YULON

Annual Report 2016

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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 2017 Yulon Motor Shareholders Meeting.

In 2016, the total sales volume of the Taiwan automobile market grew to 430,000 units. Looking forward to 2017, driven by the release of multiple new car models and policies encouraging the purchase of new cars, Taiwan's automobile market is expected to be maintained at the same level as last year. Although in a highly competitive automotive industry, Yulon had managed to present a performance report with NT1.8 billion of net income generated through the efforts of the management team and all employees.

Yulon is committed to upgrade the product quality with the advanced production technology for NISSAN and LUXGEN brands. In terms of Chinese market, benefiting from the tax concessions for cars with small engine displacement, there is a chance to exceed 29 million units. LUXGEN brand is with the small SUV launched this year to provide consumers with more choice of products, strengthens the coordination and communication between the shareholders of Dongfeng and Yulon, and continues to invest in research and development in order to be prepared for a new stage of business operation. China Yulon Car Finance Company was officially opened in April 2016 with over NT$10 billion loans granted cumulatively that is expected to help improve the profitability of Yulon significantly.

NISSAN brand is with iTiida and Sentra two new domestic models to be launched in 2017 with a forecast sale of 45,000 units; also, it is expected to directly help enhance the Company's automobile production, improve the productivity, and generate profits.

The development of the Company's Xindian Yulon City program is on schedule with the construction license to be received in the middle of this year. The development project is the responsibility of "Yulon Construction Company" that is 100% owned by Yulon Group; also, it will become the new landmark of New Taipei City.

We would like to appreciate all shareholders for their continuous support and encouragement over the years. We 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 join-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 Administrion 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 Nisson 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 eneragy 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.

2.1.3 Achievement in 2016

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.

2.1.4 Others:

1. Reinvestment in Affiliates and Reorganization:

(1) To enhance and strengthen the development between the Company and the Group's automobile business in China and to improve the marketing and competitiveness for the downstream systems under the automobile industry of parallel service division, the Company and Taiwan Acceptance Corporation jointly applied to the China Banking Regulatory Commission for the establishment of an automobile financing company. The Company expects to invest in the amount of RMB 255 million with 51% in shareholding ratio. The proposal received permit from Investment Commission, MOEA on 6/26 and was approved by China Banking Regulatory Commission on 8/17. Currently the Company is in the process of applying for preparation and practice.

(2) To expand the deployment of LUGXEN brand in China regions, boost market share and increase regional coverage, the Company invested RMB 24.5 million in the merger of five distributors in Anhui Province of China. The investment comprises RMB 10 million for Anhui Mintong, RMB5 million for Anhui Caitong, RMB 4 million for Anqing Lingtong, RMB 500,000 for Hefei Chunhui, and RMB5 million for Tongling Guotong.

(3) To deploy LUXGEN brand in China regions and speed up the expansion of market share, the Company invested RMB 5 million to establish the "Zibo Yuan Automobile Sales Service Co., Ltd." in Shandong Zibo.

(4) In cooperation with the mid and long-term development needs of the Group, the Company invested more resources in car trims development platform, acquiring Y-TEKS Co., Ltd. through cash dividend capitalization in the amount of NTD 19,124,000. The shareholding ratio would become 34.00%.

(5) To assist Taiwan Acceptance Corporation with the establishment of complete value chain of automobile financing in China and integrating the Group's horizontal business, expand the market of automobile financial business, and conform to the regulations and laws for undertaking second-hand automobile financing (renting after sales), the Company increased the capital for its reinvested Hanzhou Yuguo Financing and Leasing Co., Ltd. from USD 10 million to USD 30 million. The capital increase for the Company was USD 4 million for maintenance of 20% in shareholding ratio.

(6) To improve the financial structure, the Company reduced the capital for reinvested Luxgen Motor Co., Ltd to paid-in capital of NTD 10 before issuing new stocks in the amount of NTD 2.8 billion through cash capitalization. The Company shareholding ratio remains 100% after full acquisition.

(7) To offset the financial losses and support the Group's own brand (Dongyu) development and enhance the operation and stability of the team control, the Company through 100% held by Beijing Shengqing Investment Management Consulting Co., Ltd. to 1 yuan To purchase 49% equity interest in Dongfeng Yulon Brand China Distribution Company "Ningbo Yuchang Auto Sales & Service Co., Ltd.", which was 100% owned by Beijing Shengqing after the purchase.

(8) For the purpose of improving the financial structure, the Company has liquidated the capital increase of RMB16,226 thousand after the 100% equity investment in Shanghai Yuxing Automobile Sales & Service Co., Ltd.

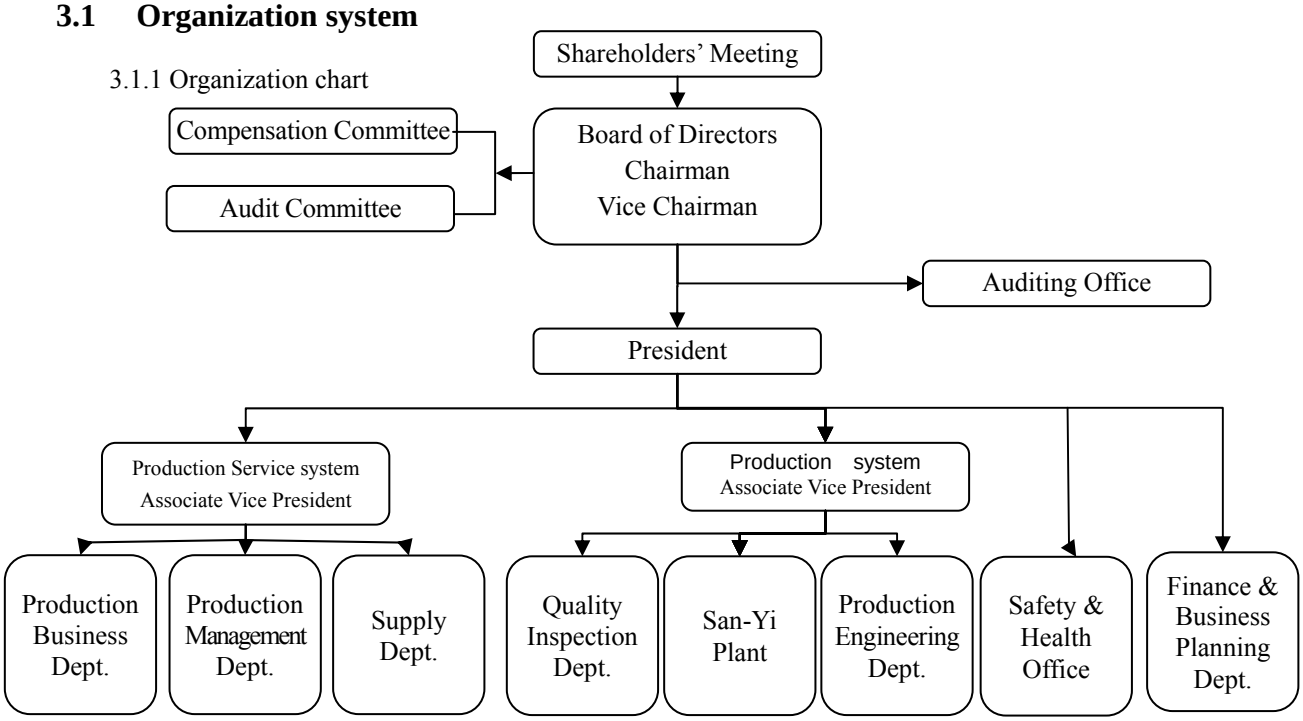
(9) In order to improve the financial structure and enrich the working capital, the Company transferred to Yulong Electric (shares) to reduce the amount of capital to RMB 10 million after the capital increase of RMB 10, The proportion of shares is 100%.

(10) Chairman of the Company, Mr. Chen Ruitai, Chairman of the Company, has sold all the shares of the Friends of the Company to the Company. The Company has invested RMB21,898.5 thousand to purchase 5% of the shares of You Yong Company. After the subscription, The ratio is 22.68%.

III. 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 affaires, 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 23, 2017

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	0 160,504,064	0 10.204	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	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 Vice Chairman, Shenzhen Fengshen Motor Sales Limited Vice Chairman, Guangzhou Fengshen Motor Sales Limited Vice 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	Department of Mechanical Engineering, National, Cheng Kung University Vice Chairman and President, China Motor Corporation	Director, Yulon Motor Co., Ltd. Director, China Motor Corporation Director, Acer Incorporated Independent Director, E-Sun Holding Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	-	-	-

April 23, 2017

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	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, Cathay Real Estate Development Co., Ltd. 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	0 160,504,064	0 10.204	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	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 23, 2017

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	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	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	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	Chairman of the Board of Directors of China Telecom General Manager of Weibao Telecommunications Co., Ltd.	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	-	-	-

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 24 2017

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. (3.39%)7. Nan Shan Life Insurance Co., Ltd. (2.39%)8. Kenneth, K.T. Yen (1.20%) 9. Citigroup Commercial Bank Hosted Norwegian Central Bank Investment Specialist (0.94%) 10. Standard Chartered Hosted Van Gogh Emerging Markets Stock Index Fund Specialist (0.94%)
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 23, 2017

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. (4.35%) 5. Civil Service Pension Fund Administration Committee (1.56%) 6. Fande Investment Co., Ltd. (1.55%) 7. Mercuries Life Insurance Co., Ltd. (1.49%) 8. Labor Insurance Funds (1.36%) 9. Shin Kong Life Insurance Company Limited (1.17%) 10. Yen Ching Ling Industrial Development Foundation (1.09%)
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%)

April 23, 2017

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) (1.63%) 6. MHI Automotive Capital and MMC Co., Ltd. 2 (1.59%) 7. MASTER TRUST Bank of Japan, Ltd. (Trust Account) (1.25%) 8. THE CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (0.94%) 9. JP MORGAN CHASE BANK 385632(0.76%) 10. CBNY-GOVERNMENT OF NORWAY (0.73%)
11. Mitsubishi Corporation	1. TRUSTEE SERVICES Bank of Japan Co., Ltd. (Trust Account) (8.72%) 2. Tokyo Marine & Nichido Fire Insurance Co., Ltd. (4.70%) 3. MASTER TRUST Bank of Japan Co., Ltd. (Trust Account) (4.68%) 4. Meiji Yasuda Life Insurance Company (4.09%) 5 MASTER TRUST Bank of Japan Co., Ltd. (Mitsubishi Heavy Industries, Ltd. Retirement Benefit Trust account) (2.03%) 6. ICHIGO TRUST PTE. LTD.(1.86%) 7. THE BANK OF NEW YORK MELLON SA/NV 10(1.48%) 8.Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 9) (1.40%) 9.Nomura Trust Banking Corporation (Retirement Benefit Trust - Mitsubishi UFJ Trust Account) (1.39%) 10. State Street Bank West Client-Treaty 505234 (1.309%)
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. (76.46%) 2. Ruen Chen Investment Holding Co., Ltd. (14.16%) 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. Nan Shan Life Insursance Stoct Trust Account of Taishin Bank. (0.06%) 9. Pao Hui Investment Co., Ltd. (0.05%) 10. Pao Huang Investment Co., Ltd. (0.05%) 11. Pao Yi Investment Co., Ltd. (0.05%) 12. Pao Chih 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. Standard Chartered Hosted Van Garts Emerging Markets Stock Index Fund	Due to local practice restrictions, it can not provide.

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 supervisors

March 31, 2017

Conditions / 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			✓			✓	✓				✓	✓		1
Li-Lien Chen			✓							✓		✓		
Liang Zhang			✓	✓		✓	✓	✓		✓	✓	✓		3
Zhen-Xiang Yao			✓			✓	✓			✓	✓	✓		
Yi-Hong Hsieh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shunren Liu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Zhongqi Zhou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

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

Note 2: If the respective director or supervisor 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

April 23, 2017

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	Ching-Chi Chen	Male	11.16.2009	2,425	0.0002	826	0.00005	0	0	Department of Engineering, Feng Chia University General Manager of Quality Inspection Dept, Yulon Motor Co., Ltd. General Manager of Management Dept., Yulon Motor Co., Ltd. Sanyi Plant Manager, Yulon Motor Co., Ltd.	Director, Yulon GM Company Limited Director, China Engine Corporation Chairman, Uni-Calsonic Corp. Director, Advance Power Machinery Co., Ltd. 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.	-	-	-	-

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	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.	-	-	-
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.	-	-	-

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	Jian Hui Li	Male	03.21.2016	60	0	0	0	0	0	MIB, Curtin University, Australia Manager of Manufacture Managerment Dept, Dongfeng Yulon Motor Limited Senior Manager of Quality Inspection, 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 2016

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) (Note5)		Severance Pay (F)		Profit Sharing- Employee Remuneration (G) (Note 6)						
																The company		Companies in the consolidated financial statements (Note 7)				
		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)	Cash	Stock	Cash	Stock	The company	Companies in the consolidated financial statements (Note 7)	
Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen	14,875,000	29,662,114	0	0	8,186,633	8,186,633	9,431,200	11,413,200	2.43%	3.69%	8,733,294	8,733,294	0	0	9,300	0	9,300	0	3.09%	4.35%	72,844,453
Vice Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen																					
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 Yi-Hong Hsieh Shunren Liu Zhongqi Zhou	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 ChenIndependent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou	Representative of China Motor Corporation: Liang Zhang Independent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou
NT$2,000,000 ~ NT$5,000,000	Representative of China Motor Corporation Shin-I Lin	Representative of China Motor Corporation: Shin-I Lin	Representative of China Motor Corporation Shin-I Lin	
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 Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao
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 Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen
NT$15,000,000 ~ NT$30,000,000		Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen		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.

* 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. Payment of remuneration to supervisors (The name of supervisors should be disclosed in accordance with the respective remuneration bracket)

Title	Name	Remuneration of Supervisors						The total of A+B+C / Net income ratio (%) (Note 8)		Receiving or not receiving remuneration from the reinvested companies other than the Company's subsidiaries (Note 9)
		Remuneration (A) (Note 2)		Remuneration from the Distribution of Earnings (B) (Note 3)		Expenses for Business Operations (c) (Note 4)				
		The Company	All the companies included in this consolidated statement (Note 5)	The Company	All the companies included in this consolidated statement (Note 5)	The Company	All the companies included in this consolidated statement (Note 5)	The Company	All the companies included in this consolidated statement (Note 5)	
Supervisor	Lowin Industrial Co., Ltd. Representative:Wei-Kung Chi	0	0	917,977	917,977	210,000	210,000	0.08%	0.08%	8,676,280
Supervisor	Lowin Industrial Co., Ltd. Representative: Jinchung Lee									
Supervisor	Lowin Industrial Co., Ltd. Representative: Shintai Liu									

Remuneration bracket

The remuneration bracket for supervisors of the Company	Name of supervisors	
	The accumulated amount from the above-mentioned three categories (A+B+C)	
	The Company (Note 6)	All the reinvested companies (Note 7) D
Less than NT$ 2,000,000	Representative of Lowin Industrial Co., Ltd.: Wei-Kung Chi Representative of Lowin Industrial Co., Ltd.: Jinchung Lee Representative of Lowin Industrial Co., Ltd.: Shintai Liu	Representative of Lowin Industrial Co., Ltd.: Jinchung Lee
NT$2,000,000 ~ NT$5,000,000		Representative of Lowin Industrial Co., Ltd.: Wei-Kung Chi
NT$5,000,000 ~ NT$10,000,000		Representative of Lowin Industrial Co., Ltd. Shintai Liu
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 NT100,000,000		
Total	3	3

Note 1: Names of supervisors 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.
Note 2: It refers to the supervisors' compensation received for the recent year (including salaries of the supervisors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).
Note 3: It refers to the remuneration of supervisors 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. 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 relevant expenses for business operations paid to supervisors 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: Disclose the total amount of remuneration paid to the supervisors by all the companies (including the Company) included in the consolidated financial statements.
Note 6: Disclose the name of the supervisors in the respective range of total remuneration received from the Company.
Note 7: Disclose the name of the supervisors in the respective range of total remuneration received from all the companies (including the Company) included in the consolidated financial statements.
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 supervisors of the Company received from the reinvested companies other than the subsidiaries.
b. If the supervisor has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column D. 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 supervisor(s) by the reinvested companies other than the subsidiaries and such supervisors 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.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	6,664,963	6,664,963	838,348	838,348	8,087,088	8,087,088	20,808	0	20,808	0	1.17%	1.17%	796,000
Associate Vice President	Ching-Chi Chen													
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…)

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.

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

March 31, 2017
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	52,341	52,341	0.0039%
	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 repport 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$

	2016			2015		
	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)	Total remuneration	Net Income	Remuneration / standalone net income ratio (%)
Director	32,492,833	1,334,703,113	2.43%	37,719,687	3,352,078,000	1.13%
Supervisor	1,127,977	1,334,703,113	0.08%	3,925,915	3,352,078,000	0.12%
President and Associate Vice President	15,611,207	1,334,703,113	1.17%	12,890,369	3,352,078,000	0.38%

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	49,261,947	1,334,703,113	3.69%	60,248,774	3,352,078,000	1.80%
Supervisor	1,127,977	1,334,703,113	0.08%	4,087,915	3,352,078,000	0.12%
President and Associate Vice President	15,611,207	1,334,703,113	1.17%	12,890,369	3,352,078,000	0.38%

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, supervisors and managers is determined by the Salary Remuneration Committee with routine review on the annual and long-term performance goals of directors, supervisors 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, supervisors 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.

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	4	2	66%	
Vice Chairman	Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen	5	1	83%	
Director	Tai-Yuen Textile Co., Ltd. Representative: Shin-I Lin	6	0	100%	
Director	Tai-Yuen Textile Co., Ltd. Representative: Jack J.T. Huang	2	1	66%	Dismissal on 06.30.2016.
Director	China Motor Corporation Representative: Li-Lien Chen	4	2	66%	
Director	China Motor Corporation Representative: Liang Zhang	6	0	100%	
Director	Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao	6	0	100%	
Independent Director	Sheng Fu, Yu	3	0	100%	Dismissal on 06.30.2016.
Independent Director	Yi-Hong Hsieh	6	0	100%	
Independent Director	Shunren Liu	3	0	100%	Dismissal on 06.30.2016.
Independent Director	Zhongqi Zhou	3	0	100%	Dismissal on 06.30.2016.

Title	Name (Note 1)	Number of times attending in person	Number of times attending by proxy	Actual attendance rates (%)	Remark (Note 2)
Supervisor	Lowin Industrial Co., Ltd. Representative: Wei-Kung Chi	3	0	100%	Dismissal on 06.30.2016.
Supervisor	Lowin Industrial Co., Ltd. Representative: Shintai Liu	3	0	100%	Dismissal on 06.30.2016.
Supervisor	Lowin Industrial Co., Ltd. Representative: Jinchung Lee	2	0	66%	Dismissal on 06.30.2016.

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
3/21/2016	The 16th meeting of the 14th term	The 2015 Financial Statements.	Approved as proposed	To be executed in accordance with the resolution reached
3/21/2016	The 16th meeting of the 14th term	The 2016 Status of Endorsement and Guarantee.	Approved as proposed	To be executed in accordance with the resolution reached
3/21/2016	The 16th meeting of the 14th term	The 2016 LOS issued by the Company	Approved as proposed	To be executed in accordance with the resolution reached
3/21/2016	The 16th meeting of the 14th term	Replacement of the CPA and Evaluation of the CPA's Independence	Approved as proposed	To be executed in accordance with the resolution reached
5/9/2016	The 17th meeting of the 14th term	The Company's subsidiary, Yueyuen Development Construction Co. Ltd., intended to invest in the establishment of "Yueyuen Development Construction Property Co., Ltd." in Hangzhou China.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The Company intended to hold 100% equity of Yueyuen Development Construction Co., Ltd. through a simple merger.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The Company planned to invest additional NT$3 billion in the subsidiary, Yueyuen Development Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The Company's subsidiary, Yueyuen Development Construction Co., Ltd., intends to invest additional RMB 300 million in Yueyuen Development Construction Property Co., Ltd. in Hangzhou China.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The making of endorsements / guarantees for Yueyuen Development Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The LOS issued for the financing amount of the dealer, Chenglong, in China	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees by the subsidiary, Sheng Qing (Beijing) Investment Limited, for its subsidiaries	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees for Yuegin Industrial Company	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees for Hangchi Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The LOS issued for the financing amount of China Yulon Car Finance Company	Approved as proposed	To be executed in accordance with the resolution reached

Board meeting date	Board meeting term	Summary of motions	Independent director's opinions	Response to the independent director's opinions
11/7/2016	The 3rd meeting of the 15th term	The LOS issued for the financing amount of China Yulon Car Finance Company	Approved as proposed	To be executed in accordance with the resolution reached
11/7/2016	The 3rd meeting of the 15th term	The cash capitalization of Yujia Automobile Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
11/7/2016	The 3rd meeting of the 15th term	The Company intended to invest in Yuepong with the 40% shareholding of Yuegin	Approved as proposed	To be executed in accordance with the resolution reached
11/7/2016	The 3rd meeting of the 15th term	Purchased 49% shareholding of "Ningbo Yuechang Automobile Sales and Service Co., Ltd." that was invested by the subsidiary of the Company, Dongfeng Yulon.	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 "Corporate Governance Best Practice Principles," on November 7, 2016 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 fist time on November 7, 2016 in addition to completing the Board of Director evaluation in March 2017. This evaluation result complies with Board of Director operations, level of director participation, and operations of Remuneration Committee and Audit Committee, falling between 94.41 points and 99.97 points. The overall operation of the Board of Directors is deemed well in accordance with the results of 2016 Board of Director Performance Appraisal.

Note 1: The names of corporate shareholders and names of representatives shall be disclosed in case the director and supervisor 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, 2016.

Information of the Audit Committee Function

The meeting of Audit Committee has been held for 3 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	3	0	100%	Took office on July 1,2016.
Independent Director	Shunren Liu	3	0	100%	Took office on July 1,2016.
Independent Director	Zhongqi Zhou	3	0	100%	Took office on July 1,2016.

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
7/11/2016	The 1st meeting of the 15th term	The Company intended to hold 100% equity of Yueyuen Development Construction Co., Ltd. through a simple merger.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The Company planned to invest additional NT$3 billion in the subsidiary, Yueyuen Development Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The Company's subsidiary, Yueyuen Development Construction Co., Ltd., intends to invest additional RMB 300 million in Yueyuen Development Construction Property Co., Ltd. in Hangzhou China.	Approved as proposed	To be executed in accordance with the resolution reached
7/11/2016	The 1st meeting of the 15th term	The making of endorsements / guarantees for Yueyuen Development Construction Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The LOS issued for the financing amount of the dealer, Chenglong, in China	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees by the subsidiary, Sheng Qing (Beijing) Investment Limited, for its subsidiaries	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees for Yuegin Industrial Company	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The making of endorsements / guarantees for Hangchi Co., Ltd.	Approved as proposed	To be executed in accordance with the resolution reached
8/4/2016	The 2nd meeting of the 15th term	The LOS issued for the financing amount of China Yulon Car Finance Company	Approved as proposed	To be executed in accordance with the resolution reached
11/7/2016	The 3rd meeting of the 15th term	The LOS issued for the financing amount of China Yulon Car Finance 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	Director's opinions
11/7/2016	The 3rd meeting of the 15th term	The cash capitalization of Yujia Automobile Co., Ltd.	Approved as proposed
11/7/2016	The 3rd meeting of the 15th term	The Company intended to invest in Yuepong with the 40% shareholding of Yuegin	Approved as proposed
11/7/2016	The 3rd meeting of the 15th term	Purchased 49% shareholding of "Ningbo Yuechang Automobile Sales and Service Co., Ltd." that was invested by the subsidiary of the Company, Dongfeng Yulon.	Approved as proposed

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
7/1/2016	1. Internal audit report in Apr.and May,2016. 2. Report on the internal control of the subsidiary company in Apr.and May,2016.
8/1/2016	1. Internal audit report in Jun.,2016.
11/3/2016	1. Continental subsidiary audit report during Jul. to Sep. in 2016. 3. Report to the Company's " Annual Audit Scheme " for 2016. 4. Report on the implementation of the Internal Control System and the Internal Audit Implementation Rules of the Audit Committee on the operation and management of the Audit Committee.

(2) Summary of communication between independent directors and accountants

Date	Summary of communication highlights
11/7/2016	1. The accountant will explain the specification and response of the new audit report 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 Supervisors involved in the Board operation

Attendance of the 6 Board meetings in the recent year:

(The three meetings in the second half of the year were replaced by the Audit Committee that was established on July 1, 2016)

Title	Name	Number of times attending in person	Actual attendance rates (%)		Remark
Supervisor	Lowin Industrial Co., Ltd. Representative: Wei-Kung Chi	3	0	100%	Dismissal on 06.30.2016.
Supervisor	Lowin Industrial Co., Ltd. Representative: Shintai Liu	3	0	100%	Dismissal on 06.30.2016.
Supervisor	Lowin Industrial Co., Ltd. Representative: Jinchung Lee	2	0	66%	Dismissal on 06.30.2016.

Other matters to be disclosed:

1. Composition and responsibilities of supervisors:
   The Company has three supervisors elected with a nomination system. Supervisors are elected from the nominated candidates in the Shareholders' Meeting for a three-year term and can be reelected. Responsibilities of supervisors include business query, financial investigation, books audit, and other responsibilities entrusted by law, regulations, articles of incorporation, and Shareholders' Meeting.
   (1) Communication between supervisors and employees and shareholders of the Company (such as, communication channels and methods, etc.):
   The Company has an individual designated to be the bridge between supervisors and employees and shareholders. In addition, supervisors also attend the Board meeting and the shareholders' meeting to help monitor company operations.
   (2) Communication between supervisors and chief internal auditor and CPAs of the Company:
   Chief Internal Auditor is to submit the monthly audit report to the supervisor for review and to report the major discoveries in an audit to the Board of Directors. According to Auditing Standards No. 39 Communiqué and Taiwan Securities and Futures Bureau Tai.Chai.Chen (VI) No. 0930105373 Letter, the CPA of the Company is to have the governance matters of the financial statements and the consolidated financial statements audited or reviewed summarized quarterly for communication in writing or in person.
2. Supervisors who have spoken at the Board meeting, if any, should clearly state the date of the Board meeting, the term, the contents of the motions, the resolutions of the Board meeting, and the Company's handling the opinions of the supervisors:
   None

3.3.4 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	Summary and Description	
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?	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.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Does the company actually control the main shareholders and the final control list of major shareholders of the company?	V		(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.
(3) Does the company establish and execute the risk control and firewall mechanism with the affiliated enterprise?	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.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(4) Does the company develop internal specification to prohibit insiders from using undisclosed information from the market to buy or sell securities?	V		(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.
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?	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. The Board of the Directors Including women, lawyers and CPA background ... ... to achieve diversification comes with the necessary knowledge, skills and quality for the members of Board of Directors. Members of the Board of directors must be equipped with knowledge, skills and quality.	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Does the company also voluntarily establish other functional committee apart from the salary remuneration committee and audit committee?		V	(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 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.	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	Summary and Description	
(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. 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 has a designated Finance and Business Department to be 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.).	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?	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	The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
(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		(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.
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	V		(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. (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	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	
liability insurance for directors and supervisors)?			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." (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. (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. (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.	

(6) Directors' and supervisors' training records (from 2016/01/01 to 2016/12/31):

Title	Name	Organizer	Course Name	Hours	Note
Chairman	KennethK.T. Yen			0	
Vice Chairman	Kuo-Rong Chen	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	6	
Director	Jack J.T Huang			-	Dismissal on 06.30.2016.
Director	Shin-I Lin	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	6	
Director	Li-Lien Chen			0	
Director	Liang Zhang	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	3	
Director	Zheng-Xiang Yao	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	6	
Independent Director	Sheng-Fu You			-	Dismissal on 06.30.2016.
Independent Director	Yi-Hong Xie	Central China Securities and Futures Market Development Foundation	Insider Trading and Corporate Social Responsibility Symposium	3	
		China Corporate Governance Association	Taiwan enterprises reborn game	3	
Independent Director	Shunren Liu	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	6	
Independent Director	Zhongqi Zhou	China Corporate Governance Association	Legal Responsibility and Accounting of Directors and Supervisors; Corporate Governance and Sustainable Management	6	
Supervisor	Wei-Kung Chi			-	Dismissal on 06.30.2016.
Supervisor	Shintai Liu			-	Dismissal on 06.30.2016.
Supervisor	Jinchung Lee			-	Dismissal on 06.30.2016.

(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 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

Item	Operations (Note 1)			Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	Summary and Description	
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: Promote corporate integrity management full-time (part-time) unit to regularly report the implementation result to the Board of Directors. The countermeasures for those failed to disclose the implementation of corporate integrity management full-time (part-time) unit and failed to meet the scoring standards are as follows: The relevant norms of the integrity management of the Company are enacted by the Finance and Business Department and it is to be implemented lawfully. In addition, the Audit Office has the compliance of the said system audited regularly in accordance with the audit plan every year and with an audit report prepared for presentation to the Board of Directors at least quarterly.				

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.

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

1. The composition and responsibilities ofCompensation 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 directorsand 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)	Conditions / Name	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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Complied
Independent director	Shunren Liu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Complied
Independent director	Zhongqi Zhou			✓	✓	✓	✓	✓	✓	✓	✓	✓	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 2nd Compensation Committee is from July 1, 2013 to June 30, 2016. The tenure for the members of the 3rd Compensation Committee is from July 1, 2016 to June 30, 2019. As of March 31, 2017, 10 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	10	0	100%	Re-election on 07.01.2016
Committee member	Shunren Liu	3	0	100%	Took office on 07.01.2016
Committee member	Zhongqi Zhou	3	0	100%	Took office on 07.01.2016
Convener	Sheng Fu, Yu	7	0	100%	Dismissal on 06.30.2016
Committee member	Jinshun Wu	7	0	100%	Dismissal on 06.30.2016

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.

3.3.6 Performance of Corportate 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	Summary and Description (Note 2)	
1. Implementation of corporate governance	V		(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.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(1) Does the company develop corporate social responsibility policy or system and review the effectiveness of implementation?				
(2) Does the company routinely organize social responsibility education training?	V		(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.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(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?	V		(3) The coordinator of the Company is the President, who recruits all department representatives , while Vice President is the Deputy convenorto jointly form the Corporate social Responsibility Project Promotion Team (short as CSR Team). The team routinely report to the senior management for processing.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(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?	V		(4) The company establishes salary remuneration committee that develops policies related to employee performance appraisal and explicit reward/punishment system.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
2. Development of sustainable environment	V		(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.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(1) Does the company devote in the improvement on the utilization efficiency of various resources and use recycled materials with low environmental impact?				
(2) Does the company establish proper environmental management system in accordance with its characteristics of industry?	V		(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.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
(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?	V		(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.	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons

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 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 website and Market Observation Post System?	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 and the Reasons
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. The company has developed shareholding meeting regulations related to corporate governance, board of director meeting regualtions, classififed document management operation regulations, classififed 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 regulatsion related to corporate governance. Moreover the company also developed relevant management regulations regarding air				

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)	

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 suervice to sustainability, the Coimpany 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 governnace, development of sustainable environment, maintenance of social welfare, and strengthening informaiton disclosure. The Company has develod the "Corporate Social Responsibility Practice Principel", requesting all group subsidiaries must also join and comply with the regulations.

6. Other critical information that helps understand the operation of corporate social responsibility:

(1) The company's CSR operations for environmental protection

(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.

(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.

(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.

(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.

(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.

(2) The Company's CSR operations on community participation and community welfare.

(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.

(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.

(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.

(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.

(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.

(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.

(3) The corporate social responsibility operations of the Company to social contribution and community services

(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.

(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.

(3.3) The Company established the Vivian Wu Journalism Award Foundation to present outstanding journalists who will become the invisible power to correct social customs and mind cleansing.

(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.

(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.

(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

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)	
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. (4) The Corporate Social Responsibility operations of the company for consumers' equity (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. (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. (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. (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. (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. (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.				
(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.

3.3.7 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	Summary and Description	
1. Develop ethical management policy and program				
(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?	V		(1) The Company has developed departmental manual according to the organizational structure of the Company and requested all employees, including the Board of Directors and management to actively implement ethical management, treating shareholders with care and loyalty, using professionalism and diligent management for investment to shareholders in order to provide fair, sustainable and competitive return that will create the optimal benefits for shareholders.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(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?	V		(2) The Company develops "Regulations Governing the Management of Insider Trading," "Regulations Governing Management Review Operations" and "Management Meeting Operation Standards" as the relevant standards of executing integral management principles.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(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?	V		(3) To explicitly specify the rights and obligations of labour and employers, improvement the organization and establish management system, the Company develops the various internal work standards according to the relevant laws, providing action outlines for the corporation and employees. In case the company staff encounters third-party engaging in unethical behaviour towards the Company but such behaviour violates the law, the Company shall notify the judicial department and prosecutors according to the relevant facts. In the event public service officials or agencies involved in such occasion, the Company shall notify the anti-corruption agency of the Government.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
2. Implementation ethical management				
(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?	V		(1) The various contracts signed by the Company, unless otherwise reviewed by professional legal personnel, are also targeted at transaction parties who involve in unethical behaviours and the Company reserves the right to terminate or cancel the contract.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(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?	V		(2) The Company' ethical management related specification is determined by the Financial & Business Dept. plan and executive in compliance with the specification and the internal auditors will routinely review the compliance of aforementioned system and prepared into audit report for submission to the Board of the Directors quarterly at least ..	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(3) Does the company develop conflict of interest policy, provide proper petition channel and implement the execution?	V		(3) Apart from developing "Board of Directors Agenda Specification," the Company shall develop standards for avoidance of conflict of interests and provide proper channel to initiate in explaining the incident of conflict of interests.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(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?	V		(4) Apart from developing ethical management principles and standards, the Company also formulates internal control system such as stakeholder transaction and insider transaction, which not only routinely audits the daily internal auditing operations but also will immediately report to the members of Board of Directors and relevant competent authority in the even illegitimate issues have been reported. Moreover the operations will be readily inspected to assure the sustainability and validity of system design and execution.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(5) Does the company routinely hold domestic and external educational training for ethical management?	V		(5) The Company upgrades the organization of education and training according to the Board of Directors resolution and promulgation of relevant laws and regulations to declare ethical management.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Items	Operations (Note 1)			Discretions with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons
	Y	N	Summary and Description	
3. Operations of company reporting system				
(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?	V		(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.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Does the company develop investigation standard operation process and relevant confidential mechanism for accepting reported matters?	V		(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.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(3) Does the company adopt measures that protect the informer without facing improper treatment due to reporting?	V		(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.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
4. Strengthen information disclosure				
(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?	V		(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.	In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
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.				
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.				

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

3.3.8 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.

3.3.9 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 and 3rd Corporate Governance Evaluation System co-developed by the TWSE and GTSM.

3.3.10 Internal Control System Execution Status

1. Statement of Internal Control System

Yulon Motor Company Ltd.
Statement of Internal Control System

March 20, 2017

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

3.3.11 Company or employees been penalized by law or employees received penalties from company for violating the Internal Control regulations in fiscal year 2016 and as of the publication date of the annual report, major nonconformities, and status of improvements:

None

3.3.12 Major resolutions reached in the Shareholders' Meeting and Board meeting in fiscal year 2016 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
01/18/2016	Board of Directors	1. Adopted 2016 Business Objectives Proposition.	Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption.
03/21/2016	Board of Directors	1. Adopted the amendment to the principle of distributing the employee remuneration. 2. Adopted the the 2015 Distribution of Employees', Directors' and Supervisors' Remuneration 3. Adopted the 2015 financial statement. 4. Adopted the 2015 earning distribution. 5. Adopted 2015 Internal Control System Statement Proposition 6. Adopted the 15th election of Directors 7. Adopted the releasment of the Prohibition on 15th Directors from Participation in Competitive Business. 8. Adopted convening the 2016 annual shareholders' meeting. 9. Adopted Yulon 2016 Endorsement Guarantee Proposition 10. Adopted Yulon 2016 LOS Proposition 11. Adopted CPA Change and CPA Independence Evaluation Proposition 12. Adopted the amendment to the "Rules for Self Information protection" and related internal control. 13. Adopted the appointment of manager.	Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption.
05/09/2016	Board of Directors	1. Acknowledged the motions resolved in the 5th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. 2. Passed the qualification review of the candidates nominated for the 15th board of directors. 3. Passed the investment plan of Yueyuen Development Construction Co., Ltd., the subsidiary, in "Yueyuen Development Construction Property Co., Ltd." in China Hangzhou. 4. Passed the amendments to the "Procedure for applying for suspension and resumption of trading operations" of the company. 5. Passed the amendments to the "Internal Control System" and the "Internal Audit Implementation Enforcement Rules" of the Company's stock service operation. 6. Acknowledged the motions resolved in the 6th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd	Proposition adopted after Chairman asked for all attending directors' opinion and the independent directors' opinions.
06/21/2016	General Shareholders' Meeting	1. Acknowledge the 2015 Financial Statements 2. Acknowledge the 2015 Earnings Distribution. 3. Adopted the amendments to the Company's "Rules for Director and Supervisor Elections." 4. Adopted the amendments to the Company's "Procedures for Endorsements and Guarantees." 5. Adopted the amendments to the Company's "Procedures for Acquisition and Disposal of Assets." 6. Adopted the amendments to the Company's "Procedures for Derivatives Trading." 7. Adopted the mendments to the Company's "Procedures for Loaning of Funds to Other Parties"	Ballet voting by proposition. Approving number of votes meeting regulations and all propositions adopted
07/11/2016	Board of Directors	1. Recognized the 7th Meeting of 6th Board of Directors of Nissan Motor. 2. Adopted the Company intended to hold 100% equity of Yueyuen Development Construction Co., Ltd. through a simple merger. 3. Adopted the Company planned to invest additional NT$3 billion in the subsidiary, Yueyuen Development Construction Co., Ltd. 4. Adopted the Company's subsidiary, Yueyuen Development Construction Co., Ltd., intends to invest additional RMB 300 million in Yueyuen Development Construction Property Co., Ltd. in Hangzhou China. 5. Adopted the making of endorsements / guarantees for Yueyuen Development Construction Co., Ltd. 6. Adopted the appointment of the 3rd Remuneration Committee members. 7. Adopted the replacement of the manager and spokesman of the company.	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
08/04/2016	Board of Directors	1. Recognized the 8th Meeting of 6th Board of Directors of Nissan Motor. 2. Adopted the LOS issued for the financing amount of the dealer, Chenglong, in China 3. Adopted the making of endorsements / guarantees by the subsidiary, Sheng Qing (Beijing) Investment Limited, for its subsidiaries 4. Adopted the making of endorsements / guarantees for Yuegin Industrial Company 5. Adopted the making of endorsements / guarantees for Hangchi Co., Ltd. 6. Adopted the LOS issued for the financing amount of China Yulon Car Finance Company 7. Adopted the amendment to the distribution of Independent Directors' Remuneration. 8. Adopted "2016 Audit Program" proposition 9. Adopted the change of directors through the audit report of the Company.	Proposition adopted without objection after Chairman asked for all attending directors' opinion.

Meeting:Date	Types of Meetings	Important Resolutions Adopted at Meetings	Resolution outcome
11/07/2016	Board of Directors	1. Recognized the 9th Meeting of 6th Board of Directors of Nissan Motor. 2. Adopted the LOS issued for the financing amount of China Yulon Car Finance Company. 3. Adopted the cash capitalization of Yujia Automobile Co., Ltd. 4. Adopted the Company intended to invest in Yuepong with the 40% shareholding of Yuegin. 5. Adopted the purchased 49% shareholding of "Ningbo Yuechang Automobile Sales and Service Co., Ltd." that was invested by the subsidiary of the Company, Dongfeng Yulon. 6. Adopted the pay raise of the manager of the company. 7. Adopted the dismissal of the manager of the company. 8. Adopted the appointment of the manager of the company. 9. Adopted the "2017 Audit plant" reported to the Company. 10. Adopted the stipulation of the internal control system of the "Audit Committee Meeting Operation and Management" and the "Internal Audit Implementation Enforcement Rules." 11. Adopted the amendments to the "Rules Governing the Evaluation of the Board of Directors" of the Company. 12. Adopted the amendments to the "Corporate Social Responsibility Best-Practice Rules" of the company. 13. Adopted the amendments to the "Code of Corporate Governance Practices Rules" of the Company. 14. Adopted the amendments to the "Procedure for applying for suspension and resumption of trading operations" of the Company.	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
01/16/2017	Board of Directors	1. Acknowledged the motions resolved in the 10th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. 2. Adopted the business objectives of the company for the 2017. 3. 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." 4. Adopted the reappointment of the audit director of the company.	Proposition adopted without objection after Chairman asked for all attending directors' opinion.
03/20/2017	Board of Directors	1. Adopted the decapitalization of Yulon Electric Co., Ltd. 2. Adopted the equity transfer of Yohow Co., Ltd. 3. Adopted the 2016 Financial Statements. 4. dopted the 2016 Earnings Distribution. 5. Adopted the 2016 Distribution of Employees' and Directors' Remuneration 6. Adopted the 2016 Internal Control System Statement Proposition 7. Adopted the amendments to the Company's "Procedures for Acquisition and Disposal of Assets." 8. Adopted the amendments to the Company's "Procedures for Derivatives Trading." 9. Adopted convening the 2017 annual shareholders' meeting. 10. Adopted the 2017 Status of Endorsement and Guarantee. 11. Adopted the 2017 LOS issued for the financing amount. 12. Adopted the 2017 bank loan amount application of the company. 13. Adopted assessing the independence and competence of accountants. 14. Adopted the amendments to the "Internal Control System" of the Company.	Proposition adopted without objection after Chairman asked for all attending directors' opinion.

2. Review on the Execution of Resolutions made by the 2016 Annual Meeting of Shareholders:

Resolutions	Review on Execution
Acknowledge the 2015 Financial Statements.	The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized.
Acknowledge the 2015 Earnings Distribution.	The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized. Statutory reserves of NTD 335,207,847 and special surplus reserve of NTD0 were appropriated and adjusted into account on June 21st, 2016, which was also disclosed on the 2016 Q2 financial report.Csah dividend to stockholders of NTD415,627,918 was distributed. The base date was set to July 26th, 2016 and the reserve distributed on August 24th, 2016.
To be revised the Company's "Rules for Director and Supervisor Elections."	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.
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 Loaning of Funds to Other Parties"	By voting the results, in favor of the power to meet the statutory requirements, the case passed.

3.3.13 The objections of the directors or supervisors against the major resolutions reached in the Board meeting recorded or documented in writing in fiscal year 2016 and as of the publication date of the annual report:

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

3.3.14 Table of resignation and dismissal of the Chairman, President, Accounting Officer, Finance Officer, Internal Chief Auditor, and R&D Director in fiscal year 2016 and as of the publication date of the annual report:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Spokesperson	Min Hui Qiu , Associate Vice President	11, 10,2015	07, 11, 2016	Transfer company
Audit supervisor	Huizhong Lin Chief	11,11,2013	1, 16, 2017	Sent overseas

Note: Affiliated personnel of the company refer to the Chairman, President, Accounting Officer, Financial Supervisor, internal audit supervisor, and R&D supervisors.

3.3.15 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
Deliotte & Touche Taiwan	Hsin-Wei TAI	You-Wei FAN	January 1, 2016 ~ December 31, 2016	

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		
Deliotte & Touche Taiwan	Hsin-Wei TAI	28,210	0	0	0	2,163	2,163	1/1/2016 ~ 12/31/2016	Others are advances, travel expenses.
	You-Wei FAN							1/1/2016~ 12/31/2016	

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 audting 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, ratio, 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 / Status	CPA	Commissioner
	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 2016 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	2016		Up to April 24 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.	-	(5,000,000)	-	-
Director	China Motor Corporation	25,327,477	-	-	-
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	Ching-Chi Chen	-	-	-	-
Associate Vice President	Binglin Chen	-	-	-	-
Manager	Shi Ting Chen	-	-	-	-
Manager	Lihua Wu	-	-	-	-
Manager	Binglin Chen	-	-	-	-
Manager	Wen Yuan Li	-	-	-	-
Manager	Wen Yi Lo	-	-	-	-
Manager	Jian Hui Li	-	-	-	-
Manager	Hongzheng Chen	-	-	-	-
Major shareholder	Tai-Yuen Textile Co., Ltd.	-	-	-	-
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 24, 2017

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	284,901,045 160,126,140	18.11 10.18	- 377,924	- 0.024	- -	- -	China Motor Corporation	Same chairman	
							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	262,228,166 160,126,140	16.67 10.18	- 377,924	- 0.024	- -	- -	Tai-Yuen Textile Co., Ltd.	Same chairman	
							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	68,495,000	4.35	—	—	—	—	-	-	
Civil Service Pension Fund Administration Committee	24,660,000	1.56	-	-	-	-	-	-	
Fande Investment Co., Ltd. Representative: Wei-Kung Chi	24,468,566 237	1.55 0.00002	- -	- -	- -	- -	Tai-Yuen Textile Co., Ltd.	General Manager of Tai-Yuen Textile Co., Ltd. is the Chairman of Fande Investment Co., Ltd.	
Mercuries Life Insurance Co., Ltd.	23,443,000	1.49	-	-	-	-	-	-	
Labor Insurance Funds	21,534,000	1.36	-	-	-	-	-	-	
Shin Kong Life Insurance Company Limited Representative: Dongjin Wu	18,418,000	1.17					-	-	
Yen Ching Ling Industrial Development Foundation Representative: Kenneth K. T. Yen	17,287,844 15,412	1.09 0.001	- -	- -	- -	- -	China Motor Corporation	Same chairman	
							Tai-Yuen Textile Co., Ltd.	Same chairman	

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 24, 2017

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%	458,854,807	33.15%	570,335,251	41.21%
Taiwan Acceptance Corporation	125,656,568	45.75%	3,264,427	1.19%	128,920,995	46.94%
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.	14,680,250	50.97%	7,750	0.03%	14,688,000	51.00%
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%	4,523,525	23.20%	8,946,100	45.88%
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.	8,613,560	27.00%	1,060	0.00%	8,614,620	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.	4,249,000	21.25%	1,000	0.01%	4,250,000	21.25%
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%	9,816,071	34.24%	20,028,586	69.86%
Yumin Motor Co., Ltd.	5,398,885	20.00%	7,291,100	27.00%	12,690,000	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.	325,763,658	100.00%	0	0.00%	325,763,658	100.00%
Yulon Nissan Motors Co., Ltd.	143,500,000	47.83%	8,628,000	2.88%	152,128,000	50.71%
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%
Hua-Chuang Automobile Information Technical Center Co., Ltd.	200,000,000	40.00%	105,600,000	21.12%	305,600,000	61.12%
Hue-Lian Motor Co., Ltd.	6,116,138	20.34%	1,000	0.00%	6,117,138	20.35%
Luxgen Motor Co., Ltd.	280,000,000	100.00%	0	0.00%	280,000,000	100.00%
Yulon Tobe Motor Co., Ltd.	30,000,000	100.00%	0	0.00%	30,000,000	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.	921,589	0.01%	0	0.00%	921,589	0.01%
Shin Shin Bus Co., Ltd.	152,772	0.32%	0	0.00%	152,772	0.32%
Sino Aerospace of Taiwan	810,720	0.60%	0	0.00%	810,720	0.60%
Taiwan Stock Exchange Corporation	6,768,348	1.00%	0	0.00%	6,768,348	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.	30,000,000	100.00%	0	0.00%	30,000,000	100.00%
Yulon Motor Finance (China) Limited	1,288,939,830	51.00%	245,000,000	49.00%	500,000,000	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 24, 2017
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 24, 2017

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	220	114,840	489	115,571
Shareholding	59,358,039	31,261,198	788,649,300	493,192,779	200,458,593	1,572,919,909
Shareholding ratio	3.77	1.99	50.14	31.36	12.74	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 24, 2017

(Par value per share: NT$10)

Shareholding class	No. of shareholders	Shareholding	Shareholding ratio (%)
1 to 999	60,662	12,159,155	0.77
1,000 to 5,000	42,403	91,047,853	5.79
5,001 to 10,000	6,673	51,960,624	3.30
10,001 to 15,000	2,008	25,190,083	1.60
15,001 to 20,000	1,219	22,615,047	1.44
20,001 to 30,000	952	24,376,074	1.55
30,001 to 50,000	717	28,689,578	1.82
50,001 to 100,000	476	34,724,347	2.21
100,001 to 200,000	226	31,965,837	2.03
200,001 to 400,000	96	27,489,062	1.75
400,001 to 600,000	31	15,181,306	0.97
600,001 to 800,000	16	11,099,538	0.71
800,001 to 1,000,000	15	13,550,605	0.86
More than 1,000,001	77	1,182,870,800	75.20
Total	115,571	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 24, 2017

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.	68,495,000	4.35%
Civil Service Pension Fund Administration Committee	24,660,000	1.56%
Fande Investment Co., Ltd.	24,468,566	1.55%
Fande Investment Co., Ltd.	23,443,000	1.49%
Labor Insurance Funds	21,534,000	1.36%
Shin Kong Life Insurance Company Limited	18,418,000	1.17%
Yen Ching Ling Industrial Development Foundation	17,287,844	1.09%

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

Item \ Fiscal Year			2015	2016	Current Fiscal Year and before April 30, 2017 (Note 8)
Market value per share (Note 1)	Highest		46.7	31.75	29.45
	Lowest		24.60	26.00	26.30
	Average		36.72	28.16	27.72
Net Value per share (Note 2)	Before distribution		45.44	44.32	44.31
	After distribution		44.54	-	-
EPS (Earning Per Share)	Weighted average number of shares		1,463,684,000 shares	1,462,769,000 shares	1,462,770,000 shares
	EPS (Earning Per Share) (Note 3)		2.29	0.91	0.52
Dividend per share (Note 2)	Cash Dividend		0.9	0.5	
	Stock Dividend	Stock Dividend from Retained earnings	-	-	-
		Stock Dividend from Capital Reserve	-	-	-
	Cumulative un-paid dividend (Note 4)		-	-	-
Analysis on ROI (Return on Investment)	Price-Earnings (P/E) Ratio (Note 5)		16.03	30.95	-
	Price-Dividend Ratio (Note 6)		40.80	56.32	-
	Dividend Yield (Note 7)		2.45%	1.78%	-

* 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-Earnings 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 $0590 per share in the 2017 Shareholders' Meeting with the record date of cash dividend scheduled on July 26th, 2017.

