10,432,616</u>	<u>11</u>	<u>8,212,828</u>	<u>7</u>
Total operating revenue	<u>94,111,028</u>	<u>100</u>	<u>112,166,685</u>	<u>100</u>
OPERATING COSTS (Notes 4, 15, 26, 28 and 34)				
Cost of goods sold	63,315,628	67	83,341,209	74
Investment cost	41,688	-	9,193	-
Rental cost	6,269,706	7	6,019,283	5
Service cost	1,741,454	2	1,616,212	2
Other operating cost	<u>2,737,541</u>	<u>3</u>	<u>1,980,970</u>	<u>2</u>
Total operating costs	<u>74,106,017</u>	<u>79</u>	<u>92,966,867</u>	<u>83</u>
GROSS PROFIT	20,005,011	21	19,199,818	17
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>(3,597)</u>	<u>-</u>	<u>157</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>20,001,414</u>	<u>21</u>	<u>19,199,975</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 26, 28 and 34)				
Selling and marketing expenses	9,283,443	10	8,673,135	8
General and administrative expenses	8,537,662	9	8,008,870	7
Research and development expenses	<u>283,282</u>	<u>-</u>	<u>294,075</u>	<u>-</u>
Total operating expenses	<u>18,104,387</u>	<u>19</u>	<u>16,976,080</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>1,897,027</u>	<u>2</u>	<u>2,223,895</u>	<u>2</u>
NON-OPERATING INCOME				
Other income (Notes 4 and 28)	932,919	1	975,089	1
Other losses (Notes 4 and 28)	220,082	-	(654,866)	(1)
Finance costs (Notes 4 and 28)	(292,382)	-	(313,359)	-

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2017		2016	
	Amount	%	Amount	%
Share of profit of associates and joint ventures accounted for by the equity method (Notes 4 and 17)	\$ 1,161,441	1	\$ 620,057	1
Interest income (Notes 4 and 28)	<u>219,361</u>	-	<u>213,079</u>	-
Total non-operating income	<u>2,241,421</u>	<u>2</u>	<u>840,000</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	4,138,448	4	3,063,895	3
INCOME TAX EXPENSE (Notes 4 and 22)	<u>1,060,027</u>	<u>1</u>	<u>1,284,672</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>3,078,421</u>	<u>3</u>	<u>1,779,223</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(22,526)	-	(238,341)	-
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method	<u>(22,653)</u>	-	<u>(51,239)</u>	-
	<u>(45,179)</u>	-	<u>(289,580)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation operations	(412,510)	(1)	(484,623)	(1)
Unrealized gain (loss) on available-for-sale financial assets	(304,108)	-	93,799	-
Cash flow hedges	(201)	-	721	-
Share of the other comprehensive of associates and joint ventures accounted for by the equity method	<u>(108,240)</u>	-	<u>(1,248,489)</u>	(1)
	<u>(825,059)</u>	(1)	<u>(1,638,592)</u>	(2)
Other comprehensive loss for the year, net of income tax	<u>(870,238)</u>	(1)	<u>(1,928,172)</u>	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,208,183</u>	<u>2</u>	<u>\$ (148,949)</u>	-
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,288,306	2	\$ 1,334,703	1
Non-controlling interests	<u>790,115</u>	<u>1</u>	<u>444,520</u>	<u>1</u>
	<u>\$ 3,078,421</u>	<u>3</u>	<u>\$ 1,779,223</u>	<u>2</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2017		2016	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,508,187	1	\$ (275,544)	-
Non-controlling interests	<u>699,996</u>	<u>1</u>	<u>126,595</u>	<u>-</u>
	<u>\$ 2,208,183</u>	<u>2</u>	<u>\$ (148,949)</u>	<u>-</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$1.56</u>		<u>\$0.91</u>	
Diluted	<u>\$1.56</u>		<u>\$0.91</u>	

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

	Equity Attributable to Owners of the Company											
	Retained Earnings					Other Equity		Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets					
BALANCE, JANUARY 1, 2016	\$ 15,729,199	\$ 6,650,489	\$ 7,380,610	\$ 35,373,565	\$ 4,157,281	\$ 1,484,838	\$ 1,078,584	\$ (338)	\$ (376,304)	\$ 71,477,924	\$ 9,703,719	\$ 81,181,643
Appropriation of the 2015 earnings												
Legal reserve	-	-	335,208	-	(335,208)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT\$0.9 per share)	-	-	-	-	(1,415,628)	-	-	-	-	(1,415,628)	-	(1,415,628)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,033,658)	(1,033,658)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	14,421	-	-	(7,357)	-	-	-	-	7,064	(6,800)	264
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	-	-	-	(79,270)	-	-	-	-	(79,270)	79,270	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	479,148	479,148
Net profit for the year ended December 31, 2016	-	-	-	-	1,334,703	-	-	-	-	1,334,703	444,520	1,779,223
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(279,364)	(1,409,691)	78,470	338	-	(1,610,247)	(317,925)	(1,928,172)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	1,055,339	(1,409,691)	78,470	338	-	(275,544)	126,595	(148,949)
BALANCE, DECEMBER 31, 2016	15,729,199	6,664,910	7,715,818	36,373,565	2,375,157	75,147	1,157,054	-	(376,304)	69,714,546	9,348,274	79,062,820
Appropriation of the 2016 earnings												
Legal reserve	-	-	133,470	-	(133,470)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT\$0.5 per share)	-	-	-	-	(786,460)	-	-	-	-	(786,460)	-	(786,460)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,228,791)	(1,228,791)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	795	-	-	(2,555)	-	-	-	-	(1,760)	(93)	(1,853)
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	-	-	-	(2,360)	-	-	-	-	(2,360)	2,360	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(132,760)	(132,760)
Net profit for the year ended December 31, 2017	-	-	-	-	2,288,306	-	-	-	-	2,288,306	790,115	3,078,421
Other comprehensive income for the year ended December 31, 2017, net of income tax	-	-	-	-	(45,469)	(668,662)	(65,896)	(92)	-	(780,119)	(90,119)	(870,238)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	2,242,837	(668,662)	(65,896)	(92)	-	1,508,187	699,996	2,208,183
BALANCE, DECEMBER 31, 2017	\$ 15,729,199	\$ 6,665,705	\$ 7,849,288	\$ 37,373,565	\$ 2,693,149	\$ (593,515)	\$ 1,091,158	\$ (92)	\$ (376,304)	\$ 70,432,153	\$ 8,688,986	\$ 79,121,139

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,138,448	\$ 3,063,895
Adjustments for:		
Interest income	(8,851,032)	(7,179,641)
Depreciation expenses	6,685,723	6,731,963
Finance costs	1,781,192	1,236,913
Impairment loss recognized on trade receivables	1,746,438	1,439,397
Share of profit of associates and joint ventures accounted for by the equity method	(1,131,485)	(610,865)
Amortization expenses	794,764	852,767
Net (gain) loss on foreign currency exchange	(674,585)	1,152,229
Gain on disposal of financial assets	(449,668)	(27,742)
Recognition of provisions	203,124	115,621
Impairment loss recognized on non-financial assets	155,094	147,943
Dividend income	(53,472)	(54,142)
Loss on disposal of property, plant and equipment	36,754	3,445
Net loss on disposal of intangible assets	36,281	-
Gain on disposal of investment properties	(26,052)	(20,054)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(25,077)	(58,343)
Realized gain on the transactions with associates and joint ventures	(23,805)	(32,697)
Impairment loss recognized on financial assets	20,223	11,844
Changes in operating assets and liabilities		
Financial assets held for trading	747,387	1,848,138
Notes and trade receivable	(16,569,724)	(13,700,239)
Other receivables	(2,097,629)	(44,299)
Inventories	(1,978,392)	1,787,181
Prepayments and other current assets	(2,638,695)	145,999
Finance lease receivables	(5,441,959)	(3,511,859)
Available-for-operating-sale leased assets	(6,488,767)	(4,561,225)
Other operating assets	265,219	(183,788)
Notes and trade payables	1,528,314	2,673,890
Other payables	1,335,532	(4,032,260)
Provisions	(194,694)	(117,912)
Guarantee deposits	863,617	720,609
Other current liabilities	(492,103)	96,682
Accrued pension liabilities	(371,794)	(783,840)
Deferred revenue	18,206	(34,468)
Other operating liabilities	324,113	19,961
Cash used in operations	(26,828,504)	(12,904,897)
Interest received	8,712,414	6,983,887
Interest paid	(1,734,478)	(1,198,670)
Income tax paid	(1,537,227)	(718,454)
Net cash used in operating activities	<u>(21,387,795)</u>	<u>(7,838,134)</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	\$ 3,989,394	\$ 2,661,954
Purchase of property, plant and equipment	(3,650,199)	(3,828,379)
Proceeds on sale of financial assets at fair value through profit or loss	2,533,881	5,713,504
Purchase of debt investment with no active market	(2,319,134)	-
Purchase of financial assets at fair value through profit or loss	(2,189,002)	(4,891,290)
Acquisition of associates	(1,921,798)	(8,746)
Proceeds from disposal of property, plant and equipment	1,165,431	769,462
(Increase) decrease in refundable deposits	(807,515)	121,290
Proceeds on sale of available-for-sale financial assets	395,764	89,354
Proceeds on sale of financial assets measured at cost	204,523	43,617
Payments for intangible assets	(133,977)	(178,111)
Decrease (increase) in prepayments for leases	54,447	(412,667)
Proceeds on investment properties	53,321	44,038
Proceeds on intangible assets	1,363	-
Acquisition of financial assets measured at cost	(1,145)	(782)
Purchase of available-for-sale financial assets	(954)	(18,151)
Payments for other non-current assets	-	(2,746,698)
Proceeds on sale of debt investments with no active market	-	753,981
Net cash outflow on acquisition of subsidiaries	-	(13,630)
Capital return from financial assets measured at cost	-	1,302
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(2,625,600)</u>	<u>(1,899,952)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of bonds payable	14,341,475	-
Proceeds from short-term borrowings	13,739,223	10,407,251
Proceeds from short-term bills payable	11,937,430	7,904,146
Repayment of short-term borrowings	(3,684,446)	(2,733,632)
Repayment of bonds payable	(3,000,000)	-
Dividends paid	(2,009,332)	(2,438,631)
Proceeds from long-term borrowings	1,637,439	151,346
Repayment of short-term bills payable	(791,468)	(2,304,786)
(Decrease) increase in guarantee deposits received	(301,115)	61,346
Change in non-controlling interests	(132,760)	107,731
Repayment of long-term borrowings	(33,450)	(214,839)
	<u> </u>	<u> </u>
Net cash generated from financing activities	<u>31,702,996</u>	<u>10,939,932</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(140,663)</u>	<u>(424,719)</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	2017	2016
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 7,548,938	\$ 777,127
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,082,251</u>	<u>16,305,124</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 24,631,189</u>	<u>\$ 17,082,251</u>

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Motor Company Ltd. (the “Company”) was incorporated in September 1953. It manufactures and markets automobiles and parts.

The Company’s shares have been listed on the Taiwan Stock Exchange since July 1976.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 26, 2018.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Company or its subsidiaries are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group’s respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill are enhanced when the above amendments were retrospectively applied in 2017.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018 (Note 3)
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss, if any, recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above measurements, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Impact on assets, liabilities and equity</u>			
<u>Current Assets</u>			
Financial assets at fair value through profit or loss - current	\$ 1,054,494	\$ 1,105,861	\$ 2,160,355
Financial assets at fair value through other comprehensive income - current	-	147,868	147,868
Available-for-sale financial assets - current	146,165	(146,165)	-
Held-to-maturity financial assets - current	2,991	(2,991)	-
Financial assets measured at cost - current	-	7,396,152	7,396,152
Debt investments with no active market - current	7,396,152	(7,396,152)	-
Trade receivables from unrelated parties	4,041,993	(1,104,573)	2,937,420
<u>Non-current Assets</u>			
Financial assets at fair value through profit or loss - non-current	-	22,161	22,161
Financial assets at fair value through other comprehensive income - non-current	-	805,336	805,336
Available-for-sale financial assets - non-current	58,244	(58,244)	-
Held-to-maturity financial assets - current	16,632	(16,632)	-
Financial assets measured at cost - current	87,501	(87,501)	-
Financial assets measured at amortized cost - non-current	-	210,523	210,523
Debt investments with no active market - non-current	7,396,152	(183,991)	210,523
Trade receivables from unrelated parties	<u>4,041,993</u>	<u>104,687</u>	<u>29,489,501</u>
Total effect on assets	<u>\$ 42,372,977</u>	<u>\$ 796,339</u>	<u>\$ 43,169,316</u>
<u>Equity</u>			
Retained earnings	\$ 2,693,149	\$ 139,002	\$ 2,832,151
Other equity			
Unrealized gain/(loss) on available-for-sale financial assets	1,748,495	(1,748,495)	-
Unrealized gain on financial assets at fair value through other comprehensive income - equity instruments	<u>-</u>	<u>1,748,495</u>	<u>1,748,495</u>
Total effect on equity	<u>\$ 3,784,307</u>	<u>\$ 796,339</u>	<u>\$ 4,580,646</u>

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity’s risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized

only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

2) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

5) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that the reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 on the basis of the degree to which the fair value measurement inputs are observable and significant to the fair value measurement in its entirety; the inputs by level are described as follows:

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

Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities are classified as non-current.

Since the operating cycles of TAC Co., Ltd., Sinshing Co., Ltd., TAC Financing Leasing Co., Ltd., TAC Financial Leasing Co., Ltd., Yulon Motor Finance (China) Co., Ltd., Yu Yuen Co., Ltd., Yu Sing Co., Ltd., and Yushin Co., Ltd. are more than one year, the classification of balance sheet accounts depends on whether their realization or settlement will be within or beyond one year from the balance sheet date.

Basis of Consolidation

- Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special-purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this attribution results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 16 and Table 10 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination occurs, the Group, as the acquiring entity, reports in its financial statements provisional amounts for the items for which the accounting is incomplete. These provisional amounts recognized at the acquisition date are adjusted retrospectively during the measurement period when new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts initially recognized or would have resulted in the recognition of other assets and liabilities.

Foreign Currencies

In preparing the financial statements of each group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items measured at fair value that are denominated in foreign currencies are

retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are recognized at the rates of exchange prevailing on the dates of the transactions and are not retranslated.

Exchange differences resulting from the settlement or translation of monetary items are recognized in profit or loss in the period when these differences arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income and are attributed to owners' equity or non-controlling interests.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and included in the calculation of equity transactions and not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Taiwan Acceptance Corporation (TAC) provides retailers with cars for the purpose of displays and sales, and charges display fees till the cars are sold. Before the ownership of cars is transferred to retailers, the cars are treated as TAC's inventories.

Inventories which Yu Yuen holds are stated at the lower of cost or net realizable value.

Investments in Associates and Jointly Controlled Entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint venture.

When the Group subscribes for additional new shares of the associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and joint venture equals or exceeds its interest in that associate and joint venture, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate and joint venture had directly disposed of the related assets or liabilities.

When a Group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture of entities that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and placed in the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method and units of production method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For leased asset, if the lease term is shorter than the useful life of the asset, the asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

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

An entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognized as revenue in accordance with IAS 18 Revenue. IFRS 5 does not apply when assets held for sale in the ordinary course of business are transferred to inventories.

Assets held for rental that are transferred to inventories at their carrying amount are classified under operating activities.

Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation, including property under construction for these purposes. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less impairment, if any. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the construction is completed and the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the acquisition date less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units (CGUs), or groups of cash-generating units (referred to as cash-generating units), that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs. If a portion of the carrying amount of the asset can be allocated on a reasonable and consistent basis to the CGU, the Group compares the carrying amount of the CGU, including the portion of the asset's carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied instead to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication of asset impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When the carrying amount of the asset or CGU is increased to a revised estimate of its recoverable amount, the impairment loss is reversed, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

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

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investment, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when they are either held for trading or designated as at fair value through profit or loss (FVTPL).

Financial assets may be designated as at FVTPL upon initial recognition if:

- i. Such designation eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise; or
- ii. The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the asset is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of these unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are

remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments are nonderivative financial assets with fixed or determinable payments and fixed maturity on which the Group has the positive intent and ability to hold to maturity. Furthermore, they are not designated as at fair value through profit or loss and are not classified as available-for-sale financial assets nor can they be considered loans and receivables. The central government bond which the Group has the positive intent and ability to hold to maturity is classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by the delivery of these unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment loss is recognized in profit and loss.

d) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within 3 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are

held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment collectively even if they have been assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of not collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on trade receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the impairment losses decrease and the decreases can be related objectively to events occurring after impairment recognition, the previously recognized impairment losses are reversed through profit or loss to the extent that the carrying amounts of the investments at the date the impairment is reversed do not exceed what the amortized costs would have been had the impairment not been recognized.

When an available-for-sale (AFS) financial asset is considered impaired, cumulative loss previously recognized in other comprehensive income is reclassified to profit or loss in the period the asset is impaired. However, impairment loss on AFS equity securities previously recognized in profit or loss cannot be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. On available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss cannot be reversed in subsequent periods.

The carrying amounts of the financial assets are reduced by the impairment loss directly for all financial assets with the exception of trade receivables, of which the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible accounts receivable that are written off against the allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Equity instruments

Debt and equity instruments issued by a Group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except in the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or on the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - conversion of convertible bonds. When the conversion option remains unexercised on bond maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

e. Derivative financial instruments

The Group uses derivative financial instruments, such as forward exchange contracts, foreign currency option contracts and interest rate swaps, to manage its exposure to interest rate risks and exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Hedge Accounting

The Group designates certain hedging instruments as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss on the ineffective portion is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Group's provision is for contracts with guarantees. For car loan contracts signed by the Group's customers with financial institutions, the Group provides payment guarantees as well as account management services. Under the contracts, the Group is responsible for the collection of loan repayments or will assume the risk of loss on uncollectable loans in the event of default. The provision is subsequently measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets".

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances. Sales returns are recognized at the time of sale if the Group can reliably estimate future returns and a liability for returns is recognized on the basis of previous experience and relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- 1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 3) The amount of revenue can be measured reliably;
- 4) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- 5) The transaction costs incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Income from properties developed for sale is recognized when construction is complete, rewards of ownership of the properties are transferred to buyers, and collectability of the related receivables is reasonably assured. Deposits received on the sale of properties and installment payments are presented in the consolidated balance sheets under current liabilities.

Under the Group's award scheme, the sale of goods that results in award credits for customers is accounted for as a multiple element revenue transaction, and award credits are accounted for as a separately identifiable component of a sales transaction in which these credits are granted ("initial sale"). The fair value of the consideration received or receivable is allocated between the award credits granted and other components of the sale. The consideration allocated to the award credits is measured at their fair value, i.e., the amount for which the

award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations to supply the award have been fulfilled.

b. Rental income

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding on the leases.

c. Investment income

For security transactions by Yung Hong Investment Company and Tai Yuen Venture Capital Company, the difference between the carrying amount of security and the actual selling price is recognized in profit or loss when these Group entities transfer substantially all the risks and rewards of security ownership to another party.

d. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

e. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and if it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract at the end of the reporting period and are measured on the basis of the percentage of contract costs incurred to date to the estimated total contract costs, except if this measurement is not representative of actual substance. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the excess is shown as construction contracts receivable. When progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as construction contracts payable.

Leasing

Leases are classified as finance leases whenever the lease terms provide for the transfer of substantially all the risks and rewards of ownership to the lessee. Otherwise, the leases are classified as operating leases.

a. The Group as lessor

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment

The impairment of property, plant and equipment was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

c. Impairment of intangible assets (vehicle model development cost)

The impairment of intangible asset (vehicle model development cost) was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2017	2016
Cash on hand	\$ 21,463	\$ 16,618
Checking accounts and demand deposits	17,149,374	15,205,468
Cash equivalent		
Time deposits with original maturities within 3 months	7,460,352	1,825,165
Repurchase agreements collateralized by bonds	<u>-</u>	<u>35,000</u>
	<u>\$ 24,631,189</u>	<u>\$ 17,082,251</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2017	2016
<u>Financial assets at FVTPL - current</u>		
Financial assets designated as at FVTPL		
Credit-linked instruments	\$ 163,157	\$ 376,684
Principal guaranteed financial assets	<u>-</u>	<u>102,179</u>
	<u>163,157</u>	<u>478,863</u>
Financial assets held for trading		
Non-derivative financial assets		
Quoted stocks	108,436	424,762
Beneficial certificates - mutual funds	<u>782,901</u>	<u>1,227,012</u>
	<u>891,337</u>	<u>1,651,774</u>
	<u>\$ 1,054,494</u>	<u>\$ 2,130,637</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts*	<u>\$ -</u>	<u>\$ 1,145</u>

* The Group entered into interest rate swap contracts to hedge against exposures due to interest rate fluctuations of assets and liabilities. Interest rate swap contracts in the Company's possession did not qualify for hedge accounting; thus, the Group did not apply hedge accounting.

At the end of the reporting period, outstanding interest swap contracts not under hedge accounting were as follows:

Notional Amount (In Thousands)	Maturity Date	Interest Rate - Payment	Interest Rate Receipt
<u>December 31, 2016</u>			
\$ 200,000	2017.03.27	0.950%	Note
300,000	2017.06.01	0.975%	Note
200,000	2017.06.19	0.970%	Note
200,000	2017.07.31	0.950%	Note

Note: Based on the three months' TAIBOR - Reuters interest rate prevailing on two operating days before the IRS contract issue date.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	2017	2016
<u>Current</u>		
Quoted stocks	\$ 146,165	\$ 166,505
Non-guaranteed financial products (Note)	-	19,088
	<u>\$ 146,165</u>	<u>\$ 185,593</u>
<u>Non-current</u>		
Quoted stocks	\$ 56,841	\$ 422,965
Others	1,403	509
	<u>\$ 58,244</u>	<u>\$ 423,474</u>

Note: The financial products are issued by Agricultural Bank of China and China Min-sheng Bank, which are local well-known banks.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>December 31</u>	
	2017	2016
<u>Non-current</u>		
Bond investment - Central Government Development Bonds	<u>\$ 16,632</u>	<u>\$ 17,095</u>

Taiwan Acceptance Corporation ("TAC") and Shin Credit Corporation ("SCC") have invested in Central Government Development Bonds with the yearly payment coupon rates of 3.75% and 1.42% and maturity dates of August 16, 2022 and February 13, 2021.

As of December 31, 2017 and 2016, TAC and SCC pledged Central Government Development Bonds with the face value of \$11,000 thousand and \$7,200 thousand, respectively as guaranteed deposits for evidence of claims from the courthouse.

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

	<u>December 31</u>	
	2017	2016
<u>Derivative financial liabilities under hedge accounting</u>		
Cash flow hedges - interest rate swaps*	\$ <u>201</u>	\$ <u>-</u>

* The Group entered into interest rate swap (IRS) contracts to mitigate the risk of adverse changes in interest rates on the cash flow exposure related to outstanding floating-rate debts. The terms of IRS contracts are identical to those for debts under hedging; thus, the Group's management considered these contracts a highly effective tool for hedging. The outstanding IRS contracts at the end of the reporting period were as follows:

Notional Amounts (In Thousands)	Maturity Date	Interest Rate - Payment	Interest Rate - Receipt
<u>December 31, 2017</u>			
\$ 300,000	2019.04.25	Note	0.740%
200,000	2019.04.25	Note	0.745%

Note: Based on the three months TAIBOR - Reuters interest rate prevailing on two operating days before the IRS contract issue date.

11. FINANCIAL ASSETS MEASURED AT COST

	<u>December 31</u>	
	2017	2016
<u>Current</u>		
Domestic unlisted common shares	\$ <u>2,991</u>	\$ <u>3,010</u>
<u>Non-current</u>		
Domestic unlisted common shares	\$ 85,949	\$ 153,692
Others	<u>1,552</u>	<u>1,613</u>
	<u>\$ 87,501</u>	<u>\$ 155,305</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	\$ <u>90,492</u>	\$ <u>158,315</u>

The unlisted common shares held by the Group above were measured at cost less impairment at the end of each reporting period. Management believed that the fair values cannot be reliably measured because the range of fair values determined using estimation methods was significant and the probabilities of each value were unable to be determined.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Reserve account	\$ 329,930	\$ 263,031
Pledged time deposits	120,200	7,700
Time deposits with original maturity more than 3 months	6,888,087	4,963,107
Restricted bank deposit	<u>57,935</u>	<u>14,034</u>
	<u>\$ 7,396,152</u>	<u>\$ 5,247,872</u>
<u>Non-current</u>		
Pledged time deposits	\$ 176,544	\$ -
Time deposits with original maturity more than 3 months	<u>7,447</u>	<u>9,750</u>
	<u>\$ 183,991</u>	<u>\$ 9,750</u>

Refer to Note 35 for information relating to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Notes and trade receivable	\$ 107,434,248	\$ 89,463,738
Less: Allowance for impairment loss	(2,691,076)	(2,241,590)
Unrealized interest income	<u>(10,407,153)</u>	<u>(7,770,977)</u>
	<u>\$ 94,336,019</u>	<u>\$ 79,451,171</u>

Trade and Notes Receivable

The average credit period for the sale of goods for “brand segments” was 45 to 180 days. In assessing recoverability of its trade and notes receivables, the Group’s management considers any changes in the counterparties’ credit quality as of the balance sheet dates, including the financial and economic status of the counterparties, since the major counterparties were related parties.

The trade receivables for “Horizontal Segments” within the Group are composed of receivable acquisitions from external parties, receivables on the promotion of car loans and receivables on cars on display at auto shows. Principal and interests are collected monthly. For delayed payments, interests are accrued on the basis of the number of days that payments are outstanding. Based on past experience and macroeconomic factors, the receivable settlement period is 180

days, after which receivable amounts could be considered uncollectible or default could occur. However, collection periods exceeding 180 days are extremely unlikely. If receivables remain unsettled after 180 days, the amounts are written off.

The average credit period for the sale of goods by other supporting segments is 45 to 65 days. In assessing recoverability of its trade and notes receivables, the Group's management considers any changes in the counterparties' credit quality as of the balance sheet dates, including the financial and economic status of the counterparties, since the major counterparties were related parties.

For Taiwan and China-based retailers, overdue payments are reported to the Group's internal legal department for confirmation and collection.

The clients of the Group are widely spread and unrelated; thus, credit risk is limited.

The aging of receivables was as follows:

	December 31	
	2017	2016
Based on the past due days from end of credit term		
Not past due	\$ 95,337,686	\$ 80,610,661
1-180 days	1,155,669	790,716
Over 180 days	<u>533,739</u>	<u>291,384</u>
	<u>\$ 97,027,094</u>	<u>\$ 81,692,761</u>

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2017	2016
Based on the past due days from end of credit term		
1-180 days	\$ 84,497	\$ 59,827
Over 180 days	<u>188,925</u>	<u>99,847</u>
	<u>\$ 273,422</u>	<u>\$ 159,674</u>

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	\$ 26,077	\$ 1,794,600	\$ 1,820,677
Add: Impairment losses recognized on receivables	4,739	1,231,154	1,235,893
Less: Amounts written off during the period as uncollectible	-	(821,062)	(821,062)
Foreign exchange translation gains and losses	<u>(1,378)</u>	<u>7,460</u>	<u>6,082</u>
Balance at December 31, 2016	<u>\$ 29,438</u>	<u>\$ 2,212,152</u>	<u>\$ 2,241,590</u>

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 29,438	\$ 2,212,152	\$ 2,241,590
Add: Impairment losses recognized on receivables	95,088	1,472,973	1,568,061
Less: Amounts written off during the period as uncollectible	-	(1,117,695)	(1,117,695)
Foreign exchange translation gains and losses	<u>682</u>	<u>(1,562)</u>	<u>(880)</u>
Balance at December 31, 2017	<u>\$ 125,208</u>	<u>\$ 2,565,868</u>	<u>\$ 2,691,076</u> (Concluded)

The Group recognized impairment loss on trade receivables amounting to \$125,208 thousand and \$29,438 thousand as of December 31, 2017 and 2016, respectively. These amounts mainly related to customers that were in liquidation (or in severe financial difficulties). The Group did not hold any collateral over these balances.

14. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Gross investment in leases</u>		
Not later than 1 tear	\$ 9,675,740	\$ 8,138,905
Later than 1 tear and not later than 5 year	12,804,654	8,244,486
Later than 5 years	<u>7,447</u>	<u>10,339</u>
	22,487,841	16,393,730
Less: Unearned finance income	(2,612,540)	(1,975,414)
Less: Allowance for uncollectible lease payments	<u>(974,400)</u>	<u>(750,943)</u>
Present value of minimum lease payments	<u>\$ 18,900,901</u>	<u>\$ 13,667,373</u>
<u>Finance lease receivables</u>		
Not later than 1 tear	\$ 8,641,880	\$ 7,183,165
Later than 1 tear and not later than 5 year	11,226,480	7,225,562
Later than 5 years	<u>6,941</u>	<u>9,589</u>
	19,875,301	14,418,316
Less: Allowance for uncollectible lease payments	<u>(974,400)</u>	<u>(750,943)</u>
Finance lease receivables	<u>\$ 18,900,901</u>	<u>\$ 13,667,373</u>

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.43 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 4.14%-14.83% and 4.43%-14.57% per annum as of December 31, 2017 and 2016, respectively.

The aging of finance lease receivables was as follows:

	December 31	
	2017	2016
Not past due	\$ 18,607,332	\$ 12,987,816
1-180 days	709,548	873,910
Over 181 days	<u>558,421</u>	<u>556,590</u>
	<u>\$ 19,875,301</u>	<u>\$ 14,418,316</u>

The above aging schedule was based on the past due days from end of credit term.

Movements in the allowance for impairment loss recognized on finance lease receivables were as follows:

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 750,943	\$ 603,356
Add: Impairment losses recognized on receivables	237,574	203,504
Foreign exchange translation gains and losses	<u>(14,117)</u>	<u>(55,917)</u>
Balance at December 31	<u>\$ 974,400</u>	<u>\$ 750,943</u>

15. INVENTORIES

The Group's inventories include finished goods, work in progress, raw materials, properties for sale and construction land.

	December 31	
	2017	2016
Finished goods	\$ 5,939,521	\$ 4,638,111
Work in progress	485,197	198,508
Raw materials	<u>2,938,558</u>	<u>2,655,255</u>
	<u>9,363,276</u>	<u>7,491,874</u>
<u>Properties for sale</u>		
Yu-Wen Garden	2,584	2,584
Hsin-Dian Da Feng section	<u>1,757</u>	<u>1,757</u>
	<u>4,341</u>	<u>4,341</u>
<u>Construction land</u>		
Zhong-Li Fushin Section	<u>75,348</u>	<u>75,348</u>
<u>Property under construction</u>		
Yulon Property Developments	<u>2,682,651</u>	-
	<u>\$ 12,125,616</u>	<u>\$ 7,571,563</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was \$63,315,628 thousand and \$83,341,209 thousand, respectively.

The cost of goods sold for the years ended December 31, 2017 and 2016 included inventory write-downs of \$67,376 thousand and reversal of inventory write-downs of \$62,615 thousand, respectively.

The inventories pledged as collateral for bank borrowings were set out in Note 35.

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

Investor	Investee	Main Businesses	% of Ownership		Remark
			2017	2016	
The Company	Taiwan Acceptance Corporation ("TAC Corporation")	Sale and lease of cars and parts	45.75	45.75	In 2016, the issuance by TAC Corporation of common shares for the conversion of convertible bonds resulted in the decrease in the Group's percentages of ownership in the investee to 45.75%.
	Yu Sing Motor Co., Ltd. ("Yu Sing")	Sale, maintenance and repair of cars and parts	90.33	90.33	-
	Qinton Motor Co., Ltd. ("Qinton")	Sale and maintenance of cars and parts	100.00	100.00	-
	Yushin Motor Co., Ltd. ("Yushin")	Sale, maintenance and repair of cars and parts	80.00	80.00	-
	Yu Chang Motor Co., Ltd. ("Yu Chang")	Sale and maintenance of cars and parts	65.00	65.00	-
	Sin Chi Co., Ltd. ("Sin Chi")	General advertising planning services	100.00	100.00	-
	Yu Rich Financial Services Co., Ltd. ("Yu Rich")	Installment loans of consumer goods and wholesale of cars and parts	17.88	17.88	The Group owned 100% of Yu Rich in the two reporting periods.
	Yu Ching Business Co., Ltd. ("Yu Ching")	Import and export and sale of cars and parts	60.00	60.00	The Group owned 100% of Yu Ching in the two reporting periods.
	Yung Hong Investment Co., Ltd. ("Yung Hong")	Investments	100.00	100.00	-
	Yu Pong Business Co., Ltd. ("Yu Pong")	Yulon basketball team management and related services	100.00	100.00	-
	Sin Gan Co., Ltd. ("Sin Gan")	Wholesale and retail of information software	35.62	35.62	The Group's percentage of ownership in the investee was both 64.96% in the two reporting periods.
	Tai Yuen Venture Capital Co., Ltd. ("Tai Yuen")	Investments	-	49.50	Tai Yuen was liquidated in the 4th quarter of 2017
	Chan Yun Technology Co., Ltd. ("Chan Yun")	Wholesale and retail of information software	43.85	43.85	-
	Yulon Overseas Investment Co., Ltd. ("Yulon Overseas")	Investments	100.00	100.00	-
	Y-Teks Co., Ltd. ("Y-Teks")	Manufacturing and furnishing cars and the import and export of, and serving as sales agent for, car parts	34.00	34.00	The Group's percentage of ownership in the investee was both 45.99% in the two reporting periods.
	Union & NKH Auto Parts Co., Ltd. ("Union & NKH")	Manufacturing and sale of springs for various motor vehicles and sale of non-motorized vehicles	25.01	25.01	-
	Yueki Industrial Co., Ltd. ("Yueki")	Manufacturing and sale of car components	50.58	50.58	The Group owned 50.66% of Yueki in the two reporting periods.
	Yue Sheng Industrial Co., Ltd. ("Yue Sheng")	Car manufacturing and furnishing; manufacture, installation and sale of car parts	50.97	50.97	-
	China Cast Iron Pipe Co., Ltd. ("China Cast Iron")	Metal casting and related business	77.66	77.66	-
	Car-plus Auto Leasing Corporation ("Car-plus Auto")	Car lease and trade	3.46	3.46	The Group owned 72.03% of Car-plus in the two reporting periods.
	Empower Co., Ltd. ("Empower")	Sale, maintenance and repair of cars and parts	20.00	20.00	The Group owned 47% of Empower in the two reporting periods.
	Luxgen Motor Co., Ltd. ("Luxgen")	Sale of cars and parts	100.00	100.00	-
	Yulon TOBE Motor Co., Ltd. ("Yulon TOBE")	Sale of cars and parts	100.00	100.00	-
	Yulon Energy Service Co., Ltd. ("Yulon Energy")	Wholesale and retail sale of batteries	100.00	100.00	-
	Sin Jang Enterprises ("Sin Jang")	Sale and brokerage of secondhand vehicles	20.01	20.01	The Group owned 80% of Sin Jang in the two reporting periods.
	Yulon Motor Finance (China) Co., Ltd. ("Yulon Motor Finance")	Car purchases and loans to car dealers for car purchases	51.00	51.00	The Group owned 100% of Yulon Motor Finance in the two reporting periods.
	Yulon construction	Construction	100.00	100.00	Change name in 1st quarter of 2017. The Group wholly owned Yulon construction in the two reporting periods.

(Continued)

Investor	Investee	Main Businesses	% of Ownership		Remark
			December 31		
			2017	2016	
TAC Corporation	Shin Credit Corporation ("SCC")	Installment-related financing services for car and truck purchases	100.00	100.00	-
	Car-plus Auto	Car lease and trade	68.57	68.57	The Group owned 72.03% of Car-plus in the two reporting periods.
	TAC Global Investment (Samoa) Co., Ltd. ("TAC Global")	Shareholding company	100.00	100.00	-
	Empower	Sale, maintenance and repair of cars and parts	27.00	27.00	The Group owned 47% of Empower in the two reporting periods.
	Sin Jang Co., Ltd. (Sin Jang)	Sales and brokerage of secondhand vehicles	40.00	40.00	The Group owned 80% of Sin Jang in the two reporting periods.
	Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	49.00	49.00	The Group owned 100% of Yulon Motor Finance in the two reporting periods.
Yu Rich Financial Services Co., Ltd. ("Yu Rich")	Installment loans of consumer goods and wholesale of cars and parts	82.12	82.12	The Group owned 100% of Yu Rich in the two reporting periods.	
SCC	Shinshin Global Investment (Samoa) Co., Ltd. ("Shinshin Samoa")	Shareholding company	100.00	100.00	-
Car-plus Auto	Diamond Leasing Service Corporation ("Diamond Leasing")	Car sale and lease	100.00	100.00	-
	Car-Plus Global Investment (Samoa) Co., Ltd. ("Car-Plus Samoa")	Shareholding company	100.00	100.00	-
	Sin Jang	Sales and brokerage of secondhand vehicles	19.99	19.99	The Group owned 80% of Sin Jang in the two reporting periods.
	Da-Wei Technology Co., Ltd. ("Da-Wei")	Brokerage of electric vehicles	100.00	100.00	-
Da-Wei Diamond Leasing	Da Teng Traffic Co., Ltd.	Taxi	100.00	100.00	-
	H.K. Manpower Service Co., Ltd. ("H.K. Manpower")	Temporary labor services	100.00	100.00	-
Sin Jang	Sinjang International Investment (Samoa) Co., Ltd. ("Sinjang Samoa")	Holding company	71.34	71.34	The Group wholly owned Sin Jang (Samoa) in the two reporting periods.
Car-Plus Samoa	Car-Plus China Investment (Samoa) Co., Ltd. ("Car-Plus China")	Holding company	60.00	60.00	The Group wholly owned Car-Plus China in the two reporting periods.
	Car-Plus Shanghai Investment (Samoa) Co., Ltd. ("Car-Plus Shanghai")	Holding company	60.00	60.00	The Group wholly owned Car-Plus Shanghai in the two reporting periods.
TAC Global	Car-Plus China Investment (Samoa) Co., Ltd. ("Car-Plus China")	Holding company	40.00	40.00	The Group wholly owned Car-Plus China in the two reporting periods.
	Car-Plus Shanghai Investment (Samoa) Co., Ltd. ("Car-Plus Shanghai")	Holding company	40.00	40.00	The Group wholly owned Car-Plus Shanghai in the two reporting periods.
	Yu Rong International Investment (Samoa) Co., Ltd. ("Yu Rong International")	Holding company	100.00	100.00	-
	Sinjang International Investment (Samoa) Co., Ltd. ("Sinjang Samoa")	Holding company	28.66	28.66	The Group owned 100% of Sin Jang (Samoa) in the two reporting periods.
Sinjang Samoa	Zhejiang Cheng-Yi Auto, Service Co., Ltd. ("Zhejiang Cheng-Yi")	Sales and brokerage of secondhand vehicles	66.00	66.00	The Group wholly owned of Zhejiang Cheng-Yi in 2016, and owned 50% in 2015.
Zhejiang Cheng-Yi	Hangzhou Cheng-Yi-Jun Used-cars Authenticated Evaluation Service Co., Ltd.	Secondhand vehicle authentication and evaluation service	100.00	100.00	-
Shinshin Samoa	TAC Financial Leasing Co., Ltd. ("TAC Financial")	Financial lease of equipment	40.00	40.00	The Group wholly owned TAC Financial in the two reporting periods.
Car-Plus China	Car-Plus (Suzhou) Auto Leasing Co., Ltd. ("Car-Plus (Suzhou)")	Lease of cars and related services	100.00	100.00	-
Car-Plus Shanghai	Car-Plus Leasing (Shanghai) Co., Ltd. ("Car-Plus Leasing (Shanghai)")	Car lease and trading	100.00	100.00	-
Yu Rong International	TAC Leasing (Suzhou) Co., Ltd. ("TAC Leasing (Suzhou)")	Financial lease of equipment	100.00	100.00	-
	TAC Financial	Financial lease of equipment	40.00	40.00	The Group wholly owned TAC Financial in the two reporting periods.
TAC Financial	Zhejiang Cheng-Yi	Sales and brokerage of secondhand vehicles	24.00	-	The Group wholly owned Zhejiang Cheng-Yi in 2016 and owned 50% in 2015.
Yu Sing Company	Yu-Jan Co., Ltd. ("Yu-Jan")	Sale, maintenance and repair of car and parts	100.00	100.00	-
	Luxgen Motor Taipei Co., Ltd. ("Luxgen Taipei")	Sale of cars and parts	1.29	1.29	The Group owned 74.99% of Luxgen Motor Taipei in the two reporting periods.
Yushin Company	Yu Pool Co., Ltd. ("Yu Pool")	Supply of and providing services on information software and retail trade of spare parts of vehicles	100.00	100.00	-
	Luxgen Motor Taoyuan Co., Ltd. ("Luxgen Taoyuan")	Sale, maintenance and repair of cars and related products	20.00	20.00	The Group owned 79.99% of Luxgen Motor Taoyuan in the two reporting periods.
Yu Shin Investment Ltd.	Yu Shin Investment ("Yu Shin Investment")	Investments	100.00	100.00	The Group owned 100% of Yu Shin Investment in the two reporting periods.
Sin Chi Company	Fu Jian Yu Xin Auto Sales & Services Co., Ltd. ("Fu Jian Yu Xin")	Sale and maintenance and repair of cars and parts.	49.00	-	The Group wholly owned Fu Jian Yu Xin in the two reporting periods.
	Yu Chia Motor Co., Ltd. ("Yu Chia")	Sale, maintenance and repair of heavy vehicles and parts	100.00	100.00	-
Yung Hong	Chan Chen Inter Consulting ("Chan Chen")	Management consulting, lease of real estate, general advertising, etc.	100.00	100.00	-
	Tai Yuen	Investments	0.02	0.02	The Group owned 49.52% of Tai Yuen in the two reporting periods.
Yu Ching	Yu Yuen	Construction	-	32.65	The Group owned 100% in 2016, and owned 98.6% in 2015.
	Chinh-Ling RTC Co., Ltd. ("Chinh-Ling")	Product design	100.00	100.00	-
	Yu Yuen	Construction	-	33.30	The Group owned 100% in 2016, and owned 98.6% in 2015.
Yu Pong	Sin Gan	Wholesale and retail of information software	9.56	9.56	The Group owned 64.96% of Sin Gan in the two reporting periods.
	Yu Yuen	Construction	-	32.65	The Group owned 100% in 2016, and owned 98.6% in 2015.
Yu Pong	Yu Ching	Import and export and sale of cars and parts	40.00	-	The Group owned 100% of Yu Ching in the two reporting periods.

(Continued)

Financial Information

Investor	Investee	Main Businesses	% of Ownership		Remark
			2017	2016	
Sin Gan	Singual Travel Service Co., Ltd. ("Singual Travel")	Sale of information software, telecommunications equipment and maintenance of cars and parts	100.00	100.00	-
	Hsiang Shou Enterprise Co., Ltd. ("Hsiang Shou")	Towing	100.00	100.00	-
	Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture")	Publication	100.00	100.00	-
Singual Travel	Shang Hai Jing-Huei Investment Co., Ltd. ("Shang Hai Jing-Huei")	Sale of car equipment and parts	100.00	100.00	-
Yu Yuen	Hangzhou Yu-Jie Real Estate Co., LTD ("Yu-Jie")	Construction	100.00	-	Established in 4th quarter of 2016.
Yulon Overseas	Yulon China Investment Co., Ltd. ("Yulon China")	Investments	100.00	100.00	-
	Yulon Philippine Investment Co., Ltd. ("Yulon Philippine")	Investments	100.00	100.00	-
Yulon China	Qing Yi Investment Co., Ltd. ("Qing Yi")	Investments	100.00	100.00	-
	Wen Yang Investment Co., Ltd. ("Wen Yang")	Investments	100.00	100.00	-
	Tai Xin Investment Co., Ltd. ("Tai Xin")	Investments	100.00	100.00	-
	Yulon China (Hong Kong) Investment Co., Ltd. ("Yulon China HK")	Investments	100.00	100.00	-
	Feng Hua Investment Co., Ltd. ("Feng Hua")	Investments	40.00	40.00	-
	Yulon China Holding Co., Ltd. ("Yulon China Holding")	Investments	100.00	100.00	-
	Yulon China (HK) Holding Limited ("Yulon China (HK) Holding")	Investments	100.00	100.00	-
Yulon China (HK) Holding	Yulon China Motor Investment Limited ("Yulon China Motor Investment")	Investments	100.00	100.00	-
Yulon China Motor Investment	Dong Feng Yulon Motor Sales Co., Ltd. ("Dong Feng Yulon Sales Company")	Sale of cars and parts	50.00	50.00	-
	TAC Financial Leasing Co., Ltd.	Financial lease of equipment	20.00	20.00	The Group wholly owned TAC Finance in the two reporting periods.
	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	56.16	54.55	The Group owned 100% of Sheng Qing in the two reporting periods.
	Zhejiang Cheng-Yi	Sales and brokerage of secondhand vehicles	10.00	10.00	The Group wholly owned of Zhejiang Cheng-Yi in 2016 and owned 50% in 2015.
Yulon China (HK) Holding	Xiamen Young Chang Investment Co., Ltd. ("Xiamen Young Chang")	Renders consulting services on cars, electronics, textiles and related products	100.00	100.00	Acquired by merger with Mega Elean in the 4th quarter of 2015.
Xiamen Young Chang	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	43.84	45.45	The Group owned 100% of Sheng Qing in the two reporting periods.
Feng Hua	Su Zhou Chen Long Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Long")	Sale and maintenance of cars and parts	100.00	100.00	-
Qing Yi	Qing Tai (Nan Jing) Technology Co., Ltd. ("Qing Tai")	Computer software maintenance and computer system integration	-	100.00	The Group owned 100% of Qing Yi in the two reporting periods.
Wen Yang	Tai Feng (Nan Jing) Software Technology Co., Ltd. ("Tai Feng")	Computer software maintenance and computer system integration	100.00	-	The Group owned 100% of Wen Yang in the two reporting periods.
Tai Xin	Ke Yu (Nan Jing) Information Technology Co., Ltd. ("Ke Yu")	Computer software maintenance and computer system integration	100.00	100.00	-
Qing Tai	Jin Ce (Zhang Zhou) Software Technology Co., Ltd. ("Jin Ce")	Computer software maintenance and computer system integration	70.00	70.00	The Group wholly owned Jin Ce in the two reporting periods.
	Shi Cheng (Zhang Zhou) Technology Develop Co., Ltd. ("Shi Cheng")	Computer software maintenance and computer system integration	53.04	90.00	The Group wholly owned Shi Cheng in the two reporting periods.
	Mei De (Zhang Zhou) Software Technology Co., Ltd. ("Mei De")	Computer software maintenance and computer system integration	10.00	10.00	The Group wholly owned Mei De in the two reporting periods.
Tai Feng	Jin Ce	Computer software maintenance and computer system integration	30.00	30.00	The Group wholly owned Jin Ce in the two reporting periods.
	Mei De	Computer software maintenance and computer system integration	90.00	90.00	The Group wholly owned Mei De in the two reporting periods.
Ke Yu	Yi Ding (Zhang Zhou) Information Technology Co., Ltd. ("Yi Ding")	Computer software maintenance and computer system integration	10.00	10.00	The Group wholly owned Yi Ding in the two reporting periods.
	Shi Cheng	Computer software maintenance and computer system integration	-	49.96	The Group wholly owned Shi Cheng in the two reporting periods.
Jin Ce	Yi Ding	Computer software maintenance and computer system integration	-	90.00	The Group wholly owned Yi Ding in the two reporting periods.
	Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai")	Investments	5.97	5.97	The Group wholly owned Dong Tai in the two reporting periods.
	Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te")	Investments	10.00	10.00	The Group wholly owned Gao Te in the two reporting periods.
Shi Cheng	Dong Tai	Investments	94.03	90.00	The Group wholly owned Dong Tai in the two reporting periods.
Yi Ding	Gao Te	Investments	90.00	90.00	The Group wholly owned Gao Te in the two reporting periods.
Dong Tai	Hang Zhou Tang Yu Investment Co., Ltd. ("Hang Zhou Tang Yu")	Investments	100.00	100.00	-
	An Hui Min Tung Auto Sale & Service Co., Ltd. ("An Hui Min Tong")	Sale and maintenance of cars and parts	100.00	100.00	-
	An Ching Tsai Tong Auto Sale & Service Co., Ltd. ("An Ching Tsai Tong")	Sale and maintenance of cars and parts	100.00	100.00	-
	An Ching Ling Tong Auto Sale & Service Co., Ltd. ("An Ching Ling Tong")	Sale and maintenance of cars and parts	100.00	100.00	-
	Tong Ling Kuo Tong Auto Sale & Service Co., Ltd. ("Tong Ling Kuo Tong")	Sale and maintenance of cars and parts	100.00	100.00	-
	He Fei Chun Hui Auto Sale & Service Co., Ltd. ("He Fei Chun Hui")	Sale and maintenance of cars and parts	100.00	100.00	-
	Zi Bo Yu An Auto Sale & Service Co., Ltd. ("Zi Bo Yu An")	Sale and maintenance of cars and parts	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership		Remark	
			December 31			
			2017	2016		
Sheng Qing	Zhu Hai Fu Te En Industry & Trade Co., Ltd. ("Zhu Hai Fu Te En")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Guang Zhou Yuan Du Auto Sale & Service Co., Ltd. ("Guang Zhou Yuan Du")	Sale and maintenance of cars and parts	51.00	51.00	-	
	Su Zhou Feng Shen Auto Sale & Service Co., Ltd. ("Su Zhou Feng Shen")	Sale and maintenance of cars and parts	40.00	40.00	-	
	Shen Jun Yu Peng Auto Sale & Service Co., Ltd. ("Shen Jun Yu Peng")	Sale and maintenance of cars and parts	65.00	65.00	-	
	Nanjing Hanhong Motor Trading Co., Ltd. ("Nanjing Hanhong")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Wuhan Yu Hsin Auto Sale & Service Co., Ltd. ("Wuhan Yu Hsin")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Shanghai Yuexing Auto Sale & Service Co., Ltd. ("Shanghai Yuexing")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Jiangmen Junxing Auto Sale & Service Co., Ltd. ("Jiangmen Junxing")	Sale and maintenance of car and parts	60.00	60.00	-	
	Shanghai Yuming Auto Sale & Service Co., Ltd. ("Shanghai Yuming")	Sale and maintenance of cars and parts	51.00	51.00	The Group wholly owned Shanghai Yuming in the two reporting period.	
	Qingdao Yuanhuang Auto Sale & Service Co., Ltd. ("Qingdao Yuanhuang")	Sale and maintenance of cars and parts	51.00	51.00	-	
	Hang Zhou Yu Zhong Trading Co., Ltd. ("Hang Zhou Yu Zhong")	Trading	100.00	51.00	-	
	Ning Bo Yu Cheng Auto Sales & Services Co., Ltd. ("Ning Bo Yu Cheng")	Sale, maintenance and repair of cars and parts	51.00	51.00	The Group wholly owned Ning Bo Yu Cheng in the two reporting period.	
	Fu Jian Yu Xin	Sale, maintenance and repair of cars and parts	51.00	100.00	The Group wholly owned Fu Jian Yu Xin in the two reporting period.	
	Hang Zhou Hua Zhi Auto Sales & Services Co., Ltd. ("Huang Zhou Hua Zhi")	Sale, maintenance and repair of cars and parts	100.00	100.00	-	
	Changsha Yu Lu Auto Sale & Service Co., Ltd. ("Changsha Yu Lu")	Sale and maintenance of cars and parts	100.00	100.00	-	
	He-Shan Li-Sheng Auto Sales & Service Co., Ltd. ("He-Shan Li-Sheng")	Sale and maintenance of cars and parts	100.00	-	Established in 4th quarter of 2016.	
	Gao Te	Hang Zhou Qien Yu Investment Co., Ltd. ("Hang Zhou Qien Yu")	Investments	100.00	100.00	-
	Su Zhou Cheng Long	Su Zhou Cheng Guo Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Co., Ltd.")	Sale and maintenance of cars and parts	100.00	100.00	-
		Su Zhou Cheng Hang Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Hung")	Sale and maintenance of cars and parts	100.00	100.00	-
	Su Zhou Feng Shen	Su Zhou Feng Shun Auto Sale & Service Co., Ltd. ("Su Zhou Feng Shun")	Sale and maintenance of cars and parts	100.00	100.00	-
Su Zhou Yueshun Auto Sale & Service Co., Ltd. ("Su Zhou Yueshun")		Sale and maintenance of cars and parts	100.00	100.00	-	
Su Zhou Cheng Pin Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Pin")		Sale and maintenance of cars and parts	100.00	100.00	-	
Su Zhou Cheng Pang Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Pang")		Sale and maintenance of cars and parts	100.00	100.00	-	
Tai Chang Cheng Mau Auto Sale & Service Co., Ltd. ("Tai Chang Cheng Mau")		Sale and maintenance of cars and parts	100.00	100.00	-	
Su Zhou Feng Shun	Wu Jiang Lian Cheng Auto Sale & Service Co., Ltd. ("Wu Jiang Lian Cheng")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Su Zhou Cheng Li Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Li")	Sale and maintenance of cars and parts	100.00	100.00	-	
Zhu Hai Fu Te En	Zhuhai Yuhsin Auto Sales & Parts Co., Ltd. ("Zhuhai Yuhsin")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Shenzhen Yu Zhi Auto Sales & Services Co., Ltd. ("Shenzhen Yu Zhi")	Sale and maintenance of cars and parts	100.00	100.00	-	
Guang Zhou Yuan Du	Guang Zhou Yuan Zhi Auto Sales & Services Co., Ltd. ("Guang Zhou Yuan Zhi")	Sale and maintenance of cars and parts	100.00	100.00	-	
Jiang Men Junxing Auto Sale & Service Co., Ltd. ("Jiang Men Junxing")	Jiang Men Yuli Auto Sale & Service Co., Ltd. ("Jiang Men Yuli")	Sale and maintenance of cars and parts	100.00	100.00	-	
Wuhan Yu Hsin Auto Sale & Service Company	Xiao Gan Yu Feng Auto Sale & Service Co., Ltd. ("Xiao Gan Yu Feng")	Sale and maintenance of cars and parts	100.00	100.00	-	
Hang Zhou Hua Zhi	Hang Zhou Hua You Auto Sales & Services Co., Ltd. ("Hang Zhou Hua You")	Sale and maintenance of cars and parts	100.00	100.00	-	
Nanjing Hanhong Trading Company	Nan Jing Yu Shang Auto Sale & Service Co., Ltd. ("Nan Jing Yu Shang")	Sale and maintenance of cars and parts	100.00	100.00	-	
	Nan Jing Yu Hua Auto Sale & Service Co., Ltd. ("Nan Jing Yu Hua")	Sales and maintenance of cars and parts	100.00	100.00	-	
Shang Hai Yuming	Ka Shing Yu Da Auto Sale & Service Co., Ltd. ("Ka Shing Yu Da")	Sale and maintenance of cars and parts	100.00	100.00	-	
Hang Zhou Qien Yu	Hang Zhou Hsiao Yu Business Co., Ltd. ("Hang Zhou Hsiao Yu")	Investments	90.00	90.00	The Group owned 99% of Hang Zhou Hsiao Yu in the two reporting periods.	
Hang Zhou Tang Yu	Hang Zhou Hsiao Yu	Investments	9.00	9.00	The Group owned 99% of Hang Zhou Hsiao Yu in the two reporting periods.	
Yulon Philippine	Univation Motor Philippines, Inc. (UMPI)	Car manufacturing	100.00	100.00	-	
	Sta. Cruz Island Corporation (SCIC)	Plant lease	100.00	100.00	-	
Y-Teks	Yu-Hsin Intl Investment Co., Ltd. ("Yu-Hsin Intl")	Investments	66.67	66.67	-	
Yu-Hsin Intl	Yu-Hsin Intl (H.K) Investment Co., Ltd. ("Yu-Hsin Intl HK")	Investments	100.00	100.00	-	

(Continued)

Investor	Investee	Main Businesses	% of Ownership		Remark
			2017	2016	
Yu-Hsin Intl HK	Hangchow Y-Teks Automotive Trim Parts ("Hangchow Y-Teks")	Manufacturing and sale of car interior furnishing and related business	100.00	100.00	-
	Changzhou Y-Teks Automotive Trim Parts (Changzhou Y-Teks")	Manufacturing and sale of car interior furnishing and related business	51.00	51.00	-
Union & NKH Auto Parts Company	Uni Investment Co., Ltd. ("Uni Investment")	Investments	100.00	100.00	-
Uni Investment	Fuzhou Lianghong Motor Parts Co., Ltd. ("Fuzhou Lianghong")	Manufacturing of car seats and developing the related market	66.67	66.67	-
	Hangchow Liangrun Motor Parts Co., Ltd. (Hangchow Liangrun")	Manufacturing of car seats and developing the related market	100.00	100.00	-
Yueki	Yue Ki Industrial (Samoa) Co., Ltd. ("Yue Ki Samoa")	Investments	100.00	100.00	-
	Yue Ki Investment (HK) Co., Ltd. ("Yue Ki HK")	Investments	100.00	100.00	-
Yue Ki HK	Hang Zhou Yue Wan Motor Parts Co., Ltd. ("Hang Zhou Yue Wan")	Manufacturing of key car components, electric cars and related parts	100.00	100.00	-
Yue Sheng	Y-Teks	Manufacturing and decorating and import and export of car parts; serving as car parts sales agent	11.99	11.99	The Group's percentage of ownership in the investee was both 45.99% in the two reporting periods.
	Yueki	Manufacturing and sale of car components	0.08	0.08	The Group owned 50.66% of Yueki in the two reporting periods.
Yu Chang Company	Tian Wang Co., Ltd.	Sale of secondhand cars and related products	100.00	100.00	-
	Luxgen Kaohsiung Co., Ltd. ("Luxgen Kaohsiung")	Sale, maintenance and repair of cars and related products	20.00	20.00	The Group's percentage of ownership in the investee was 79.99% in the 4th of 2016.
Yu Chang China Investment Co., Ltd.	Yu Chang China Investment Co., Ltd.	Investments	100.00	100.00	-
	Ning Bo Yu Cheng Auto Sales & Service Co., Ltd. (Ning Bo Yu Cheng")	Sales, maintenance and repair of cars and parts	-	49.00	The Group wholly owned Ning Bo Yu Cheng in the two reporting period.
Empower	Chunmin Enterprise Co., Ltd. ("Chunmin")	Comprehensive retail of car parts	100.00	100.00	-
	Luxgen Motor Taichung Co., Ltd. ("Luxgen Taichung")	Sale, maintenance and repair of cars and related products	20.00	20.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group's ownership of Luxgen Taichung decreased to 79.99%.
Hong Yen	Hong Yen Motor Ltd. ("Hong Yen")	Investments	100.00	100.00	-
	Yu Ming Insurance Co., Ltd. Shanghai Yuming	Property insurance	100.00	100.00	-
Luxgen	Shanghai Yuming	Sale and maintenance of cars and parts	49.00	49.00	The Group wholly owned Shanghai Yuming in the two reporting periods.
	Luxgen Taipei	Sale, maintenance and repair of cars and parts	99.99	73.70	The Group's percentage of ownership in the investee was 99.99% in the 4th of 2016. The Group's percentage of ownership in the investee was 79.99% in the 4th of 2015.
	Luxgen Taoyuan	Sale, maintenance and repair of cars and parts	59.99	59.99	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group's ownership of Luxgen Taoyuan decreased to 79.99%.
	Luxgen Taichung	Sale, maintenance and repair of cars and parts	59.99	59.99	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group's ownership of Luxgen Taichung decreased to 79.99%.
	Luxgen Tainan	Sale, maintenance and repair of cars and parts	79.99	59.99	The Group's ownership of Luxgen Tainan increased to 79.99%, due to capital increase in 3rd quarter of 2016. The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group's ownership of Luxgen Tainan decreased to 59.99% in the 4th quarter of 2015.
	Luxgen Kaohsiung	Sale, maintenance and repair of cars and parts	59.99	59.99	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group's ownership of Luxgen Kaohsiung decreased to 79.99%.
	Sin Gan	Wholesale and retail of information software	19.78	19.78	The Group owned 64.96% of Sin Gan in the two reporting periods.
Luxgen Overseas Holdings	Luxgen Overseas Holdings Private Limited ("Luxgen Overseas Holdings")	Investments	100.00	100.00	-
	Luxgen Motor Limited Liability Company ("Luxgen Motor Limited Liability")	Sale of cars and parts	-	99.99	-
Yulon Energy Company	Power Engineering Co., Ltd.	Wholesale and retail of batteries	100.00	100.00	-

(Concluded)

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2017	2016
TAC	54.25%	54.25%

See Table 9 for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended		Accumulated Non-controlling Interests	
	December 31		December 31	
	2017	2016	2017	2016
TAC (excluding its subsidiaries' non-controlling interests)	\$ 1,260,893	\$ 926,451	\$ 6,925,872	\$ 6,433,253

The summarized financial information below represents amounts before intragroup eliminations.

TAC and TAC's subsidiaries:

	December 31	
	2017	2016
Current assets	\$ 116,995,414	\$ 93,779,453
Non-current assets	19,318,118	17,615,422
Current liabilities	(120,236,836)	(97,967,971)
Non-current liabilities	<u>(2,070,236)</u>	<u>(1,533,364)</u>
Equity	<u>\$ 14,006,460</u>	<u>\$ 11,893,540</u>
Equity attributable to:		
Owners of TAC	\$ 6,467,199	\$ 4,851,918
Non-controlling interests of TAC	6,925,872	6,433,253
Non-controlling interests of TAC's subsidiaries	<u>613,389</u>	<u>608,369</u>
	<u>\$ 14,006,460</u>	<u>\$ 11,893,540</u>

	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 19,482,105</u>	<u>\$ 17,574,253</u>
Net profit from continuing operations	\$ 2,529,281	\$ 1,837,637
Other comprehensive income (loss) for the year	<u>(140,792)</u>	<u>(481,535)</u>
Total comprehensive income for the year	<u>\$ 2,388,489</u>	<u>\$ 1,356,102</u>
Profit attributable to:		
Owners of TAC	\$ 1,147,432	\$ 789,818
Non-controlling interests of TAC	1,260,893	926,451
Non-controlling interests of TAC's subsidiaries	<u>120,956</u>	<u>121,368</u>
	<u>\$ 2,529,281</u>	<u>\$ 1,837,637</u>
Total comprehensive income attributable to:		
Owners of TAC	\$ 1,064,103	\$ 498,208
Non-controlling interests of TAC	1,209,177	749,249
Non-controlling interests of TAC's subsidiaries	<u>115,209</u>	<u>108,645</u>
	<u>\$ 2,388,489</u>	<u>\$ 1,356,102</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (20,266,057)	\$ (13,400,517)
Investing activities	(225,189)	2,227,719
Financing activities	<u>20,976,032</u>	<u>11,129,323</u>
Net cash (outflow) inflow	<u>\$ (484,786)</u>	<u>\$ (43,475)</u>
Dividends paid to non-controlling interest:		
Non-controlling interests of TAC	\$ 716,558	\$ 676,561
Non-controlling interests of TAC's subsidiaries	<u>110,188</u>	<u>95,788</u>
	<u>\$ 826,746</u>	<u>\$ 772,349</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in associates	\$ 29,291,080	\$ 30,425,566
Investments in joint venture	<u>93,734</u>	<u>51,060</u>
	<u>\$ 29,384,814</u>	<u>\$ 30,476,626</u>

a. Investments in associates

	December 31	
	2017	2016
Material associates		
Yulon Nissan Motor Co., Ltd.	\$ 10,403,694	\$ 10,721,486
China Motor Company	<u>4,615,163</u>	<u>4,482,251</u>
	15,018,857	15,203,737
Non-material associates	<u>14,272,223</u>	<u>15,221,829</u>
	<u>\$ 29,291,080</u>	<u>\$ 30,425,566</u>

1) Material associates

Name	December 31	
	2017	2016
Yulon Nissan Motor Co., Ltd.	50.02%	50.02%
China Motor Company	8.87%	8.87%

For information on the associates' main business, operating location and registered country, please refer to Table 9.

The Group owned over 50% of the shares of Yulon Nissan Motor Co., Ltd. ("Yulon Nissan"). However, an assessment of core technologies and the supply of major materials showed that the Group did not exercise control over Yulon Nissan. Thus, Yulon Nissan was not considered a Group subsidiary.

The investment in China Motor Company was accounted for by the equity method because despite the individual investment being less than 20%, the Group exercised significant influence on the investee's operating and financial policy decisions.

Equity in the earnings of China Motor Company and Tai-Yuen Textiles Co., Ltd. on their holdings in the Company's shares was accounted for by the treasury stock method.

Fair values of investments in associates, based on the Level 1 fair value measurement derived from published quoted prices, are summarized as follows:

Associate	December 31	
	2017	2016
Yulon Nissan Motor Co., Ltd.	\$ 39,988,325	\$ 29,484,825
China Motor Company	3,191,760	3,216,312

Share of profit or loss and other comprehensive income of material associates was calculated based on the financial statements which have been audited.

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Yulon Nissan Motor Co., Ltd. and subsidiaries

	December 31	
	2017	2016
Current assets	\$ 8,783,713	\$ 12,843,955
Non-current assets	16,993,074	16,895,793
Current liabilities	(2,545,626)	(6,310,765)
Non-current liabilities	<u>(2,036,537)</u>	<u>(1,874,640)</u>
Equity	<u>\$ 21,194,624</u>	<u>\$ 21,554,343</u>
Proportion of the Group's ownership	50.02%	50.02%
Equity attributable to the Group	\$ 10,601,551	\$ 10,781,482
Unrealized gain or loss in associates	<u>(197,857)</u>	<u>(59,996)</u>
Carrying amount	<u>\$ 10,403,694</u>	<u>\$ 10,721,486</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 33,221,774</u>	<u>\$ 34,860,446</u>
Net income	\$ 6,642,500	\$ 4,630,615
Other comprehensive income	<u>(402,219)</u>	<u>(1,281,450)</u>
Total comprehensive income	<u>\$ 6,240,281</u>	<u>\$ 3,349,165</u>
Dividends received from Yulon Nissan Motor Co., Ltd.	<u>\$ 3,301,100</u>	<u>\$ 1,875,625</u>

China Motor Company and subsidiaries

	December 31	
	2017	2016
Current assets	\$ 24,571,917	\$ 24,001,876
Non-current assets	38,957,009	38,177,597
Current liabilities	(7,787,062)	(7,877,685)
Non-current liabilities	<u>(1,284,902)</u>	<u>(1,580,426)</u>
Equity	54,456,962	52,721,362
Non-controlling interest	<u>(3,506,941)</u>	<u>(3,299,707)</u>
	<u>\$ 50,950,021</u>	<u>\$ 49,421,655</u>
Proportion of the Group's ownership	8.87%	8.87%
Equity attributable to the Group	\$ 4,519,267	\$ 4,383,701
Unrealized gain or loss in associates	(147)	(157)
Intersect shareholding (accounted for by the treasury stock method)	<u>96,043</u>	<u>98,707</u>
Carrying amount	<u>\$ 4,615,163</u>	<u>\$ 4,482,251</u>

	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 38,908,093</u>	<u>\$ 40,733,485</u>
Net income	\$ 4,540,190	\$ 3,597,372
Other comprehensive income	<u>(389,392)</u>	<u>(1,370,347)</u>
Total comprehensive income	<u>\$ 4,150,798</u>	<u>\$ 2,227,025</u>
Dividends received from China Motor Company	<u>\$ 196,419</u>	<u>\$ 184,142</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
(Loss) profit for the year	\$ (3,188,306)	\$ (2,559,954)
Other comprehensive income (loss)	<u>229,888</u>	<u>19,584</u>
Total comprehensive (loss) income for the year	<u>\$ (2,958,418)</u>	<u>\$ (2,540,370)</u>

The equity of Nissan Philippines, Inc., was negative, so it was reclassified to long-term investment with credit balance as of December 31, 2017 (Note 24).

Due to the unrealized loss on the transactions, the investment in Haitec was reclassified to long-term investment with credit balance as of December 31, 2017 (Note 24).

Though the Group's percentage of ownership in China Engine Co., Ltd. was less than 20%, the Group exercised significant influence over the invested company and accounted for the investment by using the equity method.

To enhance the Group's competitiveness and further promote specialization in manufacturing and sales as well as increase the integration of sales resources in the Philippines as required by Nissan Motors Company, the Group invested in Nissan Philippines, Inc., a joint venture among Nissan Motor Co., Ltd., UMC Group and Yulon Philippines.

The Group purchased 5% (NT\$21,899 thousand) of Uni-Calsonic Corp's shares. As a result, the Group's ownership of Uni-Calsonic Corp. increased to 26.78% and adjusted the capital surplus from investments in associates and joint ventures accounted for using the equity method in the first quarter of 2017.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2017 and 2016 were based on the associates' financial statements audited by auditors for the same years.

b. Investments in joint ventures

	December 31	
	2017	2016
Joint ventures that are not individually material	<u>\$ 93,734</u>	<u>\$ 51,060</u>
	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Loss for the year	<u>\$ (5,471)</u>	<u>\$ (976)</u>
Total comprehensive income (loss) for the year	<u>\$ (5,471)</u>	<u>\$ (976)</u>

The Group exercises joint control over Dong Yu (Hangzhou) Accessory Technology Co., Ltd. ("Dong Yu Tech. Company") because 75% of the equity and 50% of total number of directors were held jointly by Yulon China Motor Investment, Dong Feng Yulon Sales Company and Singual Travel. Dong Yu Tech. Company's main business is car furnishing, installation and sale of car parts.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of joint ventures for the years ended December 31, 2017 and 2016 were based on the joint ventures' financial statements audited by auditors for the same years.

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Vehicles	Miscellaneous Equipment	Property on Lease (Note)	Construction in Progress	Total
Cost								
Balance at January 1, 2016	\$ 6,762,491	\$ 7,385,425	\$ 12,801,272	\$ 1,359,156	\$ 5,618,607	\$ 23,836,567	\$ 412,621	\$ 58,176,139
Additions	-	319,394	1,819,423	930,164	612,103	7,772,321	263,653	11,717,058
Disposals	-	(13,264)	(192,725)	(986,193)	(216,023)	(7,721,402)	(5,360)	(9,134,967)
Effect of foreign currency exchange differences	(4,557)	(196,502)	(101,914)	(35,226)	(202,266)	(166,959)	(10,059)	(717,483)
Reclassifications	(33,361)	141,997	152,372	90,726	91,613	(82,161)	(440,960)	(79,774)
Effect of first time adoption of IFRSs	-	-	-	1,693	2,919	-	-	4,612
Balance at December 31, 2016	<u>\$ 6,724,573</u>	<u>\$ 7,637,050</u>	<u>\$ 14,478,428</u>	<u>\$ 1,360,320</u>	<u>\$ 5,906,953</u>	<u>\$ 23,638,366</u>	<u>\$ 219,895</u>	<u>\$ 59,965,585</u>
Accumulated depreciation and impairment								
Balance at January 1, 2016	\$ -	\$(3,277,501)	\$(8,916,183)	\$(447,230)	\$(3,633,117)	\$(8,685,085)	\$ -	\$(24,959,116)
Disposals	-	5,959	187,418	238,207	199,448	4,444,112	-	5,075,144
Reclassifications	-	33,911	-	(39,245)	(4,408)	37,320	-	27,578
Impairment loss	-	-	(40,449)	(14,507)	-	(30,372)	-	(85,328)
Depreciation expense	-	(313,904)	(898,224)	(235,846)	(733,147)	(4,490,790)	-	(6,671,911)
Effect of foreign currency exchange differences	-	62,593	66,135	15,759	117,954	51,097	-	313,538
Effect of first time adoption of IFRSs	-	-	-	(582)	(1,764)	-	-	(2,346)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$(3,488,942)</u>	<u>\$(9,601,303)</u>	<u>\$(483,444)</u>	<u>\$(4,055,034)</u>	<u>\$(8,673,718)</u>	<u>\$ -</u>	<u>\$(26,302,441)</u>
Carrying amounts at December 31, 2016	<u>\$ 6,724,573</u>	<u>\$ 4,148,108</u>	<u>\$ 4,877,125</u>	<u>\$ 876,876</u>	<u>\$ 1,851,919</u>	<u>\$ 14,964,648</u>	<u>\$ 219,895</u>	<u>\$ 33,663,144</u>

(Continued)

	Freehold Land	Buildings	Equipment	Vehicles	Miscellaneous Equipment	Property on Lease (Note)	Construction in Progress	Total
Cost								
Balance at January 1, 2017	\$ 6,724,573	\$ 7,637,050	\$ 14,478,428	\$ 1,360,320	\$ 5,906,953	\$ 23,638,366	\$ 219,895	\$ 59,965,585
Additions	34,192	156,890	973,544	1,150,445	570,082	9,554,964	4,759,835	17,199,952
Disposals	(3,044)	(61,949)	(265,402)	(1,136,243)	(522,548)	(7,463,498)	(108,605)	(9,561,289)
Effect of foreign currency exchange differences	(7,348)	(81,137)	(72,917)	(9,895)	(65,183)	(33,113)	(2,054)	(271,647)
Reclassifications	57,596	357,761	133,219	38,569	17,002	(58,802)	(4,481,180)	(3,935,835)
Effect of first time adoption of IFRSs	-	-	-	-	-	-	-	-
Balance at December 31, 2017	<u>\$ 6,805,969</u>	<u>\$ 8,008,615</u>	<u>\$ 15,246,872</u>	<u>\$ 1,403,196</u>	<u>\$ 5,906,306</u>	<u>\$ 25,637,917</u>	<u>\$ 387,891</u>	<u>\$ 63,396,766</u>
Accumulated depreciation and impairment								
Balance at January 1, 2017	\$ -	\$(3,488,942)	\$(9,601,303)	\$(483,444)	\$(4,055,034)	\$(8,673,718)	\$ -	\$(26,302,441)
Disposals	-	3,753	257,790	247,052	435,196	4,298,297	-	5,242,088
Reclassifications	-	(30,266)	(12,464)	(30,915)	116	62,563	-	(10,966)
Impairment loss	-	(85,447)	-	(18,165)	-	(1,299)	-	(104,911)
Depreciation expense	-	(274,104)	(726,210)	(243,651)	(648,464)	(4,725,547)	-	(6,617,976)
Effect of foreign currency exchange differences	-	39,024	63,437	3,450	46,576	9,098	-	161,585
Effect of first time adoption of IFRSs	-	-	-	-	-	-	-	-
Balance at December 31, 2017	<u>\$ -</u>	<u>\$(3,835,982)</u>	<u>\$(10,018,750)</u>	<u>\$(525,673)</u>	<u>\$(4,221,610)</u>	<u>\$(9,030,606)</u>	<u>\$ -</u>	<u>\$(27,632,621)</u>
Carrying amounts at December 31, 2017	<u>\$ 6,805,969</u>	<u>\$ 4,172,633</u>	<u>\$ 5,228,122</u>	<u>\$ 877,523</u>	<u>\$ 1,684,696</u>	<u>\$ 16,607,311</u>	<u>\$ 387,891</u>	<u>\$ 35,764,145</u>

(Concluded)

Note: Property on lease includes property, plant and equipment held for rental to others that are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognized as revenue and cost of goods sold.

For the years ended December 31, 2017 and 2016, since an evaluation of horizontal segments showed a decline in the selling prices of second-hand vehicles in the market, the estimated future cash flows were expected to decrease. In addition, an evaluation of brand segments showed that the sales volume of the remaining car models declined; and the recoverable amounts of some buildings pertaining to the brand segments were lower than the carrying amounts. As a result, the Group recognized impairment losses on property, plant and equipment of \$104,911 thousand in 2017 and \$85,328 thousand in 2016.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	3 - 60 years
Equipment	2 - 20 years or unit-of-production method
Vehicles	4 - 5 years
Miscellaneous equipment	1 - 15 years
Leased assets	3 years or according to terms of lease

Property, plant and equipment pledged as collaterals for bank borrowings are disclosed in Note 35.

19. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 8,605,577	\$ 3,003,983	\$ 11,609,560
Reclassifications to property, plant and equipment	33,361	163,338	196,699
Disposals	(9,545)	(19,052)	(28,597)
Effect of foreign currency exchange differences	-	(20)	(20)
Balance at December 31, 2016	<u>\$ 8,629,393</u>	<u>\$ 3,148,249</u>	<u>\$ 11,777,642</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ -	\$ (898,951)	\$ (898,951)
Reclassifications to property, plant and equipment	-	(10,149)	(10,149)
Disposals	-	4,613	4,613
Depreciation expense	-	(60,052)	(60,052)
Effect of foreign currency exchange differences	-	1	1
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ (964,538)</u>	<u>\$ (964,538)</u>
Carrying amount at December 31, 2016	<u>\$ 8,629,393</u>	<u>\$ 2,183,711</u>	<u>\$ 10,813,104</u>
<u>Cost</u>			
Balance at January 1, 2017	\$ 8,629,393	\$ 3,148,249	\$ 11,777,642
Reclassifications to property, plant and equipment	(57,596)	1,156,021	1,098,425
Disposals	(9,500)	(21,879)	(31,379)
Effect of foreign currency exchange differences	-	(7)	(7)
Balance at December 31, 2017	<u>\$ 8,562,297</u>	<u>\$ 4,282,384</u>	<u>\$ 12,844,681</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ -	\$ (964,538)	\$ (964,538)
Reclassifications to property, plant and equipment	-	87,211	87,211
Disposals	-	4,110	4,110
Depreciation expense	-	(67,747)	(67,747)
Impairment loss	-	17,193	17,193
Effect of foreign currency exchange differences	-	2,498	2,498
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (921,273)</u>	<u>\$ (921,273)</u>
Carrying amount at December 31, 2017	<u>\$ 8,562,297</u>	<u>\$ 3,361,111</u>	<u>\$ 11,923,408</u>

The investment properties are depreciated on a straight-line basis over their estimated useful lives of 30 to 60 years.

The fair values of investment properties as of December 31, 2017 and 2016 based on the valuation by an independent professional appraiser were as follows:

	December 31	
	2017	2016
Fair value of investment properties	<u>\$ 39,923,690</u>	<u>\$ 41,375,046</u>

20. INTANGIBLE ASSETS

	Motor Design and Research and Development Outputs	Others (Including Software)	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 10,644,956	\$ 1,127,450	\$ 11,772,406
Additions	349,539	142,922	492,461
Reclassifications	-	3,328	3,328
Effect of foreign currency exchange differences	-	(24,624)	(24,624)
Balance at December 31, 2016	<u>\$ 10,994,495</u>	<u>\$ 1,249,076</u>	<u>\$ 12,243,571</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2016	\$ (4,543,119)	\$ (725,215)	\$ (5,268,334)
Amortization expense	(717,906)	(134,861)	(852,767)
Effect of foreign currency exchange differences	-	7,701	7,701
Balance at December 31, 2016	<u>\$ (5,261,025)</u>	<u>\$ (852,375)</u>	<u>\$ (6,113,400)</u>
Carrying amount at December 31, 2016	<u>\$ 5,733,470</u>	<u>\$ 396,701</u>	<u>\$ 6,130,171</u>
<u>Cost</u>			
Balance at January 1, 2017	\$ 10,994,495	\$ 1,249,076	\$ 12,243,571
Additions	1,451,543	133,977	1,585,520
Reclassifications	-	2,344	2,344
Disposals	-	(75,555)	(75,555)
Effect of foreign currency exchange differences	-	(9,355)	(9,355)
Balance at December 31, 2017	<u>\$ 12,446,038</u>	<u>\$ 1,300,487</u>	<u>\$ 13,746,525</u>

<u>Accumulated amortization and impairment</u>	Motor Design and Research and Development Outputs	Others (Including Software)	Total
Balance at January 1, 2017	\$ (5,261,025)	\$ (852,375)	\$ (6,113,400)
Amortization expense	(705,542)	(89,222)	(794,764)
Disposals	-	37,911	37,911
Effect of foreign currency exchange differences	-	3,685	3,685
Balance at December 31, 2017	<u>\$ (5,966,567)</u>	<u>\$ (900,001)</u>	<u>\$ (6,866,568)</u>
Carrying amount at December 31, 2017	<u>\$ 6,479,471</u>	<u>\$ 400,486</u>	<u>\$ 6,879,957</u> (Concluded)

Luxgen Motor Co., Ltd. (“Luxgen”) terminated the technology licensing agreement of SUV model with Haitec in December 2010, and simultaneously acquired vehicle model development cost of SUV model with Hang Zhou Dong Feng Yulon Motor Co., Ltd. (DFYL) from Haitec. In addition, the three parties amended the original agreement of acquisition in October 2011. According to the amended terms of agreement, remaining payments will be made in future years. In July 2015, the three parties made a supplementary agreement that stipulated the total payments obligated by Luxgen and DFYL were \$1,441,286 thousand and \$6,405,714 thousand, respectively.

Luxgen terminated the technology licensing agreement of MPV model with Haitec in October 2011, and simultaneously entrusted Haitec to design, research and develop MPV model with DFYL. In July 2015, the three parties made a supplementary agreement that stipulated the total payments obligated by Luxgen and DFYL were \$6,778,707 thousand and \$145,293 thousand, respectively.

Luxgen and DFYL entrusted Haitec to develop GPS (S5 Sedan) model in December 2012. In July 2015 the three parties made a supplementary agreement that stipulated the total payments obligated by Luxgen and DFYL were \$612,861 thousand and \$4,044,139 thousand, respectively.

Luxgen and DFYL entrusted Haitec to develop DFYL’s GPK (U6 SUV) model. Based on the trust agreement, the total payment for this development project was \$2,855,000 thousand, which included payment amounting to \$280,553 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The balance of the payable on this agreement was to be paid by Luxgen for \$415,403 thousand and by DFYL for \$2,439,597 thousand. The completed GPK models were transferred to Luxgen in 2013 and to DFYL in 2014, with the remaining payments to be made in future years. Furthermore, the GPK models were recognized as intangible assets by Luxgen and DFYL.

Luxgen and DFYL entrusted Haitec to develop LCS (S3 Sedan) model. Based on the trust agreement, the total payment for this development project was \$3,205,619 thousand, which included payment amounting to \$422,484 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The balance of the payable on this agreement was to be paid by Luxgen for \$489,180 thousand and by DFYL for \$2,716,439 thousand.

Luxgen and DFYL entrusted Haitec to develop LCH model. Based on the trust agreement, the total payment for this development project was \$1,123,898 thousand, which included payment amounting to \$151,484 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The balance of the payable on this agreement was to be paid by Luxgen for \$171,236 thousand and by DFYL for \$952,662 thousand.

In order to comply with the global regulation of emission and fuel consumption, and also develop the advanced engine technology and new energy power train system for Luxgen brand, the Group acquired the intangible assets, PHEV(EF Engine and Plug in Hybrid Power Module), from Hua-chuang Automobile Information Technical Center Co., Ltd. The monetary amount of the transaction is NT\$1,210,000 thousand.

Luxgen acquired intangible asset on installment payments. The future payments are as follows:

2018	\$ 895,857
After 2019	<u>1,050,000</u>
	<u>\$ 1,945,857</u>
Recognized as other payables	\$ 895,857
Recognized as long-term trade payables	1,050,000

The above intangible assets are amortized on a straight-line basis over the following estimated useful lives of the assets:

Computer software	2-3 years
Motor design and research and development outputs	Units-of-production method
Others	1-10 years

21. PREPAYMENTS FOR LEASE OBLIGATIONS

	<u>December 31</u>	
	2017	2016
Current assets (included in other current assets)	\$ 39,775	\$ 9,173
Non-current assets	<u>1,003,988</u>	<u>1,093,773</u>
	<u>\$ 1,043,763</u>	<u>\$ 1,102,946</u>

22. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2017	2016
Secured borrowings (Note 35)		
Bank loans	\$ 9,494,467	\$ 10,082,040
Unsecured borrowings		
Line of credit borrowings	<u>39,725,937</u>	<u>29,410,692</u>
	<u>\$ 49,220,404</u>	<u>\$ 39,492,732</u>
Interest rate	0.66%-8.35%	0.70%-8.35%

b. Short-term bills payable

	December 31	
	2017	2016
Commercial paper	\$ 65,562,647	\$ 54,394,210
Less: Unamortized discount on bills payable	<u>152,571</u>	<u>76,530</u>
	<u>\$ 65,410,076</u>	<u>\$ 54,317,680</u>
Interest rate	0.40%-3.35%	0.54%-3.60%

c. Long-term borrowings

	December 31	
	2017	2016
Secured borrowings (Note 35)		
Bank loans	\$ 1,781,047	\$ 178,575
Unsecured borrowings		
Commercial paper (recurring)	1,948,417	1,946,900
Less: Current portion long-term borrowings	<u>776,712</u>	<u>1,197,964</u>
	<u>\$ 2,952,752</u>	<u>\$ 927,511</u>
Interest rates	0.68%-5.68%	0.68%-2.54%
Maturity date	2020.10.31	2019.09.19

23. BONDS PAYABLE

	December 31	
	2017	2016
Unsecured domestic bonds	\$ 14,350,000	\$ 3,000,000
Less: Discounts on bonds payable	<u>(7,081)</u>	<u>-</u>
	14,342,919	-
Less: Current portion	<u>(4,342,919)</u>	<u>(3,000,000)</u>
	<u>\$ 10,000,000</u>	<u>\$ -</u>

a. Unsecured domestic bonds

The Group issued unsecured corporate bonds on December 12, 2017, with each issuance amounting to NT\$7 billion and NT\$3 billion, respectively, and the bonds have five-year maturities and seven-year maturities and simple interest at rates of 1.04% and 1.07%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date.

Taiwan Acceptance Corporation (TAC) issued unsecured corporate bonds on June 20, 2014 and October 17, 2014, with each issuance amounting to NT\$1.5 billion and NT\$1.5 billion, respectively, and the bonds have three-year maturities and simple interest at rates of 1.12%

and 1.25%, respectively, payable annually. The principal amounts of both bonds are repayable on the maturity date.

b. Unsecured domestic convertible bonds

On June 20, 2012, TAC issued its first five-year unsecured domestic convertible bonds, with a face value of \$100 thousand and a total amount of NT\$2.5 billion at a price of 100.5% and coupon rate of 0%. These bonds began to be traded on the GreTai Securities Market on the issue date. During the issuance period between July 21, 2012 and June 10, 2017, except for the periods when books are temporarily closed, bondholders are entitled to convert bonds into TAC's common shares at a conversion price of NT\$72.15 per TAC share. In their meetings in 2015 and 2014, TAC's shareholders approved the distribution of cash dividends of NT\$4.74 and NT\$5.19 per share, respectively; thus, the bond conversion prices were adjusted to NT\$55.48 and NT\$59.21, respectively.

In the period between 1 month after issuance and 40 days before the maturity date, if the closing price of TAC's shares listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive days or the total amount of bonds outstanding is below 10% of the amount of initial issuance, TAC has the right to redeem all the bonds outstanding at face value.

Thirty days before the end of three years from bond issuance, bondholders have the right to exercise their put option and can thus request TAC to redeem the convertible bonds at face value. As of June 20, 2016, however, no request for bond redemption had been made.

The convertible bond has two components: The liability component and the equity component accounted for as "capital surplus - options". This capital surplus was initially recognized at \$179,204 thousand. Derivative and nonderivative components recognized amounted to NT\$6,489 thousand and \$2,322,657 thousand, respectively.

The convertible bonds which TAC issued were totally converted into ordinary shares in October 2016.

Proceeds of the issue (less transaction cost of \$5,000 thousand)	\$ 2,507,500
Equity component	(179,204)
Deferred tax assets	850
Derivative financial liability component	<u>(6,489)</u>
Liability component at the date of issue	<u>2,322,657</u>
Interest charged at an effective interest rate of 1.471606585%	71,709
Convertible bonds converted into common shares	<u>(2,026,290)</u>
Liability component as of December 31, 2015	368,076
Interest charged at an effective interest rate of 1.471606585% in 2016	3,361
Convertible bonds converted into common shares in 2016	<u>(371,437)</u>
Liability component as of December 31, 2016	<u>\$ -</u>

24. OTHER LIABILITIES

	December 31	
	2017	2016
<u>Current</u>		
Other payables		
Equipment payables	\$ 372,401	\$ 297,027
Payables on motor design and research and development outputs	2,105,857	1,652,634
Accrued expense payable	7,758,339	4,608,525
Dividends payable	100,245	100,032
Others	<u>1,750,955</u>	<u>1,803,388</u>
	<u>\$ 12,087,797</u>	<u>\$ 8,461,606</u>
Other liabilities		
Guarantee deposits received	\$ 9,038,526	\$ 8,330,751
Deferred revenue - customer loyalty plan	72,988	59,861
Others	<u>2,372,052</u>	<u>2,913,272</u>
	<u>\$ 11,483,566</u>	<u>\$ 11,303,884</u>
<u>Non-current</u>		
Other payables		
Others	<u>\$ 1,050,000</u>	<u>\$ 2,100,000</u>
Deferred revenue		
Subsidies from the government	\$ 416	\$ 4,012
Others	<u>27,504</u>	<u>19,968</u>
	<u>\$ 27,920</u>	<u>\$ 23,980</u>
Other liabilities		
Guarantee deposits received	\$ 350,674	\$ 548,362
Credit balance of long-term investments at equity	88,194	-
Others	<u>66,844</u>	<u>89,347</u>
	<u>\$ 505,712</u>	<u>\$ 637,709</u>

25. PROVISIONS

	December 31	
	2017	2016
<u>Current</u>		
Financial guarantee provisions	\$ 293,579	\$ 332,021
Warranties	<u>1,657</u>	<u>2,036</u>
	<u>\$ 295,236</u>	<u>\$ 334,057</u>

(Continued)

December 31

2017 **2016**

Non-current

Warranties	<u>\$ 898,195</u>	<u>\$ 851,333</u> (Concluded)
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The customers of Taiwan Acceptance Corporation (TAC) and SCC signed car loan contracts with banks, with TAC and SCC acting as car loan agents and providing customers with account management services. Under the contracts, TAC and SCC are responsible for repaying any uncollectable loans arising from customer default. TAC and SCC have estimated their potential financial guarantee loss on any default on the basis of past experience.

Sin Jang recognized provision cost based on the estimated amount of service costs during the terms of service warranties of the products.

The validity of warranties for Nissan and Luxgen cars provided by the Group are limited to 3 years of purchase or mileage of under 100,000 kilometers. For Renault cars, the limits are 2 years of purchase or mileage of under 50,000 kilometers. For Tobe cars, the limits are 3 years of purchase but with unlimited mileage. Provisions have been estimated for possible maintenance costs.

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company and its subsidiaries of the Group are in accordance with the Labor Standards Law. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and subsidiaries contribute amounts equal to 7% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the pension fund investment policy and strategy.