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:

<table>
<tr><th colspan="3">Item \ Fiscal Year</th><th>Fiscal Year 2016 (Estimated)</th></tr>
<tr><td colspan="3">Paid-in capital – beginning (NT$ Thousand)</td><td>15,729,199</td></tr>
<tr><td rowspan="3">Current dividend and interest</td><td colspan="2">Cash dividends per share (NT$)</td><td>0.50</td></tr>
<tr><td colspan="2">Stock dividends (shares) from capitalization of earnings</td><td>-</td></tr>
<tr><td colspan="2">Stock dividends (shares) from capitalization of additional paid-in capital</td><td>-</td></tr>
<tr><td rowspan="8">Changes in Business Performance</td><td colspan="2">Operating Income (NT$ Thousand)</td><td rowspan="13">N/A (Note)</td></tr>
<tr><td colspan="2">Operating income increase (decrease) ratio from last year (%)</td></tr>
<tr><td colspan="2">Net income (NT$ Thousand)</td></tr>
<tr><td colspan="2">Net income increase (decrease) ratio from last year (%)</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td></tr>
<tr><td colspan="2">Earnings per share increase (decrease) ratio from last year (%)</td></tr>
<tr><td colspan="2">Annual average return on investment ratio (reverse of annual average PE ratio) (%)</td></tr>
<tr><td rowspan="6">Proforma earnings per share and PE ratio</td><td rowspan="2">If capitalized earnings is converted to cash dividends</td><td>Proforma earnings per share (NT$)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
<tr><td rowspan="2">If additional paid-in capital is not capitalized</td><td>Proforma earnings per share (NT$)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
<tr><td rowspan="2">If additional paid-in capital is not capitalized and capitalized earnings is converted to cash dividends</td><td>Proforma earnings per share (NT$)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
</table>

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 NTD61.70 million in January, 2017.

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$ 2,180,000 and remuneration to directors/supervisors in the amount of NT$ 9,100,000 that is no difference from the estimated expense amount in 2016.

(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 2015are 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$3,540,000 and remuneration to directors and supervisors in the amount of NT$17,680,000. 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

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. Hightlights 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 3.8T series: 6-speed automated/manual transmission sports car
MURANO 3.5 series: Continuous Variable Transmission (CTV) SUV
JUKE 1.6 series: CTV SUV
BIG TIIDA series: CTV automatic sedan
TEANA series: CTV sedan
LIVINA series: CTV sedan / SUV
SENTRA series: CTV sedan
MARCH series: 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: CTV SUV
QX70: 7-speed automatic/manual SUV

(3) UD commercial vehicle:

KNP series: 17-ton commercial vehicle
KLH series: 35-ton commercial vehicle

(4) LUXGEN:

Luxgen M7 Turbo ECO series: 5-speed automatic/manual SUV
Luxgen U7 Turbo ECO series: 5-speed automatic/manual SUV
Luxgen S5 Turbo ECO series: 5/6-speed automatic/manual sedan
Luxgen U6 Turbo ECO series: 5/6-speed automatic/manual SUV

5.1.2 Industry Summary

1. Macroeconomy environment analysis:

(1) International situation:

The global economic growth rate was around 2.4% in 2016 that was the new low since the financial crisis occurred; mainly due to the less satisfactory economic performance of the advanced nations, including the United States, Europe, and Japan; also, the due to the slowing down of the growth momentum in emerging countries; moreover, due to the uncertainties arising from the Brexit in June. The impact of various factors on financial markets and global trade had driven the global economy into the "low growth trap" that affect the confidence of consumers and investors. Looking into 2017, according to the estimates of the major international economic institutions that this year the global economy will gradually recover, of which, the IMF forecasts global economic growth rate to reach 3.4% this year, higher than the 3.1% of the last year, mainly due to the slow recovery of the advanced economies and the improving stability of emerging economies.

In addition, since major countries have gradually get rid of deflationary pressures and the marginal utility of the long-term monetary easing policy have declined, fiscal policy will replace monetary policy as the main tool for countries to stimulate economic growth. However, the economic and trade policy of President Chuanpu of the United States may activate another round of trade protectionism that will impact the current international political and economic powers, coupled with the European anti-institutional political trends, emerging market debt crisis, as well as the Chinese economic trends and other potential risks that all affect the pace of global economic growth; therefore, the future development must be observed closely.

The 2017 global economic growth forecast is as follows:

	Global Insight	IMF	The World Bank
Global economic growth rate	2.9% ('17/03)	3.4% ('17/01)	2.7% ('17/01)

(2) Domestic economy:

In view of the second half of 2016, the export and investment were activated by the increasing demand for smart products. In order to stimulate domestic demand, the plan of expanding the state-owned business is beneficial to the domestic investment environment; also, the exporting business was increased significantly, and the monitoring indicator was in green for several months consecutively. According to the latest forecast of the domestic and international major institutions, Taiwan's economic growth rate is between 1.7% ~ 1.92% this year that is expected to be better than last year.

The 2017 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	1.92% ('17/02)	1.8% ('17/03)	1.7% ('17/01)

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 2016 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 (%)
2016	294,075	112,166,685	0.262%
2017Q1	73,983	24,792,463	0.298%

2. Achievement in recent 3 years

(1) March 2014: NISSAN ALL NEW LIVINA released and went into mass production.

(2) April 2014: LUXGEN M7 TURBO model completed with model development went into mass production and released to the market.

(3) April 2015: LUXGEN U6 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.

(4) May 2015: YULON NISSAN X-TRIAL completed development, pilot-run and entering mass production stage.

(5) June 2015: LUXGEN M7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.

(6) July 2015: LUXGEN U7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.

(7) October 2015: LUXGEN S5 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.

(8) May 2016: LUXGEN S3 CROSS SEDAN completed development, pilot-run and entering mass production stage.

(9) May 2016: LUXGEN V7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage

3. Future R&D plan and amount

(1) Building electric vehicles with stable mass production capacity.

(2) Establishing lithium battery production technology and testing and inspection capacity.

(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) Establish the ED equipment.

(7) Establish the vehicle dynamics laboratory.

(8) Promote automobile system customization manufacturing (Industry 4.0) technology.

The for capital expenditure and expense investment required for the abovementioned R&D program, the Company has prepared about NT$437 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$194 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 continuing to 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 and U6 ECO HYPER Turbo since 2009, and introduced S3 CROSS SEDAN、V7 TURBO ECO HYPER sedan in 2016 and will introduce ALL NEW SUV in 2017. It helps complete product line, improve effectively capacity utilization, and reduce manufacturing cost. The idea is to provide consumers with diversified and beyond-expectation choices through the resources sharing of Yulon's value chain.

(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:

The development of the Company's Xindian Yulon City program is currently in the stage of building license review that is expected to be completed with the building license received in the first half of 2017. The construction of the business district is expected to be started in the fourth quarter of 2017; also, the arcade is expected to be opened for business by the end of 2020 in order to make the building the new landmark in Taipei Metropolitan area.

Regarding the Company's Xindian Yulon Town Development Project, it has preliminarily completed the environmental evaluation with application for urban renewal. The Company will actively carry out detailed design of architecture and license review document preparation in attempt to acquire the license successfully at the end of 2016 and implement the project in 2017. The completion of the project will contribute greatly to the regional economic development and employment opportunities, and the formation of an emerging commercial center in New Taipei City.

(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. The contents Phase III of the plan will be published in 2017. 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. Look forward to the future, the success of LUXGEN in Taiwan can be replicated successfully in Chinese market 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 59,063 vehicle (including Nissan & Luxgen), increase 3.4% compared with 2015, and the market share was 14.19%.

The 2016 overall sales of Taiwan car market is shown below:

Year of Sales	2015	2016
Total Sales Volume	420,775	439,585
Domestic Cars	261,580	265,141
Import Cars	159,195	174,444

Source: Taiwan Transportation Vehicle Manufacturers Association 2016/03

2. Supply and Demand situations in the market

(1)Market overview and prospects

A total of 430,400 vehicles (excluding heavy vehicles) were sold in 2016, representing 4.8% growth over the year of 2015. For the domestic automobile sales in 2016, 260,000 vehicles were made in Taiwan and 170,400 vehicles were imported, the imported vehicles accounted for 39.59% of total vehicles sold that was 10.20% growth from the same period in 2015; also, such growth rate was far better than the total market growth rate.

Looking forward to 2017, the uncertainty of the economic environment is increasing, the automobile market between the strait is expected to develop stably. Taiwan auto market is expected with a total of 420,000 vehicles sold. A cargo tax subsidy policy is expected to be promoted this year in Taiwan in order to maintain the auto sale at the level of 420,000 vehicles. Mainland China is continuing to benefit from the small car purchase tax concessions with a sale of more than 29 million vehicles expected. Yulon's target this year is to reach the mark of 320,000 vehicles between the strait, of which, 113,000 vehicles sold in Taiwan and 206,000 vehicles sold in Mainland China.

In view of the Taiwan automobile market in 2015, in spite of the oil price dropping back to the 2003 standard, the overall unstable environment and slowed customer demand as well as other factors, Taiwan's automobile market trend stays at the first half. Fortunately in Q4, in midst of the various preferential measures proposed by car makers and the validation and implementation of commodity tax cut as well as the year-end new car exhibition for impelling buyers, the 2015 Taiwan overall car market still achieves 420,000 units, keeping a flat sales standard as hat in 2014. Looking into 2016, multiple international and domestic economic research institutes predict that the 2016 global economic growth rate is not much different from the 2015 one. In spite of the many uncertainty factors such as oil price, exchange rate and interest reduction, in view of the policy stipulation for commodity tax cut and the release of new models by car makers, the consumers' intent to purchase will likely increase and extend the buying power form the end of 2015. Consequently the 2016 automobile car market is still optimistic.

(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.

(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

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 form most car manufacturers, it will help boost the purchase of automobile market in 2017.

Unfavorable factors:

(1) Slow ECFA and FTA training progress

International situation uncertainty

Since major countries have gradually get rid of deflationary pressures and the marginal utility of the long-term monetary easing policy have declined, fiscal policy will replace monetary policy as the main tool for countries to stimulate economic growth. However, the economic and trade policy of President Chuanpu of the United States may activate another round of trade protectionism that will impact the current international political and economic powers, coupled with the European anti-institutional political trends, emerging market debt crisis, as well as the Chinese economic trends and other potential risks that all affect the pace of global economic growth; therefore, the future development must be observed closely.

The automobile market requires economic scale and greater market, hence export is one opportunity. In midst of the international regional economic expansion and the slow negotiation progress of ECFA, custom tariff and non-custom tariff are all impendence to the outward export of automobile industries. Hence the Government is expected to quickly initiate FTA and SCFA collaboration in order to return Taiwan automobile to the Cross-Strait industry advantage, thereby building the new marketing and new model of Taiwan automobile industries.

(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 790,000 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:

Strengths:	**Weaknesses:**
1. Manufacturing knowledge management 2. Production Line Digital Sensing and Information Integration structure 3. IQM 系統 Integrated Quality Management	1. The synchronization with the value chain company and the upgrade of digital integration 2. A large number of customization and new technology directed into the car that requires more effective quality control program
Opportunities:	**Threats:**
1. Industrialization 4.0 smart factory becomes the development trend in the world 2. The internet development accelerated by the arrival of the era of big data 3. The data transmission accelerated by the prevailing of handheld smart devices	1. The new technology development and application of the car is changing everyday 2. The major car makers competing to enter the digital / smart production 3. Product development time to market shortened 4. High demand for custom-made products

The following challenges faced by Yulon:

(1) High demand for custom-made products

(2) Production line stability

(3) To ensure the quality of the car

(4) Combine network/physical integration, intelligent networking technology, and intellectual automation and big data to create industrial development comprehensive systems integrated solutions.

(5) Daily living and work can be carried out with the use of internet of things (IoT).

Competitiveness / Environment	Advantage	Disadvantage
Market opportunity	· Establishing multi-brand OEM alliance · Introduction of regional car models · Expanding the green energy vehicle series	· Combining Taiwan ICT industry innovative advantage (industrial innovative advance of Taiwan ICT)
Opponent threatening	· Solidifying local market demand · Continuing to strengthen the competitiveness of products	· Integrating the horizontal business groups (interdisciplinary integration)

Including:

(1) Establishing multi-brand OEM alliance

The profound professional manufacturing technology of the company helps the company undertake various brand OEM business to create scale-based effectiveness, achieve cost reduction and establish profound cooperation models.

(2) Introducing regional models

The Chinese market comes with massive market scale that benefits the expansion of single model scale by acquiring collective outsourcing costs reduction

(3) Combining the innovative advantage of Taiwan ICT

Taiwan owns complete electric supply chain system to help our company develop various car-use electric systems by quickly responding to the market and regulatory requirement. The Company is capable of building product differentiation with values in specific functions.

(4) Solidifying local market demand

The company has operated the Taiwanese market for some decades and is familiar with the local consumer habits in car purchase by proposing customized products of import cars that mode meet consumer demand.

(5) Continuing to strengthen the competitiveness of products

Recruit domestic and internal experts with rich experience in car model development to promote high C/P value new or re-release products through the system integrated sustainable oil consumption optimization, chassis conversion and other operation optimization. For example, the release of U6 was profoundly accepted by the market.

(6) Integrating the horizontal business groups

Provide consumer with complete integration mobility services, including purchase car, lease, low-carbon movement, and second hand transaction platform to meet the various mobility requirement from consumers, expand the blue sea market, and develop brand-new industry competition model.

(7) Expanding the green energy vehicle series

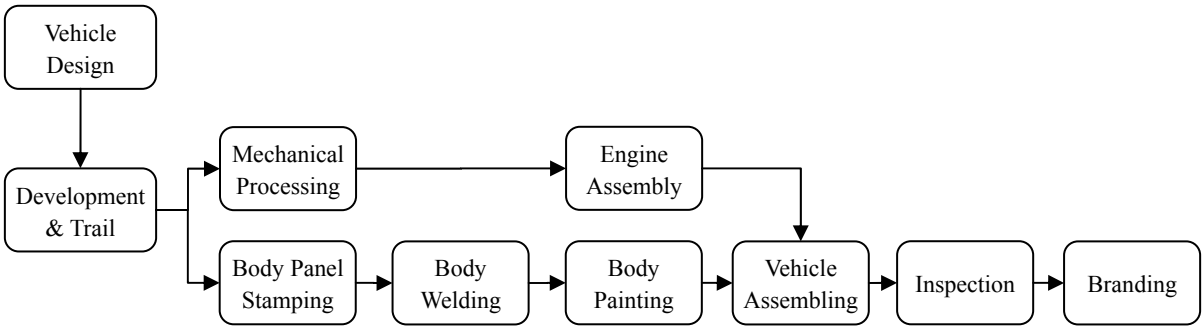
Cooping with green eco-friendly trends, the Company has not forgotten to contribute an effort to the society, using low pollution and low oil consumption to build and release a new energy car model suitable for Taiwanese people and cherish the earth resources.

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

	2015				2016				2017Q1			
Item	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.	19,998,810	15.1	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	5,799,021	16.0	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	19,367,903	14.6	Invested company under the equity method	Dengfeng Yulon Motor Co.Ltd	2,436,434	6.7	Invested company under the equity method
3	Nissan Motor Co., Ltd.	8,991,962	6.2	Real related party	Nissan Motor Co., Ltd.	9,446,198	7.1	Real related party	Nissan Motor Co., Ltd.	2,176,862	6.0	Real related party
	Other	82,600,162	56.6		Other	83,875,978	63.2		Other	25,788,096	71.3	
	Net purchase amount	145,785,052	100.0		Net purchase amount	132,688,889	100.0		Net purchase amount	36,200,413	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

	2015				2016				2017Q1			
Item	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer	Name	Amount	%	Relation with the issuer
1	Yulon-Nissan Motor Co., Ltd.	14,150,029	11.5	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	15,208,632	17.0	Invested company under the equity method	Yulon-Nissan Motor Co., Ltd.	4,058,581	21.3	Invested company under the equity method
2												
3												
	Others	108,375,792	88.5		Others	74,631,613	83.0		Others	14,971,374	78.7	
	Net sales	122,525,821	100.0		Net sales	89,840,245	100.0		Net sales	19,029,955	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.

5.2.5Production Volume and Value of Recent Two Years

Unit: Volume - unit

Value – in NT$ Thousand

Fiscal year / Production Capacity / Main Products (or by Department)	2015			2016		
	Production capacity	Production quantity	Production Value	Production capacity	Production quantity	Production Value
Vehicle	80,000	55,584	22,816,259	80,000	57,816	23,624,361
Total	80,000	55,584	22,816,259	80,000	57,816	23,624,361

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 / Selling Volume/ value / Main Products (or by Department)	2015				2016			
	Local Sales		Export Sales		Local Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Vehicle	58,712	32,426,914	0	0	61,252	34,322,168	0	0
Total	58,712	32,426,914	0	0	61,252	34,322,168	0	0

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

5.3 Employees

March 31, 2016

Fiscal Year		2015	2016	Data as of ending data on March 31, 2017
No. of Employee	Staff	277	291	290
	Technicians	834	833	825
	Administration Assistants	25	26	25
	Total	1,136	1,150	1,140
Average age		43.2	43.5	43.5
Average years of service		18.1	18.3	18.1
Academy Ratio	Doctor	0.2%	0.1%	0.1%
	Master	13.7%	14.8%	14.8%
	College	20.6%	21.7%	21.8%
	Senior High School	58.7%	57.2%	57.1%
	Below Senior High School	6.8%	6.3%	6.2%

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:

Fiscal Year / Item	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:

Fiscal year / Item	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 from10 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 develope 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 Hsinchu 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. The Company has the "Labor Pension Fund Supervisory Committee" setup to have the retirement plan regulated. For pension, a reserve amount is appropriated and deposited on a monthly basis to the account of the Labor Pension Fund Supervisory Committee with the Trust Department of the Bank of Taiwan and handled by the Committee. Also, actuarial pension amount payable and accruals are processed in accordance with the Government Accounting Bulletin specifications. The Company shall also appropriate reserve in accordance with Article 56 of Labor Standard Act.

B. Retirees who are qualified for the Labor Standards Act can claim pension when meet the conditions of the Labor Standards Act at the time of applying for retirement.

C. Retirees who are qualified for the Labor Pension Act, from the date of application, shall have contribution made on a monthly basis and deposited in the personal account with the Bureau of Labor by the Company. The seniority before choosing the Labor Pension Act will be retained and pension can be claimed when meets the conditions of the Labor Standards Act at the time of applying for retirement.

D. Employees who have reported to work after July 1, 2005 are subject to the Labor Pension Act.

(2) 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;

(3) 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.

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; 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.

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$3,252,000 in 2016 that was an average of NT$2,848 per employee; also, a total of 12,469 training hours that was an average of 10.92 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, TOEIC Intermediate, 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 2016 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: 2920-2929.

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 290 (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 boilder.	290 (kg/unit)
Garbage reduction to 22 (ton / month year)	Garbage sorting and recycling, periodic inspection of the sorting	Advocate by Environmental Safety meetings and inspect the classification regularly.	21.5 (ton / month)
Plant red solution event 12 (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 43 mg / L Total Chromium ND Copper ND Zinc ND Cadmium Nickel 0.42 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 (24 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 1st 2015 to April 30th 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 1st 2015 to April 30th 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, 2017 (Note 3)
		2016	2015	2014	2013	2012	
Current Assets		131,584,835	122,157,795	108,805,788	89,079,959	82,245,302	135,638,908
Property, plant, and equipment (Note 2)		33,663,144	33,217,023	34,730,129	35,154,316	39,236,702	33,526,657
Intangible assets		6,131,053	6,504,954	7,394,962	3,408,438	8,676,464	5,872,632
Other assets (Note 2)		49,892,609	50,122,318	51,911,808	48,371,453	42,795,511	48,955,747
Total assets		221,271,641	212,002,090	202,842,687	176,014,166	172,953,979	223,993,944
Current Liabilities	Before distribution	132,381,417	118,623,293	112,688,582	89,862,312	86,339,823	135,576,870
	After distribution (Note 4)	-	121,072,579	114,805,314	91,902,937	88,088,410	-
Noncurrent liabilities		9,827,404	12,197,154	10,005,385	8,772,702	13,198,994	9,152,945
Total liabilities	Before distribution	142,208,821	130,820,447	122,693,967	98,635,014	99,538,817	144,729,815
	After distribution (Note 4)	-	133,269,733	124,810,699	100,675,639	101,287,404	-
Shareholder's equity attributable to parent company		69,714,546	71,477,924	70,001,021	67,712,806	65,167,033	69,700,316
Capital stock		15,729,199	15,729,199	15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital		6,664,910	6,650,489	6,561,260	6,497,817	6,477,268	6,665,262
Retailed earnings	Before distribution	46,464,540	46,911,456	44,979,810	44,222,784	43,344,702	47,222,789
	After distribution (Note 4)	-	44,462,170	42,863,078	42,182,159	41,596,115	-
Other equity		1,232,201	2,563,084	3,107,056	1,639,310	(7,832)	459,370
Treasury stock		(376,304)	(376,304)	(376,304)	(376,304)	(376,304)	(376,304)
Unrestrictive equity		9,348,274	9,703,719	10,147,699	9,666,346	8,248,129	9,563,813
Total equity	Before distribution	79,062,820	81,181,643	80,148,720	77,379,152	73,415,162	79,264,129
	After distribution (Note 4)	-	78,732,357	78,031,988	75,338,527	71,666,575	-

* Ifindividualfinancial 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 fiveyears, the financial data in Table (2) should be prepared in accordance with the FinancialAccounting 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		18,857,280	18,857,280	15,364,352	12,651,520	10,091,838
Property, plant, and equipment (Note 2)		6,225,143	6,225,143	6,829,569	6,965,046	6,386,756
Intangible assets		85,860	85,860	61,848	165,483	174,376
Other assets (Note 2)		55,462,721	55,462,721	57,208,186	57,759,551	55,698,064
Total assets		80,631,004	80,631,004	79,463,955	77,541,600	73,351,034
Current liabilities	Before distribution	5,275,141	4,345,927	4,564,125	5,371,216	3,931,280
	After distribution (Note 3)	-	5,761,555	5,665,169	6,472,260	5,189,616
Noncurrent liabilities		4,807,153	4,807,153	4,898,809	4,457,578	4,252,721
Total liabilities	Before distribution	9,531,537	9,153,080	9,462,934	9,828,794	8,184,001
	After distribution (Note 3)	-	10,568,708	10,563,978	10,929,838	9,442,337
Shareholder's equity attributable to parent company		-	-	-	-	-
Capital stock		15,729,199	15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital		6,650,489	6,650,489	6,561,260	6,497,817	6,477,268
Retained earnings	Before distribution	46,464,540	46,911,456	44,979,810	44,222,784	43,344,702
	After distribution (Note 3)	-	45,495,828	43,878,766	43,121,740	42,086,366
Other equity		1,232,201	2,563,084	3,107,056	1,639,310	(7,832)
Treasury stock		(376,304)	(376,304)	(376,304)	(376,304)	(376,304)
Unrestrictive equity		-	-	-	-	-
Total equity	Before distribution	69,714,546	71,477,924	70,001,021	67,712,806	65,167,033
	After distribution (Note 3)	-	70,062,296	68,899,977	66,611,762	63,908,697

* Ifindividualfinancial 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 fiveyears, the financial data in Table (2) should be prepared in accordance with the FinancialAccounting 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, 2017 (Note 2)
	2016	2015	2014	2013	2012	
Operating income	112,166,685	122,525,821	120,610,516	92,813,914	80,333,356	24,792,463
Gross Profit - net	19,199,975	17,961,166	17,352,722	14,331,334	13,313,282	5,051,101
Operating profit or loss	2,223,895	279,956	408,370	(373,966)	913,734	1,453,008
Non-Operating income and expense	840,000	4,457,921	3,202,430	3,681,260	3,433,900	161,714
Net income before tax	3,063,895	4,737,877	3,610,800	3,307,294	4,347,634	1,614,722
Net income of continuing operations	–	–	–	–	–	–
Loss of discontinued operation (Note 3)	–	–	–	–	–	–
Net income (loss)	1,779,223	3,919,292	2,809,406	2,291,068	3,409,027	1,247,614
Other comprehensive profit and loss (net)	(1,928,172)	(907,689)	1,530,098	1,830,145	(623,980)	(998,447)
Total current comprehensive profit and loss	(148,949)	3,011,603	4,339,504	4,121,213	2,785,047	249,167
Net income attributable to parent company's shareholders	1,334,703	3,352,078	2,210,346	2,371,183	2,965,991	760,910
Net income attributable to unrestrictive equity	444,520	567,214	599,060	(80,115)	443,036	486,704
Total comprehensive profit and loss attributable to parent company's shareholders	(275,544)	2,575,361	3,565,907	4,001,033	2,517,319	(14,582)
Total comprehensive profit and loss attributable to unrestrictive equity	126,595	436,242	773,597	120,180	267,728	263,749
Earnings per share	0.91	2.29	1.51	1.62	2.03	0.52

* Ifindividualfinancial 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 fiveyears, the financial data in Table (2) should be prepared in accordance with the FinancialAccounting 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 \ Fiscal year	Financial Data in recent 5 years (Note 1)				
	2016	2015	2014	2013	2012
Operating income	39,998,024	38,826,117	40,722,041	33,997,095	35,141,120
Gross profit – net	2,998,922	2,988,547	2,947,436	2,892,367	2,838,229
Operating profit or loss	1,802,855	1,784,862	1,652,282	1,296,988	1,411,622
Non-Operating income and expense	6,787	1,730,638	597,587	1,436,611	1,893,983
Net income before tax	1,809,642	3,515,500	2,249,869	2,733,599	3,305,605
Net income of continuing operations	-	-	-	-	-
Loss of discontinued operation (Note 2)	-	-	-	-	-
Net income (loss)	1,334,703	3,352,078	2,210,346	2,371,183	2,965,991
Other comprehensive profit and loss (net)	(1,610,247)	(776,717)	1,355,561	1,629,850	(448,672)
Total current comprehensive profit and loss	(275,544)	2,575,361	3,565,907	4,001,033	2,517,319

* Ifindividual 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 fiveyears, the financial data in Table (2) should be prepared in accordance with the FinancialAccounting 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 Condensed Balance Sheet and Income Statement – the R.O.C. Financial Accounting Standards

ConsolidatedCondensed Balance Sheet – the R.O.C. Financial Accounting Standards

Unit: NT$ Thousand

Item \ Fiscal year		Financial Data in recent 5 years (Note 1)				
		2013	2012	2011	2010	2009
Current assets			$82,195,686	$76,781,507	$58,311,029	$47,507,428
Fund and investment			28,590,024	28,668,929	27,579,715	25,823,981
Fixed assets			19,506,902	17,055,858	19,517,955	18,253,637
Intangible assets			9,620,268	6,680,786	2,709,034	1,707,741
Other assets			32,743,378	29,992,495	24,215,489	19,339,357
Total assets			172,656,258	159,179,575	132,333,222	112,632,144
Current liabilities	Before distribution		80,517,024	71,321,693	52,680,640	38,517,771
	After distribution		82,265,611	73,302,370	54,745,564	39,455,004
Long-term liabilities			6,008,715	5,461,348	1,527,494	373,522
Other liabilities			12,407,940	9,886,281	8,703,680	7,760,446
Total liabilities	Before distribution		98,933,679	86,669,322	62,911,814	46,651,739
	After distribution		100,682,266	88,649,999	64,976,738	47,588,972
Capital stock			15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital			9,189,425	9,011,329	8,471,998	8,497,993
Retained earnings	Before distribution		32,098,962	30,716,661	28,730,288	25,196,592
	After distribution		30,350,375	28,735,984	26,665,364	24,259,359
Cumulative Translation Adjustment			(181,847)	655,829	(118,340)	958,259
Net loss not recognized as pension cost			(102,178)	(73,611)	(52,407)	(38,673)
Unrealized gains/losses on financial instruments			547,745	374,353	1,393,150	906,569
Total shareholder's equity	Before distribution		73,722,579	72,510,253	69,421,408	65,980,405
	After distribution		71,973,992	70,529,576	67,356,484	65,043,172

Note 1: Financial data have been audited by the CPA.

IndividualCondensed Balance Sheet – the R.O.C. Financial Accounting Standards

Unit: NT$ Thousand

Item \ Fiscal year		Financial Data in recent 5 years (Note 1)				
		2013	2012	2011	2010	2009
Current assets			9,567,383	$15,373,806	$14,656,689	$12,165,358
Fund and investment			46,975,571	43,023,240	41,352,970	39,040,501
Fixed assets			7,844,326	7,311,281	10,046,821	12,141,776
Intangible assets			38,550	51,587	32,136	147,805
Other assets			9,587,864	9,909,202	7,396,174	5,603,237
Total assets			74,013,694	75,669,116	73,484,790	69,098,677
Current liabilities	Before distribution		3,984,012	6,574,738	6,075,990	4,526,664
	After distribution		5,242,348	8,147,658	7,648,910	5,076,404
Long-term liabilities			-	-	-	-
Other liabilities			2,262,352	2,194,594	2,768,888	2,663,144
Total liabilities	Before distribution		8,639,441	11,162,409	11,237,955	9,582,885
	After distribution		9,897,777	12,735,330	12,810,875	10,132,625
Capital stock			15,729,199	15,729,199	15,729,199	15,729,199
Additional paid-in capital			9,189,425	9,011,329	8,471,998	8,497,993
Retained earnings	Before distribution		32,098,962	30,716,661	28,730,288	25,196,592
	After distribution		30,840,626	29,143,741	27,157,368	24,646,852
Cumulative Translation Adjustment			(181,847)	655,829	(118,340)	958,259
Net loss not recognized as pension cost			(102,178)	(73,611)	(52,407)	(38,673)
Unrealized gains/losses on financial instruments			547,745	374,353	1,393,150	906,569
Total shareholder's equity	Before distribution		65,374,253	64,506,707	62,246,835	59,515,792
	After distribution		64,115,917	62,933,787	60,673,915	58,966,052

Note 1: Financial data have been audited by the CPA.

ConsolidatedCondensed income statement – the R.O.C. Financial Accounting Standards

Unit: NT$ Thousands,
Except Earnings per Share in NT$

Fiscal year / Item	Financial Data in recent 5 years (Note 1)				
	2013	2012	2011	2010	2009
Operating income		77,688,918	76,583,954	64,507,506	48,803,467
Gross profit		13,203,684	12,214,118	10,677,547	7,630,712
Operating profit or loss		793,942	2,031,012	2,413,853	1,325,415
Non-Operating Income and profit		4,913,044	4,403,298	4,567,726	1,799,182
Non-Operating Expense and loss		1,359,331	816,258	812,120	690,446
Net income before tax		4,347,655	5,618,052	6,169,459	2,434,151
Net income		3,412,715	4,611,681	5,229,430	1,730,260
Earnings per share		1.89	2.28	2.62	0.72

Note 1: Financial data have been audited by the CPA.

Individual Condensed income statement – the R.O.C. Financial Accounting Standards

Unit: NT$ Thousands,
Except Earnings per Share in NT$

Fiscal year / Item	Financial Data in recent 5 years (Note 1)				
	2013	2012	2011	2010	2009
Operating income		35,141,119	$38,687,163	$31,997,645	$20,944,899
Gross profit		2,838,228	2,964,866	2,799,020	2,209,134
Operating profit or loss		1,406,935	1,469,270	1,368,716	951,607
Non-Operating Income and profit		1,984,843	2,417,060	3,219,791	420,907
Non-Operating Expense and loss		96,387	50,014	218,202	37,621
Net income before tax		3,295,391	3,836,316	4,370,305	1,334,893
Net income		2,955,777	3,559,530	4,084,240	1,127,003
Earnings per share		1.89	2.28	2.62	0.72

Note 1: Financial data have been audited by the CPA.

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

Fiscal year	2016	2015	2014	2013	2012
CPA (Certified public accountant)	Hsin-Wei TAI You-Wei FAN	Li-Wen KUO Hsin-Wei TAI	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, 2017 (Note 2)
			2016	2015	2014	2013	2012	
Finance structure (%)	Debt to assets ratio		64.27	61.71	60.49	56.30	57.55	64.61
	Long term funds to property, plant, and equipment ratio		237.62	249.38	232.99	223.76	191.96	237.80
Solvency(%)	Current ratio (%)		99.4	102.98	96.55	100.19	95.26	100.05
	Quick ratio (%)		90.79	93.34	84.98	87.23	82.89	91.89
	Interest coverage ratio		10.78	12.68	10.21	9.13	9.86	27.34
Operating ability	Receivables turnover (times)		1.53	1.94	2.24	2.07	2.09	1.24
	Accounts receivable collecting days		238.55	188.14	162.94	176.32	174.63	293.84
	Inventory turnover (times)		9.96	10.13	9.27	7.24	6.16	10.41
	Payables turnover (times)		7.49	9.68	10.29	8.77	7.69	6.07
	Average inventory turnover on sales		36.64	36.03	39.37	50.41	59.03	35.07
	Property, plant, and property turnover (times)		3.35	3.61	3.45	2.51	2.15	2.95
	Total asset turnover (times)		0.52	0.59	0.63	0.53	0.48	0.45
Profitability	Return on assets (%)		0.94	2.05	1.65	1.50	2.30	0.58
	Return on equity (%)		2.22	4.86	3.57	3.04	4.68	6.30
	Percentage to paid-in capital (%)	Operating Net Income (losses)	14.14	1.78	2.60	(2.34)	5.81	36.95
		Income before tax (losses)	19.48	30.12	22.96	21.03	27.64	41.06
	Profit margin (%)		1.59	3.20	2.33	2.46	4.24	5.03
	Earnings Per Share (NT$)		1.13	2.29	1.51	1.62	2.03	3.17
Cash flow	Cash flow from operations ratio (%)		(6.47)	(7.78)	(6.84)	1.74	2.36	(3.33)
	Cash Flow Adequacy Ratio (%)		6.01	6.70	5.70	12.69	13.15	3.5
	Cash Flow Re-investment Ratio (%)		(10.60)	(10.61)	(10.63)	(0.17)	(0.08)	(4.37)
Leverage	Operating leverage		4.41	27.24	17.76	(16.96)	9.25	2.34
	Financial leverage		1.16	(2.23)	25.09	0.48	2.16	1.04

Reasons for changes of financial ratios for the last two years(analysis is exempted for any change less than 20%):

1. 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 2016 decreased over the previous year.
2. The turnover rate of accounts payable declined is because of the cost of good sold was lower than that in 2105.
3. The main reason for profitability ratio decreased is net profit fell more than 2015.
4. 2016 annual operating profit increased over the previous year result in operating leverage decreased.
5. The ratio of financial leverage increased is because of the operating profit of 2016 increased by 2015.

6.2.2 Individual Financial Ratio Analysis complying with IFRS

Analysis item (Note 3) \ Fiscal year (Note 1)			Financial analysis in recent 5 years				
			2016	2015	2014	2013	2012
Finance structure	Debt to assets ratio		12.06	11.37	11.91	12.68	11.16
	Long term funds to property, plant, and equipment ratio		1,114.42	1,148.21	1,096.70	972.18	1020.35
Solvency	Current ratio		311.06	433.91	336.63	235.54	256.71
	Quick ratio		230.16	334.45	227.91	144.58	149.22
	Interest coverage ratio		937.18	2,289.74	642.35	1219.18	142.79
Operating ability	Receivables turnover (times)		60.15	55.98	55.54	25.59	18.13
	Average accounts receivable turnover days		6.07	6.52	6.57	14.27	20.13
	Inventory turnover (times)		8.62	7.72	7.74	6.83	6.81
	Payables turnover (times)		11.66	11.61	11.24	10.67	10.44
	Average inventory turnover on sale		42.36	47.27	47.16	53.45	53.6
	Property, plant, and property turnover (times)		6.42	5.95	5.90	5.09	5.57
	Total asset turnover (times)		0.50	0.49	0.52	0.45	0.47
Profitability	Return on assets (%)		1.67	4.19	2.82	3.15	4.02
	Return on shareholder's equity (%)		1.89	4.74	3.21	3.57	4.58
	Percentage to paid-in capital (%)	Operating Net Income (losses)	11.46	11.35	10.50	8.25	8.97
		Income before tax (losses)	11.50	22.35	14.30	17.38	21.02
	Profit margin (%)		3.34	8.63	5.43	6.97	8.44
	Earnings Per Share (NT$)		0.91	2.29	1.51	1.62	2.03
Cash flow	Cash flow from operations ratio (%)		98.75	(9.32)	38.66	52.5	30.38
	Cash Flow Adequacy Ratio (%)		44.97	29.62	66.85	37.86	16.79
	Cash Flow Re-investment Ratio (%)		5.61	(2.16)	0.98	2.37	(0.82)
Leverage	Operating leverage		1.24	1.26	1.28	1.33	1.31
	Financial leverage		1.00	1.00	1.00	1.00	1.02

Please explainthe reasons forthe changes infinancial ratios in the last twoyears (analysis is exempted for any change less than 20%):

1. The decrease in current ratio and quick ratio is mainly due to the decrease in the financial assets of the Company through profit or loss at fair value.
2. The decrease in interest margin was mainly attributable to the increase in pre-tax profit for the year 2016 over 2015..
3. Profitability decrease in the indicators was mainly due to the decrease in investment income in 2016 compared with 2015, resulting in a decrease in pre-tax and after-tax net profit.
4. Cash flow ratio, cash flow allowable ratio and cash reinvestment ratio increased mainly due to the increase 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: Thecalculation of earnings per share referred to above should be with the following matters included for consideration:
1. It is based on the weightedaveragenumber of common stock sharesrather thanthe outstanding shares at yearend.
2. Where there is acash capital increase ortreasury stock transaction conducted, the circulation period should be included for the calculation of the weighted average number ofshares.
3. Wherethere is a capitalization from earnings or additional paid-in capital conducted, when calculatingearningsper share for theprior yearsand every interim, adjustment should be made proportionally to the capitalization ratio butwithout consideringthe issuance period of the capitalization.
4. Ifthe preferred stock isnon-convertiblecumulativepreferred stock, the annualdividend(whether distributed or not) should bedeductedfromnet income, or added to the net loss. If thepreferred sharesare non-cumulative, when there isnet income, preferred stock dividendsshould bedeductedfromnet 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. Netcashflow from operating activitiesrefers to the netcash inflow from operating activities on the statement of cash flow.
2. Capital expenditurerefers to the annual cashoutflowofcapital investment.
3. Inventoriesincrease is included for calculation only when the ending balanceis greater than the beginning balance. Ifinventory is decreased at the yearend, it is counted as zero.
4. Cash dividend includes cash dividendof common stock andpreferred stock.
5. Grossproperty, plant, andequipment meant for the total amount of property, plant, andequipment 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.

6.2.3 Consolidated Financial Ratio Analysis complying with the Financial Accounting Standards of the R.O.C.

Analysis item \ Year			Financial analysis in recent 5 years (Note 1)				
			2013	2012	2011	2010	2009
Finance structure (%)	Debt to assets ratio			57.30	54.45	47.54	41.42
	Long term funds to property, plant, and equipment ratio			408.73	457.15	363.51	363.51
Solvency (%)	Current ratio			102.08	107.66	110.69	123.34
	Quick ratio			88.70	92.09	96.19	110.79
	Interest coverage ratio			7.79	14.55	23.09	9.27
Operating ability	Receivables turnover (times)			2.02	2.39	2.59	2.51
	Average accounts receivable turnover days			180.57	152.41	140.69	145.66
	Inventory turnover (times)			5.90	6.90	8.70	6.54
	Payables turnover (times)			7.40	10.60	17.94	17.53
	Average inventory turnover on sale			61.87	52.91	41.97	55.79
	Property, plant, and property turnover (times)			4.25	4.19	3.42	2.73
	Total asset turnover (times)			0.47	0.53	0.53	0.44
Profitability	Return on assets (%)			2.38	3.40	4.46	1.80
	Return on shareholder's equity (%)			4.67	6.50	7.72	2.67
	Percentage to paid-in capital (%)	Operating Income (losses)		5.05	12.91	15.35	8.43
		Net income before tax (losses)		27.64	35.72	39.22	15.48
	Profit margin (%)			4.39	6.02	8.11	3.55
	Earnings per share (NT$)			1.89	2.28	2.62	0.72
Cash flow (%)	Cash flow from operations ratio (%)			2.67	(0.76)	5.43	12.01
	Cash Flow Adequacy Ratio (%)			25.24	28.45	43.69	69.38
	Cash Flow Re-investment Ratio (%)			0.44	(2.12)	2.63	5.48
Leverage	Operating leverage			10.46	3.9	3.00	4.18
	Financial leverage			5.16	1.26	1.13	1.29

Please explain the reason for variance in various financial ratios in the last 2 years (analysis may be exempt when the increase/reduction falls below 20%).

1. The interest protection multiplier and profitability indicator were lowered mainly because of the decline in 2012 operating profits than 2011.
2. The reduction in account payable turnover rate was because of the long-term contract designed for model technology development that caused the average account payable to increase.
3. The increase of cash flow ratio was because of the 2012 operating activity cash inflow increased compared with 2011.
4. The increase in cash flow ratio and cash investment ratio was a result of increase in dividend income from invested business stocks in 2012 than 2011.
5. The increase in operating leverage and financial leverage were a result of the declined in 2012 operating income than 2011.

* Thefinancial information is audited by the CPAs.

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 + long-term 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/net average shareholder's equity
(3) Profit Ratio = Net income/net sales
(4) Earnings per Share = (Net income - preferred stock dividend)/weighted average number of shares issued

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 asset + operating fund)

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

Note 4: Thecalculation 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 yearend.
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 dividendsshould bedeductedfromnet 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. Inventories increase is included for calculation only when the ending balance is greater than the beginning balance. If inventory is decreased at the yearend, 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 orsubjective judgments, should pay attention toits rationalityand consistency.

6.2.4 Individual Financial Ratio Analysis complying with the Financial Accounting Standards of the R.O.C.

Analysis item \ Year			Financial analysis in recent 5 years (Note 1)				
			2013	2012	2011	2010	2009
Finance structure (%)	Debt to assets ratio			11.7	14.8	15.3	13.9
	Long term funds to property, plant, and equipment ratio			833.4	884.0	619.6	490.2
Solvency (%)	Current ratio			240.1	234.1	241.2	268.8
	Quick ratio			135.0	154.4	171.1	227.6
	Interest coverage ratio			142.4	1,804.0	3,643.9	939.4
Operating ability	Receivables turnover (times)			18.1	25.6	40.2	40.5
	Average accounts receivable turnover days			20.1	14.2	9.1	9.0
	Inventory turnover (times)			6.9	7.5	9.5	9.6
	Payables turnover (times)			10.4	9.9	10.4	12.4
	Average inventory turnover on sale			53.3	48.5	38.3	38.0
	Property, plant, and property turnover (times)			4.6	4.5	3.2	1.7
	Total asset turnover (times)			0.5	0.5	0.5	0.3
Profitability	Return on assets (%)			4.0	4.8	5.7	1.7
	Return on shareholder's equity (%)			4.6	5.6	6.7	1.9
	Percentage to paid-in capital (%)	Operating Income (losses)		8.9	9.3	8.7	6.1
		Net income before tax (losses)		21	24.4	27.8	8.5
	Profit margin (%)			8.4	9.2	12.8	5.4
	Earnings per share (NT$)			1.88	2.28	2.62	0.72
Cash flow (%)	Cash flow from operations ratio (%)			74.0	26.2	21.6	32.6
	Cash Flow Adequacy Ratio (%)			43.8	57.7	65.9	49.2
	Cash Flow Re-investment Ratio (%)			1.7	0.3	1.1	2.0
Leverage	Operating leverage			1.32	1.4	1.4	1.5
	Financial leverage			1.02	1.0	1.0	1.0

Please explainthe reasons forthe changes infinancial ratios in the last twoyears (analysis is exempted for any change less than 20%):

1. The decrease of debt ratio is mainly due to the decrease of notes receivable and accounts receivable from the year of 2011.
2. The decrease of interest coverage ratio is mainly due to the increase of interest expense in 2012 from the year of 2011.
3. The decrease of accounts receivable turnover rate and the increase of the average accounts receivable turnover days are due to the decrease of the overall operating income in 2012 from the year of 2011. In addition, the relevant accounts receivable are increased due to the components business expansion of Luxgen brand that was sold to Dongfeng Yulon Motor Co., Ltd.
4. The increase of cash flow ratio is mainly due to the increase of dividend income from the invested business in 2012 from the year of 2011.
5. The decrease of cash flow adequacy ratio is mainly due to the capital increase for investing in Dongfeng Yulon Motor Co., Ltd. in China in 2012.

* Thefinancial information is audited by the CPAs.