The amounts included in the consolidated balance sheets on of the Group's defined benefit plans were as follows:

	December 31	
	2017	2016
Present value of the defined benefit obligation	\$ 2,785,339	\$ 2,901,543
Fair value of plan assets	<u>(1,419,858)</u>	<u>(1,186,889)</u>
Net defined benefit liability	<u>\$ 1,365,481</u>	<u>\$ 1,714,654</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2016	<u>\$ 2,760,035</u>	<u>\$ (503,579)</u>	<u>\$ 2,256,456</u>
Service cost			
Current service cost	36,953	-	36,953
Past service cost and loss (gain) on settlements	9,015	-	9,015
Adjustment for turnover of the staff	931	(402)	529
Net interest expense (income)	<u>40,505</u>	<u>(7,275)</u>	<u>33,230</u>
Recognized in profit or loss	<u>87,404</u>	<u>(7,677)</u>	<u>79,727</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	239	239
Actuarial loss - changes in demographic assumptions	58,510	-	58,510
Actuarial loss - changes in financial assumptions	75,523	-	75,523
Actuarial loss - experience adjustments	<u>104,070</u>	<u>-</u>	<u>104,070</u>
Recognized in other comprehensive income	<u>238,103</u>	<u>239</u>	<u>238,342</u>
Contributions from the employer	-	(811,620)	(811,620)
Benefits paid	<u>(183,999)</u>	<u>135,748</u>	<u>(48,251)</u>
Balance at December 31, 2016	<u>\$ 2,901,543</u>	<u>\$ (1,186,889)</u>	<u>\$ 1,714,654</u>
Balance at January 1, 2017	<u>\$ 2,901,543</u>	<u>\$ (1,186,889)</u>	<u>\$ 1,714,654</u>
Service cost			
Current service cost	35,177	-	35,177
Past service cost and loss (gain) on settlements	32,184	-	32,184
Adjustment for turnover of the staff	-	-	-
Net interest expense (income)	<u>35,647</u>	<u>(16,327)</u>	<u>19,320</u>
Recognized in profit or loss	103,008	(16,327)	86,681

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	3,897	3,897
Actuarial loss - changes in demographic assumptions	50,127	-	50,127
Actuarial loss - changes in financial assumptions	831	-	831
Actuarial loss - experience adjustments	<u>(29,774)</u>	<u>-</u>	<u>(29,774)</u>
Recognized in other comprehensive income	<u>21,184</u>	<u>3,897</u>	<u>25,081</u>
Contributions from the employer	-	(412,293)	(412,293)
Benefits paid	<u>(240,396)</u>	<u>191,754</u>	<u>(48,642)</u>
Balance at December 31, 2017	<u>\$ 2,785,339</u>	<u>\$ (1,419,858)</u>	<u>\$ 1,365,481</u> (Concluded)

The Group is exposed to the following risks:

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

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

	December 31	
	2017	2016
Discount rate(s)	1.13%-1.38%	1.00%-1.50%
Expected rate(s) of salary increase	1.00%-3.00%	1.00%-2.75%

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

	December 31, 2017
Discount rate(s)	
0.25% increase	<u>\$ (78,647)</u>
0.25% decrease	<u>\$ 82,340</u>
Expected rate(s) of salary increase	
0.25% increase	<u>\$ 80,599</u>
0.25% decrease	<u>\$ (77,389)</u>

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

	December 31	
	2017	2016
The expected contributions to the plan for the next year	<u>\$ 96,109</u>	<u>\$ 401,614</u>
The average duration of the defined benefit obligation	8-15 years	7-15 years

27. EQUITY

a. Share capital

Common shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,572,920</u>	<u>1,572,920</u>
Capital shares	\$ 15,729,199	\$ 15,729,199
Capital surplus	<u>4,508,131</u>	<u>4,508,131</u>
	<u>\$ 20,237,330</u>	<u>\$ 20,237,330</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2017	2016
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Recognized from issuance of common shares	\$ 4,508,131	\$ 4,508,131
Recognized from treasury share transactions	2,003,406	1,997,487
Recognized from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	143,867	143,867
<u>May be used to offset a deficit only</u>		
Recognized from share of changes in capital surplus of associates or joint ventures	677	-
<u>May not be used for any purpose</u>		
Recognized from share of changes in capital surplus of associates or joint ventures	<u>9,624</u>	<u>15,425</u>
	<u>\$ 6,665,705</u>	<u>\$ 6,664,910</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed.

The Company's operating environment is in a mature industry. The Company shall consider profitability, future operating plans and funding needs, and industry condition, and long-term shareholders' rights and long-term financial planning in the distribution of earnings. Dividends may be paid in cash or stock; total dividends should not be lower than 10% of distributable net profit, and cash dividends should not be lower than 20% of total dividends. The distribution plan will be proposed by the Company's board of directors and approved in the stockholders' meeting.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 21, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on

distribution of employees' compensation.

For information on accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 28.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

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

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 22, 2017 and June 21, 2016, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (N.T. Dollar)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Legal reserve	\$ 133,470	\$ 335,208		
Special reserve	1,000,000	1,000,000		
Cash dividend	786,460	1,415,628	\$ 0.50	\$ 0.90

The appropriations of earnings for 2017 had been proposed by the Company's board of directors on March 26, 2018. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 228,831	
Special reserve	1,000,000	
Cash dividends	912,294	\$0.58

The appropriations of earnings for 2017 are subject to the resolution in the shareholders' meeting to be held on June 15, 2018.

d. Special reserve

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 36,373,565	\$ 35,373,565
Appropriation of earnings	<u>1,000,000</u>	<u>1,000,000</u>
Balance at December 31	<u>\$ 37,373,565</u>	<u>\$ 36,373,565</u>

On first-time adoption of IFRSs, the Group appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were \$8,255,468 thousand and \$655,829 thousand, respectively.

If the special reserve appropriated on the first-time adoption of IFRSs relates to property, plant and equipment and investment property other than land, the special reserve may be reversed continuously over the period of use of the asset. The special reserve relating to land may be reversed on the disposal or reclassification of the related asset. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed.

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 75,147	\$ 1,484,838
Exchange differences on translating the financial statements of foreign operations	(299,113)	(192,420)
Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(369,549)</u>	<u>(1,217,271)</u>
Balance at December 31	<u>\$ (593,515)</u>	<u>\$ 75,147</u>

2) Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 1,157,054	1,078,584
Unrealized gains (losses) on revaluation of available-for-sale financial assets	(312,670)	93,587
Share of unrealized (losses) gains on available-for-sale financial assets of subsidiaries, associates and joint ventures accounted for using the equity method	<u>246,774</u>	<u>(15,117)</u>
Balance at December 31	<u>\$ 1,091,158</u>	<u>\$ 1,157,054</u>

3) Cash flow hedge

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ -	\$ (338)
Gains (losses) on changes in the fair value of hedging instruments	<u>(92)</u>	<u>338</u>
Balance at December 31	<u>\$ (92)</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 9,348,274	\$ 9,703,719
Attributable to non-controlling interests:		
Share of profit for the year	790,115	444,520
Exchange difference on translation of foreign entities	(113,395)	(292,203)
Unrealized (gains) losses on available-for-sale financial assets	8,562	212
Gains on fair value changes of cash flow hedges	(109)	383
Remeasurement on defined benefit plans	290	(3,426)
Adjustment relating to changes in capital surplus of associates and joint ventures accounted for using the equity method	(93)	(6,800)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	14,533	(22,891)
Partial disposal of subsidiaries	-	508,051
Purchase of subsidiaries	(132,760)	(28,903)
Non-controlling interest relating to difference between acquisition or disposal price and carrying value of subsidiaries	2,360	79,270
Cash dividends from subsidiaries	<u>(1,228,791)</u>	<u>(1,033,658)</u>
Balance at December 31	<u>\$ 8,688,986</u>	<u>\$ 9,348,274</u>

g. Treasury shares

Reasons for Redemption	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
For the year ended <u>December 31, 2017</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>

(Continued)

Reasons for Redemption	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
For the year ended <u>December 31, 2016</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u> (Concluded)

The Company's shares held by subsidiaries as of December 31, 2017 and 2016 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
<u>December 31, 2017</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 285,899	\$ 285,899
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 285,902</u>	<u>\$ 285,902</u>
<u>December 31, 2016</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 317,271	\$ 317,271
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 317,274</u>	<u>\$ 317,274</u>

The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

28. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Other operating revenue

	For the Year Ended December 31	
	2017	2016
Rental revenue	\$ 79,027	\$ 61,573
Commission revenue	275,539	237,202
Subsidy revenue	57,514	146,313
Others	<u>520,839</u>	<u>530,001</u>
	<u>\$ 932,919</u>	<u>\$ 975,089</u>

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Gains (losses) on disposal of property, plant and equipment, investment property and intangible assets	\$ (10,702)	\$ 16,609
Gain on disposal of financial assets	526,909	79,783
Net foreign exchange loss	(34,178)	(338,946)
Net gain (loss) on financial assets designated as at FVTPL	372	1,750
Net (loss) gain on financial assets classified as held for trading	(3,286)	(29,738)
Net gain (loss) on financial liabilities classified as held for trading	1,145	1,759
Others	<u>(260,178)</u>	<u>(386,083)</u>
	<u>\$ 220,082</u>	<u>\$ (654,866)</u>

c. Finance costs

	For the Year Ended December 31	
	2017	2016
Interest on bank overdrafts and loans	\$ 1,673,846	\$ 1,138,491
Interest on corporate bonds	53,137	38,947
Other interest expense	<u>54,209</u>	<u>59,475</u>
	1,781,192	1,236,913
Less: Interest accounted for as operating cost	<u>1,488,810</u>	<u>923,554</u>
	<u>\$ 292,382</u>	<u>\$ 313,359</u>

d. Interest revenue

	For the Year Ended December 31	
	2017	2016
Interest revenue from acquired accounts receivable	\$ 3,888,908	\$ 3,355,585
Interest revenue from installment sales	1,282,701	1,037,532
Agency revenue	613,540	768,211
Others	<u>3,065,883</u>	<u>2,018,313</u>
	8,851,032	7,179,641
Less: Interest revenue accounted for as operating revenue	<u>8,631,671</u>	<u>6,966,562</u>
	<u>\$ 219,361</u>	<u>\$ 213,079</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	\$ 5,832,479	\$ 6,140,004
Operating expenses	<u>853,244</u>	<u>591,959</u>
	<u>\$ 6,685,723</u>	<u>\$ 6,731,963</u>
An analysis of amortization by function		
Operating costs	\$ 739,806	\$ 719,972
Operating expenses	<u>54,958</u>	<u>132,795</u>
	<u>\$ 794,764</u>	<u>\$ 852,767</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits		
Defined contribution plans	\$ 191,560	\$ 168,573
Defined benefit plans	<u>86,681</u>	<u>79,727</u>
	278,241	248,300
Other employee benefits	<u>7,125,804</u>	<u>6,902,863</u>
	<u>\$ 7,404,045</u>	<u>\$ 7,151,163</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,927,297	\$ 2,903,119
Operating expenses	<u>4,476,748</u>	<u>4,248,044</u>
	<u>\$ 7,404,045</u>	<u>\$ 7,151,163</u>

Employees' compensation and remuneration of directors and supervisors for 2017 and 2016

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting in June 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on March 26, 2018 and March 20, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	0.32%	0.12%
Remuneration of directors and supervisors	0.50%	0.50%

Amount

	For the Year Ended December 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	\$ 7,383	-	\$ 2,175	-
Remuneration of directors and supervisors	11,695	-	9,104	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

As of December 31, 2017 and 2016, the numbers of the Company's employees were 1,352 and 1,372, respectively.

g. Impairment loss on non-financial assets

	For the Year Ended December 31	
	2017	2016
Motor designs and research and development outputs	\$ (17,193)	\$ -
Property, plant and equipment	104,911	85,328
Inventories (recognized under operating cost)	<u>67,376</u>	<u>62,615</u>
	<u>\$ 155,094</u>	<u>\$ 147,943</u>

29. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	\$ 1,067,664	\$ 1,164,605
Income tax on unappropriated earnings	43,924	151,376
Adjustments for prior years	<u>11,577</u>	<u>(19,775)</u>
	1,123,165	1,296,206

(Continued)

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year	<u>(63,138)</u>	<u>(11,534)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,060,027</u>	<u>\$ 1,284,672</u> (Concluded)

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

	For the Year Ended December 31	
	2017	2016
Profit before tax	<u>\$ 4,142,046</u>	<u>\$ 3,063,895</u>
Income tax expense calculated at the statutory rate	\$ 730,604	\$ 485,143
Nondeductible expenses in determining taxable income	(182,760)	21,454
Tax-exempt income	(982,321)	(791,760)
Realized loss on investment	(344,210)	-
Additional income tax under the Alternative Minimum Tax Act	11,157	-
Income tax on unappropriated earnings	43,924	151,376
Unrecognized deductible temporary differences	865,251	737,968
Adjustments for prior years' tax	11,577	(19,775)
Temporary difference - share of the profit of associates and joint ventures operating in other jurisdictions	<u>906,805</u>	<u>700,266</u>
Income tax expense recognized in profit or loss	<u>\$ 1,060,027</u>	<u>\$ 1,284,672</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In February 2018, it was announced by the President that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by \$192,853 thousand and \$200,846 thousand, respectively, in 2018.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
<u>Deferred tax assets</u>			
Temporary differences			
Share of loss of subsidiaries, associates and joint ventures	\$ 162,399	\$ 10,274	\$ 172,673
Property, plant and equipment	44,049	134,087	178,136
Defined benefit obligation	350,821	(28,573)	322,248
Doubtful debts	276,891	67,223	344,114
Loss carryforward	26,691	65,972	92,663
Others	<u>231,476</u>	<u>(63,961)</u>	<u>167,515</u>
	<u>\$ 1,092,327</u>	<u>\$ 185,022</u>	<u>\$ 1,277,349</u>

Deferred tax liabilities

Temporary differences			
Property, plant and equipment	\$ 734,800	\$ 34,980	\$ 769,780
Land value increment tax	2,509,919	-	2,509,919
Share of profit of subsidiaries, associates and joint ventures	246,629	71,860	318,489
Others	<u>66,475</u>	<u>(16,617)</u>	<u>49,858</u>
	<u>\$ 3,557,823</u>	<u>\$ 90,223</u>	<u>\$ 3,648,046</u>

For the year ended December 31, 2016

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
<u>Deferred tax assets</u>			
Temporary differences			
Share of loss of subsidiaries, associates and joint ventures	\$ 151,975	\$ 10,424	\$ 162,399
Property, plant and equipment	170,866	(126,817)	44,049
Defined benefit obligation	352,347	(1,526)	350,821
Doubtful debts	228,357	48,534	276,891
Loss carryforward	45,544	(18,853)	26,691
Others	<u>122,462</u>	<u>109,014</u>	<u>231,476</u>
	<u>\$ 1,071,551</u>	<u>\$ 20,776</u>	<u>\$ 1,092,327</u>

(Continued)

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
<u>Deferred tax liabilities</u>			
Temporary differences			
Property, plant and equipment	\$ 735,619	\$ (819)	\$ 734,800
Land value increment tax	2,509,919	-	2,509,919
Share of profit of subsidiaries, associates and joint ventures	235,303	11,326	246,629
Others	<u>69,413</u>	<u>(2,938)</u>	<u>66,475</u>
	<u>\$ 3,550,254</u>	<u>\$ 7,569</u>	<u>\$ 3,557,823</u> (Concluded)

c. Items for which no deferred tax assets have been recognized

As of December 31, 2017 and 2016, deductible temporary differences with unrecognized deferred tax assets were \$489,238 thousand and \$344,505 thousand, respectively.

d. Integrated income tax:

	For the Year Ended December 31	
	2017	2016
Unappropriated earnings		
Generated on and after January 1, 1998	\$ <u>-</u> (Note)	\$ <u>2,375,157</u>
Imputation credits account (“ICA”)	\$ <u>-</u> (Note)	\$ <u>1,300,129</u>

	For the Year Ended December 31	
	2017 (Expected)	2016
Creditable ratio for distribution of earnings	Note	29.65%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

e. Income tax assessed

The tax returns through 2015 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

Unit: NT\$ Per Share
For the Year Ended December 31

	2017	2016
Basic earnings per share	<u>\$ 1.56</u>	<u>\$ 0.91</u>
Diluted earnings per share	<u>\$ 1.56</u>	<u>\$ 0.91</u>

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Year

For the Year Ended December 31

	2017	2016
Earnings used in the computation of basic earnings per share	<u>\$ 2,288,306</u>	<u>\$ 1,334,703</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,288,306</u>	<u>\$ 1,334,703</u>

Shares

For the Year Ended December 31

	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	1,462,766	1,462,769
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus issue to employees	322	105
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,463,088</u>	<u>1,462,874</u>

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

31. OPERATING LEASE ARRANGEMENTS

The Group is leasing offices with monthly rental payments. The future minimum lease payments for non-cancellable operating lease commitments are as follows:

	December 31	
	2017	2016
Not later than 1 year	\$ 875,878	\$ 837,397
Later than 1 year and not later than 5 years	2,548,948	2,331,226
Later than 5 years	615,674	765,236
	<u>\$ 4,040,500</u>	<u>\$ 3,933,859</u>

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to any externally imposed capital requirements.

The Group's management reviews the capital structure whenever necessary. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the management's recommendations, the Group expects to balance its capital structure by paying dividends, borrowing new loans or repaying original loans.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments - fair value of financial instruments not measured at fair value

- 1) Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Held-to-maturity investments	\$ 16,632	\$ 17,120	\$ 17,095	\$ 17,327
<u>Financial liabilities</u>				
Convertible bonds	-	-	-	-
Corporate bonds	14,342,919	14,350,436	3,000,000	3,003,797

- 2) Fair value hierarchy

The fair value of financial instruments that are not measured at fair value is belong to Level 1.

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$ 891,337	\$ -	\$ -	\$ 891,337
Others	<u>-</u>	<u>-</u>	<u>163,157</u>	<u>163,157</u>
	<u>\$ 891,337</u>	<u>\$ -</u>	<u>\$ 163,157</u>	<u>\$ 1,054,494</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 203,006	\$ -	\$ -	\$ 203,006
Others	<u>-</u>	<u>1,403</u>	<u>-</u>	<u>1,403</u>
	<u>\$ 203,006</u>	<u>\$ 1,403</u>	<u>\$ -</u>	<u>\$ 204,409</u>
Financial liabilities at FVTPL				
Other derivatives	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 201</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$ 1,651,774	\$ -	\$ -	\$ 1,651,774
Others	<u>-</u>	<u>-</u>	<u>478,863</u>	<u>478,863</u>
	<u>\$ 1,651,774</u>	<u>\$ -</u>	<u>\$ 478,863</u>	<u>\$ 2,130,637</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 589,470	\$ -	\$ -	\$ 589,470
Wealth management product	<u>-</u>	<u>19,088</u>	<u>-</u>	<u>19,088</u>
Others	<u>-</u>	<u>509</u>	<u>-</u>	<u>509</u>
	<u>\$ 589,470</u>	<u>\$ 19,597</u>	<u>\$ -</u>	<u>\$ 609,067</u>
Financial liabilities at FVTPL				
Other derivatives	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ -</u>	<u>\$ 1,145</u>

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

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2017

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets		Total
		Equity Held for Trading Instruments	Others	
Balance at January 1, 2017	\$ 478,863	\$ -	\$ -	\$ 478,863
Recognized in profit or loss	10,423	-	-	10,423
Purchases	2,174,500	-	-	2,174,500
Disposals/settlements	<u>(2,500,629)</u>	<u>-</u>	<u>-</u>	<u>(2,500,629)</u>
Balance at December 31, 2017	<u>\$ 163,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,157</u>

For the year ended December 31, 2016

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets		Total
		Equity Held for Trading Instruments	Others	
Balance at January 1, 2016	\$ 1,282,025	\$ -	\$ -	\$ 1,282,025
Recognized in profit or loss	18,651	-	-	18,651
Purchases	4,891,290	-	-	4,891,290
Disposals/settlements	<u>(5,713,103)</u>	<u>-</u>	<u>-</u>	<u>(5,713,103)</u>
Balance at December 31, 2016	<u>\$ 478,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,863</u>

3) Valuation techniques and inputs to Level 2 fair value measurement

Financial Instrument	Valuation Technique and Input
Derivatives - convertible bond redemption rights and put provision	Binomial tree model: The value of the financial asset component of convertible bonds was assessed using the following inputs: Market price of stock, risk-free interest rate, risk discount rate.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Input</u>
Derivatives - credit-linked notes	Fair value was assessed by security companies using a valuation model that considered the financial assets' present and future market conditions, investment positions, liquidity, and hedge conditions.

- c. Categories of financial instruments

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 891,337	\$ 1,651,774
Designated as at FVTPL	163,157	478,863
Held-to-maturity investments	16,632	17,095
Loans and receivables (Note 1)	149,490,245	117,505,514
Available-for-sale financial assets (Note 2)	294,901	767,381
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	-	1,145
Derivative instruments in designated hedge accounting relationships	201	-
Amortized cost (Note 3)	169,915,837	131,746,407
Financial guaranteed contracts	293,579	332,021

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and trade receivables, finance lease receivables and other receivables.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term loans and bills payables, notes payable, trade and other payables, corporate bond payables, long-term loans and other payables, guarantee deposits received and current portion of long-term borrowings.

- c. Financial risk management objectives and policies

In order to develop a clear direction and system for the Group to analyze, execute and respond to financial risk, it is of great importance to clarify the definition and the purpose of financial risk management prior to the establishment of related critical issues and policies. Through the process of financial risk management, the Group manages the financial risks relevant to the daily operation, including market risk (foreign exchange rate risk, interest rate risk, other price risk), credit risk, and liquidity risk. The Group strives to identify, evaluate and

decrease market uncertainty to mitigate influence of the market fluctuation towards its financial performance.

- 1) Financial risk management is defined by the Group as: To achieve various methods to control and handle risks by assessing direct and indirect potential risks affecting Group's financial status. By minimizing "cost of risk", the Group ensures operation security and continue as going concern.
- 2) The critical issues of financial risk management: The Group emphasizes precautions in advance as well as controls during the ongoing process. In the event, with precautions and controls in place, of inevitable loss or discrepancies with Group's operational goal, post-event measures are to be taken to deter or ease the unfavorable factors and retain the Group's ongoing development. The source of financial risk includes external and internal factors. The key points of management, control mechanisms, and management tools of precautions, controls during the ongoing process and post-event measures are as follows:

a) Precautions

Key points of management

- i. Business planning: The goal is for the Group to launch its business basing on key performance indicators that are clearly defined. The future operating guidelines and programs, from short term to long term, are also explicitly stated. In addition, goals and ways of achieving it for financial functions will also be specifically described within business planning.
- ii. Identification of risk and establishment of indicator: This is based on the previous phase of key points of management, to identify potential risks and its monitoring indicators.

Control mechanisms

- i. Business planning and adjustment: This is achieved by mid-term operating prospectus.
- ii. Macro-economic and study of laws and regulation: The Group invites external professional and scholars for workshops regarding current economic status and updates on laws and regulations nonscheduled.

Management tools

- i. Research reports on micro and macro-economics: This includes reports on foreign exchange rates, interest rates and economic growths around the world.
- ii. Operating prospectus: This is the Group's mid-term operating prospectus.
- iii. Articles of incorporation: Clearly states in the Group's article of incorporation the management measures and the standard of risk indicator.

b) Controls during the ongoing process

Key points of management

- i. Assessment and monitor of risk: Carry out instant or periodical monitoring towards defined critical risk indicator and related financial process.
- ii. Risk feedbacks: The information system automatically sends reports regarding financial operation and indicator statistics simultaneously or periodically to the management of the Group. Internal audit teams are assigned, according to yearly or quarterly audit plans, to conduct audits relating to financial risk management of the Group and its subsidiaries. Internal audit teams are also assigned to conduct audits regarding financial risk management indicators and execution results.

Control mechanisms

- i. Internal audit: Each financial sub-unit within the Group manages, controls and conducts independent internal audits after audit plans are proposed to the management.
- ii. Financial management system and procedures: The Group establishes financial management system and monitors daily operations and specifically designated risks.

Management tools

- i. BIS (Business Intelligent System) reports and alerts: The Group utilizes BIS to provide feedbacks for important operation related financial indicators monthly, at least.
- ii. Monthly reports on profits of the Group and its subsidiaries: Operating profit and loss reports are summarized monthly, particularly including analytical summaries and reviews of items not meeting standards set by the management.
- iii. Internal audit report: Internal audit reports are issued by the internal audit team including the execution and result of financial risk management.
- iv. Reports on capital financing and balance of endorsement: The Group issues a summary report of capital financing and balance of endorsement monthly for the prior month.
- v. ERP, DMS and SAP system verifications: Operating management systems from external parties assist in verification, and strengthens the Group's financial risk management.

c) Post-event measures

Key points of management

- i. Reasons and strategies for statistical deviations: Internal and external comprehension should be assembled, when abnormal outcomes arise for critical financial management indicators, to determine a corresponding strategy.

- ii. Execution and follow-ups on strategy: The Group keeps track of the execution of the corresponding strategy mentioned in the previous phase, determined for the statistics to improve.

Control mechanisms

- i. Analysis and feedbacks for unattainable indicators: The Group reviews the cause of unattainable financial management indicators in periodical reports and management meetings. In addition, improvement plans and schedules are also considered in management meetings.
- ii. Board and financial meetings: The Group summons board meetings and review of financial management meetings on a timely basis, to ensure that the related financial risk management matters be resolved promptly, if not simultaneously.

Management tools

- i. Reports on unfavorable factors and impacts: The Group lists the impacts of unattainable indicators and its actual status within its internal financial reports.
- ii. Board meeting reports: The execution of financial risk management is summarized in the board meeting reports.
- iii. Endorsement valuation report: Balance of endorsement is assessed and evaluated on a timely basis whether it conforms to local regulations and corporate rules.
- iv. Periodic review meetings according to corporate classifications: The Group holds comprehensive review meetings periodically for different corporate classifications, which is in accordance to their different industry attributes.

3) Market risk

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to exchange rate risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to exchange rate risk at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Group was mainly exposed to Currency USD, Currency RMB and Currency JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only

outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

	USD Impact		RMB Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016	2017	2016
Profit or loss	\$ 10,827	\$ 12,228	\$ (41)	\$ (26)	\$ 2,696	\$ 2,829

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

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

	December 31	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 98,532,510	\$ 77,949,246
Financial liabilities	75,429,076	57,317,680
Cash flow interest rate risk		
Financial assets	16,540,646	15,013,224
Financial liabilities	54,895,725	45,370,841

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2017 and 2016 would decrease by \$383,551 thousand and \$303,576 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The Group assesses equity price risk using sensitivity analysis.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, as of December 31, 2017 and 2016, fair values of available-for-sale investments and held-for-trading investments would have decreased by \$10,943 thousand and \$22,412

thousand, respectively.

4) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

It is the Group's policy that transactions only be dealt with credit worthy counter parties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms be renewed after careful reexamination to ensure credit risk of counter parties are within scope of the Group.

The clients of the Group are widely spread and the Group analyzes its numerous trade receivable clients' financial status continuously.

5) Liquidity risk

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

Liquidity and interest risk rate table

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

December 31, 2017

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 856,980	\$ -	\$ -
Non-interest bearing	1,447,793	-	-
Variable interest rate liabilities	34,822,733	2,803,575	-
Fixed interest rate liabilities	86,475,632	6,876,081	-
Financial guarantee contracts	<u>7,795,491</u>	<u>-</u>	<u>-</u>
	<u>\$109,397,427</u>	<u>\$ 9,679,656</u>	<u>\$ -</u>

December 31, 2016

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 24,405,367	\$ 2,278,575	\$ -
Fixed interest rate liabilities	75,331,717	750,000	-
Financial guarantee contracts	<u>8,803,363</u>	<u>-</u>	<u>-</u>
	<u>\$ 108,540,447</u>	<u>\$ 3,028,575</u>	<u>\$ -</u>

The amount of variable interest rate liabilities included above varies as to the different floating rates estimated at the balance sheet date.

As of December 31, 2017 and 2016, the amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. The Group has estimated the probabilities of default and recognized related provisions (see Note 25).

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

a. Related parties and relationship with the Group

<u>Related Party</u>	<u>Relationship with the Group</u>
Chenglong Co., Ltd.	Associates
Yuan Lon Co., Ltd.	Associates
Yu Tang Co., Ltd.	Associates
Yulon-Nissan Motor Co., Ltd.	Associates
Guangzhou He Xi Co., Ltd.	Associates
Haitec Co., Ltd.	Associates
Dongfeng Yulon Motor Co., Ltd.	Joint ventures
Tai-Yuen Textiles Co., Ltd.	Associates
China Motor Co., Ltd.	Associates
Tokyo Marine Newa Insurance Co., Ltd.	Associates
ROC-Spicer Co., Ltd.	Associates
Uni-Calsonic Co., Ltd.	Associates
China Ogihara Co., Ltd.	Associates
China Engine Co., Ltd.	Associates
Hui Zhou Dong Feng Yi Jing Co., Ltd.	Associates
Hui-Lian Motor Co., Ltd.	Associates
Yulon Management Co., Ltd.	Associates
Chi Ho Company	Associates

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
Ding Long Co., Ltd.	Associate's subsidiary
Hangzhou Haitec Co., Ltd.	Associate's subsidiary
Tang Li Co., Ltd.	Associate's subsidiary
Yuan Zhi Co., Ltd.	Associate's subsidiary
Lian Cheng Co., Ltd.	Associate's subsidiary
Yuen-Jin Co., Ltd.	Associate's subsidiary
Kian Shen Co., Ltd.	Associate's subsidiary
Hua Ling Co., Ltd.	Associate's subsidiary
Wen Shen Co., Ltd.	Associate's subsidiary
Advanced Power Machine Co., Ltd.	Associate's subsidiary
Lowin Industrial Co., Ltd.	Associate's subsidiary
Lin Wei Co., Ltd.	Associate's subsidiary
Yu Lai Co., Ltd.	Associate's subsidiary
Xiang Wei Co., Ltd.	Associate's subsidiary
Dongguan Huashun Co., Ltd.	Associate's subsidiary
Tianjin HuaHong Co., Ltd.	Associate's subsidiary
Guangzhou Hua You Co., Ltd.	Associate's subsidiary
Sin Yi Co., Ltd.	Associate's subsidiary
Taiwin Co., Ltd.	Associate's subsidiary
Hui-Fong Motor Co., Ltd.	Other related parties
Shappy Machinery Co., Ltd.	Other related parties
Nissan Motor Co., Ltd.	Other related parties
Zhejiang Kang Da Co., Ltd.	Other related parties
Shug Ye Motor Co., Ltd.	Other related parties
Southeast Motor Co., Ltd.	Other related parties
Jin De Technology Co., Ltd.	Other related parties
Gunze Co., Ltd.	Other related parties
Taiway Co., Ltd.	Other related parties
ROC-Keeper Co., Ltd.	Other related parties
Carnival Industrial Co., Ltd.	Other related parties
Yi-Jan Overseas Investment Co., Ltd.	Other related parties
Hua Chiun Motor Co., Ltd.	Other related parties
Yuan Rwei Co., Ltd.	Other related parties
Greentrans Co., Ltd.	Other related parties

(Concluded)

b. Operating revenue

1) Sales of goods

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates		
Yulon Nissan Motor Co., Ltd.	\$ 11,120,131	\$ 12,652,750
Others	<u>16,603,534</u>	<u>18,553,059</u>
	27,723,665	31,205,809
Other related parties	3,287,806	3,546,132
Joint venture	<u>172,994</u>	<u>-</u>
	<u>\$ 31,184,465</u>	<u>\$ 34,751,941</u>

2) Other operating revenue

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates	\$ 1,148,470	\$ 1,493,368
Other related parties	174,194	144,541
Joint venture	<u>22,809</u>	<u>-</u>
	<u>\$ 1,345,473</u>	<u>\$ 1,637,909</u>

3) Installment sales interest subsidies revenue

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates		
Yulon Nissan Motor Co., Ltd.	\$ 353,997	\$ 491,097
Others	<u>8,239</u>	<u>9,958</u>
	362,236	501,055
Other related parties	<u>668</u>	<u>643</u>
	<u>\$ 362,904</u>	<u>\$ 501,698</u>

c. Purchase of goods

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates		
Yulon Nissan	\$ 19,029,395	\$ 19,185,304
Dong Fong Yulon	4,521,639	19,632,151
Others	<u>1,357,374</u>	<u>1,404,136</u>
	24,908,408	40,221,591
Other related parties	8,316,483	10,473,534
Joint venture		
Dong Fong Yulon	<u>4,138,350</u>	<u>-</u>
	<u>\$ 37,363,241</u>	<u>\$ 50,695,125</u>

d. Operating expenses

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates	\$ 556,906	\$ 476,697
Other related parties	<u>23,648</u>	<u>19,302</u>
	<u>\$ 580,554</u>	<u>\$ 495,999</u>

e. Acquisition of assets for lease

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates	\$ 171,622	\$ 118,828
Other related parties		
Hui-Fong Motor	450,257	493,494
Shug Ye Motor	222,810	107,581
Others	<u>2,720</u>	<u>5,024</u>
	<u>675,787</u>	<u>606,099</u>
	<u>\$ 847,409</u>	<u>\$ 724,927</u>

f. Acquisition of receivables

Related Party Categories	For the Year Ended December 31	
	2017	2016
Associates		
Yulon Nissan	\$ 2,032,306	\$ 1,963,839
Others	<u>3,806,609</u>	<u>4,466,823</u>
	5,838,915	6,430,662
Other related parties	<u>390,655</u>	<u>462,264</u>
	<u>\$ 6,229,570</u>	<u>\$ 6,892,926</u>

g. Commissions paid

Related Party Categories	For the Year Ended December 31	
	2017	2016
Joint venture		
Yulon Nissan	\$ 137,210	\$ 213,081
Others	<u>15,412</u>	<u>5,636</u>
	152,622	218,717
Other related parties	<u>2,678</u>	<u>2,029</u>
	<u>\$ 155,300</u>	<u>\$ 220,746</u>

h. Receivable from related parties

1) Notes receivable and trade receivables

Related Party Categories	December 31	
	2017	2016
Joint venture	\$ 756,685	\$ 1,483,698
Other related parties	460,988	527,685
Joint venture	<u>982,357</u>	<u>-</u>
	<u>\$ 2,200,030</u>	<u>\$ 2,011,383</u>

2) Other financial assets

Related Party Categories	December 31	
	2017	2016
Associates		
Dong Fong Yulon	\$ -	\$ 478,969
Others	<u>434,561</u>	<u>13,062</u>
	434,561	492,031
Joint venture		
Dong Fong Yulon	1,059,719	-
Other related parties	<u>19,598</u>	<u>46,071</u>
	<u>\$ 1,513,878</u>	<u>\$ 538,102</u>

i. Payable to related parties

1) Notes payable and trade payable

Related Party Categories	December 31	
	2017	2016
Associates		
Dong Fong Yulon	\$ -	\$ 6,488,039
Others	<u>891,842</u>	<u>677,498</u>
	891,842	7,165,537
Joint venture		
Dong Fong Yulon	7,247,453	-
Other related parties	<u>535,940</u>	<u>449,599</u>
	<u>\$ 8,675,235</u>	<u>\$ 7,615,136</u>

2) Other payables

Related Party Categories	December 31	
	2017	2016
Associates		
Haitec	\$ 2,477,195	\$ 1,469,796
Others	<u>417,245</u>	<u>345,934</u>
	2,894,440	1,815,730
Joint venture	8,260	-
Other related parties	<u>23,953</u>	<u>15,164</u>
	<u>\$ 2,926,653</u>	<u>\$ 1,830,894</u>

3) Long-term payable

Related Party Categories	December 31	
	2017	2016
Associates		
Haitec	<u>\$ 1,050,000</u>	<u>\$ 2,100,000</u>

j. Endorsement/guarantees provided

Information about endorsement/guarantee provided see Table 2.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 57,491	\$ 60,753
Post-employment benefits	1,428	1,518
	<u>271</u>	<u>153</u>
	<u>\$ 59,190</u>	<u>\$ 62,424</u>

The compensation of the board members and the Group's management is determined by the remuneration committee based on individual performance and market conditions.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or the tariff of imported raw materials guarantees:

	December 31	
	2017	2016
Notes and trade receivables	\$ 2,799,852	\$ 4,686,175
Property, plant and equipment	1,380,259	1,299,302
Vehicle certificates (classified as inventories)	388,627	226,874
Reserve account and pledged time deposits (classified as debt investments with no active market)	593,699	280,481
Others	<u>451,422</u>	<u>425,674</u>
	<u>\$ 5,613,859</u>	<u>\$ 6,918,506</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, information on significant contingent liabilities and unrecognized commitments on the balance sheet date is as follows:

- a. The Company has a manufacturing contract with Yulon Nissan Motor Co., Ltd. ("Yulon Nissan") with a five-year validity from May 1, 2015 to April 30, 2020. (The contract is

automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry.) The contract states that Yulon Nissan has authorized the Company to manufacture Nissan automobiles and parts, and Yulon Nissan is responsible for the subsequent development of new automobile parts. The volume of the Company's manufacturing should be based on Yulon Nissan's projection of car unit sales for the year. In addition, the Company manufactures other service parts for Yulon Nissan upon the latter's request.

Yulon Nissan is responsible for developing new car models, refining designs, and providing the Company with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

- b. Luxgen Motor Co., Ltd. ("Luxgen") entrusted to the Company the assembly of cars, for which the obtaining of the manufacturing and selling license was assigned by Haitec Co., Ltd. ("Haitec") to Luxgen. This car assembly is based on a five-year contract valid from May 1, 2015 to April 30, 2020. (The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry.) The contract states that Luxgen authorizes the Company to manufacture Luxgen automobiles and parts. The volume of the Company's manufacturing should be based on Luxgen's projection of car unit sales for the year. In addition, the Company manufactures other service parts for Luxgen upon the latter's request.

Luxgen is responsible for contracting out the manufacture of new-car model parts, refining designs, registering products, and providing the Company with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,547	29.76 (USD:NTD)	\$ 135,293
USD	6	6.534 (USD:RMB)	173
JPY	94,949	0.264 (JPY:NTD)	25,066
RMB	2,692	4.555 (RMB:NTD)	12,260
EUR	356	35.57 (EUR:NTD)	<u>12,654</u>
			<u>\$ 185,446</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
RMB	297,398	4.555 (RMB:NTD)	\$ 1,354,538
RMB	263,512	0.153 (RMB:USD)	<u>1,200,203</u>
			<u>\$ 2,554,741</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,934	29.76 (USD:NTD)	\$ 87,316
USD	38,000	6.534 (USD:RMB)	1,130,880
JPY	1,116,233	0.264 (JPY:NTD)	294,686
RMB	1,790	4.555 (RMB:NTD)	8,153
EUR	7,472	35.57 (EUR:NTD)	<u>265,779</u>
			<u>\$ 1,786,814</u> (Concluded)

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,424	32.250 (USD:NTD)	\$ 400,689
USD	232	6.937 (USD:RMB)	7,471
JPY	83,041	0.276 (JPY:NTD)	22,919
RMB	2,709	4.696 (RMB:NTD)	12,595
SGD	19	22.290 (SGD:NTD)	422
EUR	1,184	33.900 (EUR:NTD)	<u>40,132</u>
			<u>\$ 484,228</u>
Non-monetary items			
RMB	582,603	4.696 (RMB:NTD)	\$ 2,708,512
RMB	226,510	0.144 (RMB:USD)	<u>1,053,043</u>
			<u>\$ 3,761,555</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,271	32.250 (USD:NTD)	\$ 589,240
USD	32,300	6.937 (USD:RMB)	1,041,675
JPY	1,108,111	0.276 (JPY:NTD)	305,839
RMB	2,146	4.649 (RMB:NTD)	9,977
EUR	5,916	33.900 (EUR:NTD)	<u>200,552</u>
			<u>\$ 2,147,283</u>

For the years ended December 31, 2017 and 2016, realized and unrealized foreign exchange losses were \$34,178 thousand and \$338,946 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) on each significant foreign currency there were many foreign currency transactions and the Group entities had different functional currencies.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 8)
- 9) Information on investees. (Table 9)
- 10) Trading in derivative instruments. (Notes 7, 10 and 33)
- 11) Others: Intercompany relationships and significant intercompany transactions. (Table 11)

b. Information on investments in mainland China

There was no information on investments in mainland China should be disclosed excluding in Table 10.

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were "brand segments", "supporting segments", "horizontal segments", "Taiwan retail segments", "China retail segments" and "others".

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Brand Segments	Supporting Segments	Horizontal Segments	Taiwan Retail Segments	China Retail Segments	Others	Adjustment and Eliminations	Total
For the year ended December 31, 2016								
Revenues from external customers	\$ 20,742,503	\$ 4,990,247	\$ 21,416,210	\$ 27,335,568	\$ 18,964,072	\$ 662,428	\$ -	\$ 94,111,028
Intersegment revenues	<u>35,011,016</u>	<u>3,114,212</u>	<u>1,101,176</u>	<u>2,513,922</u>	<u>4,259,222</u>	<u>302,108</u>	<u>(46,301,656)</u>	<u>-</u>
Segment revenues	<u>\$ 55,753,519</u>	<u>\$ 8,104,459</u>	<u>\$ 22,517,386</u>	<u>\$ 29,849,490</u>	<u>\$ 23,223,294</u>	<u>\$ 964,536</u>	<u>\$ (46,301,656)</u>	<u>\$ 94,111,028</u>
Segment income								<u>\$ 4,138,448</u>
For the year ended December 31, 2016								
Revenues from external customers	\$ 33,853,619	\$ 6,034,484	\$ 18,826,593	\$ 31,982,571	\$ 20,687,578	\$ 781,840	\$ -	\$ 112,166,685
Intersegment revenues	<u>39,190,598</u>	<u>3,361,791</u>	<u>1,157,819</u>	<u>1,571,746</u>	<u>375,180</u>	<u>151,103</u>	<u>(45,808,237)</u>	<u>-</u>
Segment revenues	<u>\$ 73,044,217</u>	<u>\$ 9,396,275</u>	<u>\$ 19,984,412</u>	<u>\$ 33,554,317</u>	<u>\$ 21,062,758</u>	<u>\$ 932,943</u>	<u>\$ (45,808,237)</u>	<u>\$ 112,166,685</u>
Segment income								<u>\$ 3,063,895</u>

This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The segment information on total assets and liabilities were not reported to the chief operating decision maker, therefore was not disclosed.

c. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and Philippines.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Taiwan	\$ 55,264,905	\$ 63,850,237	\$ 51,350,384	\$ 48,624,853
China	38,512,941	48,071,640	6,714,579	9,235,603
Other	<u>333,182</u>	<u>244,808</u>	<u>260,940</u>	<u>257,397</u>
	<u>\$ 94,111,028</u>	<u>\$ 112,166,685</u>	<u>\$ 58,325,903</u>	<u>\$ 58,117,853</u>

d. Information about major customers

Single customers contributed 10% or more to the Group's revenue were as follows:

Customer	For the Year Ended December 31			
	2017		2016	
	Amount	% on Sales	Amount	% on Sales
Yulon Nissan Motor Co., Ltd.	<u>\$ 13,901,223</u>	<u>12</u>	<u>\$ 15,613,226</u>	<u>14</u>

TABLE 1

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	Yulon China (HK)	Sheng Qing	Other receivables	Y	\$ 760,900	\$ 746,200	\$ 687,531	3.00%	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 746,200	\$ 746,200	Note 1
2	Yulon China	Sheng Qing	Other receivables	Y	2,452,000	2,387,840	802,119	2.50%	Operating capital	-	Operating capital	-	-	-	3,581,760	3,581,760	Note 1
3	Hong Shou Culture	Singan	Other receivables	Y	20,000	-	-	-	Operating capital	-	Operating capital	-	-	-	13,800	13,800	Note 1
		Singgual Travel	Other receivables	Y	10,000	10,000	-	-	Operating capital	-	Operating capital	-	-	-	13,800	13,800	Note 1
4	Hsiang Shou	Singgual Travel	Other receivables	Y	10,000	-	-	-	Operating capital	-	Operating capital	-	-	-	82,422	82,422	Note 1
		Singan	Other receivables	Y	80,000	80,000	80,000	1.03%	Operating capital	-	Operating capital	-	-	-	82,422	82,422	Note 1
5	Yulon Motor Investment	Jiangmen Junxing	Other receivables	Y	68,393	-	-	-	Operating capital	-	Operating capital	-	-	-	267,923	267,923	Note 1
		Shanghai Yuexing	Other receivables	Y	18,238	13,751	-	-	Operating capital	-	Operating capital	-	-	-	669,807	2,009,421	Note 1
		Nan Jing Yu Shang	Other receivables	Y	18,334	18,334	-	-	Operating capital	-	Operating capital	-	-	-	669,807	2,009,421	Note 1
		Zi Bo Yu An	Other receivables	Y	13,751	13,751	6,417	6.00%	Operating capital	-	Operating capital	-	-	-	669,807	2,009,421	Note 1
		Ning Bo Yu Cheng	Other receivables	Y	9,167	9,167	6,875	6.64%	Operating capital	-	Operating capital	-	-	-	267,923	267,923	Note 1
		Shenzhen Yu Zhi	Other receivables	Y	136,785	61,878	61,878	5.00%	Operating capital	-	Operating capital	-	-	-	669,807	2,009,421	Note 1
		Wuhan Yu Hsin	Other receivables	Y	136,785	68,753	68,753	6.64%	Operating capital	-	Operating capital	-	-	-	669,807	2,009,421	Note 1
		Haitec Co., Ltd. (Hangzhou)	Other receivables	Y	190,217	190,217	190,217	0.00%	Operating capital	-	Operating capital	-	-	-	267,923	267,923	Note 1
6	Sheng Qing	Nan Jing Yu Shang	Other receivables	Y	45,835	45,835	-	-	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Shenzhen Yu Zhi	Other receivables	Y	45,835	45,835	-	-	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Shanghai Yuexing	Other receivables	Y	136,785	64,170	-	-	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Ho Fei Chun Hui	Other receivables	Y	9,167	9,167	9,167	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Tung Ling Kuo Tung	Other receivables	Y	15,958	11,459	11,000	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Hang Zhou Hua You	Other receivables	Y	56,938	56,938	11,103	0.00%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		Zi Bo Yu An	Other receivables	Y	15,584	15,584	13,751	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Chang Sha Yu Lu	Other receivables	Y	61,328	61,328	15,492	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Guang Zhou Yuan Du	Other receivables	Y	136,785	91,671	18,334	5.75%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		Shanghai Yuming	Other receivables	Y	45,835	45,835	27,471	5.75%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		An Ching Ling Tung	Other receivables	Y	32,600	31,489	31,489	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Ning Bo Yu Cheng	Other receivables	Y	114,588	114,588	45,835	5.75%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Zhuhai Yuhsin	Other receivables	Y	91,190	68,753	48,127	5.75-6%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Guang Zhou Yuan Zhi	Other receivables	Y	111,708	105,421	50,419	6.00%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		Hang Zhou Hua Zhi	Other receivables	Y	110,005	110,005	64,170	5.75%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		An Ching Tsai Tung	Other receivables	Y	75,432	75,432	75,432	6.00%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Xiao Gan Yu Feng	Other receivables	Y	192,509	192,509	100,838	5.60%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Nanjing Hanhong	Other receivables	Y	207,634	207,634	138,881	0-5.6%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
		Shen Jun Yu Peng	Other receivables	Y	213,043	213,043	190,125	5.22%	Operating capital	-	Operating capital	-	-	-	664,124	664,124	Note 1
		Zhu Hai Fu Te En	Other receivables	Y	211,105	200,759	200,759	0-6%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1
Wuhan Yu Hsin	Other receivables	Y	258,980	237,427	232,332	0-6%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1		
Yulon Motor Investment	Account receivables - related parties	Y	1,065,673	1,065,673	1,065,673	3.21-5.75%	Operating capital	-	Operating capital	-	-	-	1,660,310	4,980,931	Note 1		
7	Zhu Hai Fu Te En	Nanjing Hanhong	Other receivables	Y	7,334	7,334	7,334	0.00%	Operating capital	-	Operating capital	-	-	-	163,007	326,014	Note 1
		Zhuhai Yuhsin	Other receivables	Y	59,586	59,586	59,586	6.00%	Operating capital	-	Operating capital	-	-	-	163,007	326,014	Note 1
8	Nanjing Hanhong	Zhu Hai Fu Te En	Other receivables	Y	22,798	-	-	-	Operating capital	-	Operating capital	-	-	-	353,090	706,180	Note 1
		Nan Jing Yu Shang	Other receivables	Y	50,419	50,419	50,419	5.60%	Operating capital	-	Operating capital	-	-	-	353,090	706,180	Note 1
9	Su Zhou Feng Shen	Su Zhou Cheng Li	Other receivables	Y	13,679	-	-	-	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
		Su Zhou Chen Long	Other receivables	Y	22,798	-	-	-	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
		Su Zhou Cheng Pin	Other receivables	Y	22,798	13,751	-	-	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
		Su Zhou Cheng Pang	Other receivables	Y	25,209	25,209	-	-	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
		Tai Chang Cheng Mau	Other receivables	Y	68,753	68,753	-	-	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
		Su Zhou Cheng Guo	Other receivables	Y	27,501	27,501	22,918	5.90%	Operating capital	-	Operating capital	-	-	-	264,538	264,538	Note 1
10	Wu Jiang Lian Cheng	Su Zhou Cheng Pang	Other receivables	Y	22,798	6,875	-	-	Operating capital	-	Operating capital	-	-	-	39,522	39,522	Note 1
		Su Zhou Cheng Hung	Other receivables	Y	22,918	22,918	9,167	5.90%	Operating capital	-	Operating capital	-	-	-	39,522	39,522	Note 1

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
11	HangZhou Yu Zhong	Sheng Qing	Other receivables	Y	\$ 371,267	\$ 371,267	\$ -	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 774,230	\$ 1,161,344	Note 1
12	TAC	Yu Rich	Other receivables	Y	800,000	800,000	800,000	1.15%	Operating capital	-	Operating capital	-	-	-	1,060,196	4,240,783	Note 1
13	Yu-Rong Leasing (Suzhou)	TAC Finance Company	Account receivables	Y	45,700	-	-	-	Operating capital	-	Operating capital	-	-	-	533,569	533,569	Note 1
14	TAC Finance Company	Zhe Jiang Kang Da	Other receivables	Y	45,700	-	-	-	Operating capital	-	Operating capital	-	-	-	379,864	379,864	Note 1
15	SCC	Yu Rich	Other receivables	Y	800,000	800,000	800,000	1.16%	Operating capital	-	Operating capital	-	-	-	1,063,180	1,063,180	Note 1
16	Shanghai Yuming	Ka Shing Yu Da	Other receivables	Y	13,751	13,751	-	-	Operating capital	-	Operating capital	-	-	-	33,484	33,484	Note 1
17	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	Other receivables	Y	68,393	22,918	22,918	5.00%	Operating capital	-	Operating capital	-	-	-	108,799	108,799	Note 1
18	Su Zhou Feng Shun	Su Zhou Cheng Li	Other receivables	Y	22,798	-	-	-	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note 1
		Su Zhou Cheng Guo	Other receivables	Y	27,501	27,501	18,334	5.90%	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note 1
		Su Zhou Cheng Hung	Other receivables	Y	52,711	52,711	27,501	5.90%	Operating capital	-	Operating capital	-	-	-	82,597	82,597	Note 1
19	An Hui Min Tung	An Ching Ling Tung	Other receivables	Y	9,167	9,167	-	-	Operating capital	-	Operating capital	-	-	-	11,459	22,918	Note 1
20	Yu-Hsin Intl	Hangchow Y-Teks	Other receivables	Y	31,360	29,848	29,848	3.00%	Operating capital	-	Operating capital	-	-	-	127,511	191,266	Note 1
21	Suzhou Yueshun	Su Zhou Cheng Li	Other receivables	Y	13,679	6,875	6,875	5.90%	Operating capital	-	Operating capital	-	-	-	22,352	22,352	Note 1
22	Yu Ching	Yulon China	Other receivables	Y	679,816	678,639	-	-	Operating capital	-	Operating capital	-	-	-	683,767	683,767	Note 1
23	Nan Jing Yu Hua	Yulon Motor Investment	Other receivables	Y	20,626	20,626	-	-	Operating capital	-	Operating capital	-	-	-	206,229	412,457	Note 1
		Nanjing Hanhong	Other receivables	Y	116,834	116,834	116,834	0.00%	Operating capital	-	Operating capital	-	-	-	206,229	412,457	Note 1
24	Xiao Gan Yu Feng	Wuhan Yu Hsin	Other receivables	Y	114,588	114,588	-	-	Operating capital	-	Operating capital	-	-	-	137,506	229,177	Note 1
25	Sin Chi	Yulon China	Other receivables	Y	410,227	410,227	-	-	Operating capital	-	Operating capital	-	-	-	414,094	414,094	Note 1
26	Hangzhou Yu-Jie	Dongfeng Yulon	Other receivables	Y	229,177	229,177	229,177	3-3.36%	Operating capital	-	Operating capital	-	-	-	550,070	550,070	Note 1
		Sheng Qing	Other receivables	Y	412,518	412,518	412,518	3-3.46%	Operating capital	-	Operating capital	-	-	-	825,105	2,750,349	Note 1

Note: Yulon China (HK) Holding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$25 million and aggregate financing limits was \$25 million.

Yulon China Investment Co., Ltd.: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$120 million and aggregate financing limits was \$120 million.

Hong Shou Culture: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Hsiang Shou: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yulon Motor Investment: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Zhu Hai Fu Te En: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Nanjing Hanhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Su Zhou Feng Shen: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Wu Jiang Lian Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

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HangZhou Yu Zhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 1,000% of the lender's net equity and aggregate financing limits was 1,500% of the lender's net equity.

TAC Leasing (Suzhou): Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC Finance Company: Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to each borrower was not exceeding 10% of the lender's net equity.

Shanghai Yuming: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Guang Zhou Yuan Du: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Su Zhou Feng Shun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

An Hui Min Tung: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB2.5 million and aggregate financing limits was RMB0.5 million.

Yu-Hsin Intl Investment: Credit financing limit for each borrower were not exceeding 20% of the lender's net equity and aggregate financing limits were not exceeding 40% of the lender's net equity.

Suzhou Yueshun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yu Ching Business: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Nan Jing Yu Hua: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Xiao Gan Yu Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB30 million and aggregate financing limits was RMB50 million.

Sin Chi: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yu Jie: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	The Company	Sin Chi	b	\$ 9,860,501	\$ 500,000	\$ 500,000	\$ -	\$ -	0.71	\$ 28,172,861	Y	N	N	Note 1
		Yulon Construction	b	9,860,501	600,000	600,000	-	-	0.85	28,172,861	Y	N	N	Note 1
		Yu Sing	b	9,860,501	690,000	690,000	450,000	-	0.98	28,172,861	Y	N	N	Note 1
		Yu Ching	b	9,860,501	1,000,000	1,000,000	-	-	1.42	28,172,861	Y	N	N	Note 1
		UMPI	c	9,860,501	1,630,720	1,552,096	291,943	-	2.20	28,172,861	Y	N	N	Note 1
		Luxgen	b	9,860,501	9,250,000	9,250,000	5,100,000	-	13.13	28,172,861	Y	N	N	Note 1
		LUXGEN (Hangzhou) Motor Sales	c	9,860,501	3,001,000	2,984,800	-	-	4.28	28,172,861	Y	N	Y	Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	c	345,810	312,000	312,000	204,358	-	12.63	988,029	N	N	Y	Note 1
2	TAC	Car-Plus Leasing (Shanghai)	c	26,504,895	320,000	320,000	-	-	0.03	53,009,790	Y	N	Y	Note 1
		Yu-Rong Leasing (Suzhou)	c	26,504,895	3,657,628	3,644,000	2,550,800	-	0.34	53,009,790	Y	N	Y	Note 1
		TAC Leasing (Suzhou)	c	26,504,895	10,000,000	10,000,000	8,360,640	-	0.94	53,009,790	Y	N	Y	Note 1
3	Car-plus Corporation	Diamond Leasing	b	4,558,748	500,000	500,000	100,000	-	0.27	9,117,495	Y	N	N	Note 1
		Car-Plus Leasing (Shanghai)	b	4,558,748	480,000	480,000	-	-	0.26	9,117,495	Y	N	Y	Note 1
4	Sheng Qing	Fu Jian Yu Xin	b	8,301,551	137,351	-	-	-	-	41,507,757	N	N	Y	Note 1
		Tung Ling Kuo Tung	b	8,301,551	18,334	18,334	-	-	1.10	41,507,757	N	N	Y	Note 1
		Shanghai Yuming	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Xiao Gan Yu Feng	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Shen Jun Yu Peng	b	8,301,551	22,918	22,918	-	-	1.38	41,507,757	N	N	Y	Note 1
		Chang Sha Yu Lu	b	8,301,551	32,085	32,085	-	-	1.93	41,507,757	N	N	Y	Note 1
		Jiangmen Junxing	b	8,301,551	45,835	45,835	-	-	2.76	41,507,757	N	N	Y	Note 1
		Nanjing Hanhong	b	8,301,551	68,753	68,753	-	-	4.14	41,507,757	N	N	Y	Note 1
		Wuhan Yu Hsin	b	8,301,551	91,671	91,671	-	-	5.52	41,507,757	N	N	Y	Note 1
		Qingdao Yuanhuang	b	8,301,551	137,506	137,506	65,034	-	8.28	41,507,757	N	N	Y	Note 1
Guang Zhou Yuan Du	b	8,301,551	366,269	229,177	140,286	-	13.80	41,507,757	N	N	Y	Note 1		
5	Nanjing Hanhong	Zhu Hai Fu Te En	c	470,787	165,007	165,007	-	-	70.10	588,483	N	N	Y	Note 1
6	Zhu Hai Fu Te En	Nanjing Hanhong	c	366,683	137,506	137,506	35,687	-	84.36	550,025	N	N	Y	Note 1
7	Su Zhou Feng Shen	Wu Jiang Lian Cheng	c	661,345	45,835	45,835	45,835	-	6.93	1,984,036	N	N	Y	Note 1
		Su Chou Cheng Pin	b	661,345	113,988	55,002	55,002	-	8.32	1,984,036	N	N	Y	Note 1
		Tai Chang Cheng Mau	b	661,345	64,170	64,170	10,558	-	9.70	1,984,036	N	N	Y	Note 1
		Su Zhou Feng Shun	b	661,345	68,753	68,753	68,753	-	10.40	1,984,036	N	N	Y	Note 1
		Su Zhou Cheng Pang	b	661,345	137,506	137,506	45,835	-	20.79	1,984,036	N	N	Y	Note 1
8	Wu Jiang Lian Cheng	Su Zhou Feng Shen	d	412,518	91,190	45,835	45,835	-	46.39	916,708	N	N	Y	Note 1
		Su Zhou Feng Shun	d	412,518	296,368	229,177	79,937	-	231.95	916,708	N	N	Y	Note 1
9	Su Zhou Feng Shun	Su Zhou Feng Shen	d	1,032,466	91,190	45,835	45,835	-	22.20	2,064,932	N	N	Y	Note 1
		Wu Jiang Lian Cheng	b	1,032,466	205,178	160,424	45,835	-	77.69	2,064,932	N	N	Y	Note 1

(Continued)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Each Endorsement/Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
10	Su Zhou Cheng Pang	Su Zhou Feng Shen	d	\$ 412,518	\$ 206,259	\$ 206,259	\$ -	\$ -	527.68	\$ 825,037	N	N	Y	Note 1
11	Xiao Gan Yu Feng	Sheng Qing	d	232,085	45,835	45,835	-	-	98.75	464,170	N	N	Y	Note 1
12	Jiangmen Junxing	Sheng Qing	d	255,409	45,835	45,835	41,252	-	89.73	510,818	N	N	Y	Note 1
13	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	b	543,995	68,753	68,753	-	-	25.28	1,359,988	N	N	Y	Note 1
14	Guang Zhou Yuan Zhi	Guang Zhou Yuan Du	d	293,258	364,760	229,177	140,286	-	999.00	488,764	N	N	Y	Note 1

Note: The Company: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

Union & NKH Auto Parts: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

TAC: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 50% of the aggregate endorsement/guarantee amounts.

Car-plus Corporation: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 250% of the endorser's/guarantor's net equity.

Sheng Qing: The aggregate endorsement/guarantee limit was calculated for 2,500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Nanjing Hanhong: The aggregate endorsement/guarantee limit was calculated for 250% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser's/guarantor's net equity.

Zhu Hai Fu Te En: The aggregate endorsement/guarantee limit was RMB120 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

Su Zhou Feng Shen: The aggregate endorsement/guarantee limit was calculated for 300% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 100% of the endorser's/guarantor's net equity.

Wu Jiang Lian Cheng: The aggregate endorsement/guarantee limit was calculated for RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was calculated for RMB90 million.

Su Zhou Feng Shun: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Su Zhou Cheng Pang: The aggregate endorsement/guarantee limit was RMB180 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

Xiao Gan Yu Feng: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Jiangmen Junxing: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Guang Zhou Yuan Du: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser's/guarantor's net equity.

Guang Zhou Yuan Zhi: The aggregate endorsement/guarantee limit was calculated for 2,500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 1,500% of the endorser's/guarantor's net equity.

(Concluded)

TABLE 3

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Structured finance products</u>							
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	150	\$ 15,033	-	\$ 15,033	-
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	100	10,045	-	10,045	-
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	200	20,090	-	20,090	-
	SinoPac Securities CLN - Jin Ke 1st	-	Financial assets at fair value through profit or loss - current	400	40,229	-	40,229	-
	KGI Securities CLN - DA-CIN 4th	-	Financial assets at fair value through profit or loss - current	300	30,142	-	30,142	-
	Yuanta Securities CLNT-Da Feng 2nd	-	Financial assets at fair value through profit or loss - current	250	25,139	-	25,139	-
	<u>Beneficiary certificates</u>							
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	714	21,271	-	21,271	-
	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	500	4,995	-	4,995	-
	<u>Common stocks</u>							
	Photronics DNP Mask Company	Related party in substance	Available-for-sale financial assets - non-current	856	15,404	0.33	15,404	-
	First Financial Holding Company	-	Available-for-sale financial assets - non-current	940	18,377	0.01	18,377	-
	Mison - Century Technology, Ltd.	Related party in substance	Available-for-sale financial assets - non-current	5,025	23,063	8.37	23,063	-
	Taiwin Company	The same chairman	Financial assets measured at cost - non-current	6,692	26,240	5.09	Not applicable	-
	Shin Bus Company	-	Financial assets measured at cost - non-current	154	485	0.32	Not applicable	-
	Taiwan Stock Exchange	-	Financial assets measured at cost - non-current	6,938	1,206	1.00	Not applicable	-
Taiwan Aerospace Company	-	Financial assets measured at cost - non-current	811	-	0.60	Not applicable	-	
TAC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	5,578	-	5,693	-
SCC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	11,054	-	11,354	-
H. K. Manpower	<u>Beneficiary certificates</u>							
	Union Money Market Fund	-	Financial assets at fair value through profit or loss - current	235	3,082	-	3,082	-
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	3,021	-	3,021	-
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	206	3,029	-	3,029	-
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	129	2,063	-	2,063	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Da Wei	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	579	\$ 8,533	-	\$ 8,533	-
Yu Pong	<u>Beneficiary certificates</u> FSITC RMB High Yield Bond TWD Inc. The Rsit Digital Fund FSITC Money Market KGI Feng-Li Fund	- - - -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	1,000 186 181 800	9,399 5,535 32,093 10,352	- - - -	9,399 5,535 32,093 10,352	- - - -
	<u>Structured finance products</u> CLNF20151105001-Tarako Textile Corp. CLN20160622001 C.T.I. 3 CLN20170928003 DaLue	- - -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	- - -	6,394 1,005 15,079	- - -	6,394 1,005 15,079	- - -
	<u>Common stocks</u> Yulon Motor Company Fubon Financial Company	The parent company -	Available-for-sale financial assets - current Available-for-sale financial assets - current	- 2,419	3 122,631	- -	3 122,631	- -
China Cast Iron Pipe	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	-	9,153	-	9,153	-
Yue Sheng	<u>Common stocks</u> Yueki Company	The same ultimate parent company	Financial assets measured at cost - non-current	10	100	0.08	Not applicable	-
Qinton	<u>Beneficiary certificates</u> Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,305	-	1,305	-
Yung Hong	<u>Common stocks</u> Carnival Company Kian-shen Company Asia Plastic Recycling Holding Limited TAC Corporation	Related party in substance Related party in substance - The same ultimate parent company	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	283 81 2,261 4	1,333 7,464 28,380 478	- - - -	1,333 7,464 28,380 478	- - - -
	<u>Beneficiary certificates</u> FSITC Taiwan Money Market FSITC Money Market	- -	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	28,893 139	439,384 24,650	- -	439,384 24,650	- -
	<u>Common stocks</u> Asia Plastic Recycling Holding Limited Gongin Precision Industrial Co., Ltd. UOG Industrial Company Orgchem Technology Company T-Car Inc. Adto Company Rocker Zone	- - - - - - -	Available-for-sale financial assets - current Financial assets measured at cost - current Financial assets measured at cost - current Financial assets measured at cost - non-current Financial assets measured at cost - non-current Financial assets measured at cost - non-current Financial assets measured at cost - non-current	1,875 70 115 291 1,275 1 330	23,531 520 1,145 5,298 35,600 10 9,900	- - - - - - -	23,531 Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable	- - - - - - -

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yu Ching	<u>Beneficiary certificates</u> Goldman Sachs (Asia) L.L.C.	-	Financial assets measured at cost - non-current	-	\$ 1,552	-	Not applicable	-
	<u>Beneficiary certificates</u> FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,661	63,269	-	63,269	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	1,846	20,171	-	20,171	-
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,903	28,033	-	28,033	-
Chinh-Ling	<u>Common stocks</u> Gongin Company	-	Financial assets measured at cost - current	102	1,326	-	Not applicable	-
	Yulon Motor Company	The parent company	Available-for-sale financial assets - non-current	11,838	285,899	-	285,899	-
	Yulon Management	Related party in substance	Financial assets measured at cost - non-current	1	9	-	Not applicable	-
Yu Chang	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,724	17,709	-	17,709	-
Yushin	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	726	6.96	Not applicable	-
Yu Pool	<u>Common stocks</u> Yu Pool Company	Related party in substance	Financial assets measured at cost - non-current	150	1,500	4.69	Not applicable	-
Empower	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	85	847	13.60	Not applicable	-
Sin Chi	<u>Beneficiary certificates</u> The Rsit Enhanced	-	Financial assets at fair value through profit or loss - current	2,457	29,238	-	29,238	-
	Franklin Money Fund	-	Financial assets at fair value through profit or loss - current	991	10,180	-	10,180	-
Yu Sing	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	842	6.97	Not applicable	-
Yulon Construction	<u>Common stocks</u> Carnival Company	Related party in substance	Financial assets at fair value through profit or loss - current	118	558	-	558	-
	Rectron Ltd.	-	Financial assets at fair value through profit or loss - current	16	99	-	99	-
	Yang Ming Marine Transport Corporation	-	Financial assets at fair value through profit or loss - current	6	64	-	64	-
	Shin Kong Security Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	1,918	-	1,918	-
	Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	14	300	-	300	-
	Yue Sheng Company	The same ultimate parent company	Financial assets measured at cost - non-current	2	33	-	Not applicable	-
Yulon China	<u>Beneficiary certificates</u> Yung Jen Industrial Co., Ltd.	-	Financial assets measured at cost - non-current	-	2,232	-	Not applicable	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Dong Tai (Beijing)	<u>Financial products</u> Ze Woe 2-0048 Investment Fund	-	Financial assets at fair value through profit or loss - current	-	\$ 9,109	-	\$ 9,109	-
Ke Yu	<u>Financial products</u> Ze Woe 2-0048 Investment Fund	-	Financial assets at fair value through profit or loss - current	-	27,328	-	27,328	-
Fuzhou Lianghong	<u>Financial products</u> Gan Yuan-Ri Xin Yue Yi	-	Financial assets at fair value through profit or loss - current	-	68,320	-	68,320	-

(Concluded)

TABLE 4

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount (Note 1)	
The Company	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	62,955	\$ 750,000	62,955	\$ 750,376	\$ 750,000	\$ 376	-	\$ -	
	Fubon Chi-Hsiang Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	93,706	1,460,000	93,706	1,460,241	1,460,000	241	-	-	
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	92,663	1,500,000	92,663	1,500,267	1,500,000	267	-	-	
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	101,375	1,490,048	101,375	1,491,603	1,490,048	1,555	-	-	
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	104,879	1,680,000	104,879	1,680,507	1,680,000	507	-	-	
	Prudential Financial Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	31,924	500,000	31,924	501,912	500,000	1,912	-	-	
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	131,761	2,000,000	131,761	2,001,748	2,000,000	1,748	-	-	
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	332,828	3,357,000	332,828	3,357,798	3,357,000	798	-	-	
	Hua Nan Phoenix Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	18,615	300,000	18,615	300,047	300,000	47	-	-	
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	117,811	1,400,000	117,811	1,400,296	1,400,000	296	-	-	
	Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	99,185	1,300,000	99,185	1,300,192	1,300,000	192	-	-	
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	367,952	4,024,000	367,952	4,025,113	4,024,000	1,113	-	-	
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	37,225	500,000	37,225	500,045	500,000	45	-	-	
	Taishin Ta-Chong Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	241,279	3,400,000	241,279	3,400,868	3,400,000	868	-	-	
	Allianz Gbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	148,931	1,850,000	148,931	1,850,527	1,850,000	527	-	-	
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	135,901	2,200,000	135,901	2,201,082	2,200,000	1,082	-	-	
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	161,717	2,011,105	161,717	2,011,981	2,011,105	876	-	-	
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	241,610	2,476,000	241,610	2,477,729	2,476,000	1,729	-	-	
	Yulon Overseas	Investments accounted for using equity method	-	-	-	-	904,588	-	5,477,993	-	-	-	-	-	953,070
	Luxgen	Investments accounted for using equity method	-	-	-	-	202,675	-	1,300,000	-	-	-	-	-	1,211,179
Yulon Motor Finance Company	Investments accounted for using equity method	-	-	-	-	1,144,502	-	1,173,765	-	-	-	-	-	2,311,737	
TAC	Yulon Motor Finance Company	Investments accounted for using equity method	-	-	-	1,099,619	-	1,128,439	-	-	-	-	-	2,221,426	
Qing Yi	TPI Technology Incorporation	Investments accounted for using equity method	-	-	-	382,308	-	-	-	495,038	495,038	-	-	-	
Wen Yang	TPI Technology Incorporation	Investments accounted for using equity method	-	-	-	-	-	495,038	-	-	-	-	-	271,332	

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount (Note 1)
Yulon Overseas	Yulon China	Investments accounted for using equity method	-	-	-	\$ 1,143,959	-	\$ 5,477,993	-	\$ -	\$ -	\$ -	-	\$ 960,825
Yulon China	Yulon China Holding	Investments accounted for using equity method	-	-	-	(2,222,049)	-	3,610,397	-	-	-	-	-	(925,250)
	Yulon China (Hong Kong) Investment Limited	Investments accounted for using equity method	-	-	-	1,600,669	-	1,820,295	-	-	-	-	-	172,007
Yulon China (Hong Kong) Investment Limited	Dongfeng Yulon motor Co., Ltd.	Investments accounted for using equity method	-	-	-	1,494,072	-	1,820,295	-	-	-	-	-	52,784
Yulon China Holding	Yulon China (HK)	Investments accounted for using equity method	-	-	-	(2,221,928)	-	3,610,397	-	-	-	-	-	(925,129)
Yulon China (HK) Holding	LUXGEN (Hangzhou) Motor Sales	Investments accounted for using equity method	-	-	-	-	-	2,706,976	-	-	-	-	-	1,625,905
	Yulon Motor Investment	Investments accounted for using equity method	-	-	-	(2,721,479)	-	984,831	-	-	-	-	-	(2,985,404)
Yulon Construction	Yu-Jie	Investments accounted for using equity method	-	-	-	1,367,787	-	897,800	-	-	-	-	-	2,288,152

Note 1: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets and investments accounted for using equity method.

(Concluded)

TABLE 5**YULON MOTOR COMPANY LTD. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
						None						

TABLE 6

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
						None						

TABLE 7

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note	
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total
The Company	Yulon Nissan	An investee accounted for by equity method	Sales	\$ (25,013,917)	72	Within 180 days	-	60 days to 180 days	\$ 389,409	59	
	Luxgen	The Company's subsidiary	Sales	(9,340,020)	27	Within 90 days	-	60 days to 180 days	173,505	26	
TAC	Yu Chang	The same ultimate parent company	Sales	(4,472,038)	11	Receipt of payment on the day	-	-	44,336	-	
	Yuan Lon	An investee accounted for by equity method	Sales	(3,608,350)	9	Receipt of payment on the day	-	-	8,008	-	
	Hui-Lian	An investee accounted for by equity method	Sales	(3,345,218)	8	Receipt of payment on the day	-	-	17,813	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(3,625,814)	9	Receipt of payment on the day	-	-	23,447	-	
	Yu Sing	The same ultimate parent company	Sales	(3,216,501)	8	Receipt of payment on the day	-	-	15,027	-	
	Empower	The same ultimate parent company	Sales	(3,059,283)	8	Receipt of payment on the day	-	-	86,385	-	
	Yushin	The same ultimate parent company	Sales	(2,483,437)	6	Receipt of payment on the day	-	-	9,791	-	
	Yu Tang	An investee accounted for by equity method	Sales	(2,539,411)	6	Receipt of payment on the day	-	-	13,741	-	
	Cheng Long	An investee accounted for by equity method	Sales	(2,391,845)	6	Receipt of payment on the day	-	-	27,723	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(2,196,992)	5	Receipt of payment on the day	-	-	7,107	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(2,076,170)	5	Receipt of payment on the day	-	-	13,531	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(1,567,345)	4	Receipt of payment on the day	-	-	5,078	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(1,374,781)	3	Receipt of payment on the day	-	-	5,024	-	
	Ding Long	An investee accounted for by equity method	Sales	(1,211,136)	3	Receipt of payment on the day	-	-	61	-	
Lian Cheng	An investee accounted for by equity method	Sales	(476,844)	1	Receipt of payment on the day	-	-	1,050	-		
Yuan Zhi	An investee accounted for by equity method	Sales	(437,038)	1	Receipt of payment on the day	-	-	1,994	-		
Sin Jiang	TAC	The same ultimate parent company	Sales	(5,034,276)	94	Receipt of payment on the day	-	-	960	2	
Diamond Leasing	Car-plus Corporation	The same ultimate parent company	Sales	(751,083)	100	1 day	-	-	27,200	17	
Yu Sing	Car-plus Corporation	The same ultimate parent company	Sales	(332,896)	9	30 days	-	-	21,648	8	
NISSAN Taiwan Ltd. (Shanghai)	Southeast Bus	A related party in substance	Sales	(397,670)	97	45 days	According to the contract	65 days	38,273	50	
Union & NKH Auto Parts	Yulon	The parent company	Sales	(1,244,521)	52	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	272,821	62	
Union & NKH Auto Parts	China Motor	An investee accounted for by equity method	Sales	(688,528)	29	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	58,063	13	
Fuzhou Lianghong	Southeast Bus	A related party in substance	Sales	(1,446,276)	59	45 days	-	-	160,831	33	
Yueki	Yulon	The parent company	Sales	(920,269)	63	45 days	Bargaining	45 days	203,813	38	
	China Motor	An investee accounted for by equity method	Sales	(158,544)	11	45 days	Bargaining	45 days	28,980	5	
	Kian-shen	A related party in substance	Sales	(148,227)	10	45 days	Bargaining	45 days	53,561	10	
Y-Teks	Yulon	The parent company	Sales	(295,338)	71	45 days	-	-	81,699	54	
Yue Sheng	Yulon	The parent company	Sales	(274,962)	57	At sight or a month	Bargaining	At sight or a month	59,910	60	
Luxgen	Hui-Fong	A related party in substance	Sales	(328,751)	3	At sight	-	At sight	-	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(256,553)	2	At sight	-	At sight	7,602	3	
	TAC	The same ultimate parent company	Sales	(10,967,160)	91	Within 3 days	-	Within 3 days	72,177	28	
Luxgen Taipei	Car-plus Corporation	The same ultimate parent company	Sales	(178,475)	4	1 day	-	1 day	1,552	1	
Singan	Yulon	The parent company	Sales	(143,607)	64	At sight or a month	Bargaining	At sight or a month	45,210	75	
Singgual Travel	Yulon	The parent company	Sales	(260,679)	34	At sight or a month	Bargaining	At sight or a month	60,806	36	

(Continued)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/(Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Dong Feng Yulon Sales Company	Jiangmen Yuli	The same ultimate parent company	Sales	\$ (119,149)	2	Sales revenue received in advance	-	Sales revenue received in advance	\$ -	-	
Hangchow Liangrun	Dongfeng Yulon	An investee accounted for by equity method	Sales	(157,484)	54	65 days	Note 1	Note 1	270,731	70	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	1,244,521	4	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	(272,821)	6	
	Yueki	The Company's subsidiary	Purchase	920,269	3	45 days	Bargaining	45 days	(203,813)	5	
	Nissan Motor Co., Ltd.	A related party in substance	Purchase	7,230,561	26	12 days after bill of lading	-	12 days after bill of lading	(354,018)	8	
	Y-Teks	The Company's subsidiary	Purchase	295,338	1	45 days	-	-	(81,699)	2	
	Yue Sheng	The Company's subsidiary	Purchase	274,962	1	At sight or a month	Bargaining	At sight or a month	(59,910)	1	
	Dongfeng Yulon	An investee accounted for by equity method	Purchase	1,893,409	7	60 days after monthly closing	-	60 days after monthly closing	(174,829)	4	
	Singan	The Company's subsidiary	Purchase	143,607	1	At sight or a month	Bargaining	At sight or a month	(45,210)	1	
	Singual Travel	The same ultimate parent company	Purchase	260,679	1	At sight or a month	Bargaining	At sight or a month	(60,806)	1	
	Uni-calsonic	An investee accounted for by equity method	Purchase	145,775	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(32,439)	1	
	China Ogihara	An investee accounted for by equity method	Purchase	353,807	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(245)	-	
	China Engine	An investee accounted for by equity method	Purchase	149,734	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(42,907)	1	
	Yuen-jin	A related party in substance	Purchase	138,372	-	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
	Taiway	A related party in substance	Purchase	187,602	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(52,168)	1	
TAC	Yulon Nissan	An investee accounted for by equity method	Purchase	29,375,994	65	Within 3 days	-	-	(397,862)	58	
	Luxgen	The same ultimate parent company	Purchase	10,967,160	24	Within 3 days	-	-	(72,177)	11	
	Sin Jiang	The same ultimate parent company	Purchase	5,034,276	11	Within 3 days	-	-	(960)	-	
Car-plus Corporation	Hui-Fong	A related party in substance	Purchase	445,868	6	10 days	-	-	(9,616)	3	
	Diamond Leasing	The same ultimate parent company	Purchase	751,083	8	1 day	-	-	(27,200)	8	
	Yu Sing	The same ultimate parent company	Purchase	332,896	4	30 days	-	-	(21,648)	6	
	Luxgen Taipei	The same ultimate parent company	Purchase	178,475	2	1 day	-	-	(1,552)	-	
Yu Sing	TAC	The same ultimate parent company	Purchase	3,216,501	77	Receipt of payment on the day	-	-	(15,027)	33	
	Yulon Nissan	An investee accounted for by equity method	Purchase	438,867	11	Receipt of payment on the day	-	-	(6,102)	14	
Yushin	TAC	The same ultimate parent company	Purchase	2,483,437	83	Receipt of payment on the day	-	-	(9,791)	14	
	Yulon Nissan	An investee accounted for by equity method	Purchase	254,196	8	Receipt of payment on the day	-	-	(1,727)	3	
Yu Chang	TAC	The same ultimate parent company	Purchase	4,472,038	85	Receipt of payment on the day	-	-	(44,336)	44	
Empower	TAC	The same ultimate parent company	Purchase	3,059,283	76	Receipt of payment on the day	-	-	(86,385)	68	
	Yulon Nissan	An investee accounted for by equity method	Purchase	342,456	8	Receipt of payment on the day	-	-	-	-	
Luxgen	Yulon	The parent company	Purchase	9,340,020	97	Within 90 days	-	60 days to 180 days	(173,505)	88	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	3,625,814	89	Receipt of payment on the day	-	-	(23,447)	52	
	Luxgen	The same ultimate parent company	Purchase	256,553	6	At sight	-	-	(7,602)	17	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	2,076,170	90	Receipt of payment on the day	-	-	(13,531)	37	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	2,196,992	89	Receipt of payment on the day	-	-	(7,107)	27	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	1,374,781	89	Receipt of payment on the day	-	-	(5,024)	68	
Luxgen Kaohsiung	TAC	The same ultimate parent company	Purchase	1,567,345	97	Receipt of payment on the day	-	-	(5,078)	100	
Jiangmen Yuli	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	119,149	22	Payment in advance	-	-	-	-	
Fu Jian Yu Xin	Southeast Bus	A related party in substance	Purchase	423,451	73	Payment in advance	-	-	-	-	
Dong Feng Yulon Sales Company	Dongfeng Yulon	An investee accounted for by equity method	Purchase	4,217,836	95	Payment in advance	-	-	(6,295,603)	85	
Luxgen (Hangzhou) Motor Sales Co., Ltd.	Dongfeng Yulon	An investee accounted for by equity method	Purchase	2,491,516	98	Payment in advance	-	-	(725,995)	81	

Note: Till the end of balance sheet date, no other transaction parties were available for comparison, since Hangchow Liangrun Parts Company had traded with Dong Feng Yulon Motors and Union & NKH Auto Parts Company only.

(Concluded)

TABLE 8

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Yulon Nissan	An investee accounted for by equity method	\$ 420,462 (Note 1)	57.98	\$ -	-	\$ 380,041	\$ -
	Luxgen	The Company's subsidiary	241,305 (Note 2)	51.62	-	-	214,436	-
Union & NKH Auto Parts	The Company	The parent company	272,821	5.54	-	-	172,296	-
Fuzhou Lianghong	Southeast Bus	A related party in substance	160,830	5.49	-	-	59,215	-
Hangchow Liangrun	Dongfeng Yulon	An investee accounted for by equity method	270,731	0.24	-	Actively demand for settlement	-	-
Yueki	The Company	The parent company	203,813	4.40	940	Depend on capital status	146,381	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	348,118	0.70	193,342	-	62,405	-
Yulon China	Sheng Qing	The same ultimate parent company	802,119 (Note 3)	-	-	-	-	-
Ke Yu	Sheng Qing	The same ultimate parent company	457,741 (Note 3)	-	-	-	-	-
	Tai Feng (Nan Jing) Software Technology Co., Ltd.	The same ultimate parent company	216,218 (Note 3)	-	-	-	-	-
Mei De	Sheng Qing	The same ultimate parent company	137,628 (Note 3)	-	-	-	-	-
Sheng Qing	Zhu Hai Fu Te En	The same ultimate parent company	200,759 (Note 3)	-	-	-	-	-
	Nanjing Hanhong	The same ultimate parent company	138,881 (Note 3)	-	-	-	-	-
	Yulon Motor Investment	The same ultimate parent company	1,065,673 (Note 3)	-	-	-	-	-
	Tai Feng	The same ultimate parent company	107,652 (Note 3)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
	Wuhan Yu Hsin	The same ultimate parent company	\$ 232,332 (Note 3)	-	\$ -	-	\$ -	\$ -
	Shen Jun Yu Peng	The same ultimate parent company	190,125 (Note 3)	-	-	-	-	-
	Xiao Gan Yu Feng	The same ultimate parent company	100,838 (Note 3)	-	-	-	-	-
Guang Zhou Yuan Du	Qingdao Yuanhuang	The same ultimate parent company	113,866 (Note 3)	-	-	-	-	-
Hangzhou Yu-Jie	Sheng Qing	The same ultimate parent company	412,518 (Note 3)	-	-	-	-	-
	Dongfeng Yulon	An investee accounted for by equity method	229,177 (Note 3)	-	-	-	-	-
Yulon Motor Investment	Haitec Co., Ltd. (Hangzhou)	An investee accounted for by equity method	190,217 (Note 3)	-	-	-	-	-
SCC	Yu Rich Financial Services Co., Ltd.	The same ultimate parent company	800,000 (Note 3)	-	-	-	-	-
Nan Jing Yu Hua	Nanjing Hanhong	The same ultimate parent company	116,834 (Note 3)	-	-	-	-	-
TAC	Yu Rich Financial Services Co., Ltd.	The same ultimate parent company	800,000 (Note 3)	-	-	-	-	-
Union & NKH Auto Parts	Hangchow Liangrun	The same ultimate parent company	191,183 (Note 3)	-	-	-	-	-
Qing Yi	Wen Yang	The same ultimate parent company	456,816 (Note 3)	-	-	-	-	-
Nanjing Hanhong	Nan Jing Yu Shang	The same ultimate parent company	104,563 (Note 3)	-	-	-	-	-

Note 1: The receivables comprised account and notes receivables of \$389,409 thousand and other receivables of \$31,053 thousand.

Note 2: The receivables comprises account receivables of \$173,505 thousand and other receivables of \$67,800 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

TABLE 9

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
The Company	Yulon Nissan	Miaoli, Taiwan	Sales of cars	\$ 7,062,225	\$ 7,062,225	143,500	47.83	\$ 9,932,892	\$ 6,642,500	\$ 3,031,391	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	810,409	810,409	111,480	8.05	4,494,370	4,540,190	332,754	-
	TAC	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	125,657	45.75	3,575,591	2,324,227	1,063,334	-
	Tai-Yuen Textiles	Taipei, Taiwan	Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products	44,956	44,956	170,685	20.85	7,654,038	1,116,246	178,810	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	60,651	60,651	9,846	50.58	343,486	(37,688)	(17,653)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	106,948	106,948	14,680	50.97	235,160	24,855	12,756	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	62,764	10,006	7,771	-
	Union & NKH Auto Parts	Taipei, Taiwan	Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles	183,692	183,692	21,729	25.01	626,120	200,714	50,027	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	61,271	39,372	4,423	22.68	106,225	31,212	6,504	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	90,506	13,152	29,428	-
	China Ogihara	Taoyuan, Taiwan	Design, manufacturing and sales of cars and various kinds of molds, fixtures, stamping parts and inspection implements	280,071	280,071	25,470	37.76	486,484	181,245	58,827	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	110,286	12,414	3,298	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,077,221	1,077,221	72,691	60.00	711,991	456,114	270,117	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	1,122,659	1,122,659	25,484	100.00	937,314	172,644	170,276	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	77,622	100.00	672,169	60,835	60,835	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	15,999	80.00	196,587	15,270	24,153	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	181,524	5,676	(3,008)	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	9,475	27.00	207,399	141,399	40,185	-
	Tai Yuen Venture Capital	Taipei, Taiwan	Investments	-	237,897	-	-	-	25,159	12,454	-
	Chi Ho	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	-	27,540	-	-	-	(306)	26	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	71,166	42,485	7,117	20.33	107,059	11,283	3,179	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	566,868	566,868	1,004	20.46	609,038	248,675	51,012	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,595	3.46	63,345	410,683	13,900	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	99,935	99,935	10,213	35.62	152,818	108,835	38,789	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	5,599	20.00	63,844	16,232	4,642	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	40,680	40,680	8,332	43.85	21,471	(890)	(390)	-
	Sin Jiang	Taipei, Taiwan	Wholesale and retail of secondhand cars	85,895	85,895	8,568	20.01	97,012	30,503	6,103	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	1,024,733	117,417	117,417	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	325,199	325,199	32,519	90.33	35,716	13,298	37,565	-
	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	61,307	61,307	602	34.00	351,941	199,187	64,443	-
	Yulon Overseas	B.V.I.	Investments	15,512,944	10,034,951	506,648	100.00	953,070	(5,347,192)	(5,334,148)	-
	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	1,387,096	888,988	154,610	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	99,000	99,000	9,900	17.88	121,102	100,423	16,523	-
Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	67,459	67,459	6,746	100.00	80,704	5,228	5,228	-	
Haitec	Taipei, Taiwan	Product design	2,047,449	2,007,456	205,600	41.12	(94,052)	(944,472)	(171,194)	-	
Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	64,690	23,166	9,218	-	
DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	1,669	439	88	-	
Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	8,840,000	7,540,000	280,000	100.00	1,211,179	(116,493)	(112,654)	-	
Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	500,000	500,000	2,808	100.00	28,343	262	262	-	
Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	27,180	6,990	1,550	-	
Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	400,000	300,000	10,000	100.00	39,342	(38,646)	(37,442)	-	
Yulon Construction	Taipei, Taiwan	Construction industry	3,034,485	3,034,485	122,100	100.00	4,875,843	156,624	65,858	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
TAC	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	\$ 757,288	\$ 757,288	51,492	68.57	\$ 1,261,244	\$ 410,683	\$ -	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	134,000	100.00	2,657,950	480,044	-	-
	TAC Global	Samoa	Shareholding company	1,564,612	1,564,612	50,537	100.00	2,082,694	263,935	-	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	153,763	888,988	-	-
	Empower	Taichung, Taiwan	Retail of cars and related parts	48,843	48,843	7,560	27.00	90,943	16,232	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	181,731	181,731	17,128	40.00	193,912	30,503	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	500,001	500,001	45,455	82.12	578,389	100,423	-	-
SCC	Shinshin Samoa	Samoa	Shareholding company	389,077	389,077	12,000	100.00	400,023	34,510	-	-
Car-plus Corporation	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	91,771	9,540	-	-
	Car-Plus Samoa	Samoa	Shareholding company	378,187	378,187	12,000	100.00	566,367	48,979	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	90,811	90,811	8,559	19.99	96,898	30,503	-	-
Da-Wei	Taipei, Taiwan	brokerage of electric vehicles	10,000	10,000	1,000	100.00	10,146	164	-	-	
Da-Wei Technology Co., Ltd.	Da Teng	Taipei, Taiwan	Taxi service	1,235	-	500	100.00	1,375	140	-	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	15,973	996	-	-
Sin Jiang	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	42,790	42,790	1,337	71.34	28,538	(3,327)	-	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,004	193,004	6,000	60.00	369,953	59,035	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	185,183	185,183	6,000	60.00	196,415	22,596	-	-
TAC Global	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	246,635	59,035	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	130,943	22,596	-	-
	Yu Rong International	Samoa	Shareholding company	1,296,290	1,296,290	42,000	100.00	1,693,649	232,236	-	-
	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	537	28.66	11,465	(3,327)	-	-
Tai Yuen Venture Capital	Haitec	New Taipei City, Taiwan	Product design	-	112,418	-	-	-	(944,472)	-	-
Yu Pong	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	42,080	42,080	1,135	0.08	29,514	4,540,190	-	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	682,685	682,685	48,461	40.00	684,225	456,114	-	-
Yue Sheng	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	25,510	25,510	212	11.99	128,018	199,187	-	-
Yung Hong	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	253,834	253,834	9,994	0.72	259,847	4,540,190	-	-
Yu Ching	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	55,467	55,467	3,500	1.17	92,730	888,988	-	-
	Yulon Nissan	Miaoli, Taiwan	Sales of cars	336,923	336,923	3,500	1.17	251,676	6,642,500	-	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	19,914	19,914	2,742	9.56	40,864	108,835	-	-
	Chinh-Ling	Taipei, Taiwan	Product design	36,098	36,098	5,000	100.00	17,829	(287)	-	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	9	9	1	0.01	9	6,990	-	-
Yueki	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	408	408	27	-	747	4,540,190	-	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	17,328	17,328	800	4.10	17,328	31,212	-	-
	Yue Ki Samoa	Samoa	Investments	123,058	123,058	4,126	100.00	553,078	17,325	-	-
Yue Ki HK	Hong Kong	Investments	330,094	330,094	-	100.00	96,611	(65,278)	-	-	
Yu Chang	Tian Wang	Kaohsiung, Taiwan	Secondhand cars and car related products	17,000	17,000	1,700	100.00	29,954	8,521	-	-
	Yu Chang China	Samoa	Investments	47,422	47,422	1,564	100.00	-	-	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	26,450	26,450	1,420	20.00	9,969	1,911	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Yushin	Yu Pool	Miaoli, Taiwan	Supply of and providing services on information software and retail trade of spare parts of vehicles	\$ 7,000	\$ 7,000	1,000	100.00	\$ 35,446	\$ 1,549	\$ -	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	12,250	12,250	2,100	20.00	21,877	4,673	-	-
	Yu Shin Investment	Samoa	Investments	46,331	46,331	-	100.00	(17,649)	(6,473)	-	-
Singan	Singual Travel	New Taipei City, Taiwan	Sales of car parts	130,591	130,591	13,000	100.00	219,452	42,070	-	-
	Hsiang Shou	New Taipei City, Taiwan	Towing	128,400	128,400	10,000	100.00	208,743	65,643	-	-
	Hong Shou Culture	New Taipei City, Taiwan	Publication	64,100	64,100	5,000	100.00	22,542	(11,278)	-	-
Empower	Chunmin	Taichung, Taiwan	Comprehensive retail of car parts	8,000	8,000	800	100.00	10,931	97	-	-
	Hong Yen	Samoa	Investments	47,082	47,082	45,995	100.00	68,024	(27,005)	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	27,446	27,446	2,120	20.00	8,848	(9,159)	-	-
	Yu Ming Insurance	Taichung, Taiwan	Property insurance	3,000	3,000	300	100.00	3,345	(316)	-	-
Sin Chi	Yulon Nissan	Miaoli, Taiwan	Sales of cars	311,853	311,853	3,050	1.02	219,126	6,642,500	-	-
	Yu Chia	Taipei, Taiwan	Sales, maintenance and repair of heavy vehicles and related products	120,000	120,000	12,000	100.00	39,677	819	-	-
	Chan Chen	Taipei, Taiwan	Management consulting, leases of real estate and general advertising	10,000	10,000	1,000	100.00	14,884	3,099	-	-
Yu Sing	Yu-Jan	Taipei, Taiwan	Sales and arrangement of cars and related products	-	5,000	-	-	-	-	-	-
	Ding Long	Taipei, Taiwan	Sales, maintenance and repair of cars and parts	37,790	37,790	3,779	37.79	41,851	1,419	-	-
	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	-	22,050	-	-	-	(52,165)	-	-
Y-Teks	Yu-Hsin Intl	B.V.I.	Investments	65,854	65,854	2,208	66.67	1,094,645	313,664	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	435	435	-	-	735	4,540,190	-	-
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	632,823	(21,054)	-	-
Union & NKH Auto Parts	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	640	640	64	-	1,664	4,540,190	-	-
	Uni Investment	B.V.I.	Investments	289,287	289,287	8,403	100.00	2,151,890	213,873	-	-
Luxgen	Luxgen Taipei	New Taipei City, Taiwan	Repair, wholesale and retail of cars and parts	157,625	157,625	18,499	99.99	165,591	(52,165)	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Repair, wholesale and retail of cars and parts	64,883	64,883	6,299	59.99	61,193	4,673	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	71,624	71,624	6,359	59.99	26,098	(9,159)	-	-
	Luxgen Tainan	Tainan, Taiwan	Repair, wholesale and retail of cars and parts	182,388	182,388	8,399	79.99	64,163	(18,790)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	58,344	58,344	4,259	59.99	28,053	1,911	-	-
	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	140,159	164,961	-	-
	Singan	New Taipei City, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	85,257	108,835	-	-
Luxgen Overseas Holdings Private Limited	Luxgen Limited Liability	Russia	Sale, maintenance and repair of cars and parts	-	1,148,111	-	99.99	-	(1,830)	-	-
Yulon Construction	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,690	1,690	32	-	838	4,540,190	-	-
	YuFeng Co., Ltd.	New Taipei City, Taiwan	Buildings and Greening services	24,990	-	2,499	99.96	24,986	-	-	-
Yulon Energy	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	200	100.00	1,085	(122)	-	-
Yulon Overseas	Yulon Philippine	Cayman	Investments	1,063,467	1,152,446	32,791	100.00	(57,750)	191,962	-	-
	Yulon China	B.V.I.	Investments	14,423,409	9,693,873	290,564	100.00	960,825	(5,538,805)	-	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	868,813	941,507	-	100.00	(33,134)	236,664	-	-
	NPI	Philippine	Sale, maintenance and repair of cars and parts	70,001	75,858	12	24.50	(27,591)	(181,226)	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Yulon China	Qing Yi	Samoa	Investments	\$ 471,696	\$ 511,163	15,850	100.00	\$ 567,049	\$ (139)	\$ -	-
	Wen Yang	Samoa	Investments	479,136	519,225	16,100	100.00	282,628	(86,506)	-	-
	Tai Xin	Samoa	Investments	720,823	781,134	19,600	100.00	752,215	(11,056)	-	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	8,102,631	6,807,975	-	100.00	172,007	(3,164,301)	-	-
	Yulon China Holding	Cayman	Investments	4,399,037	854,625	22,500	100.00	(925,250)	(2,303,215)	-	-
	Feng Hua	Hong Kong	Investments	83,328	90,300	-	40.00	95,453	37,928	-	-
Yulon China Holding	Yulon Motor Investment	Hong Kong	Investments	4,399,037	854,625	-	100.00	(925,129)	(2,303,215)	-	-