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 + long-term 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/net average shareholder's equity

(3) Profit Ratio = Net income/net sales

(4) Earnings per Share = (Net income - preferred stock dividend)/weighted average number of shares issued

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 asset + operating fund)

6. Leverage

(1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income

(2) Financial leverage = Operating income/ (operating income - interest expense)

Note 4: Thecalculation 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 yearend.
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 dividendsshould bedeductedfromnet 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. Inventories increase is included for calculation only when the ending balance is greater than the beginning balance. If inventory is decreased at the yearend, 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 orsubjective judgments, should pay attention toits rationalityand consistency.

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 2017 Annual Shareholders' Meeting

Yulon Motor Co., Ltd.

Audit Committee Convenor：Yi-Hong Hsieh

Date: March 27, 2017

6.4 Recent annual financial statements

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016. 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, 2016 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 $5,733,470 thousand, and the molds equipment used for the production of the vehicle model was $3,457,831 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, 2016, allowance for impairment loss of trade receivable was NT$2,073,883 thousand, representing 2.73% 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, 2016 was NT$1,228,225 thousand, representing 22.09% 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, 2016 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 27, 2017

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 6,610,313	8	$ 7,235,569	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	449,091	1	3,578,574	4
Debt investments with no active market - current (Notes 4 and 9)	3,989,600	5	2,417,500	3
Note and trade receivable (Notes 4 and 10)	67,566	-	78,611	-
Notes and trade receivable from related parties (Notes 4, 10 and 23)	384,964	-	798,894	1
Other receivables (Notes 4, 10 and 23)	502,298	1	403,553	1
Inventories (Notes 4 and 11)	3,987,664	5	4,020,898	5
Other current assets	417,331	1	323,681	-
Total current assets	16,408,827	21	18,857,280	23
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 4)	48,519	-	50,690	-
Financial assets measured at cost - non-current (Notes 4 and 8)	27,931	-	28,411	-
Investments accounted for using equity method (Notes 4 and 12)	41,322,203	52	42,989,654	53
Property, plant and equipment (Notes 4 and 13)	6,238,698	8	6,225,143	8
Investment properties (Notes 4 and 14)	10,598,281	13	10,593,099	13
Other intangible assets (Note 4)	68,642	-	85,860	-
Deferred tax assets (Notes 4 and 19)	515,318	1	529,902	1
Other non-current assets	4,017,663	5	1,270,965	2
Total non-current assets	62,837,255	79	61,773,724	77
TOTAL	$ 79,246,082	100	$ 80,631,004	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	$ 2,112,501	3	$ 1,600,295	2
Trade payables to related parties (Note 23)	1,205,530	1	1,431,476	2
Other payables (Notes 15 and 23)	1,300,853	2	1,220,028	1
Current tax liabilities (Notes 4 and 19)	492,765	1	28,984	-
Other current liabilities	163,492	-	65,144	-
Total current liabilities	5,275,141	7	4,345,927	5
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	2,518,765	3	2,537,470	3
Net defined benefit liabilities - non-current (Notes 4 and 16)	1,227,654	1	1,665,449	2
Deposits received	457,891	1	528,185	1
Credit balance on the carrying value of investments accounted for using the equity method (Notes 4 and 12)	23,216	-	51,660	-
Other non-current liabilities	28,869	-	24,389	-
Total non-current liabilities	4,256,395	5	4,807,153	6
Total liabilities	9,531,536	12	9,153,080	11
EQUITY (Note 17)				
Share capital				
Ordinary shares	15,729,199	20	15,729,199	20
Capital surplus	6,664,910	8	6,650,489	8
Retained earnings				
Legal reserve	7,715,818	10	7,380,610	9
Special reserve	36,373,565	46	35,373,565	44
Unappropriated earnings	2,375,157	3	4,157,281	5
Total retained earnings	46,464,540	59	46,911,456	58
Other equity				
Exchange differences on translating foreign operations	75,147	-	1,484,838	2
Unrealized gain on available-for-sale financial assets	1,157,054	2	1,078,584	1
Cash flow hedges	-	-	(338)	-
	1,232,201	2	2,563,084	3
Treasury shares	(376,304)	(1)	(376,304)	-
Total equity	69,714,546	88	71,477,924	89
TOTAL	$ 79,246,082	100	$ 80,631,004	100

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

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)				
Sales	$ 38,827,272	97	$ 37,230,532	96
Other operating revenue	1,170,752	3	1,595,585	4
Total operating revenue	39,998,024	100	38,826,117	100
OPERATING COSTS (Notes 11, 13, 16, 18 and 23)				
Cost of goods sold	36,674,883	92	35,347,076	91
Other operating cost	331,390	1	499,280	1
Total operating costs	37,006,273	93	35,846,356	92
GROSS PROFIT	2,991,751	7	2,979,761	8
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	7,171	-	8,786	-
REALIZED GROSS PROFIT	2,998,922	7	2,988,547	8
OPERATING EXPENSES (Notes 16, 18 and 23)				
Selling and marketing expenses	134,455	-	135,490	-
General and administrative expenses	889,213	2	908,891	2
Research and development expenses	172,399	1	159,304	1
Total operating expenses	1,196,067	3	1,203,685	3
PROFIT FROM OPERATIONS	1,802,855	4	1,784,862	5
NON-OPERATING INCOME AND EXPENSE				
Share of (losses)/gains of subsidiaries, associates and joint ventures (Notes 4 and 12)	(178,709)	-	1,135,997	3
Other income (Note 18)	49,723	-	52,250	-
Interest income	56,158	-	85,435	-
Finance costs	(1,933)	-	(1,536)	-
Other gains (Note 18)	81,548	-	458,492	1
Total non-operating income	6,787	-	1,730,638	4
PROFIT BEFORE INCOME TAX	1,809,642	4	3,515,500	9
INCOME TAX EXPENSE (Notes 4 and 19)	474,939	1	163,422	-
NET PROFIT FOR THE YEAR	1,334,703	3	3,352,078	9

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (174,573)	(1)	$ (110,940)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	(104,791)	-	(121,805)	(1)
	(279,364)	(1)	(232,745)	(1)
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	(2,170)	-	(24,200)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	(1,328,713)	(3)	(519,772)	(1)
	(1,330,883)	(3)	(543,972)	(1)
Other comprehensive loss for the year, net of income tax	(1,610,247)	(4)	(776,717)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (275,544)	(1)	$ 2,575,361	7
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 20)				
Basic	$ 0.91		$ 2.29	
Diluted	$ 0.91		$ 2.29	

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

			Retained Earnings			Other 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	Cash Flow Hedges	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2015	$ 15,729,199	$ 6,561,260	$ 7,159,575	$ 35,373,565	$ 3,446,670	$ 1,721,402	$ 1,386,228	$ (574)	$ (376,304)	$ 71,001,021
Appropriation of 2014 earnings										
Legal reserve	-	-	221,035	-	(221,035)	-	-	-	-	-
Special reserve	-	-	-	-	(1,000,000)	-	-	-	-	(1,000,000)
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	89,229	-	-	(86,643)	-	-	-	-	2,586
Net profit for the year ended December 31, 2015	-	-	-	-	3,352,078	-	-	-	-	3,352,078
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	(232,745)	(236,564)	(307,644)	236	-	(776,717)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	3,119,333	(236,564)	(307,644)	236	-	2,575,361
BALANCE, DECEMBER 31, 2015	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

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,809,642	$ 3,515,500
Adjustments for:		
Depreciation expenses	392,296	423,730
Realized gain on the transactions with subsidiaries, associates and joint ventures	(267,814)	(43,078)
Share of loss/(profit) of subsidiaries, associates and joint ventures	178,709	(1,135,997)
Interest income	(56,158)	(85,435)
Amortization expenses	45,225	47,204
Net (profit)/loss on foreign currency exchange	(39,743)	21,728
Reversal of impairment loss recognized on non-financial assets	(17,854)	(117,658)
Dividend income	(11,235)	(12,988)
Finance costs	1,933	1,536
Gain on disposal of property, plant and equipment	(1,010)	(388)
Loss/(gain) on disposal of financial assets	350	(418,101)
Impairment loss recognized on financial assets	-	14,361
Changes in operating assets and liabilities		
Financial assets held for trading	3,129,483	(2,585,664)
Notes and trade receivable	421,690	(360,751)
Other receivables	(88,434)	178,864
Inventories	51,088	639,510
Other current assets	(260,488)	(187,544)
Trade payables	325,135	(138,346)
Other payables	77,370	70,491
Other current liabilities	98,346	(1,143)
Net defined benefit liabilities - non-current	(612,368)	(48,341)
Other operating liabilities	4,479	(502)
Cash generated from (used in) generated from operations	5,180,642	(223,012)
Interest received	45,847	78,128
Interest paid	(1,933)	(1,536)
Income tax paid	(15,279)	(259,625)
Net cash generated from (used in) operating activities	5,209,277	(406,045)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	3,195,541	6,041,482
Acquisition of associates	(3,183,519)	(4,255,456)
Acquisition of other non-current assets	(2,746,698)	(208,057)
Acquisition of debt investments with no active market	(1,572,100)	(1,824,111)
Acquisition of property, plant and equipment	(250,603)	(128,357)
Proceeds from the capital reduction of investments accounted for using the equity method	221,617	1,001,829
Acquisition of intangible assets	(22,147)	(7,649)
Proceeds from disposal of property, plant and equipment	1,558	506
Proceeds from disposal of financial assets measured at cost	130	530,041

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds from disposal of subsidiaries, associates and joint ventures	$ -	$ 2,597
Purchase of available-for-sale financial assets	-	(334)
Decrease in refundable deposits	-	20
Net cash (used in)/generated from investing activities	(4,356,221)	1,152,511
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(1,412,173)	(1,099,035)
Decrease in guarantee deposits received	(70,293)	(113,086)
Net cash used in financing activities	(1,482,466)	(1,212,121)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	4,154	3,848
NET DECREASE IN CASH AND CASH EQUIVALENTS	(625,256)	(461,807)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,235,569	7,697,376
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 6,610,313	$ 7,235,569

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, 2016 AND 2015
(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 20, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Company should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Company's accounting policies, except for the following:

1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

   The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, The Company is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

2) Annual Improvements to IFRSs: 2010-2012 Cycle

   Several standards, including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments", were amended in this annual improvement.

   The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Company or another entity in the same group or the market price of the equity instruments of the Company or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Company as a whole or to some part of it (e.g. a division); and that the period for

achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company, but also of other entities outside the Company. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss. The amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Company to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" clarifies there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

4) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets or disposal group "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale. The amendment will be applied prospectively to transactions that occur on or after January 1, 2017.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level). The amendment is applied from January 1, 2016, and any adjustment arising from the initial application of the amendment is recognized in net defined benefit liabilities, deferred tax asset and retained earnings.

5) 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 will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the financial statements were authorized for issue, the Company continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Company's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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.

New IFRSs	Effective Date Announced by IASB (Note)
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, 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 shall be 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, 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.

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.

2) 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.

3) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Company regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures,” were amended in this annual improvement.

The amendment to IFRS 12 clarified that when an entity’s interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12.

The amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Company may elect to measure that investment at fair value through profit or loss. The Company shall make this election separately for each associate or joint venture at the initial recognition of the associate or joint venture.

Furthermore, the amendment to IAS 28 clarified that when the Company (non-investment entity) applies the equity method to account for investment in an associate or a joint venture that is an investment entity, the Company may elect to retain the fair value of the investment in subsidiaries of the investment entity associate or joint venture. The election should be made separately for each investment entity associate or joint venture, at the later of the date (a) the investment entity associate or joint venture is initially recognized, (b) the associate or joint venture becomes an investment entity, or (c) the investment entity associate or joint venture first becomes a parent.

The Company shall apply the aforementioned amendments retrospectively.

5) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Company should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change

in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Company may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of retained earnings at that date. The Company is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Company may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

6) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Company shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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 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 consolidated 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 subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, 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 since this is about impairment, 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.

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.

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

	December 31	
	2016	2015
Cash on hand	$ 680	$ 680
Checking accounts and demand deposits	6,309,633	5,535,513
Cash equivalent		
Time deposits with original maturities within 3 months	300,000	1,699,376
	$ 6,610,313	$ 7,235,569

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

	December 31	
	2016	2015
Bank balance	0.001%-1.19%	0.001%-4.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	2015
Financial assets at FVTPL - current		
Financial assets at fair value through profit or loss		
Credit-linked instruments	$ 346,912	$ 448,813

	December 31	
	2016	2015
Principle guaranteed financial assets	102,179	800,019
	449,091	1,248,832
Financial assets held for trading		
Non-derivative financial assets		
Beneficial certificates - mutual funds	-	2,329,742
	$ 449,091	$ 3,578,574

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2016	2015
Non-current		
Domestic unlisted common shares	$ 27,931	$ 28,411
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 27,931	$ 28,411

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.

In 2015, the Company disposed of certain financial assets measured at cost with carrying amount of $111,940 thousand, and recognized a gain of $418,101 thousand on this disposal.

In 2015, Shin Sheng 2's application for capital reduction was approved by the authorities; thus, financial assets carried at cost - non-current decreased by $14,361 thousand.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2016	2015
Time deposits with original maturity more than 3 months	$ 3,989,600	$ 2,417,500

As of December 31, 2016 and 2015, the interest rate intervals of time deposits with original maturity more than 3 months were 0.42%-1.19% and 0.75%-1.1%, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2016	2015
Notes receivable		
Notes receivable - operating	$ 74,971	$ 92,768
Less: Allowance for impairment loss	-	-
	$ 74,971	$ 92,768
Trade receivables		
Trade receivables	$ 405,581	$ 812,759
Less: Allowance for impairment loss	28,022	28,022
	$ 377,559	$ 784,737

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:

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 28,022	$ 28,022
Add: Impairment losses recognized on receivables	-	-
Balance at December 31	$ 28,022	$ 28,022

b. Other receivables

	December 31	
	2016	2015
Other receivable		
Subsidy receivables	$ 171,001	$ 184,000
Receivables for steel plates	45,327	23,840
Receivables for disposal of financial assets	139,053	8,421
Receivables for personnel transfer	13,309	21,046
Others	133,608	166,246
	$ 502,298	$ 403,553

11. INVENTORIES

	December 31	
	2016	2015
Finished goods	$ 2,270,128	$ 2,253,144
Work in progress	102,949	173,777
Raw materials	1,614,587	1,593,977
	$ 3,987,664	$ 4,020,898

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was $36,692,737 thousand and $35,464,734 thousand, respectively.
The cost of goods sold for the years ended December 31, 2016 and 2015 included reversal of inventory write-downs of $17,854 thousand and $117,658 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2016	2015
Investments in subsidiaries	$ 15,130,407	$ 17,774,192
Investments in associates	26,191,796	25,215,462
	$ 41,322,203	$ 42,989,654

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 2016.

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) (original 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 of 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.

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
Cost							
Balance at January 1, 2015	$ 4,548,415	$ 2,911,400	$ 2,609,026	$ 77,782	$ 741,389	$ 98,595	$ 10,986,607
Additions	-	11,065	20,759	146	28,490	67,897	128,357
Disposals	-	(171)	(15,829)	-	(47,342)	-	(63,342)
Retirements	-	-	(759)	-	-	-	(759)
Reclassification	(308,657)	(458,137)	205,607	-	43,224	(435)	(518,398)
Balance at December 31, 2015	$ 4,239,758	$ 2,464,157	$ 2,818,804	$ 77,928	$ 765,761	$ 166,057	$ 10,532,465
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$(1,514,916)	$ (2,085,564)	$ (61,959)	$ (494,599)	$ -	$ (4,157,038)
Disposals	-	171	15,712	-	47,342	-	63,225
Retirements	-	-	759	-	-	-	759
Reclassification	-	119,815	-	-	-	-	119,815
Depreciation expense	-	(89,603)	(119,866)	(5,648)	(118,966)	-	(334,083)
Balance at December 31, 2015	$ -	$(1,484,533)	$ (2,188,959)	$ (67,607)	$ (566,223)	$ -	$ (4,307,322)
Carrying amount at December 31, 2015	$ 4,239,758	$ 979,624	$ 629,845	$ 10,321	$ 199,538	$ 166,057	$ 6,225,143
Cost							
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	$ 4,285,378	$ 2,587,689	$ 2,973,602	$ 73,738	$ 846,810	$ 86,009	$ 10,853,226

(Continued)

	Freehold Land	Buildings	Equipment	Vehicles	Miscellaneous Equipment	Property under Construction	Total
Accumulated depreciation and impairment							
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	$ -	$ (1,587,679)	$ (2,298,019)	$ (67,112)	$ (661,718)	$ -	$ (4,614,528)
Carrying amount at December 31, 2016	$ 4,285,378	$ 1,000,010	$ 675,583	$ 6,626	$ 185,092	$ 86,009	$ 6,238,698

(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
Cost			
Balance at January 1, 2015	$ 8,507,224	$ 2,356,845	$ 10,864,069
Reclassified to property, plant and equipment	308,657	458,808	767,465
Balance at December 31, 2015	$ 8,815,881	$ 2,815,653	$ 11,631,534
Accumulated depreciation and impairment			
Balance at January 1, 2015	$ -	$ (828,973)	$ (828,973)
Reclassified to property, plant and equipment	-	(119,815)	(119,815)
Depreciation expense	-	(89,647)	(89,647)
Balance at December 31, 2015	$ -	$ (1,038,435)	$ (1,038,435)
Carrying amount at December 31, 2015	$ 8,815,881	$ 1,777,218	$ 10,593,099
Cost			
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	$ 8,770,261	$ 2,919,530	$ 11,689,791

(Continued)

	Freehold Land	Buildings	Total
Accumulated depreciation and impairment			
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	$ -	$ (1,091,510)	$ (1,091,510)
Carrying amount at December 31, 2016	$ 8,770,261	$ 1,828,020	$ 10,598,281

(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, 2016 and 2015, the fair values of the Company's investment property were $40,188,146 thousand and $40,394,660 thousand, respectively. Both fair values were appraised by an independent qualified professional appraiser.

15. OTHER LIABILITIES

	December 31	
	2016	2015
Current		
Other payables		
Payables for employees bonus	$ 437,900	$ 409,360
Payables for other taxes	249,590	227,527
Payables for dividends	100,032	96,577
Payables for annual leave	164,824	140,807
Others	348,507	345,757
	$ 1,300,853	$ 1,220,028

16. 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	
	2016	**2015**
Present value of defined benefit obligation	$ 1,877,150	$ 1,756,654
Fair value of plan assets	(646,229)	(88,045)
Net defined benefit liability	$ 1,230,921	$ 1,668,609

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, 2015	$ 1,716,446	$ (110,276)	$ 1,606,170
Service cost			
Current service cost	26,293	-	26,293
Past service cost and loss on settlements	6,832	-	6,832
Net interest expense (income)	28,751	(1,849)	26,902
Recognized in profit or loss	61,876	(1,849)	60,027
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(730)	(730)
Actuarial loss - changes in demographic assumptions	26,225	-	26,225
Actuarial loss - changes in financial assumptions	47,244	-	47,244
Actuarial loss - experience adjustments	38,201	-	38,201
Recognized in other comprehensive income	111,670	(730)	110,940
Contributions from the employer	-	(40,765)	(40,765)
Benefits paid	(96,827)	65,575	(31,252)
Business combinations	(36,511)	-	(36,511)
Balance at December 31, 2015	$ 1,756,654	$ (88,045)	$ 1,668,609
Balance at January 1, 2016	$ 1,756,654	$ (88,045)	$ 1,668,609
Service cost			
Current service cost	24,322	-	24,322
Past service cost and loss on settlements	10,268	-	10,268
Net interest expense (income)	25,976	(1,252)	24,724
Recognized in profit or loss	60,566	(1,252)	59,314

(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)	-	(2,462)	(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	111,342	-	111,342
Recognized in other comprehensive income	177,035	(2,462)	174,573
Contributions from the employer	-	(644,274)	(644,274)
Benefits paid	(117,105)	89,804	(27,301)
Balance at December 31, 2016	$ 1,877,150	$ (646,229)	$ 1,230,921

(Concluded)

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	
	2016	2015
Discount rate(s)	1.25%	1.50%
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, 2016
Discount rate(s)	
0.25% increase	$ (50,069)
0.25% decrease	52,050
Expected rate(s) of salary increase	
0.25% increase	50,800
0.25% decrease	(49,114)

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	
	2016	2015
Expected contributions to the plan for the next year	$ 325,271	$ 644,910
Average duration of the defined benefit obligation	11.3 years	11.3 years

17. EQUITY

a. Share capital

Common shares

	December 31	
	2016	2015
Number of shares authorized (in thousands)	2,000,000	2,000,000
Shares authorized	$ 20,000,000	$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,572,920	1,572,920
Capital shares	$ 15,729,199	$ 15,729,199
Capital surplus	4,508,131	4,508,131
	$ 20,237,330	$ 20,237,330

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	
	2016	**2015**
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	1,997,487	1,985,549
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	143,846
May be used to offset a deficit only		
Recognized from share of changes in capital surplus of associates or joint ventures	15,425	12,963
	$ 6,664,910	$ 6,650,489

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 18 - 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 2015 and 2014 approved in the shareholders' meetings on June 21, 2016 and June 17, 2015, 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	
	2015	2014	2015	2014
Legal reserve	$ 335,208	$ 221,035		
Special reserve	1,000,000	1,000,000		
Cash dividend	1,415,628	1,101,044	$ 0.90	$ 0.70

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on March 20, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 133,470	
Special reserve	1,000,000	
Cash dividends	786,460	$ 0.5

The appropriations of earnings for 2016 are subject to the resolution in the shareholders' meeting to be held on June 22, 2017

d. Special reserve

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 35,373,565	$ 34,373,565
Appropriation of earnings	1,000,000	1,000,000
Balance at December 31	$ 36,373,565	$ 35,373,565

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	
	2016	2015
Balance at January 1	$ 1,484,838	$ 1,721,402
Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method	(1,409,691)	(236,564)
Balance at December 31	$ 75,147	$ 1,484,838

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

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 1,078,584	$ 1,386,228
Unrealized gains (losses) on revaluation of available-for-sale financial assets	(2,170)	(24,200)
Share of unrealized (losses) gains on available-for-sale financial assets of subsidiaries, associates and joint ventures accounted for using the equity method	80,640	(283,444)
Balance at December 31	$ 1,157,054	$ 1,078,584

3) Cash flow hedge

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ (338)	$ (574)
Gains/(losses) on changes in the fair value of hedging instruments	338	236
Balance at December 31	$ -	$ (338)

f. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 9,703,719	$ 10,147,699
Attributable to non-controlling interests:		
Share of profit for the year	444,520	567,214
Exchange difference on translation of foreign entities	(292,203)	(49,626)
Unrealized (gains) losses on available-for-sale financial assets	212	(4,254)
Gains on fair value changes of cash flow hedges	383	243
Remeasurement on defined benefit plans	(3,426)	(5,758)
Adjustment relating to changes in capital surplus of (associates and joint ventures) accounted for using the equity method	(6,800)	99
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(22,891)	(71,577)
Partial disposal of subsidiaries	508,051	386,171
Purchase of subsidiaries	(28,903)	-
Non-controlling interest relating to differences between acquisition or disposal price and carrying value of subsidiaries	79,270	12,226
Cash dividends from subsidiaries	(1,033,658)	(1,015,688)
Capital return from subsidiaries	-	(263,030)
Balance at December 31	$ 9,348,274	$ 9,703,719

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 December 31, 2016				
Long-term investment of subsidiary transferred to treasury stock	11,839	-	-	11,839
For the year ended December 31, 2015				
Long-term investment of subsidiary transferred to treasury stock	11,839	-	-	11,839

The Company's shares held by subsidiaries as of December 31, 2016 and 2015 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
December 31, 2016			
Yu Ching Business Co., Ltd.	11,838	$ 317,271	$ 317,271
Yu Pong Business Co., Ltd.	1	3	3
		$ 317,274	$ 317,274
December 31, 2015			
Yu Ching Business Co., Ltd.	11,838	$ 357,722	$ 357,722
Yu Pong Business Co., Ltd.	1	3	3
		$ 357,725	$ 357,725

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

18. NET PROFIT

Net profit contained the following components:

a. Other operating revenue

	For the Year Ended December 31	
	2016	2015
Revenue from sale of scraps	$ 9,140	$ 10,585
Revenue from providing guarantees	11,938	11,035
Revenue from remuneration of directors and supervisors	19,391	17,100
Others	9,254	13,530
	$ 49,723	$ 52,250

b. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gain on disposal of property, plant and equipment, investment property and intangible asset	$ 41,268	$ 34,680
Gain on disposal of financial assets	44,367	438,030
Net foreign exchange gains (losses)	2,682	(2,933)
Net losses on financial assets designated as at FVTPL	(56)	(324)
Net (losses) gains on financial assets classified as held for trading	(13,205)	14,024
Others	6,492	(24,985)
	$ 81,548	$ 458,492

c. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	$ 246,573	$ 248,835
Operating expenses	145,723	174,895
	$ 392,296	$ 423,730
An analysis of amortization by function		
Operating costs	$ 24,735	$ 18,076
Operating expenses	20,490	29,128
	$ 45,225	$ 47,204

d. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Short-term benefits	$ 1,394,504	$ 1,413,601
Post-employment benefits		
Defined contribution plans	18,609	17,698
Defined benefit plans	59,314	60,027
Total employee benefits expense	$ 1,472,427	$ 1,491,326
An analysis of employee benefits expense by function		
Operating costs	$ 1,134,578	$ 1,094,682
Operating expenses	337,849	396,644
	$ 1,472,427	$ 1,491,326

	For the Year Ended December 31					
	2016			2015		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary expense	$ 523,863	$ 123,393	$ 647,256	$ 503,248	$ 121,524	$ 624,772
Labor insurance	61,724	15,486	77,210	69,155	15,892	85,047
Pension	59,406	18,517	77,923	60,756	16,969	77,725
Other employment benefits	489,585	180,453	670,038	461,523	242,259	703,782
Total employment benefits	$ 1,134,578	$ 337,849	$ 1,472,427	$ 1,094,682	$ 396,644	$ 1,491,326

1) Employees' compensation and remuneration of directors and supervisors for 2016 and 2015

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, 2016 and 2015 which have been approved by the Company's board of directors on March 20, 2017 and March 21, 2016, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	2015
Employees' compensation	0.12%	0.10%
Remuneration of directors and supervisors	0.50%	0.50%

Amount

	For the Year Ended December 31			
	2016		2015	
	Cash	Share	Cash	Share
Employees' compensation	$ 2,175	$ -	$ 3,537	$ -
Remuneration of directors and supervisors	9,104	-	17,684	-

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, 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) Bonus to employees and remuneration of directors and supervisors for 2014

The bonus to employees and remuneration of directors and supervisors for 2014 which have been approved in the shareholders' meeting on June 17, 2015 were as follows:

	For the Year Ended December 31, 2014	
	Cash	Share
Bonus to employees	$ 1,989	$ -
Remuneration to directors and supervisors	8,361	-

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meeting on June 17, 2015 and the amounts recognized in the financial statements for the year ended December 31, 2014.

Information on the bonus to employees and remuneration of directors and supervisors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

As of December 31, 2016 and 2015, the Company's number of employees was 1,372 and 1,368, respectively.

e. Impairment losses on non-financial assets

	For the Year Ended December 31	
	2016	2015
Inventories	$ 17,854	$ 117,658

19. 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	
	2016	2015
Current tax		
In respect of the current year	$ 342,210	$ -
Income tax on unappropriated earnings	136,850	77,608
Adjustments for prior year	-	2,525
	479,060	80,133
Deferred tax		
In respect of the current year	(4,121)	83,289
Income tax expense recognized in profit or loss	$ 474,939	$ 163,422

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

	For the Year Ended December 31	
	2016	2015
Profit before tax from continuing operations	$ 1,809,642	$ 3,515,500
Income tax expense calculated at the statutory rate	$ 307,639	$ 597,635
Nondeductible expenses in determining taxable income	1,018	2,656
Tax-exempt income	(673,722)	(315,842)
Realized loss on investment	-	(348,432)
Unrecognized deductible temporary differences	703,154	147,272
Income tax on unappropriated earnings	136,850	77,608
Adjustments for prior years' tax	-	2,525
Income tax expense recognized in profit or loss	$ 474,939	$ 163,422

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

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, 2016

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Balance at the End of the Year
Deferred tax assets			
Temporary differences			
Share of income of subsidiaries, associates and joint ventures	$ 146,744	$ -	$ 146,744
Property, plant and equipment	5,508	(333)	5,175
Defined benefit obligation	285,064	$ 604	285,668
Others	92,586	(14,855)	77,731
	$ 529,902	$ (14,584)	$ 515,318
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 2,397,673	$ -	$ 2,397,673
Property, plant and equipment	137,119	(17,077)	120,042
Others	2,678	(1,628)	1,050
	$ 2,537,470	$ (18,705)	$ 2,518,765

For the year ended December 31, 2015

	Balance at the Beginning of the Year	Recognized in Profit or Loss	Balance at the End of the Year
Deferred tax assets			
Temporary differences			
Share of income of subsidiaries, associates and joint ventures	$ 146,744	$ -	$ 146,744
Property, plant and equipment	5,841	(333)	5,508
Defined benefit obligation	287,104	(2,040)	285,064
Others	157,228	(64,642)	92,586
	$ 596,917	$ (67,015)	$ 529,902
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 2,397,673	$ -	$ 2,397,673
Property, plant and equipment	118,550	18,569	137,119
Others	4,973	(2,295)	2,678
	$ 2,521,196	$ 16,274	$ 2,537,470

d. Information on integrated income tax was as follows:

	December 31	
	2016	2015
Unappropriated earnings Generated on and after January 1, 1998	$ 2,375,157	$ 4,157,281
Imputation credits accounts (ICA)	$ 1,300,129	$ 1,372,962

	For the Year Ended December 31	
	2016 (Expected)	2015
Creditable ratio for distribution of earnings	30.67%	25.04%

e. Income tax assessed

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

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share	$ 0.91	$ 2.29
Diluted earnings per share	$ 0.91	$ 2.29

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	
	2016	2015
Earnings used in the computation of basic earnings per share	$ 1,334,703	$ 3,352,078
Earnings used in the computation of diluted earnings per share	$ 1,334,703	$ 3,352,078

Shares

	For the Year Ended December 31	
	2016	2015
Weighted average number of common shares in computation of basic earnings per share	1,462,769	1,463,684

(Continued)

	For the Year Ended December 31	
	2016	2015
Effect of potentially dilutive common shares:		
Employees' compensation or bonus issue to employees	105	151
Weighted average number of common shares used in the computation of diluted earnings per share	1,462,874	1,463,835

(Concluded)

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.

21. 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.

22. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ -	$ -	$ -	$ -
Others	-	-	449,091	449,091
	$ -	$ -	$ 449,091	$ 449,091

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 48,519	$ -	$ 48,519	$ 48,519

(Concluded)

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 2,329,742	$ -	$ -	$ 2,329,742
Others	-	-	1,248,832	1,248,832
	$ 2,329,742	$ -	$ 1,248,832	$ 3,578,574
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 50,690	$ -	$ 50,690	$ 50,690

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, 2016 and 2015

	Financial Assets at Fair Value Through Profit or Loss - Held for Trading	
	December 31	
	2016	2015
Balance at the beginning of the year	$ 1,248,832	$ 470,904
Recognized in profit or loss	18,673	13,432
Purchases	4,833,590	4,164,426
Disposals/settlements	(5,652,004)	(3,399,930)
Balance at the end of the year	$ 449,091	$ 1,248,832

b. Categories of financial instruments

	December 31	
	2016	2015
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ -	$ 2,329,742
Designated as at FVTPL	449,091	1,248,832
Loans and receivables (1)	11,554,741	10,934,127
Available-for-sale financial assets (2)	76,450	79,101
Financial liabilities		
Amortized cost (3)	4,618,884	4,251,799

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 25.

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	
	2016	2015	2016	2015
Profit or loss	$ 3,005	$ 1,726	$ 2,839	$ 2,261

	RMB Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Profit or loss	$ 95	$ (5,234)	$ 1,630	$ (427)

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	
	2016	**2015**
Fair value interest rate risk		
Financial assets	$ 4,289,600	$ 4,116,876
Cash flow interest rate risk		
Financial assets	6,879,993	5,763,947

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 $68,800 thousand in 2016 and $57,639 thousand in 2015.

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 $485 thousand and $23,804 thousand as of December 31, 2016 and 2015, 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.

The object of the accounts receivable is associates of the Company, and the Company closely monitors the financial status of those clients with accounts receivable.

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.

23. 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. Transactions in operating activities

	For the Year Ended December 31	
Related Party Categories	**2016**	**2015**
Sales of goods		
Subsidiaries	$ 10,408,970	$ 10,087,651
Associates	28,298,428	27,012,244
Other related parties	-	31
	$ 38,707,398	$ 37,099,926
Purchases of goods		
Subsidiaries	$ 3,307,296	$ 3,247,158
Associates	2,885,266	2,556,353
Other related parties	10,020,792	9,576,787
	$ 16,213,354	$ 15,380,298

Except for the transactions with UMPI, which is given a credit period of 180 days by the Company considering fluctuations of foreign exchange rate and quantity discounts, other transactions with related parties are made under the same terms of pricings, receipts and payments as of those with unrelated parties.

Related Party Categories	For the Year Ended December 31 2016	2015
Operating expense		
Subsidiaries	$ 63,271	$ 64,657
Associates	68,626	120,092
Other related parties	5,363	5,964
	$ 137,260	$ 190,713
Other operating revenue		
Subsidiaries	$ 18,137	$ 313,304
Associates	463,459	826,916
Other related parties	2,744	4,581
	$ 484,340	$ 1,144,801

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

Related Party Categories	December 31 2016	2015
Notes and trade receivable		
Subsidiaries	$ 101,740	$ 220,023
Associates	275,018	558,879
Other related parties	8,206	19,992
	$ 384,964	$ 798,894
Other financial assets (recognized as other receivables)		
Subsidiaries	$ 40,036	$ 52,764
Associates	304,727	291,239
Other related parties	44,704	1,943
	$ 389,467	$ 345,946

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

Related Party Categories	December 31 2016	2015
Trade payables		
Subsidiaries	$ 459,772	$ 575,741
Associates	344,681	369,366
Other related parties	401,077	486,369

(Continued)

	$ 1,205,530	$ 1,431,476
Other payables		
Subsidiaries	$ 30,399	$ 33,040
Associates	4,837	10,447
Other related parties	2	-
	$ 35,238	$ 43,487

(Concluded)

b. Compensation of key management personnel

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	$ 60,753	$ 57,373
Post-employment benefits	1,518	1,734
Other employee benefits	153	-
	$ 62,424	$ 59,107

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

24. 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.

See Table 2 for the information on endorsements/guarantees provided to subsidiaries or associates.

25. 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:

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
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)	37,527
			$ 348,132
Nonmonetary items			
RMB	255,000	4.488 (RMB:NTD)	$ 1,144,502
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)	200,552
			$ 1,105,095

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,350	32.825 (USD:NTD)	$ 339,739
JPY	102,693	0.273 (JPY:NTD)	28,004
RMB	109,206	4.995 (RMB:NTD)	545,484
EUR	1,209	35.880 (EUR:NTD)	43,379
			$ 956,606
Nonmonetary items			
USD	3,026	32.825 (USD:NTD)	$ 99,344
RMB	255,000	5.122 (RMB:NTD)	1,306,110
			$ 1,405,454
Financial liabilities			
Monetary items			
USD	15,608	32.825 (USD:NTD)	$ 512,333
JPY	931,665	0.273 (JPY:NTD)	254,065
RMB	4,417	4.995 (RMB:NTD)	22,063
EUR	18	35.880 (EUR:NTD)	646
			$ 789,107

For the years ended December 31, 2016 and 2015, realized and unrealized net foreign exchange gains (losses) were $2,682 thousand and ($2,933) 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.

26. 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.

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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) Holding	Sheng Qing	Other receivables	Y	$ 733,580	$ 704,466	$ 696,720	3.00%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 806,975	$ 806,975	Note
2	Yulon China	Sheng Qing	Other receivables	Y	1,914,980	1,914,980	696,720	2.50%	Operating capital	-	Operating capital	-	-	-	3,873,480	3,873,480	Note
3	Hong Shou Culture	Singan	Other receivables	Y	20,000	20,000	20,000	1.08%	Operating capital	-	Operating capital	-	-	-	20,686	20,686	Note
4	Hsiang Shou	Singgual Travel	Other receivables	Y	10,000	10,000	10,000	1.26%	Operating capital	-	Operating capital	-	-	-	78,266	78,266	Note
		Singan	Other receivables	Y	70,000	60,000	50,000	1.08%	Operating capital	-	Operating capital	-	-	-	78,266	78,266	Note
5	Yulon Motor Investment	Shanghai Yuexing	Other receivables	Y	20,493	18,579	13,934	5.34%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Nan Jing Yu Shang	Other receivables	Y	20,493	18,579	18,579	-	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Jiangmen Junxing	Other receivables	Y	76,850	69,672	41,803	5.34%	Operating capital	-	Operating capital	-	-	-	272,632	272,632	Note
		Shenzhen Yu Zhi	Other receivables	Y	153,699	139,344	62,705	5.00%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Wuhan Yu Hsin	Other receivables	Y	153,699	139,344	85,929	6.64%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Hang Zhou Haitec Company	Other receivables	Y	194,685	176,502	169,535	-	Operating capital	-	Operating capital	-	-	-	272,632	272,632	Note
6	Sheng Qing	Shenzhen Yu Zhi	Other receivables	Y	51,233	46,448	-	-	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Zi Bo Yu An	Other receivables	Y	12,697	12,541	10,219	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Hang Zhou Hua You	Other receivables	Y	63,643	57,699	11,251	-	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Tung Ling Kuo Tung	Other receivables	Y	16,459	16,257	11,612	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Zhuhai Yuhsin	Other receivables	Y	102,466	92,896	25,547	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		An Ching Ling Tung	Other receivables	Y	33,623	33,210	31,910	5.75%-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Chang Sha Yu Lu	Other receivables	Y	51,233	46,448	34,279	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		An Ching Tsai Tung	Other receivables	Y	52,668	52,022	49,235	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Hang Zhou Hua Zhi	Other receivables	Y	122,959	111,475	65,027	5.75%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Guang Zhou Yuan Zhi	Other receivables	Y	125,521	113,798	67,350	6.00%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Guang Zhou Yuan Du	Other receivables	Y	179,316	139,344	69,672	6.00%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Shanghai Yuexing	Other receivables	Y	153,699	139,344	69,672	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Xiao Gan Yu Feng	Other receivables	Y	189,562	171,858	102,186	5.60%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Nanjing Hanhong	Other receivables	Y	234,647	210,409	117,513	0-5.6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Wuhan Yu Hsin	Other receivables	Y	267,102	263,825	189,452	0-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Shen Jun Yu Peng	Other receivables	Y	212,514	192,666	192,666	5.75%-6%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Zhu Hai Fu Te En	Other receivables	Y	237,209	215,054	215,054	0-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Yulon Motor Investment	Other receivables	Y	1,104,515	1,079,916	1,079,916	4.10%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
7	Zhu Hai Fu Te En	Nanjing Hanhong	Other receivables	Y	8,197	7,432	7,432	-	Operating capital	-	Operating capital	-	-	-	138,759	277,517	Note
		Zhuhai Yuhsin	Other receivables	Y	102,466	55,738	55,738	6.00%	Operating capital	-	Operating capital	-	-	-	138,759	277,517	Note
8	Nanjing Hanhong	Zhu Hai Fu Te En	Other receivables	Y	25,617	23,224	-	-	Operating capital	-	Operating capital	-	-	-	426,472	852,943	Note
		Nan Jing Yu Shang	Other receivables	Y	56,356	51,093	51,093	6.16%	Operating capital	-	Operating capital	-	-	-	426,472	852,943	Note
9	Su Zhou Feng Shen	Su Zhou Cheng Li	Other receivables	Y	51,233	13,934	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Su Chou Cheng Pin	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Su Zhou Chen Long	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Tai Chang Cheng Mau	Other receivables	Y	24,887	23,224	23,224	5.90%	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
10	Wu Jiang Lian Cheng	Su Zhou Cheng Pang	Other receivables	Y	24,887	23,224	4,645	5.90%	Operating capital	-	Operating capital	-	-	-	30,306	30,306	Note
11	HangZhou Yu Zhong	Sheng Qing	Other receivables	Y	414,987	376,229	-	-	Operating capital	-	Operating capital	-	-	-	783,767	1,175,650	Note
12	TAC Leasing (Suzhou)	Changzhou Asia Power	Account receivables	N	27,554	-	-	-	Operating capital	-	Operating capital	-	-	-	231,503	463,006	Note
		Su Zhou Yu Guo	Account receivables	Y	362,727	46,490	46,490	4.57%	Operating capital	-	Operating capital	581	-	-	463,006	463,006	Note
13	TAC Finance Company	Zhe Jiang Kang Da	Account receivables	Y	102,466	46,490	46,490	9.00%	Operating capital	-	Operating capital	581	-	-	341,837	352,120	Note
14	TAC	Yu Rich	Other receivables	Y	800,000	800,000	-	1.15%	Operating capital	-	Operating capital	-	-	-	928,426	3,877,610	Note
15	Shanghai Yuming	Ka Shing Yu Da	Other receivables	Y	4,977	4,645	-	5.60%	Operating capital	-	Operating capital	-	-	-	49,335	49,335	Note

(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			
16	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	Other receivables	Y	$ 74,661	$ 69,672	$ -	-	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 97,910	$ 97,910	Note
17	Su Zhou Feng Shun	Su Zhou Cheng Li	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	67,248	67,248	Note
		Su Zhou Cheng Guo	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	67,248	67,248	Note
18	An Hui Min Tung	An Ching Ling Tung	Other receivables	Y	9,911	9,290	-	-	Operating capital	-	Operating capital	-	-	-	11,612	23,224	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 US$25 million and aggregate financing limits was US$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 US$120 million and aggregate financing limits was US$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.

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 $2.5 million and aggregate financing limits was $5 million.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	Yushin	b	$ 9,760,036	$ 50,000	$ -	$ -	$ -	-	$ 27,885,818	Y	N	N	Note 1
		Sin Chi	b	9,760,036	500,000	500,000	-	-	0.72	27,885,818	Y	N	N	Note 1
		Yu Yuen	c	9,760,036	600,000	600,000	-	-	0.86	27,885,818	Y	N	N	Note 1
		Yu Sing	b	9,760,036	690,000	690,000	270,000	-	0.99	27,885,818	Y	N	N	Note 1
		Yu Ching	b	9,760,036	1,000,000	1,000,000	-	-	1.43	27,885,818	Y	N	N	Note 1
		UMPI	c	9,760,036	1,749,800	1,678,508	524,656	-	2.41	27,885,818	Y	N	N	Note 1
		Luxgen	b	9,760,036	7,400,000	7,400,000	4,540,000	-	10.61	27,885,818	Y	N	N	Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	c	337,665	245,903	186,224	148,980	-	7.72	964,756	N	N	Y	Note 1
2	Yueki	Hangchow Yue Wan	c	454,167	47,506	46,448	-	-	5.10	454,167	N	N	Y	Note 1
3	Y-Teks	Hangchow Y-Teks	c	321,348	84,125	-	-	-	-	535,580	N	N	Y	Note 1
4	TAC	Car-Plus Leasing (Shanghai)	c	24,235,068	320,000	320,000	219,886	-	3.30	48,470,135	N	N	Y	Note 1
		TAC Finance Company	c	24,235,068	10,000,000	10,000,000	6,008,325	-	103.16	48,470,135	N	N	Y	Note 1
5	Car-plus Corporation	Diamond Leasing	b	4,548,738	500,000	500,000	180,000	-	27.42	9,117,495	N	N	N	Note 1
		Car-Plus (Suzhou)	c	4,548,738	960,000	-	-	-	-	9,117,495	N	N	Y	Note 1
		Car-Plus Leasing (Shanghai)	c	4,548,738	480,000	480,000	329,829	-	26.38	9,117,495	N	N	Y	Note 1
6	Sheng Qing	Zhuhai Yuhsin	c	8,040,311	87,096	-	-	-	-	40,201,553	N	N	Y	Note 1
		Chang Sha Yu Lu	b	8,040,311	153,699	-	-	-	-	40,201,553	N	N	Y	Note 1
		Shen Jun Yu Peng	b	8,040,311	153,699	-	-	-	-	40,201,553	N	N	Y	Note 1
		Fu Jian Yu Xin	b	8,040,311	153,699	139,344	-	-	8.67	40,201,553	N	N	Y	Note 1
		Qingdao Yuanhuang	b	8,040,311	409,864	139,344	78,217	-	8.67	40,201,553	N	N	Y	Note 1
		Guang Zhou Yuan Du	b	8,040,311	409,864	371,584	132,224	-	23.11	40,201,553	N	N	Y	Note 1
7	Nanjing Hanhong	Zhu Hai Fu Te En	c	568,629	184,439	167,213	-	-	58.81	710,786	N	N	Y	Note 1
8	Zhu Hai Fu Te En	Nanjing Hanhong	c	371,584	281,782	139,334	-	-	100.42	557,376	N	N	Y	Note 1
9	Su Zhou Feng Shen	Wu Jiang Lian Cheng	c	619,818	51,233	46,448	46,448	-	7.49	1,859,454	N	N	Y	Note 1
		Su Zhou Feng Shun	b	619,818	358,631	69,672	69,672	-	11.24	1,859,454	N	N	Y	Note 1
		Su Zhou Cheng Pang	b	619,818	102,466	92,896	-	-	14.99	1,859,454	N	N	Y	Note 1
		Su Chou Cheng Pin	b	619,818	116,603	116,120	-	-	18.73	1,859,454	N	N	Y	Note 1
10	Wu Jiang Lian Cheng	Su Zhou Feng Shen	d	418,032	333,015	92,896	92,896	-	122.61	928,960	N	N	Y	Note 1
		Su Zhou Feng Shun	d	418,032	323,531	301,912	69,672	-	398.48	928,960	N	N	Y	Note 1
11	Su Zhou Feng Shun	Su Zhou Feng Shen	d	840,594	99,548	92,896	92,896	-	55.26	1,681,188	N	N	Y	Note 1
		Wu Jiang Lian Cheng	b	840,594	223,983	209,016	46,448	-	124.33	1,681,188	N	N	Y	Note 1
12	Su Zhou Cheng Pang	Su Zhou Feng Shen	d	418,032	230,549	209,016	-	-	651.07	836,064	N	N	Y	Note 1
13	Xiao Gan Yu Feng	Sheng Qing	d	187,666	51,233	46,448	-	-	123.75	375,332	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)											
14	Jiangmen Junxing	Sheng Qing	d	$ 255,687	$ 51,233	$ 46,448	$ -	$ -	90.83	$ 511,373	N	N	Y	Note 1
15	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	b	489,552	74,661	69,672	-	-	28.46	1,223,880	N	N	Y	Note 1
16	Guang Zhou Yuan Zhi	Guang Zhou Yuan Du	d	575,679	398,192	371,584	132,224	-	968.21	959,465	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.

Yueki: The aggregate endorsement/guarantee limit was calculated for 50% 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.

Y-Teks: The aggregate endorsement/guarantee limit was calculated for 50% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 30% of the endorser's/guarantor's net equity

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 200 million. The limits on each endorsement/guarantee given on behalf of each party was calculated for 90 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 250% 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

Note 2: The relationship between guarantor and guarantee are as follows:

a. The company in relation to business.
b. Subsidiaries' common stocks which were directly owned by parent company over 50%.
c. Investees' common stocks which were both owned by parent company and subsidiary over 50%.
d. Investees' common stocks which were was directly or indirectly held by the Company over 50%.
e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(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, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Structured finance products							
	SinoPac Securities - Lextar 2nd	-	Financial assets at fair value through profit or loss - current	250	$ 25,185	-	$ 25,185	-
	Yuanta Securities - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,103	-	30,103	-
	Yuanta Securities - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,108	-	30,108	-
	Yuanta Securities CLN-I-chiun 5th	-	Financial assets at fair value through profit or loss - current	135	13,506	-	13,506	-
	SinoPac Securities CLNT0033-feihung 1st	-	Financial assets at fair value through profit or loss - current	300	30,055	-	30,055	-
	KGI Securities CLN20150303001-Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	150	15,033	-	15,033	-
	KGI Securities CLN-Wan Zhou 3	-	Financial assets at fair value through profit or loss - current	250	25,033	-	25,033	-
	SinoPac Securities CLN0031-Lextar 2nd	-	Financial assets at fair value through profit or loss - current	305	30,657	-	30,657	-
	Yuanta Securities CLN-Chisan Electronic 4th	-	Financial assets at fair value through profit or loss - current	56	5,601	-	5,601	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	100	10,045	-	10,045	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	200	20,090	-	20,090	-
	Yuanta Securities - ICHIA Bonds	-	Financial assets at fair value through profit or loss - current	370	37,085	-	37,085	-
	Yuanta Securities - AVY	-	Financial assets at fair value through profit or loss - current	200	20,116	-	20,116	-
	SinoPac Securities CLN-Jin Ke 1st	-	Financial assets at fair value through profit or loss - current	400	40,229	-	40,229	-
	KGI Securities CLN-Rechi Corp. 2nd	-	Financial assets at fair value through profit or loss - current	140	14,066	-	14,066	-
	Uni Securities PGN-Structured Finance Products No.33	-	Financial assets at fair value through profit or loss - current	700	70,148	-	70,148	-
	Yuanta Securities - USDLIBOR	-	Financial assets at fair value through profit or loss - current	320	32,031	-	32,031	-
	Common stocks							
	Photronics DNP Mask Company	Related party in substance	Available-for-sale financial assets - non-current	856	7,394	0.34	7,394	-
	First Financial Holding Company	-	Available-for-sale financial assets - non-current	922	15,851	0.01	15,851	-
	Mison - Century Technology, Ltd	Related party in substance	Available-for-sale financial assets - non-current	5,025	25,274	8.37	25,274	-
	Taiwin Company	The same chairman	Financial assets measured at cost - non-current	6,692	26,240	5.09	-	-
	Shin Bus Company	-	Financial assets measured at cost - non-current	153	485	0.32	-	-
	Taiwan Stock Exchange	-	Financial assets measured at cost - non-current	6,768	1,206	1.00	-	-
	Taiwan Aerospace Company	-	Financial assets measured at cost - non-current	811	-	0.60	-	-
TAC	Bonds							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	5,703	-	5,703	-
SCC	Bonds							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	11,392	-	11,632	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
H. K. Manpower	Beneficiary certificates							
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	$ 3,011	-	$ 3,011	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	235	3,070	-	3,070	-
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	206	3,018	-	3,018	-
	Capital Money Market	-	Financial assets at fair value through profit or loss - current	129	2,056	-	2,056	-
Zhejiang Cheng-Yi	Financial products - PGN							
	Ben Li Feng" 62 days open RMB Wealth Management Product	-	Available-for-sale financial assets - current	-	4,671	-	4,671	-
	Financial products - NPGN							
	Apex Asset Management Bamboo 1W financial product	-	Available-for-sale financial assets - current	-	11,532	-	11,532	-
	Apex Asset Management TianyiJin to Government Agency B Type financial product	-	Available-for-sale financial assets - current	-	1,489	-	1,489	-
Hangzhou Cheng-Yi-Jun	Financial products - NPGN							
	Apex Asset Management TianyiJin to Government Agency B Type financial product	-	Available-for-sale financial assets - current	-	1,396	-	1,396	-
Tai Yuen Venture Capital	Beneficiary certificates							
	Cathay Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	1,328	16,395	-	16,395	-
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,379	36,036	-	36,036	-
	Common stocks							
	Asia Plastic Recycling Holding Limited	-	Available-for-sale financial assets - current	519	9,183	-	9,183	-
	JOYIN Company	-	Financial assets measured at cost - non-current	1,880	5,639	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	242	4,235	-	Not applicable	-
	Phalanx Biotech Group	-	Financial assets measured at cost - non-current	697	4,877	-	Not applicable	-
	UOG Industrial Company	-	Financial assets measured at cost - non-current	229	2,018	-	Not applicable	-
	Solidlite Company	-	Financial assets measured at cost - non-current	344	1,031	-	Not applicable	-
	Jouge Company	-	Financial assets measured at cost - non-current	444	2,265	-	Not applicable	-
	Paragon Semiconductor Lighting Technology Company	-	Financial assets measured at cost - non-current	1,500	4,500	-	Not applicable	-
	Neutron	-	Financial assets measured at cost - non-current	2,929	17,571	-	Not applicable	-
	Hero Cinema Company	-	Financial assets measured at cost - non-current	152	253	-	Not applicable	-
	Ecrowd Media	-	Financial assets measured at cost - non-current	1,000	2,000	-	Not applicable	-
Yu Pong	Beneficiary certificates							
	Union Global ETF Fund of Funds	-	Financial assets at fair value through profit or loss - current	755	7,394	-	7,394	-
	FSITC RMB High Yield Bond TWD Inc.	-	Financial assets at fair value through profit or loss - current	1,000	9,482	-	9,482	-
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,662	17,003	-	17,003	-
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	186	4,954	-	4,954	-
	KGI Silver Age	-	Financial assets at fair value through profit or loss - current	1,000	9,860	-	9,860	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	130	23,016	-	23,016	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	191	2,502	-	2,502	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Structured finance products							
	CLNF20151105001-Tarako Textile Corp	-	Financial assets at fair value through profit or loss - current	-	$ 6,414	-	$ 6,414	-
	CLN20160303001-Genovate	-	Financial assets at fair value through profit or loss - current	-	8,069	-	8,069	-
	CLN20160622001 Fu Ciao 4th	-	Financial assets at fair value through profit or loss - current	-	9,158	-	9,158	-
	CLN20160421002-Genovate	-	Financial assets at fair value through profit or loss - current	-	2,017	-	2,017	-
	CLN20160419001	-	Financial assets at fair value through profit or loss - current	-	1,002	-	1,002	-
	CLN20160526001	-	Financial assets at fair value through profit or loss - current	-	3,112	-	3,112	-
	Common stocks							
	Yulon Motor Company	The parent company	Available-for-sale financial assets - current	-	3	-	3	-
	Fubon Financial Company	-	Available-for-sale financial assets - current	2,419	123,357	-	123,357	-
Yu Yuen	Common stocks							
	CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	118	608	-	608	-
	RECTRON Company	-	Financial assets at fair value through profit or loss - current	16	105	-	105	-
	YangMing Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	12	57	-	57	-
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	1,980	-	1,980	-
	Compal Electronics Company	-	Financial assets at fair value through profit or loss - current	14	260	-	260	-
	Yue Sheng Company	The same ultimate parent company	Financial assets measured at cost - non-current	2	33	-	Not applicable	-
China Cast Iron Pipe	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	2,803	28,285	-	28,265	-
Yue Sheng	Common stocks							
	Yueki Company	The same ultimate parent company	Financial assets measured at cost - non-current	10	100	0.08	Not applicable	-
Qinton	Beneficiary certificates							
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,300	-	1,300	-
Yung Hong	Common stocks							
	CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	283	1,452	-	1,452	-
	Kian-shen Company	Related party in substance	Financial assets at fair value through profit or loss - current	81	9,058	-	9,058	-
	Asia Plastic Recycling Holding Limited	-	Financial assets at fair value through profit or loss - current	2,203	39,324	-	39,324	-
	TAC Corporation	The same ultimate parent company	Financial assets at fair value through profit or loss - current	4	336	-	336	-
	Beneficiary certificates							
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	23,621	357,794	-	357,794	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	1,071	189,215	-	189,215	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	2,417	30,018	-	30,018	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Common stocks							
	Asia Plastic Recycling Holding Limited	-	Available-for-sale financial assets - current	1,863	$ 32,605	-	$ 32,605	-
	Fubon Momo Company	-	Available-for-sale financial assets - current	7	1,358	-	1,358	-
	Gongin Company	-	Financial assets measured at cost - current	148	1,099	-	Not applicable	-
	The Risk on Rock	-	Financial assets measured at cost - non-current	330	9,900	-	Not applicable	-
	Tai Yuen Company	The same ultimate parent company	Financial assets measured at cost - non-current	11	96	-	Not applicable	-
	Zhao Bang Company	-	Financial assets measured at cost - non-current	1,101	2	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	291	5,298	-	Not applicable	-
	T-CarInc.	-	Financial assets measured at cost - non-current	425	55,823	-	Not applicable	-
	ADTO Company	-	Financial assets measured at cost - non-current	1	10	-	Not applicable	-
	Beneficiary certificates							
	Goldman Sachs (Asia) L.L.C.	-	Financial assets measured at cost - non-current	-	1,613	-	Not applicable	-
Yu Ching	Beneficiary certificates							
	Taishin Lucky Money Market	-	Financial assets at fair value through profit or loss - current	7,402	81,619	-	81,619	-
	Taishin Asia-America Short Duration Bd	-	Financial assets at fair value through profit or loss - current	3,033	33,139	-	33,139	-
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,371	80,457	-	80,457	-
	CTBC Asia Pacific Multiple Inc. TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	10,058	-	10,058	-
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,908	44,045	-	44,045	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	568	100,309	-	100,309	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	153	2,004	-	2,004	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	4,351	54,033	-	54,033	-
	Common stocks							
	Gongin Company		Financial assets measured at cost - current	147	1,911	-	Not applicable	-
	Yulon Motor Company	The parent company	Available-for-sale financial assets - non-current	11,838	317,271	-	317,271	-
	Fubon Financial Company	-	Available-for-sale financial assets - non-current	7,342	374,450	-	374,450	-
	Yulon Management	Related party in substance	Financial assets measured at cost - non-current	1	9	-	Not applicable	-
Chinh-Ling	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,724	17,639	-	17,639	-
Yu Chang	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	726	6.96	Not applicable	-
Yushin	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	781	6.96	Not applicable	-
Yu Pool	Common stocks							
	Yu Pool Company	Related party in substance	Financial assets measured at cost - non-current	150	1,500	4.69	Not applicable	-
Hsiang Shou	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,957	20,022	-	20,022	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fuzhou Lianghong	Beneficiary certificates							
	SPD BANK	-	Financial assets at fair value through profit or loss - current	-	$ 139,470	-	$ 139,470	-
	Gan Yuan- Ri Xin Yue Yi	-	Financial assets at fair value through profit or loss - current	-	232,450	-	232,450	-
Empower	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	85	847	14.00	Not applicable	-
Sin Chi	Beneficiary certificates							
	The RSIT Enhanced	-	Financial assets at fair value through profit or loss - current	2,457	29,134	-	29,134	-
	Franklin Money Fund	-	Financial assets at fair value through profit or loss - current	991	10,143	-	10,143	-
Yu Sing	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	842	0.07	Not applicable	-
Yulon China	Beneficiary certificates							
	Samoa Auto King	-	Financial assets measured at cost - non-current	-	3,225	-	Not applicable	-
	Samoa Yung Jen Industrial	-	Financial assets measured at cost - non-current	-	2,419	-	Not applicable	-

(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, 2016
(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	-	-	-	$ -	193,443	$2,300,000	193,443	$2,300,543	$2,300,000	$ 543	-	$ -
	The RSIT Enhanced Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	45,713	541,060	45,713	541,241	541,060	181	-	-
	Fubon Chi-Hsiang Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	89,577	1,390,000	89,577	1,390,189	1,390,000	189	-	-
	Shin Kong Chi-Shin Money-Market	Financial assets at fair value through profit or loss - current	-	-	-	-	35,533	520,472	35,533	520,540	518,647	1,893	-	-
	Yuanta Wan Tai Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	69,720	1,045,000	69,720	1,045,068	1,045,000	68	-	-
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	51,465	830,000	51,465	830,158	830,000	158	-	-
	Jih Sun Money Market	Financial assets at fair value through profit or loss - current	-	-	34,981	511,479	131,099	1,920,000	166,080	2,433,782	2,430,185	3,597	-	-
	CAPITAL Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	169,877	2,710,000	169,877	2,710,808	2,710,000	808	-	-
	Prudential Financial Money Market	Financial assets at fair value through profit or loss - current	-	-	38,555	601,818	90,127	1,410,000	128,682	2,013,586	2,010,306	3,280	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	7,148	1,260,000	7,148	1,260,892	1,260,000	892	-	-
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	6,653	100,439	68,129	1,030,000	74,782	1,131,875	1,130,262	1,613	-	-
	Union Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	135,494	1,770,000	135,494	1,770,405	1,770,000	405	-	-
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	227,450	2,480,000	227,450	2,480,289	2,480,000	289	-	-
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	136,114	1,820,000	136,114	1,820,966	1,820,000	966	-	-
	Taishin Ta-Chong Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	168,679	2,370,000	168,679	2,371,155	2,370,000	1,155	-	-
	Taishin Lucky Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	36,363	400,000	36,363	400,231	400,000	231	-	-
	Allianz Glbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	258,359	3,200,000	258,359	3,201,544	3,200,000	1,544	-	-
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	193,397	3,120,000	193,397	3,120,288	3,120,000	288	-	-
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	40,505	501,323	32,312	400,000	72,817	903,889	900,000	3,889	-	-
	Paradigm Pion Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	307,773	3,520,000	307,773	3,520,592	3,520,000	592	-	-
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	49,034	500,049	49,018	500,000	98,052	1,003,266	999,138	4,127	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	3	300,007	-	-	3	300,414	300,000	414	-	-
	Jih Sun Securities PGN - FPC & TSMC & CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	4	350,000	4	350,492	350,000	492	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,184	300,000	184	-	-

(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)
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	$ -	3	$ 300,000	3	$ 300,230	$ 300,000	$ 230	-	$ -
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,173	300,000	173	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,161	300,000	161	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,202	300,000	202	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,199	300,000	199	-	-
	CAPITAL PGN313	Financial assets at fair value through profit or loss - current	-	-	-	-	3	250,000	3	250,432	250,000	432	-	-
	Yu Ping	Investments accounted for using equity method	Note 2	The Company's subsidiary	-	-	50,599	2,023,950	50,599	2,044,818	2,023,950	20,868	-	-
	Yu Ching Business Co., Ltd.	Investments accounted for using equity method	Notes 2 and 4	The Company's subsidiary	175,000	1,852,694	-	-	116,796	1,356,069	1,356,069	-	72,691	690,858
	Yu Pong Business Co., Ltd.	Investments accounted for using equity method	Note 2	The Company's subsidiary	65,721	823,780	19,057	672,719	60,200	670,600	670,600	-	25,484	926,876
	Yung Hong Company	Investments accounted for using equity method	Note 2	The Company's subsidiary	144,622	1,438,131	-	-	67,000	670,000	670,000	-	77,622	812,713
	Yu Yuen	Investments accounted for using equity method	Issuance of common stock for cash	The Company's subsidiary	-	-	122,100	4,857,686	-	-	-	-	122,100	4,825,021
Yu Ching	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	40,324	677,082	-	-	40,324	682,956	682,956	-	-	-
Yu Pong	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	39,543	664,073	-	-	39,543	670,161	670,161	-	-	-
	Yu Ching	Investments accounted for using equity method	Note 4	The Company's subsidiary	-	-	48,461	672,719	-	-	-	-	48,461	672,719
Yung Hong	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	39,543	663,388	-	-	39,543	669,476	669,476	-	-	-
Yu Yuen	Yu-Jie	Investments accounted for using equity method	Issuance of common stock for cash	The Company's subsidiary	-	-	500,000	1,407,587	-	-	-	-	500,000	1,394,810
TAC	Yu Rich Financial Services Co., Ltd	Investments accounted for using equity method	Issuance of common stock for cash	TAC Corporation's subsidiary	-	-	45,455	500,001	-	-	-	-	45,455	495,926

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.

Note 2: The company established Yu Ping that Yu Ching, Yu Pong and Yung Hong splited and reduced capital the stock share of Yu Yuen.

Note 3: The company merged Yu Ping.

Note 4: The Yu Ching Business Co., Ltd owned 40% of Yu Pong.

(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, 2016
(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						

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, 2016
(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, 2016
(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	$(27,995,085)	71	Within 180 days	-	60 days to 180 days	$ 248,494	55	
	Luxgen	The Company's subsidiary	Sales	(10,323,197)	27	Within 90 days	-	60 days to 180 days	98,980	22	
	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(448,734)	1	Within 60 days	-	60 days to 180 days	48,107	11	
TAC	Yu Chang	The same ultimate parent company	Sales	(4,788,489)	11	Receipt of payment on the day	-	-	8,121	-	
	Yu Sing	The same ultimate parent company	Sales	(3,383,302)	8	Receipt of payment on the day	-	-	14,202	-	
	Yuan Lon	An investee accounted for by equity method	Sales	(3,881,537)	9	Receipt of payment on the day	-	-	7,981	-	
	Hui-Lian	An investee accounted for by equity method	Sales	(3,582,498)	8	Receipt of payment on the day	-	-	16,889	-	
	Empower	The same ultimate parent company	Sales	(2,955,685)	7	Receipt of payment on the day	-	-	6,420	-	
	Yushin	The same ultimate parent company	Sales	(2,683,671)	6	Receipt of payment on the day	-	-	10,182	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(4,220,678)	10	Receipt of payment on the day	-	-	16,571	-	
	Cheng Long	An investee accounted for by equity method	Sales	(2,635,110)	6	Receipt of payment on the day	-	-	29,712	-	
	Yu Tang	An investee accounted for by equity method	Sales	(2,679,505)	6	Receipt of payment on the day	-	-	12,524	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(2,356,383)	5	Receipt of payment on the day	-	-	9,536	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(2,411,362)	6	Receipt of payment on the day	-	-	4,750	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(1,816,479)	4	Receipt of payment on the day	-	-	2,946	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(1,485,404)	3	Receipt of payment on the day	-	-	2,612	-	
	Ding Long	An investee accounted for by equity method	Sales	(1,244,633)	3	Receipt of payment on the day	-	-	110	-	
	Yuan Zhi	An investee accounted for by equity method	Sales	(510,114)	1	Receipt of payment on the day	-	-	1,597	-	
	Lian Cheng	An investee accounted for by equity method	Sales	(690,871)	2	Receipt of payment on the day	-	-	1,100	-	
Diamond Leasing	Car-plus Corporation	The same ultimate parent company	Sales	(838,674)	100	1 day	-	-	20,198	34	
Sin Jiang	TAC	The same ultimate parent company	Sales	(3,457,714)	92	Receipt of payment on the day	-	-	995	3	
Yu Sing	Car-plus Corporation	The same ultimate parent company	Sales	(312,601)	7	30 days	-	-	15,507	6	
Yu-Jan	Yu Sing	The Company's subsidiary	Sales	(195,192)	93	At sight or a month	Bargaining	At sight or a month	11,103	92	
Luxgen	TAC	The Company's subsidiary	Sales	(12,196,487)	93	Within 3 days	-	-	47,382	29	
	Luxgen Taipei	The same ultimate parent company	Sales	(338,904)	3	At sight	-	-	-	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(182,143)	1	At sight	-	-	-	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(168,180)	1	At sight	-	-	-	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(108,145)	1	At sight	-	-	-	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(132,257)	1	At sight	-	-	-	-	
Luxgen Taipei	Car-plus Corporation	The same ultimate parent company	Sales	(175,510)	3	1 day	-	-	940	-	
Singgual Travel	The Company	The parent company	Sales	(224,967)	26	At sight or a month	Bargaining	At sight or a month	-	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(141,300)	16	At sight or a month	Bargaining	At sight or a month	-	-	
Singan	The Company	The parent company	Sales	(149,863)	65		Bargaining	At sight or a month	-	-	
Y-Teks	The Company	The parent company	Sales	(314,592)	74	45 days	-	-	60,595	63	
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(341,910)	92	60 days	Bargaining	60 days	108,296	73	
Union & NKH Auto Parts	The Company	The parent company	Sales	(1,334,681)	53	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	176,688	40	

(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	
Union & NKH Auto Parts	China Motor	An investee accounted for by equity method	Sales	$ (673,311)	27	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	$ 93,502	21	
Fuzhou Lianghong	Southeast Bus	A related party in substance	Sales	(1,800,797)	74	45 days	-	Same as normal transactions	365,684	69	
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(758,451)	86	65 days	Note 1	Note 1	214,679	58	
Yueki	The Company	The parent company	Sales	(1,022,247)	65	45 days	Bargaining	45 days	-	-	
	China Motor	An investee accounted for by equity method	Sales	(162,630)	10	45 days	Bargaining	45 days	-	-	
	Kian-shen	A related party in substance	Sales	(140,520)	9	45 days	Bargaining	45 days	-	-	
Hangchow Yue Wan	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(257,205)	93	65 days	Bargaining	65 days	148,221	88	
Yue Sheng	The Company	The parent company	Sales	(279,132)	62	At sight or a month	Bargaining	At sight or a month	55,189	78	
Dong Feng Yulon Sales Company	Zhuhai Yuhsin	The same ultimate parent company	Sales	(175,287)	1	Sales revenue received in advance	-	-	-	-	
	Suzhou Yueshun	The same ultimate parent company	Sales	(109,527)	1	Sales revenue received in advance	-	-	-	-	
	Shanghai Yuming	The same ultimate parent company	Sales	(248,786)	1	Sales revenue received in advance	-	-	-	-	
	Ning Bo Yu Cheng	The same ultimate parent company	Sales	(118,147)	1	Sales revenue received in advance	-	-	-	-	
	Fu Jian Yu Xin	The same ultimate parent company	Sales	(134,918)	1	Sales revenue received in advance	-	-	-	-	
	Hang Zhou Hua Zhi	The same ultimate parent company	Sales	(266,281)	1	Sales revenue received in advance	-	-	46,255	3	
	Guang Zhou Yuan Zhi	The same ultimate parent company	Sales	(259,021)	1	Sales revenue received in advance	-	-	-	-	
	Hang Zhou Hua You	The same ultimate parent company	Sales	(185,692)	1	Sales revenue received in advance	-	-	50,649	4	
	Shenzhen Yu Zhi	The same ultimate parent company	Sales	(220,170)	1	Sales revenue received in advance	-	-	-	-	
	Chang Sha Yu Lu	The same ultimate parent company	Sales	(203,420)	1	Sales revenue received in advance	-	-	-	-	
	Jiangmen Yuli	The same ultimate parent company	Sales	(205,434)	1	Sales revenue received in advance	-	-	-	-	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	1,000,698	5	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	(176,688)	5	
	Yueki	The Company's subsidiary	Purchase	748,239	3	45 days	Bargaining	45 days	-	-	
	Nissan Motor Co., Ltd.	A related party in substance	Purchase	7,317,601	33	12 days after bill of lading	-	12 days after bill of lading	-	-	
	Singgual Travel	The Company's subsidiary	Purchase	1,507,962	7	At sight or a month	Bargaining	-	-	-	
	Singan	The Company's subsidiary	Purchase	171,955	1	At sight or a month	Bargaining	-	-	-	
	Yue Sheng	The Company's subsidiary	Purchase	201,278	1	At sight or a month	Bargaining	At sight or a month	(55,189)	2	
	Y-Teks	The Company's subsidiary	Purchase	232,335	1	45 days	-	-	(60,595)	2	
	China Ogihara	An investee accounted for by equity method	Purchase	297,347	1	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
	China Engine	An investee accounted for by equity method	Purchase	149,498	1	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
TAC	Yulon Nissan	An investee accounted for by equity method	Purchase	24,404,454	67	Within 3 days	-	-	(254,984)	48	
	Luxgen	The same ultimate parent company	Purchase	9,976,189	26	Within 3 days	-	-	(47,382)	9	
	Sin Jiang	The same ultimate parent company	Purchase	2,367,352	7	Within 3 days	-	-	(994)	-	
Car-plus Corporation	Hui-Fong	An investee accounted for by equity method	Purchase	477,581	7	10 days	-	-	(8,407)	3	
	Diamond Leasing	The same ultimate parent company	Purchase	838,674	13	1 day	-	-	(20,198)	8	
	Yu Sing	The same ultimate parent company	Purchase	312,601	5	30 days	-	-	(15,507)	6	
	Luxgen Taipei	The same ultimate parent company	Purchase	175,510	3	1 day	-	-	(940)	-	
Empower	TAC	The same ultimate parent company	Purchase	2,955,685	77	Receipt of payment on the day	-	-	(6,420)	13	
Yu Sing	TAC	The same ultimate parent company	Purchase	3,383,302	79	Receipt of payment on the day	-	-	(14,202)	24	
	Yulon Nissan	An investee accounted for by equity method	Purchase	367,380	9	At sight	-	-	-	-	
	Yu-Jan	An investee accounted for by equity method	Purchase	195,192	5	At sight or a month	-	-	(11,103)	19	
Yushin	TAC	The same ultimate parent company	Purchase	2,683,671	83	At sight	-	-	(10,182)	17	
	Yulon Nissan	An investee accounted for by equity method	Purchase	252,466	8	Receipt of payment on the day	-	-	-	-	

(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	
Yu Chang	TAC	The same ultimate parent company	Purchase	$ 4,788,489	87	Receipt of payment on the day	-	-	$ (8,121)	12	
Luxgen	The Company	The parent company	Purchase	10,323,197	97	Within 90 days	-	60 days to 180 days	(98,980)	85	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	4,220,678	91	Receipt of payment on the day	-	-	(16,571)	41	
	Luxgen	The same ultimate parent company	Purchase	338,904	7	At sight	-	-	-	-	
	Singgual Travel	The same ultimate parent company	Purchase	141,300	3	At sight	-	-	-	-	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	2,356,383	92	Receipt of payment on the day	-	-	(9,536)	23	
	Luxgen	The same ultimate parent company	Purchase	182,143	7	Receipt of payment on the day	-	-	-	-	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	2,411,362	91	Receipt of payment on the day	-	-	(4,750)	19	
	Luxgen	The same ultimate parent company	Purchase	168,180	6	Receipt of payment on the day	-	-	-	-	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	1,485,404	93	Receipt of payment on the day	-	-	(2,612)	48	
	Luxgen	The same ultimate parent company	Purchase	132,257	8	Receipt of payment on the day	-	-	-	-	
Luxgen Kaohsiung	TAC	The same ultimate parent company	Purchase	1,816,479	97	Receipt of payment on the day	-	-	(2,946)	77	
	Luxgen	The same ultimate parent company	Purchase	108,145	6	Receipt of payment on the day	-	-	-	-	
Guang Zhou Yuan Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	259,021	83	Payment in advance	-	-	-	-	
Zhuhai Yuhsin	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	175,287	89	Payment in advance	-	-	-	-	
Shanghai Yuming	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	248,786	69	Payment in advance	-	-	-	-	
Hang Zhou Hua Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	266,281	92	Payment in advance	-	-	(46,255)	64	
Hang Zhou Hua You	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	185,692	72	Payment in advance	-	-	(50,649)	96	
Shenzhen Yu Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	220,170	71	Payment in advance	-	-	-	-	
Chang Sha Yu Lu	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	203,420	78	Payment in advance	-	-	-	-	
Suzhou Yueshun	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	109,527	83	Payment in advance	-	-	-	-	
Ning Bo Yu Cheng	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	118,147	100	Payment in advance	-	-	-	-	
Fu Jian Yu Xin	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	134,918	26	Payment in advance	-	-	-	-	
Jiangmen Yuli	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	205,434	43	Payment in advance	-	-	-	-	
Dong Feng Yulon Sales Company	Dong Feng Yulon Motors	An investee accounted for by equity method	Purchase	18,027,465	100	Payment in advance	-	-	(7,278,240)	105	

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)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(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	$ 433,279 (Note 1)	53.47	$ -	-	$ 264,947	$ -
	Luxgen	The Company's subsidiary	120,579 (Note 2)	54.75	-	-	68,566	-
Union & NKH Auto Parts	The Company	The parent company	176,688	8.33	-	-	176,688	-
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	214,679	2.10	-	-	53,861	-
Hangchow Yue Wan	Dong Feng Yulon Motors	An investee accounted for by equity method	148,221	1.27	1,650	Actively demand for settlement	2,078	-
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	214,679	2.81	-	-	-	-
Fuzhou Lianghong	Southeast Bus	A related party in substance	365,684	4.48	-	-	147,619	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	311,966	70.08	-	Depend on capital status	77,392	-
Yulon Motor Investment	Yu-Jie	The same ultimate parent company	252,341 (Note 3)	-	-	-	-	-
Yulon China (HK) Holding	Sheng Qing	The same ultimate parent company	729,820 (Note 3)	-	-	-	5,288	-
Yulon China	Sheng Qing	The same ultimate parent company	714,928 (Note 3)	-	-	-	2,857	-
Sheng Qing	Nanjing Hanhong	The same ultimate parent company	117,619 (Note 3)	-	-	-	-	-
	Shen Jun Yu Peng	The same ultimate parent company	219,167 (Note 3)	-	-	-	23,245	-
	Hangchow Yue Wan	The same ultimate parent company	164,666 (Note 3)	-	-	-	-	-
	Yulon Motor Investment	The same ultimate parent company	1,080,889 (Note 3)	-	-	-	-	-
	Wuhan Yu Hsin	The same ultimate parent company	189,627 (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		
Ke Yu	Sheng Qing	The same ultimate parent company	$ 464,898 (Note 3)	-	$ -	-	$ -	$ -
Mei De	Sheng Qing	The same ultimate parent company	139,625 (Note 3)	-	-	-	-	-
Sheng Qing	Zhu Hai Fu Te En	The same ultimate parent company	215,248 (Note 3)	-	-	-	-	-
	Xiao Gan Yu Feng	The same ultimate parent company	102,278 (Note 3)	-	-	-	-	-
Nan Jing Yu Hua	Nanjing Hanhong	The same ultimate parent company	118,503 (Note 3)	-	-	-	-	-

Note 1: The receivables comprised account and notes receivables of $248,494 thousand and other receivables of $184,785 thousand.

Note 2: The receivables comprises account receivables of $98,980 thousand and other receivables of $21,599 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	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	$ 10,250,883	$ 4,630,615	$ 2,242,977	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	810,409	810,409	111,480	8.05	4,359,206	3,189,100	256,659	-
	TAC	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	125,657	45.75	3,164,150	1,733,071	806,621	-
	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	7,326,065	846,821	95,405	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	60,651	60,651	9,846	50.58	375,407	2,255	(6,877)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	106,948	106,948	14,680	50.97	228,601	28,213	14,074	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	54,995	5,191	4,032	-
	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	615,125	268,050	66,058	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	39,372	39,372	3,448	17.68	77,235	25,542	4,532	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	80,577	33,643	21,303	-
	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	486,467	209,770	66,232	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	109,188	9,521	1,803	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,077,221	1,749,940	72,691	60.00	690,858	104,632	82,633	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	1,122,659	449,940	25,484	100.00	926,876	7,897	7,896	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	77,622	100.00	812,712	55,354	78,177	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	15,999	80.00	183,610	5,026	1,554	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	185,239	(3,246)	426	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	8,614	27.00	184,788	134,536	35,336	-
	Tai Yuen Venture Capital	Taipei, Taiwan	Investments	237,897	237,897	26,760	49.50	109,964	(7,690)	(3,807)	-
	Chi Ho	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	27,540	27,540	360	20.00	8,044	(948)	(53)	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	42,485	42,485	4,249	21.25	75,483	29,676	11,321	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	566,868	566,868	1,004	20.46	620,286	385,940	79,050	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,595	3.46	63,093	414,905	14,342	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	99,935	99,935	10,213	35.62	135,706	58,641	20,838	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	5,399	20.00	59,614	19,731	3,244	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	40,680	40,680	8,332	43.85	21,861	(711)	(312)	-
	Sin Jiang	Taipei, Taiwan	Wholesale and retail of secondhand cars	85,895	85,895	8,568	20.01	96,395	28,819	5,766	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	1,010,492	(9,375)	(16,939)	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	325,199	325,199	32,519	90.33	13,880	30,745	10,387	-
	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	340,307	253,523	84,284	-
	Yulon Overseas	B.V.I.	Investments	10,034,951	9,885,917	325,764	100.00	904,589	(4,146,650)	(4,119,221)	-
	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	1,272,064	806,070	140,189	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	99,000	99,000	9,900	17.88	104,579	(5,154)	1,436	-
	Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	67,459	67,459	6,746	100.00	81,238	6,403	6,163	-
	Haitec	Taipei, Taiwan	Product design	2,007,456	2,007,456	200,000	40.00	6,826	(811,431)	22,568	-
	Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	58,578	33,464	6,221	-
	DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	1,581	(597)	(119)	-
	Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	7,540,000	7,540,000	280,000	100.00	202,675	(147,463)	(130,966)	-
	Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	500,000	500,000	30,000	100.00	28,080	754	832	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	25,360	3,933	1,297	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
	Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	$ 300,000	$ 300,000	30,000	100.00	$ (23,216)	$ (85,171)	$ (82,198)	-
	Yu Ping	New Taipei City, Taiwan	Investments	-	-	-	-	-	(126)	20,868	-
	Yu Yuen	Taipei, Taiwan	Construction industry	3,034,485	-	122,100	100.00	4,825,021	45,020	10,097	-
TAC	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	757,288	757,288	51,492	68.57	1,250,445	414,905	-	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	98,969	100.00	2,187,014	393,529	-	-
	TAC Global	Samoa	Shareholding company	1,564,612	1,564,612	50,537	100.00	1,852,349	8,681	-	-
	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	140,922	806,070	-	-
	Empower	Taichung, Taiwan	Retail of cars and related parts	48,843	48,843	7,290	27.00	87,054	19,731	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	181,731	181,731	17,128	40.00	192,679	28,819	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	500,001	-	45,455	82.12	495,926	(5,154)	-	-
SCC	Shinshin Samoa	Samoa	Shareholding company	389,077	389,077	12,000	100.00	373,949	10,749	-	-
Car-plus Corporation	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	82,231	7,460	-	-
	Car-Plus Samoa	Samoa	Shareholding company	378,187	378,187	12,000	100.00	527,599	12,663	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	90,811	90,811	8,559	19.99	96,282	28,819	-	-
	Da-Wei	Taipei, Taiwan	brokerage of electric vehicles	10,000	-	1,000	100.00	9,982	(18)	-	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	14,977	698	-	-
Sin Jiang	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	42,790	24,243	1,320	71.34	31,867	(1,024)	-	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,500	193,004	6,000	60.00	341,106	13,732	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	193,500	185,183	6,000	60.00	186,494	7,373	-	-
TAC Global	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	227,404	13,732	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	124,329	7,373	-	-
	Yu Rong International	Samoa	Shareholding company	1,296,290	1,296,290	42,000	100.00	1,487,812	957	-	-
	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	540	28.66	12,802	(1,024)	-	-
Tai Yuen Venture Capital	Haitec	New Taipei City, Taiwan	Product design	112,418	112,418	11,200	2.24	110,178	(811,431)	-	-
Yu Pong	Yu Yuen	Taipei, Taiwan	Construction	-	89,058	-	-	-	45,020	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	42,080	42,080	1,135	0.08	29,741	3,189,100	-	0
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	18,430	212	11.99	122,758	253,523	-	-
Yung Hong	Yu Yuen	Taipei, Taiwan	Construction	-	745,292	-	-	-	45,020	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	253,834	253,834	9,994	0.72	261,845	3,189,100	-	-
Yu Ching	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	55,467	55,467	3,500	1.17	84,936	806,070	-	-
	Yulon Nissan	Miaoli, Taiwan	Sales of cars	336,923	336,923	3,500	1.17	251,467	4,630,615	-	-
	Yu Yuen	Taipei, Taiwan	Construction	-	358,514	-	-	-	45,020	-	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	19,914	19,914	2,742	9.56	36,616	58,641	-	-
	Chinh-Ling	Taipei, Taiwan	Product design	36,098	36,098	5,000	100.00	18,116	(283)	-	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	9	9	1	0.01	9	3,933	-	-
Yueki	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	408	408	27	-	747	3,189,100	-	-
	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	25,542	-	-
	Yue Ki Samoa	Samoa	Investments	123,058	123,058	4,126	100.00	564,975	29,885	-	-
	Yue Ki HK	Hong Kong	Investments	330,094	120,016	-	100.00	165,048	(37,146)	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yu Chang	Tian Wang	Kaohsiung, Taiwan	Secondhand cars and car related products	$ 17,000	$ 17,000	1,700	100.00	$ 33,843	$ 12,313	$ -	-
	Yu Chang China	Samoa	Investments	47,422	47,422	1,564	100.00	961	(13,386)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	26,450	26,450	1,420	20.00	9,587	12,716	-	-
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	33,897	1,740	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	12,250	12,250	2,100	20.00	20,943	21,565	-	-
	Yu Shin Investment	Samoa	Investments	46,331	46,331	-	100.00	(11,297)	(36,412)	-	-
Singan	Singgual Travel	New Taipei City, Taiwan	Sales of car parts	130,591	130,591	13,000	100.00	178,982	(3,212)	-	-
	Hsiang Shou	New Taipei City, Taiwan	Towing	128,400	128,400	10,000	100.00	203,591	66,858	-	-
	Hong Shou Culture	New Taipei City, Taiwan	Publication	64,100	64,100	5,000	100.00	33,820	(17,064)	-	-
Empower	Chunmin	Taichung, Taiwan	Comprehensive retail of car parts	8,000	8,000	800	100.00	10,834	94	-	-
	Hong Yen	Samoa	Investments	47,082	47,082	45,995	100.00	95,920	(29,306)	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	27,446	27,446	2,120	20.00	10,680	3,511	-	-
	Yu Ming Insurance	Taichung, Taiwan	Property insurance	3,000	3,000	300	100.00	3,661	128	-	-
Sin Chi	Yulon Nissan	Miaoli, Taiwan	Sales of cars	311,853	311,853	3,050	1.02	219,136	4,630,615	-	-
	Yu Chia	Taipei, Taiwan	Sales, maintenance and repair of heavy vehicles and related products	120,000	50,100	12,000	100.00	38,680	(90,873)	-	-
	Chanchen	Taipei, Taiwan	Management consulting, leases of real estate and general advertising	10,000	10,000	1,000	100.00	13,987	2,715	-	-
Yu Sing	Yu-Jan	Taipei, Taiwan	Sales and arrangement of cars and related products	5,000	5,000	500	100.00	11,308	1,185	-	-
	Ding Long	Taipei, Taiwan	Sales, maintenance and repair of cars and parts	37,790	37,790	3,779	44.99	41,394	7,234	-	-
	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	22,050	22,050	239	1.29	-	(56,030)	-	-
Y-Teks	Yu-Hsin Intl	B.V.I.	Investments	65,854	65,854	2,208	66.67	1,046,285	341,963	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	435	435	28	-	741	3,189,100	-	-
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	688,859	72,497	-	-
Union & NKH Auto Parts	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	640	640	64	-	1,677	3,189,100	-	-
	Uni Investment	B.V.I.	Investments	289,287	289,287	8,403	100.00	2,093,206	252,470	-	-
Luxgen	Luxgen Taipei	New Taipei City, Taiwan	Repair, wholesale and retail of cars and parts	157,625	157,625	13,635	73.70	25,435	(56,030)	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Repair, wholesale and retail of cars and parts	64,883	64,883	6,299	59.99	61,095	21,565	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	71,624	71,624	6,359	59.99	32,147	3,511	-	-
	Luxgen Tainan	Tainan, Taiwan	Repair, wholesale and retail of cars and parts	182,388	101,397	8,399	79.99	79,178	(7,344)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	58,344	58,344	4,259	59.99	28,754	12,716	-	-
	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	151,525	4,347	-	-
	Singan	New Taipei City, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	75,713	58,641	-	-
Luxgen Overseas Hondings Private Limited	Luxgen Limited Liability	Russia	Sale, maintenance and repair of cars and parts	1,148,111	1,126,980	-	99.99	22,658	(9,697)	-	-
Yu Yuen	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,690	1,690	32	-	844	3,189,100	-	-
Yulon Energy	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	139	100.00	1,207	(188)	-	-
Yulon Overseas	Yulon Philippine	Cayman	Investments	1,152,446	1,152,446	32,791	100.00	(240,613)	108,009	-	-
	Yulon China	B.V.I.	Investments	9,693,873	9,544,839	290,564	100.00	1,136,195	(4,319,454)	-	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	941,507	941,507	-	100.00	(292,539)	1,784	-	-
	NPI	Philippine	Sale, maintenance and repair of cars and parts	75,858	75,858	12	24.50	16,483	105,830	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yulon China	Qing Yi	Samoa	Investments	$ 511,163	$ 511,163	15,850	100.00	$ 401,413	$ (113,898)	$ -	-
	Wen Yang	Samoa	Investments	519,225	519,225	16,100	100.00	572,498	11,663	-	-
	Tai Xin	Samoa	Investments	781,134	632,100	19,600	100.00	754,557	(96,263)	-	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	6,807,975	6,807,975	-	100.00	1,498,697	(2,954,271)	-	-
	Yulon China Holding	Cayman	Investments	854,625	854,625	22,500	100.00	(2,219,263)	(1,120,249)	-	-
	Feng Hua	Hong Kong	Investments	90,300	90,300	-	40.00	81,774	(6,467)	-	-
Yulon China Holding	Yulon Motor Investment	Hong Kong	Investments	854,625	854,625	-	100.00	(2,219,149)	(1,120,128)	-	-
Yu Ping	Yu Yuen	Taipei, Taiwan	Construction	-	-	-	-	-	45,020	-	-

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting	$ 71,936	b.	$ 59,985	$ -	$ -	$ 59,985	$ 10,520	100.00	$ 10,520	$ 568,052	$ -	2, b.
Ke Yu	Computer software maintenance and computer system integration	853,548	b.	628,875	149,034	-	777,909	(96,106)	100.00	(96,106)	752,034	-	2, b.
Tai Feng	Computer software maintenance and computer system integration	530,978	b.	478,913	-	-	478,913	7,901	100.00	7,901	515,394	-	2, b.
Qing Tai	Computer software maintenance and computer system integration	559,111	b.	495,038	-	-	495,038	(114,930)	100.00	(114,930)	382,308	-	2, b.
Dong Feng Yulon Motors	Manufacturing of key car components, electric cars and related parts	12,784,706	b.	6,738,125	-	-	6,738,125	(5,918,311)	50.00	(2,959,156)	1,494,072	-	2, a.
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts	205,292	b.	90,300	-	-	90,300	(6,467)	40.00	(2,587)	204,434	-	2, b.
Yulon Motor Investment	Investment, shareholding and related business	776,721	b.	854,625	-	-	854,625	(1,121,174)	100.00	(1,121,174)	(2,721,479)	-	2, b.
Hang Zhou Haitec Company	Product design	143,511	b.	16,125	-	-	16,125	(11,428)	10.00	(1,143)	667,478	-	2, a.
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	2,324,492	a.	1,306,110	-	-	1,306,110	(83,999)	77.10	(64,767)	2,244,121	-	2, a.
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chassises, connection arms, crossrails of engines and other stamping and welding parts	148,733	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system	63,534	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing	79,900	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts	116,169	b.	2,419	-	-	2,419	8,190	2.59	-	2,419	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products	368,661	b.	3,225	-	-	3,225	(354)	2.10	-	3,225	-	-