(Concluded)

TABLE 10

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting	\$ 70,476	b.	\$ 55,354	\$ -	\$ -	\$ 55,354	\$ 29,882	100.00	\$ 29,882	\$ 597,911	\$ -	2, 2)
Ke Yu	Computer software maintenance and computer system integration	836,226	b.	717,847	-	-	717,847	(10,902)	100.00	(10,902)	749,620	-	2, 2)
Tai Feng	Computer software maintenance and computer system integration	520,202	b.	441,936	-	-	441,936	(8,244)	100.00	(8,244)	496,927	-	2, 2)
Qing Tai	Computer software maintenance and computer system integration	547,764	b.	456,816	-	-	456,816	(78,159)	100.00	(78,159)	271,332	-	2, 2)
Dongfeng Yulon	Manufacturing of key car components, electric cars and related parts	16,139,622	b.	6,217,879	1,799,393	-	8,017,272	(6,354,132)	50.00	(3,177,067)	52,784	-	2, 2)
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts	201,126	b.	83,328	-	-	83,328	37,929	40.00	15,171	238,631	-	2, 2)
Yulon Motor Investment	Investment, shareholding and related business	834,862	b.	788,640	965,234	-	1,753,874	(1,278,749)	100.00	(1,278,749)	(2,985,404)	-	2, 2)
Hang Zhou Haitec Company	Product design	140,599	b.	14,880	-	-	14,880	(51,244)	10.00	(5,124)	404,689	-	2, 1)
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	4,554,637	a.	1,306,110	1,173,765	-	2,479,875	56,999	73.42	41,847	4,533,163	-	2, 2)
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chastises, connection arms, cross rails of engines and other stamping and welding parts	145,715	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system	62,245	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing	78,279	b.	2,976	-	-	2,976	-	-	-	-	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts	113,811	b.	2,232	-	-	2,232	45	2.59	-	2,232	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products	361,180	b.	2,976	-	-	2,976	5,523	2.10	-	2,976	-	-
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts	683,196	b.	-	-	-	-	54,656	17.00	9,292	537,977	-	2, 3)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Hangchow Yue Wan	Manufacturing of car parts	\$ 340,089	b.	\$ -	\$ -	\$ -	\$ -	\$ (65,247)	51.00	\$ (33,276)	\$ 110,860	\$ -	2, 3)
Hangchow Y-Teks	Manufacturing and sales of car interior furnishing and related business	271,956	b.	-	-	-	-	(30,643)	27.00	(8,274)	330,515	-	2, 3)
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business	53,036	b.	-	-	-	-	142	14.00	20	78,178	-	2, 3)
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business	148,800	b.	-	-	-	-	94,588	5.00	4,729	191,980	-	2, 3)
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business	196,416	b.	-	-	-	-	1,527,839	6.00	91,670	1,008,224	-	2, 3)
Fuzhou Lianghong	Manufacturing of car seats	473,519	b.	-	-	-	-	183,335	17.00	31,167	636,601	-	2, 3)
Hangchow Liangrun	Manufacturing of car seats	444,710	b.	-	-	-	-	(40,445)	25.00	(10,111)	206,254	-	2, 3)
Guang Zhou Ri Zheng Spring	Manufacturing of vibration damper springs	796,080	b.	-	-	-	-	355,226	25.00	88,807	1,276,669	-	2, 3)
Shang Hai Jing-Huei	Sales of car parts	51,372	a.	-	-	-	-	9,932	96.00	9,535	76,655	-	2, 3)
Yu-Jie	Construction industry	2,277,319	a.	-	-	-	-	8,438	100.00	8,438	2,288,152	-	2, 2)
Car-Plus (Suzhou)	Lease of cars and related services	297,600	b.	-	-	-	-	59,035	39.20	23,140	615,464	-	2, 2)
Car-Plus Leasing (Shanghai)	Lease of cars and related services	297,600	b.	-	-	-	-	22,596	39.20	8,857	615,464	-	2, 2)
TAC Leasing (Suzhou)	Equipments and cars leasing business	892,800	b.	-	-	-	-	197,725	45.75	90,459	1,333,924	-	2, 2)
TAC Finance Company	Equipments and cars leasing business	892,800	b.	-	-	-	-	86,276	56.60	48,832	379,864	-	2, 2)
Zhe Jiang Cheng Yi Company	Secondhand vehicle consultation service and Vehicle transaction agent	91,093	b.	-	-	-	-	(4,987)	52.59	(2,623)	45,801	-	2, 3)
Hangzhou Cheng-Yi-Jun	Secondhand vehicle authenticate and evaluation service	2,277	b.	-	-	-	-	(4)	52.59	(2)	2,182	-	2, 3)
Zhejiang Cheng-Yi Auction	Secondhand vehicle auction service	9,109	b.	-	-	-	-	(2,101)	52.59	(1,105)	6,982	-	2, 3)
Su Zhou Yu Guo	Car purchases and loans to car dealers for car purchases	9,109	b.	-	-	-	-	2,009	16.98	341	2,477	-	2, 3)
Shanghai Yu Guo	Car purchases and loans to car dealers	9,109	b.	-	-	-	-	509	16.98	86	3,182	-	2, 3)
Dongguan Yu Guo	Sales of cars	9,109	b.	-	-	-	-	2,924	16.98	496	2,211	-	2, 3)
Xiamen Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(6,951)	16.98	(1,180)	788	-	2, 3)
Chengdu Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(5,573)	16.98	(946)	1,043	-	2, 3)
Ho Fei Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(577)	16.98	(98)	2,557	-	2, 3)
Qingdao Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(1,252)	16.98	(213)	2,353	-	2, 3)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
Wuhan Yu Guo	Sales of cars	\$ 9,109	b.	\$ -	\$ -	\$ -	\$ -	\$ (135)	42.60	\$ (58)	\$ 8,973	\$ -	2, 3)
Kunming Yu Guo	Sales of cars	9,109	b.	-	-	-	-	(1,942)	16.98	(330)	2,144	-	2, 3)
Fu Jian Yu Xin	Sales of cars	91,977	b.	-	-	-	-	(13,204)	100.00	(13,204)	(43,351)	-	2, 2)
Ning Bo Yu Cheng	Sales of cars	91,977	b.	-	-	-	-	(17,777)	100.00	(17,777)	(24,162)	-	2, 2)
Shanghai Yuming	Sales of cars	176,616	b.	-	-	-	-	(56,949)	67.00	(38,147)	80	-	2, 2)
Ka Shing Yu Da	Sales of cars	56,302	b.	-	-	-	-	(14,380)	67.00	(9,633)	33,436	-	2, 2)
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts	70,378	b.	-	-	-	-	(6,528)	45.00	(2,921)	36,693	-	2, 3)
Yi Ding	Sales of cars and car parts	229,941	b.	-	-	-	-	(2,486,738)	50.00	(1,243,369)	(4,096,853)	-	2, 1)
Luxgen (Hangzhou) Motor Sales	Sales of cars and car parts	2,735,573	b.	-	2,735,573	-	2,735,573	(1,069,314)	100.00	(1,069,314)	1,625,905	-	2, 1)
Sheng Qing	Investments	2,118,647	b.	-	-	-	-	64,486	100.00	64,486	1,440,957	-	2, 2)
Mei De	Computer software maintenance and computer system integration	365,607	b.	-	-	-	-	550	100.00	550	368,652	-	2, 2)
Shi Cheng	Computer software maintenance and computer system integration	333,078	b.	-	-	-	-	(78,547)	100.00	(78,547)	11,569	-	2, 2)
Jin Ce	Computer software maintenance and computer system integration	90,459	b.	-	-	-	-	(4,338)	100.00	(4,338)	72,915	-	2, 2)
Yi Ding Information Technology Limited	Computer software maintenance and computer system integration	253,856	b.	-	-	-	-	1,171	100.00	1,171	240,722	-	2, 2)
Dong Tai	Investments	339,378	b.	-	-	-	-	(83,239)	100.00	(83,239)	(7,941)	-	2, 2)
Gao Te	Investments	266,732	b.	-	-	-	-	1,072	100.00	1,072	245,695	-	2, 2)
Shen Jun Yu Peng	Sales of cars	55,186	b.	-	-	-	-	16,583	65.00	10,779	187	-	2, 2)
Su Zhou Feng Shen	Sales of cars	220,744	b.	-	-	-	-	220,394	40.00	88,158	377,841	-	2, 2)
Guang Zhou Yuan Du	Sales of cars	160,959	b.	-	-	-	-	21,188	51.00	10,806	128,462	-	2, 2)
Zhu Hai Fu Te En	Sales of cars	22,994	b.	-	-	-	-	21,021	100.00	21,021	139,358	-	2, 2)
Nanjing Hanhong	Sales of cars	323,080	b.	-	-	-	-	(3,978)	100.00	(3,978)	179,357	-	2, 2)
Wuhan Yu Hsin	Sales of cars	128,767	b.	-	-	-	-	51,493	100.00	51,493	(15,272)	-	2, 2)
HangZhou Yu Zhong	Trading	45,988	b.	-	-	-	-	221	100.00	221	77,165	-	2, 2)
Shanghai Yuexing	Sales of cars	193,339	b.	-	-	-	-	(11,695)	100.00	(11,695)	1	-	2, 2)
Jiangmen Junxing	Sales of cars	92,906	b.	-	-	-	-	15,164	60.00	9,099	71,412	-	2, 2)
Jiangmen Yuli	Sales of cars	46,918	b.	-	-	-	-	3,113	60.00	1,868	58,240	-	2, 2)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outward	Inward							
He-Shan Li-Sheng	Sales of cars	\$ 2,915	b.	\$ -	\$ -	\$ -	\$ -	\$ 473	60.00	\$ 284	\$ -	\$ -	2, 2)
Guang Zhou Yuan Zhi	Sales of cars	45,988	b.	-	-	-	-	(17,237)	51.00	(8,791)	(11,502)	-	2, 2)
Qingdao Yuanhuang	Sales of cars	137,965	b.	-	-	-	-	(9,510)	51.00	(4,850)	(76,390)	-	2, 2)
Hang Zhou Hua Zhi	Sales of cars	91,977	b.	-	-	-	-	(54,832)	80.00	(43,865)	(95,161)	-	2, 2)
Chang Sha Yu Lu	Sales of cars	91,977	b.	-	-	-	-	(18,002)	100.00	(18,002)	52,665	-	2, 2)
Hang Zhou Tang Yu	Investments	45,988	b.	-	-	-	-	92	100.00	92	49,438	-	2, 2)
Hang Zhou Chien Yu	Investments	45,988	b.	-	-	-	-	(149)	100.00	(149)	41,183	-	2, 2)
Zhuhai Yuhsin	Sales of cars	22,994	b.	-	-	-	-	(8,880)	100.00	(8,880)	(19,084)	-	2, 2)
Shenzhen Yu Zhi	Sales of cars	45,988	b.	-	-	-	-	(12,105)	100.00	(12,105)	23,165	-	2, 2)
Xiao Gan Yu Feng	Sales of cars	73,581	b.	-	-	-	-	42,573	100.00	42,573	89,166	-	2, 2)
Su Zhou Feng Shun	Sales of cars	115,622	b.	-	-	-	-	105,064	40.00	42,025	341,639	-	2, 2)
Suzhou Yueshun	Sales of cars	45,988	b.	-	-	-	-	(532)	40.00	(213)	50,292	-	2, 2)
Su Chou Cheng Pin	Sales of cars	185,814	b.	-	-	-	-	7,906	40.00	3,163	189,974	-	2, 2)
Wu Jiang Lian Cheng	Sales of cars	45,988	b.	-	-	-	-	33,302	40.00	13,321	132,763	-	2, 2)
Su Zhou Cheng Li	Sales of cars	69,447	b.	-	-	-	-	2,460	40.00	984	41,894	-	2, 2)
Hang Zhou Hsiao Yu	Investments	45,988	b.	-	-	-	-	(81)	99.00	(80)	41,028	-	2, 2)
Nan Jing Yu Shang	Sales of cars	36,791	b.	-	-	-	-	(9,425)	100.00	(9,425)	(51,586)	-	2, 2)
Hang Zhou Hua You	Sales of cars	36,791	b.	-	-	-	-	(28,932)	80.00	(23,145)	(121,878)	-	2, 2)
Su Zhou Cheng Pang	Sales of cars	45,988	b.	-	-	-	-	17,304	40.00	6,922	56,090	-	2, 2)
Nan Jing Yu Hua	Sales of cars	137,965	b.	-	-	-	-	(1,563)	100.00	(1,563)	135,040	-	2, 2)
Su Zhou Cheng Guo	Sales of cars	46,918	b.	-	-	-	-	(12,222)	40.00	(4,889)	19,658	-	2, 2)
Su Zhou Cheng Hung	Sales of cars	46,918	b.	-	-	-	-	(3,974)	40.00	(1,589)	39,234	-	2, 2)
Tai Chang Cheng Mau	Sales of cars	46,918	b.	-	-	-	-	12,804	40.00	5,121	67,422	-	2, 2)
An Hui Min Tung	Sales of cars	46,918	b.	-	-	-	-	(16,345)	100.00	(16,345)	(13,172)	-	2, 2)
An Ching Tsai Tung	Sales of cars	23,459	b.	-	-	-	-	(6,969)	100.00	(6,969)	(69,540)	-	2, 2)
An Ching Ling Tung	Sales of cars	18,767	b.	-	-	-	-	(9,763)	100.00	(9,763)	(56,122)	-	2, 2)
Tung Ling Kuo Tung	Sales of cars	23,459	b.	-	-	-	-	(144)	100.00	(144)	(360)	-	2, 2)
Ho Fei Chun Hui	Sales of cars	2,346	b.	-	-	-	-	(21,012)	100.00	(21,012)	(26,631)	-	2, 2)
Zi Bo Yu An	Sales of cars	23,459	b.	-	-	-	-	(14,380)	100.00	(14,380)	(13,427)	-	2, 2)

(Continued)

Accumulated Investment in Mainland China as of December 31, 2017	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	\$18,143,378	\$20,962,925	\$47,472,685

Note 1: Method of investment have following type:

- a. Direct investment in Mainland China.
- b. Indirect investment in the Company of Mainland China through a third place.
- c. Other.

Note 2:

- a. If it is in preparation, there is no investment gains and losses, should be noted.
- b. The amounts of investment gain (loss) was recognized on following bases:
 - 1) Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.
 - 3) Other.

Note 3: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(Concluded)

TABLE 11

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
0	The Company	Luxgen	1	Notes and trade receivables, net	\$ 173,505	Based on regular terms	-
		Luxgen	1	Other receivables from related parties	67,800	Based on regular terms	-
		Yulon Motor Investment	1	Other receivables from related parties	13,309	Based on regular terms	-
		Yulon Construction	1	Operating revenue, net	65,754	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	11,556	Based on regular terms	-
		Chanchen	1	Operating revenue, net	14,595	Based on regular terms	-
		Luxgen	1	Operating revenue, net	9,809,762	Based on regular terms	10
		Luxgen Taipei	1	Operating revenue, net	17,560	Based on regular terms	-
		Luxgen	1	Nonoperating revenue and expense	22,112	Based on regular terms	-
		Yushin	1	Operating revenue, net	1,920,416	Based on regular terms	2
		Yu Sing	1	Operating revenue, net	2,385,206	Based on regular terms	3
		Yu Chang	1	Operating revenue, net	3,233,324	Based on regular terms	3
		Empower	1	Operating revenue, net	2,372,836	Based on regular terms	3
		Yushin	1	Operating revenue, net	101,209	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	244,877	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	435,541	Based on regular terms	-
		Empower	1	Operating revenue, net	118,643	Based on regular terms	-
		TAC	1	Operating revenue, net	75,529	Based on regular terms	-
		The Company	1	Long term investment	38,281	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	38,281	Based on regular terms	-
		Yushin	1	Operating revenue, net	172,441	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	322,538	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	300,471	Based on regular terms	-
		Empower	1	Operating revenue, net	251,908	Based on regular terms	-
		Singan	1	Operating revenue, net	20,078	Based on regular terms	-
		Yushin	1	Operating revenue, net	21,567	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	23,901	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	32,434	Based on regular terms	-
		Empower	1	Operating revenue, net	15,363	Based on regular terms	-
		The Company	1	Long term investment	10,968	Based on regular terms	-
The Company	1	Unrealized gain on transactions with associates	10,968	Based on regular terms	-		
The Company	1	Unrealized gain on transactions with associates	12,985	Based on regular terms	-		
The Company	1	Long term investment	11,727	Based on regular terms	-		
The Company	1	Unrealized gain on transactions with associates	11,727	Based on regular terms	-		
The Company	1	Unrealized gain on transactions with associates	12,022	Based on regular terms	-		

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
1	TAC	Empower	3	Notes and trade receivables, net	\$ 86,385	Based on regular terms	-
		Luxgen Taipei	3	Notes and trade receivables, net	23,447	Based on regular terms	-
		Yu Sing	3	Notes and trade receivables, net	15,027	Based on regular terms	-
		Yu Chang	3	Notes and trade receivables, net	44,336	Based on regular terms	-
		Luxgen Taoyuan	3	Notes and trade receivables, net	13,531	Based on regular terms	-
		Yu Rich	3	Other receivables from related parties	807,466	Based on regular terms	-
2	Car-plus Corporation	Diamond Leasing	3	Other receivables from related parties	345,191	Based on regular terms	-
		Yu Sing	3	Operating revenue, net	26,434	Based on regular terms	-
		Diamond Leasing	3	Operating revenue, net	10,568	Based on regular terms	-
		Hsiang Shou	3	Operating revenue, net	16,092	Based on regular terms	-
		Luxgen	3	Operating revenue, net	17,478	Based on regular terms	-
3	Diamond Leasing	Car-plus Corporation	3	Other receivables from related parties	27,200	Based on regular terms	-
		Y-Teks	3	Other current assets	66,393	Based on regular terms	-
		Union & NKH Auto Parts	3	Other current assets	31,319	Based on regular terms	-
		Yueki	3	Other current assets	33,587	Based on regular terms	-
4	Chan Yun	The Company	2	Operating revenue, net	21,469	Based on regular terms	-
5	Sin Chi	Yu Sing	3	Operating revenue, net	57,736	Based on regular terms	-
6	Singgual Travel	Luxgen Taipei	3	Notes and trade receivables, net	14,063	Based on regular terms	-
		The Company	2	Notes and trade receivables, net	60,806	Based on regular terms	-
		Luxgen Taichung	3	Notes and trade receivables, net	16,376	Based on regular terms	-
		Luxgen Kaohsiung	3	Notes and trade receivables, net	10,195	Based on regular terms	-
		The Company	2	Operating revenue, net	260,674	Based on regular terms	-
		Luxgen	3	Operating revenue, net	17,112	Based on regular terms	-
		Luxgen Taipei	3	Operating revenue, net	93,284	Based on regular terms	-
		Luxgen Taoyuan	3	Operating revenue, net	55,565	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	60,324	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	35,666	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	41,427	Based on regular terms	-
7	Singan	The Company	2	Notes and trade receivables, net	45,210	Based on regular terms	-
		The Company	2	Operating revenue, net	143,607	Based on regular terms	-
9	Sin Jiang	TAC	3	Operating revenue, net	34,584	Based on regular terms	-
10	H. K. Manpower	Car-plus Corporation	3	Operating revenue, net	19,828	Based on regular terms	-
11	Luxgen	The Company	2	Other receivables from related parties	33,007	Based on regular terms	-
		Singgual Travel	3	Operating revenue, net	44,031	Based on regular terms	-
		TAC	3	Operating revenue, net	10,967,160	Based on regular terms	12
		Car-plus Corporation	3	Operating revenue, net	96,268	Based on regular terms	-
		Luxgen Taipei	3	Operating revenue, net	244,831	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
		Luxgen Taoyuan	3	Operating revenue, net	\$ 121,550	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	108,536	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	54,032	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	72,710	Based on regular terms	-
12	Luxgen Taipei	Luxgen	3	Notes and trade receivables, net	40,854	Based on regular terms	-
		Luxgen	3	Other receivables from related parties	14,898	Based on regular terms	-
		TAC	3	Other current assets	24,223	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	192,053	Based on regular terms	-
		Luxgen	3	Operating revenue, net	71,349	Based on regular terms	-
13	Luxgen Taoyuan	TAC	3	Notes and trade receivables, net	10,685	Based on regular terms	-
		Luxgen	3	Notes and trade receivables, net	31,326	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	37,953	Based on regular terms	-
		Luxgen	3	Operating revenue, net	26,520	Based on regular terms	-
		Luxgen Taipei	3	Operating revenue, net	28,107	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	20,756	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	35,418	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	11,086	Based on regular terms	-
14	Luxgen Taichung	Luxgen	3	Notes and trade receivables, net	28,305	Based on regular terms	-
		TAC	3	Other current assets	37,676	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	29,110	Based on regular terms	-
15	Luxgen Tainan	Luxgen	3	Notes and trade receivables, net	16,997	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	25,151	Based on regular terms	-
		Luxgen	3	Operating revenue, net	24,733	Based on regular terms	-
16	Luxgen Kaohsiung	TAC	3	Notes and trade receivables, net	11,465	Based on regular terms	-
		Luxgen	3	Notes and trade receivables, net	12,227	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	29,953	Based on regular terms	-
		Luxgen	3	Operating revenue, net	18,558	Based on regular terms	-
17	Union & NKH Auto Parts	The Company	2	Notes and trade receivables, net	272,821	Based on regular terms	-
		Hangchow Liangrun	3	Notes and trade receivables, net	32,042	Based on regular terms	-
		Fuzhou Lianghong	3	Other receivables from related parties	28,425	Based on regular terms	-
		Uni Investment	3	Other receivables from related parties	25,103	Based on regular terms	-
		Hangchow Liangrun	3	Other receivables from related parties	191,183	Based on regular terms	-
		Diamond Leasing	3	Other receivables from related parties	16,442	Based on regular terms	-
		The Company	2	Operating revenue, net	1,183,480	Based on regular terms	1
		Fuzhou Lianghong	3	Operating revenue, net	53,132	Based on regular terms	-
		Hangchow Liangrun	3	Operating revenue, net	76,776	Based on regular terms	-
18	Gao Te	Tai Feng (Nan Jing) Software Technology Co., Ltd.	3	Other receivables from related parties	59,210	Based on regular terms	-
19	Hsiang Shou	Singan	3	Other receivables from related parties	80,464	Based on regular terms	-
		Luxgen	3	Operating revenue, net	17,772	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
20	Tian Wang	Yu Chang	3	Operating revenue, net	\$ 111,804	Based on regular terms	-
21	Yu Chang	Yu Sing	3	Operating revenue, net	22,701	Based on regular terms	-
		Yushin	3	Operating revenue, net	27,289	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	55,309	Based on regular terms	-
		Empower	3	Operating revenue, net	32,096	Based on regular terms	-
		Tai Feng	3	Operating revenue, net	57,738	Based on regular terms	-
22	Yu Sing	Luxgen Taipei	3	Nonoperating revenue and expense	12,856	Based on regular terms	-
		Car-plus Corporation	3	Notes and trade receivables, net	21,011	Based on regular terms	-
		TAC	3	Notes and trade receivables, net	32,740	Based on regular terms	-
		The Company	2	Other receivables from related parties	15,754	Based on regular terms	-
		The Company	2	Operating revenue, net	139,524	Based on regular terms	-
		Yushin	3	Operating revenue, net	15,288	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	344,731	Based on regular terms	-
		Empower	3	Operating revenue, net	22,160	Based on regular terms	-
		Yu Chang	3	Operating revenue, net	16,135	Based on regular terms	-
23	Yue Sheng	The Company	2	Notes and trade receivables, net	59,910	Based on regular terms	-
		The Company	2	Operating revenue, net	274,187	Based on regular terms	-
24	Yu Pong	The Company	2	Operating revenue, net	20,571	Based on regular terms	-
25	SCC	Yu Rich	3	Other receivables from related parties	803,014	Based on regular terms	-
26	Yu-Jie	Sheng Qing	3	Other receivables from related parties	416,804	Based on regular terms	-
27	Yulon Construction	The Company	2	Notes and trade receivables, net	153,562	Based on regular terms	-
		The Company	2	Guarantee deposits	40,149	Based on regular terms	-
		The Company	2	Operating revenue, net	166,830	Based on regular terms	-
28	Yueki	Luxgen	3	Notes and trade receivables, net	29,596	Based on regular terms	-
		Hangchow Yue Wan	3	Notes and trade receivables, net	194,970	Based on regular terms	-
		The Company	2	Notes and trade receivables, net	203,813	Based on regular terms	-
		Tai Feng	3	Other receivables from related parties	84,211	Based on regular terms	-
		The Company	2	Operating revenue, net	916,209	Based on regular terms	1
		Diamond Leasing	3	Operating revenue, net	13,800	Based on regular terms	-
		Luxgen	3	Operating revenue, net	167,077	Based on regular terms	-
29	Yue Ki Samoa	Yue Ki HK	3	Other receivables from related parties	14,856	Based on regular terms	-
30	Y-Teks	Luxgen	3	Notes and trade receivables, net	32,176	Based on regular terms	-
		The Company	2	Notes and trade receivables, net	81,699	Based on regular terms	-
		The Company	2	Operating revenue, net	292,718	Based on regular terms	-
		Yueki	3	Operating revenue, net	10,849	Based on regular terms	-
		Luxgen	3	Operating revenue, net	10,089	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
31	Yushin	Yu Pool	3	Nonoperating revenue and expense	\$ 23,307	Based on regular terms	-
		TAC	3	Notes and trade receivables, net	12,949	Based on regular terms	-
		Yu Sing	3	Operating revenue, net	35,438	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	10,812	Based on regular terms	-
		Empower	3	Operating revenue, net	37,486	Based on regular terms	-
		Yu Chang	3	Operating revenue, net	101,742	Based on regular terms	-
32	Yu Pool	Yushin	3	Notes and trade receivables, net	14,767	Based on regular terms	-
		Yushin	3	Operating revenue, net	92,163	Based on regular terms	-
33	Sheng Qing	Yulon Motor Investment	3	Nonoperating revenue and expense	44,342	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Other receivables from related parties	50,101	Based on regular terms	-
		Ning Bo Yu Cheng	3	Other receivables from related parties	45,546	Based on regular terms	-
		Nanjing Hanhong	3	Other receivables from related parties	138,006	Based on regular terms	-
		Yulon Motor Investment	3	Other receivables from related parties	1,359,559	Based on regular terms	1
		Shen Jun Yu Peng	3	Other receivables from related parties	209,254	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	230,867	Based on regular terms	-
		An Ching Ling Tung	3	Other receivables from related parties	32,476	Based on regular terms	-
		Chang Sha Yu Lu	3	Other receivables from related parties	15,395	Based on regular terms	-
		Shanghai Yuming	3	Other receivables from related parties	27,297	Based on regular terms	-
		Guang Zhou Yuan Du	3	Other receivables from related parties	18,219	Based on regular terms	-
		Xiamen Young Chang	3	Other receivables from related parties	98,836	Based on regular terms	-
		Ke Yu	3	Other receivables from related parties	77,429	Based on regular terms	-
		Zhu Hai Fu Te En	3	Other receivables from related parties	199,493	Based on regular terms	-
		Qing Tai	3	Other receivables from related parties	31,882	Based on regular terms	-
		Zhuhai Yuhsin	3	Other receivables from related parties	47,824	Based on regular terms	-
		Jiangmen Junxing	3	Other receivables from related parties	86,538	Based on regular terms	-
		Qingdao Yuanhuang	3	Other receivables from related parties	91,093	Based on regular terms	-
		Fu Jian Yu Xin	3	Other receivables from related parties	107,652	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Other receivables from related parties	63,765	Based on regular terms	-
		Xiao Gan Yu Feng	3	Other receivables from related parties	100,202	Based on regular terms	-
Hang Zhou Hua You	3	Other receivables from related parties	11,033	Based on regular terms	-		
An Ching Tsai Tung	3	Other receivables from related parties	74,957	Based on regular terms	-		
Tung Ling Kuo Tung	3	Other receivables from related parties	10,931	Based on regular terms	-		
Zibo Yu An Automobiles Sales & Services Limited	3	Other receivables from related parties	13,664	Based on regular terms	-		
34	Hangchow Y-Teks	Luxgen (Hangzhou) Motor Sales Co., Ltd	3	Notes and trade receivables, net	11,571	Based on regular terms	-
35	Hangchow Liangrun	Union & NKH Auto Parts	3	Notes and trade receivables, net	18,455	Based on regular terms	-
36	Hang Zhou Hua Zhi	An Ching Tsai Tung	3	Notes and trade receivables, net	10,130	Based on regular terms	-
37	Ke Yu	Sheng Qing	3	Other receivables from related parties	457,741	Based on regular terms	-
		Tai Feng (Nan Jing) Software Technology Co., Ltd.	3	Other receivables from related parties	216,218	Based on regular terms	-
38	Zhuhai Yuhsin	Zhu Hai Fu Te En	3	Other receivables from related parties	63,045	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
39	Yu Rich	Qinton TAC	3 3	Operating revenue, net	\$ 24,362	Based on regular terms	-
				Operating revenue, net	54,440	Based on regular terms	-
40	Zhu Hai Fu Te En	Zhuhai Yuhsin	3	Other receivables from related parties	63,045	Based on regular terms	-
41	Yulon China	Sheng Qing Sheng Qing Yulon China (HK) Holding	3 3 3	Nonoperating revenue and expense	30,225	Based on regular terms	-
				Other receivables from related parties	737,241	Based on regular terms	-
				Other receivables from related parties	55,354	Based on regular terms	-
42	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi Qingdao Yuanhuang Qingdao Yuanhuang	3 3 3	Other receivables from related parties	22,773	Based on regular terms	-
				Other receivables from related parties	113,866	Based on regular terms	-
				Operating revenue, net	11,163	Based on regular terms	-
43	Hang Zhou Hua Zhi	Hang Zhou Hua You Tz Bo Yu An An Ching Tsai Tung	3 3 3	Other receivables from related parties	36,437	Based on regular terms	-
				Operating revenue, net	34,543	Based on regular terms	-
				Operating revenue, net	11,611	Based on regular terms	-
44	Mei De	Sheng Qing	3	Other receivables from related parties	137,628	Based on regular terms	-
45	Qing Yi	Wen Yang	3	Other receivables from related parties	456,816	Based on regular terms	-
46	Yulon China (HK) Holding	Sheng Qing Sheng Qing	3 3	Nonoperating revenue and expense	22,145	Based on regular terms	-
				Other receivables from related parties	672,686	Based on regular terms	-
47	Yu-Hsin Intl HK	Hangchow Y-Teks	3	Other receivables from related parties	29,760	Based on regular terms	-
48	Wu Jiang Lian Cheng	Tai Chang Cheng Mau Su Zhou Feng Shen Su Zhou Feng Shun Su Zhou Chen Long Su Chou Cheng Pin Su Zhou Cheng Pang Tai Chang Cheng Mau	3 3 3 3 3 3 3	Other receivables from related parties	13,664	Based on regular terms	-
				Operating revenue, net	98,549	Based on regular terms	-
				Operating revenue, net	65,377	Based on regular terms	-
				Operating revenue, net	93,931	Based on regular terms	-
				Operating revenue, net	31,086	Based on regular terms	-
				Operating revenue, net	67,861	Based on regular terms	-
				Operating revenue, net	19,981	Based on regular terms	-
49	Nanjing Hanhong	Nan Jing Yu Shang Zhu Hai Fu Te En Nan Jing Yu Shang	3 3 3	Other receivables from related parties	104,563	Based on regular terms	-
				Operating revenue, net	15,471	Based on regular terms	-
				Operating revenue, net	239,027	Based on regular terms	-
50	Hang Zhou Tang Yu	Yulon Motor Investment	3	Other receivables from related parties	40,081	Based on regular terms	-
51	Suzhou Yueshun	Su Zhou Cheng Li	3	Other receivables from related parties	25,051	Based on regular terms	-
52	Jiangmen Junxing	Jiangmen Yuli	3	Other receivables from related parties	17,924	Based on regular terms	-
53	Nan Jing Yu Hua	Nanjing Hanhong	3	Other receivables from related parties	123,339	Based on regular terms	-
54	Ning Bo Yu Cheng	Luxgen (Hangzhou) Motor Sales Co., Ltd	3	Other current assets	15,786	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets		
				Financial Statement Account	Amount	Transaction Terms			
55	Hangchow Liangrun	Union & NKH Auto Parts	3	Operating revenue, net	\$ 23,653	Based on regular terms	-		
56	Wuhan Yu Hsin	Xiao Gan Yu Feng	3	Operating revenue, net	26,365	Based on regular terms	-		
57	Xiao Gan Yu Feng	Wuhan Yu Hsin	3	Operating revenue, net	25,006	Based on regular terms	-		
58	Nan Jing Yu Shang	Nanjing Hanhong	3	Operating revenue, net	228,116	Based on regular terms	-		
59	Su Zhou Chen Long	Su Zhou Feng Shen	3	Operating revenue, net	224,273	Based on regular terms	-		
		Su Zhou Feng Shun	3	Operating revenue, net	78,743	Based on regular terms	-		
		Wu Jiang Lian Cheng	3	Operating revenue, net	28,967	Based on regular terms	-		
		Suzhou Yueshun	3	Operating revenue, net	11,962	Based on regular terms	-		
		Su Chou Cheng Pin	3	Operating revenue, net	48,304	Based on regular terms	-		
		Su Zhou Cheng Pang	3	Operating revenue, net	11,741	Based on regular terms	-		
		Tai Chang Cheng Mau	3	Operating revenue, net	39,906	Based on regular terms	-		
60	Su Zhou Feng Shen	Su Zhou Cheng Hung	3	Other receivables from related parties	27,328	Based on regular terms	-		
		Su Zhou Cheng Guo	3	Other receivables from related parties	22,773	Based on regular terms	-		
		Su Zhou Cheng Li	3	Other receivables from related parties	10,020	Based on regular terms	-		
		Su Zhou Cheng Hung	3	Other receivables from related parties	27,328	Based on regular terms	-		
		Su Zhou Cheng Guo	3	Other receivables from related parties	18,219	Based on regular terms	-		
		Su Zhou Feng Shen	3	Operating revenue, net	408,927	Based on regular terms	-		
		Wu Jiang Lian Cheng	3	Operating revenue, net	72,595	Based on regular terms	-		
		Su Zhou Chen Long	3	Operating revenue, net	312,847	Based on regular terms	-		
		Su Chou Cheng Pin	3	Operating revenue, net	124,521	Based on regular terms	-		
		Su Zhou Cheng Pang	3	Operating revenue, net	35,286	Based on regular terms	-		
		Tai Chang Cheng Mau	3	Operating revenue, net	77,420	Based on regular terms	-		
		61	Su Chou Cheng Pin	Su Zhou Cheng Hung	3	Other receivables from related parties	13,664	Based on regular terms	-
				Su Zhou Feng Shen	3	Operating revenue, net	82,108	Based on regular terms	-
Su Zhou Feng Shun	3			Operating revenue, net	29,655	Based on regular terms	-		
Wu Jiang Lian Cheng	3			Operating revenue, net	13,056	Based on regular terms	-		
Su Zhou Chen Long	3			Operating revenue, net	48,467	Based on regular terms	-		
Tai Chang Cheng Mau	3			Operating revenue, net	15,161	Based on regular terms	-		
62	Su Zhou Cheng Pang	Wu Jiang Lian Cheng	3	Operating revenue, net	42,631	Based on regular terms	-		
		Su Zhou Chen Long	3	Operating revenue, net	28,400	Based on regular terms	-		
		Su Zhou Cheng Hung	3	Other receivables from related parties	18,219	Based on regular terms	-		
		Su Zhou Feng Shen	3	Operating revenue, net	48,457	Based on regular terms	-		
		Su Zhou Feng Shun	3	Operating revenue, net	32,557	Based on regular terms	-		
63	Su Zhou Feng Shen	Su Zhou Feng Shun	3	Operating revenue, net	70,384	Based on regular terms	-		
		Wu Jiang Lian Cheng	3	Operating revenue, net	64,173	Based on regular terms	-		
		Su Zhou Chen Long	3	Operating revenue, net	283,168	Based on regular terms	-		
		Su Chou Cheng Pin	3	Operating revenue, net	149,130	Based on regular terms	-		
		Su Zhou Cheng Pang	3	Operating revenue, net	23,364	Based on regular terms	-		
		Tai Chang Cheng Mau	3	Operating revenue, net	60,969	Based on regular terms	-		

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
64	Tai Chang Cheng Mau	Su Zhou Feng Shen	3	Operating revenue, net	\$ 36,888	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	26,511	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	18,613	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	59,438	Based on regular terms	-
		Su Chou Cheng Pin	3	Operating revenue, net	17,641	Based on regular terms	-
64	Yulon Motor Investment	Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	28,002	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	94,870	Based on regular terms	-
		Shi Cheng	3	Other receivables from related parties	14,486	Based on regular terms	-
		Shenzhen Yu Zhi	3	Other receivables from related parties	61,504	Based on regular terms	-
		Yi Ding Information Technology Limited	3	Other receivables from related parties	24,427	Based on regular terms	-
		Tai Feng (Nan Jing) Software Technology Co., Ltd.	3	Other receivables from related parties	50,985	Based on regular terms	-
		Mei De	3	Other receivables from related parties	37,451	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	68,320	Based on regular terms	-
		Gao Te	3	Other receivables from related parties	25,029	Based on regular terms	-
		Dong Tai	3	Other receivables from related parties	12,515	Based on regular terms	-
65	Ka Shing Yu Da	Shanghai Yuming	3	Operating revenue, net	18,324	Based on regular terms	-
66	Yulon Motor Finance (China) Limited	Fu Jian Yu Xin	3	Notes and trade receivables, net	53,245	Based on regular terms	-
		Ning Bo Yu Cheng	3	Notes and trade receivables, net	46,890	Based on regular terms	-
		Zibo Yu An Automobiles Sales & Services Limited	3	Notes and trade receivables, net	34,841	Based on regular terms	-
		Tung Ling Kuo Tung	3	Notes and trade receivables, net	22,442	Based on regular terms	-
		Wuhan Yu Hsin	3	Notes and trade receivables, net	41,391	Based on regular terms	-
		Shanghai Yuming	3	Notes and trade receivables, net	45,203	Based on regular terms	-
		Xiao Gan Yu Feng	3	Notes and trade receivables, net	45,129	Based on regular terms	-
		Nanjing Hanhong	3	Notes and trade receivables, net	43,452	Based on regular terms	-
		Chang Sha Yu Lu	3	Notes and trade receivables, net	29,455	Based on regular terms	-
		Jiangmen Yuli	3	Notes and trade receivables, net	35,910	Based on regular terms	-
		Ka Shing Yu Da	3	Notes and trade receivables, net	24,862	Based on regular terms	-
		Jiangmen Junxing	3	Notes and trade receivables, net	21,317	Based on regular terms	-
		An Hui Min Tung	3	Notes and trade receivables, net	13,667	Based on regular terms	-
67	Luxgen (Hangzhou) Motor Sales Co., Ltd.	Suzhou Yueshun	3	Operating revenue, net	13,317	Based on regular terms	-
		Zhuhai Yuhsin	3	Operating revenue, net	14,421	Based on regular terms	-
		Shanghai Yuming	3	Operating revenue, net	28,078	Based on regular terms	-
		Ning Bo Yu Cheng	3	Operating revenue, net	14,505	Based on regular terms	-
		Fu Jian Yu Xin	3	Operating revenue, net	38,519	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Operating revenue, net	40,877	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Operating revenue, net	59,555	Based on regular terms	-
		Shenzhen Yu Zhi	3	Operating revenue, net	42,787	Based on regular terms	-
		Chang Sha Yu Lu	3	Operating revenue, net	34,933	Based on regular terms	-
		Jiangmen Yuli	3	Operating revenue, net	56,726	Based on regular terms	-
		An Hui Min Tung	3	Operating revenue, net	33,064	Based on regular terms	-
		Zibo Yu An Automobiles Sales & Services Limited	3	Operating revenue, net	12,260	Based on regular terms	-
		Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	597,993	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
		Jiangmen Yuli	3	Notes and trade receivables, net	\$ 31,882	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Notes and trade receivables, net	26,031	Based on regular terms	-
		Fu Jian Yu Xin	3	Notes and trade receivables, net	24,169	Based on regular terms	-
		Ning Bo Yu Cheng	3	Notes and trade receivables, net	13,690	Based on regular terms	-
68	Dong Feng Yulon Sales Company	Hang Zhou Hua Zhi	3	Notes and trade receivables, net	39,916	Based on regular terms	-
		Hang Zhou Hua You	3	Notes and trade receivables, net	49,553	Based on regular terms	-
		Suzhou Yueshun	3	Operating revenue, net	56,782	Based on regular terms	-
		Zhuhai Yuhsin	3	Operating revenue, net	43,554	Based on regular terms	-
		Shanghai Yuming	3	Operating revenue, net	52,703	Based on regular terms	-
		Ning Bo Yu Cheng	3	Operating revenue, net	54,248	Based on regular terms	-
		Fu Jian Yu Xin	3	Operating revenue, net	90,769	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Operating revenue, net	78,213	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Operating revenue, net	97,642	Based on regular terms	-
		Hang Zhou Hua You	3	Operating revenue, net	37,695	Based on regular terms	-
		Shenzhen Yu Zhi	3	Operating revenue, net	72,381	Based on regular terms	-
		Chang Sha Yu Lu	3	Operating revenue, net	48,842	Based on regular terms	-
		Jiangmen Yuli	3	Operating revenue, net	100,486	Based on regular terms	-
		Ka Shing Yu Da	3	Operating revenue, net	47,249	Based on regular terms	-
		An Hui Min Tung	3	Operating revenue, net	35,717	Based on regular terms	-
		Zibo Yu An Automobiles Sales & Services Limited	3	Operating revenue, net	18,037	Based on regular terms	-

Note 1: From the parent company to a subsidiary.

Note 2: From a subsidiary to the parent company.

Note 3: Between subsidiaries.

(Concluded)

6.6 Financial difficulties encountered by the Company and/or its affiliates in the recent year and as of the publication date of the annual report, and its impact on the Company's financial status

Not applicable. The Company and its affiliates had not encountered with any financial difficulties.

VII Review and Analysis of Financial Conditions and Performance and Risk Management

7.1 Financial Conditions:

Comparison and Analysis of consolidated financial conditions

Unit: NT\$ Thousand

Item	Fiscal year	2017	2016	Difference	
				Amount	%
Current assets		169,428,441	131,584,835	37,843,606	28.76%
Noncurrent assets		88,988,066	89,686,806	(698,740)	(0.78%)
Total assets		258,416,507	221,271,641	37,144,866	16.79%
Current liabilities		158,832,963	132,381,417	26,451,546	19.98%
Noncurrent liabilities		20,462,405	9,827,404	10,635,001	108.22%
Total liabilities		179,295,368	142,208,821	37,086,547	26.08%
Capital stock		15,729,199	15,729,199	0	0.00%
Additional paid-in capital		6,665,705	6,664,910	795	0.01%
Retained earnings		47,916,002	46,464,540	1,451,462	4.29%
Total shareholder's equity		79,121,139	79,062,820	58,319	0.07%

Analysis of changes in financial ratio (root cause of significant change and its impact, describe the future response plan for material effect, if any):

1. The increase in current assets is due to the increase in cash and cash equivalents, trade receivable and inventories.
2. The increase in noncurrent liabilities is due to the increase in bonds payable and long-term loan.
3. The rest of the accounts are without material change.