(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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts	$ 697,348	b.	$ -	$ -	$ -	$ -	$ 87,079	17.00	$ 14,803	$ 548,615	$ -	2, c.
Hangchow Yue Wan	Manufacturing of car parts	347,133	b.	-	-	-	-	(37,084)	51.00	(18,913)	180,519	-	2, c.
Hangchow Y-Teks	Manufacturing and sales of car interior furnishing and related business	277,590	b.	-	-	-	-	41,127	27.00	11,104	381,629	-	2, c.
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business	54,134	b.	-	-	-	-	16,016	14.00	2,242	82,077	-	2, c.
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business	161,250	b.	-	-	-	-	197,625	5.00	9,881	176,435	-	2, c.
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business	212,850	b.	-	-	-	-	1,229,585	6.00	73,775	876,609	-	2, c.
Fuzhou Lianghong	Manufacturing of car seats	483,328	b.	-	-	-	-	226,880	17.00	38,570	616,589	-	2, c.
Hangchow Liangrun	Manufacturing of car seats	453,922	b.	-	-	-	-	(17,704)	25.00	(4,426)	252,248	-	2, c.
Guang Zhou Ri Zheng Spring	Manufacturing of vibration damper springs	862,688	b.	-	-	-	-	68,287	10.00	6,829	1,197,385	-	2, c.
Shang Hai Jing-Huei	Sales of car parts	52,436	a.	-	-	-	-	(22,881)	61.00	(13,957)	68,100	-	2, c.
Yu-Jie	Construction industry	1,394,695	a.	-	1,407,587	-	1,394,695	120	100.00	120	1,394,810	-	2, c.
Car-Plus (Suzhou)	Lease of cars and related services	322,500	b.	-	-	-	-	13,729	39.20	5,381	567,298	-	2, a.
Car-Plus Leasing (Shanghai)	Lease of cars and related services	322,500	b.	-	-	-	-	7,373	39.20	2,890	310,801	-	2, a.
TAC Leasing (Suzhou)	Equipments and cars leasing business	967,500	b.	-	-	-	-	(9,792)	45.75	(4,480)	1,157,515	-	2, b.
TAC Finance Company	Equipments and cars leasing business	967,500	b.	-	-	-	-	26,873	56.60	15,210	506,336	-	2, b.
Zhe Jiang Cheng Yi Company	Sale and brokerage of secondhand vehicles	92,980	b.	-	-	-	-	(6,745)	43.97	(2,966)	49,474	-	2, c.
Hangzhou Cheng-Yi-Jun	Secondhand vehicle authenticate and evaluation service	2,324	b.	-	-	-	-	(100)	38.01	(38)	2,229	-	2, c.
Su Zhou Yu Guo	Sales of cars	9,298	b.	-	-	-	-	(2,364)	28.42	(672)	1,907	-	2, c.
Shanghai Yu Guo	Sales of cars	9,298	b.	-	-	-	-	1,049	10.98	115	3,090	-	2, c.
Dongguan Yu Guo	Sales of cars	9,298	b.	-	-	-	-	(5,009)	10.98	(550)	1,351	-	2, c.
Xiamen Yu Guo	Sales of cars	9,298	b.	-	-	-	-	580	10.98	64	2,956	-	2, c.
Fu Jian Yu Xin	Sales of cars	95,254	b.	-	-	-	-	(75,305)	90.20	(67,925)	(99,849)	-	2, c.
Ning Bo Yu Cheng	Sales of cars	95,254	b.	-	-	-	-	(33,926)	82.85	(28,107)	(12,388)	-	2, c.
Shanghai Yuming	Sales of cars	182,909	b.	-	-	-	-	(54,095)	66.99	(36,236)	115,313	-	2, c.
Ka Shing Yu Da	Sales of cars	58,308	b.	-	-	-	-	(12,964)	66.99	(8,684)	63,226	-	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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts	$ 72,885	b.	$ -	$ -	$ -	$ -	$ (10,301)	44.74	$ (4,609)	$ 55,820	$ -	2, c.
Dong Feng Yulon Sales Company	Sales of cars and car parts	238,134	b.	-	-	-	-	(2,273,366)	50.00	(1,136,683)	(2,898,639)	-	2, a.
Sheng Qing	Investments	2,118,695	b.	-	-	-	-	(89,875)	100.00	(89,875)	1,328,826	-	2, b.
Mei De	Computer software maintenance and computer system integration	378,632	b.	-	-	-	-	734	100.00	734	375,722	-	2, b.
Shi Cheng	Computer software maintenance and computer system integration	344,944	b.	-	-	-	-	(199,860)	100.00	(199,860)	95,220	-	2, b.
Jin Ce	Computer software maintenance and computer system integration	93,682	b.	-	-	-	-	(12,041)	100.00	(12,041)	76,546	-	2, b
Yi Ding	Computer software maintenance and computer system integration	262,900	b.	-	-	-	-	(121)	100.00	(121)	244,499	-	2, b
Dong Tai	Investments	351,470	b.	-	-	-	-	(213,304)	100.00	(213,304)	77,792	-	2, b
Gao Te	Investments	276,235	b.	-	-	-	-	(836)	100.00	(836)	249,678	-	2, b
Shen Jun Yu Peng	Sales of cars	57,152	b.	-	-	-	-	13,357	65.00	8,682	(10,933)	-	2, b
Su Zhou Feng Shen	Sales of cars	228,609	b.	-	-	-	-	137,986	40.00	55,194	294,694	-	2, b
Guang Zhou Yuan Du	Sales of cars	166,693	b.	-	-	-	-	12,964	61.00	7,908	119,972	-	2, b
Zhu Hai Fu Te En	Sales of cars	23,813	b.	-	-	-	-	36,292	100.00	36,292	120,553	-	2, b.
Nanjing Hanhong	Sales of cars	334,591	b.	-	-	-	-	(66,593)	100.00	(66,593)	187,177	-	2, b
Wuhan Yu Hsin	Sales of cars	133,355	b.	-	-	-	-	14,353	100.00	14,353	(68,726)	-	2, b.
HangZhou Yu Zhong	Trading	47,626	b.	-	-	-	-	92	100.00	92	78,535	-	2, b
Shanghai Yuexing	Sales of cars	124,793	b.	-	-	-	-	(16,258)	100.00	(16,258)	(61,381)	-	2, b.
Jiangmen Junxing	Sales of cars	96,216	b.	-	-	-	-	10,811	60.00	6,487	36,416	-	2, b
Jiangmen Yuli	Sales of cars	48,590	b.	-	-	-	-	5,593	60.00	3,356	56,234	-	2, b
He-Shan Li-Sheng	Sales of cars	2,915	b.	-	-	-	-	(87)	60.00	(52)	2,706	-	2, b.
Guang Zhou Yuan Zhi	Sales of cars	47,626	b.	-	-	-	-	(19,033)	61.00	(11,610)	6,047	-	2, b.
Qingdao Yuanhuang	Sales of cars	142,880	b.	-	-	-	-	(28,051)	51.00	(14,306)	(90,599)	-	2, b.
Hang Zhou Hua Zhi	Sales of cars	95,254	b.	-	-	-	-	(43,784)	80.00	(35,028)	(63,182)	-	2, b
Chang Sha Yu Lu	Sales of cars	95,254	b.	-	-	-	-	(9,480)	100.00	(9,480)	72,334	-	2, b.
Hang Zhou Tang Yu	Investments	47,626	b.	-	-	-	-	375	100.00	375	50,368	-	2, b.
Hang Zhou Chien Yu	Investments	47,626	b.	-	-	-	-	(83)	100.00	(83)	42,190	-	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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Zhuhai Yuhsin	Sales of cars	$ 23,813	b.	$ -	$ -	$ -	$ -	$ 719	100.00	$ 719	$ (10,316)	$ -	2, b
Shenzhen Yu Zhi	Sales of cars	47,626	b.	-	-	-	-	7,925	100.00	7,925	36,137	-	2, b.
Xiao Gan Yu Feng	Sales of cars	76,203	b.	-	-	-	-	9,942	100.00	9,942	47,080	-	2, b.
Su Zhou Feng Shun	Sales of cars	119,742	b.	-	-	-	-	67,943	40.00	27,177	240,297	-	2, b.
Suzhou Yueshun	Sales of cars	47,626	b.	-	-	-	-	(8,085)	40.00	(3,234)	51,883	-	2, b
Su Chou Cheng Pin	Sales of cars	192,434	b.	-	-	-	-	6,263	40.00	2,505	185,750	-	2, b.
Wu Jiang Lian Cheng	Sales of cars	47,626	b.	-	-	-	-	30,991	40.00	12,396	101,148	-	2, b.
Su Zhou Cheng Li	Sales of cars	71,921	b.	-	-	-	-	(6,025)	40.00	(2,410)	40,223	-	2, b.
Hang Zhou Hsiao Yu	Investments	47,626	b.	-	-	-	-	(44)	99.00	(43)	41,961	-	2, b.
Nan Jing Yu Shang	Sales of cars	38,101	b.	-	-	-	-	(17,381)	100.00	(17,381)	(42,929)	-	2, b.
Hang Zhou Hua You	Sales of cars	38,101	b.	-	-	-	-	(24,572)	80.00	(19,658)	(94,546)	-	2, b.
Su Zhou Cheng Pang	Sales of cars	47,626	b.	-	-	-	-	7,852	40.00	3,141	39,395	-	2, b
Nan Jing Yu Hua	Sales of cars	142,880	b.	-	-	-	-	(10)	100.00	(10)	139,451	-	2, b
Su Zhou Cheng Guo	Sales of cars	48,590	b.	-	-	-	-	(13,357)	40.00	(5,343)	32,678	-	2, b
Su Zhou Cheng Hung	Sales of cars	48,590	b.	-	-	-	-	(1,020)	40.00	(408)	44,147	-	2, b
Tai Chang Cheng Mau	Sales of cars	48,590	b.	-	-	-	-	10,972	40.00	4,389	55,606	-	2, b
An Hui Min Tung	Sales of cars	48,590	b.	-	-	-	-	(46,209)	100.00	(46,209)	3,422	-	2, b.
An Ching Tsai Tung	Sales of cars	24,295	b.	-	-	-	-	(68,070)	100.00	(68,070)	(63,789)	-	2, b
An Ching Ling Tung	Sales of cars	19,436	b.	-	-	-	-	(67,433)	100.00	(67,433)	(47,210)	-	2, b
Tung Ling Kuo Tung	Sales of cars	24,295	b.	-	-	-	-	7,959	100.00	7,959	(1,055)	-	2, b
Ho Fei Chun Hui	Sales of cars	2,430	b.	-	-	-	-	(7,891)	100.00	(7,891)	(5,500)	-	2, b
Zi Bo Yu An	Sales of cars	24,295	b.	-	-	-	-	(14,509)	100.00	(14,509)	1,134	-	2, b

(Continued)

Accumulated Investment in Mainland China as of December 31, 2016	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	$12,227,144	$16,021,022	$47,437,692

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: The amounts of investment gain (loss) was recognized on following bases:
- a. Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
- b. Based on the financial statements audited by the auditor of parent company.
- c. 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)

6.5 The audited consolidated financial statements of the parent company and subsidiaries in recent year

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, 2016 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 27, 2017

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016. 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, 2016 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$5,733,470 thousand, and the molds equipment used for the production of the vehicle model was NT$3,457,831 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, 2016, allowance for impairment loss of trade receivable was NT$2,073,883 thousand, representing 2.54% of total trade receivable; impairment loss of trade receivable recognized in the consolidated statement of comprehensive income for the year ended December 31, 2016 was NT$1,228,225 thousand, representing 7.24% 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, 2016 and 2015 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, 2016 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 27, 2017

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 17,082,251	8	$ 16,305,124	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,130,637	1	4,748,673	2
Available-for-sale financial assets - current (Notes 4 and 8)	185,593	-	177,134	-
Derivative financial assets for hedging - current (Notes 4 and 10)	-	-	1,135	-
Financial assets measured at cost - current (Notes 4 and 11)	3,010	-	3,010	-
Debt investments with no active market - current (Notes 4, 12 and 35)	5,247,872	2	6,015,982	3
Notes and trade receivable (Notes 4, 13 and 35)	77,439,788	35	64,452,907	30
Notes and trade receivable from related parties (Notes 4, 13, 34 and 35)	2,011,383	1	2,712,133	1
Finance lease receivables (Notes 4 and 14)	12,648,089	6	10,089,962	5
Other receivables (Note 34)	2,047,097	1	2,592,732	1
Inventories (Notes 4, 15 and 35)	7,571,563	3	9,413,898	5
Other current assets (Note 21)	5,217,552	2	5,645,105	3
Total current assets	131,584,835	59	122,157,795	58
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	423,474	-	383,315	-
Held-to-maturity financial assets - non-current (Notes 4 and 9)	17,095	-	17,557	-
Financial assets measured at cost - non-current (Notes 4 and 11)	155,305	-	195,679	-
Debt investment with no active market - non-current (Notes 4, 12 and 35)	9,750	-	13,788	-
Investments accounted for using the equity method (Notes 4 and 17)	30,476,626	14	33,814,732	16
Property, plant and equipment (Notes 4, 18 and 35)	33,663,144	15	33,217,023	16
Investment properties (Notes 4 and 19)	10,813,104	5	10,710,609	5
Goodwill (Note 4)	882	-	882	-
Vehicle model development cost (Notes 4 and 20)	5,733,470	3	6,101,837	3
Other intangible assets (Notes 4 and 20)	396,701	-	402,235	-
Deferred tax assets (Notes 4 and 29)	1,092,327	1	1,071,551	-
Long-term finance lease receivables (Notes 4 and 14)	1,019,284	-	1,177,911	1
Refundable deposits	416,913	-	564,900	-
Long-term prepayments for lease (Note 21)	1,093,773	1	696,937	-
Other non-current assets	4,374,958	2	1,475,339	1
Total non-current assets	89,686,806	41	89,844,295	42
TOTAL	$ 221,271,641	100	$ 212,002,090	100

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	$ 39,492,732	18	$ 32,841,275	16
Short-term bills payable (Note 22)	54,317,680	25	48,764,136	23
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,145	-	2,904	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	-	-	1,856	-
Notes and trade payables	5,754,665	3	5,069,622	2
Notes and trade payable to related parties (Note 34)	7,615,136	3	6,376,815	3
Other payables (Notes 20, 24 and 34)	8,461,606	4	10,002,379	5
Current tax liabilities (Notes 4 and 29)	902,548	-	371,851	-
Provisions - current (Notes 4 and 25)	334,057	-	427,172	-
Current portion of long-term borrowings (Notes 4 and 22)	1,197,964	1	534,512	-
Current portion of bonds payable (Notes 4 and 23)	3,000,000	1	3,368,076	2
Other current liabilities (Note 24)	11,303,884	5	10,862,695	5
Total current liabilities	132,381,417	60	118,623,293	56
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 22)	927,511	-	1,654,456	1
Provisions - non-current (Notes 4 and 25)	851,333	-	760,456	-
Deferred tax liabilities (Notes 4 and 29)	3,557,823	2	3,550,254	2
Long-term trade payables (Notes 20, 24 and 34)	2,100,000	1	3,318,976	2
Deferred revenue - non-current (Note 24)	23,980	-	73,438	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	1,729,048	1	2,274,547	1
Other non-current liabilities (Note 24)	637,709	-	565,027	-
Total non-current liabilities	9,827,404	4	12,197,154	6
Total liabilities	142,208,821	64	130,820,447	62
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Share capital				
Ordinary shares	15,729,199	7	15,729,199	8
Capital surplus	6,664,910	3	6,650,489	3
Retained earnings				
Legal reserve	7,715,818	4	7,380,610	3
Special reserve	36,373,565	16	35,373,565	17
Unappropriated earnings	2,375,157	1	4,157,281	2
Total retained earnings	46,464,540	21	46,911,456	22
Other equity				
Exchange differences on translating foreign operations	75,147	-	1,484,838	1
Unrealized gain on available-for-sale financial assets	1,157,054	1	1,078,584	-
Cash flow hedges	-	-	(338)	-
Total other equity	1,232,201	1	2,563,084	1
Treasury shares	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	69,714,546	32	71,477,924	34
NON-CONTROLLING INTERESTS (Note 27)	8,348,274	4	9,703,719	4
Total equity	78,062,820	36	81,181,643	38
TOTAL	$ 220,271,641	100	$ 212,002,090	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, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 28 and 34)				
Sales	$ 93,771,672	84	$ 104,559,739	85
Investment income	53,001	-	184,752	-
Rental revenue	7,240,012	6	7,316,199	6
Service revenue	2,889,172	3	2,588,634	2
Other operating revenue	8,212,828	7	7,876,497	7
Total operating revenue	112,166,685	100	122,525,821	100
OPERATING COSTS (Notes 4, 15, 26, 28 and 34)				
Cost of goods sold	83,341,209	74	92,198,859	75
Investment cost	9,193	-	48,662	-
Rental cost	6,019,283	5	6,109,297	5
Service cost	1,616,212	2	1,648,566	1
Other operating cost	1,980,970	2	4,560,359	4
Total operating costs	92,966,867	83	104,565,743	85
GROSS PROFIT	19,199,818	17	17,960,078	15
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	157	-	1,088	-
REALIZED GROSS PROFIT	19,199,975	17	17,961,166	15
OPERATING EXPENSES (Notes 4, 26, 28 and 34)				
Selling and marketing expenses	8,673,135	8	9,406,878	8
General and administrative expenses	8,008,870	7	7,979,829	7
Research and development expenses	294,075	-	294,503	-
Total operating expenses	16,976,080	15	17,681,210	15
PROFIT FROM OPERATIONS	2,223,895	2	279,956	-
NON-OPERATING INCOME				
Other income (Notes 4 and 28)	975,089	1	728,187	1
Other losses (Notes 4 and 28)	(654,866)	(1)	(285,627)	-
Finance costs (Notes 4 and 28)	(313,359)	-	(405,615)	-

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
Share of profit of associates and joint ventures accounted for by the equity method (Notes 4 and 17)	$ 620,057	1	$ 4,124,231	3
Interest income (Notes 4 and 28)	213,079	-	296,745	-
Total non-operating income	840,000	1	4,457,921	4
PROFIT BEFORE INCOME TAX	3,063,895	3	4,737,877	4
INCOME TAX EXPENSE (Notes 4 and 29)	1,284,672	1	818,585	1
NET PROFIT FOR THE YEAR	1,779,223	2	3,919,292	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(238,341)	-	(149,053)	-
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method	(51,239)	-	(95,968)	-
	(289,580)	-	(245,021)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation operations	(484,623)	(1)	(94,632)	-
Unrealized gain (loss) on available-for-sale financial assets	93,799	-	(343,246)	(1)
Cash flow hedges	721	-	479	-
Share of the other comprehensive of associates and joint ventures accounted for by the equity method	(1,248,489)	(1)	(225,269)	-
	(1,638,592)	(2)	(662,668)	(1)
Other comprehensive loss for the year, net of income tax	(1,928,172)	(2)	(907,689)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (148,949)	-	$ 3,011,603	2

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,334,703	1	$ 3,352,078	3
Non-controlling interests	444,520	1	567,214	-
	$ 1,779,223	2	$ 3,919,292	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (275,544)	-	$ 2,575,361	2
Non-controlling interests	126,595	-	436,242	-
	$ (148,949)	-	$ 3,011,603	2
EARNINGS PER SHARE (Note 30)				
Basic	$0.91		$2.29	
Diluted	$0.91		$2.29	

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other 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	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2015	$ 15,729,199	$ 6,561,260	$ 7,159,575	$ 34,373,565	$ 3,446,670	$ 1,721,402	$ 1,386,228	$ (574)	$ (376,304)	$ 70,001,021	$ 10,147,699	$ 80,148,720
Appropriation of the 2014 earnings												
Legal reserve	-	-	221,035	-	(221,035)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)	-	(1,101,044)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,015,688)	(1,015,688)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	14,850	-	-	(38)	-	-	-	-	14,812	99	14,911
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	-	74,379	-	-	(86,605)	-	-	-	-	(12,226)	12,226	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	123,141	123,141
Net profit for the year ended December 31, 2015	-	-	-	-	3,352,078	-	-	-	-	3,352,078	567,214	3,919,292
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	(232,745)	(236,564)	(307,644)	236	-	(776,717)	(130,972)	(907,689)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	3,119,333	(236,564)	(307,644)	236	-	2,575,361	436,242	3,011,603
BALANCE, DECEMBER 31, 2015	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

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,063,895	$ 4,737,877
Adjustments for:		
Interest income	(7,179,641)	(6,564,502)
Depreciation expenses	6,731,963	6,554,683
Impairment loss recognized on trade receivables	1,439,397	1,066,945
Finance costs	1,236,913	1,318,726
Net loss on foreign currency exchange	1,152,229	123,984
Amortization expenses	852,767	791,983
Share of profit of associates and joint ventures accounted for by the equity method	(610,865)	(4,133,829)
Impairment loss recognized on non-financial assets	147,943	2,665,278
Recognition of provisions	115,621	273,934
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss and retirement	(58,343)	(13,942)
Dividend income	(54,142)	(65,898)
Realized gain on the transactions with associates and joint ventures accounted for by the equity method	(32,697)	(4,941)
Gain on disposal of financial assets	(27,742)	(574,804)
Gain on disposal of investment properties	(20,054)	-
Loss on disposal of property, plant and equipment	3,445	20,104
Impairment loss recognized on financial assets	11,844	75,455
Net loss on disposal of intangible assets	-	1,573
Changes in operating assets and liabilities		
Financial assets held for trading	1,848,138	(1,847,650)
Notes and trade receivable	(13,700,239)	(8,792,475)
Other receivables	(44,299)	339,230
Inventories	1,787,181	1,289,516
Prepayments and other current assets	145,999	119,363
Finance lease receivables	(3,511,859)	(2,561,765)
Available-for-operating-sale leased assets	(4,561,225)	(4,787,485)
Other operating assets	(183,788)	(45,520)
Notes and trade payables	2,673,890	1,073,870
Other payables	(4,032,260)	(3,306,998)
Provisions	(117,912)	(233,571)
Other current liabilities	96,682	(892,552)
Accrued pension liabilities	(783,840)	(44,391)
Deferred revenue	(34,468)	(65,712)
Other operating liabilities	19,961	(22,497)
Cash used in operations	(13,625,506)	(13,506,011)
Interest received	6,983,887	6,593,752
Interest paid	(1,198,670)	(1,382,107)
Income tax paid	(718,454)	(939,742)
Net cash used in operating activities	(8,558,743)	(9,234,108)

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	$ (3,828,379)	$ (2,667,079)
Proceeds on sale of financial assets at fair value through profit or loss	5,713,504	6,090,628
Purchase of financial assets at fair value through profit or loss	(4,891,290)	(6,729,095)
Payments for other non-current assets	(2,746,698)	(208,057)
Dividend received	2,661,954	5,221,098
Proceeds from disposal of property, plant and equipment	769,462	1,002,522
Proceeds on sale of debt investments with no active market	753,981	-
(Increase) decrease in prepayments for real estate development	(412,667)	96,994
Payments for intangible assets	(178,111)	(224,352)
Decrease (increase) in refundable deposits	121,290	(69,825)
Proceeds on sale of available-for-sale financial assets	89,354	436,374
Proceeds on investment properties	44,038	-
Proceeds on sale of financial assets measured at cost	43,617	667,002
Purchase of available-for-sale financial assets	(18,151)	(2,419)
Net cash outflow on acquisition of subsidiaries	(13,630)	(68,615)
Acquisition of associates	(8,746)	(59,901)
Proceeds from the capital reduction of financial assets measured at cost	1,302	655
Acquisition of financial assets measured at cost	(782)	(77,811)
Purchase of debt investments with no active market	-	(4,167,081)
Proceeds from the capital reduction by an associate	-	32,400
Disposal of investments accounted for using equity method	-	789
Net cash used in investing activities	(1,899,952)	(725,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	10,407,251	6,689,607
Proceeds from short-term bills payable	7,904,146	9,225,714
Repayment of short-term borrowings	(2,733,632)	(4,735,019)
Dividends paid	(2,438,631)	(2,116,732)
Repayment of short-term bills payable	(2,304,786)	(2,102,830)
Proceeds from guarantee deposits received	781,955	138,387
Repayment of long-term borrowings	(214,839)	(121,706)
Proceeds from long-term borrowings	151,346	306,379
Change in non-controlling interests	107,731	(226,760)
Net cash generated from financing activities	11,660,541	7,057,040
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(424,719)	(138,596)

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 777,127	$ (3,041,437)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,305,124	19,346,561
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 17,082,251	$ 16,305,124

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, 2016 AND 2015
(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 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 20, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016

(Continued)

New, Amended or Revised Standards and	Effective Date

Interpretations (the "New IFRSs")	Announced by IASB (Note 1)
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

   The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

2) Annual Improvements to IFRSs: 2010-2012 Cycle

   Several standards, including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments", were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss. The amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” clarifies there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

4) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets or disposal group “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale. The amendment will be applied prospectively to transactions that occur on or after January 1, 2017.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level). The amendment is applied from January 1, 2016, and any adjustment arising from the initial application of the amendment is recognized in net defined benefit liabilities, deferred tax asset and retained earnings.

5) 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 Group 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 will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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.

New IFRSs	Effective Date Announced by IASB (Note 1)
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 shall be 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, 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.

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.

2) 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.

3) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures,” were amended in this annual improvement.

The amendment to IFRS 12 clarified that when an entity’s interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12.

The amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Group may elect to measure that investment at fair value through profit or loss. The Group shall make this election separately for each associate or joint venture at the initial recognition of the associate or joint venture.

Furthermore, the amendment to IAS 28 clarified that when the Group (non-investment entity) applies the equity method to account for investment in an associate or a joint venture that is an investment entity, the Group may elect to retain the fair value of the investment in subsidiaries of the investment entity associate or joint venture. The election should be made separately for each investment entity associate or joint venture, at the later of the date (a) the investment entity associate or joint venture is initially recognized, (b) the associate or joint venture becomes an investment entity, or (c) the investment entity associate or joint venture first becomes a parent.

The Group shall apply the aforementioned amendments retrospectively.

5) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment

property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Group may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of retained earnings at that date. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

6) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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 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 acquire 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 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

	December 31	
	2016	2015
Cash on hand	$ 16,618	$ 76,180
Checking accounts and demand deposits	15,205,468	13,475,800
Cash equivalent		
Time deposits with original maturities within 3 months	1,825,165	2,601,402
Repurchase agreements collateralized by bonds	35,000	151,742
	$ 17,082,251	$ 16,305,124

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	2015
Financial assets at FVTPL - current		
Financial assets designated as at FVTPL		
Credit-linked instruments	$ 376,684	$ 482,006
Principal guaranteed financial assets	102,179	800,019
	478,863	1,282,025
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Convertible bond redemption rights and put provision (Note 23)	-	115
Non-derivative financial assets		
Quoted stocks	424,762	50,747
Beneficial certificates - mutual funds	1,227,012	3,415,786
	1,651,774	3,466,648
	$ 2,130,637	$ 4,748,673
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts*	$ 1,145	$ 2,904

* 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
December 31, 2016			
$ 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
December 31, 2015			
$ 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

	December 31	
	2016	2015
Current		
Quoted stocks	$ 166,505	$ 177,134
Non-guaranteed financial products (Note)	19,088	-
	$ 185,593	$ 177,134
Non-current		
Quoted stocks	$ 422,965	$ 381,081
Others	509	2,234
	$ 423,474	$ 383,315

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

	December 31	
	2016	2015
Non-current		
Bond investment - Central Government Development Bonds	$ 17,095	$ 17,557

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, 2016 and 2015, TAC and SCC pledged Central Government Development Bonds with the face value of $7,200 thousand and $6,400 thousand, respectively as guaranteed deposits for evidence of claims from the courthouse.

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

	December 31	
	2016	2015
Derivative financial assets under hedge accounting		
Cash flow hedges - cross-currency swaps (a)	$ -	$ 1,135
Derivative financial liabilities under hedge accounting		
Cash flow hedges - interest rate swaps (b)	$ -	$ 1,856

a. The Group uses cross-currency swaps (CCS) mainly to avoid adverse risks due to exchange rate and interest rate fluctuations. The CCS contract terms are identical to those for debts under hedging; thus, the Company's management considered CCS contracts as highly effective hedging tools. The outstanding CCS contract at the end of the reporting period was as follows:

Notional Amount (In Thousands)	Maturity Date	Interest Rate - Payment	Interest Rate - Receipt
December 31, 2015			
US$ 20,000	2016.11.10	0.835%	3-month London InterBank Offer Rate plus 0.5%

b. 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
December 31, 2015			
$ 100,000	2016.09.29	Note	1.055%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.28	Note	0.990%
200,000	2016.10.28	Note	0.990%

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

	December 31	
	2016	2015
Current		
Domestic unlisted common shares	$ 3,010	$ 3,010
Non-current		
Domestic unlisted common shares	$ 153,692	$ 193,758
Others	1,613	1,921
	$ 155,305	$ 195,679
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 158,315	$ 198,689

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

	December 31	
	2016	2015
Current		
Reserve account	$ 263,031	$ 295,065
Pledged time deposits	7,700	9,540
		(Continued)
Time deposits with original maturity more than 3 months	4,963,107	3,165,549

	December 31	
	2016	2015
Restricted bank deposit	14,034	2,545,828
	$ 5,247,872	$ 6,015,982
Non-current		
Pledged time deposits	$ 9,750	$ 8,709
Time deposits with original maturity more than 3 months	-	5,079
	$ 9,750	$ 13,788

(Concluded)

Note: Under the approval of the State Administration of Foreign Exchange in Mainland China, Yulon Motor Finance (China) Co., Ltd. may use the bank deposit only after it starts its operations.

Refer to Note 35 for information relating to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2016	2015
Notes and trade receivable	$ 89,463,738	$ 75,008,079
Less: Allowance for impairment loss	(2,241,590)	(1,820,677)
Unrealized interest income	(7,770,977)	(6,022,362)
	$ 79,451,171	$ 67,165,040

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	
	2016	**2015**
Based on the past due days from end of credit term		
Not past due	$ 80,610,661	$ 67,801,529
1-180 days	790,716	1,035,995
Over 180 days	291,384	148,193
	$ 81,692,761	$ 68,985,717

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2016	**2015**
Based on the past due days from end of credit term		
1-180 days	$ 59,827	$ 116,270
Over 180 days	99,847	5,498
	$ 159,674	$ 121,768

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, 2015	$ 20,894	$ 1,600,041	$ 1,620,935
Add: Impairment losses recognized on receivables	8,288	794,625	802,913
Deduct: Amounts written off during the period as uncollectible	(2,877)	(583,416)	(586,293)
Foreign exchange translation gains and losses	(228)	(16,650)	(16,878)
Balance at December 31, 2015	$ 26,077	$ 1,794,600	$ 1,820,677

(Continued)

	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
Deduct: Amounts written off during the period as uncollectible	-	(821,062)	(821,062)
Foreign exchange translation gains and losses	(1,378)	7,460	6,082
Balance at December 31, 2016	$ 29,438	$ 2,212,152	$ 2,241,590

(Concluded)

The Group recognized impairment loss on trade receivables amounting to $29,438 thousand and $26,077 thousand as of December 31, 2016 and 2015, 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

	December 31	
	2016	2015
Gross investment in leases		
Up to one year	$ 8,138,905	$ 8,249,706
More than one year and up to five years	8,244,486	5,226,120
More than five years	10,339	10,796
	16,393,730	13,486,622
Less: Unearned finance income	(1,975,414)	(1,615,393)
Less: Allowance for uncollectible lease payments	(750,943)	(603,356)
Present value of minimum lease payments	$ 13,667,373	$ 11,267,873
Finance lease receivables		
Up to one year	$ 7,183,165	$ 7,255,672
More than one year and up to five years	7,225,562	4,605,099
More than five years	9,589	10,458
	14,418,316	11,871,229
Less: Allowance for uncollectible lease payments	(750,943)	(603,356)
Finance lease receivables	$ 13,667,373	$ 11,267,873

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 4.43%-14.57% and 4.62%-14.15% per annum as of December 31, 2016 and 2015, respectively.

The aging of finance lease receivables was as follows:

	December 31	
	2016	2015
Not past due	$ 12,987,816	$ 10,820,323
1-180 days	873,910	659,284
Over 181 days	556,590	391,622
	$ 14,418,316	$ 11,871,229

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	
	2016	2015
Balance at January 1	$ 603,356	$ 349,295
Add: Impairment losses recognized on receivables	203,504	264,032
Foreign exchange translation gains and losses	(55,917)	(9,971)
Balance at December 31	$ 750,943	$ 603,356

15. INVENTORIES

The Group's inventories include finished goods, work in progress, raw materials, properties for sale and construction land.

	December 31	
	2016	2015
Finished goods	$ 4,638,111	$ 6,140,644
Work in progress	198,508	264,944
Raw materials	2,655,255	2,928,621
	7,491,874	9,334,209
Properties for sale		
Yu-Wen Garden	2,584	2,584
Hsin-Dian Da Feng section	1,757	1,757
	4,341	4,341
Construction land		
Zhong-Li Fushin Section	75,348	75,348
	$ 7,571,563	$ 9,413,898

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was $83,278,594 thousand and $92,252,970 thousand, respectively.

The cost of goods sold for the years ended December 31, 2016 and 2015 included inventory write-downs of $62,615 thousand and reversal of inventory write-downs of $54,111 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 December 31 2016	% of Ownership December 31 2015	Remark
The Company	Taiwan Acceptance Corporation ("TAC Corporation")	Sale and lease of cars and parts	45.75	46.90	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	100.00	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	100.00	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	99.99	The Group acquired treasury stock in the 2nd quarter of 2016.
	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	49.50	The Group's percentage of ownership in the investee was both 49.52% in the two reporting periods.
	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.
	Yu Yuen	Construction	100.00	-	The Group owned 100% of Yu Yuen in 2016 and owned 98.6% in 2015.

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2016	% of Ownership December 31 2015	Remark

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	-	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	-	Established in 3rd quarter of 2016.
Diamond Leasing	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	60.00	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	40.00	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	40.00	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	90.00	-
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.
	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.
Sin Chi Company	Yu Chia Motor Co., Ltd. (“Yu Chia”)	Sale, maintenance and repair of heavy vehicles and parts	100.00	100.00	-
	Chanchen Inter Consulting (“Chanchen”)	Management consulting, lease of real estate, general advertising, etc.	100.00	100.00	-
Yung Hong	Tai Yuen	Investments	0.02	0.02	The Group owned 49.52% of Tai Yuen in the two reporting periods.
	Yu Yuen	Construction	-	32.65	The Group owned 100% in 2016, and owned 98.6% in 2015.
Yu Ching	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.
	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 Pong	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)

Investor	Investee	Main Businesses	% of Ownership December 31 2016	% of Ownership December 31 2015	Remark
Sin Gan	Singgual Travel Service Co., Ltd.	Sale of information software,	100.00	100.00	-

	(“Singgual Travel”)	telecommunications equipment and maintenance of cars and parts			
	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	-
Singgual 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 Holding	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	54.55	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 Elegan in the 4th quarter of 2015.
Xiamen Young Chang	Sheng Qing (Bei Jin) Investment Co., Ltd. (“Sheng Qing”)	Investments	45.45	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	100.00	-
Wen Yang	Tai Feng (Nan Jing) Software Technology Co., Ltd. (“Tai Feng”)	Computer software maintenance and computer system integration	100.00	100.00	-
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.
	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.
Ke Yu	Shi Cheng	Computer software maintenance and computer system integration	46.96	10.00	The Group wholly owned Shi Cheng in the two reporting periods.
	Yi Ding	Computer software maintenance and computer system integration	90.00	90.00	The Group wholly owned Yi Ding in the two reporting periods.
Jin Ce	Dong Tai (Bei Jin) Investment Co., Ltd. (“Dong Tai”)	Investments	5.97	10.00	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 December 31 2016	% of Ownership December 31 2015	Remark
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 Jen 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	100.00	The Group sold 40% of shares to non-controlling interest in the 3rd quarter of 2016. As a result, the Group ownership of Jiangmen Junxing decreased to 60%.
	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	100.00	The Group sold 49% of shares to non-controlling interests in the 1st quarter of 2016. As a result, the Group ownership of Qingdao Yuanhuang decreased to 51%.
	Hang Zhou Yu Zhong Trading Co., Ltd. (“Hang Zhou Yu Zhong”)	Trading	100.00	100.00	-
	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	60.00	60.00	-
	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.

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2016	% of Ownership December 31 2015	Remark
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	-
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 Zhow Yue Wan Motor Parts Co., Ltd. ("Hang Zhow 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 80% in the 4th of 2016.
	Yu Chang China Investment Co., Ltd.	Investments	100.00	100.00	-
Yu Chang China Investment Co., Ltd.	Ning Bo Yu Cheng Auto Sales & Service Co., Ltd. (Ning Bo Yu Cheng")	Sales, maintenance and repair of cars and parts	49.00	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 Motor Ltd. ("Hong Yen")	Investments	100.00	100.00	-
	Yu Ming Insurance Co., Ltd.	Property insurance	100.00	100.00	-
Hong Yen	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	Luxgen Taipei	Sale, maintenance and repair of cars and parts	73.70	73.70	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 Taipei decreased to 74.99%.
	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 Private Limited ("Luxgen Overseas Holdings")	Investments	100.00	100.00	-
Luxgen Overseas Holdings	Luxgen Motor Limited Liability Company ("Luxgen Motor Limited Liability")	Sale of cars and parts	99.99	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

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
Name of Subsidiary	**2016**	**2015**
TAC	54.25%	53.10%

See Table 9 for the information on place of incorporation and principal place of business.

	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
Name of Subsidiary	**2016**	**2015**	**2016**	**2015**
TAC (excluding its subsidiaries' non-controlling interests)	$ 926,451	$ 750,439	$ 6,433,253	$ 5,910,144

The summarized financial information below represents amounts before intragroup eliminations.

TAC and TAC's subsidiaries:

	December 31	
	2016	**2015**
Current assets	$ 93,779,453	$ 80,900,218
Non-current assets	17,615,422	17,847,975
Current liabilities	(97,967,971)	(85,099,228)
Non-current liabilities	(1,533,364)	(2,216,201)
Equity	$ 11,893,540	$ 11,432,764
Equity attributable to:		
Owners of TAC	$ 4,851,918	$ 4,926,517
Non-controlling interests of TAC	6,433,253	5,910,144
Non-controlling interests of TAC's subsidiaries	608,369	596,103
	$ 11,893,540	$ 11,432,764

	For the Year Ended December 31	
	2016	2015
Revenue	$ 17,574,253	$ 16,835,933
Net profit from continuing operations	$ 1,837,637	$ 1,542,030
Other comprehensive income (loss) for the year	(481,535)	57,685
Total comprehensive income for the year	$ 1,356,102	$ 1,599,715
Profit attributable to:		
Owners of TAC	$ 789,818	$ 687,239
Non-controlling interests of TAC	926,451	750,439
Non-controlling interests of TAC's subsidiaries	121,368	104,352
	$ 1,837,637	$ 1,542,030
Total comprehensive income attributable to:		
Owners of TAC	$ 498,208	$ 777,937
Non-controlling interests of TAC	749,249	722,673
Non-controlling interests of TAC's subsidiaries	108,645	99,105
	$ 1,356,102	$ 1,599,715
Net cash inflow (outflow) from:		
Operating activities	$ (14,145,722)	$ (7,735,655)
Investing activities	2,227,719	(2,742,230)
Financing activities	11,874,528	11,313,101
Net cash (outflow) inflow	$ (43,475)	$ 835,216
Dividends paid to non-controlling interest:		
Non-controlling interests of TAC	$ 676,561	$ 720,228
Non-controlling interests of TAC's subsidiaries	$ 95,788	$ 98,782

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2016	2015
Investments in associates	$ 30,425,566	$ 33,723,813
Investments in joint venture	51,060	90,919
	$ 30,476,626	$ 33,814,732

a. Investments in associates

	December 31	
	2016	2015
Material associates		
Yulon Nissan Motor Co., Ltd.	$ 10,721,486	$ 10,894,709
China Motor Company	4,482,251	4,476,654
	15,203,737	15,371,363
Non-material associates	15,221,829	18,352,450
	$ 30,425,566	$ 33,723,813

1) Material associates

	December 31	
Name	2016	2015
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:

	December 31	
Associate	2016	2015
Yulon Nissan Motor Co., Ltd.	$ 29,484,825	$ 42,164,050
China Motor Company	3,216,312	2,663,892

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	
	2016	2015
Current assets	$ 12,843,955	$ 12,313,731
Non-current assets	16,895,793	18,865,304
Current liabilities	(6,310,765)	(6,989,699)
Non-current liabilities	(1,874,640)	(2,234,158)
Equity	$ 21,554,343	$ 21,955,178
Proportion of the Group's ownership	50.02%	50.02%
Equity attributable to the Group	$ 10,781,482	$ 10,981,980
Unrealized gain or loss in associates	(59,996)	(87,271)
Carrying amount	$ 10,721,486	$ 10,894,709

	For the Year Ended December 31	
	2016	2015
Revenue	$ 34,860,446	$ 33,218,394
Net income	$ 4,630,615	$ 4,165,901
Other comprehensive income	(1,281,450)	(141,235)
Total comprehensive income	$ 3,349,165	$ 4,024,666
Dividends received from Yulon Nissan Motor Co., Ltd.	$ 1,875,625	$ 4,501,500

China Motor Company and subsidiaries

	December 31	
	2016	2015
Current assets	$ 24,001,876	$ 23,381,141
Non-current assets	38,177,597	39,300,890
Current liabilities	(7,877,685)	(7,694,923)
Non-current liabilities	(1,580,426)	(2,327,897)
Equity	52,721,362	52,659,211
Non-controlling interest	(3,299,707)	(3,143,866)
	$ 49,421,655	$ 49,515,345
Proportion of the Group's ownership	8.87%	8.87%

(Continued)

	December 31	
	2016	2015
Equity attributable to the Group	$ 4,383,701	$ 4,392,011
Unrealized gain or loss in associates	(157)	(104)
Intersect shareholding (accounted for by the treasury stock method)	98,707	84,747
Carrying amount	$ 4,482,251	$ 4,476,654

(Concluded)

	For the Year Ended December 31	
	2016	2015
Revenue	$ 40,733,485	$ 36,884,447
Net income	$ 3,597,372	$ 3,504,688
Other comprehensive income	(1,370,347)	(544,138)
Total comprehensive income	$ 2,227,025	$ 2,960,550
Dividends received from China Motor Company	$ 184,142	$ 141,176

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
(Loss) profit for the year	$ (2,559,954)	$ 1,481,482
Other comprehensive income (loss)	19,584	(26,622)
Total comprehensive (loss) income for the year	$ (2,540,370)	$ 1,454,860

Yung Hong reclassified the investment in Shin Sheng 3 Venture Co. to disposal group held-for-sale (included in other current assets).

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 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, 2016 and 2015 were based on the associates' financial statements audited by auditors for the same years.

b. Investments in joint ventures

	December 31	
	2016	2015
Joint ventures that are not individually material	$ 51,060	$ 90,919

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Loss for the year	$ (976)	$ (3,842)
Total comprehensive income (loss) for the year	$ (976)	$ (3,842)

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 Singgual 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, 2016 and 2015 were based on the joint ventures' financial statements audited by the 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, 2015	$ 7,048,141	$ 7,746,159	$12,334,773	$ 1,141,619	$ 5,359,855	$23,866,125	$ 279,198	$57,775,870
Additions	-	55,202	402,908	1,334,727	274,783	7,948,488	680,909	10,697,017
Disposals	-	(3,228)	(210,400)	(1,160,964)	(209,210)	(7,892,983)	-	(9,476,785)
Effect of foreign currency exchange differences	(651)	(77,352)	(37,329)	(10,213)	(51,024)	(55,631)	(3,451)	(235,651)
Reclassifications	(284,999)	(374,674)	305,787	40,159	237,655	(29,432)	(554,998)	(660,502)
Effect of first time adoption of IFRSs	-	39,318	5,533	13,828	6,548	-	10,963	76,190
Balance at December 31, 2015	$ 6,762,491	$ 7,385,425	$12,801,272	$ 1,359,156	$ 5,618,607	$23,836,567	$ 412,621	$58,176,139
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ (3,153,474)	$ (7,557,544)	$ (416,398)	$ (3,162,464)	$ (8,755,861)	$ -	$(23,045,741)
Disposals	-	3,228	193,121	219,080	197,627	4,617,140	-	5,230,196
Reclassifications	-	149,711	6,343	(14,557)	9,831	14,352	-	165,680
Impairment loss	-	-	(808,056)	(16,706)	-	(68,000)	-	(892,762)
Depreciation expense	-	(279,618)	(773,435)	(217,851)	(700,891)	(4,512,019)	-	(6,483,814)
Effect of foreign currency exchange differences	-	13,458	25,789	4,132	25,054	19,303	-	87,736
Effect of first time adoption of IFRSs	-	(10,806)	(2,401)	(4,930)	(2,274)	-	-	(20,411)
Balance at December 31, 2015	$ -	$ (3,277,501)	$ (8,916,183)	$ (447,230)	$ (3,633,117)	$ (8,685,085)	$ -	$(24,959,116)
Carrying amounts at December 31, 2015	$ 6,762,491	$ 4,107,924	$ 3,885,089	$ 911,926	$ 1,985,490	$15,151,482	$ 412,621	$33,217,023

(Continued)

	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	$ 6,724,573	$ 7,637,050	$14,478,428	$ 1,360,320	$ 5,906,953	$23,638,366	$ 219,895	$59,965,585
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	$ -	$ (3,488,942)	$ (9,601,303)	$ (483,444)	$ (4,055,034)	$ (8,673,718)	$ -	$(26,302,441)
Carrying amounts at December 31, 2016	$ 6,724,573	$ 4,148,108	$ 4,877,125	$ 876,876	$ 1,851,919	$14,964,648	$ 219,895	$33,663,144

(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, 2016 and 2015, 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 $85,328 thousand in 2016 and $892,762 thousand in 2015.

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
Cost			
Balance at January 1, 2015	$ 8,327,725	$ 2,562,106	$ 10,889,831
Reclassifications to property, plant and equipment	284,999	456,150	741,149
Disposals	(7,147)	(14,273)	(21,420)
Balance at December 31, 2015	$ 8,605,577	$ 3,003,983	$ 11,609,560
Accumulated depreciation and impairment			
Balance at January 1, 2015	$ -	$ (665,332)	$ (665,332)
Reclassifications to property, plant and equipment	-	(165,680)	(165,680)
Disposals	-	2,930	2,930
Depreciation expense	-	(70,869)	(70,869)
Balance at December 31, 2015	$ -	$ (898,951)	$ (898,951)
Carrying amount at December 31, 2015	$ 8,605,577	$ 2,105,032	$ 10,710,609
Cost			
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	$ 8,629,393	$ 3,148,249	$ 11,777,642
Accumulated depreciation and impairment			
Balance at January 1, 2015	$ -	$ (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	$ -	$ (964,538)	$ (964,538)
Carrying amount at December 31, 2016	$ 8,629,393	$ 2,183,711	$ 10,813,104

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, 2016 and 2015 based on the valuation by an independent professional appraiser were as follows:

	December 31	
	2016	2015
Fair value of investment properties	$ 41,375,046	$ 40,750,241

20. INTANGIBLE ASSETS

	Motor Design and Research and Development Outputs	Others (Including Software)	Total
Cost			
Balance at January 1, 2015	$ 9,105,578	$ 948,488	$ 10,054,066
Additions	1,539,378	118,044	1,657,422
Reclassifications	-	78,612	78,612
Disposals	-	(2,446)	(2,446)
Effect of foreign currency exchange differences	-	(15,248)	(15,248)
Balance at December 31, 2015	$ 10,644,956	$ 1,127,450	$ 11,772,406
Accumulated amortization and impairment			
Balance at January 1, 2015	$ (2,088,691)	$ (571,295)	$ (2,659,986)
Amortization expense	(627,801)	(164,182)	(791,983)
Impairment losses recognized	(1,826,627)	-	(1,826,627)
Disposals	-	873	873
Effect of foreign currency exchange differences	-	9,389	9,389
Balance at December 31, 2015	$ (4,543,119)	$ (725,215)	$ (5,268,334)
Carrying amount at December 31, 2015	$ 6,101,837	$ 402,235	$ 6,504,072
Cost			
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	$ 10,994,495	$ 1,249,076	$ 12,243,571

(Continued)

	Motor Design and Research and Development Outputs	Others (Including Software)	Total
Accumulated amortization and impairment			
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	$ (5,261,025)	$ (852,375)	$ (6,113,400)
Carrying amount at December 31, 2016	$ 5,733,470	$ 396,701	$ 6,130,171

(Concluded)

Luxgen Motor Co., Ltd. ("Luxgen") ceased the technology licensing agreement of SUV model with Haitec in December 2010, and acquired vehicle model development cost of SUV model with Hang Zhou Dong Feng Yulon Motor Co., Ltd. (DFYL) from Haitec, simultaneously. 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, according to this agreement, the total payments obligated by Luxgen and DFYL were $1,441,286 thousand and $6,405,714 thousand, respectively.

Luxgen ceased the technology licensing agreement of MPV model with Haitec in October 2011, and entrusted Haitec to design, research and develop MPV model with DFYL, simultaneously. In July 2015, the three parties made a supplementary agreement, according to this agreement, 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, according to this agreement, the total payments obligated by Luxgen and DFYL were $612,861 thousand and $4,044,139 thousand, respectively.

Luxgen and DFYL entrusted to Haitec the development of 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 rest of the payable on this agreement was to be borne by Luxgen at $415,403 thousand and by DFYL at $2,439,597 thousand. On the completion of the GPK model, the 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 model was recognized as an intangible asset 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 rest of the payable on this agreement was to be borne by Luxgen at $489,180 thousand and by DFYL at $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 rest of the payable on this agreement was to be borne by Luxgen at $171,236 thousand and by DFYL at $952,662 thousand.

For the years ended December 31 2015, the amounts of impairment loss on intangible assets were $1,826,627 thousand, since the estimated future cash flows of the intangible assets were reduced and resulted the recoverable amounts were lower than the carrying amounts.

Luxgen acquired intangible asset with installment payments. The future payments are made as follows:

2017	$ 1,652,634
2018-2019	2,100,000
	$ 3,752,634
Recognized as other payables	$ 1,652,634
Recognized as long-term trade payables	2,100,000

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

	December 31	
	2016	2015
Current assets (included in other current assets)	$ 9,173	$ 28,123
Non-current assets	1,093,773	696,937
	$ 1,102,946	$ 725,060

22. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Secured borrowings (Note 35)		
Bank loans	$ 10,082,040	$ 8,813,505
Unsecured borrowings		
Line of credit borrowings	29,410,692	24,027,770

(Continued)

	December 31	
	2016	2015
	$ 39,492,732	$ 32,841,275
Interest rate	0.70%-8.35%	0.82%-9.50%

b. Short-term bills payable

	December 31	
	2016	2015
Commercial paper	$ 54,394,210	$ 48,865,563
Less: Unamortized discount on bills payable	76,530	101,427
	$ 54,317,680	$ 48,764,136
Interest rate	0.54%-3.60%	0.76%-2.80%

c. Long-term borrowings

	December 31	
	2016	2015
Secured borrowings (Note 35)		
Bank loans	$ 178,575	$ 230,731
Unsecured borrowings		
Commercial paper (recurring)	1,946,900	1,896,035
Line of credit borrowings	-	62,202
	1,946,900	1,958,237
Less: Current portion long-term borrowings	1,197,964	534,512
	$ 927,511	$ 1,654,456
Interest rates	0.68%-2.54%	1.01%-2.23%
Maturity date	2019.09.19	2019.09.19

23. BONDS PAYABLE

	December 31	
	2016	2015
Unsecured domestic bonds	$ 3,000,000	$ 3,000,000
Unsecured domestic convertible bonds	-	376,100
Less: Discounts on bonds payable	-	(8,024)
	-	368,076
	$ 3,000,000	$ 3,368,076

a. Unsecured domestic bonds

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 the 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 by TAC 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	(6,489)
Liability component at the date of issue	2,322,657
Interest charged at an effective interest rate of 1.471606585%	71,709
Convertible bonds converted into common shares	(2,026,290)
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	(371,437)
Liability component as of December 31, 2016	$ -

24. OTHER LIABILITIES

	December 31	
	2016	2015
Current		
Other payables		
Equipment payables	$ 297,027	$ 439,266
Payables on motor design and research and development outputs	1,652,634	1,645,795
Accrued expense payable	4,608,525	4,573,587
Dividends payable	100,032	96,577
Guarantees provided on a subsidiary's loan payable	-	1,263,667
Others	1,803,388	1,983,487
	$ 8,461,606	$ 10,002,379
Other liabilities		
Guarantee deposits received	$ 8,330,751	$ 7,828,232
Deferred revenue - customer loyalty plan	59,861	46,947
Others	2,913,272	2,987,516
	$ 11,303,884	$ 10,862,695
Non-current		
Other payables		
Others	$ 2,100,000	$ 3,318,976
Deferred revenue		
Subsidies from the government	$ 4,012	$ 25,016
Others	19,968	48,422
	$ 23,980	$ 73,438
Other liabilities		
Guarantee deposits received	$ 548,362	$ 490,074
Credit balance of long-term investments at equity	-	8,981
Others	89,347	65,972
	$ 637,709	$ 565,027

25. PROVISIONS

	December 31	
	2016	2015
Current		
Financial guarantee provisions	$ 332,021	$ 424,490
Warranties	2,036	2,682
	$ 334,057	$ 427,172
Non-current		
Warranties	$ 851,333	$ 760,456

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	
	2016	**2015**
Present value of the defined benefit obligation	$ 2,901,543	$ 2,760,035
Fair value of plan assets	(1,186,889)	(503,579)
Net defined benefit liability	$ 1,714,654	$ 2,256,456

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, 2015	$ 2,610,598	$ (467,655)	$ 2,142,943
Service cost			
Current service cost	122,453	-	122,453
Past service cost and loss (gain) on settlements	6,223	-	6,223
Net interest expense (income)	46,033	(8,763)	37,270
Recognized in profit or loss	174,709	(8,763)	165,946
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,318)	(3,318)
Actuarial loss - changes in demographic assumptions	54,020	-	54,020
Actuarial loss - changes in financial assumptions	89,120	-	89,120
Actuarial loss - experience adjustments	9,231	-	9,231
Recognized in other comprehensive income	152,371	(3,318)	149,053
Contributions from the employer	-	(125,595)	(125,595)
Benefits paid	(141,132)	101,752	(39,380)
Business combinations	(36,511)	-	(36,511)
Balance at December 31, 2015	$ 2,760,035	$ (503,579)	$ 2,256,456
Balance at January 1, 2016	$ 2,760,035	$ (503,579)	$ 2,256,456
Service cost			
Current service cost	36,953	-	36,953
Past service cost and loss (gain) on settlements	9,015	-	9,015

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Adjustment for turnover of the staff	$ 931	$ (402)	$ 529
Net interest expense (income)	40,505	(7,275)	33,230
Recognized in profit or loss	87,404	(7,677)	79,727
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	104,070	-	104,070
Recognized in other comprehensive income	238,103	239	238,342
Contributions from the employer	-	(811,620)	(811,620)
Benefits paid	(183,999)	135,748	(48,251)
Balance at December 31, 2016	$ 2,901,543	$ (1,186,889)	$ 1,714,654

(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	
	2016	2015
Discount rate(s)	1.00%-1.50%	1.25%-1.75%
Expected rate(s) of salary increase	1.00%-2.75%	1.75%-3.00%

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, 2016
Discount rate(s)	
0.25% increase	$ (81,895)
0.25% decrease	$ 85,785
Expected rate(s) of salary increase	
0.25% increase	$ 83,875
0.25% decrease	$ (80,511)

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	
	2016	2015
The expected contributions to the plan for the next year	$ 401,614	$ 711,616
The average duration of the defined benefit obligation	7-15 years	8-17 years

27. EQUITY

a. Share capital

Common shares

	December 31	
	2016	2015
Number of shares authorized (in thousands)	2,000,000	2,000,000
Shares authorized	$ 20,000,000	$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,572,920	1,572,920
Capital shares	$ 15,729,199	$ 15,729,199
Capital surplus	4,508,131	4,508,131
	$ 20,237,330	$ 20,237,330

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	
	2016	**2015**
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	1,997,487	1,985,549
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	143,846
May be used to offset a deficit only		
Recognized from share of changes in capital surplus of associates or joint ventures	15,425	12,963
	$ 6,664,910	$ 6,650,489

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 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 2015 and 2014 approved in the shareholders' meetings on June 21, 2016 and June 17, 2015, 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	
	2015	2014	2015	2014
Legal reserve	$ 335,208	$ 221,035		
Special reserve	1,000,000	1,000,000		
Cash dividend	1,415,628	1,101,044	$ 0.90	$ 0.70

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on March 20, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 133,470	
Special reserve	1,000,000	
Cash dividends	786,460	$ 0.5

The appropriations of earnings for 2016 are subject to the resolution in the shareholders' meeting to be held on June 22, 2017

d. Special reserve

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 35,373,565	$ 34,373,565
Appropriation of earnings	1,000,000	1,000,000
Balance at December 31	$ 36,373,565	$ 35,373,565

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	
	2016	2015
Balance at January 1	$ 1,484,838	$ 1,721,402
Exchange differences on translating the financial statements of foreign operations	(192,420)	(45,006)
Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method	(1,217,271)	(191,558)
Balance at December 31	$ 75,147	$ 1,484,838

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

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 1,078,584	$ 1,386,228
Unrealized gains (losses) on revaluation of available-for-sale financial assets	93,587	(338,992)
Share of unrealized (losses) gains on available-for-sale financial assets of subsidiaries, associates and joint ventures accounted for using the equity method	(15,117)	31,348
Balance at December 31	$ 1,157,054	$ 1,078,584

3) Cash flow hedge

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ (338)	$ (574)
Gains (losses) on changes in the fair value of hedging instruments	338	236
Balance at December 31	$ -	$ (338)

f. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 9,703,719	$ 10,147,699
Attributable to non-controlling interests:		
Share of profit for the year	444,520	567,214
Exchange difference on translation of foreign entities	(292,203)	(49,626)
Unrealized (gains) losses on available-for-sale financial assets	212	(4,254)
Gains on fair value changes of cash flow hedges	383	243
Remeasurement on defined benefit plans	(3,426)	(5,758)
Adjustment relating to changes in capital surplus of associates and joint ventures accounted for using the equity method	(6,800)	99
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(22,891)	(71,577)
Partial disposal of subsidiaries	508,051	386,171
Purchase of subsidiaries	(28,903)	-
Non-controlling interest relating to difference between acquisition or disposal price and carrying value of subsidiaries	79,270	12,226
Cash dividends from subsidiaries	(1,033,658)	(1,015,688)
Capital return from subsidiaries	-	(263,030)
Balance at December 31	$ 9,348,274	$ 9,703,719

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 December 31, 2016				
Long-term investment of subsidiary transferred to treasury stock	11,839	-	-	11,839
For the year ended December 31, 2015				
Long-term investment of subsidiary transferred to treasury stock	11,839	-	-	11,839

The Company's shares held by subsidiaries as of December 31, 2016 and 2015 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
December 31, 2016			
Yu Ching Business Co., Ltd.	11,838	$ 317,271	$ 317,271
Yu Pong Business Co., Ltd.	1	3	3
		$ 317,274	$ 317,274
December 31, 2015			
Yu Ching Business Co., Ltd.	11,838	$ 357,722	$ 357,722
Yu Pong Business Co., Ltd.	1	3	3
		$ 357,725	$ 357,725

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	
	2016	2015
Rental revenue	$ 61,573	$ 48,572
Commission revenue	237,202	263,922
Subsidy revenue	146,313	4,533
Others	530,001	411,160
	$ 975,089	$ 728,187

b. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gains (losses) on disposal of property, plant and equipment, investment property and intangible assets	$ 16,609	$ (20,104)
Gains on disposal of financial assets	79,783	464,213
Net foreign exchange losses	(338,946)	(498,130)
Net gains (losses) on financial assets designated as at FVTPL	1,750	(674)
Net (losses) gains on financial assets classified as held for trading	(29,738)	23,470
Net gains (losses) on financial liabilities classified as held for trading	1,759	(2,851)
Others	(386,083)	(251,551)
	$ (654,866)	$ (285,627)

c. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank overdrafts and loans	$ 1,138,491	$ 1,211,509
Interest on corporate bonds	38,947	42,791
Other interest expense	59,475	64,426
	1,236,913	1,318,726
Less: Interest accounted for as operating cost	923,554	913,111
	$ 313,359	$ 405,615

d. Interest revenue

	For the Year Ended December 31	
	2016	2015
Interest revenue from acquired accounts receivable	$ 3,355,585	$ 3,043,916
Interest revenue from installment sales	1,037,532	834,406
Agency revenue	768,211	877,650
Others	2,018,313	1,808,530
	7,179,641	6,564,502
Less: Interest revenue accounted for as operating revenue	6,966,562	6,267,757
	$ 213,079	$ 296,745

e. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	$ 6,140,004	$ 5,948,872
Operating expenses	591,959	605,811
	$ 6,731,963	$ 6,554,683
An analysis of amortization by function		
Operating costs	$ 719,972	$ 721,256
Operating expenses	132,795	70,727
	$ 852,767	$ 791,983

f. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	$ 168,573	$ 164,336
Defined benefit plans	79,727	165,946
	248,300	330,282
Other employee benefits	6,902,863	6,533,982
	$ 7,151,163	$ 6,864,264
An analysis of employee benefits expense by function		
Operating costs	$ 2,903,119	$ 2,855,175
Operating expenses	4,248,044	4,009,089
	$ 7,151,163	$ 6,864,264

1) Employees' compensation and remuneration of directors and supervisors for 2016 and 2015

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, 2016 and 2015 which have been approved by the Company's board of directors on March 20, 2017 and March 21, 2016, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	**2015**
Employees' compensation	0.12%	0.10%
Remuneration of directors and supervisors	0.50%	0.50%

Amount

	For the Year Ended December 31			
	2016		**2015**	
	Cash	**Share**	**Cash**	**Share**
Employees' compensation	$ 2,175	$ -	$ 3,537	$ -
Remuneration of directors and supervisors	9,104	-	17,684	-

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, 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) Bonus to employees and remuneration of directors and supervisors for 2014

The bonus to employees and remuneration of directors and supervisors for 2014 which have been approved in the shareholders' meeting on June 17, 2015 were as follows:

	For the Year Ended December 31, 2014	
	Cash	**Share**
Bonus to employees	$ 1,989	$ -
Remuneration to directors and supervisors	8,361	-

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meeting on June 17, 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

Information on the bonus to employees and remuneration of directors and supervisors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Impairment losses on non-financial assets

	For the Year Ended December 31	
	2016	2015
Motor designs and research and development outputs	$ -	$ 1,826,627
Property, plant and equipment	85,328	892,762
Inventories (recognized under operating cost)	62,615	(54,111)
	$ 147,943	$ 2,665,278

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	
	2016	2015
Current tax		
In respect of the current year	$ 1,164,605	$ 654,102
Income tax on unappropriated earnings	151,376	92,641
Adjustments for prior years	(19,775)	28,408
	1,296,206	775,151
Deferred tax		
In respect of the current year	(11,534)	43,434
Income tax expense recognized in profit or loss	$ 1,284,672	$ 818,585

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

	For the Year Ended December 31	
	2016	2015
Profit before tax	$ 3,063,895	$ 4,737,877
Income tax expense calculated at the statutory rate	$ 485,143	$ 1,323,995
Nondeductible expenses in determining taxable income	21,454	5,114

(Continued)

	For the Year Ended December 31	
	2016	2015
Tax-exempt income	(791,760)	(465,200)
Realized loss of investment	-	(348,432)
Additional income tax under the Alternative Minimum Tax Act	-	1,822
Income tax on unappropriated earnings	151,376	92,641
Unrecognized deductible temporary differences	737,968	130,206
Adjustments for prior years' tax	(19,775)	28,408
Temporary difference - share of the profit of associates and joint ventures operating in other jurisdictions	700,266	50,031
Income tax expense recognized in profit or loss	$ 1,284,672	$ 818,585

(Concluded)

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.

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, 2016

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
Deferred tax assets			
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	122,462	109,014	231,476
	$ 1,071,551	$ 20,776	$ 1,092,327

(Continued)

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
Deferred tax liabilities			
Temporary differences			
Property, plant and equipment	$ 735,619	$ (819)	$ 734,800
Land value increment tax	2,484,426	-	2,484,426
Share of profit of subsidiaries, associates and joint ventures	235,303	11,326	246,629
Others	94,906	(2,938)	91,968
	$ 3,550,254	$ 7,569	$ 3,557,823

(Concluded)

For the year ended December 31, 2015

	Balance at the Beginning of the Year	Net Profit (Loss) and Other Comprehensive Income (Loss)	Balance at the End of the Year
Deferred tax assets			
Temporary differences			
Share of loss of subsidiaries, associates and joint ventures	$ 159,887	$ (7,912)	$ 151,975
Property, plant and equipment	156,226	14,640	170,866
Defined benefit obligation	308,739	43,608	352,347
Doubtful debts	210,439	17,918	228,357
Loss carryforward	61,666	(16,122)	45,544
Others	139,447	(16,985)	122,462
	$ 1,036,404	$ 35,147	$ 1,071,551
Deferred tax liabilities			
Temporary differences			
Property, plant and equipment	$ 678,029	$ 57,590	$ 735,619
Land value increment tax	2,509,919	(25,493)	2,484,426
Share of profit of subsidiaries, associates and joint ventures	276,635	(41,332)	235,303
Others	7,090	87,816	94,906
	$ 3,471,673	$ 78,581	$ 3,550,254

c. Items for which no deferred tax assets have been recognized

As of December 31, 2016 and 2015, deductible temporary differences unrecognized as deferred tax assets are $344,505 thousand and $558,420 thousand, respectively.

d. Integrated income tax:

	For the Year Ended December 31	
	2016	2015
Unappropriated earnings Generated on and after January 1, 1998	$ 2,375,157	$ 4,157,281
Imputation credits account ("ICA")	$ 1,300,129	$ 1,372,962

	For the Year Ended December 31	
	2016 (Expected)	2015
Creditable ratio for distribution of earnings	30.67%	25.04%

e. Income tax assessed

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

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share	$ 0.91	$ 2.29
Diluted earnings per share	$ 0.91	$ 2.29

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	
	2016	2015
Earnings used in the computation of basic earnings per share	$ 1,334,703	$ 3,352,078
Earnings used in the computation of diluted earnings per share	$ 1,334,703	$ 3,352,078

Shares

	For the Year Ended December 31	
	2016	**2015**
Weighted average number of ordinary shares in computation of basic earnings per share	1,462,769	1,463,684
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus issue to employees	105	151
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,462,874	1,463,835

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	
	2016	**2015**
Not later than 1 year	$ 837,397	$ 814,254
Later than 1 year and not later than 5 years	2,331,226	2,332,154
Later than 5 years	765,236	650,127
	$ 3,933,859	$ 3,796,535

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			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Held-to-maturity investments	$ 17,095	$ 17,335	$ 17,557	$ 17,911
Financial liabilities				
Convertible bonds	-	-	368,076	466,740
Corporate bonds	3,000,000	3,003,797	3,000,000	3,005,198

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, 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	-	-	478,863	478,863
	$ 1,651,774	$ -	$ 478,863	$ 2,130,637

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 589,470	$ -	$ -	$ 589,470
Wealth management product	-	19,088	-	19,088
Others	-	509	-	509
	$ 589,470	$ 19,597	$ -	$ 609,067
Financial liabilities at FVTPL				
Other derivatives	$ -	$ 1,145	$ -	$ 1,145

(Concluded)

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 1,250	$ -	$ 1,250
Non-derivative financial assets held for trading	3,466,533	-	-	3,466,533
Others	-	-	1,282,025	1,282,025
	$ 3,466,533	$ 1,250	$ 1,282,025	$ 4,749,808
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 558,215	$ -	$ -	$ 558,215
Others	-	2,234	-	2,234
	$ 558,215	$ 2,234	$ -	$ 560,449
Financial liabilities at FVTPL				
Other derivatives	$ -	$ 4,760	$ -	$ 4,760

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, 2016

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets		
	Held for Trading	Equity Instruments	Others	Total
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	(5,713,103)	-	-	(5,713,103)
Balance at December 31, 2016	$ 478,863	$ -	$ -	$ 478,863

For the year ended December 31, 2015

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets		
	Held for Trading	Equity Instruments	Others	Total
Balance at January 1, 2015	$ 653,096	$ -	$ -	$ 653,096
Recognized in profit or loss	2,520	-	-	2,520
Purchases	6,729,095	-	-	6,729,095
Disposals/settlements	(6,099,623)	-	-	(6,099,623)
Effect of foreign currency exchange differences	(3,063)	-	-	(3,063)
Balance at December 31, 2015	$ 1,282,025	$ -	$ -	$ 1,282,025

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

Financial Instrument	Valuation Technique and Input
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

	December 31	
	2016	2015
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 1,651,774	$ 3,466,648
Designated as at FVTPL	478,863	1,282,025
Designated hedging instruments	-	1,135
Held-to-maturity investments	17,095	17,557
Loans and receivables (Note 1)	117,505,514	103,360,539
Available-for-sale financial assets (Note 2)	767,382	759,138
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	1,145	2,904
Derivative instruments in designated hedge accounting relationships	-	1,856
Amortized cost (Note 3)	131,746,407	120,248,553
Financial guaranteed contracts	332,021	424,490

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	
	2016	2015	2016	2015	2016	2015
Profit or loss	$ 12,228	$ 86,012	$ (26)	$ (7,837)	$ 2,829	$ 2,248

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	
	2016	2015
Fair value interest rate risk		
Financial assets	$ 77,949,246	$ 66,179,408
Financial liabilities	57,317,680	52,132,212
Cash flow interest rate risk		
Financial assets	15,013,224	13,563,653
Financial liabilities	45,370,841	39,995,013

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, 2016 and 2015 would decrease by $303,576 thousand and $264,314 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, 2016 and 2015, fair values of available-for-sale investments and held-for-trading investments would have decreased by $22,412 thousand and $40,247

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, 2016

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Variable interest rate liabilities	$ 24,405,367	$ 2,278,575	$ -
Fixed interest rate liabilities	75,331,717	750,000	-
Financial guarantee contracts	8,803,363	-	-
	$ 108,540,447	$ 3,028,575	$ -

December 31, 2015

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Variable interest rate liabilities	$ 21,113,044	$ 4,696,969	$ -
Fixed interest rate liabilities	61,649,824	4,776,100	-
Financial guarantee contracts	11,209,593	-	-
	$ 93,972,461	$ 9,473,069	$ -

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, 2016 and 2015, 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. Operating revenue

1) Sales of goods

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 31,205,809	$ 31,517,244
Other related parties	3,546,132	2,453,111
	$ 34,751,941	$ 33,970,355

2) Other operating revenue

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 1,493,368	$ 1,449,214
Other related parties	144,541	106,797
	$ 1,637,909	$ 1,556,011

3) Installment sales interest subsidies revenue

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 501,055	$ 438,644
Other related parties	643	963
	$ 501,698	$ 439,607

b. Purchase of goods

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 40,221,591	$ 53,914,039
Other related parties	10,473,534	9,650,673
	$ 50,695,125	$ 63,564,712

c. Operating expenses

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 476,697	$ 503,485
Other related parties	19,302	17,037
	$ 495,999	$ 520,522

d. Acquisition of assets for lease

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 118,828	$ 129,236
Other related parties	606,099	631,725
	$ 724,927	$ 760,961

e. Acquisition of receivables

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 6,430,662	$ 5,805,165
Other related parties	462,264	336,719
	$ 6,892,926	$ 6,141,884

f. Commissions paid

Related Party Categories	For the Year Ended December 31 2016	2015
Associates	$ 218,717	$ 187,766
Other related parties	2,029	424
	$ 220,746	$ 188,190

g. Receivable from related parties

1) Notes receivable and trade receivables

Related Party Categories	December 31 2016	2015
Associates	$ 1,483,698	$ 1,930,550
Other related parties	527,685	781,583
	$ 2,011,383	$ 2,712,133

2) Other financial assets

Related Party Categories	December 31 2016	2015
Associates	$ 492,031	$ 713,540
Other related parties	46,071	6,426
	$ 538,102	$ 719,966

h. Payable to related parties

1) Notes payable and trade payables

Related Party Categories	December 31 2016	2015
Associates	$ 7,165,537	$ 5,821,031
Other related parties	449,599	555,784
	$ 7,615,136	$ 6,376,815

2) Other payables

Related Party Categories	December 31 2016	2015
Associates	$ 1,815,730	$ 3,295,197
Other related parties	15,164	10,398
	$ 1,830,894	$ 3,305,595

3) Long-term payables

Related Party Categories	December 31 2016	December 31 2015
Associates	$ 2,100,000	$ 3,318,976

i. Endorsement/guarantees provided

Information about endorsement/guarantee provided see Table 2.

j. Compensation of key management personnel

	For the Year Ended December 31 2016	For the Year Ended December 31 2015
Short-term employee benefits	$ 60,753	$ 57,373
Post-employment benefits	1,518	1,734
	153	-
	$ 62,424	$ 59,107

The compensation of the board members and the Group's management is determined by the remuneration committee based on personal performances 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 2016	December 31 2015
Notes and trade receivables	$ 4,686,175	$ 3,650,591
Property, plant and equipment	1,299,302	930,498
Vehicle certificates (classified as inventories)	226,874	1,165,225
Reserve account and pledged time deposits (classified as debt investments with no active market)	280,481	313,314
Others	425,674	149,088
	$ 6,918,506	$ 6,208,716

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, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
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)	40,132
			$ 484,228

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
RMB	582,603	4.696 (RMB:NTD)	$ 2,708,512
RMB	226,510	0.144 (RMB:USD)	1,053,043
			$ 3,761,555
Financial liabilities			
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)	200,552
			$ 2,147,283

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 12,366	32.825 (USD:NTD)	$ 405,915
USD	16,511	6.494 (USD:RMB)	541,964
JPY	108,283	0.273 (JPY:NTD)	29,561
RMB	159,450	5.055 (RMB:NTD)	806,018
SGD	19	23.250 (SGD:NTD)	440
EUR	1,269	35.880 (EUR:NTD)	45,546
			$ 1,829,444
Non-monetary items			
USD	$ 3,026	32.825 (USD:NTD)	$ 99,344
RMB	1,170,727	5.055 (RMB:NTD)	5,918,026
RMB	219,677	0.154 (RMB:USD)	1,110,467
			$ 7,127,837
Financial liabilities			
Monetary items			
USD	15,608	32.825 (USD:NTD)	$ 512,332
USD	275,300	6.494 (USD:RMB)	9,036,723
JPY	931,665	0.273 (JPY:NTD)	254,345
RMB	4,417	5.055 (RMB:NTD)	22,328
EUR	18	35.880 (EUR:NTD)	646
			$ 9,826,374

For the years ended December 31, 2016 and 2015, realized and unrealized foreign exchange losses were $338,946 thousand and $498,130 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	$ 33,853,619	$ 6,034,484	$ 18,826,593	$ 31,982,571	$ 20,687,578	$ 781,840	$ -	$ 112,166,685
Intersegment revenues	39,190,598	3,361,791	1,157,819	1,571,746	375,180	151,103	(45,808,237)	-
Segment revenues	$ 73,044,217	$ 9,396,275	$ 19,984,412	$ 33,554,317	$ 21,062,758	$ 932,943	$ (45,808,237)	$ 112,166,685
Segment income								$ 3,063,895
For the year ended December 31, 2015								
Revenues from external customers	$ 47,725,960	$ 5,903,593	$ 18,310,493	$ 29,367,225	$ 20,536,861	$ 681,689	$ -	$ 122,525,821
Intersegment revenues	40,818,454	3,303,663	1,037,344	1,842,224	795,414	173,284	(47,970,383)	-
Segment revenues	$ 88,544,414	$ 9,207,256	$ 19,347,837	$ 31,209,449	$ 21,332,275	$ 854,973	$ (47,970,383)	$ 122,525,821
Segment income								$ 4,737,877

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	
	2016	2015	2016	2015
Taiwan	$ 63,850,237	$ 58,176,489	$ 48,624,853	$ 47,614,667
China	48,071,640	64,174,875	9,235,603	7,045,704
Other	244,808	174,457	257,397	297,641
	$ 112,166,685	$ 122,525,821	$ 58,117,853	$ 54,958,012

d. Information about major customers

Single customers contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2016		2015	
Customer	Amount	% on Sales	Amount	% on Sales
Yulon Nissan Motor Co., Ltd.	$ 15,613,226	14	$ 14,150,029	12

TABLE 1

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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) Holding	Sheng Qing	Other receivables	Y	$ 733,580	$ 704,466	$ 696,720	3.00%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 806,975	$ 806,975	Note
2	Yulon China	Sheng Qing	Other receivables	Y	1,914,980	1,914,980	696,720	2.50%	Operating capital	-	Operating capital	-	-	-	3,873,480	3,873,480	Note
3	Hong Shou Culture	Singan	Other receivables	Y	20,000	20,000	20,000	1.08%	Operating capital	-	Operating capital	-	-	-	20,686	20,686	Note
4	Hsiang Shou	Singgual Travel	Other receivables	Y	10,000	10,000	10,000	1.26%	Operating capital	-	Operating capital	-	-	-	78,266	78,266	Note
		Singan	Other receivables	Y	70,000	60,000	50,000	1.08%	Operating capital	-	Operating capital	-	-	-	78,266	78,266	Note
5	Yulon Motor Investment	Shanghai Yuexing	Other receivables	Y	20,493	18,579	13,934	5.34%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Nan Jing Yu Shang	Other receivables	Y	20,493	18,579	18,579	-	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Jiangmen Junxing	Other receivables	Y	76,850	69,672	41,803	5.34%	Operating capital	-	Operating capital	-	-	-	272,632	272,632	Note
		Shenzhen Yu Zhi	Other receivables	Y	153,699	139,344	62,705	5.00%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Wuhan Yu Hsin	Other receivables	Y	153,699	139,344	85,929	6.64%	Operating capital	-	Operating capital	-	-	-	681,580	2,044,741	Note
		Hang Zhou Haitec Company	Other receivables	Y	194,685	176,502	169,535	-	Operating capital	-	Operating capital	-	-	-	272,632	272,632	Note
6	Sheng Qing	Shenzhen Yu Zhi	Other receivables	Y	51,233	46,448	-	-	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Zi Bo Yu An	Other receivables	Y	12,697	12,541	10,219	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Hang Zhou Hua You	Other receivables	Y	63,643	57,699	11,251	-	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Tung Ling Kuo Tung	Other receivables	Y	16,459	16,257	11,612	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Zhuhai Yuhsin	Other receivables	Y	102,466	92,896	25,547	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		An Ching Ling Tung	Other receivables	Y	33,623	33,210	31,910	5.75%-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Chang Sha Yu Lu	Other receivables	Y	51,233	46,448	34,279	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		An Ching Tsai Tung	Other receivables	Y	52,668	52,022	49,235	6.00%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Hang Zhou Hua Zhi	Other receivables	Y	122,959	111,475	65,027	5.75%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Guang Zhou Yuan Zhi	Other receivables	Y	125,521	113,798	67,350	6.00%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Guang Zhou Yuan Du	Other receivables	Y	179,316	139,344	69,672	6.00%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Shanghai Yuexing	Other receivables	Y	153,699	139,344	69,672	5.75%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Xiao Gan Yu Feng	Other receivables	Y	189,562	171,858	102,186	5.60%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Nanjing Hanhong	Other receivables	Y	234,647	210,409	117,513	0-5.6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Wuhan Yu Hsin	Other receivables	Y	267,102	263,825	189,452	0-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Shen Jun Yu Peng	Other receivables	Y	212,514	192,666	192,666	5.75%-6%	Operating capital	-	Operating capital	-	-	-	643,225	643,225	Note
		Zhu Hai Fu Te En	Other receivables	Y	237,209	215,054	215,054	0-6%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
		Yulon Motor Investment	Other receivables	Y	1,104,515	1,079,916	1,079,916	4.10%	Operating capital	-	Operating capital	-	-	-	1,608,062	4,824,186	Note
7	Zhu Hai Fu Te En	Nanjing Hanhong	Other receivables	Y	8,197	7,432	7,432	-	Operating capital	-	Operating capital	-	-	-	138,759	277,517	Note
		Zhuhai Yuhsin	Other receivables	Y	102,466	55,738	55,738	6.00%	Operating capital	-	Operating capital	-	-	-	138,759	277,517	Note
8	Nanjing Hanhong	Zhu Hai Fu Te En	Other receivables	Y	25,617	23,224	-	-	Operating capital	-	Operating capital	-	-	-	426,472	852,943	Note
		Nan Jing Yu Shang	Other receivables	Y	56,356	51,093	51,093	6.16%	Operating capital	-	Operating capital	-	-	-	426,472	852,943	Note
9	Su Zhou Feng Shen	Su Zhou Cheng Li	Other receivables	Y	51,233	13,934	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Su Chou Cheng Pin	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Su Zhou Chen Long	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
		Tai Chang Cheng Mau	Other receivables	Y	24,887	23,224	23,224	5.90%	Operating capital	-	Operating capital	-	-	-	247,927	247,927	Note
10	Wu Jiang Lian Cheng	Su Zhou Cheng Pang	Other receivables	Y	24,887	23,224	4,645	5.90%	Operating capital	-	Operating capital	-	-	-	30,306	30,306	Note
11	HangZhou Yu Zhong	Sheng Qing	Other receivables	Y	414,987	376,229	-	-	Operating capital	-	Operating capital	-	-	-	783,767	1,175,650	Note
12	TAC Leasing (Suzhou)	Changzhou Asia Power	Account receivables	N	27,554	-	-	-	Operating capital	-	Operating capital	-	-	-	231,503	463,006	Note
		Su Zhou Yu Guo	Account receivables	Y	362,727	46,490	46,490	4.57%	Operating capital	-	Operating capital	581	-	-	463,006	463,006	Note
13	TAC Finance Company	Zhe Jiang Kang Da	Account receivables	Y	102,466	46,490	46,490	9.00%	Operating capital	-	Operating capital	581	-	-	341,837	352,120	Note
14	TAC	Yu Rich	Other receivables	Y	800,000	800,000	-	1.15%	Operating capital	-	Operating capital	-	-	-	928,426	3,877,610	Note
15	Shanghai Yuming	Ka Shing Yu Da	Other receivables	Y	4,977	4,645	-	5.60%	Operating capital	-	Operating capital	-	-	-	49,335	49,335	Note

(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			
16	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	Other receivables	Y	$ 74,661	$ 69,672	$ -	-	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 97,910	$ 97,910	Note
17	Su Zhou Feng Shun	Su Zhou Cheng Li	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	67,248	67,248	Note
		Su Zhou Cheng Guo	Other receivables	Y	24,887	23,224	-	-	Operating capital	-	Operating capital	-	-	-	67,248	67,248	Note
18	An Hui Min Tung	An Ching Ling Tung	Other receivables	Y	9,911	9,290	-	-	Operating capital	-	Operating capital	-	-	-	11,612	23,224	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 US$25 million and aggregate financing limits was US$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 US$120 million and aggregate financing limits was US$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.

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 $2.5 million and aggregate financing limits was $5 million.

(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	Yushin	b	$ 9,760,036	$ 50,000	$ -	$ -	$ -	-	$ 27,885,818	Y	N	N	Note 1
		Sin Chi	b	9,760,036	500,000	500,000	-	-	0.72	27,885,818	Y	N	N	Note 1
		Yu Yuen	c	9,760,036	600,000	600,000	-	-	0.86	27,885,818	Y	N	N	Note 1
		Yu Sing	b	9,760,036	690,000	690,000	270,000	-	0.99	27,885,818	Y	N	N	Note 1
		Yu Ching	b	9,760,036	1,000,000	1,000,000	-	-	1.43	27,885,818	Y	N	N	Note 1
		UMPI	c	9,760,036	1,749,800	1,678,508	524,656	-	2.41	27,885,818	Y	N	N	Note 1
		Luxgen	b	9,760,036	7,400,000	7,400,000	4,540,000	-	10.61	27,885,818	Y	N	N	Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	c	337,665	245,903	186,224	148,980	-	7.72	964,756	N	N	Y	Note 1
2	Yueki	Hangchow Yue Wan	c	454,167	47,506	46,448	-	-	5.10	454,167	N	N	Y	Note 1
3	Y-Teks	Hangchow Y-Teks	c	321,348	84,125	-	-	-	-	535,580	N	N	Y	Note 1
4	TAC	Car-Plus Leasing (Shanghai)	c	24,235,068	320,000	320,000	219,886	-	3.30	48,470,135	N	N	Y	Note 1
		TAC Finance Company	c	24,235,068	10,000,000	10,000,000	6,008,325	-	103.16	48,470,135	N	N	Y	Note 1
5	Car-plus Corporation	Diamond Leasing	b	4,548,738	500,000	500,000	180,000	-	27.42	9,117,495	N	N	N	Note 1
		Car-Plus (Suzhou)	c	4,548,738	960,000	-	-	-	-	9,117,495	N	N	Y	Note 1
		Car-Plus Leasing (Shanghai)	c	4,548,738	480,000	480,000	329,829	-	26.38	9,117,495	N	N	Y	Note 1
6	Sheng Qing	Zhuhai Yuhsin	c	8,040,311	87,096	-	-	-	-	40,201,553	N	N	Y	Note 1
		Chang Sha Yu Lu	b	8,040,311	153,699	-	-	-	-	40,201,553	N	N	Y	Note 1
		Shen Jun Yu Peng	b	8,040,311	153,699	-	-	-	-	40,201,553	N	N	Y	Note 1
		Fu Jian Yu Xin	b	8,040,311	153,699	139,344	-	-	8.67	40,201,553	N	N	Y	Note 1
		Qingdao Yuanhuang	b	8,040,311	409,864	139,344	78,217	-	8.67	40,201,553	N	N	Y	Note 1
		Guang Zhou Yuan Du	b	8,040,311	409,864	371,584	132,224	-	23.11	40,201,553	N	N	Y	Note 1
7	Nanjing Hanhong	Zhu Hai Fu Te En	c	568,629	184,439	167,213	-	-	58.81	710,786	N	N	Y	Note 1
8	Zhu Hai Fu Te En	Nanjing Hanhong	c	371,584	281,782	139,334	-	-	100.42	557,376	N	N	Y	Note 1
9	Su Zhou Feng Shen	Wu Jiang Lian Cheng	c	619,818	51,233	46,448	46,448	-	7.49	1,859,454	N	N	Y	Note 1
		Su Zhou Feng Shun	b	619,818	358,631	69,672	69,672	-	11.24	1,859,454	N	N	Y	Note 1
		Su Zhou Cheng Pang	b	619,818	102,466	92,896	-	-	14.99	1,859,454	N	N	Y	Note 1
		Su Chou Cheng Pin	b	619,818	116,603	116,120	-	-	18.73	1,859,454	N	N	Y	Note 1
10	Wu Jiang Lian Cheng	Su Zhou Feng Shen	d	418,032	333,015	92,896	92,896	-	122.61	928,960	N	N	Y	Note 1
		Su Zhou Feng Shun	d	418,032	323,531	301,912	69,672	-	398.48	928,960	N	N	Y	Note 1
11	Su Zhou Feng Shun	Su Zhou Feng Shen	d	840,594	99,548	92,896	92,896	-	55.26	1,681,188	N	N	Y	Note 1
		Wu Jiang Lian Cheng	b	840,594	223,983	209,016	46,448	-	124.33	1,681,188	N	N	Y	Note 1
12	Su Zhou Cheng Pang	Su Zhou Feng Shen	d	418,032	230,549	209,016	-	-	651.07	836,064	N	N	Y	Note 1
13	Xiao Gan Yu Feng	Sheng Qing	d	187,666	51,233	46,448	-	-	123.75	375,332	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)											
14	Jiangmen Junxing	Sheng Qing	d	$ 255,687	$ 51,233	$ 46,448	$ -	$ -	90.83	$ 511,373	N	N	Y	Note 1
15	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	b	489,552	74,661	69,672	-	-	28.46	1,223,880	N	N	Y	Note 1
16	Guang Zhou Yuan Zhi	Guang Zhou Yuan Du	d	575,679	398,192	371,584	132,224	-	968.21	959,465	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.

Yueki: The aggregate endorsement/guarantee limit was calculated for 50% 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.

Y-Teks: The aggregate endorsement/guarantee limit was calculated for 50% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 30% of the endorser's/guarantor's net equity

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 200 million. The limits on each endorsement/guarantee given on behalf of each party was calculated for 90 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 250% 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

Note 2: The relationship between guarantor and guarantee are as follows:

a. The company in relation to business.
b. Subsidiaries' common stocks which were directly owned by parent company over 50%.
c. Investees' common stocks which were both owned by parent company and subsidiary over 50%.
d. Investees' common stocks which were was directly or indirectly held by the Company over 50%.
e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.

(Concluded)

TABLE 3

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(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, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Structured finance products							
	SinoPac Securities - Lextar 2nd	-	Financial assets at fair value through profit or loss - current	250	$ 25,185	-	$ 25,185	-
	Yuanta Securities - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,103	-	30,103	-
	Yuanta Securities - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,108	-	30,108	-
	Yuanta Securities CLN-I-chiun 5th	-	Financial assets at fair value through profit or loss - current	135	13,506	-	13,506	-
	SinoPac Securities CLNT0033-feihung 1st	-	Financial assets at fair value through profit or loss - current	300	30,055	-	30,055	-
	KGI Securities CLN20150303001-Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	150	15,033	-	15,033	-
	KGI Securities CLN-Wan Zhou 3	-	Financial assets at fair value through profit or loss - current	250	25,033	-	25,033	-
	SinoPac Securities CLN0031-Lextar 2nd	-	Financial assets at fair value through profit or loss - current	305	30,657	-	30,657	-
	Yuanta Securities CLN-Chisan Electronic 4th	-	Financial assets at fair value through profit or loss - current	56	5,601	-	5,601	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	100	10,045	-	10,045	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	200	20,090	-	20,090	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	100	10,045	-	10,045	-
	KGI Securities CLN-TSC	-	Financial assets at fair value through profit or loss - current	200	20,090	-	20,090	-
	Yuanta Securities - ICHIA Bonds	-	Financial assets at fair value through profit or loss - current	370	37,085	-	37,085	-
	Yuanta Securities - AVY	-	Financial assets at fair value through profit or loss - current	200	20,116	-	20,116	-
	SinoPac Securities CLN-Jin Ke 1st	-	Financial assets at fair value through profit or loss - current	400	40,229	-	40,229	-
	KGI Securities CLN-Rechi Corp. 2nd	-	Financial assets at fair value through profit or loss - current	140	14,066	-	14,066	-
	Uni Securities PGN-Structured Finance Products No.33	-	Financial assets at fair value through profit or loss - current	700	70,148	-	70,148	-
	Yuanta Securities -USDLIBOR	-	Financial assets at fair value through profit or loss - current	320	32,031	-	32,031	-
	Common stocks							
	Photronics DNP Mask Company	Related party in substance	Available-for-sale financial assets - non-current	856	7,394	0.34	7,394	-
	First Financial Holding Company	-	Available-for-sale financial assets - non-current	922	15,851	0.01	15,851	-
	Mison - Century Technology, Ltd	Related party in substance	Available-for-sale financial assets - non-current	5,025	25,274	8.37	25,274	-
	Taiwin Company	The same chairman	Financial assets measured at cost - non-current	6,692	26,240	5.09	-	-
	Shin Bus Company	-	Financial assets measured at cost - non-current	153	485	0.32	-	-
	Taiwan Stock Exchange	-	Financial assets measured at cost - non-current	6,768	1,206	1.00	-	-
	Taiwan Aerospace Company	-	Financial assets measured at cost - non-current	811	-	0.60	-	-
TAC	Bonds							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	5,703	-	5,703	-
SCC	Bonds							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	11,392	-	11,632	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
H. K. Manpower	Beneficiary certificates							
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	$ 3,011	-	$ 3,011	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	235	3,070	-	3,070	-
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	206	3,018	-	3,018	-
	Capital Money Market	-	Financial assets at fair value through profit or loss - current	129	2,056	-	2,056	-
Zhejiang Cheng-Yi	Financial products - PGN							
	Ben Li Feng" 62 days open RMB Wealth Management Product	-	Available-for-sale financial assets - current	-	4,671	-	4,671	-
	Financial products - NPGN							
	Apex Asset Management Bamboo 1W financial product	-	Available-for-sale financial assets - current	-	11,532	-	11,532	-
	Apex Asset Management TianyiJin to Government Agency B Type financial product	-	Available-for-sale financial assets - current	-	1,489	-	1,489	-
Hangzhou Cheng-Yi-Jun	Financial products - NPGN							
	Apex Asset Management TianyiJin to Government Agency B Type financial product	-	Available-for-sale financial assets - current	-	1,396	-	1,396	-
Tai Yuen Venture Capital	Beneficiary certificates							
	Cathay Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	1,328	16,395	-	16,395	-
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,379	36,036	-	36,036	-
	Common stocks							
	Asia Plastic Recycling Holding Limited	-	Available-for-sale financial assets - current	519	9,183	-	9,183	-
	JOYIN Company	-	Financial assets measured at cost - non-current	1,880	5,639	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	242	4,235	-	Not applicable	-
	Phalanx Biotech Group	-	Financial assets measured at cost - non-current	697	4,877	-	Not applicable	-
	UOG Industrial Company	-	Financial assets measured at cost - non-current	229	2,018	-	Not applicable	-
	Solidlite Company	-	Financial assets measured at cost - non-current	344	1,031	-	Not applicable	-
	Jouge Company	-	Financial assets measured at cost - non-current	444	2,265	-	Not applicable	-
	Paragon Semiconductor Lighting Technology Company	-	Financial assets measured at cost - non-current	1,500	4,500	-	Not applicable	-
	Neutron	-	Financial assets measured at cost - non-current	2,929	17,571	-	Not applicable	-
	Hero Cinema Company	-	Financial assets measured at cost - non-current	152	253	-	Not applicable	-
	Ecrowd Media	-	Financial assets measured at cost - non-current	1,000	2,000	-	Not applicable	-
Yu Pong	Beneficiary certificates							
	Union Global ETF Fund of Funds	-	Financial assets at fair value through profit or loss - current	755	7,394	-	7,394	-
	FSITC RMB High Yield Bond TWD Inc.	-	Financial assets at fair value through profit or loss - current	1,000	9,482	-	9,482	-
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,662	17,003	-	17,003	-
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	186	4,954	-	4,954	-
	KGI Silver Age	-	Financial assets at fair value through profit or loss - current	1,000	9,860	-	9,860	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	130	23,016	-	23,016	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	191	2,502	-	2,502	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Structured finance products							
	CLNF20151105001-Tarako Textile Corp	-	Financial assets at fair value through profit or loss - current	-	$ 6,414	-	$ 6,414	-
	CLN20160303001-Genovate	-	Financial assets at fair value through profit or loss - current	-	8,069	-	8,069	-
	CLN20160622001 Fu Ciao 4th	-	Financial assets at fair value through profit or loss - current	-	9,158	-	9,158	-
	CLN20160421002-Genovate	-	Financial assets at fair value through profit or loss - current	-	2,017	-	2,017	-
	CLN20160419001	-	Financial assets at fair value through profit or loss - current	-	1,002	-	1,002	-
	CLN20160526001	-	Financial assets at fair value through profit or loss - current	-	3,112	-	3,112	-
	Common stocks							
	Yulon Motor Company	The parent company	Available-for-sale financial assets - current	-	3	-	3	-
	Fubon Financial Company	-	Available-for-sale financial assets - current	2,419	123,357	-	123,357	-
Yu Yuen	Common stocks							
	CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	118	608	-	608	-
	RECTRON Company	-	Financial assets at fair value through profit or loss - current	16	105	-	105	-
	YangMing Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	12	57	-	57	-
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	1,980	-	1,980	-
	Compal Electronics Company	-	Financial assets at fair value through profit or loss - current	14	260	-	260	-
	Yue Sheng Company	The same ultimate parent company	Financial assets measured at cost - non-current	2	33	-	Not applicable	-
China Cast Iron Pipe	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	2,803	28,285	-	28,265	-
Yue Sheng	Common stocks							
	Yueki Company	The same ultimate parent company	Financial assets measured at cost - non-current	10	100	0.08	Not applicable	-
Qinton	Beneficiary certificates							
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,300	-	1,300	-
Yung Hong	Common stocks							
	CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	283	1,452	-	1,452	-
	Kian-shen Company	Related party in substance	Financial assets at fair value through profit or loss - current	81	9,058	-	9,058	-
	Asia Plastic Recycling Holding Limited	-	Financial assets at fair value through profit or loss - current	2,203	39,324	-	39,324	-
	TAC Corporation	The same ultimate parent company	Financial assets at fair value through profit or loss - current	4	336	-	336	-
	Beneficiary certificates							
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	23,621	357,794	-	357,794	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	1,071	189,215	-	189,215	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	2,417	30,018	-	30,018	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Common stocks							
	Asia Plastic Recycling Holding Limited	-	Available-for-sale financial assets - current	1,863	$ 32,605	-	$ 32,605	-
	Fubon Momo Company	-	Available-for-sale financial assets - current	7	1,358	-	1,358	-
	Gongin Company	-	Financial assets measured at cost - current	148	1,099	-	Not applicable	-
	The Risk on Rock	-	Financial assets measured at cost - non-current	330	9,900	-	Not applicable	-
	Tai Yuen Company	The same ultimate parent company	Financial assets measured at cost - non-current	11	96	-	Not applicable	-
	Zhao Bang Company	-	Financial assets measured at cost - non-current	1,101	2	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	291	5,298	-	Not applicable	-
	T-CarInc.	-	Financial assets measured at cost - non-current	425	55,823	-	Not applicable	-
	ADTO Company	-	Financial assets measured at cost - non-current	1	10	-	Not applicable	-
	Beneficiary certificates							
	Goldman Sachs (Asia) L.L.C.	-	Financial assets measured at cost - non-current	-	1,613	-	Not applicable	-
Yu Ching	Beneficiary certificates							
	Taishin Lucky Money Market	-	Financial assets at fair value through profit or loss - current	7,402	81,619	-	81,619	-
	Taishin Asia-America Short Duration Bd	-	Financial assets at fair value through profit or loss - current	3,033	33,139	-	33,139	-
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,371	80,457	-	80,457	-
	CTBC Asia Pacific Multiple Inc TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	10,058	-	10,058	-
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,908	44,045	-	44,045	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	568	100,309	-	100,309	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	153	2,004	-	2,004	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	4,351	54,033	-	54,033	-
	Common stocks							
	Gongin Company		Financial assets measured at cost - current	147	1,911	-	Not applicable	-
	Yulon Motor Company	The parent company	Available-for-sale financial assets - non-current	11,838	317,271	-	317,271	-
	Fubon Financial Company	-	Available-for-sale financial assets - non-current	7,342	374,450	-	374,450	-
	Yulon Management	Related party in substance	Financial assets measured at cost - non-current	1	9	-	Not applicable	-
Chinh-Ling	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,724	17,639	-	17,639	-
Yu Chang	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	726	6.96	Not applicable	-
Yushin	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	781	6.96	Not applicable	-
Yu Pool	Common stocks							
	Yu Pool Company	Related party in substance	Financial assets measured at cost - non-current	150	1,500	4.69	Not applicable	-
Hsiang Shou	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,957	20,022	-	20,022	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fuzhou Lianghong	Beneficiary certificates							
	SPD BANK	-	Financial assets at fair value through profit or loss - current	-	$ 139,470	-	$ 139,470	-
	Gan Yuan- Ri Xin Yue Yi	-	Financial assets at fair value through profit or loss - current	-	232,450	-	232,450	-
Empower	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	85	847	14.00	Not applicable	-
Sin Chi	Beneficiary certificates							
	The RSIT Enhanced	-	Financial assets at fair value through profit or loss - current	2,457	29,134	-	29,134	-
	Franklin Money Fund	-	Financial assets at fair value through profit or loss - current	991	10,143	-	10,143	-
Yu Sing	Common stocks							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	842	0.07	Not applicable	-
Yulon China	Beneficiary certificates							
	Samoa Auto King	-	Financial assets measured at cost - non-current	-	3,225	-	Not applicable	-
	Samoa Yung Jen Industrial	-	Financial assets measured at cost - non-current	-	2,419	-	Not applicable	-

(Concluded)

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, 2016
(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	-	-	-	$ -	193,443	$ 2,300,000	193,443	$ 2,300,543	$ 2,300,000	$ 543	-	$ -
	The RSIT Enhanced Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	45,713	541,060	45,713	541,241	541,060	181	-	-
	Fubon Chi-Hsiang Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	89,577	1,390,000	89,577	1,390,189	1,390,000	189	-	-
	Shin Kong Chi-Shin Money-Market	Financial assets at fair value through profit or loss - current	-	-	-	-	35,533	520,472	35,533	520,540	518,647	1,893	-	-
	Yuanta Wan Tai Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	69,720	1,045,000	69,720	1,045,068	1,045,000	68	-	-
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	51,465	830,000	51,465	830,158	830,000	158	-	-
	Jih Sun Money Market	Financial assets at fair value through profit or loss - current	-	-	34,981	511,479	131,099	1,920,000	166,080	2,433,782	2,430,185	3,597	-	-
	CAPITAL Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	169,877	2,710,000	169,877	2,710,808	2,710,000	808	-	-
	Prudential Financial Money Market	Financial assets at fair value through profit or loss - current	-	-	38,555	601,818	90,127	1,410,000	128,682	2,013,586	2,010,306	3,280	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	7,148	1,260,000	7,148	1,260,892	1,260,000	892	-	-
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	6,653	100,439	68,129	1,030,000	74,782	1,131,875	1,130,262	1,613	-	-
	Union Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	135,494	1,770,000	135,494	1,770,405	1,770,000	405	-	-
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	227,450	2,480,000	227,450	2,480,289	2,480,000	289	-	-
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	136,114	1,820,000	136,114	1,820,966	1,820,000	966	-	-
	Taishin Ta-Chong Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	168,679	2,370,000	168,679	2,371,155	2,370,000	1,155	-	-
	Taishin Lucky Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	36,363	400,000	36,363	400,231	400,000	231	-	-
	Allianz Glbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	258,359	3,200,000	258,359	3,201,544	3,200,000	1,544	-	-
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	193,397	3,120,000	193,397	3,120,288	3,120,000	288	-	-
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	40,505	501,323	32,312	400,000	72,817	903,889	900,000	3,889	-	-
	Paradigm Pion Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	307,773	3,520,000	307,773	3,520,592	3,520,000	592	-	-
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	49,034	500,049	49,018	500,000	98,052	1,003,266	999,138	4,127	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	3	300,007	-	-	3	300,414	300,000	414	-	-
	Jih Sun Securities PGN - FPC & TSMC & CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	4	350,000	4	350,492	350,000	492	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,184	300,000	184	-	-

(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)
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	$ -	3	$ 300,000	3	$ 300,230	$ 300,000	$ 230	-	$ -
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,173	300,000	173	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,161	300,000	161	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,202	300,000	202	-	-
	KGI PGN - CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,199	300,000	199	-	-
	CAPITAL PGN313	Financial assets at fair value through profit or loss - current	-	-	-	-	3	250,000	3	250,432	250,000	432	-	-
	Yu Ping	Investments accounted for using equity method	Note 2	The Company's subsidiary	-	-	50,599	2,023,950	50,599	2,044,818	2,023,950	20,868	-	-
	Yu Ching Business Co., Ltd.	Investments accounted for using equity method	Notes 2 and 4	The Company's subsidiary	175,000	1,852,694	-	-	116,796	1,356,069	1,356,069	-	72,691	690,858
	Yu Pong Business Co., Ltd.	Investments accounted for using equity method	Note 2	The Company's subsidiary	65,721	823,780	19,057	672,719	60,200	670,600	670,600	-	25,484	926,876
	Yung Hong Company	Investments accounted for using equity method	Note 2	The Company's subsidiary	144,622	1,438,131	-	-	67,000	670,000	670,000	-	77,622	812,713
	Yu Yuen	Investments accounted for using equity method	Issuance of common stock for cash	The Company's subsidiary	-	-	122,100	4,857,686	-	-	-	-	122,100	4,825,021
Yu Ching	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	40,324	677,082	-	-	40,324	682,956	682,956	-	-	-
Yu Pong	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	39,543	664,073	-	-	39,543	670,161	670,161	-	-	-
	Yu Ching	Investments accounted for using equity method	Note 4	The Company's subsidiary	-	-	48,461	672,719	-	-	-	-	48,461	672,719
Yung Hong	Yu Yuen	Investments accounted for using equity method	Note 2	The Company's subsidiary	39,543	663,388	-	-	39,543	669,476	669,476	-	-	-
Yu Yuen	Yu-Jie	Investments accounted for using equity method	Issuance of common stock for cash	The Company's subsidiary	-	-	500,000	1,407,587	-	-	-	-	500,000	1,394,810
TAC	Yu Rich Financial Services Co., Ltd	Investments accounted for using equity method	Issuance of common stock for cash	TAC Corporation's subsidiary	-	-	45,455	500,001	-	-	-	-	45,455	495,926

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.