Comparison and Analysis of individual financial conditions

Unit: NT\$ Thousand

Item	Fiscal year	2017	2016	Difference	
				Amount	%
Current assets		28,407,784	16,408,827	11,998,957	73.13%
Noncurrent assets		64,609,087	62,837,255	1,771,832	2.82%
Total assets		93,016,871	79,246,082	13,770,789	17.38%
Current liabilities		7,288,443	5,275,141	2,013,302	38.17%
Noncurrent liabilities		15,296,275	4,256,395	11,039,880	259.37%
Total liabilities		22,584,718	9,531,536	13,053,182	136.95%
Capital stock		15,729,199	15,729,199	0	0.00%
Additional paid-in capital		6,665,705	6,664,910	795	0.01%
Retained earnings		47,916,002	46,464,540	1,451,462	3.12%
Total shareholder's equity		70,432,153	69,714,546	717,607	1.03%

Analysis of changes in financial ratio (root cause of significant change and its impact, describe the future response plan for material effect, if any):

1. The increase in current assets and noncurrent liabilities is mainly due to issue bonds.
2. The increase in current liabilities is mainly due to the increase in Other payables.
3. The decrease of current liabilities is mainly due to the decrease of accounts payable to the affiliates.

7.2 Analysis of Financial Performance

Comparison and Analysis of Consolidated Financial Performance

Unit: NT\$ Thousand

Item	Fiscal year	2017		2016		Increase (Decrease) Amount	Changes (%)
		Subtotal	Total	Subtotal	Total		
Operating income			94,111,028		112,166,685	(18,055,657)	(16.10%)
Operating cost			74,106,017		92,966,867	(18,860,850)	(20.29%)
Gross profit			20,005,011		19,199,818	805,193	4.19%
Realized (unrealized) sales profit or loss			(3,597)		157	(3,754)	(2391.08%)
Gross profit – net			20,001,414		19,199,975	801,439	4.17%
Operating expense			18,104,387		16,976,080	1,128,307	6.65%
Operating net income (loss)			1,897,027		2,223,895	(326,868)	(14.70%)
Non-Operating income and expense			2,241,421		840,000	1,401,421	166.84%
Other income		1,152,280		1,188,168		(35,888)	(3.02%)
Other profit and loss		220,082		(654,866)		874,948	133.61%
Financial cost		(292,382)		(313,359)		20,977	6.69%
Shareholding in the profit and loss of affiliated companies and joint venture under the equity method		1,161,441		620,057		541,384	87.31%
Net income before tax			4,138,448		3,063,895	1,074,553	35.07%
Income tax expense			1,060,027		1,284,672	(224,645)	(17.49%)
Net income			3,078,421		1,779,223	1,299,198	73.02%
Other comprehensive profit and loss (net)			(870,238)		(1,928,172)	1,057,934	54.87%
Items that will not be reclassified subsequently to profit of loss:							
Remeasurement of defined benefit plans		(22,526)		(238,341)		215,815	90.55%
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method		(22,653)		(51,239)		28,586	55.79%
Items that may be reclassified subsequently to profit of loss:							
Exchange difference from the translation of foreign operations		(412,510)		(484,623)		72,113	14.88%
Unrealized valuation profit and loss of available-for-sale financial assets		(304,108)		93,799		(397,907)	(424.21%)
Cash flow hedging		(201)		721		(922)	(127.88%)
Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method		(108,240)		(1,248,489)		1,140,249	91.33%
Total current comprehensive profit and loss			2,208,183		(148,949)	2,357,132	1582.51%

Analysis of changes in financial ratio:

1. The increase in operating income and operating cost mainly due to the decline in overseas sales in 2017.
2. The increase in realized sales profit or loss mainly due to the decline in distributor inventory in 2017 was more than that in the same period of last year.
3. Other profit and loss from NT\$ 654,866 thousand (Loss) to Profit NT\$ 220,082 thousand (Profit) which was mainly due to the disposal of financial assets in 2017 years.
4. The increase in profit and loss from the affiliates and joint venture under the equity method is mainly due to the increase in sales volume and increased return on overseas investment of the invested company under the equity method.
5. The increase in remeasurement of defined benefit plans mainly due to the adjustment of experience in actuarial reporting.
6. The increase in shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method mainly due to the rate of depreciation of the RMB exchange rate against the NTD dollar in the main department in 2017 was lower than that in the same period of last year.
7. The decrease in unrealized valuation profit and loss of available-for-sale financial assets mainly due to the fact that the unrealized P&L (Profit and Loss) of the sold publicly listed or OTC traded stocks has been realized.
8. The increase in cash flow risk hedging is mainly due to the unfavorable swap contract.
9. The increase in other comprehensive profit and loss from the affiliates and joint venture under the equity method is mainly due to the increase in the foreign exchange difference arising from the translation of the financial statements of the foreign institutions of the affiliates and joint ventures under the equity method and the increase in the unrealized valuation profit and loss of the available-for-sale assets.

Comparison and Analysis of Individual Financial Performance

Unit: NT\$ Thousand

Item	Fiscal year	2016		2015		Increase (Decrease) Amount	Changes (%)
		Subtotal	Total	Subtotal	Total		
Operating income			36,092,796		39,998,024	(3,905,228)	(9.76%)
Operating cost			33,113,549		37,006,273	(3,892,724)	(10.52%)
Gross profit			2,979,247		2,991,751	(12,504)	(0.42%)
Realized (unrealized) sales profit or loss			(37,758)		7,171	(44,929)	(626.54%)
Gross profit – net			2,941,489		2,998,922	(57,433)	(1.92%)
Operating expense			1,094,339		1,196,067	(101,728)	(8.51%)
Operating net income (loss)			1,847,150		1,802,855	44,295	2.46%
Non-Operating income and expense			472,753		6,787	465,966	6,865.57%
Operating income		50,653		49,723		930	1.87%
Other profit and loss		79,182		81,548		(2,366)	(2.90%)
Financial cost		(15,959)		(1,933)		(14,026)	(725.61%)
Shareholding in the profit and loss of affiliated companies and joint venture under the equity method		295,913		(178,709)		474,622	265.58%
Interest income		62,964		56,158		6,806	12.12%
Net income before tax			2,319,903		1,809,642	510,261	28.20%
Income tax expense			31,597		474,939	(443,342)	(93.35%)
Net income			2,288,306		1,334,703	953,603	71.45%
Other comprehensive profit and loss (net)			(780,119)		(1,610,247)	830,128	51.55%
Exchange difference from the translation of foreign operations		0		0			
Unrealized valuation profit and loss of available-for-sale financial assets		8,326		(2,170)		10,496	483.69%
Cash flow hedging		0		0			
Defined benefit plan actuarial value		(5,802)		(174,573)		168,771	96.68%
Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method		(782,643)		(1,433,504)		650,861	45.40%
Total current comprehensive profit and loss			1,508,187		(275,544)	1,783,731	647.35%

Analysis of changes in financial ratio:

1. The increase in financial costs was mainly due to the increase in interest expense, which was due to the increase in interest charges on bonds
2. The increase in the shareholding of related enterprises and joint ventures recognized by equity method was mainly due to the increase in profit of Yulon-Nissan Motor Co., Ltd.
3. The actuarial increase in the welfare plan was mainly due to the decrease in staff turnover rate and discount rate.

7.3 Cash Flow Analysis

7.3.1 Liquidity Analysis in Recent 2 years

Item	Fiscal year	2017	2016	Increase (decrease) percentage (%)
Cash flow from operations ratio		(13.47)	(6.47)	(108.19%)
Cash Flow Adequacy Ratio		3.02	6.01	(49.75%)
Cash Flow Re-investment Ratio		(20.35)	(10.60)	(91.98%)
Analysis of changes in financial ratio: Compared with the reduction in 2016, the increase in cash flow ratio in 2017 was mainly due to the higher ending stocks from the subsidiaries in mainland China and the sharp increase in other receivables in 2017, resulting in a significant decrease in the related cash flow ratios in the two periods.				

Note: The Table above is based on the consolidated financial statements.

7.3.2 Cash liquidity analysis within the year

Unit: NT\$ Thousand

Cash balance - beginning	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Estimate cash balance - ending	Contingency plans for predicted insufficient cash	
				Investment plan	Financial Plan
14,555,448	5,375,538	13,921,905	6,009,081	-	-
Analysis of Cash Flows in 2018: Operational Activities: Inflow of NT\$5,375,538 thousand, mainly because of the 2018 estimated profits plus depreciation amortization. Investment activities: Outflow of NT\$13,009,611 thousand, mainly because of the 2018 procurement of fixed assets and external investment. Financial activities: Outflow of NT\$ 912,294 thousand, mainly because of the 2018 payment of cash dividends. Contingency plans for predicted insufficient cash and the liquidity analysis: N/A.					

Note: The Table above is based on the individual financial statements.

7.4 The impact of material capital expenditure on finance and business in recent year

7.4.1 The use of significant capital expenditures and the source of funds in recent year

Unit: NT\$ Thousand

Program items	Actual and estimated source of capital	Actual or estimated date of completion	Total fund needed	Actual or estimated use of capital						
				2015	2016	2017	2018	2019	2020	2021
Adding machines and equipment	Self-sufficient funds	2021.12.31	\$1,068,842	\$691,050	\$234,548	\$63,044	\$20,050	\$20,050	\$20,050	\$20,050
Production equipment	Self-sufficient funds	2021.12.31	\$998,970	\$127,795	\$93,114	\$86,342	\$361,771	\$88,316	\$120,816	\$120,816
Pollution control equipment	Self-sufficient funds	2021.12.31	\$54,365	\$8,100	\$10,705	\$5,208	\$7,588	\$7,588	\$7,588	\$7,588
MIS equipment	Self-sufficient funds	2021.12.31	\$200,696	\$19,745	\$9,600	\$21,035	\$37,579	\$37,579	\$37,579	\$37,579
Quality assurance equipment	Self-sufficient funds	2021.12.31	\$426,000	\$11,277	\$41,340	\$97,515	\$68,967	\$68,967	\$68,967	\$68,967
Civil engineering construction works	Self-sufficient funds	2021.12.31	\$27,004,628	\$226,478	\$2,713,628	\$1,025,490	\$3,183,686	\$5,740,922	\$6,950,312	\$7,164,112

7.4.2 The impact of material capital expenditure on finance and business in recent year:

1. Strengthen multi-brand OEM strategy and with the brand new models introduced for mass production; enhance the efficiency and quality of each production line through the expansion of machine and equipment in order to improve market competitiveness of products.
2. Update and replace old and outdated production systems and equipment in accordance with the project schedule of branded new models in order to achieve product development schedule and quality goals.
3. Work with the government "Five-term sewage" environmental protection policy to increase the use of pollution prevention related equipment and to reduce energy consumption throughout the production process at the same time.
4. Respond to the integration of the system and improve the efficiency, invest in information equipment and hardware and software, and update manufacturing information systems, financial information systems, and management information systems to improve the accuracy of financial and management analysis reports.
5. Ensure the stability of the overall production process by updating the quality inspection equipment and reducing defects arising from the production process.
6. In order to improve the efficiency of the Company's land resources implementation and consider the overall city appearance and environmental development, in addition to the construction of residential and commercial complex, it is planned to construct parks and greens and to beautify the overall environment, and further create operating synergies in order to activate the new consumption living circle in the surrounding areas of Xindian Plant.

7.5 Reinvestment Policy in Fiscal Year 2016, Major Reasons for Profit and Loss, Its Improvement Plan, and Next Year's Investment Plan:

The company's investment policy was still focusing on its own technology and its own brand development in 2017. In addition to combining foreign technology to develop a more market competitive new model platform, the company also introduced in 2015 the U6 facelift and S3 Models in order to expand the market and to provide consumers with more choices. The investment planning of the electric vehicle industry continued to expand the scope of participation in government-initiated energy-saving policy projects, and makes it a starting point to set up the electric car promotion education centers in Taiwan, so that people can understand better the environmental protection of energy-saving and carbon emission reduction contributed by the electric car; also, support the government policy to construct battery exchange stations and power charging stations in order to have the electric car well accepted. In terms of real estate development, the land development of Xindain plant has started construction; the project is in progress according to the planned time schedule. In terms of foreign investment, China Yulon Car Finance Company has been in business since 2016 and has officially entered the Chinese auto-financing market. For the own brand – Luxgen, in addition to developing Taiwan market continuously, the distribution bases in China are constructed and the horizontal and peripheral business are expanded actively in order to gradually strengthen the deployment and service of Luxgen brand in China. In terms of Philippine market, work with Nissan to promote the separation of production and marketing, to have Nissan Motor Philippines transformed into an OEM operation; also, to plan having the vacated plants activated for lease. The current operation is stable and optimistic with cash inflow stably. The Russian branch of the company has completed liquidation in 2017.

The profitability of the Company's investment in 2017 was decrease compared with that of last year, mainly due to the fact that the sales of some models of Luxgen and Dongfeng Yulong were not as expected; also, the profit of HAITEC was affected. Since the Group has begun to focus on implementing the reformation plan on the major invested companies, the investment income will be improved gradually along with the realization of the plan.

Looking forward to the investment plans in 2018, the focus of resources allocation is still on strengthening the competitiveness of existing models platform and the R&D of new models platform in order to allow the own brand – Luxgen to introduce more quality new models and optimize the old models continuously for creating brand long-term value and increasing market share. Electric car industry investment deployment is to actively participate in government electric vehicle pilot operation project in order to strengthen the value of smart electric vehicles and promote low-pollution car-use life. In terms of real estate development, continue to promote the Xindian plant land development and to complete license application according to the plan and gradually initiate the construction work. As for the foreign investment, with its own brand – supporting Luxgen car remodels and Dongfeng Yulong transformation, develop Chinese market actively, expand the horizontal and peripheral business in order to strengthen the positioning of Luxgen brand in China, and provide customers with a more comprehensive service. Finally, under the principle of profit-earning and conservation, continue to create profits and meet the expectations of shareholders.

7.6 Risk Management and Evaluation

7.6.1 Organizational structure of risk management

The implementation of risk management within the Company and the responsible units are as follows:

Responsible unit	Implementation
Auditing Office	Illustrate major audit items as the annual audit plan in accordance with the results of the risk assessment. Conduct internal control system audit and disclose audit results in the audit report truthfully and present it to or inform supervisors; also, follow up on the corrective actions performed.
Finance & Business Planning Department	Coordinate the Company's business strategy planning; control objectives and operational plans; manage working capital and provide financial analysis information; handle accounting, shareholder services, taxation, and various human resource management services; provide quick and effective operational management information to the management; and reduce business risk with strict control and regularly updated science and technology change, industry trends, important domestic and foreign policies, and information on laws and regulations updated.
Safety & Health Office	Conduct labor working environment inspection and monitoring regularly. Handle industrial safety and health-related services in accordance with the Company's regulations; prevent occupational hazards; and instruct the responsible units to implement the related plans to reduce the job risk of the staff.
Production Management Dept	Coordination, planning and control of multiple producing plan. Evaluation and management of new car series and supplier D&C. Planning and control of demand for components and materials. Outsourcing delivery control and follow-up. Planning and establishment of production control and logistics application system. Assistance and support for replenishment in overseas production sites.
Logistics Department	Coordinate, plan, and control integrated production projects. Draft up production plans and control performance. Promote and implement imports, outsourced parts, in-house manufactured parts, and direct materials planning, ordering, controlling, and inventory control. Reduce production risks.
Quality Inspection Department	Plan and promote the Company's quality assurance strategy and quality assurance system. Promote and monitor product inspection and business intelligence systems. Promote quality awareness and improvement activities. In addition, conduct quality management on the auto parts manufactured by suppliers in order to reduce car risks.

7.6.2 The impact of interest rate, foreign exchange rate, and inflation on the Company's profit/loss in fiscal year 2017 and as of the publication date of the annual report, and future responsive measures:

1. The impact of change in interest rates on the Company's profit or loss and the responsive measures:

For the interest rate risk resulted from the Company through supervising financing facilities and usage and ensuring the compliance with the terms of the loan agreement in order to manage and maintain adequate cash and cash equivalents to support the Group's operations, it is managed by maintaining an appropriate fixed and floating interest rates combination, as well as using interest rate swaps and forward rate agreements. Currently the cash is still adequate while changes in interest rate have limited impact on the profit/loss. The 2017 consolidated financial report analysis shows that 1% increase in interest rate and all variables remain constant, the Company's 2016 pre-tax income would have been reduced by NT\$383,551 thousand.

2. The impact of change in exchange rates on the Company's profit or loss and the responsive measures:

The Company's material cost is affected by the double cross exchange rate of Japanese yen and NT dollar; also, the impact on profit and loss is uncertain and the total impact of the following five elements should be considered: (1) Whether the foreign currency hedging is operated correctly; (2) What is the quantity of imports; (3) What is the amount of inventory; (4) What is the amount of the appreciation and depreciation of NT dollar; (5) Other factors. The Company has set up a foreign exchange hedging operation team to be responsible for foreign exchange hedging operation in order to reduce the risk of changes in exchange rates. Also, the Company has entered into a foreign exchange risk-sharing agreement with major material supplier, Nissan Motor Company, to ensure a steady supply of materials and reasonable price. In addition, in order to reduce the demand for foreign

exchange and material prices, the Company has also defined a localized parts procurement objective every year. The 2017 consolidated financial report shows that when the foreign exchange varies by 1% and all other variables remain constant, the Company's 2017 pre-tax income will increase NT\$13,482 thousand.

3. The impact of inflation on the Company's profit or loss and the responsive measures:

According to the information released by the Executive Yuan, the total consumer price index for 2017 was 100.62, an increase of 0.62% over the 2016 average of 100. And in March 2018 the consumer price index fell from 101.56 to 101.15 since December 2017, down 0.41%. January-March average 101.5 over the same period in 2017, 99.96 rose 1.52%, inflation in 2018 showed a slight increase in the situation, is still acceptable range, it is estimated that the impact of inflation on the company is not significant.

7.6.3 High risks, high leverage investments, loaning of funds, endorsement and guarantee, and derivatives trade policy in fiscal year 2016 and as of the publication date of the annual report, major reasons for profit/loss, and future responsive measures:

1. Engage in high-risk and high leveraged investments:

The Company is not involved in High Risk and High Leverage Investment.

2. Engaged in loaning of funds, endorsement and guarantees, and derivative transactions:

It is to be processed in accordance with the "Operating Procedure of Loaning of Funds" and "Regulations Governing Endorsement and Guarantees."

3. Derivatives trade:

The Company has an agreement signed for derivative instruments, including forward foreign exchange contracts, foreign exchange options, and interest rate swaps for managing the interest rate and currency risk of the merged companies. The operating procedure is based on the policies regulated in accordance with the "Operating Procedure for Derivatives Transaction." Derivatives are recognized at the fair value when signing the derivative contract and measured subsequently at the fair value on the balance sheet date with the gains or losses recognized as profit or loss directly.

7.6.4 Future and projected research and development plans, status of research and development plans in progress, additional research and development expenses required, estimated date to start mass production, and major factors influencing the success of future research and development plans:

The Company is committed to upgrade from a manufacturing organization to a manufacturing service organization; also, moves towards multi-brand OEM operation in order to create new profit model with new business models and service models, to provide consumers with more values, and to create greater benefits for the enterprise.

7.6.5 The impact of material changes of local and foreign government policies and regulations in fiscal year 2017 and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The Company has been closely observing the impact of decrees and policies on the Company's business operations. The important domestic and foreign policy and law change has no significant impact on the Company's finance and business.

7.6.6 The impact of technology changes and industrial changes in 2017 and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The technological changes and the current state of the industry have no significant impact on the Company's finance and business.

- 7.6.7 The impact of corporate image change in 2017 and as of the publication date of the annual report on the corporate crisis management, and the responsive measures:

The Company had the Audit Committee and Compensation Committee setup to strengthen the Company's corporate governance; also, independent directors were appointed. In addition, the Company has material information published and disclosed immediately in compliance with the request of the competent authorities; also, the Company will continue to care about the issues of social responsibility and build up a good corporate image. In order to effectively control the communication quality with media and avoid affecting the corporate image by crisis mishandling, the Company has spokesman mechanism implemented. Responsible unit are assigned to handle customer complaints and shareholder proposals in order to effectively safeguard the Company's reputation and image.

- 7.6.8 The expected benefits and possible risks of merge & acquisition in fiscal year 2017 and as of the publication date of the annual report: None.

- 7.6.9 The expected benefits and possible risks of factory expansion in fiscal year 2017 and as of the publication date of the annual report:

Current equipment and production capacity is sufficient to fulfill market demand. The effectiveness and risks of future capacity expansion, when needed, will be assessed.

- 7.6.10 Risks of Sales and Purchases Centralization in fiscal year 2017 and as of the publication date of the annual report:

The Company's main source of material is from Nissan in Japan and domestic contractors with long-term supply contracts signed and a long-term relationship held. Therefore, the Company's raw material supply is normal and stable without any risk of purchase concentration.

The Company's sales of the own brand - LUXGEN, in addition to Nissan brand, is gradually with higher market share cornered. The Company continues to use its production and manufacturing expertise and advantages to become a professional OEM manufacturing plant in domestic market and sell products to each branding company. For foreign market, the Company will continue to expand international OEM business, expand business territory, and continue to generate revenues.

- 7.6.11 The impact and risk of significant equity transfer and conversion of the Directors, Supervisors, or major shareholders with over 10% shareholding on the Company in fiscal year 2017 and as of the publication date of the annual report: None.

- 7.6.12 The impact and risk of changes in operation right in fiscal year 2016 and as of the publication date of the annual report:

There is no change to the Company's operation right; therefore, there is no significant impact on the Company.

- 7.6.13 For the litigation or non-litigation events in fiscal year 2016 and as of the publication date of the annual report, shall illustrate the legal judgment or the material lawsuit in progress and non-litigation or administrative lawsuit of the Company and its Directors, Supervisors, President, the actual person in charge, the major shareholders with more than 10% shareholding, and subsidiaries; the significant impact of the litigation result on the shareholder's equity or the price of securities; also, shall disclose the fact of the contest, the subject matter, the amount, the litigation starting date, the parties, and the process of the event as of the publication date of the annual report:

None.

- 7.6.14 Other material risks: None.

7.7 Other Important matters:

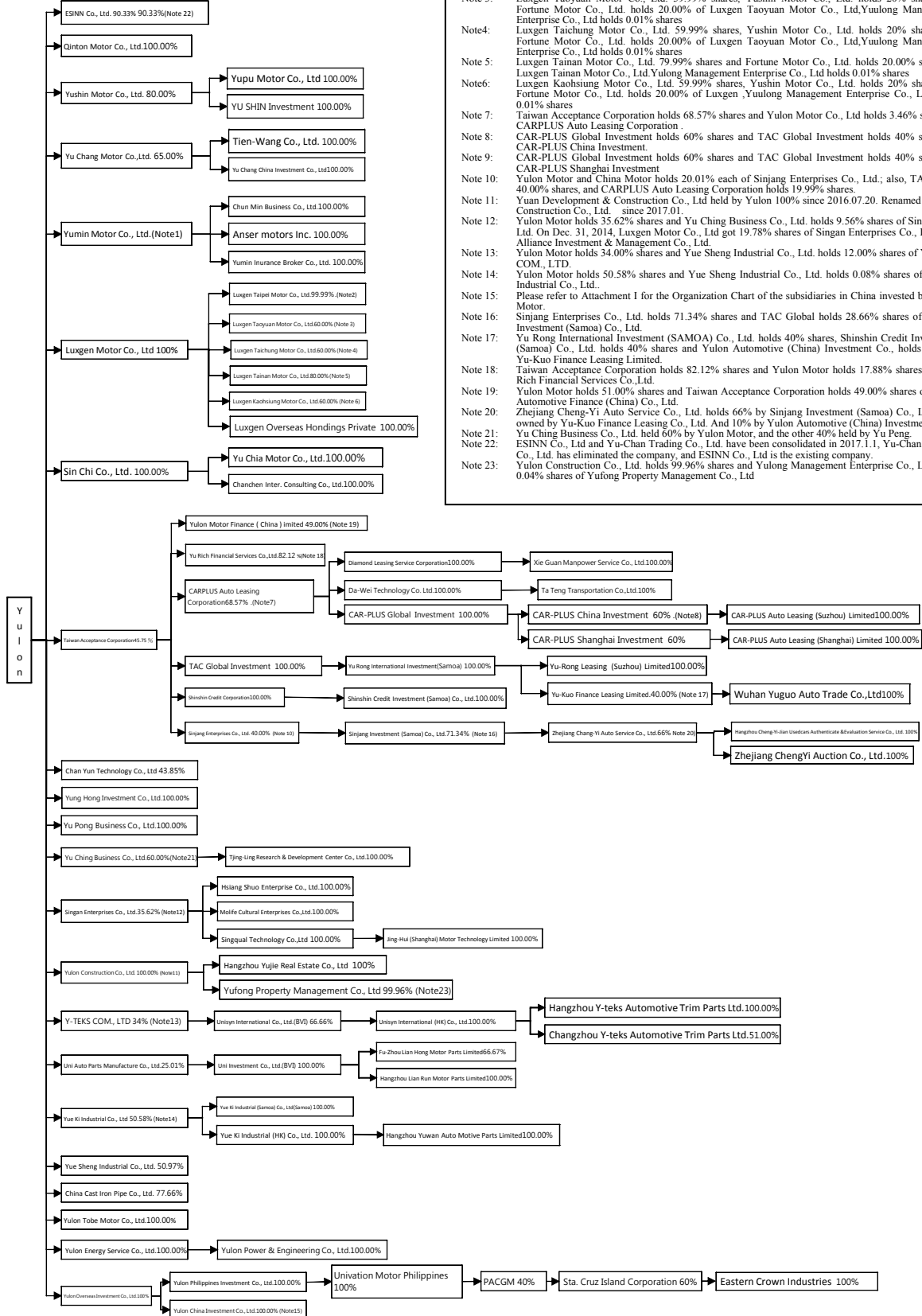
The Company and personnel relevant to the transparency of financial information obtain the licenses designated by the competent authorities as follows:

Licenses	Department	Number of person
Passed the 2006 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (95) Pro.Senior.CPA Tzi No. 000850)	Finance Planning Department	1
Passed the 2010 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (99) Pro.Senior.CPA Tzi No. 000381)	Finance Planning Department	1
Passed the 2013 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (102) Pro.Senior.CPA Tzi No. 000328)	Finance Planning Department	1

VIII Specially Noted Matters

8.1. Affiliates information

8.1.1 Affiliates Consolidated Business Report



- Note 1: Yulon Motor holds 20.00% shares and Taiwan Acceptance Corporation holds 27.00% shares of Yumin Motor Co., Ltd.
- Note 2: Luxgen Taipei Motor Co., Ltd. 99.99% shares, Yulong Management Enterprise Co., Ltd holds 0.01% shares
- Note 3: Luxgen Taoyuan Motor Co., Ltd. 59.99% shares, Yushin Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd. holds 20.00% of Luxgen Taoyuan Motor Co., Ltd. Yulong Management Enterprise Co., Ltd holds 0.01% shares
- Note 4: Luxgen Taichung Motor Co., Ltd. 59.99% shares, Yushin Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd. holds 20.00% of Luxgen Taoyuan Motor Co., Ltd. Yulong Management Enterprise Co., Ltd holds 0.01% shares
- Note 5: Luxgen Tainan Motor Co., Ltd. 79.99% shares and Fortune Motor Co., Ltd. holds 20.00% shares of Luxgen Tainan Motor Co., Ltd. Yulong Management Enterprise Co., Ltd holds 0.01% shares
- Note 6: Luxgen Kaohsiung Motor Co., Ltd. 59.99% shares, Yushin Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd. holds 20.00% of Luxgen Yulong Management Enterprise Co., Ltd holds 0.01% shares
- Note 7: Taiwan Acceptance Corporation holds 68.57% shares and Yulon Motor Co., Ltd holds 3.46% shares of CARPLUS Auto Leasing Corporation.
- Note 8: CAR-PLUS Global Investment holds 60% shares and TAC Global Investment holds 40% shares of CAR-PLUS China Investment.
- Note 9: CAR-PLUS Global Investment holds 60% shares and TAC Global Investment holds 40% shares of CAR-PLUS Shanghai Investment
- Note 10: Yulon Motor and China Motor holds 20.01% each of Sinjiang Enterprises Co., Ltd.; also, TAC holds 40.00% shares, and CARPLUS Auto Leasing Corporation holds 19.99% shares.
- Note 11: Yuan Development & Construction Co., Ltd held by Yulon 100% since 2016.07.20. Renamed Yulon Construction Co., Ltd. since 2017.01.
- Note 12: Yulon Motor holds 35.62% shares and Yu Ching Business Co., Ltd. holds 9.56% shares of Singan Co., Ltd. On Dec. 31, 2014, Luxgen Motor Co., Ltd got 19.78% shares of Singan Enterprises Co., Ltd from Alliance Investment & Management Co., Ltd.
- Note 13: Yulon Motor holds 34.00% shares and Yue Sheng Industrial Co., Ltd. holds 12.00% shares of Y-TEKS COM., LTD.
- Note 14: Yulon Motor holds 50.58% shares and Yue Sheng Industrial Co., Ltd. holds 0.08% shares of Yue Ki Industrial Co., Ltd..
- Note 15: Please refer to Attachment I for the Organization Chart of the subsidiaries in China invested by Yulon Motor.
- Note 16: Sinjiang Enterprises Co., Ltd. holds 71.34% shares and TAC Global holds 28.66% shares of Sinjiang Investment (Samoa) Co., Ltd.
- Note 17: Yu Rong International Investment (SAMOA) Co., Ltd. holds 40% shares, Shinshin Credit Investment (Samoa) Co., Ltd. holds 40% shares and Yulon Automotive (China) Investment Co., holds 20% of Yu-Kuo Finance Leasing Limited.
- Note 18: Taiwan Acceptance Corporation holds 82.12% shares and Yulon Motor holds 17.88% shares of Yu Rich Financial Services Co., Ltd.
- Note 19: Yulon Motor holds 51.00% shares and Taiwan Acceptance Corporation holds 49.00% shares of Yulon Automotive Finance (China) Co., Ltd.
- Note 20: Zhejiang Cheng-Yi Auto Service Co., Ltd. holds 66% by Sinjiang Investment (Samoa) Co., Ltd, 24% owned by Yu-Kuo Finance Leasing Co., Ltd. And 10% by Yulon Automotive (China) Investment Co.
- Note 21: Yu Ching Business Co., Ltd. held 60% by Yulon Motor, and the other 40% held by Yu Peng.
- Note 22: ESINN Co., Ltd and Yu-Chan Trading Co., Ltd. have been consolidated in 2017. I. I., Yu-Chan Trading Co., Ltd. has eliminated the company, and ESINN Co., Ltd is the existing company.
- Note 23: Yulon Construction Co., Ltd. holds 99.96% shares and Yulong Management Enterprise Co., Ltd holds 0.04% shares of Yufong Property Management Co., Ltd

2. Basic information of affiliates

As of 12.31.2017

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon Motor Co., Ltd	1	Taiwan Acceptance Corporation	1990.04.12	15F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 2,746,292	Sales of various automobile and related products
Taiwan Acceptance Corporation	2	Shinshin Credit Corporation	1987.11.19	14F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 1,340,000	Electric installation, fire safety equipment installation, and automatic control equipment engineering industries
	3	CARPLUS Auto Leasing Corporation	1978.11.13	11F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 750,892	All types of car and truck rental, and car wholesale and retail business
	4	Sinjiang Enterprises Co., Ltd.	2000.08.09	No. 136, Sun-Min Road, Linko District, New Taipei City	NTD 428,240	Sales of used cards and brokerage services
	5	Yulon Motor Finance (China) Limited	2016.02.19	Room 1031-1305, Eastern Century Center, Xiaoshan Economic Technology Development Zone, Xiaoshan Dist, Hangzhou City	RMB 1,000,000	Accept the deposit for the domestic and foreign residents, issue the finance bonds, interbank lending, Auto-related loans
Taiwan Acceptance Corporation	6	Yu Rich Financial Services Co., Ltd.	2003.12.30	2F, No. 3, Sec 3, Chun-Shen Road, Xindian District, New Taipei City	NTD 553,546	Product design, wholesale and retail of vehicles and parts
Sinjiang Enterprises Co., Ltd.	7	Sinjiang Investment (Samoa) Co., Ltd.	2013.09.16	TMF Chambers P.O. Box3269. Apia. Samoa	USD 1,874	Holding company
Sinjiang Investment (Samoa) Co., Ltd.	8	Zhejiang Cheng-Yi Auto Service Co., Ltd	2014.01.31	Yuhang District of Hangzhou City Liangzhu street housekeeper village third floor	RMB 20,000	Sales and brokerage services of second-hand vehicles
Zhejiang Cheng-Yi Auto Service Co., Ltd	9	Hangzhou Cheng-Yi-Jian Used-cars Authenticate & Evaluation Service Co., Ltd	2014.10.22	Xiaoshan District Economic and Technological Development Zone Tianchen International Plaza, Room 5, Room 1703	RMB 500	Identification of second-hand vehicles
	10	Zhejiang ChengYi Auction Co., Ltd.	2016.11.16	Xiaoshan District Economic and Technological Development Zone City, North Road 99, 418Y	RMB 20,000	Sales and brokerage services of second-hand vehicles
Shinshin Credit Corporation	11	Shinshin Credit Investment (Samoa) Co., Ltd.	2015.08.24	Portcullis Trustnet Chambers, P.o. Box 1225, Apia, Samoa	USD 12,000	Holding company
Taiwan Acceptance Corporation	12	TAC Global Investment (Samoa)Co., Ltd	2006.11.01	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 50,537	Holding company
TAC Global Investment (Samoa)Co., Ltd	13	Yu Rong International Investment (SAMOA) Co., Ltd.	2010.04.01	Portcullis TrustNet Chambers P.O. Box1225 Apia SAMOA	USD 42,000	Holding company
Yu Rong International Investment (SAMOA) Co., Ltd.	14	Yu-Kuo Finance Leasing (Hangzhou) Limited	2014.03.06	Room 124, Technology Culture Center, New & Hi-Tech Industries Park, Linjiang, Xiaoshan District, Hangzhou	USD 30,000	Equipment and automobile finance leasing business.
	15	Yu-Rong Leasing (Suzhou) Limited	2010.06.30	Suzhou Industrial Park Times Square 23, Room 1118	USD 30,000	Equipment and automobile finance leasing business.
Yu-Kuo Finance Leasing (Hangzhou) Limited	16	Wuhan Yuguo Auto Trade Co.,Ltd	2017.02.13	No.9, Building 2, Zhongfeng District, Changfeng Used Car Market, No. 428, Changfeng Avenue, Qukou District, Wuhan	RMB 2,000	Automobile sales; Motor vehicle trading and brokerage services; Car rental; Sales of motorcycles, electromechanical equipment and spare parts, automotive supplies, automotive parts and components; Automotive technical consulting services; Business information consulting (excluding business surveys).

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
CARPLUS Auto Leasing Corporation	17	Diamond Leasing Service Co., Ltd.	1988.11.10	15F, No. 2, Sec., 2, Tun-Hua S. Road, Da-an District, Taipei City	NTD 85,000	All types of car rental and car wholesale and rentals business
	18	Ta Teng Transportation Co.,Ltd.	2016.09.19	No.99, Economic and Trade Road, Nangang District, Taipei City	NTD10000	Electric vehicle intermediary services
	19	CAR-PLUS Global Investment(Samoa)Co., Ltd	2006.11.02	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 12,000	Holding company
CAR-PLUS Global Investment(Samoa)Co., Ltd	20	CAR-PLUS China Investment(Samoa) Co., Ltd	2006.11.02	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 10,000	Holding company
	21	Car-Plus Shanghai Investment(Samoa) co.,Ltd	2008.12.22	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 10,000	Holding company
CAR-PLUS China Investment(Samoa) Co., Ltd	22	CAR-PLUS Auto Leasing (Suzhou) Limited	20076.1.29	No. 8, Dong-Fu Road, Suzhou Industrial Park	USD 10,000	Car rental business and related services
Car-Plus Shanghai Investment(Samoa) co.,Ltd	23	CAR-PLUS Auto Leasing (Shanghai) Limited	2009.07.09	3A, Building 1, No. 5179, Long-Dong Boulevard, Pu-Dong New District, Shanghai City	USD 10,000	Car rental business and related services
Diamond Leasing Service Co., Ltd.	24	H. K. Manpower Service Co., Ltd.	2001.11.09	11F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 10,000	Business management consultancy services
Da Wei Technology Co., Ltd	25	Ta Teng Transportation Co.,Ltd.	2017.08.17	No.59, Jingmao 1st Rd., Nangang Dist., Taipei City 115	NTD 5,000	Taxi and passenger transport
Yulon Motor Co., Ltd	26	Yu Ching Business Co., Ltd.	1992.04.20	16-2F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 1,211,522	Sales and import/export of automobiles and their materials and parts
Yu Ching Business Co., Ltd.	27	Chinh-Ling RTC Co., Ltd.	2003.12.29	7F, No. 150, Sec 2, Nanking E. Road, Chun-Shen District, Taipei City	NTD 50,000	Car design, etc.
Yulon Motor Co., Ltd	28	Yulon Construction Co., Ltd.	1977.01.28	2F., No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	NTD 1,221,000	Contracting with constructors to build residence houses and related brokerage of house rental or sales
Yulon Construction Co., Ltd.	29	Hangzhou Yu-Jie Real Estate Co., LTD	2016.09.22	Hangzhou Xiaoshan District Xiaoshan Economic and Technological Development Zone Enlightenment Road 198 A-B102-548 room	RMB 500,000	The Development, Construction and Management of Block 14 of Xiao Zheng Storage (2016)
	30	Yufong Property Management Co., Ltd.	2017.11.27	2F., No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	NTD 25,000	Apartment Building Management Services
Yulon Motor Co., Ltd	31	Yu Pong Business Co., Ltd.	1992.04.13	16F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 254,841	Management of Yulon Professional Basketball Team and allied affairs
	32	Sin Chi Co., Ltd.	2001.12.25	7F, No. 150, Sec 2, Nanking E. Road, Chun-Shen District, Taipei City	NTD 870,000	Advertising service, providing managerial consulting service and etc.
Sin Chi Co., Ltd.	33	Yu Chia Motor Co., Ltd.	1999.08.25	8F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 120,000	Retail trade of automobiles and auto parts, and auto repair business
	34	Chan Chen Inter Consulting Co., Ltd.	2005.03.08	2F, No. 3, Sec 3, Chun-Shen Rd., Xindian District, New Taipei City	NTD 10,000	Management Consulting Services
Yulon Motor Co., Ltd	35	Yung Hang Investment Co., Ltd.	1994.09.12	7F-5, No. 96, Sec. 4, Sin-yi Rd., Da-an District, Taipei City	NTD 1,446,220	Investment in all kinds of manufacturing and service sectors
Yulon Motor Co., Ltd	36	Yue Sheng Industrial Co., Ltd.	1969.04.29	No. 40-5, Pau-Kon Kuen, West Lake Village, San-yi, Miaoli County, Taiwan	NTD 288,000	Manufacturing, assembling, and sales of automobile's interior parts and accessories
	37	Yueki Industrial Co., Ltd.	1978.09.26	No. 23, Wen-Hua Road, Hsin-Chu Industrial Park, Hsin-Chu County	NTD 194,670	Manufacturing, processing, assembling, and sales of automobile and motorcycle parts

■ Specially Noted Matters

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yueki Industrial Co., Ltd.	38	Yue Ki Industrial (Samoa) Co., Ltd	2002.01.03	TrustNet Chambers, Lotemau, P. O. BOX 1225, Apia, Samoa.	USD 4,126	Holding company
	39	Yue Ki Industrial (HK) Co., Ltd.	2008.07.28	Flat B, 6/F., Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong	USD 10,600	Holding company
Yue Ki Industrial (HK) Co., Ltd.	40	Hangzhou Yuwan Auto Motive Parts Limited	2010.02.02	Lin-Long Road, Lin-Jiang Industrial Park, Xiaoshan District, Hangzhou City, Zhejiang Province	RMB 74,669	Design, development, production, sale, installation, and after-sales service of auto parts
Yulon Motor Co., Ltd	41	China Cast Iron Pipe Co., Ltd.	1954.03.17	10F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 32,000	Casting and sales of all sizes of cast iron pipes and parts
	42	ESINN Co., Ltd	2002.04.09	No. 40-1, Siyuan Road, Xinzhuang District, New Taipei City	NTD 360,000	Trading of all kinds of auto parts and repair and maintenance services of motor vehicles
	43	Yushin Motor Co., Ltd.	1994.09.27	No. 2, Sec. 1, Jin-Kuo Road, Lin 9, Chen-Shi Li, Hsinchu City	NTD 200,000	Trading of all kinds of auto parts and repair and maintenance services of motor vehicles
Yushin Motor Co., Ltd.	44	Yu Pool Enterprise Co., Ltd.	2000.05.16	No. 668, Guohua Rd., Lin 3, Wen-Shen Li, Miaoli City, Miaoli County	NTD 10,000	Information software service, providing electronic information, retail trade of parts for automobiles and motorcycles
	45	Yu Shin Investment Ltd.	2011.03.23	Portcullis TrustNet Chamber, P.O. Box 1225, Apia, Samoa	RMB 9,800	Holding company
Yulon Motor Co., Ltd	46	Yu Chang Motor Co., Ltd.	1990.05.16	No. 361, Bai-Ai 2nd Road, Gushan District, Kaohsiung City	NTD 215,385	Trading of all kinds of auto parts and repair and maintenance services of motor vehicles
Yu Chang Motor Co., Ltd.	47	Tian Wang Co., Ltd.	2000.05.15	No. 356, I-Shin 1st Road, Cianjhen District, Kaohsiung City	NTD 17,000	Wholesale and retail trade of automobiles, wholesale trade of automobile and motorcycle parts
	48	Yu Chang China Investment Co., Ltd.	2011.03.02	Novasage Chambers, PO Box 3018, Level2, CCCS Building, Beach Road, Apia, Samoa	USD 1,564	Holding company
Yulon Motor Co., Ltd	49	Singan Co., Ltd.	1999.12.15	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 286,700	Wholesale trade of automobile and motorcycle parts and accessories and wholesale trade and retail trade of information software
Singan Co., Ltd.	50	Singgual Travel Service Co., Ltd.	1999.12.17	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 130,000	Wholesale trade of automobile and motorcycle parts and accessories and wholesale trade of precision machinery
	51	Molife Cultural Enterprise Co., Ltd.	1999.02.01	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 50,000	Magazines, libraries, and publications
	52	Hsiang Shou Enterprise Co., Ltd.	1999.02.02	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 100,000	Motorcycle parts and accessories retail and wholesale, and auto towing service
Singgual Travel Service Co., Ltd.	53	Jing-Hui (Shanghai) Motor Technology Limited	2008.03.03	Room 2004, No. 8, Shin-I Road, Chong-Nin District, Shanghai City	USD 1,675	Import and export of automobile parts and automobile repair and inspection equipment, wholesale, commission agency (excluding auction), and other related services
Yulon Motor Co., Ltd	54	Yulon Overseas Investment Co., Ltd.	2003.07.04	TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	USD 506,648	Holding company
Yulon Overseas Investment Co., Ltd.	55	Yulon China Investment Co., Ltd.	2003.07.08	TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	USD 481,621	Holding company
	56	Yulon Philippine Investment Co., Ltd.	2003.07.17	2/F.,Cayside, Harbour Drive P.O. Box 30592 S.M.B George Town Grand Cayman Cayman Islands British West Indies	USD 35,741	Holding company
Yulon Philippine Investment Co., Ltd.	57	Univation Motor Philippines, Inc.	1982.04.28	Nissan Technopark Barangay. Pulong Sta. Cruz, Sta. Rosa, Laguna, Philippines	PHP 881,383	Automobile Manufacturing

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Univation Motor Philippines, Inc.	58	Sta. Cruz Island Corporation	1991.09.23	Nissan Technopark Barangay. Pulong Sta. Cruz, Sta. Rosa, Laguna, Philippines	PHP264,028	Housing rental
Yulon China Investment Co., Ltd.	59	Taixin Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 24,125	Holding company
	60	Wen Yang Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 16,100	Holding company
	61	Qing Yi Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 15,850	Holding company
	62	Yulon China Investment (HK) Co., Ltd.	2008.02.13	Suite 2303, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD 270,415	Investments
	63	Feng-hua Investment (HK) Limited	2011.03.22	UNIT 706 HALESON BLDG1 JUBILEE ST, HK.	USD 7,000	Investments
	64	Yulon China Holdings (Cayman) Co., Ltd.	2012.01.06	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box32052, Grand Cayman KY1-1208, Cayman Islands	USD 147,817	Holding company
Feng-hua Investment (HK) Limited	65	Suzhou Chenglong Automobile Service Limited	2011.06.17	No. 2959-Yang Road, Yuan-Ho Boulevard, Shen-Chen District, Suzhou City	USD 7,000	Dongfeng Nissan automobiles and spare parts sales, auto sales support services; used car sales, auto technology consulting, technology services and related consulting services; automobile parts wholesale and import/export business, car accessories, car cleaning and maintenance supplies, automotive safety supplies, automotive tools, and appliances retail
Suzhou Chenglong Automobile Service Limited	66	Suzhou Cheng-Hung Auto Sales & Service Limited	2014.05.22	No.16, Mingshi Road, Luzhi Town, Park Central Zone, Suzhou	RMB 10,000	Sales: Auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, car rental
	67	Suzhou Cheng-Kuo Auto Sales & Service Limited	2014.05.22	No.16, Mingshi Road, Luzhi Town, Park Central Zone, Suzhou	RMB 10,000	Sales: Auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, car rental
Taixin Investment (Samoa) Co., Ltd.	68	KeYu (Nanjing) Information Technology Limited	2005.11.10	Room 413-39, Commerce Building, Gao Xin District, Nanking City	USD 180,031	Development, production, and sales of proprietary software and software-related products
Wen Yang Investment (Samoa) Co., Ltd.	69	TaiFeng ((Nanjing) Software Technology Limited	2005.11.10	Room 413-38, Commerce Building, Gao Xin District, Nanking City	USD 14,850	Development, production, and sales of proprietary software and software-related products
	70	QingTai (NanJing) Technology Limited	2005.09.28	Room 413-37, Commerce Building, Gao Xin District, Nanking City	USD 15,350	Development, production, and sales of proprietary software and software-related products