Note 2: The company established Yu Ping that Yu Ching, Yu Pong and Yung Hong splited and reduced capital the stock share of Yu Yuen.

Note 3: The company merged Yu Ping.

Note 4: The Yu Ching Business Co., Ltd owned 40% of Yu Pong.

(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, 2016
(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, 2016
(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						

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, 2016
(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	$(27,995,085)	71	Within 180 days	-	60 days to 180 days	$ 248,494	55	
	Luxgen	The Company's subsidiary	Sales	(10,323,197)	27	Within 90 days	-	60 days to 180 days	98,980	22	
	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(448,734)	1	Within 60 days	-	60 days to 180 days	48,107	11	
TAC	Yu Chang	The same ultimate parent company	Sales	(4,788,489)	11	Receipt of payment on the day	-	-	8,121	-	
	Yu Sing	The same ultimate parent company	Sales	(3,383,302)	8	Receipt of payment on the day	-	-	14,202	-	
	Yuan Lon	An investee accounted for by equity method	Sales	(3,881,537)	9	Receipt of payment on the day	-	-	7,981	-	
	Hui-Lian	An investee accounted for by equity method	Sales	(3,582,498)	8	Receipt of payment on the day	-	-	16,889	-	
	Empower	The same ultimate parent company	Sales	(2,955,685)	7	Receipt of payment on the day	-	-	6,420	-	
	Yushin	The same ultimate parent company	Sales	(2,683,671)	6	Receipt of payment on the day	-	-	10,182	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(4,220,678)	10	Receipt of payment on the day	-	-	16,571	-	
	Cheng Long	An investee accounted for by equity method	Sales	(2,635,110)	6	Receipt of payment on the day	-	-	29,712	-	
	Yu Tang	An investee accounted for by equity method	Sales	(2,679,505)	6	Receipt of payment on the day	-	-	12,524	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(2,356,383)	5	Receipt of payment on the day	-	-	9,536	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(2,411,362)	6	Receipt of payment on the day	-	-	4,750	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(1,816,479)	4	Receipt of payment on the day	-	-	2,946	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(1,485,404)	3	Receipt of payment on the day	-	-	2,612	-	
	Ding Long	An investee accounted for by equity method	Sales	(1,244,633)	3	Receipt of payment on the day	-	-	110	-	
	Yuan Zhi	An investee accounted for by equity method	Sales	(510,114)	1	Receipt of payment on the day	-	-	1,597	-	
	Lian Cheng	An investee accounted for by equity method	Sales	(690,871)	2	Receipt of payment on the day	-	-	1,100	-	
Diamond Leasing	Car-plus Corporation	The same ultimate parent company	Sales	(838,674)	100	1 day	-	-	20,198	34	
Sin Jiang	TAC	The same ultimate parent company	Sales	(3,457,714)	92	Receipt of payment on the day	-	-	995	3	
Yu Sing	Car-plus Corporation	The same ultimate parent company	Sales	(312,601)	7	30 days	-	-	15,507	6	
Yu-Jan	Yu Sing	The Company's subsidiary	Sales	(195,192)	93	At sight or a month	Bargaining	At sight or a month	11,103	92	
Luxgen	TAC	The Company's subsidiary	Sales	(12,196,487)	93	Within 3 days	-	-	47,382	29	
	Luxgen Taipei	The same ultimate parent company	Sales	(338,904)	3	At sight	-	-	-	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(182,143)	1	At sight	-	-	-	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(168,180)	1	At sight	-	-	-	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(108,145)	1	At sight	-	-	-	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(132,257)	1	At sight	-	-	-	-	
Luxgen Taipei	Car-plus Corporation	The same ultimate parent company	Sales	(175,510)	3	1 day	-	-	940	-	
Singgual Travel	The Company	The parent company	Sales	(224,967)	26	At sight or a month	Bargaining	At sight or a month	-	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(141,300)	16	At sight or a month	Bargaining	At sight or a month	-	-	
Singan	The Company	The parent company	Sales	(149,863)	65		Bargaining	At sight or a month	-	-	
Y-Teks	The Company	The parent company	Sales	(314,592)	74	45 days	-	-	60,595	63	
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(341,910)	92	60 days	Bargaining	60 days	108,296	73	
Union & NKH Auto Parts	The Company	The parent company	Sales	(1,334,681)	53	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	176,688	40	

(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	
Union & NKH Auto Parts	China Motor	An investee accounted for by equity method	Sales	(673,311)	27	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	$ 93,502	21	
Fuzhou Lianghong	Southeast Bus	A related party in substance	Sales	(1,800,797)	74	45 days	-	Same as normal transactions	365,684	69	
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(758,451)	86	65 days	Note 1	Note 1	214,679	58	
Yueki	The Company	The parent company	Sales	(1,022,247)	65	45 days	Bargaining	45 days	-	-	
	China Motor	An investee accounted for by equity method	Sales	(162,630)	10	45 days	Bargaining	45 days	-	-	
	Kian-shen	A related party in substance	Sales	(140,520)	9	45 days	Bargaining	45 days	-	-	
Hangchow Yue Wan	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(257,205)	93	65 days	Bargaining	65 days	148,221	88	
Yue Sheng	The Company	The parent company	Sales	(279,132)	62	At sight or a month	Bargaining	At sight or a month	55,189	78	
Dong Feng Yulon Sales Company	Zhuhai Yuhsin	The same ultimate parent company	Sales	(175,287)	1	Sales revenue received in advance	-	-	-	-	
	Suzhou Yueshun	The same ultimate parent company	Sales	(109,527)	1	Sales revenue received in advance	-	-	-	-	
	Shanghai Yuming	The same ultimate parent company	Sales	(248,786)	1	Sales revenue received in advance	-	-	-	-	
	Ning Bo Yu Cheng	The same ultimate parent company	Sales	(118,147)	1	Sales revenue received in advance	-	-	-	-	
	Fu Jian Yu Xin	The same ultimate parent company	Sales	(134,918)	1	Sales revenue received in advance	-	-	-	-	
	Hang Zhou Hua Zhi	The same ultimate parent company	Sales	(266,281)	1	Sales revenue received in advance	-	-	46,255	3	
	Guang Zhou Yuan Zhi	The same ultimate parent company	Sales	(259,021)	1	Sales revenue received in advance	-	-	-	-	
	Hang Zhou Hua You	The same ultimate parent company	Sales	(185,692)	1	Sales revenue received in advance	-	-	50,649	4	
	Shenzhen Yu Zhi	The same ultimate parent company	Sales	(220,170)	1	Sales revenue received in advance	-	-	-	-	
	Chang Sha Yu Lu	The same ultimate parent company	Sales	(203,420)	1	Sales revenue received in advance	-	-	-	-	
	Jiangmen Yuli	The same ultimate parent company	Sales	(205,434)	1	Sales revenue received in advance	-	-	-	-	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	1,000,698	5	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	(176,688)	5	
	Yueki	The Company's subsidiary	Purchase	748,239	3	45 days	Bargaining	45 days	-	-	
	Nissan Motor Co., Ltd.	A related party in substance	Purchase	7,317,601	33	12 days after bill of lading	-	12 days after bill of lading	-	-	
	Singgual Travel	The Company's subsidiary	Purchase	1,507,962	7	At sight or a month	Bargaining	-	-	-	
	Singan	The Company's subsidiary	Purchase	171,955	1	At sight or a month	Bargaining	-	-	-	
	Yue Sheng	The Company's subsidiary	Purchase	201,278	1	At sight or a month	Bargaining	At sight or a month	(55,189)	2	
	Y-Teks	The Company's subsidiary	Purchase	232,335	1	45 days	-	-	(60,595)	2	
	China Ogihara	An investee accounted for by equity method	Purchase	297,347	1	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
	China Engine	An investee accounted for by equity method	Purchase	149,498	1	45 days after monthly closing	Bargaining	45 days after monthly closing	-	-	
TAC	Yulon Nissan	An investee accounted for by equity method	Purchase	24,404,454	67	Within 3 days	-	-	(254,984)	48	
	Luxgen	The same ultimate parent company	Purchase	9,976,189	26	Within 3 days	-	-	(47,382)	9	
	Sin Jiang	The same ultimate parent company	Purchase	2,367,352	7	Within 3 days	-	-	(994)	-	
Car-plus Corporation	Hui-Fong	An investee accounted for by equity method	Purchase	477,581	7	10 days	-	-	(8,407)	3	
	Diamond Leasing	The same ultimate parent company	Purchase	838,674	13	1 day	-	-	(20,198)	8	
	Yu Sing	The same ultimate parent company	Purchase	312,601	5	30 days	-	-	(15,507)	6	
	Luxgen Taipei	The same ultimate parent company	Purchase	175,510	3	1 day	-	-	(940)	-	
Empower	TAC	The same ultimate parent company	Purchase	2,955,685	77	Receipt of payment on the day	-	-	(6,420)	13	
Yu Sing	TAC	The same ultimate parent company	Purchase	3,383,302	79	Receipt of payment on the day	-	-	(14,202)	24	
	Yulon Nissan	An investee accounted for by equity method	Purchase	367,380	9	At sight	-	-	-	-	
	Yu-Jan	An investee accounted for by equity method	Purchase	195,192	5	At sight or a month	-	-	(11,103)	19	

(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	
Yushin	TAC	The same ultimate parent company	Purchase	2,683,671	83	At sight	-	-	$ (10,182)	17	
	Yulon Nissan	An investee accounted for by equity method	Purchase	252,466	8	Receipt of payment on the day	-	-	-	-	
Yu Chang	TAC	The same ultimate parent company	Purchase	$ 4,788,489	87	Receipt of payment on the day	-	-	(8,121)	12	
Luxgen	The Company	The parent company	Purchase	10,323,197	97	Within 90 days	-	60 days to 180 days	(98,980)	85	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	4,220,678	91	Receipt of payment on the day	-	-	(16,571)	41	
	Luxgen	The same ultimate parent company	Purchase	338,904	7	At sight	-	-	-	-	
	Singgual Travel	The same ultimate parent company	Purchase	141,300	3	At sight	-	-	-	-	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	2,356,383	92	Receipt of payment on the day	-	-	(9,536)	23	
	Luxgen	The same ultimate parent company	Purchase	182,143	7	Receipt of payment on the day	-	-	-	-	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	2,411,362	91	Receipt of payment on the day	-	-	(4,750)	19	
	Luxgen	The same ultimate parent company	Purchase	168,180	6	Receipt of payment on the day	-	-	-	-	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	1,485,404	93	Receipt of payment on the day	-	-	(2,612)	48	
	Luxgen	The same ultimate parent company	Purchase	132,257	8	Receipt of payment on the day	-	-	-	-	
Luxgen Kaohsiung	TAC	The same ultimate parent company	Purchase	1,816,479	97	Receipt of payment on the day	-	-	(2,946)	77	
	Luxgen	The same ultimate parent company	Purchase	108,145	6	Receipt of payment on the day	-	-	-	-	
Guang Zhou Yuan Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	259,021	83	Payment in advance	-	-	-	-	
Zhuhai Yuhsin	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	175,287	89	Payment in advance	-	-	-	-	
Shanghai Yuming	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	248,786	69	Payment in advance	-	-	-	-	
Hang Zhou Hua Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	266,281	92	Payment in advance	-	-	(46,255)	64	
Hang Zhou Hua You	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	185,692	72	Payment in advance	-	-	(50,649)	96	
Shenzhen Yu Zhi	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	220,170	71	Payment in advance	-	-	-	-	
Chang Sha Yu Lu	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	203,420	78	Payment in advance	-	-	-	-	
Suzhou Yueshun	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	109,527	83	Payment in advance	-	-	-	-	
Ning Bo Yu Cheng	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	118,147	100	Payment in advance	-	-	-	-	
Fu Jian Yu Xin	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	134,918	26	Payment in advance	-	-	-	-	
Jiangmen Yuli	Dong Feng Yulon Sales Company	The same ultimate parent company	Purchase	205,434	43	Payment in advance	-	-	-	-	
Dong Feng Yulon Sales Company	Dong Feng Yulon Motors	An investee accounted for by equity method	Purchase	18,027,465	100	Payment in advance	-	-	(7,278,240)	105	

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
DECEMBER 31, 2016
(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	$ 433,279 (Note 1)	53.47	$ -	-	$ 264,947	$ -
	Luxgen	The Company's subsidiary	120,579 (Note 2)	54.75	-	-	68,566	-
Union & NKH Auto Parts	The Company	The parent company	176,688	8.33	-	-	176,688	-
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	214,679	2.10	-	-	53,861	-
Hangchow Yue Wan	Dong Feng Yulon Motors	An investee accounted for by equity method	148,221	1.27	1,650	Actively demand for settlement	2,078	-
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	214,679	2.81	-	-	-	-
Fuzhou Lianghong	Southeast Bus	A related party in substance	365,684	4.48	-	-	147,619	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	311,966	70.08	-	Depend on capital status	77,392	-
Yulon Motor Investment	Yu-Jie	The same ultimate parent company	252,341 (Note 3)	-	-	-	-	-
Yulon China (HK) Holding	Sheng Qing	The same ultimate parent company	729,820 (Note 3)	-	-	-	5,288	-
Yulon China	Sheng Qing	The same ultimate parent company	714,928 (Note 3)	-	-	-	2,857	-
Sheng Qing	Nanjing Hanhong	The same ultimate parent company	117,619 (Note 3)	-	-	-	-	-
	Shen Jun Yu Peng	The same ultimate parent company	219,167 (Note 3)	-	-	-	23,245	-
	Hangchow Yue Wan	The same ultimate parent company	164,666 (Note 3)	-	-	-	-	-
	Yulon Motor Investment	The same ultimate parent company	1,080,889 (Note 3)	-	-	-	-	-
	Wuhan Yu Hsin	The same ultimate parent company	189,627 (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		
Ke Yu	Sheng Qing	The same ultimate parent company	$ 464,898 (Note 3)	-	$ -	-	$ -	$ -
Mei De	Sheng Qing	The same ultimate parent company	139,625 (Note 3)	-	-	-	-	-
Sheng Qing	Zhu Hai Fu Te En	The same ultimate parent company	215,248 (Note 3)	-	-	-	-	-
	Xiao Gan Yu Feng	The same ultimate parent company	102,278 (Note 3)	-	-	-	-	-
Nan Jing Yu Hua	Nanjing Hanhong	The same ultimate parent company	118,503 (Note 3)	-	-	-	-	-

Note 1: The receivables comprised account and notes receivables of $248,494 thousand and other receivables of $184,785 thousand.

Note 2: The receivables comprises account receivables of $98,980 thousand and other receivables of $21,599 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

TABLE 9

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	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	$ 10,250,883	$ 4,630,615	$ 2,242,977	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	810,409	810,409	111,480	8.05	4,359,206	3,189,100	256,659	-
	TAC	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	125,657	45.75	3,164,150	1,733,071	806,621	-
	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	7,326,065	846,821	95,405	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	60,651	60,651	9,846	50.58	375,407	2,255	(6,877)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	106,948	106,948	14,680	50.97	228,601	28,213	14,074	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	54,995	5,191	4,032	-
	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	615,125	268,050	66,058	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	39,372	39,372	3,448	17.68	77,235	25,542	4,532	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	80,577	33,643	21,303	-
	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	486,467	209,770	66,232	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	109,188	9,521	1,803	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,077,221	1,749,940	72,691	60.00	690,858	104,632	82,633	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	1,122,659	449,940	25,484	100.00	926,876	7,897	7,896	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	77,622	100.00	812,712	55,354	78,177	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	15,999	80.00	183,610	5,026	1,554	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	185,239	(3,246)	426	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	8,614	27.00	184,788	134,536	35,336	-
	Tai Yuen Venture Capital	Taipei, Taiwan	Investments	237,897	237,897	26,760	49.50	109,964	(7,690)	(3,807)	-
	Chi Ho	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	27,540	27,540	360	20.00	8,044	(948)	(53)	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	42,485	42,485	4,249	21.25	75,483	29,676	11,321	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	566,868	566,868	1,004	20.46	620,286	385,940	79,050	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,595	3.46	63,093	414,905	14,342	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	99,935	99,935	10,213	35.62	135,706	58,641	20,838	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	5,399	20.00	59,614	19,731	3,244	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	40,680	40,680	8,332	43.85	21,861	(711)	(312)	-
	Sin Jiang	Taipei, Taiwan	Wholesale and retail of secondhand cars	85,895	85,895	8,568	20.01	96,395	28,819	5,766	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	1,010,492	(9,375)	(16,939)	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	325,199	325,199	32,519	90.33	13,880	30,745	10,387	-
	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	340,307	253,523	84,284	-
	Yulon Overseas	B.V.I.	Investments	10,034,951	9,885,917	325,764	100.00	904,589	(4,146,650)	(4,119,221)	-
	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	1,272,064	806,070	140,189	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	99,000	99,000	9,900	17.88	104,579	(5,154)	1,436	-
	Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	67,459	67,459	6,746	100.00	81,238	6,403	6,163	-
	Haitec	Taipei, Taiwan	Product design	2,007,456	2,007,456	200,000	40.00	6,826	(811,431)	22,568	-
	Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	58,578	33,464	6,221	-
	DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	1,581	(597)	(119)	-
	Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	7,540,000	7,540,000	280,000	100.00	202,675	(147,463)	(130,966)	-
	Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	500,000	500,000	30,000	100.00	28,080	754	832	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	25,360	3,933	1,297	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
	Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	$ 300,000	$ 300,000	30,000	100.00	$ (23,216)	$ (85,171)	$ (82,198)	-
	Yu Ping	New Taipei City, Taiwan	Investments	-	-	-	-	-	(126)	20,868	-
	Yu Yuen	Taipei, Taiwan	Construction industry	3,034,485	-	122,100	100.00	4,825,021	45,020	10,097	-
TAC	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	757,288	757,288	51,492	68.57	1,250,445	414,905	-	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	98,969	100.00	2,187,014	393,529	-	-
	TAC Global	Samoa	Shareholding company	1,564,612	1,564,612	50,537	100.00	1,852,349	8,681	-	-
	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	140,922	806,070	-	-
	Empower	Taichung, Taiwan	Retail of cars and related parts	48,843	48,843	7,290	27.00	87,054	19,731	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	181,731	181,731	17,128	40.00	192,679	28,819	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	500,001	-	45,455	82.12	495,926	(5,154)	-	-
SCC	Shinshin Samoa	Samoa	Shareholding company	389,077	389,077	12,000	100.00	373,949	10,749	-	-
Car-plus Corporation	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	82,231	7,460	-	-
	Car-Plus Samoa	Samoa	Shareholding company	378,187	378,187	12,000	100.00	527,599	12,663	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	90,811	90,811	8,559	19.99	96,282	28,819	-	-
	Da-Wei	Taipei, Taiwan	brokerage of electric vehicles	10,000	-	1,000	100.00	9,982	(18)	-	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	14,977	698	-	-
Sin Jiang	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	42,790	24,243	1,320	71.34	31,867	(1,024)	-	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,500	193,004	6,000	60.00	341,106	13,732	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	193,500	185,183	6,000	60.00	186,494	7,373	-	-
TAC Global	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	227,404	13,732	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	124,329	7,373	-	-
	Yu Rong International	Samoa	Shareholding company	1,296,290	1,296,290	42,000	100.00	1,487,812	957	-	-
	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	540	28.66	12,802	(1,024)	-	-
Tai Yuen Venture Capital	Haitec	New Taipei City, Taiwan	Product design	112,418	112,418	11,200	2.24	110,178	(811,431)	-	-
Yu Pong	Yu Yuen	Taipei, Taiwan	Construction	-	89,058	-	-	-	45,020	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	42,080	42,080	1,135	0.08	29,741	3,189,100	-	0
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	18,430	212	11.99	122,758	253,523	-	-
Yung Hong	Yu Yuen	Taipei, Taiwan	Construction	-	745,292	-	-	-	45,020	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	253,834	253,834	9,994	0.72	261,845	3,189,100	-	-
Yu Ching	Tokio Marine Newa Insurance	Taipei, Taiwan	Property insurance	55,467	55,467	3,500	1.17	84,936	806,070	-	-
	Yulon Nissan	Miaoli, Taiwan	Sales of cars	336,923	336,923	3,500	1.17	251,467	4,630,615	-	-
	Yu Yuen	Taipei, Taiwan	Construction	-	358,514	-	-	-	45,020	-	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	19,914	19,914	2,742	9.56	36,616	58,641	-	-
	Chinh-Ling	Taipei, Taiwan	Product design	36,098	36,098	5,000	100.00	18,116	(283)	-	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	9	9	1	0.01	9	3,933	-	-
Yueki	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	408	408	27	-	747	3,189,100	-	-
	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	25,542	-	-
	Yue Ki Samoa	Samoa	Investments	123,058	123,058	4,126	100.00	564,975	29,885	-	-
	Yue Ki HK	Hong Kong	Investments	330,094	120,016	-	100.00	165,048	(37,146)	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yu Chang	Tian Wang	Kaohsiung, Taiwan	Secondhand cars and car related products	$ 17,000	$ 17,000	1,700	100.00	$ 33,843	$ 12,313	$ -	-
	Yu Chang China	Samoa	Investments	47,422	47,422	1,564	100.00	961	(13,386)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	26,450	26,450	1,420	20.00	9,587	12,716	-	-
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	33,897	1,740	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	12,250	12,250	2,100	20.00	20,943	21,565	-	-
	Yu Shin Investment	Samoa	Investments	46,331	46,331	-	100.00	(11,297)	(36,412)	-	-
Singan	Singgual Travel	New Taipei City, Taiwan	Sales of car parts	130,591	130,591	13,000	100.00	178,982	(3,212)	-	-
	Hsiang Shou	New Taipei City, Taiwan	Towing	128,400	128,400	10,000	100.00	203,591	66,858	-	-
	Hong Shou Culture	New Taipei City, Taiwan	Publication	64,100	64,100	5,000	100.00	33,820	(17,064)	-	-
Empower	Chunmin	Taichung, Taiwan	Comprehensive retail of car parts	8,000	8,000	800	100.00	10,834	94	-	-
	Hong Yen	Samoa	Investments	47,082	47,082	45,995	100.00	95,920	(29,306)	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	27,446	27,446	2,120	20.00	10,680	3,511	-	-
	Yu Ming Insurance	Taichung, Taiwan	Property insurance	3,000	3,000	300	100.00	3,661	128	-	-
Sin Chi	Yulon Nissan	Miaoli, Taiwan	Sales of cars	311,853	311,853	3,050	1.02	219,136	4,630,615	-	-
	Yu Chia	Taipei, Taiwan	Sales, maintenance and repair of heavy vehicles and related products	120,000	50,100	12,000	100.00	38,680	(90,873)	-	-
	Chanchen	Taipei, Taiwan	Management consulting, leases of real estate and general advertising	10,000	10,000	1,000	100.00	13,987	2,715	-	-
Yu Sing	Yu-Jan	Taipei, Taiwan	Sales and arrangement of cars and related products	5,000	5,000	500	100.00	11,308	1,185	-	-
	Ding Long	Taipei, Taiwan	Sales, maintenance and repair of cars and parts	37,790	37,790	3,779	44.99	41,394	7,234	-	-
	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	22,050	22,050	239	1.29	-	(56,030)	-	-
Y-Teks	Yu-Hsin Intl	B.V.I.	Investments	65,854	65,854	2,208	66.67	1,046,285	341,963	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	435	435	28	-	741	3,189,100	-	-
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	688,859	72,497	-	-
Union & NKH Auto Parts	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	640	640	64	-	1,677	3,189,100	-	-
	Uni Investment	B.V.I.	Investments	289,287	289,287	8,403	100.00	2,093,206	252,470	-	-
Luxgen	Luxgen Taipei	New Taipei City, Taiwan	Repair, wholesale and retail of cars and parts	157,625	157,625	13,635	73.70	25,435	(56,030)	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Repair, wholesale and retail of cars and parts	64,883	64,883	6,299	59.99	61,095	21,565	-	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	71,624	71,624	6,359	59.99	32,147	3,511	-	-
	Luxgen Tainan	Tainan, Taiwan	Repair, wholesale and retail of cars and parts	182,388	101,397	8,399	79.99	79,178	(7,344)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	58,344	58,344	4,259	59.99	28,754	12,716	-	-
	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	151,525	4,347	-	-
	Singan	New Taipei City, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	75,713	58,641	-	-
Luxgen Overseas Hondings Private Limited	Luxgen Limited Liability	Russia	Sale, maintenance and repair of cars and parts	1,148,111	1,126,980	-	99.99	22,658	(9,697)	-	-
Yu Yuen	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,690	1,690	32	-	844	3,189,100	-	-
Yulon Energy	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	139	100.00	1,207	(188)	-	-
Yulon Overseas	Yulon Philippine	Cayman	Investments	1,152,446	1,152,446	32,791	100.00	(240,613)	108,009	-	-
	Yulon China	B.V.I.	Investments	9,693,873	9,544,839	290,564	100.00	1,136,195	(4,319,454)	-	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	941,507	941,507	-	100.00	(292,539)	1,784	-	-
	NPI	Philippine	Sale, maintenance and repair of cars and parts	75,858	75,858	12	24.50	16,483	105,830	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yulon China	Qing Yi	Samoa	Investments	$ 511,163	$ 511,163	15,850	100.00	$ 401,413	$ (113,898)	$ -	-
	Wen Yang	Samoa	Investments	519,225	519,225	16,100	100.00	572,498	11,663	-	-
	Tai Xin	Samoa	Investments	781,134	632,100	19,600	100.00	754,557	(96,263)	-	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	6,807,975	6,807,975	-	100.00	1,498,697	(2,954,271)	-	-
	Yulon China Holding	Cayman	Investments	854,625	854,625	22,500	100.00	(2,219,263)	(1,120,249)	-	-
	Feng Hua	Hong Kong	Investments	90,300	90,300	-	40.00	81,774	(6,467)	-	-
Yulon China Holding	Yulon Motor Investment	Hong Kong	Investments	854,625	854,625	-	100.00	(2,219,149)	(1,120,128)	-	-
Yu Ping	Yu Yuen	Taipei, Taiwan	Construction	-	-	-	-	-	45,020	-	-

(Concluded)

TABLE 10

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting	$ 71,936	b.	$ 59,985	$ -	$ -	$ 59,985	$ 10,520	100.00	$ 10,520	$ 568,052	$ -	2, b.
Ke Yu	Computer software maintenance and computer system integration	853,548	b.	628,875	149,034	-	777,909	(96,106)	100.00	(96,106)	752,034	-	2, b.
Tai Feng	Computer software maintenance and computer system integration	530,978	b.	478,913	-	-	478,913	7,901	100.00	7,901	515,394	-	2, b.
Qing Tai	Computer software maintenance and computer system integration	559,111	b.	495,038	-	-	495,038	(114,930)	100.00	(114,930)	382,308	-	2, b.
Dong Feng Yulon Motors	Manufacturing of key car components, electric cars and related parts	12,784,706	b.	6,738,125	-	-	6,738,125	(5,918,311)	50.00	(2,959,156)	1,494,072	-	2, a.
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts	205,292	b.	90,300	-	-	90,300	(6,467)	40.00	(2,587)	204,434	-	2, b.
Yulon Motor Investment	Investment, shareholding and related business	776,721	b.	854,625	-	-	854,625	(1,121,174)	100.00	(1,121,174)	(2,721,479)	-	2, b.
Hang Zhou Haitec Company	Product design	143,511	b.	16,125	-	-	16,125	(11,428)	10.00	(1,143)	667,478	-	2, a.
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	2,324,492	a.	1,306,110	-	-	1,306,110	(83,999)	77.10	(64,767)	2,244,121	-	2, a.
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chassises, connection arms, crossrails of engines and other stamping and welding parts	148,733	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system	63,534	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing	79,900	b.	3,225	-	-	3,225	-	-	-	-	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts	116,169	b.	2,419	-	-	2,419	8,190	2.59	-	2,419	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products	368,661	b.	3,225	-	-	3,225	(354)	2.10	-	3,225	-	-

(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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts	$ 697,348	b.	$ -	$ -	$ -	$ -	$ 87,079	17.00	$ 14,803	$ 548,615	$ -	2, c.
Hangchow Yue Wan	Manufacturing of car parts	347,133	b.	-	-	-	-	(37,084)	51.00	(18,913)	180,519	-	2, c.
Hangchow Y-Teks	Manufacturing and sales of car interior furnishing and related business	277,590	b.	-	-	-	-	41,127	27.00	11,104	381,629	-	2, c.
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business	54,134	b.	-	-	-	-	16,016	14.00	2,242	82,077	-	2, c.
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business	161,250	b.	-	-	-	-	197,625	5.00	9,881	176,435	-	2, c.
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business	212,850	b.	-	-	-	-	1,229,585	6.00	73,775	876,609	-	2, c.
Fuzhou Lianghong	Manufacturing of car seats	483,328	b.	-	-	-	-	226,880	17.00	38,570	616,589	-	2, c.
Hangchow Liangrun	Manufacturing of car seats	453,922	b.	-	-	-	-	(17,704)	25.00	(4,426)	252,248	-	2, c.
Guang Zhou Ri Zheng Spring	Manufacturing of vibration damper springs	862,688	b.	-	-	-	-	68,287	10.00	6,829	1,197,385	-	2, c.
Shang Hai Jing-Huei	Sales of car parts	52,436	a.	-	-	-	-	(22,881)	61.00	(13,957)	68,100	-	2, c.
Yu-Jie	Construction industry	1,394,695	a.	-	1,407,587	-	1,394,695	120	100.00	120	1,394,810	-	2, c.
Car-Plus (Suzhou)	Lease of cars and related services	322,500	b.	-	-	-	-	13,729	39.20	5,381	567,298	-	2, a.
Car-Plus Leasing (Shanghai)	Lease of cars and related services	322,500	b.	-	-	-	-	7,373	39.20	2,890	310,801	-	2, a.
TAC Leasing (Suzhou)	Equipments and cars leasing business	967,500	b.	-	-	-	-	(9,792)	45.75	(4,480)	1,157,515	-	2, b.
TAC Finance Company	Equipments and cars leasing business	967,500	b.	-	-	-	-	26,873	56.60	15,210	506,336	-	2, b.
Zhe Jiang Cheng Yi Company	Sale and brokerage of secondhand vehicles	92,980	b.	-	-	-	-	(6,745)	43.97	(2,966)	49,474	-	2, c.
Hangzhou Cheng-Yi-Jun	Secondhand vehicle authenticate and evaluation service	2,324	b.	-	-	-	-	(100)	38.01	(38)	2,229	-	2, c.
Su Zhou Yu Guo	Sales of cars	9,298	b.	-	-	-	-	(2,364)	28.42	(672)	1,907	-	2, c.
Shanghai Yu Guo	Sales of cars	9,298	b.	-	-	-	-	1,049	10.98	115	3,090	-	2, c.
Dongguan Yu Guo	Sales of cars	9,298	b.	-	-	-	-	(5,009)	10.98	(550)	1,351	-	2, c.
Xiamen Yu Guo	Sales of cars	9,298	b.	-	-	-	-	580	10.98	64	2,956	-	2, c.
Fu Jian Yu Xin	Sales of cars	95,254	b.	-	-	-	-	(75,305)	90.20	(67,925)	(99,849)	-	2, c.
Ning Bo Yu Cheng	Sales of cars	95,254	b.	-	-	-	-	(33,926)	82.85	(28,107)	(12,388)	-	2, c.
Shanghai Yuming	Sales of cars	182,909	b.	-	-	-	-	(54,095)	66.99	(36,236)	115,313	-	2, c.
Ka Shing Yu Da	Sales of cars	58,308	b.	-	-	-	-	(12,964)	66.99	(8,684)	63,226	-	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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts	$ 72,885	b.	$ -	$ -	$ -	$ -	$ (10,301)	44.74	$ (4,609)	$ 55,820	$ -	2, c.
Dong Feng Yulon Sales Company	Sales of cars and car parts	238,134	b.	-	-	-	-	(2,273,366)	50.00	(1,136,683)	(2,898,639)	-	2, a.
Sheng Qing	Investments	2,118,695	b.	-	-	-	-	(89,875)	100.00	(89,875)	1,328,826	-	2, b.
Mei De	Computer software maintenance and computer system integration	378,632	b.	-	-	-	-	734	100.00	734	375,722	-	2, b.
Shi Cheng	Computer software maintenance and computer system integration	344,944	b.	-	-	-	-	(199,860)	100.00	(199,860)	95,220	-	2, b.
Jin Ce	Computer software maintenance and computer system integration	93,682	b.	-	-	-	-	(12,041)	100.00	(12,041)	76,546	-	2, b
Yi Ding	Computer software maintenance and computer system integration	262,900	b.	-	-	-	-	(121)	100.00	(121)	244,499	-	2, b
Dong Tai	Investments	351,470	b.	-	-	-	-	(213,304)	100.00	(213,304)	77,792	-	2, b
Gao Te	Investments	276,235	b.	-	-	-	-	(836)	100.00	(836)	249,678	-	2, b
Shen Jun Yu Peng	Sales of cars	57,152	b.	-	-	-	-	13,357	65.00	8,682	(10,933)	-	2, b
Su Zhou Feng Shen	Sales of cars	228,609	b.	-	-	-	-	137,986	40.00	55,194	294,694	-	2, b
Guang Zhou Yuan Du	Sales of cars	166,693	b.	-	-	-	-	12,964	61.00	7,908	119,972	-	2, b
Zhu Hai Fu Te En	Sales of cars	23,813	b.	-	-	-	-	36,292	100.00	36,292	120,553	-	2, b.
Nanjing Hanhong	Sales of cars	334,591	b.	-	-	-	-	(66,593)	100.00	(66,593)	187,177	-	2, b
Wuhan Yu Hsin	Sales of cars	133,355	b.	-	-	-	-	14,353	100.00	14,353	(68,726)	-	2, b.
HangZhou Yu Zhong	Trading	47,626	b.	-	-	-	-	92	100.00	92	78,535	-	2, b
Shanghai Yuexing	Sales of cars	124,793	b.	-	-	-	-	(16,258)	100.00	(16,258)	(61,381)	-	2, b.
Jiangmen Junxing	Sales of cars	96,216	b.	-	-	-	-	10,811	60.00	6,487	36,416	-	2, b
Jiangmen Yuli	Sales of cars	48,590	b.	-	-	-	-	5,593	60.00	3,356	56,234	-	2, b
He-Shan Li-Sheng	Sales of cars	2,915	b.	-	-	-	-	(87)	60.00	(52)	2,706	-	2, b.
Guang Zhou Yuan Zhi	Sales of cars	47,626	b.	-	-	-	-	(19,033)	61.00	(11,610)	6,047	-	2, b.
Qingdao Yuanhuang	Sales of cars	142,880	b.	-	-	-	-	(28,051)	51.00	(14,306)	(90,599)	-	2, b.
Hang Zhou Hua Zhi	Sales of cars	95,254	b.	-	-	-	-	(43,784)	80.00	(35,028)	(63,182)	-	2, b
Chang Sha Yu Lu	Sales of cars	95,254	b.	-	-	-	-	(9,480)	100.00	(9,480)	72,334	-	2, b.
Hang Zhou Tang Yu	Investments	47,626	b.	-	-	-	-	375	100.00	375	50,368	-	2, b.
Hang Zhou Chien Yu	Investments	47,626	b.	-	-	-	-	(83)	100.00	(83)	42,190	-	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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Zhuhai Yuhsin	Sales of cars	23,813	b.	$ -	$ -	$ -	$ -	$ 719	100.00	$ 719	$ (10,316)	$ -	2, b
Shenzhen Yu Zhi	Sales of cars	47,626	b.	-	-	-	-	7,925	100.00	7,925	36,137	-	2, b.
Xiao Gan Yu Feng	Sales of cars	76,203	b.	-	-	-	-	9,942	100.00	9,942	47,080	-	2, b.
Su Zhou Feng Shun	Sales of cars	119,742	b.	-	-	-	-	67,943	40.00	27,177	240,297	-	2, b.
Suzhou Yueshun	Sales of cars	47,626	b.	-	-	-	-	(8,085)	40.00	(3,234)	51,883	-	2, b
Su Chou Cheng Pin	Sales of cars	192,434	b.	-	-	-	-	6,263	40.00	2,505	185,750	-	2, b.
Wu Jiang Lian Cheng	Sales of cars	47,626	b.	-	-	-	-	30,991	40.00	12,396	101,148	-	2, b.
Su Zhou Cheng Li	Sales of cars	71,921	b.	-	-	-	-	(6,025)	40.00	(2,410)	40,223	-	2, b.
Hang Zhou Hsiao Yu	Investments	47,626	b.	-	-	-	-	(44)	99.00	(43)	41,961	-	2, b.
Nan Jing Yu Shang	Sales of cars	38,101	b.	-	-	-	-	(17,381)	100.00	(17,381)	(42,929)	-	2, b.
Hang Zhou Hua You	Sales of cars	38,101	b.	-	-	-	-	(24,572)	80.00	(19,658)	(94,546)	-	2, b.
Su Zhou Cheng Pang	Sales of cars	47,626	b.	-	-	-	-	7,852	40.00	3,141	39,395	-	2, b
Nan Jing Yu Hua	Sales of cars	142,880	b.	-	-	-	-	(10)	100.00	(10)	139,451	-	2, b
Su Zhou Cheng Guo	Sales of cars	48,590	b.	-	-	-	-	(13,357)	40.00	(5,343)	32,678	-	2, b
Su Zhou Cheng Hung	Sales of cars	48,590	b.	-	-	-	-	(1,020)	40.00	(408)	44,147	-	2, b
Tai Chang Cheng Mau	Sales of cars	48,590	b.	-	-	-	-	10,972	40.00	4,389	55,606	-	2, b
An Hui Min Tung	Sales of cars	48,590	b.	-	-	-	-	(46,209)	100.00	(46,209)	3,422	-	2, b.
An Ching Tsai Tung	Sales of cars	24,295	b.	-	-	-	-	(68,070)	100.00	(68,070)	(63,789)	-	2, b
An Ching Ling Tung	Sales of cars	19,436	b.	-	-	-	-	(67,433)	100.00	(67,433)	(47,210)	-	2, b
Tung Ling Kuo Tung	Sales of cars	24,295	b.	-	-	-	-	7,959	100.00	7,959	(1,055)	-	2, b
Ho Fei Chun Hui	Sales of cars	2,430	b.	-	-	-	-	(7,891)	100.00	(7,891)	(5,500)	-	2, b
Zi Bo Yu An	Sales of cars	24,295	b.	-	-	-	-	(14,509)	100.00	(14,509)	1,134	-	2, b

(Continued)

Accumulated Investment in Mainland China as of December 31, 2016	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	$12,227,144	$16,021,022	$47,437,692