■ Specially Noted Matters

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
KeYu(Nanjing) Information Technology Limited	71	Yi Ding (ZhangZhou) Information Technology Limited	2005.12.09	Rm. 604-4, Building 6, Shan Hu Yuan, No. 8, Xiang Jiang Road, Zhangzhou Economic Development Zone	RMB 55,200	Automotive industry and related industries investment management, investment consulting; international advanced technology, products, and equipment introduction consulting services; computer hardware and software development and technical services and consulting
	72	Mei De (ZhangZhou) Software Technology Limited	2005.12.09	Rm. 604-2, Building 6, Shan Hu Yuan, No. 8, Xiang Jiang Road, Zhangzhou Economic Development Zone	RMB 79,500	Automotive industry and related industries investment management, investment consulting; international advanced technology, products, and equipment introduction consulting services; computer hardware and software development and technical services and consulting
QingTai (NanJing) Technology Limited	73	Shi Cheng (ZhangZhou) Technology Development Limited	2005.12.09	Rm. 604-3, Building 6, Shan Hu Yuan, No. 8, Xiang Jiang Road, Zhangzhou Economic Development Zone	RMB 71,830	Automotive industry and related industries investment management, investment consulting; international advanced technology, products, and equipment introduction consulting services; computer hardware and software development and technical services and consulting
	74	Jin Ce (ZhangZhou) Software Technology Limited	2005.12.09	Rm. 604-1, Building 6, Shan Hu Yuan, No. 8, Xiang Jiang Road, Zhangzhou Economic Development Zone	RMB 19,670	Automotive industry and related industries investment management, investment consulting; international advanced technology, products, and equipment introduction consulting services; computer hardware and software development and technical services and consulting
Yi Ding (ZhangZhou) Information Technology Limited	75	GaoTe (Beijing) Investment Limited	2005.12.23	Room 1602 Floor 16, Building 3, No.17, South St, Zhongguancun, Haidian District, Beijing	RMB 58,000	Investment management, investment consulting business management, market research, marketing planning, public relations planning; technical consulting, and technical services
GaoTe (Beijing) Investment Limited	76	HangZhou QienYu Investment Limited	2007.09.13	Room 507, No. 428, Win-Shan W. Road, Shih-Fu District, Hangzhou City	RMB 10,000	Investment management, investment consulting (excluding securities and futures), business management consulting, market research; corporate marketing planning; and public relations planning
HangZhou QienYu Investment Limited	77	HangZhou Hsiao Yu Investment Limited	2007.10.22	No. 310, Chung-Yu Modern Town North Area, Bei-Gon Street, Xiaoshan District	RMB 10,000	Industrial investment and all other legitimate projects not subject to review and approval
Shi Cheng (ZhangZhou) Technology Development Limited	78	DongTai (Beijing) Investment Limited	2005.12.23	Room 1603, Floor 16, Building 3, No.17, South St, Zhongguancun, Haidian District, Beijing	RMB 73,200	Investment management, investment consulting (except brokerage), business management, market research, marketing planning, public relations planning; technical consulting (except brokerage), technical services, and technology import/export

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
DongTai (Beijing) Investment Limited	79	HangZhou TangYu Investment Limited	2007.09.13	Room 508, No. 428, Win-Shan W. Road, Shih-Fu District, Hangzhou City	RMB 10,000	Investment management, investment consulting (excluding securities and futures), business management consulting, market research; corporate marketing planning; and public relations planning
	80	Anhui Min Tong Automobiles Sales & Service Limited	2011.07.01	Hean Road East, Economic Technology Development Zone, Hefei City, Anhui Province	RMB 10,000	Luxgen automobiles, automotive parts, lubricating oil, machinery and electronic products sales. Automobiles decoration Second-hand car transactions, car rental; a class of motor vehicle maintenance; vehicle things, insurance agents and advice (in accordance with the law to be approved by the relevant departments approved by the relevant business activities)
	81	Anqing Cai Tong Automobiles Sales & Service Limited	2012.07.12	No.3, 6th Building, Jixian Complex Market, Development Zone, Anqing City, Anhui Province	RMB 5,000	DongFengLuxgen Automobiles sales, Automobiles sales Insurance agency services; car mortgage advisory services (excluding self-brand automobiles) and after-sales service, automobiles parts sales.
	82	Anqing Ling Tong Automobiles Sales & Services Limited	1997.04.02	200 meter away from the south intersection of Jixian North Road, Anqing City, Anhui Province	RMB 4,000	Automobiles (excluding sedan), parts and lubricating oil sales. II motor maintenance, plastic products processing, manufacturing; pictures, plastic bags wholesale, retail
	83	Hefei Chun Hui Automobiles Sales & Services Limited	2014.12.25	3rd Building, Yaohai Industry Zone, South of Bianho Road, Yaohai Dist, Hefei City	RMB 500	Automobiles, parts and lubrication oil sales and car repair.
	84	Tongling Kuo Tong Automobiles Sales & Services Limited	2010.08.27	Resident Committee, Gusheng Community, South Bridge Office, Suburb of Tongling City, Anhui Province	RMB 5,000	Dongfeng Citroen automobiles sales, auto parts, lubricants, machinery and electronic products sales, automobiles decoration, auto parts and services agent, second-hand automobiles distribution, II motor maintenance.
	85	Zibo Yu An Automobiles Sales & Services Limited	2015.04.14	No. 212, Shan Chuan Road, Chang Tien Dist, Zibo City, Shandong Province	RMB 5,000	Cars, used cars, auto parts, lubricants, car loaded with sales; car beauty; car repair and maintenance; exhibition services; second-hand car appraisal; car rental.
Yulon China Holdings (Cayman) Co., Ltd.	86	Yulon Motor Investment (HK) Co., Ltd.	2012.01.30	Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD 147,817	Investments

■ Specially Noted Matters

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon Motor Investment (HK) Co., Ltd.	87	Yulon Automotive (China) Investment Limited	2012.09.26	Room 123, Lin-Jiang Industrial Park Culture Center, Xiaoshan District, Hangzhou City, Zhejiang Province	USD 58,314	(I)by the written undertaking of the investing enterprise (unanimously approved by the board of directors),(II)provide the following services to the investing enterprise; 1. to assist or assist in the investment of the enterprise Agents and their investment in the procurement of domestic and foreign enterprises from the use of machinery and equipment, office equipment and production of raw materials, components, spare parts and sales at home and abroad to invest in its production of products and provide after - sales service; 2. Under the agreement and supervision of the foreign exchange administration, the foreign exchange is balanced between the investing enterprises; 3. The technical support, employee training, and personnel management in the process of production, sales and market development of the invested enterprise And other services; 4. to assist its investment enterprises to seek loans and provide security. (III.) to set up a research and development center or department in China to carry out research and development of new products and hi-tech, to transfer its research and development results and to provide corresponding technical services; (IV.) to provide consulting services for its investors, The company provides consulting services such as market information and investment policy related to its investment; (V.) Undertake the service outsourcing service of its parent company and affiliated company.
	88	Xiamen Y.C. Invest. Consulting Limited	1995.12.29	No. 2804, (Di-How Building), No. 820, Xiahe Road, Siming District, Xiamen City	USD 1,860	In the automotive, electronics, textile, and related industries investment consulting services and international advanced technology, product, and equipment introduction consulting services
	89	Luxgen (hangzhou) Motor Sales Co., Ltd	2016.8.15	No. 2688, New Century Avenue, Linjiang Industrial Park, Xiaoshan District, Hangzhou	RMB 594,334	Passenger cars and their chassis, engines and components, R&D, design and sales of commercial vehicles, sales and import and export of auto parts and automotive supplies
Yulon Automotive (China) Investment Limited	90	Dong Feng Yulon Motor Sales Limited	2013.03.25	No. 2688, Hsin-Shih-Gi Boulevard, Lin-Jiang Industrial Park, Xiaoshan District, Hangzhou City	RMB 50,000	Sales of commercial vehicles, nine-passengers cars, and over nine-passenger cars
	91	Sheng Qing (Beijing) Investment Limited	2005.12.23	No.100, Fangshan Tech. Industrial Park, Fangshan District, Beijing	RMB 456,226	Investment advice (except for intermediary); business management; marketing planning, public relations planning; technical advice (except for intermediaries), technical services; technology import and export.

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Sheng Qing (Beijing) Investment Limited	92	SuZhou FengShen Automobiles. Sale & Service Limited	2000.10.23	No. 1268, Lane Kuo, Dong-Hwang S. Road, Wu Chung District, Suzhou	RMB 48,000	Sales: Dongfeng Nissan cars, imported Nissan vehicles, vehicles and parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, and car rental
SuZhou FengShen Automobiles. Sale & Service Limited	93	Suzhou ChengBang Automobiles Sales & Service Limited	2013.11.21	Wujiang Economic and Technological Development Zone, South of Gangneung N. Road	RMB 10,000	Sales: Auto and auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services and car rental
	94	Suzhou Eslite Automobiles Sales & Service Limited	2013.07.18	No.99, Luzhi Avenue, Luzhi Town, Wuzhong District, Suzhou City	RMB 40,000	Sales: Dongfeng Nissan cars, auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, non-hazardous chemical products; used car dealership; agent automobile licensing services, and car rental
	95	Suzhou YuShun Automobiles Sales & Service Limited	2009.11.12	No. 98, Fong-Ray Road, Mudu Town, Wuzhong District, Suzhou City	RMB 10,000	Sales: Dongfeng Nissan cars, Luxgen automobiles, vehicles and parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, and car rental
	96	TaiTsang ChengMao Automobiles Sales & Service Limited	2014.08.21	No.102, 7A Building, No.111, Taiping North Road, Taicang City Economic Development Area	RMB 10,000	Sales: Auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, car rentalCommodity advisory services
	97	Suzhou FengShun Automobiles Sales & Service Limited	2002.11.07	No. 136, Zhong Shan E. Road, Mudu Town, Wuzhong District, Suzhou City	RMB 25,000	Sales: Dongfeng Nissan cars, imported Nissan vehicles, vehicles and parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, and car rental
Suzhou FengShun Automobiles Sales & Service Limited	98	Wu Jiang Lian Cheng Automobiles Sale & Service Limited	2007.09.28	The Northeast of Pingwang Bridge, Zhongwan Village, Pingwang Town, Wujiang City, Suzhou City	RMB 10,000	Sales: Auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, car rental
	99	Suzhou ChengLi Automobile Sales & Service Limited	2011.08.17	No. 98, Fong-Ray Road, Mudu Town, Wuzhong District, Suzhou City	RMB 15,000	Sales: VENUCIA cars, motorcycles and parts, auto parts, metal materials, hardware AC powered, electric products, building materials, chemical products; automotive licensing agency services, and car rental Self-employed and agents of all types of technology and commodity import and export business.
Sheng Qing (Beijing) Investment Limited	100	ShenJun YuPong Automobiles Sale & Service Limited	2004.10.21	7028A, North Central Avenue, Futian District, Shenzhen City	RMB 12,000	Dongfeng Nissan car sales, imported NISSAN (Nissan) car sales; auto parts procurement and sales; domestic trade; industrial projects; used car trade, car insurance, and car rental

■ Specially Noted Matters

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Sheng Qing (Beijing) Investment Limited	101	Guangzhou YuanDou Automobile Sales & Service Limited	2006.10.16	No. 1, Her-Lian-Bei Road, Zhu Town, Tian He District, Guangzhou	RMB 35,000	Auto parts wholesale; auto parts retail; commodity information consulting services; car repair and maintenance; insurance agency services; brand car sales; commodity information consultation. (In accordance with the law to be approved by the relevant departments approved by the relevant business activities)
	102	Zhu Hai FuTeEn Industry & Trade Limited	2003.04.29	No. 123, Huayu Road, Shon-Jo District, Zhuhai City	RMB 5,000	Dongfeng vehicles, vehicle parts, steel, chemical products (excluding dangerous chemicals), household appliances, auto sundries wholesale, retail; used car sales; car rental; vehicle repair, assembly repair, vehicle maintenance, minor repairs, special repairs; vehicle insurance agency (license is valid until December 23, 2012), and business services (excluding licensed business scope)
Zhu Hai FuTeEn Industry & Trade Limited	103	ZhuHai Esinn Automobiles Sales & Service Limited	2009.10.16	Room 101, 1F, No. 2, Min-Hua 3rd Road, Chen-Shan, Zhuhai City	RMB 5,000	Luxgen car sales; vehicle spare parts, steel, chemical products (excluding dangerous chemicals and precursor chemicals), household appliances, auto sundries wholesale, retail; used car sales; car rental; business services (excluding licensing projects); vehicle repair, assembly repair, vehicle maintenance, minor repairs, special repairs, maintenance and road service (permit is valid until May 6, 2016), and vehicle insurance agency (license validity period is to June 16, 2013)
	104	Shenzhen Yuzhi Automobile Sales & Service Limited	2011.07.18	7028B, North Central Avenue, Futian District, Shenzhen City	RMB 10,000	Luxgen car sales, auto parts procurement and sales and international trade (except for the items specified by legal and administrative regulations and the State Council subject to approval before boarding); import/export business (except for the items prohibited by legal and administrative regulations and the State Council, which may not be operated without permits), and car insurance
Sheng Qing (Beijing) Investment Limited	105	Wuhan Yu Hsin Automobiles Sales & Service Limited	2007.09.12	No. 1, Kong-Non Road, Qiaokou District, Wuhan City, Hubei Province	RMB 28,000	Dongfeng Nissan car sales, imported Nissan car sales; auto parts, auto sundries wholesale and retail, consulting and agency services. Used vehicle trade (excluding used vehicle assessment), car rental, and small vehicle repair (operating range and validity are consistent with the business license issued)
Wuhan Yu Hsin Automobiles Sales & Service Limited	106	XiaoGan YuFeng Automobile Sales & Service Limited	2011.05.16	Shen-Nun Lake E. Road, Xiaonan Economic Development Zone, Xiaogan City	RMB 16,000	Dongfeng Nissan car sales, auto parts, auto sundries wholesale and retail, used vehicle trade, Class I (small vehicle repair) (valid until July 31, 2014), and consulting services. (The operating projects referred to above may be required to be reviewed and approved in advance in accordance with the national law and regulations)

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Sheng Qing (Beijing) Investment Limited	107	NanJing HanHong Automobiles Trading Limited	2003.09.27	No. 228, Mufu E. Road, Yanziji Street, Qixia District, Nanjing City	RMB 70,000	Dongfeng Nissan cars, auto parts, lubricants, hardware AC powered sales; used car brokerage; agency vehicle insurance; automotive information consulting services, and car rental
NanJing HanHong Automobiles Trading Limited	108	Nanjing YuShang Automobile Sales & Service Limited	2011.08.31	No. 9-8, Shandong, Taishan Street, Pukou District, Nanjing City	RMB 8,000	VENUCIA auto sales, auto parts, auto sundries, hardware AC powered sales; economic information consultation, and car rental
	109	Nanjing HanHong Automobile Sales & Service Limited	2013.09.22	Room 410, 8th Building, No. 18, Fenghua Road, Yuhua Economic Development Zone, Nanjing City	RMB 30,000	Automobile, auto sundries, hardware AC powered sales, socio-economic information consulting, car rental services, and car parts
Sheng Qing (Beijing) Investment Limited	110	HangZhou Yu Zhong Trading Limited	2007.09.25	Room 105, No. 69, Chu-Jo Street, Kong-Su District, Hangzhou City	RMB 10,000	Wholesale, retail, design, technology development, automotive spare parts and molds, machinery and equipment, general machinery, electronic products, and others legitimate projects are not subject to review and approval
	111	Hangzhou HuaZhi Automobile Sales & Service Limited	2011.05.20	Room 105, No. 120 Shixiang Road, Xiacheng District, Hangzhou City, Zhejiang Province, China	RMB 20,000	Luxgen car sales (excluding wholesale); vehicle maintenance; Class II vehicle repair (small vehicle maintenance). Auto parts, motorcycle and accessories, metal materials, hardware AC powered, electric products, building materials, chemical products (except hazardous chemicals and precursor chemicals), used cars sale, and car rental
Hangzhou HuaZhi Automobile Sales & Service Limited	112	Hangzhou HuaYou Automobile Sales & Service Limited	2011.09.05	No. 339, Fong-Chin Boulevard, Bei-Gon Street, Xiaoshan District, Hangzhou City	RMB 8,000	Luxgen car sales; sales: Nine-passenger and over nine-passenger cars, auto parts, motorcycle and accessories, metal materials, hardware AC powered, electric products, building materials, chemical products (except for dangerous chemicals and easy system precursor chemicals), automotive affairs agency services; used car dealership, and car rental
Sheng Qing (Beijing) Investment Limited	113	Shanghai YuXing Automobiles Sales & Services Limited	2009.08.18	No. 7511, Fu-Nan highway, Hsin-Chong Town, Pudong New Zone, Shanghai City	RMB 42,226	Dongfeng Nissan car sales, commercial vehicles and nine or more passenger cars, automobile-related parts, auto sundries sales, Class II vehicle repairs, and vehicle insurance agency
	114	Jiang Men Jun Xing Automobiles Sales & Services Limited	2007.04.09	No. 119, Wu-I Road, JiangMen City	RMB 20,000	Sales: Guangzhou Honda vehicles, imported Honda cars, auto parts; repair: Class II vehicles (small vehicle maintenance) Agent: vehicle insurance; used cars sales, brokerage business, vehicle inspection service agency, tag, and title transfer process
Jiang Men Jun Xing Automobiles Sales & Services Limited	115	JiangMen YuLi Automobiles Sales & Service Limited	2014.03.26	uilding 1, No.119, Wuyi Road, Jianghai District, Jiangmen	RMB 10,000	Sales: automobile, parts, brokerage business, vehicle inspection service agency, tag, and title transfer process
YuLi Automobiles Sales & Service Limited	116	He-Shan Li-Sheng Auto Sales & Service Co., Ltd.	2015.10.13	Heshan City Ya Yao Town Shek Wu on the village of the village	RMB 1,200	Sales: car and spare parts, decorations, second-hand car information intermediary services; charge of motor vehicle inspection,

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Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
						on the card, transfer, mortgage procedures; to provide automotive information consulting services; Car rental (without taxi operation).
Sheng Qing (Beijing) Investment Limited	117	Changsha Yulu Automobile Sales & Service Limited	2012.04.13	Room 1468, 14F, Yannong Complex at the intersection of Lu-Chuan Road and Lu-Song Road, Kao-Shin District, Changsha	RMB 20,000	The under-nine-seat cars, used cars, automotive supplies sales; auto parts retail; car rental. (In accordance with the law to be approved by the relevant departments approved by the relevant business activities)
	118	Ningbo YuChang Automobiles Sales & Service Limited	2011.05.30	No. 885, Jwang-chen S. Road, Jiangdong District, Ningbo City	RMB 20,000	Luxgen car sales, vehicle insurance, and accident insurance agents Motor vehicle maintenance (not involving state-owned trade management of goods, involving quotas, license management of goods, according to the relevant provisions of the country for processing)
	119	Fujian YuXin Automobiles Sales & Service Limited	2011.04.29	Ho-Chuan Village, Shanggan Town, Minhou County, Fujian Province (Straits Motor Culture Plaza)	RMB 20,000	Luxgen car sales and vehicle maintenance, and insurance agency business
	120	Guangzhou YuanZhi Automobile Sales & Service Limited	2011.04.11	1F, No. 2, Xiheng Road, Zhu Village, Tianhe District, Guangzhou City	RMB 10,000	Sales: Luxgen automobiles, automotive parts; automotive technology consulting services; and Class II vehicle maintenance
	121	Qingdao YuanHuang Automobiles Sales & Services Limited	2011.01.26	Underground 1F/2F, No. 36 Yinchuan W. Road, Shinan District, Qingdao City	RMB 30,000	Infiniti car sales; sales of auto parts; automotive technology consulting services
	122	Shanghai Yumin Automobiles Sales & Service Limited	2011.01.27	First Building, No. 38, Chen Zhen Road, Putuo District, Shanghai City	RMB 38,000	Sales: Commercial cars and over nine-passenger cars, auto parts, auto sundries, Luxgen car sales, business information consulting, and insurance agent service
Shanghai Yumin Automobiles Sales & Service Limited	123	ChiaHsing YuTa Automobiles Sales & Service Limited	2014.07.23	Exhibition Hall 3, Yuantong Automotive Shop, Automotive Commerce and Trade Park, Jiaxing, Zhejiang	RMB 12,000	Cars, general merchandise, automotive parts wholesale, retail; automotive consulting; agency service on the card; used car agency services; car rental services; automotive technology consulting services; commissioned by the agency car mortgage services; vehicle maintenance.
Yulon Motor Co., Ltd	124	Y-Teks Co., Ltd.	1973.12.28	No.1, Shan-Ping Road, Lin 14, Shandong Li, Chungli City, Taoyuan County	NTD 177,100	Processing and production of auto parts, and import/export of the related auto business
Y-Teks Co., Ltd.	125	Unisyn International Co., Ltd.	2002.07.02	P.O.BOX957, OFFSHORE INCORPORATIONS CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS'	USD 3,347	Holding company
Unisyn International Co., Ltd.	126	Unisyn International (HK) Co., Ltd.	2008.04.28	1004 AXA Centre, 151 Gloucester Road, Wan Chai , Hong Kong	USD 12,391	Investments
Unisyn International (HK) Co., Ltd.	127	Changzhou Y-Teks Automotive Trim Parts Limited	1995.12.15	No. 35, Tsai-Ling Road Tianning District, Changzhou City	USD 1,400	Production of high-end auto engineering plastics and plastic alloy for car interior parts and materials, and sale of products
	128	Hangchow Y-Teks Automotive Trim Parts Limited	2010.01.13	The 2nd Agribusiness Field, Lin-Jiang Industrial Park, Xiaoshan District, Zhejiang Province, China	USD 9,000	Automotive interior parts design, development, production, and sales

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon Motor Co., Ltd	129	Chan Yun Technology Co., Ltd.	2000.09.01	10F., No.2, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NTD 190,000	Information software services.
	130	Uni Auto Parts Manufacture Co., Ltd	1969.09.04	No. 40-10, Pau-Kon Kuen, West Lake Village, San-yi, Miaoli County	NTD 868,892	A variety of vehicles springs and the finished goods production and sales
Uni Auto Parts Manufacture Co., Ltd	131	Uni Investment Co., Ltd.	1998.06.25	P. O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands.	USD 8,403	Holding company
Uni Investment Co., Ltd.	132	Fuzhou Lianghong Motor Parts Limited	1995.12.19	Minhou Chinko (South East Motor City) Investment Zone, Fuzhou City	USD 13,980	Production of car seats, etc.
	133	Hangchow Liangrun Motor Parts Limited	2010.03.24	The 2nd Agribusiness Field, Lin-Jiang Industrial Park, Xiaoshan District, Zhejiang Province, China	USD 15,000	Production of car seats, etc.
Yulon Motor Co., Ltd	134	Luxgen Motor Co., Ltd.	2008.05.29	No. -1, Pau-Kon Kuen, West Lake Village, San-yi, Miaoli County	NTD 2,800,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
Luxgen Motor Co., Ltd.	135	Luxgen Taipei Motor Co., Ltd.	2009.03.11	1F, No. 9, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 185,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	136	Luxgen Taoyuan Motor Co., Ltd.	2009.03.10	No. 256, Zhonghua Road, Bade City, Taoyuan County	NTD 105,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	137	Luxgen Taichung Motor Co., Ltd.	2009.03.10	1F, No. 3, Shih-Cheng Road, Shih-Tun District, Taichung City	NTD 106,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	138	Luxgen Tainan Motor Co., Ltd.	2009.03.12	No. 546, Zhongzheng S. Road, Yongkang District, Tainan City	NTD 105,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	139	Luxgen Kaohsiung Motor Co., Ltd.	2009.03.23	Kaohsiung City Gushan District Boai all the way 437	NTD 71,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	140	Luxgen Overseas Holdings Private Ltd.	2012.04.09	150 Orchard Road #06-16 Orchard Plaza, Singapore	SGD 63,587	Investments
Yulon Motor Co., Ltd	141	Qinton Motor Co., Ltd.	2005.05.24	No. 315, Chung-Cheng S. Road, Yongkang District, Tainan City	NTD 67,459	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	142	Yumin Motor Co., Ltd.	2000.01.07	No. 27, 36th Road, Shih-Tun Industrial Park, Taichung City	NTD 280,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
	143	Yulon TOBE Motor Co., Ltd.	2009.09.25	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 28,080	Automobile and parts manufacturing and mold manufacturing and wholesale business, etc.
	144	Yulon Energy Co., Ltd.	2010.06.15	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 100,000	Battery wholesale and retail and vehicle and motorcycle parts wholesale and retail business
Yulon Energy Co., Ltd.	145	Energy Engineering Co., Ltd.	2012.05.10	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 2,000	Electric appliances contractor and wholesale industries and battery wholesale and retail business
Yumin Motor Co., Ltd.	146	Chun Min Business Co., Ltd.	2001.02.16	1F, No. 89, Fu-Jong Road, Shih-Tun District, Taichung City	NTD 8,000	Vehicles and motorcycle parts wholesale and retail
	147	Anser motors Inc.	2010.12.15	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, SAMOA	NTD 143,560	Holding company
	148	Yumin Insurance Broker Co., Ltd	2013.12.11	Basement 1F-10, No. 279, Chengdu Road, Shih-Tun District, Taichung City	NTD 3,000	Property insurance broker

3. Shareholders representing both holding companies and subordinates: None

4. Industries covered by all the affiliates (Please describe the business relationship and the division of work among the affiliates, if any):

Please refer to Item 1 and Item 2 for details.

5. Name of each affiliated company's Director, Supervisor, and President and their shareholding and investment (as of 12.31. 2017)

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
1	Taiwan Acceptance Corporation	Chairman	Yulon Motor Co., Ltd	125,656,568	45.75
		Director	Kuo-Rong Chen		
		Director	Li-Lien Chen		
			Zhen-Xiang Yao		
			Yulong Management Enterprise Co., Ltd	10,000	0.00
		Director	Wen-Jung Tsai		
		Director	Kuo-Hsing Hsu		
		Director	Chen-Cheng Li		
		Director	Liang Zhang		
		Independent Director	Yi-Hong Hsieh		
Independent Director	Shunren Liu				
Independent Director	Zhongqi Zhou				
2	Shinshin Credit Corporation	Chairman	Taiwan Acceptance Corporation	134,000,000	100
		Director (also President)	Kuo-Hsing Hsu		
		Director	Chung-Yu Chen		
		Supervisor	Yuan-Lung Chueh Shu-Hua Liao		
3	CARPLUS Auto Leasing Corporation	Chairman	Taiwan Acceptance Corporation	51,491,530	68.57
		Director	Kuo-Hsing Hsu		
		Director	Chi-Mu Hsu		
		Director	Wei-Ming Wang		
		Director	Te-Jun Lo		
		Director	Chun-Chieh Chang		
		Supervisor	Ruei-Yi Investment Co., Ltd	5,614,148	7.48
Supervisor	Chih-Lung Chen				
Supervisor	Yulon Motor Co., Ltd	2,594,926	3.46		
Supervisor	Wen Yi Lo				
4	Sinjang Enterprises Co., Ltd.	Chairman	Taiwan Acceptance Corporation	17,128,300	40
		Director (also President)	Kuo-Hsing Hsu		
			Shun-Yen Hung		
			CARPLUS Auto Leasing Corporation	8,559,000	20
		Director	Chi-Mu Hsu		
		Director	Yulon Motor Co., Ltd	8,567,950	20
		Director	Chen-Cheng Li		
		Director	China Motor Corporation	8,567,750	20
Director	Derun Lo				
Supervisor	Yulon Management Enterprise Co., Ltd.	1,000	-		
Supervisor	Qinglun Jiang				
5	Yulon Motor Finance (China) Limited	Director	Yulon Motor Co., Ltd	RMB 510,000,000	51
		Director	Chin-Chuan Chen		
		Director	Shih-Tung Hsu		
		Chairman	Taiwan Acceptance Corporation	RMB 490,000,000	49
		Director	Kuo-Hsing Hsu		
Supervisor	Fa-Ke Chen				
Supervisor	Chun-Cheng Lin				
6	Yu Rich Financial Services Co., Ltd.	Chairman	Taiwan Acceptance Corporation	45,454,599	82.12
		Director	Kuo-Hsing Hsu		
		Director	Yixue Zhuang		
			Chun-Cheng Lin		
		Supervisor	Yulon Management Enterprise Co., Ltd.	9,900,001	17.88
Supervisor	Yongchang Zhou				
7	Sinjang Investment (Samoa) Co., Ltd.	Director	Sinjang Enterprises Co., Ltd.	USD 1,337*	71.34
			Shun-Yen Hung		
		Director	TAC Global Investment (Samoa)Co., Ltd	USD 537*	28.66
Director	Kuo-Hsing Hsu				

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
8	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	Chairman	Sinjiang International Investment (Samoa) Limited	RMB 13,200,000	66
		Director	Shunyan Hong		
		Director	Kuo-Hsing Hsu		
		Director	Zhiwei Lin		
Yu-Kuo Finance Leasing (Hangzhou) Limited	Director	Yu-Kuo Finance Leasing (Hangzhou) Limited	RMB 4,800,000	24	
	Director	Keyu Lin			
	Director	Yulon Automotive (China) Investment Limited	RMB 2,000,000	10	
		Supervisor	Jinquan Chen Chun-Cheng Lin		
9	Hangzhou Cheng Yi second - hand car identification assessment Limited	executive director Supervisor	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd Shunyan Hong Yingyan Xu	RMB 500,000	100
10	Zhejiang Cheng Yi auction Ltd.	Chairman	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	RMB 2,000,000	100
		Director	Shun-Yen Hung		
		Director	Kuo-Hsing Hsu		
		Director	Keyu Lin		
		Director	Jinquan Chen		
		Supervisor	Zhiwei Lin Chun-Cheng Lin		
11	Shinshin Credit Investment (Samoa) Co., Ltd.	Director	Shinshin Credit Corporation Kuo-Hsing Hsu	USD 12,000,000*	100
12	TAC Global Investment (Samoa)Co., Ltd	Director	Taiwan Acceptance Corporation Kuo-Hsing Hsu	USD 50,537,000*	100
13	TAC Global Investment (Samoa) Co., Ltd.	Director	TAC Global Investment (Samoa)Co., Ltd Kuo-Hsing Hsu	USD 42,000,000*	100
14	Yu-Kuo Finance Leasing (Hangzhou) Limited	Chairman	TAC Global Investment (Samoa)Co., Ltd	USD 12,000,000	40
		Director	Kuo-Hsing Hsu		
		Director	Wenkai Zhuang		
		Supervisor	Keyu Lin Chun-Cheng Lin		
		Director	Shinshin Credit Investment (Samoa) Co., Ltd. Zhongyu Chen	USD 12,000,000	40
		Director	Yulon Automotive (China) Investment Limited Xinfa Wu	USD 6,000,000	20
15	TAC Leasing (Suzhou) Limited	Chairman Director Director Supervisor	TAC Global Investment (Samoa) Co., Ltd. Zhongyu Chen Fu-Hsiung Liu Kuo-Hsing Hsu Chun-Cheng Lin	USD 30,000,000*	100
16	Wuhan Yu Hsin Automobiles Sales & Service Limited	Director (also President) Supervisor	Yu-Kuo Finance Leasing (Hangzhou) Limited Keyu Lin Cing-Yu Cai	RMB 2,000,000	100
17	Diamond Leasing Service Co., Ltd.	Chairman Director Director Supervisor	CARPLUS Auto Leasing Corporation Chun Chen Chi-Mu Hsu Kuang-Hung Chang Hsin-Ming Chao	8,500,000	100

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
18	Da Wei Technology Co., Ltd	Chairman Director Director Supervisor	CARPLUS Auto Leasing Corporation Chun Chen Chi-Mu Hsu Hsin-Ming Chao Kuang-Hung Chang	1,000,000	100
19	CAR-PLUS Global Investment(Samoa)Co., Ltd	Director	CARPLUS Auto Leasing Corporation Chi-Mu Hsu	USD 12,000,000*	100
20	CAR-PLUS China Investment(Samoa) Co., Ltd	Director	CAR-PLUS Global Investment(Samoa)Co., Ltd Chi-Mu Hsu TAC Global Investment (Samoa)Co., Ltd	USD 6,000,000* USD 4,000,000*	60 40
21	Car-Plus Shanghai Investment(Samoa) Co.,Ltd	Director	CAR-PLUS Global Investment(Samoa)Co., Ltd Chi-Mu Hsu TAC Global Investment (Samoa)Co., Ltd	USD 6,000,000* USD 4,000,000*	60 40
22	CAR-PLUS Auto Leasing (Suzhou) Limited	Chairman Director Director Director Director Supervisor Supervisor	CAR-PLUS China Investment (Samoa) Co., Ltd Chi-Mu Hsu Kuo-Hsing Hsu Chun Chen Weimin Pan Fa-Ke Chen Kuang-Hung Chang Chun-Cheng Lin	USD 10,000,000	100
23	CAR-PLUS Auto Leasing (Shanghai)Limited	Chairman Director Director Director Director Supervisor Supervisor	CAR-PLUS China Investment (Samoa) Co., Ltd Chi-Mu Hsu Kuo-Hsing Hsu Chun Chen Weimin Pan Fa-Ke Chen Kuang-Hung Chang Chun-Cheng Lin	USD 10,000,000	100
24	H. K. Manpower Service Co., Ltd.	Chairman Director Director Supervisor	Diamond Leasing Service Co., Ltd. Chi-Mu Hsu Chun Chen Hsin-Ming Chao Kuang-Hung Chang	1,000,000	100
25	Ta Teng Transportation Co.,Ltd.	Director	Da Wei Technology Co., Ltd	NTD 5,000,000	100
26	Yu Ching Business Co., Ltd.	Chairman Director Director Supervisor	Yulon Motor Co., Ltd Kuo-Rong Chen Zhen-Xiang Yao Wen-Yi Lo Yu Pong Business Co., Ltd. Yuanlong Chen	72,691,327 48,460,885	60 40
27	Chinh-Ling RTC Co., Ltd.	Chairman Director Director Supervisor	Yu Ching Business Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li Zhiming Zheng	5,000,000	100
28	Yu Yuen Development Co., Ltd	Chairman Director Director Director Director Supervisor	Yulon Motor Co., Ltd Kuo-Rong Chen Wei-Kung Chi Zhen-Xiang Yao Ching-Lung Chien Hsiu-Chih Kao Zhiming Zheng	122,100,000	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
29	Hangzhou Yu-Jie Real Estate Co., LTD	Legal Representative (also Chairman) Director Director Supervisor	Yu Yuen Development Co., Ltd Jinquan Chen Yitai Wu Hsiu-Chih Kao Yuanlong Chen	RMB 500,000,000	100
30	Yufong Property Management Co., Ltd.	Chairman Director Director Supervisor	Yu Ching Business Co., Ltd. Ching-Lung Chien Hsiu-Chih Kao Wen-Yi Lo Yulon Management Enterprise Co., Ltd. Yuanlong Chen	2,499,000 1,000	99.96 0.04
31	Yu Pong Business Co., Ltd.	Chairman Director Director Supervisor	Yulon Motor Co., Ltd Li-Lien Chen Kenneth K. T. Yen Kuo-Rong Chen Hsueh-Hui Yen	25,484,136	100
32	Sin Chi Co., Ltd.	Chairman Director Director Supervisor	Yulon Motor Co., Ltd Kuo-Rong Chen Zhen-Xiang Yao Wen-Yi Lo Yuanlong Chen	87,000,000	100
33	Yu Chia Motor Co., Ltd.	Chairman Director Director Supervisor	Sin Chi Co., Ltd. Shunyan Hong Wen-Yi Lo Wenxiu Zhu Yuanlong Chen	12,000,000	100
34	Chan Chen Inter Consulting Co., Ltd.	Chairman Director Director Supervisor	Sin Chi Co., Ltd. Kuo-Rong Chen Kan-Lin Chu Wen-Yi Lo Songze Lin	1,000,000	100
35	Yung Hang Investment Co., Ltd.	Chairman Director (also President) Director Supervisor	Yulon Motor Co., Ltd Kenneth K. T. Yen Kuo-Rong Chen Zhen-Xiang Yao Chih-Ming Cheng	77,622,000	100
36	Yue Sheng Industrial Co., Ltd.	Chairman Director Director Director Director Director Supervisor Supervisor	Yulon Motor Co., Ltd Wen-Jung Tsai Pu-Chin Chien Yung-Yuan Wang Chuogaras Co., Ltd. Nakai Hajime Kanai Tetsuo Muxia yu zheng Miyachi Toru Yulong Management Enterprise Co., Ltd Chih-Ming Cheng	14,680,250 14,112,000 0 1,000	50.97 49 - -
37	Yueki Industrial Co., Ltd.	Chairman Director Director Director Director Director Supervisor Supervisor Supervisor	Yulon Motor Co., Ltd Chun-Hung Chen Tsan-Huang Lin Ching-Ya chen Ronggui Chen Calsonic Kansei Co., Ltd Shānxī zhèngbó Ben-Kuan Ciao Shimada Kei Sukasa Yulon Management Enterprise Co., Ltd. Yung-Yuan Wang Chih-Ming Cheng Akiyama Toyohiko	9,846,057 9,538,830 1000 0	50.58 49 - -

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
38	Yue Ki Industrial (Samoa) Co., Ltd	Director	Yueki Industrial Co., Ltd.	USD 4,126,000*	100
39	Yue Ki Industrial (HK) Co., Ltd.	Director Director	Yueki Industrial Co., Ltd. Junhong Chen Zhixiong Wu	USD 106,000,000* 0	100 -
40	Hangzhou Yuwan Auto Motive Parts Limited	Director	Yue Ki Industrial (HK) Co., Ltd. S Zhixiong Wu	RMB 74,669,000* 0	100 -
41	China Cast Iron Pipe Co., Ltd.	Chairman Director Director Supervisor	Yulon Motor Co., Ltd Kuo-Rong Chen Zhen-Xiang Yao Taiyuen Textile Co Hsiu-Chih Kao Tai-Yuen Textile Co., Ltd. Wen-Yi Lo	24,850 430 5,679	77.66 1.34 17.75
42	ESINN Co., Ltd	Chairman Director Director Director Director Supervisor	Yulon Motor Co., Ltd Zhen-Xiang Yao Chun-Chieh Chang Meng-Fen Hsiao Wen-Chuan Zhong Chan-Hsin Investment Co., Ltd. Yan Zhou Yulon Management Enterprise Co., Ltd. Yuanlong Chen	32,519,000 3,480,000 1,000	90.331 9.667 0.003
43	Yushin Motor Co., Ltd.	Chairman Director Director Director Director Supervisor	Yulon Motor Co., Ltd Zhen-Xiang Yao Wen-Chuan Zhong Wen-Chiang Hsu Meng-Fen Hsiao Chiung-Liang Wang Yu Pool Enterprise Co., Ltd. Yulon Management Enterprise Co., Ltd. Yuanlong Chen	15,999,000 800,000 3,200,000 1,000 0	79.995 4.000 16.000 0.005 -
44	Yu Pool Enterprise Co., Ltd.	Chairman Director Director Supervisor	Yushin Motor Co., Ltd. Chiung-Liang Wang Wen-Chiang Hsu Wentian Guo I-Hsuan Lin	1,000,000	100
45	Yu Shin Investment Ltd.	Chairman	Yushin Motor Co., Ltd. Chiung-Liang Wang	USD 9,800,000	100
46	Yu Chang Motor Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Yao-Hsin Kuo Yu-Hung Kuo Yulon Motor Co., Ltd Chun-Chieh Chang Chen-Cheng Li Meng-Fen Hsiao Representative: Hsin-Fa Wu Yuanlong Chen Chiu-Hua Chen	3,254,400 1,335,200 13,998,500 1,000 1,437,200	15.110 6.199 64.993 0.005 6.673
47	Tian Wang Co., Ltd.	Chairman Director Director Supervisor	Yu Chang Motor Co., Ltd. Yao-Hsin Kuo Meng-Fen Hsiao Chen-Cheng Li Yuanlong Chen	1,700,000	100
48	Yu Chang China Investment Co., Ltd.	Director Director Director	Yu Chang Motor Co., Ltd. Yao-Hsin Kuo Kuo-Hsing Hsu Ming-Hui Hsiao	USD 1,564,000	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
49	Singan Co., Ltd.	Director	China Motor Corporation Te-Jun Lo	7,074,057	24.67
		Chairman	Yulon Motor Co., Ltd Kuo-Hsing Hsu	10,212,515	35.62
		Director	Yan Zhou		
		Director (also President)	Chao-Hsien Liu Wenzheng Liao		
		Supervisor	Yu Ching Business Co., Ltd. Songze Lin	2,742,014	9.56
50	Singual Travel Service Co., Ltd.	Chairman Director (also President) Director Director Supervisor	Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu Pi-Feng Wu Chia-Ying Tsang Wan-Chin Li	13,000,000	100
51	Molife Cultural Enterprise Co., Ltd.	Chairman Director Director Director (also President) Supervisor	Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu Pi-Feng Wu Chia-Ying Tsang Wan-Chin Li	5,000,000	100
52	Hsiang Shou Enterprise Co., Ltd.	Chairman Director Director (also President) Director Supervisor	Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu Pi-Feng Wu Jiaying Zan Wan-Chin Li	10,000,000	100
53	Jing-Hui (Shanghai) Motor Technology Limited	Chairman Director Director (also President)	Singual Travel Service Co., Ltd. Wenzheng Liao Keyu Lin Wei-Ming Fang	USD 1,675,000	100
54	Yulon Overseas Investment Co., Ltd.	Director Director Director	Yulon Motor Co., Ltd Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li	506,647,575	100
55	Yulon China Investment Co., Ltd.	Director Director Director	Yulon Overseas Investment Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li	481,621,147	100
56	Yulon Philippine Investment Co., Ltd.	Director Director Director	Yulon Overseas Investment Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li	35,740,966	100
57	Univation Motor Philippines, Inc.	Chairman	Yulon Philippine Investment Co., Ltd. Zhen-Xiang Yao	4,365,527	39.99
		Director (also CEO)	Hsiang Tseng	1	
		Director	Ming-Feng Sung	1	
		Director	Wenxiu Zhu	1	
		Director	Chen-Chi Wu	1	
			Eastern Crowne Industries, Inc.	350,000	3.21
			Sta. Cruz Island Corporation	6,198,296	56.79
58	Sta. Cruz Island Corporation	Director	Yulon Philippine Investment Co., Ltd.	749,370	14.04
		Chairman	Pacific Gem Corporation	3,202,792	60
		Director	Reynaldo Concepcion	1	-
			William C. Yu	1	-
			Eric Recalde	1	-
			Univation Motor Philippines, Inc.	1,385,826	25.96

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Nedia O. Sagun	1	-
		Director	Teresita D. Hamor	1	-
59	Taixin Investment (Samoa) Co., Ltd.	Legal Representative	Yulon China Investment Co., Ltd. Kuo-Rong Chen	24,124,887	100
60	Wen Yang Investment (Samoa) Co., Ltd.	Legal Representative	Yulon China Investment Co., Ltd. Kuo-Rong Chen	16,100,000	100
61	Qing Yi Investment (Samoa) Co., Ltd.	Legal Representative	Yulon China Investment Co., Ltd. Kuo-Rong Chen	15,850,000	100
62	Yulon China Investment (HK) Co., Ltd.	Legal Representative	Yulon China Investment Co., Ltd. Kenneth K. T. Yen	USD 270,415,000*	100
63	Feng-hua Investment (HK) Limited	Director	Chenlong Motor Co., Ltd. I-Wei Wang	USD 2,100,000*	30
		Director	Yulon China Investment Co., Ltd. Ming-Hui Hsiao	USD 2,800,000*	40
		Director	Huamao International Investment Co., Ltd	USD 2,100,000*	30
64	Yulon China Holdings (Cayman) Co., Ltd.	Chairman Director Director	Yulon China Investment Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li	147,817,088	100
65	Suzhou Chenglong Automobile Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Feng-hua Investment (HK) Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou	USD 7,000,000*	100
66	Suzhou Cheng-Hung Auto Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Suzhou Chenglong Automobile Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou	RMB 10,000,000*	100
67	Suzhou Cheng-Kuo Auto Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Suzhou Chenglong Automobile Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou	RMB 10,000,000*	100
68	KeYu (Nanjing) Information Technology Limited	Legal Representative(also Executive director) Supervisor	Taixin Investment (Samoa) Co., Ltd. Kuo-Rong Chen Ming-Hui Hsiao	RMB 180,031,000*	100
69	TaiFeng ((Nanjing) Software Technology Limited	Legal Representative	Wen Yang Investment (Samoa) Co., Ltd. Kuo-Rong Chen	USD 14,850,000*	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
70	QingTai (NanJing) Technology Limited	Legal Representative Supervisor	Qing Yi Investment (Samoa) Co., Ltd. Kuo-Rong Chen Wen-Yi Lo	USD 15,350,000*	100
71	Yi Ding (ZhangZhou) Information Technology Limited	Legal Representative (also Executive director and Manager) Supervisor	TaiFeng ((Nanjing) Software Technology Limited Kuo-Rong Chen Wen-Yi Lo	RMB 55,200,000*	100
72	Mei De (ZhangZhou) Software Technology Limited	Legal Representative (also Executive director and Manager) Supervisor	TaiFeng ((Nanjing) Software Technology Limited QingTai (NanJing) Technology Limited Ming-Hui Hsiao Yung-Fu Chiao	RMB 71,550,000* RMB 7,950,000*	90 10
73	Shi Cheng (ZhangZhou) Technology Development Limited	Legal Representative (also Executive director and Manager) Supervisor	QingTai (NanJing) Technology Limited Kuo-Rong Chen Wen-Yi Lo	RMB 71,830,000*	100
74	Jin Ce (ZhangZhou) Software Technology Limited	Legal Representative (also Executive director and Manager) Supervisor	QingTai (NanJing) Technology Limited TaiFeng ((Nanjing) Software Technology Limited Ming-Hui Hsiao Yung-Fu Chiao	RMB 13,769,000* RMB 5,901,000*	70 30
75	GaoTe (Beijing) Investment Limited	Legal Representative (also Executive director and Manager) Supervisor	Yi Ding (ZhangZhou) Information Technology Limited Jin Ce (ZhangZhou) Software Technology Limited I Liu Ming-Hui Hsiao	RMB 52,200,000* RMB 5,800,000*	90 10
76	HangZhou QienYu Investment Limited	Legal Representative (also Executive director and President) Supervisor	GaoTe (Beijing) Investment Limited I Liu Ya-Ming Chen	RMB 10,000,000*	100
77	HangZhou Hsiao Yu Investment Limited	Legal Representative (also Chairman) Director Director(also Manager) Supervisor	HangZhou TangYu Investment Limited HangZhou QienYu Investment Limited Zhejiang Chung-Yu (Holding) Group Limited Chi-Wu Liu Chi-Hou Wen Wen-Chiang tien Lai Liu	RMB 900,000* RMB 9,000,000* RMB 100,000*	9 90 1
78	DongTai (Beijing) Investment Limited		Shi Cheng (ZhangZhou) Technology Development Limited Jin Ce (ZhangZhou) Software Technology Limited	RMB 68,830,000 RMB 4,370,000	94.03 5.97

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No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Legal Representative (also Executive director and President) Supervisor	Lai Liu Ming-Hui Hsiao		
79	HangZhou TangYu Investment Limited	Legal Representative (also Executive director and Manager) Supervisor	DongTai (Beijing) Investment Limited Chi-Tsai Wen Ming Chen	RMB 10,000,000*	100
80	Anhui Min Tong Automobiles Sales & Service Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Chin-Chuan Chen Chou Yen	RMB 10,000,000	100
81	Anqing Cai Tong Automobiles Sales & Service Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Chin-Chuan Chen Chou Yen	RMB 5,000,000	100
82	Anqing Ling Tong Automobiles Sales & Services Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Chin-Chuan Chen Chou Yen	RMB 4,000,000	100
83	Hefei Chun Hui Automobiles Sales & Services Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Ruoyu Qiu Zhiqiang Yan Zhiqiang Yan Chou Yen	RMB 500,000	100
84	Tongling Kuo Tong Automobiles Sales & Services Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Chin-Chuan Chen Chou Yen	RMB 5,000,000	100
85	Zibo Yu An Automobiles Sales & Services Limited	Chairman Director Director Supervisor	DongTai (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Chin-Chuan Chen Chou Yen	RMB 5,000,000	100
86	Yulon Motor Investment (HK) Co., Ltd.	Chairman Director	Yulon China Holdings (Cayman) Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen	USD 147,817,000*	100
87	Yulon Automotive (China) Investment Limited	Legal Representative (also Chairman) Director (also President) Director Director Director Director Supervisor	Yulon Motor Investment (HK) Co., Ltd. Kuo-Rong Chen Hsin-Fa Wu Chin-Chuan Chen Kuo-Hsing Hsu Chun-Chung Li Zhen-Xiang Yao Yung-Yuan Wang Ming-Hui Hsiao	USD 58,314,000*	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
88	Xiamen Y.C. Invest. Consulting Limited	Legal Representative Supervisor	Yulon Motor Investment (HK) Co., Ltd. Kuo-Rong Chen Yung-Fu Chiao	USD 1,860,000*	100
89	Luxgen (hangzhou) Motor Sales Co., Ltd	Chairman Director (also President) Director Supervisor	Yulon Motor Investment (HK) Co., Ltd. Kuo-Rong Chen Hsin-Fa Wu Chun-Chung Li Zhen-Xiang Yao	USD 594,334,000*	100
90	Dong Feng Yulon Motor Sales Limited	Chairman Director Director Director Director Supervisor Vice Chairman Director Director Director Supervisor	Yulon Automotive (China) Investment Limited Kuo-Rong Chen Chun-Chung Li Li-Min Hu Kuo-Hsing Hsu Hsin-Fa Wu Ming-Hui Hsiao	RMB 25,000,000	50
			Dong Feng Yulon Motor Limited Wenjie Zhou Yang Qiao Jia Teng Huang Chen Li Xiangdong Wang	RMB 25,000,000	50
91	Sheng Qing (Beijing) Investment Limited	Legal Representative (also Executive Chairman) Vice Chairman Director Supervisor	Yulon Automotive (China) Investment Limited Xiamen Y.C. Invest. Consulting Limited Kuo-Rong Chen	RMB 256,226,000*	56.16
			Hsin-Fa Wu Chin-Chuan Chen Ming-Hui Hsiao	RMB 200,000,000*	43.84
92	SuZhou FengShen Automobiles. Sale & Service Limited	Director Director Director Supervisor Chairman Director Supervisor	Sheng Qing (Beijing) Investment Limited Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng Yan Zhou	RMB 19,200,000*	40
			Suzhou Cheng-Feng Commercial Trading Limited I-Wei Wang I-Ching Wang Ming-Tsang Chao	RMB 28,800,000*	60
93	Suzhou ChengBang Automobiles Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 10,000,000*	100
94	Suzhou Eslite Automobiles Sales & Service Limited	Chairman Director Director Director	SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng	RMB 40,000,000*	100

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director Supervisor Supervisor	I-Ching Wang Ming-Tsang Chao Chou Yen		
95	Suzhou YuShun Automobiles Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 10,000,000*	100
96	TaiTsang ChengMao Automobiles Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 10,000,000*	100
97	Suzhou FengShun Automobiles Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 25,000,000*	100
98	Wu Jiang Lian Cheng Automobiles Sale & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Suzhou FengShun Automobiles Sales & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 10,000,000*	100
99	Suzhou ChengLi Automobile Sales & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Suzhou FengShun Automobiles Sales & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen	RMB 15,000,000*	100
100	ShenJun YuPong Automobiles Sale & Service Limited	Chairman Director Director Director Director Supervisor Supervisor	Hsiao-Chung Yao Tan-Ning Liu Sheng Qing (Beijing) Investment Limited Jung-Fu Cheng Hsin-Fa Wu Chin-Chang Tsai Li-Min Hu Chih-Hsin Yeh Wen-Cheng Lin	RMB 1,680,000 RMB 2,520,000 RMB 7,800,000	14 21 65

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
101	Guangzhou YuanDou Automobile Sales & Service Limited	Chairman Vice Chairman Director Director Director Supervisor Supervisor	Yuanlong Motor Co., Ltd. Sheng Qing (Beijing) Investment Limited Chen-Fang Chang Chin-Chuan Chen Zhiqiang Yan Jui-Yu Chiu Ming-Jung Hsu Chou Yen Ming-Ching Chen	RMB 17,150,000* RMB 17,850,000*	49 51
102	Zhu Hai FuTeEn Industry & Trade Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Hsin-Fa Wu Chi-Jui Chen Jung-Fu Cheng Wen-Cheng Lin	RMB 5,000,000*	100
103	ZhuHai Esinn Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Zhu Hai FuTeEn Industry & Trade Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin	RMB 5,000,000*	100
104	Shenzhen Yuzhi Automobile Sales & Service Limited	Chairman Director Director Supervisor	Zhu Hai FuTeEn Industry & Trade Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin	RMB 10,000,000*	100
105	Wuhan Yu Hsin Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Representative: Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin	RMB 28,000,000*	100
106	XiaoGan YuFeng Automobile Sales & Service Limited	Chairman Director Director Supervisor	Wuhan Yu Hsin Automobiles Sales & Service Limited Representative: Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin	RMB 16,000,000*	100
107	NanJing HanHong Automobiles Trading Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Representative: Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin	RMB 70,000,000*	100
108	Nanjing YuShang Automobile Sales & Service Limited	Chairman Director Director Supervisor	NanJing HanHong Automobiles Trading Limited Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin	RMB 8,000,000*	100
109	Nanjing HanHong Automobile Sales & Service Limited	Chairman Director Director Supervisor	NanJing HanHong Automobiles Trading Limited Hsin-Fa Wu Chi-Jui Chen Jung-Fu Cheng Wen-Cheng Lin	RMB 30,000,000*	100
110	HangZhou Yu Zhong Trading Limited	Legal Representative(also Executive Chairman) Supervisor	Sheng Qing (Beijing) Investment Limited Kuo-Rong Chen Ming-Hui Hsiao	RMB 10,000,000*	100

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No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
111	Hangzhou HuaZhi Automobile Sales & Service Limited	Chairman Director Director Director Director Director Supervisor	Dong Feng Yulon Motor Limited Representative: Hsin-Fa Wu Chih-Tung Shan Fang-Cheng Liu Sheng Qing (Beijing) Investment Limited Kuo-Hsing Hsu Ping-Cheng Yen Chin-Chang Tsai Ming-Hui Hsiao	RMB 8,000,000* RMB 12,000,000*	40 60
112	Hangzhou HuaYou Automobile Sales & Service Limited	Executive Director Supervisor	Hangzhou HuaZhi Automobile Sales & Service Limited Ching-Yuan Po Wen-Cheng Lin	RMB 8,000,000*	100
113	Shanghai YuXing Automobiles Sales & Services Limited	Executive Director Supervisor	Sheng Qing (Beijing) Investment Limited Chin-Feng Kao Zong-Hui Lin Ming-Hui Hsiao	RMB 42,226,000*	100
114	Jiang Men Jun Xing Automobiles Sales & Services Limited	Chairman Director Director Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Jung-Fu Cheng Sanli Holdings Limited Jung-Fu Cheng Zhicong Zhang Zhenlong Lin Hsin-Fa Wu Zhiqiang Yan Wen-Cheng Lin	RMB 12,000,000 RMB 3,000,000 RMB 5,000,000	60 15 25
115	JiangMen YuLi Automobiles Sales & Service Limited	Executive Director Supervisor	Jiang Men Jun Xing Automobiles Sales & Services Limited Jung-Fu Cheng Wen-Cheng Lin	RMB 10,000,000*	100
116	Heshan City, Lee Health Automotive Sales and Service Co., Ltd	Executive Director Supervisor	Jiangmen City Yu Li car sales Services Limited Jung-Fu Cheng Zhenlong Lin	RMB 1,200,000	100
117	Changsha Yulu Automobile Sales & Service Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin	RMB 20,000,000*	100
118	Ningbo YuChang Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Chin-Chuan Chen Jung-Fu Cheng Zhiqiang Yan Wen-Cheng Lin	RMB 20,000,000*	100
119	Fujian YuXin Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited YU SHIN INVESTMENT LTD Chiung-Liang Wang Chin-Chuan Chen Zhiqiang Yan Wen-Cheng Lin	RMB 10,200,000 RMB 9,800,000	51 49
120	Guangzhou YuanZhi Automobile Sales & Service Limited	Chairman Director	Guangzhou YuanDou Automobile Sales & Service Limited Chen-Fang Chang Chin-Chuan Chen	RMB 10,000,000*	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director Director Director Supervisor Supervisor	Ming-Jung Hsu Zhiqiang Yan Jui-Yu Chiu Chou Yen Ming-Ching Chen		
121	Qingdao YuanHuang Automobiles Sales & Services Limited	Chairman Director Director Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Yuanchuang Co., Ltd. Chen-Fang Chang Zhiqiang Yan Chin-Chuan Chen Jui-Yu Chiu Ming-Jung Hsu Ming-Chi Wu Chou Yen	RMB 15,300,000* RMB 14,700,000*	51 49
122	Shanghai Yumin Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Sheng Qing (Beijing) Investment Limited Anser Motors Inc. Chin-Feng Kao Zhiqiang Yan Chin-Chuan Chen Wen-Cheng Lin	RMB 19,380,000* RMB 18,620,000*	51 49
123	ChiaHsing YuTa Automobiles Sales & Service Limited	Chairman Director Director Supervisor	Shanghai Yumin Automobiles Sales & Service Limited Chin-Feng Kao Chin-Chuan Chen Zhiqiang Yan Wen-Cheng Lin	RMB 12,000,000	100
124	Y-Teks Co., Ltd.	Chairman Director Director Director Director Director Supervisor Supervisor	Yulon Motor Co., Ltd Chun-Hung Chen Yung-Yuan Wang Kasai Kogyo Co., Ltd. Watanabe Kunikou Sandou Shouichi Yue Sheng Industrial Co., Ltd. Tung-Yao Wu San Long Assets Management Co., Ltd. Chung-Hsien Chen Chang Yue Plastics Industrial Co., Ltd. Chia-Ching Chen Shang-Hui Chen Li-Hsiung Cheng	602,124 591,185 212,388 93,948 213,299 3,649 0	34 33.38 11.99 5.3 12.04 0.21 -
125	Unisyn International Co., Ltd.	Director Director Director	Y-Teks Co., Ltd. Shan Dao, Sheng Yi Chun-Hung Chen Chin-Chu Lin Malaysia SL investment Co., Ltd. Li-Hsiung Cheng Fang Pang (Samoa) Investment Co., Ltd. Li-Tai Kuo	USD 2,231,000* USD 558,000* USD 558,000*	66.66 16.67 16.67
126	Unisyn International (HK) Co., Ltd.	Director Director Director Director	Unisyn International Co., Ltd. Chun-Hung Chen Shan Dao, Sheng Yi Chin-Chu Lin Li-Hsiung Cheng Li-Tai Kuo	USD 12,391,000*	100

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
127	Changzhou Y-Teks Automotive Trim Parts Limited	Legal Representative	Unisyn International (HK) Co., Ltd.	USD 714,000*	51
			Jiangsu Chang Pien Plastics Industrial Limited	USD 462,000*	33
			China Automotive Industry International Corporation	USD 224,000*	16
128	Hangchow Y-Teks Automotive Trim Parts Limited	Director Director Director Director	Unisyn International (HK) Co., Ltd.	USD 9,000,000*	100
			Chin-Chu Lin		
			Li-Tai Kuo		
			Imamura Hitoshi		
129	Chan Yun Technology Co., Ltd.	Chairman (also President)	Yulon Motor Co., Ltd	8,331,999	43.85
			Wei-Kung Chi		
		Director	Kan-Lin Chu	8,331,999	43.85
			Zhihong Wu		
		Director	China Motor Corporation	8,331,999	43.85
Director	Te-Chao huang				
Supervisor	Chen-Chang Huang	2,336,002	12.3		
130	Uni Auto Parts Manufacture Co., Ltd	Chairman Director Director	Yulon Motor Co., Ltd	21,728,516	25.01
			Zhen-Xiang Yao		
			Shun-I Lin		
		Executive Director Director Director	Yung-Yuan Wang	17,377,154	20
			Hsin Chong Machinery Works Co., Ltd.		
			Chih-Hsiung His		
		Director Director Director	Chin-Ming His	13,032,137	15
			Aoyagi Toshiyuki		
			China Motor Corporation		
		Executive Director	Hongqing Yang	5,211,979	6
			Chuan Hsing Investment & Development Co., Ltd.		
			Chung-Wu Li		
		Director	NHK Spring Co., Ltd.	13,033,833	15
Siao Ye, Wun-Shou					
British Channel Islands Adient					
Director Supervisor Supervisor	Global Holdings Ltd	8,688,921	10		
	Chien Huang				
	Yulon Management Enterprise Co., Ltd.				
		1,000	-		
		0	-		
131	Uni Investment Co., Ltd.	Director Director	Uni Auto Parts Manufacture Co., Ltd	USD 8,403,000*	100
			Teng-Hung Yang		
132	Fuzhou Lianghong Motor Parts Limited	Chairman Director	Uni Investment Co., Ltd.	USD 9,320,000*	66.67
			Teng-Hung Yang		
		Director Director	Ziming Li	USD 4,660,000*	33.33
			Chih-Hsiung His		
		Director Director	Chung-Wu Li	USD 4,660,000*	33.33
			Chiung-Chih		
		Supervisor Supervisor	Ming-Jhang Li	USD 4,660,000*	33.33
			Siao Ye, Wun-Shou		
		Director Director Director	Yung-Yuan Wang	USD 4,660,000*	33.33
			Chien Huang		
	Namba Press Works Co., Ltd.				
	Nanba Chikako				
	Nanba Junichi				
	Nanba Komaki				

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
133	Hangchow Liangrun Motor Parts Limited	Chairman Director Director Director Director Director Supervisor	Uni Investment Co., Ltd. Teng-Hung Yang Ziming Li Siao Ye, Wun-Shou Chih-Hsiung His Chung-Wu Li Chien Huang Yung-Yuan Wang Hongqing Yang	USD 15,000,000*	100
134	Luxgen Motor Co., Ltd.	Chairman Vice Chairman Director Director Director (also President) Supervisor	Yulon Motor Co., Ltd Kenneth K. T. Yen Kuo-Rong Chen Zhen-Xiang Yao Chun-Chung Li Wen-Jung Tsai Chih-Ming Cheng	280,000,000 0	100
135	Luxgen Taipei Motor Co., Ltd.	Chairman Director Director Director Director Supervisor	Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Wen-Yuan Li Ching-Yuan Po Yulon Management Enterprise Co., Ltd. Yuanlong Chen	18,499,000 1,000	99.99 0.01
136	Luxgen Taoyuan Motor Co., Ltd.	Chairman Director Director Director Director Supervisor	Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yushin Motor Co., Ltd. Chiung-Liang Wang Fortune Motors Co., Ltd. Qimin Zeng Yulon Management Enterprise Co., Ltd. Yuanlong Chen	6,299,000 2,100,000 2,100,000 1,000	59.99 20 20 0.01
137	Luxgen Taichung Motor Co., Ltd.	Chairman Director Director Director Director Supervisor	Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yumin Motor Co., Ltd. Chin-Feng Kao Fortune Motors Co., Ltd. Mingjun Xie Yulon Management Enterprise Co., Ltd. Yuanlong Chen	6,359,000 2,120,000 2,120,000 1,000	59.99 20 20 0.01
138	Luxgen Tainan Motor Co., Ltd.	Chairman Director Director Director Director Supervisor	Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Fortune Motors Co., Ltd. Chi-Feng Tsai De-Cing Tang Yulon Management Enterprise Co., Ltd. Yuanlong Chen	8,399,000 2,100,000 1,000	79.99 20 0.01
139	Luxgen Kaohsiung Motor Co., Ltd.	Chairman Director Director	Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yu Chang Motor Co., Ltd.	4,259,000 1,420,000	59.99 20

■ Specially Noted Matters

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Yao-Hsin Kuo	1,420,000	20
		Director	Fortune Motors Co., Ltd. Chun-Chang Lin		
		Supervisor	Yulon Management Enterprise Co., Ltd. Yuanlong Chen		
140	Luxgen Overseas Holdings Private Ltd.	Director	Luxgen Motor Co., Ltd. Kenneth K. T. Yen	SGD 63,587,000	100
		Director	Chung-Yung Tsao	0	-
		Director	Wen-Jung Tsai	0	-
		Director	Kuo-Rong Chen	0	-
		Director	Hsueh-Lei Chang	0	-
141	Qinton Motor Co., Ltd.	Chairman	Yulon Motor Co., Ltd Zhen-Xiang Yao	6,745,947	100
		Director	Kuo-Hsing Hsu		
		Director	Shun-Yen Hung		
		Supervisor	Meiru Hu		
142	Yumin Motor Co., Ltd.	Chairman	Yutong Enterprise Co., Ltd. Chin-Feng Kao	14,840,000	53.00
		Director	His-Kun Liu		
		Director	Kuo-Lung Lai		
		Director	Mei-Chang Hsu		
		Director	Yulon Motor Co., Ltd	5,598,860	19.996
		Director	Chia-Chi Li		
		Director	Yan Zhou		
		Director	Meng-Fen Hsiao		
		Director	Taiwan Acceptance Corporation	7,560,000	27.00
		Director	Shih-Jie Li		
		Director	Chun-Cheng Lin		
		Director	Yulon Management Enterprise Co., Ltd.	1,140	0.004
		Supervisor	Yuanlong Chen		
		Supervisor	Nan-Cheng Pan		
		Supervisor	Shu-Hua Liao		
143	Yulon TOBE Motor Co., Ltd.	Chairman	Yulon Motor Co., Ltd Zhen-Xiang Yao	2,808,038	100
		Director	Kuo-Hsing Hsu		
		Director	Shun-Yen Hung		
		Supervisor	Meiru Hu		
144	Yulon Energy Co., Ltd.	Chairman	Yulon Motor Co., Ltd Kuo-Rong Chen	10,000,000	100
		Director	Chun-Chung Li		
		Director	I-Yun Li		
		Director	Zhen-Xiang Yao		
		Director	Hsin-Fa Wu		
		Director	Wen-Jung Tsai		
		Director	Kuo-Hsing Hsu		
		Supervisor	Yuanlong Chen		
145	Energy Engineering Co., Ltd.	Chairman	Yulon Energy Co., Ltd. I-Yun Li	200,000	100
		Director	Yu-Tang Lu		
		Director	Rui Kai Jie		
		Supervisor	Jiting Huang		
		Director	Chun-Cheng Lin		
		Supervisor	Yuanlong Chen		
		Supervisor	Mei-Chang Hsu		
146	Chun Min Business Co., Ltd.	Chairman	Yumin Motor Co., Ltd. Chin-Feng Kao	800,000	100
		Director	His-Kun Liu		
		Director	Chia-Chi Li		
		Director	Meng-Fen Hsiao		
		Director	Chun-Cheng Lin		
		Supervisor	Mei-Chang Hsu		
		Supervisor	Yuanlong Chen		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
147	Anser motors Inc.	Chairman	Yumin Motor Co., Ltd. Chin-Feng Kao	143,560,000	100
148	Yumin Insurance Broker Co., Ltd	Chairman Director Director Director Supervisor Supervisor	Yumin Motor Co., Ltd. Chin-Feng Kao Meng-Fen Hsiao Chia-Chi Li His-Kun Liu Chun-Cheng Lin Yuanlong Chen Mei-Chang Hsu	300,000	100

Note: * No share is issued by the limited company; therefore, the actual contribution amount is listed.

6. Affiliates' Operating Results

12.31.2017

Unit: NT\$ Thousands, Except Earnings per Share in NT\$

Company Code	Company Name	Paid-in capital	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value (Note 2)	Operating Income (Note 2)	Operating profit or loss (Note 2)	Net Income (Loss) (Note 2)	EPS (Note 1)
22010001	Taiwan Acceptance Corporation	2,746,292	65,397,577	54,795,620	10,601,957	4,533,099	1,488,168	2,324,227	8.46
22010002	Yu Ching Business Co., Ltd.	1,211,522	1,694,680	20,697	1,673,983	9,398	(2,693)	419,943	3.47
22010004	Yu Pong Business Co., Ltd.	254,841	935,068	29,190	905,878	51,197	(18,734)	159,040	6.24
22010005	Yung Hang Investment Co., Ltd.	776,220	869,302	24,582	844,720	298,171	69,519	62,810	0.81
22010008	Yue Sheng Industrial Co., Ltd.	288,000	585,026	119,967	465,059	487,170	2,680	24,855	0.86
22010010	Yueki Industrial Co., Ltd.	194,670	1,871,403	1,142,795	728,608	1,715,157	25,059	(37,689)	(1.94)
22010012	China Cast Iron Pipe Co., Ltd.	32,000	113,573	32,608	80,965	14,528	10,275	10,152	317.26
22010014	Yu Chang Motor Co., Ltd.	215,385	1,735,858	1,605,438	130,420	4,789,450	(85,233)	13,152	0.61
22010017	Yushin Motor Co., Ltd.	200,000	885,141	648,150	236,991	2,631,359	(107,035)	15,270	0.76
22010020	Yu Chia Motor Co., Ltd.	120,000	60,510	20,829	39,682	37,392	(342)	388	0.03
22010023	Singan Co., Ltd.	286,700	546,306	119,803	426,503	230,842	5,715	98,771	3.45
22010024	Singual Travel Service Co., Ltd.	130,000	444,866	230,195	214,671	780,840	27,063	35,312	2.72
22010027	Yu Yuen Development Co., Ltd.	1,221,000	5,275,616	111,730	5,163,886	388,102	172,494	157,528	1.29
22010034	Yumin Motor Co., Ltd.	280,000	977,329	640,504	336,825	3,943,854	(48,243)	16,232	0.59
22010035	Tian Wang Co., Ltd.	17,000	45,301	15,347	29,954	154,808	9,608	8,521	5.01
22010036	Yu Pool Enterprise Co., Ltd.	10,000	60,239	24,793	35,446	145,016	718	1,549	1.55
22010042	Chan Yun Technology Co., Ltd.	190,000	75,507	26,633	48,874	64,314	(1,253)	(983)	(0.05)
22010047	Sta. Cruz Island Corporation	155,513	341,303	1,892	339,411	8,441	6,140	4,301	0.81
22010051	Xiamen Y.C. Invest. Consulting Limited	70,476	702,224	104,304	597,920	2,187	1,176	29,882	Note 1
22010053	Sin Chi Co., Ltd.	870,000	1,052,450	12,883	1,039,567	60,073	34,186	110,700	1.27
22010054	ESINN Co., Ltd	360,000	1,144,148	1,073,769	70,379	4,053,051	(115,783)	13,298	0.37
22010055	Y-Teks Co., Ltd.	177,100	1,577,885	510,182	1,067,703	439,953	38,169	199,187	11.25
22010060	Unisyn International Co., Ltd.	99,601	1,642,021	136	1,641,885	334,895	(563)	313,665	Note 1
22010063	Yulon Overseas Investment Co., Ltd.	15,077,832	1,013,202	56,475	956,727	0	(5,347,206)	(5,347,187)	(14.26)
22010067	Yulon China Investment Co., Ltd.	14,333,045	2,643,311	1,650,577	992,734	0	(5,550,765)	(5,538,911)	(15.83)
22010068	Yulon Philippine Investment Co., Ltd.	1,063,651	4,263	60,738	(56,475)	192,193	191,900	191,904	5.37
22010070	Uni Auto Parts Manufacture Co., Ltd	868,892	3,681,508	1,166,798	2,514,710	2,327,069	52,442	200,714	2.31
22010073	Shinshin Credit Corporation	1,340,000	23,982,492	21,324,543	2,657,949	1,340,000	983,899	523,035	480.044
22010075	Chanchen Inter Consulting Co., Ltd.	10,000	19,037	3,299	15,738	10,000	22,073	3,731	3.261
22010076	CARPLUS Auto Leasing Corporation	750,892	16,301,011	14,461,764	1,839,247	750,892	8,931,582	424,495	410.682
22010077	Chun Min Business Co., Ltd.	8,000	24,083	13,234	10,849	8,000	70,252	(3,581)	97
22010079	Diamond Leasing Service Co., Ltd.	85,000	927,900	836,129	91,771	85,000	404,537	11,671	9.540
22010081	Yu Rich Financial Services Co., Ltd.	553,546	7,644,251	6,943,323	700,928	425,981	92,330	100,423	1.81
22010082	Chinh-Ling RTC Co., Ltd.	50,000	17,900	70	17,830	0	(357)	(287)	(0.06)
22010085	Uni Investment Co., Ltd.	289,287	2,172,543	20,653	2,151,890	0	(9,596)	213,873	Note 1
22010086	Fuzhou Lianghong Motor Parts Limited	473,515	1,702,830	748,060	954,770	2,500,090	202,425	183,335	Note 1

■ Specially Noted Matters

Company Code	Company Name	Paid-in capital	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value (Note 2)	Operating Income (Note 2)	Operating profit or loss (Note 2)	Net Income (Loss) (Note 2)	EPS (Note 1)
22010087	Yue Ki Industrial (Samoa) Co., Ltd	142,811	553,078	0	553,078	0	0	17,325	1.21
22010093	Qinton Motor Co., Ltd.	67,459	98,692	21,559	77,133	139,278	4,520	5,228	0.77
22010097	Taixin Investment (Samoa) Co., Ltd.	717,957	752,007	0	752,007	(10,902)	(11,058)	(11,056)	(0.46)
22010098	Wen Yang Investment (Samoa) Co., Ltd.	479,136	824,649	456,816	367,833	0	(86,547)	(86,496)	(5.37)
22010099	Qing Yi Investment (Samoa) Co., Ltd.	471,696	475,555	0	475,555	0	(156)	(139)	(0.01)
22010100	KeYu (Nanjing) Information Technology Limited	819,968	827,985	78,364	749,621	(8,956)	(13,291)	(10,902)	Note 1
22010101	TaiFeng ((Nanjing) Software Technology Limited	520,198	824,285	327,369	496,916	102	(325)	(8,243)	Note 1
22010102	QingTai (NanJing) Technology Limited	547,760	306,868	35,526	271,342	0	(83,978)	(78,148)	Note 1
22010104	H. K. Manpower Service Co., Ltd.	10,000	20,798	4,825	15,972	43,686	1,146	995	1.00
22010105	Yi Ding (ZhangZhou) Information Technology Limited	251,414	265,376	24,653	240,722	887	1,692	1,172	Note 1
22010106	Mei De (ZhangZhou) Software Technology Limited	362,091	410,321	41,676	368,645	0	(3,996)	550	Note 1
22010107	Shi Cheng (ZhangZhou) Technology Development Limited	327,157	26,446	14,873	11,573	8	(78,284)	(78,535)	Note 1
22010108	Jin Ce (ZhangZhou) Software Technology Limited	89,589	80,522	7,601	72,920	618	(3,998)	(4,337)	Note 1
22010109	GaoTe (Beijing) Investment Limited	264,167	270,904	25,211	245,693	3,154	(2,641)	1,070	Note 1
22010111	DongTai (Beijing) Investment Limited	333,397	4,963	12,898	(7,935)	3,784	(83,239)	(83,227)	Note 1
22010112	SuZhou FengShen Automobiles. Sale & Service Limited	218,621	1,183,178	238,584	944,595	2,069,118	106,466	220,395	Note 1
22010113	Suzhou FengShun Automobiles Sales & Service Limited	113,865	571,447	229,816	341,631	1,146,356	95,916	105,062	Note 1
22010114	Guangzhou YuanDou Automobile Sales & Service Limited	159,411	531,073	279,196	251,877	1,340,076	54,111	21,188	Note 1
22010115	ShenJun YuPong Automobiles Sale & Service Limited	54,655	254,323	254,029	295	959,751	16,565	16,585	Note 1
22010116	Zhu Hai FuTeEn Industry & Trade Limited	22,773	434,943	295,588	139,355	1,794,447	62,358	21,019	Note 1
22010117	TAC Global Investment (Samoa)Co., Ltd	1,503,978	2,082,694	0	2,082,694	0	0	263,935	Note 1
22010118	CAR-PLUS China Investment(Samoa) Co., Ltd	297,600	616,588	0	616,588	0	0	59,035	Note 1
22010119	CAR-PLUS Auto Leasing (Suzhou) Limited	332,030	4,704,856	4,013,121	691,736	1,091,446	141,565	115,625	Note 1
22010121	CAR-PLUS Global Investment(Samoa)Co., Ltd	357,120	566,367	0	566,367	0	0	48,979	Note 1
22010122	Changzhou Y-Teks Automotive Trim Parts Limited	53,035	177,004	20,929	156,075	59,930	241	108	Note 1
22010123	NanJing HanHong Automobiles Trading Limited	318,822	723,078	543,714	179,364	890,982	16,622	(3,979)	Note 1
22010124	HangZhou Yu Zhong Trading Limited	45,546	78,612	1,451	77,162	0	260	220	Note 1
22010125	HangZhou TangYu Investment Limited	45,546	49,477	33	49,443	(7)	54	100	Note 1
22010126	HangZhou QienYu Investment Limited	45,546	41,259	0	41,259	(75)	(151)	(75)	Note 1
22010127	Wuhan Yu Hsin Automobiles Sales & Service Limited	127,529	363,675	378,945	(15,271)	2,190,431	112,559	51,492	Note 1
22010128	Wu Jiang Lian Cheng Automobiles Sale & Service Limited	45,546	217,271	84,512	132,759	696,556	46,258	33,301	Note 1
22010129	HangZhou Hsiao Yu Investment Limited	45,546	59,661	18,218	41,443	0	(85)	(83)	Note 1

Company Code	Company Name	Paid-in capital	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value (Note 2)	Operating Income (Note 2)	Operating profit or loss (Note 2)	Net Income (Loss) (Note 2)	EPS (Note 1)
22010130	Molife Cultural Enterprise Co., Ltd.	50,000	40,249	17,707	22,542	58,706	(12,186)	(11,959)	(2.39)
22010131	Hsiang Shou Enterprise Co., Ltd.	100,000	332,114	123,404	208,710	604,228	73,057	63,146	6.31
22010138	Yulon China Investment (HK) Co., Ltd.	8,047,555	222,132	152,962	69,170	(3,131,777)	(3,177,919)	(3,164,372)	Note 1
22010143	Luxgen Motor Co., Ltd.	2,800,000	11,437,824	10,154,005	1,283,819	12,111,592	(160,326)	(116,493)	(0.42)
22010146	Unisyn International (HK) Co., Ltd.	368,743	633,443	620	632,823	0	(10,484)	(21,054)	Note 1
22010147	Luxgen Taipei Motor Co., Ltd.	185,000	742,328	570,995	171,333	4,576,782	(114,660)	(52,165)	(2.83)
22010148	Luxgen Taoyuan Motor Co., Ltd.	105,000	309,187	199,801	109,386	2,498,419	(22,094)	4,673	0.45
22010149	Luxgen Taichung Motor Co., Ltd.	106,000	303,375	258,723	44,652	2,721,833	(42,568)	(9,159)	(0.86)
22010150	Luxgen Tainan Motor Co., Ltd.	105,000	223,077	142,675	80,402	1,730,968	(39,856)	(18,790)	(1.79)
22010151	Luxgen Kaohsiung Motor Co., Ltd.	71,000	210,363	160,518	49,845	1,921,632	(28,964)	1,911	0.27
22010152	Car-Plus Shanghai Investment(Samoa) Co.,Ltd	297,600	327,357	0	327,357	0	0	22,596	Note 1
22010153	CAR-PLUS Auto Leasing (Shanghai) Limited	286,685	884,129	555,443	328,686	158,881	30,278	25,007	Note 1
22010154	Yulon TOBE Motor Co., Ltd.	28,080	34,712	6,370	28,342	6,483	632	261	0.09
22010155	Shanghai YuXing Automobiles Sales & Services Limited	192,323	0	0	0	0	(12,006)	(11,696)	Note 1
22010157	Suzhou YuShun Automobiles Sales & Service Limited	45,546	66,576	16,284	50,292	97,752	(2,014)	(531)	Note 1
22010158	Jiang Men Jun Xing Automobiles Sales & Services Limited	91,092	206,777	135,371	71,407	1,072,627	22,357	15,165	Note 1
22010163	Hangchow Y-Teks Automotive Trim Parts Limited	271,954	513,077	152,856	360,220	142,117	(28,806)	(28,885)	Note 1
22010164	Yulon Energy Co., Ltd.	100,000	97,225	56,838	40,387	31,955	(38,359)	(38,646)	0.09
22010165	Hangzhou Yuwan Auto Motive Parts Limited	340,086	487,680	376,790	110,890	105,844	(73,922)	(65,247)	Note 1
22010166	Yue Ki Industrial (HK) Co., Ltd.	347,945	122,978	16,417	106,561	0	0	(69,708)	(65.76)
22010167	Yu Rong International Investment (SAMOA) Co., Ltd.	1,249,920	1,693,649	0	1,693,649	0	0	232,236	Note 1
22010169	Yu-Rong Leasing (Suzhou) Limited	873,792	10,674,313	9,340,400	1,333,913	1,016,013	242,538	197,725	Note 1
22010170	Sinjiang Enterprises Co., Ltd.	428,240	768,951	283,943	485,008	346,185	44,446	30,694	0.72
22010174	Hangzhou HuaZhi Automobile Sales & Service Limited	91,092	119,958	278,559	(158,602)	117,731	(22,208)	(54,830)	Note 1
22010175	Feng-hua Investment (HK) Limited	201,124	238,631	0	238,631	37,928	37,928	37,928	Note 1
22010176	Fujian YuXin Automobiles Sales & Service Limited	91,092	168,358	211,707	(43,349)	562,214	(1,633)	(13,204)	Note 1
22010177	Hangzhou HuaYou Automobile Sales & Service Limited	36,437	98,605	220,482	(121,877)	107,082	(29,182)	(28,931)	Note 1
22010178	Guangzhou YuanZhi Automobile Sales & Service Limited	45,546	104,941	116,441	(11,500)	210,720	(14,319)	(17,235)	Note 1
22010179	XiaoGan YuFeng Automobile Sales & Service Limited	72,874	452,641	363,476	89,166	1,338,632	58,593	42,574	Note 1
22010180	Ningbo YuChang Automobiles Sales & Service Limited	91,092	96,060	120,224	(24,164)	139,548	(12,389)	(17,779)	Note 1
22010181	Shanghai Yumin Automobiles Sales & Service Limited	173,075	136,808	136,765	43	168,692	(42,582)	(56,949)	Note 1
22010182	Qingdao YuanHuang Automobiles Sales & Services Limited	136,638	292,557	368,951	(76,394)	667,684	5,683	(9,509)	Note 1
22010183	Suzhou Chenglong Automobile Service Limited	201,124	404,549	165,918	238,631	1,581,948	79,909	37,928	Note 1
22010184	Suzhou ChengLi Automobile Sales & Service Limited	68,319	86,630	44,739	41,891	177,481	2,556	2,458	Note 1
22010185	Shenzhen Yuzhi Automobile Sales & Service Limited	45,546	107,193	84,031	23,162	200,582	(3,061)	(12,106)	Note 1
22010186	Nanjing YuShang Automobile Sales & Service Limited	36,437	58,503	110,086	(51,584)	262,331	(5,740)	(9,424)	Note 1

■ Specially Noted Matters

Company Code	Company Name	Paid-in capital	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value (Note 2)	Operating Income (Note 2)	Operating profit or loss (Note 2)	Net Income (Loss) (Note 2)	EPS (Note 1)
22010187	Luxgen Overseas Holdings Private Ltd.	1,415,451	140,315	156	140,159	0	(130)	164,961	2.59
22010188	Yulon China Holdings (Cayman) Co., Ltd.	4,399,037	0	810,316	(810,315)	0	(2,303,261)	(2,303,261)	(31.49)
22010189	Yulon Motor Investment (HK) Co., Ltd.	4,399,037	2,900,574	3,710,777	(810,204)	0	(2,318,575)	(2,303,261)	Note 1
22010190	Yulon Automotive (China) Investment Limited	1,745,775	2,802,431	5,787,796	(2,985,364)	687	(53,771)	(1,278,749)	Note 1
22010192	Energy Engineering Co., Ltd.	2,000	1,247	162	1,085	0	(140)	(122)	(0.61)
22010194	Changsha Yulu Automobile Sales & Service Limited	91,092	126,843	74,179	52,665	132,340	(15,589)	(18,002)	Note 1
22010197	Dong Feng Yulon Motor Sales Limited	227,730	859,257	9,052,898	(8,193,641)	4,794,426	(2,238,286)	(2,486,734)	Note 1
22010198	Anser motors Inc.	143,560	68,019	0	68,019	0	0	(27,005)	(1.88)
22010199	Yu Shin Investment Ltd.	49,536	(15,949)	0	(15,949)	0	0	(7,320)	Note 1
22010200	Yu Chang China Investment Co., Ltd.	44,635	945	0	945	0	(0)	3	0.00
22010205	Suzhou Eslite Automobiles Sales & Service Limited	182,184	336,414	146,440	189,974	475,473	14,736	7,909	Note 1
22010206	Suzhou ChengBang Automobiles Sales & Service Limited	45,546	116,661	60,571	56,090	304,832	22,539	17,305	Note 1
22010207	Nanjing HanHong Automobile Sales & Service Limited	136,638	135,310	273	135,036	0	(1,563)	(1,564)	Note 1
22010208	Yumin Insurance Broker Co., Ltd	3,000	3,468	118	3,350	211	(310)	(316)	(1.05)
22010209	JiangMen YuLi Automobiles Sales & Service Limited	45,546	207,438	149,204	58,234	438,527	8,979	3,114	Note 1
22010210	Yu-Kuo Finance Leasing (Hangzhou) Limited	869,626	7,887,755	6,938,102	949,653	755,885	103,437	76,931	Note 1
22010211	Sinjiang Investment (Samoa) Co., Ltd.	55,758	40,007	4	40,004	0	(45)	(3,327)	Note 1
22010212	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	91,092	54,116	994	53,122	8,747	(2,879)	(2,882)	Note 1
22010213	ChiaHsing YuTa Automobiles Sales & Service Limited	54,655	51,295	34,241	17,054	46,100	(13,022)	(14,380)	Note 1
22010214	Suzhou Cheng-Hung Auto Sales & Service Limited	45,546	266,109	226,876	39,234	322,499	419	(3,973)	Note 1
22010215	Suzhou Cheng-Kuo Auto Sales & Service Limited	45,546	70,433	50,777	19,656	41,135	(9,345)	(12,224)	Note 1
22010216	TaiTsang ChengMao Automobiles Sales & Service Limited	45,546	174,568	107,147	67,421	455,733	21,761	12,802	Note 1
22010218	Anhui Min Tong Automobiles Sales & Service Limited	45,546	53,178	66,339	(13,161)	58,631	(21,036)	(16,345)	Note 1
22010219	Anqing Cai Tong Automobiles Sales & Service Limited	22,773	34,343	103,881	(69,538)	32,689	(19,724)	(6,968)	Note 1
22010220	Anqing Ling Tong Automobiles Sales & Services Limited	18,218	5,278	61,397	(56,118)	13,434	(5,852)	(9,762)	Note 1
22010221	Hefei Chun Hui Automobiles Sales & Services Limited	2,277	11,511	38,147	(26,637)	6,933	(8,997)	(21,013)	Note 1
22010222	Tongling Kuo Tong Automobiles Sales & Services Limited	22,773	40,312	40,670	(358)	107,800	(4,298)	(144)	Note 1
22010223	Zibo Yu An Automobiles Sales & Services Limited	22,773	48,362	61,790	(13,428)	84,198	(11,505)	(14,379)	Note 1
22010224	Univation Motor Philippines, Inc.	519,134	446,739	373,942	72,797	333,189	153,408	234,758	49.78
22010225	Sheng Qing (Beijing) Investment Limited	2,077,927	4,512,381	3,071,421	1,440,961	3,930	17,190	64,484	Note 1
22010226	Jing-Hui (Shanghai) Motor Technology Limited	51,371	151,441	92,356	59,085	420,761	18,783	16,976	Note 1
22010227	ZhuHai Esinn Automobiles Sales & Service Limited	22,773	103,957	123,040	(19,083)	211,450	(2,335)	(8,881)	Note 1
22010228	Hangchow Liangrun Motor Parts Limited	444,707	891,541	685,305	206,236	327,589	(50,049)	(40,445)	Note 1

Company Code	Company Name	Paid-in capital	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value (Note 2)	Operating Income (Note 2)	Operating profit or loss (Note 2)	Net Income (Loss) (Note 2)	EPS (Note 1)
22010229	Shinshin Credit Investment (Samoa) Co., Ltd.	357,120	400,024	0	400,024	0	0	34,510	Note 1
22010230	Yulon Motor Finance (China) Limited	4,554,600	11,447,722	6,930,247	4,517,476	386,309	(14,466)	41,162	Note 1
22010232	Da Wei Technology Co., Ltd	10,000	10,146	0	10,146	0	(9)	164	0.16)
22010233	Hangzhou Cheng Yi second - hand car identification assessment Limited	2,277	2,842	677	2,165	1,488	(18)	(19)	Note 1
22010234	Heshan City, Lee Health Automotive Sales and Service Co., Ltd	5,466	6,751	892	5,859	6,082	680	472	Note 1
22010235	Zhejiang Cheng Yi auction Ltd.	9,109	7,194	209	6,985	22	(2,102)	(2,101)	Note 1
22010236	Hangzhou Yujie Real Estate Co., Ltd	2,277,300	2,314,254	25,315	2,288,940	0	(11,027)	11,402	Note 1
22010237	Ta Teng Transportation Co.,Ltd.	5,000	140	0	140	181	140	140	Note 1
22010238	Wuhan Yugu Auto Trade Co.,Ltd	9,109	8,969	(4)	8,973	0	(135)	(135)	Note 1
22010239	Luxgen (hangzhou) Motor Sales Co., Ltd	2,706,955	3,974,711	2,348,819	1,625,892	2,346,278	(1,069,319)	(1,069,314)	Note 1
22010240	Yufong Property Management Co., Ltd.	25,000	25,004	8	24,996	0	(8)	(4)	(0.001)

Note 1: It is a limited company; therefore, not applicable.

Note 2: For those companies are not asked to use IFRSs accounting principle, the financial information are base on GAAP accounting principle.

8.1.2 Affiliates Consolidated Financial Statements

Statement

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2017 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Yulon Motor Company Ltd.



Chairman: Kenneth, K.T. Yen



March 26, 2018

8.1.3 Relationship Report: N/A.

8.2 The Status of Issuing Private Placement Securities in Fiscal Year 2016 and as of the publication date of the annual report

None

8.3 Acquisition or Disposal of Yulon Shares by Subsidiaries in Fiscal Year 2016 and as of the publication date of the annual report:

Unit: NT\$ Thousand; Share; %

As of 04.30.2018

Name of Subsidiaries	Paid-in capital	Source of fund	Shareholding ratio of the Company	Date of acquisition or disposal	Shares acquired	Amount acquired	Shares disposed	Amount disposed	Investment profit & loss	Shareholding as of the financial report date	Shareholding amount as of the financial report date	Equity pledged (Note)	Making of endorsement / guarantee for subsidiary by the Company	Loaning of fund to subsidiary by the Company
Yu Ching Business Co., Ltd.	1,211,522	Operating income	100.00	2004.7.28	-	-	-	-	-	11,838,461	268,141	-	-	-
Yu Pong Industrial Co., Ltd	254,841	Operating income	100.00	2004.7.28	-	-	-	-	-	121	3	-	-	-

Note: Its impact on the Company's financial performance and financial position: None

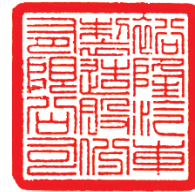
8.4 Other necessary supplementary notes:

None

8.5 The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act that had significant impacts on shareholders' equity or securities prices in fiscal year 2016 and as of the publication date of the annual report:

None

Yulon Motor Co., Ltd.



Chairman:

Kenneth, K.T. Yen





 **Yulon Motor Co., Ltd.**
No. 39-1, Bir-Gong-Kong, Shi-Fu Village, Sanyi Town,
Miaoli County