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: The amounts of investment gain (loss) was recognized on following bases:
- a. Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
- b. Based on the financial statements audited by the auditor of parent company.
- c. 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)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	$ 98,980	Based on regular terms	-
		Luxgen	1	Other receivables from related parties	21,598	Based on regular terms	-
		Yulon Motor Investment	1	Other receivables from related parties	13,309	Based on regular terms	-
		Yu Yuen	1	Operating revenue, net	65,936	Based on regular terms	-
		Yu Chia	1	Operating revenue, net	42,460	Based on regular terms	-
		Chanchen	1	Operating revenue, net	18,592	Based on regular terms	-
		Yu Ching	1	Operating revenue, net	14,475	Based on regular terms	-
		Luxgen	1	Operating revenue, net	10,592,445	Based on regular terms	5
		Luxgen Taipei	1	Operating revenue, net	17,426	Based on regular terms	-
		Luxgen	1	Nonoperating revenue and expense	15,146	Based on regular terms	-
		Yushin	1	Operating revenue, net	1,777,340	Based on regular terms	1
		Yu Sing	1	Operating revenue, net	2,808,803	Based on regular terms	1
		Yu Chang	1	Operating revenue, net	3,915,267	Based on regular terms	2
		Empower	1	Operating revenue, net	2,494,801	Based on regular terms	1
		Yu Sing	1	Operating revenue, net	71,628	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	152,327	Based on regular terms	-
		Empower	1	Operating revenue, net	14,720	Based on regular terms	-
		TAC	1	Operating revenue, net	225,022	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	10,858	Based on regular terms	-
		Yushin	1	Operating revenue, net	184,895	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	192,122	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	261,576	Based on regular terms	-
		Empower	1	Operating revenue, net	213,535	Based on regular terms	-
		Yushin	1	Operating revenue, net	14,286	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	20,663	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	35,849	Based on regular terms	-
		Empower	1	Operating revenue, net	16,709	Based on regular terms	-
		The Company	1	Long term investment	12,985	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	12,985	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	11,462	Based on regular terms	-
		The Company	1	Long term investment	12,022	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	12,022	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	12,249	Based on regular terms	-
1	TAC	Yu Sing	3	Notes and trade receivables, net	14,202	Based on regular terms	-
		Yushin	3	Notes and trade receivables, net	10,182	Based on regular terms	-
		Luxgen Taipei	3	Notes and trade receivables, net	16,571	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
2	Yu Sing	The Company	2	Other receivables from related parties	$ 17,629	Based on regular terms	-
		The Company	2	Operating revenue, net	148,587	Based on regular terms	-
		TAC	3	Notes and trade receivables, net	34,910	Based on regular terms	-
		Car-plus Corporation	3	Notes and trade receivables, net	15,438	Based on regular terms	-
		Yu-Jan	3	Other receivables from related parties	10,878	Based on regular terms	-
		TAC	3	Other current assets	33,264	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	346,277	Based on regular terms	-
		Yu-Jan	3	Nonoperating revenue and expense	46,379	Based on regular terms	-
3	Yushin	Yu Sing	3	Operating revenue, net	34,260	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	20,094	Based on regular terms	-
		Empower	3	Operating revenue, net	26,037	Based on regular terms	-
		Yu Chang	3	Operating revenue, net	107,034	Based on regular terms	-
		Yu Pool	3	Nonoperating revenue and expense	37,704	Based on regular terms	-
4	Yu Pool	Yushin	3	Notes and trade receivables, net	17,257	Based on regular terms	-
		Yushin	3	Operating revenue, net	113,386	Based on regular terms	-
5	Yueki	The Company	2	Notes and trade receivables, net	214,679	Based on regular terms	-
		The Company	2	Operating revenue, net	1,040,179	Based on regular terms	1
		Hangchow Yue Wan	3	Notes and trade receivables, net	203,254	Based on regular terms	-
		Hangchow Yue Wan	3	Other receivables from related parties	164,666	Based on regular terms	-
		Luxgen	3	Operating revenue, net	58,203	Based on regular terms	-
		Hangchow Yue Wan	3	Operating revenue, net	13,500	Based on regular terms	-
6	Yu Chang	Car-plus Corporation	3	Operating revenue, net	35,909	Based on regular terms	-
		Tian Wang	3	Operating revenue, net	26,299	Based on regular terms	-
7	Yue Sheng	The Company	2	Notes and trade receivables, net	55,189	Based on regular terms	-
		The Company	2	Operating revenue, net	280,024	Based on regular terms	-
8	Yu-Jan	Yu Sing	3	Notes and trade receivables, net	11,103	Based on regular terms	-
		Yu Sing	3	Operating revenue, net	195,192	Based on regular terms	-
9	Yu Yuen	The Company	2	Guarantee deposits	40,149	Based on regular terms	-
10	Yu Pong	The Company	2	Operating revenue, net	20,571	Based on regular terms	-
11	Yu Rich	Qinton	3	Operating revenue, net	15,240	Based on regular terms	-
		TAC	3	Operating revenue, net	27,458	Based on regular terms	-
12	Luxgen	The Company	2	Other receivables from related parties	12,664	Based on regular terms	-
		Luxgen Overseas Holdings	3	Other receivables from related parties	83,864	Based on regular terms	-
		Singgual Travel	3	Operating revenue, net	30,646	Based on regular terms	-
		TAC	3	Operating revenue, net	12,204,310	Based on regular terms	11
		Car-plus Corporation	3	Operating revenue, net	80,174	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 Taipei	3	Operating revenue, net	$ 210,491	Based on regular terms	-
		Luxgen Taoyuan	3	Operating revenue, net	106,237	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	92,471	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	55,734	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	68,585	Based on regular terms	-
13	Luxgen Taipei	Luxgen	3	Notes and trade receivables, net	39,040	Based on regular terms	-
		TAC	3	Other current assets	27,081	Based on regular terms	-
		Diamond Leasing	3	Operating revenue, net	15,886	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	187,542	Based on regular terms	-
		Luxgen	3	Operating revenue, net	83,586	Based on regular terms	-
		Luxgen	3	Nonoperating revenue and expense	15,902	Based on regular terms	-
14	Luxgen Taoyuan	Luxgen	3	Notes and trade receivables, net	22,662	Based on regular terms	-
		TAC	3	Other current assets	21,401	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	44,255	Based on regular terms	-
		Luxgen	3	Operating revenue, net	27,763	Based on regular terms	-
15	Luxgen Taichung	Luxgen	3	Notes and trade receivables, net	25,591	Based on regular terms	-
		TAC	3	Other receivables from related parties	28,961	Based on regular terms	-
		Diamond Leasing	3	Operating revenue, net	16,968	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	51,488	Based on regular terms	-
16	Luxgen Tainan	Luxgen	3	Notes and trade receivables, net	19,788	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	18,481	Based on regular terms	-
		Luxgen	3	Operating revenue, net	30,160	Based on regular terms	-
17	Luxgen Kaohsiung	Luxgen	3	Notes and trade receivables, net	21,889	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	38,740	Based on regular terms	-
		Luxgen	3	Operating revenue, net	27,216	Based on regular terms	-
18	Car-plus Corporation	Diamond Leasing	3	Notes and trade receivables, net	53,690	Based on regular terms	-
		Diamond Leasing	3	Other receivables from related parties	258,277	Based on regular terms	-
		Yu Sing	3	Operating revenue, net	23,761	Based on regular terms	-
		Diamond Leasing	3	Operating revenue, net	10,326	Based on regular terms	-
		Luxgen	3	Operating revenue, net	26,947	Based on regular terms	-
19	Singan	The Company	2	Notes and trade receivables, net	34,200	Based on regular terms	-
		The Company	2	Operating revenue, net	149,863	Based on regular terms	-
20	Singgual Travel	The Company	2	Notes and trade receivables, net	45,814	Based on regular terms	-
		The Company	2	Operating revenue, net	225,052	Based on regular terms	-
		Luxgen Taipei	3	Notes and trade receivables, net	17,800	Based on regular terms	-
		Luxgen Taichung	3	Notes and trade receivables, net	11,994	Based on regular terms	-
		TAC	3	Operating revenue, net	10,476	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	3	Operating revenue, net	$ 15,938	Based on regular terms	-
		Luxgen Taipei	3	Operating revenue, net	141,949	Based on regular terms	-
		Luxgen Taoyuan	3	Operating revenue, net	75,183	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	86,708	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	42,351	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	62,839	Based on regular terms	-
21	Sin Chi	Yu Sing	3	Operating revenue, net	57,736	Based on regular terms	-
22	Sin Jiang	TAC	3	Operating revenue, net	28,577	Based on regular terms	-
23	H. K. Manpower	Car-plus Corporation	3	Operating revenue, net	19,206	Based on regular terms	-
24	Chan Yun	The Company	2	Operating revenue, net	29,439	Based on regular terms	-
25	Diamond Leasing	Car-plus Corporation	3	Other receivables from related parties	19,717	Based on regular terms	-
		Y-Teks	3	Other current assets	58,493	Based on regular terms	-
		Yueki	3	Other current assets	26,257	Based on regular terms	-
26	Yue Ki Samoa	Yue Ki HK	3	Other receivables from related parties	16,101	Based on regular terms	-
27	Dong Feng Yulon Sales Company	Hang Zhou Hua Zhi	3	Notes and trade receivables, net	46,255	Based on regular terms	-
		Hang Zhou Hua You	3	Notes and trade receivables, net	50,649	Based on regular terms	-
		An Ching Tsai Tung	3	Notes and trade receivables, net	27,905	Based on regular terms	-
		Shang Hai Jing-Huei	3	Other current assets	29,800	Based on regular terms	-
		Suzhou Yueshun	3	Operating revenue, net	160,018	Based on regular terms	-
		Zhuhai Yuhsin	3	Operating revenue, net	247,060	Based on regular terms	-
		Shanghai Yuming	3	Operating revenue, net	358,334	Based on regular terms	-
		Ning Bo Yu Cheng	3	Operating revenue, net	159,157	Based on regular terms	-
		Fu Jian Yu Xin	3	Operating revenue, net	200,558	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Operating revenue, net	378,908	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Operating revenue, net	370,843	Based on regular terms	-
		Hang Zhou Hua You	3	Operating revenue, net	296,018	Based on regular terms	-
		Shenzhen Yu Zhi	3	Operating revenue, net	328,139	Based on regular terms	-
		Chang Sha Yu Lu	3	Operating revenue, net	288,129	Based on regular terms	-
		Jiangmen Yuli	3	Operating revenue, net	306,188	Based on regular terms	-
		Ka Shing Yu Da	3	Operating revenue, net	113,067	Based on regular terms	-
		An Hui Min Tung	3	Operating revenue, net	123,611	Based on regular terms	-
		An Ching Tsai Tung	3	Operating revenue, net	31,981	Based on regular terms	-
		#N/A	3	Operating revenue, net	67,796	Based on regular terms	-
28	Yulon Motor Finance	Shen Jun Yu Peng	3	Notes and trade receivables, net	21,716	Based on regular terms	-
		Shanghai Yuming	3	Notes and trade receivables, net	19,078	Based on regular terms	-
		Ning Bo Yu Cheng	3	Notes and trade receivables, net	11,260	Based on regular terms	-
		Fu Jian Yu Xin	3	Notes and trade receivables, net	51,677	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Notes and trade receivables, net	12,693	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
		Chang Sha Yu Lu	3	Notes and trade receivables, net	$ 22,115	Based on regular terms	-
		Jiangmen Yuli	3	Notes and trade receivables, net	16,052	Based on regular terms	-
		Ka Shing Yu Da	3	Notes and trade receivables, net	24,291	Based on regular terms	-
		Tz Bo Yu An	3	Notes and trade receivables, net	31,763	Based on regular terms	-
29	Yulon Motor Investment	Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	24,484	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	86,006	Based on regular terms	-
		Shanghai Yuexing	3	Other receivables from related parties	14,137	Based on regular terms	-
		Jiangmen Junxing	3	Other receivables from related parties	41,841	Based on regular terms	-
		Nan Jing Yu Shang	3	Other receivables from related parties	18,596	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	93,342	Based on regular terms	-
		Shenzhen Yu Zhi	3	Other receivables from related parties	62,778	Based on regular terms	-
		Yu-Jie	3	Other receivables from related parties	252,341	Based on regular terms	-
		Dong Feng Yulon Sales Company	3	Operating revenue, net	13,870	Based on regular terms	-
30	Yulon China (HK) Holding	Sheng Qing	3	Other receivables from related parties	729,820	Based on regular terms	-
		Sheng Qing	3	Nonoperating revenue and expense	11,562	Based on regular terms	-
31	Yulon China	Sheng Qing	3	Other receivables from related parties	714,928	Based on regular terms	-
		Yulon China (HK) Holding	3	Other receivables from related parties	59,985	Based on regular terms	-
		Sheng Qing	3	Nonoperating revenue and expense	17,640	Based on regular terms	-
32	Sheng Qing	Xiamen Young Chang	3	Other receivables from related parties	31,304	Based on regular terms	-
		Shen Jun Yu Peng	3	Other receivables from related parties	219,167	Based on regular terms	-
		Guang Zhou Yuan Du	3	Other receivables from related parties	69,735	Based on regular terms	-
		Zhu Hai Fu Te En	3	Other receivables from related parties	215,248	Based on regular terms	-
		Nanjing Hanhong	3	Other receivables from related parties	117,619	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	189,627	Based on regular terms	-
		Shanghai Yuexing	3	Other receivables from related parties	65,086	Based on regular terms	-
		Zhuhai Yuhsin	3	Other receivables from related parties	25,570	Based on regular terms	-
		Jiangmen Junxing	3	Other receivables from related parties	74,366	Based on regular terms	-
		Shanghai Yuming	3	Other receivables from related parties	27,867	Based on regular terms	-
		Qingdao Yuanhuang	3	Other receivables from related parties	92,980	Based on regular terms	-
		Ning Bo Yu Cheng	3	Other receivables from related parties	51,139	Based on regular terms	-
		Fu Jian Yu Xin	3	Other receivables from related parties	118,250	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Other receivables from related parties	65,086	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Other receivables from related parties	67,410	Based on regular terms	-
		Xiao Gan Yu Feng	3	Other receivables from related parties	102,278	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	11,261	Based on regular terms	-
		Chang Sha Yu Lu	3	Other receivables from related parties	34,309	Based on regular terms	-
		Yulon Motor Investment	3	Other receivables from related parties	1,080,889	Based on regular terms	-
		Jiangmen Yuli	3	Other receivables from related parties	23,245	Based on regular terms	-
		An Ching Tsai Tung	3	Other receivables from related parties	49,279	Based on regular terms	-
		An Ching Ling Tung	3	Other receivables from related parties	31,939	Based on regular terms	-
		Tung Ling Kuo Tung	3	Other receivables from related parties	11,622	Based on regular terms	-
		#N/A	3	Other receivables from related parties	14,877	Based on regular terms	-
		Yulon Motor Investment	3	Nonoperating revenue and expense	24,614	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
33	Union & NKH Auto Parts	The Company	2	Notes and trade receivables, net	$ 176,688	Based on regular terms	-
		The Company	2	Operating revenue, net	1,422,479	Based on regular terms	1
		Hangchow Liangrun	3	Notes and trade receivables, net	28,021	Based on regular terms	-
		Uni Investment	3	Other receivables from related parties	25,407	Based on regular terms	-
		Fuzhou Lianghong	3	Other receivables from related parties	47,520	Based on regular terms	-
		Luxgen	3	Other receivables from related parties	20,438	Based on regular terms	-
		Hangchow Liangrun	3	Other receivables from related parties	154,734	Based on regular terms	-
		Fuzhou Lianghong	3	Operating revenue, net	81,804	Based on regular terms	-
		Hangchow Liangrun	3	Operating revenue, net	62,076	Based on regular terms	-
34	Mei De	Sheng Qing	3	Other receivables from related parties	139,625	Based on regular terms	-
		Qing Tai	3	Other receivables from related parties	48,349	Based on regular terms	-
35	Jin Ce	Qing Tai	3	Other receivables from related parties	47,187	Based on regular terms	-
36	Ke Yu	Sheng Qing	3	Other receivables from related parties	464,898	Based on regular terms	-
37	Hang Zhou Tang Yu	Yulon Motor Investment	3	Other receivables from related parties	37,192	Based on regular terms	-
38	HangZhou Yu Zhong	Sheng Qing	3	Other receivables from related parties	27,894	Based on regular terms	-
		Hang Zhou hsiao Yu	3	Other receivables from related parties	18,596	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	19,061	Based on regular terms	-
39	Hsiang Shou	Singgual Travel	3	Other receivables from related parties	10,094	Based on regular terms	-
		Singan	3	Other receivables from related parties	50,180	Based on regular terms	-
		Luxgen	3	Operating revenue, net	17,936	Based on regular terms	-
40	Fuzhou Lianghong	Hangchow Liangrun	3	Notes and trade receivables, net	19,470	Based on regular terms	-
		Hangchow Liangrun	3	Operating revenue, net	36,650	Based on regular terms	-
41	Y-Teks	The Company	2	Notes and trade receivables, net	60,595	Based on regular terms	-
		The Company	2	Operating revenue, net	326,743	Based on regular terms	-
		Luxgen	3	Operating revenue, net	49,094	Based on regular terms	-
42	Hong Shou Culture	Singan	3	Other receivables from related parties	20,072	Based on regular terms	-
43	Gao Te	#N/A	3	Other receivables from related parties	60,437	Based on regular terms	-
44	Shang Hai Jing-Huei	Singgual Travel	3	Operating revenue, net	12,541	Based on regular terms	-
45	Tian Wang	Yu Chang	3	Operating revenue, net	88,482	Based on regular terms	-
46	Hangchow Yue Wan	Yueki	3	Notes and trade receivables, net	12,195	Based on regular terms	-
		Yueki	3	Operating revenue, net	11,439	Based on regular terms	-
47	TAC Leasing (Suzhou)	TAC Finance Company	3	Notes and trade receivables, net	46,490	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
48	Guang Zhou Yuan Du	Qingdao Yuanhuang	3	Other receivables from related parties	$ 97,629	Based on regular terms	-
49	Zhu Hai Fu Te En	Zhuhai Yuhsin	3	Other receivables from related parties	61,188	Based on regular terms	-
		Nanjing Hanhong	3	Operating revenue, net	48,757	Based on regular terms	-
50	Su Zhou Feng Shen	Su Zhou Cheng Pang	3	Other receivables from related parties	34,867	Based on regular terms	-
		Su Zhou Cheng Hung	3	Other receivables from related parties	27,894	Based on regular terms	-
		Tai Chang Cheng Mau	3	Other receivables from related parties	55,788	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	146,798	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	30,918	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	172,234	Based on regular terms	-
		Su Chou Cheng Pin	3	Operating revenue, net	97,926	Based on regular terms	-
		Su Zhou Cheng Pang	3	Operating revenue, net	17,675	Based on regular terms	-
		Tai Chang Cheng Mau	3	Operating revenue, net	107,956	Based on regular terms	-
51	Su Zhou Feng Shun	Su Zhou Cheng Hung	3	Other receivables from related parties	83,682	Based on regular terms	-
		Su Zhou Feng Shen	3	Operating revenue, net	177,029	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	52,698	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	70,941	Based on regular terms	-
		Su Chou Cheng Pin	3	Operating revenue, net	32,738	Based on regular terms	-
		Su Zhou Cheng Pang	3	Operating revenue, net	26,001	Based on regular terms	-
		Tai Chang Cheng Mau	3	Operating revenue, net	44,099	Based on regular terms	-
52	Wu Jiang Lian Cheng	Su Zhou Cheng Hung	3	Other receivables from related parties	23,245	Based on regular terms	-
		Su Zhou Feng Shen	3	Operating revenue, net	51,124	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	54,432	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	26,003	Based on regular terms	-
		Su Chou Cheng Pin	3	Operating revenue, net	25,409	Based on regular terms	-
		Su Zhou Cheng Pang	3	Operating revenue, net	90,868	Based on regular terms	-
		Tai Chang Cheng Mau	3	Operating revenue, net	16,303	Based on regular terms	-
53	Nanjing Hanhong	Nan Jing Yu Shang	3	Other receivables from related parties	75,476	Based on regular terms	-
		Zhu Hai Fu Te En	3	Operating revenue, net	28,003	Based on regular terms	-
54	Nan Jing Yu Hua	Nanjing Hanhong	3	Other receivables from related parties	118,503	Based on regular terms	-
		Yulon Motor Investment	3	Other receivables from related parties	20,920	Based on regular terms	-
55	Su Zhou Cheng Hung	Su Zhou Cheng Guo	3	Other receivables from related parties	36,262	Based on regular terms	-
56	Changzhou Y-TEKS	Hangchow Y-Teks	3	Operating revenue, net	12,265	Based on regular terms	-
57	Wuhan Yu Hsin	Xiao Gan Yu Feng	3	Operating revenue, net	29,833	Based on regular terms	-
58	Hangchow Liangrun	Union & NKH Auto Parts	3	Operating revenue, net	21,761	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
59	Hang Zhou Hua Zhi	Hang Zhou Hua You	3	Other receivables from related parties	$ 37,192	Based on regular terms	-
		An Ching Tsai Tung	3	Operating revenue, net	11,742	Based on regular terms	-
60	Guang Zhou Yuan Zhi	Qingdao Yuanhuang	3	Operating revenue, net	10,087	Based on regular terms	-
61	Xiao Gan Yu Feng	Wuhan Yu Hsin	3	Operating revenue, net	36,559	Based on regular terms	-
62	Su Zhou Chen Long	Su Zhou Feng Shen	3	Operating revenue, net	86,910	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	142,324	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	10,212	Based on regular terms	-
		Su Chou Cheng Pin	3	Operating revenue, net	56,063	Based on regular terms	-
		Su Zhou Cheng Pang	3	Operating revenue, net	60,306	Based on regular terms	-
		Tai Chang Cheng Mau	3	Operating revenue, net	29,263	Based on regular terms	-
63	Su Chou Cheng Pin	Su Zhou Feng Shen	3	Operating revenue, net	57,599	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	22,665	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	31,637	Based on regular terms	-
64	Su Zhou Cheng Pang	Su Zhou Feng Shen	3	Operating revenue, net	31,482	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	32,753	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	87,333	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	74,102	Based on regular terms	-
65	Tai Chang Cheng Mau	Su Zhou Feng Shen	3	Operating revenue, net	45,490	Based on regular terms	-
		Su Zhou Feng Shun	3	Operating revenue, net	39,730	Based on regular terms	-
		Wu Jiang Lian Cheng	3	Operating revenue, net	13,034	Based on regular terms	-
		Su Zhou Chen Long	3	Operating revenue, net	41,610	Based on regular terms	-
66	Ka Shing Yu Da	Shanghai Yuming	3	Operating revenue, net	27,664	Based on regular terms	-
67	An Ching Tsai Tung	Hang Zhou Hua Zhi	3	Operating revenue, net	18,331	Based on regular terms	-
		Hang Zhou Hua You	3	Operating revenue, net	17,876	Based on regular terms	-
		An Hui Min Tung	3	Operating revenue, net	15,643	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	2016	2015	Difference	
			Amount	%
Current assets	131,584,835	122,157,795	9,427,040	7.72%
Noncurrent assets	89,686,806	89,844,295	-157,489	-0.18%
Total assets	221,271,641	212,002,090	9,269,551	4.37%
Current liabilities	132,381,417	118,623,293	13,758,124	11.60%
Noncurrent liabilities	9,827,404	12,197,154	-2,369,750	-19.43%
Total liabilities	142,208,821	130,820,447	11,388,374	8.71%
Capital stock	15,729,199	15,729,199	0	0.00%
Additional paid-in capital	6,664,910	6,650,489	14,421	0.22%
Retained earnings	46,464,540	46,911,456	-446,916	4.29%
Total shareholder's equity	79,062,820	81,181,643	-2,118,823	-2.61%

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 decrease in noncurrent liablities is due to the decrease in long-term loan and long-tem account payable.
2. The rest of the accounts are without material change.

Comparison and Analysis of individual financial conditions

Unit: NT$ Thousand

Item \ Fiscal year	2016	2015	Difference	
			Amount	%
Current assets	16,408,827	18,857,280	(2,448,453)	(12.98%)
Noncurrent assts	62,648,308	61,773,724	874,584	1.42%
Total assets	79,057,135	80,631,004	(1,573,869)	(1.95%)
Current liabilities	5,275,141	4,345,927	929,214	21.38%
Noncurrent liabilities	4,256,396	4,807,153	(550,757)	(11.46%)
Total liabilities	9,531,537	9,153,080	378,457	4.13%
Capital stock	15,729,199	15,729,199	0	0.00%
Additional paid-in capital	6,664,910	6,650,489	14,421	0.22%
Retained earnings	46,464,540	46,911,456	(446,916)	(0.95%)
Total shareholder's equity	69,525,598	71,477,924	(1,952,326)	(2.73%)

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 liabilities is mainly due to the increase in current income tax liabilities.
2. The decrease of current liabilities is mainly dueto the decrease ofaccounts payable to the affiliates.

7.2 Analysis of Financial Performance

Comparison and Analysis of Consolidated Financial Performance

Unit: NT$ Thousand

Item \ Fiscal year	2016		2015		Increase (Decrease) Amount	Changes (%)
	Subtotal	Total	Subtotal	Total		
Operating income		112,166,685		122,525,821	(10,359,136)	(8.45%)
Operating cost		92,966,867		104,565,743	(11,598,876)	(11.09%)
Gross profit		19,199,818		17,960,078	1,239,740	6.90%
Realized (unrealized) sales profit or loss		157		1,088	(931)	(85.57%)
Gross profit – net		19,199,975		17,961,166	1,238,809	6.90%
Operating expense		16,976,080		17,681,210	(705,130)	(3.99%)
Operating net income (loss)		2,223,895		279,956	1,943,939	694.37%
Non-Operating income and expense		840,000		4,457,921	(3,617,921)	(81.16%)
Other income	1,188,168		1,024,932		163,236	15.93%
Other profit and loss	(654,866)		(285,627)		(369,239)	129.27%
Financial cost	(313,359)		(405,615)		92,256	(22.74%)
Shareholding in the profit and loss of affiliated companies and joint venture under the equity method	620,057		4,124,231		(3,504,174)	(84.97%)
Net income before tax		3,063,895		4,737,877	(1,673,982)	(35.33%)
Income tax expense		1,284,672		818,585	466,087	56.94%
Net income		1,779,223		3,919,292	(2,140,069)	(54.60%)
Other comprehensive profit and loss (net)		(1,928,172)		(907,689)	(1,020,483)	112.43%
Items that will not be reclassified subsequently to profit of loss:						
Remeasurement of defined benefit plans	(238,341)		(149,053)		(89,288)	59.90%
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method	(51,239)		(95,968)		44,729	(46.61%)
Items that may be reclassified subsequently to profit of loss:						
Exchange difference from the translation of foreign operations	(484,623)		(94,632)		(389,991)	412.11%
Unrealized valuation profit and loss of available-for-sale financial assets	93,799		(343,246)		437,045	(127.33%)
Cash flow hedging	721		479		242	50.52%
Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method	(1,248,489)		(225,269)		(1,023,220)	454.22%
Total current comprehensive profit and loss		(148,949)		3,011,603	(3,160,552)	(104.95%)

Analysis of changes in financial ratio:

1. The increase in net operating profit is mainly due to the recognition of Luxgen impairment loss in 2015.
2. The decrease in realized profit and loss is mainly due to the decrease in inventory of the dealers in 2016 that was lower than the same period in the year before.
3. The increase in other profit and loss from NT$285,627 thousand to NT$654,866 thousand is mainly due to the higher profit from the disposal of investment in 2015.
4. The decrease in financial cost is mainly due to the decline in overall financial cost as a result of the dealer's joining the pool of funds in China.
5. The decrease in profit and loss from the affiliates and joint venture under the equity method is mainly due to the decrease in sales volume and revenue of the invested company under the equity method.
6. The decrease in revaluations of the defined benefit plan is mainly due to the adjustment of the actuarial report.
7. 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 revaluation of the defined benefit plan of the affiliates and joint venture under the equity method.
8. The decrease in foreign exchange difference arising from the translation of the financial statements of the foreign institutions is mainly due to the unfavorable denomination of the exchange rate between RMB and NTD in 2016.
9. The increase in unrealized valuation profit and loss of the available-for-sale financial assets is mainly due to the stock price declined in 2015.
10. The increase in cash flow risk hedging is mainly due to the favorable swap contract.
11. 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		39,998,024		38,826,117	1,171,907	3.02%
Operating cost		37,006,273		35,846,356	1,159,917	3.24%
Gross profit		2,991,751		2,979,761	11,990	0.40%
Realized (unrealized) sales profit or loss		7,171		8,786	(1,615)	(18.38%)
Gross profit – net		2,998,922		2,988,547	10,375	0.35%
Operating expense		1,196,067		1,203,685	(7,618)	(0.63%)
Operating net income (loss)		1,802,855		1,784,862	17,993	1.01%
Non-Operating income and expense		6,787		1,730,638	(1,723,851)	(99.61%)
Operating income	49,723		52,250		(2,527)	(4.84%)
Other profit and loss	81,548		458,492		(376,944)	(82.21%)
Financial cost	(1,933)		(1,536)		(397)	25.85%
Shareholding in the profit and loss of affiliated companies and joint venture under the equity method	(178,709)		1,135,997		(1,314,706)	(115.73%)
Interest income	56,158		85,435		(29,277)	(34.27%)
Net income before tax		1,809,642		3,515,500	(1,705,858)	(48.52%)
Income tax expense		474,939		163,422	311,517	190.62%
Net income		1,334,703		3,352,078	(2,017,375)	(60.18%)
Other comprehensive profit and loss (net)		(1,610,247)		(776,717)	(833,530)	107.31%
Exchange difference from the translation of foreign operations	0		0		0	0.00%
Unrealized valuation profit and loss of available-for-sale financial assets	(2,170)		(24,200)		22,030	(91.03%)
Cash flow hedging			0		0	0.00%
Defined benefit plan actuarial value	(174,573)		(110,940)		(63,633)	57.36%
Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method	(1,433,504)		(641,577)		(791,927)	123.43%
Total current comprehensive profit and loss		(275,544)		2,575,361	(2,850,905)	(110.70%)

Analysis of changes in financial ratio:

1. Other benefits deceease were mainly due to the recognition of the sale of Dainan and Showtime Passenger Stocks in 2015, with no such impact in 2016.

. The decrease in financial costs was mainly due to the increase in interest expense, which was due to the continued rate hike in 105% of the central bank, which resulted in a decrease in interest expense on rents.

3. The decrease in the shareholding of related enterprises and joint ventures recognized by equity method was mainly due to the decrease in profit of Dongfeng Yulong Investment.

4. The increase in profit for the sale of financial assets was mainly due to the share price of Century Minsheng company fell less than last year.

5. The actuarial decline in the welfare plan was mainly due to the decrease in staff turnover rate and discount rate.

6. The decrease in the share of other related gains of the affiliated enterprises and joint ventures recognized by the equity method is mainly due to the decrease in the cumulative conversion of overseas investment due to changes in exchange rate.

7.3 Cash Flow Analysis

7.3.1 Liquidity Analysis in Recent 2 years

Item \ Fiscal year	2016	2015	Increase (decrease) percentage (%)
Cash flow from operations ratio	(6.47)	(7.78)	16.84%
Cash Flow Adequacy Ratio	6.01	6.70	(10.30%)
Cash Flow Re-investment Ratio	(10.60)	(10.61)	0.09%
Analysis of changes in financial ratio: Due to the continuous growth in the financing business of subsidiary company in China in 2016, non-operating revenue increased and caused the 2016 net cash flow from operation to increase compared with that in 2015, resulting in the rise of cash flow adequacy ratio.			

Note: The Table above is based onthe 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
6,610,313	4,391,663	4,288,914	6,713,062	-	-
Analysis of Cash Flows in 2017: Operational Activities: Inflow of NT$4,391,663 thousand, mainly because of the 2017 estimated profits plus depreciation amortization. Investment activities: Outflow of NT$3,502,464thousand, mainly because of the 20167procurement of fixed assets and external investment. Financial activities: Outflow of NT$ 786,450 thousand, mainly because of the 2017 payment of cash dividends. Contingency plans for predicted insufficient cash and the liquidity analysis: N/A.					

Note: The Table above is based onthe individual financial statements.

7.4 The impact of material capital expenditure on finance and business in recent year

7.4.1 The useofsignificant capitalexpendituresand the source offunds 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						
				2014	2015	2016	2017	2018	2019	2020
Adding machines and equipment	Self-sufficient funds	2020.12.31	$1,479,845	$126,451	$691,050	$234,548	$106,949	$106,949	$106,949	$106,949
Production equipment	Self-sufficient funds	2020.12.31	$1,212,552	$166,015	$127,795	$93,114	$206,407	$206,407	$206,407	$206,407
Pollution control equipment	Self-sufficient funds	2020.12.31	$49,925	$3,360	$8,100	$10,705	$6,940	$6,940	$6,940	$6,940
MIS equipment	Self-sufficient funds	2020.12.31	$321,984	$55,039	$19,745	$9,600	$59,400	$59,400	$59,400	$59,400
Quality assurance equipment	Self-sufficient funds	2020.12.31	$319,890	$37,041	$11,277	$41,340	$57,558	$57,558	$57,558	$57,558
Civil engineering construction works	Self-sufficient funds	2020.12.31	$21,790,436	$1,127,415	$226,478	$2,713,628	$2,549,141	$5,006,399	$13,382,811	$13,362,382

7.4.2 The impact of material capital expenditure on finance and business in recent year:

1. Strengthenmulti-brandOEMstrategy andwiththe brandnew modelsintroduced formass production;enhancethe efficiency andquality of eachproduction line throughthe expansion of machine and equipment in order to improvemarket competitivenessofproducts.
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 commercialcomplex, it isplannedto constructparksand greens and to beautifythe overall environment, and further createoperatingsynergies 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 2016. 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 electric car industry investment deployment is expanding along with the government's initiating the pilot operation of the project, 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 environmental assessment of the land development of Xindain plant is currently approved by the EIA, the application for the construction license is in process, in principle; 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 is currently undergoing liquidation that is expected to be completed successfully in 2017.

The profitability of the Company's investment in 2016 was flat 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 2017, 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 astheannual auditplan in accordance withthe results ofthe risk assessment. Conduct internal control system audit and disclose audit resultsin theaudit reporttruthfully and present it to or informsupervisors; also, follow up on the corrective actions performed.
Finance & Business Planning Department	Coordinate the Company'sbusiness strategyplanning;controlobjectives andoperational plans; manage working capital and provide financialanalysisinformation; handle accounting, shareholder services, taxation, and varioushuman resourcemanagement services;providequick and effectiveoperational managementinformation to the management; and reduce businessrisk withstrictcontrolandregularly updated science and technologychange, industry trends, importantdomestic and foreignpolicies,and information on laws and regulations updated.
Safety & Health Office	Conduct laborworking environment inspection and monitoring regularly. Handle industrialsafety and health-related services in accordance with the Company'sregulations;prevent occupationalhazards;and instruct the responsible units to implement the related plans to reduce the job risk of thestaff.
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 andpromote the Company's quality assurancestrategy andquality assurancesystem. Promote and monitor product inspection and businessintelligencesystems. Promotequality awarenessand improvementactivities. 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 2016 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'sprofit or loss and the responsive measures:

   For the interest rate risk resulted from the Company throughsupervising financing facilities andusageandensuring the compliance withthe terms of theloan agreement in order to manage and maintainadequatecashand cash equivalentsto support the Group's operations, it is managed by maintainingan appropriatefixed and floatinginterest ratescombination, as well as using interest rateswapsand forwardrate agreements. Currently the cash is still adequate while changes in interest rate have limited impact on the profit/loss. The 2016 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$303,576.

2. The impact of change in exchange rates on the Company'sprofit or loss and the responsive measures:

   TheCompany''material cost is affected by thedoublecross exchange rate of Japanese yen andNT dollar; also, the impact on profit and lossis uncertain and the total impact of the following five elements should be considered: (1) Whetherthe foreign currencyhedging is operated correctly? (2) What is the quantity ofimports?(3) What is the amountofinventory?(4) What is the amount ofthe appreciation and depreciation ofNT dollar?(5) Other factors.The Companyhas set up a foreign exchange hedgingoperation team to be responsible forforeign exchangehedging operation in order to reduce the riskof changes inexchange rates.Also, the Company has entered into aforeign exchange risk-sharing agreement with majormaterial supplier,NissanMotor Company, to ensurea steadysupply 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 2016 consolidated financial report shows the when the foreign exchange varies by 1% and all other variables remain constant, the Company's 2016 pre-tax income will increase NT$15,031.

3. The impact of inflation on the Company'sprofit or loss and the responsive measures:

According to the information released by the Executive Yuan, the total consumer price index for 2016 was 105.1, an increase of 1.4% over the 2015 average of 103.65. And in March 2017 the consumer price index fell from 105.45 to 104.66 since December 2016, down 0.75%. January-March average 105.05 over the same period in 2016, 104.24 rose 0.78%, inflation in 2017 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, endorsementand 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 forwardforeign exchange contracts,foreign exchange options, andinterest rate swaps for managing theinterest rate and currencyrisk of the mergedcompanies. 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 balancesheet datewith 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 committedto upgradefrom a manufacturing organizationto a manufacturing service organization; also, moves towards multi-brandOEMoperation in order to create new profit model withnew business modelsandservice models, to provide consumers with more values, and to creategreater benefitsfor the enterprise.

7.6.5 The impact of material changes of local and foreign government policies and regulations in fiscal year 2016and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The Company has beenclosely observing the impact of decrees and policies on the Company's business operations. The important domestic and foreign policyand lawchange has no significant impact on the Company's finance and business.

7.6.6 The impact of technology changes and industrial changes in 2016 and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The technologicalchanges andthe currentstate of the industry haveno significant impact on the Company's finance and business.

7.6.7 The impact of corporate image change in 2016 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 strengthenthe 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 theissuesof social responsibility and build upa good corporate image. In order to effectively control the communicationquality with media andavoidaffectingthe corporate image by crisis mishandling, the Company has spokesmanmechanism implemented. Responsible unit are assigned to handle customer complaintsand shareholderproposalsin order to effectivelysafeguard the Company's reputationand image.

7.6.8 The expected benefits and possible risks of merge & acquisition in fiscal year 2016 and as of the publication date of the annual report:

The Company plans to take Yulon Construction Company as the main platform for the development of real estate business. Therefore, the Company had the 98.6% equity of Yulon Construction Company held by Yujing Company, Yupong Company, and Yonghan Company decapitalized and settled to the newly established company, Yuping Company, in June 2016. The Company paid NT$34,485 thousand to purchase the remaining 1.4% equity of Yulon Construction Company. The Company merged Yuping Company according to Article 19 of the Merger and Acquisition Law in July 2016. The Company owns 100% equity of Yulon Construction Company after the merger.

7.6.9 The expected benefits and possible risks of factory expansion in fiscal year 2016 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 2016 and as of the publication date of the annual report:

The Company's main source of material is from Nissan in Japanand domestic contractors with long-term supply contracts signed and a long-term relationship held. Therefore, the Company's raw material supply is normal andstablewithout any risk of purchaseconcentration.

The Company's sales of the own brand - LUXGEN, in addition toNissan brand,is gradually with higher market share cornered.The Company continuestouse its production and manufacturing expertiseand advantages to become a professional OEM manufacturingplant in domestic market and sell products to each branding company. For foreignmarket, the Companywill continue toexpand internationalOEM business, expand business territory, and continue to generaterevenues.

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 2016 and as of the publication date of the annual report:

The Directors, Supervisors, and major shareholders with over 10% shareholding of the Company tChina-Motor has increased its shareholding by 25,327,477 shares. Since the company simply merged the stock shares invested by Huali, the subsidiary, that were transferred to China-Motor according to the law; the Company's stock shares held by China-Motor was increased from 236,900,689 shares to 262,228,166 shares that had no significant impact on the Company. Please refer to the "Significant equity transfer and conversion of the Directors, Supervisors, Managers, and major shareholders with over 10% shareholding in fiscal year 2016 and as of the publication date of the annual report" in Chapter Three "Corporate Governance Report" of the Annual Report for the changes in shareholdings.

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 illustratethe legal judgment or the material lawsuit in progress and non-litigation or administrative lawsuit of the Companyand its Directors, Supervisors, President, the actual person in charge, the major shareholders with more than10% shareholding, and subsidiaries; the significant impact of the litigation result on the shareholder's equityorthe price of securities; also, shall disclose the fact of the contest, the subject matter, the amount, thelitigationstarting date,the parties, andthe 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:

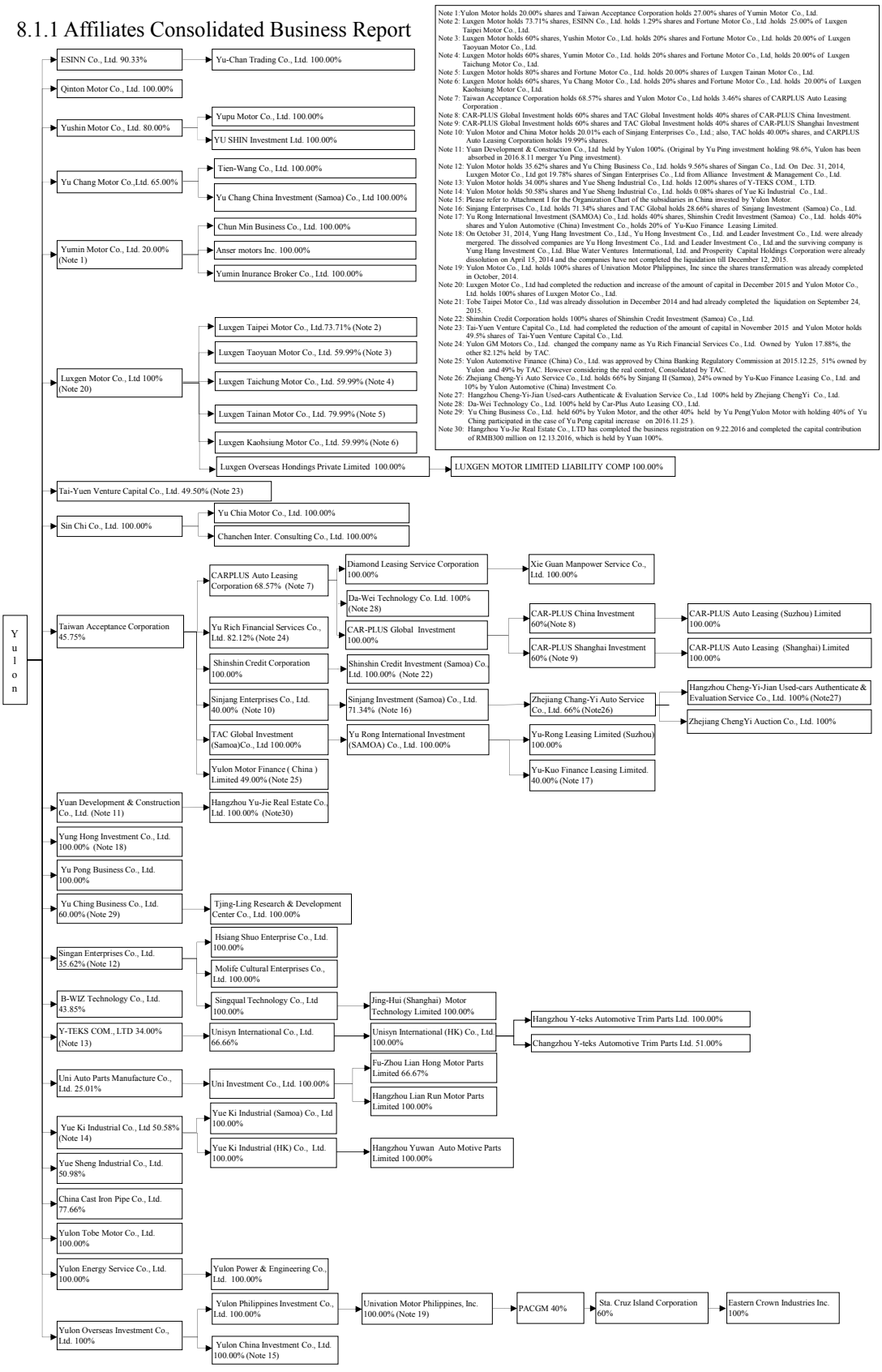
The Company and personnel relevant to the transparency of financial information obtain the licenses designated by the competent authorities as follows:

Licenses	Department	Number of person
Passed the 2013 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (102) Pro.Senior.CPA Tzi No. 000328)	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

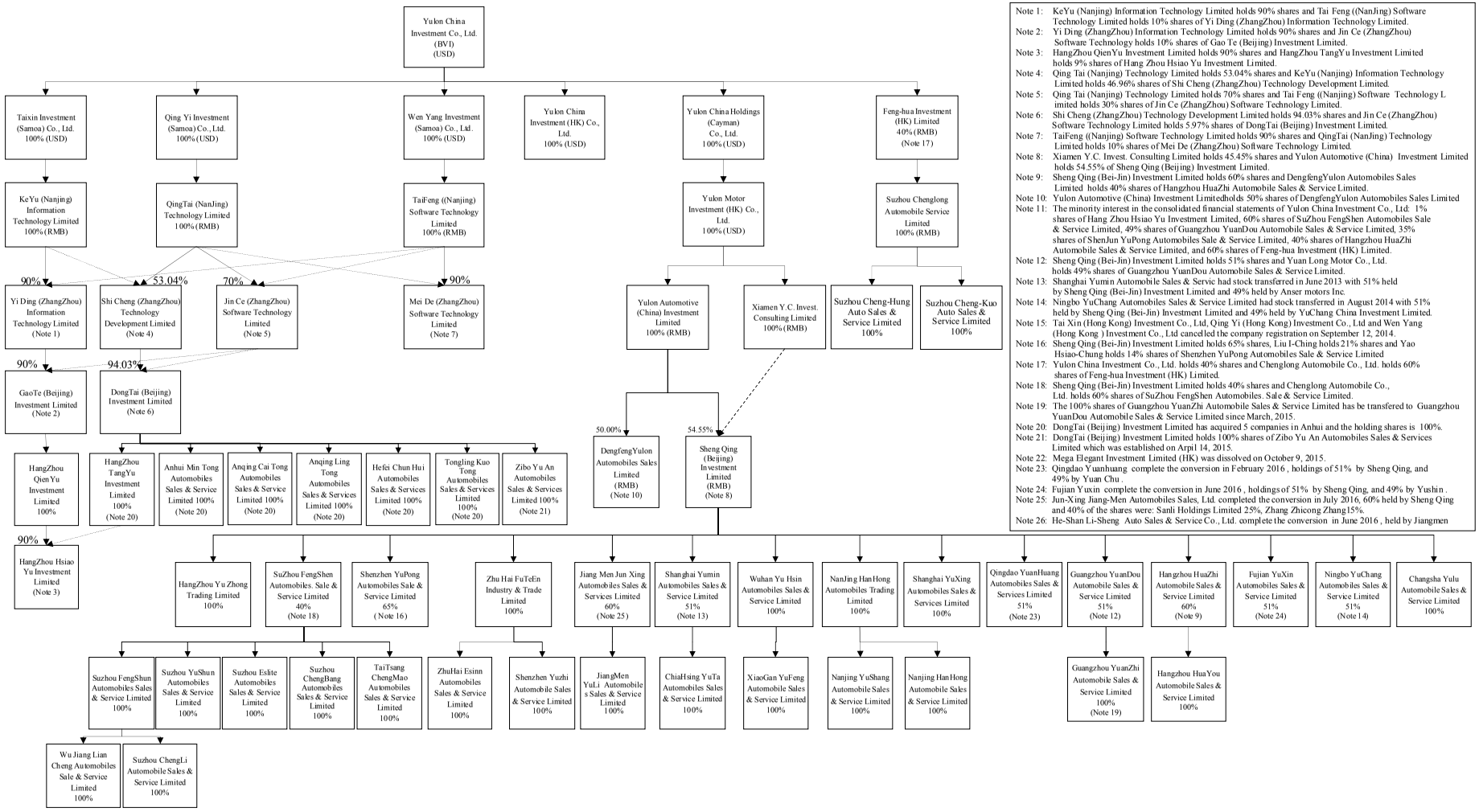
VIII Specially Noted Matters

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 Motor holds 73.71% shares, ESINN Co., Ltd. holds 1.29% shares and Fortune Motor Co., Ltd .holds 25.00% of Luxgen Taipei Motor Co., Ltd.
Note 3: Luxgen Motor holds 60% shares, Yushin Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd. holds 20.00% of Luxgen Taoyuan Motor Co., Ltd.
Note 4: Luxgen Motor holds 60% shares, Yumin Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd, holds 20.00% of Luxgen Taichung Motor Co., Ltd.
Note 5: Luxgen Motor holds 80% shares and Fortune Motor Co., Ltd. holds 20.00% shares of Luxgen Tainan Motor Co., Ltd.
Note 6: Luxgen Motor holds 60% shares, Yu Chang Motor Co., Ltd. holds 20% shares and Fortune Motor Co., Ltd. holds 20.00% of Luxgen Kaohsiung Motor Co., Ltd.
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 Sinjang 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%. (Original by Yu Ping investment holding 98.6%, Yulon has been absorbed in 2016.8.11 merger Yu Ping investment).
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 1 for the Organization Chart of the subsidiaries in China invested by Yulon Motor.
Note 16: Sinjang Enterprises Co., Ltd. holds 71.34% shares and TAC Global holds 28.66% shares of Sinjang 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: On October 31, 2014, Yung Hang Investment Co., Ltd., Yu Hong Investment Co., Ltd. and Leader Investment Co., Ltd. were already mergered. The dissolved companies are Yu Hong Investment Co., Ltd. and Leader Investment Co., Ltd.and the surviving company is Yung Hang Investment Co., Ltd. Blue Water Ventures International, Ltd. and Prosperity Capital Holdings Corporation were already dissolution on April 15, 2014 and the companies have not completed the liquidation till December 12, 2015.
Note 19: Yulon Motor Co., Ltd. holds 100% shares of Univation Motor Philippines, Inc since the shares transformation was already completed in October, 2014.
Note 20: Luxgen Motor Co., Ltd had completed the reduction and increase of the amount of capital in December 2015 and Yulon Motor Co., Ltd. holds 100% shares of Luxgen Motor Co., Ltd.
Note 21: Tobe Taipei Motor Co., Ltd was already dissolution in December 2014 and had already completed the liquidation on September 24, 2015.
Note 22: Shinshin Credit Corporation holds 100% shares of Shinshin Credit Investment (Samoa) Co., Ltd.
Note 23: Tai-Yuen Venture Capital Co., Ltd. had completed the reduction of the amount of capital in November 2015 and Yulon Motor holds 49.5% shares of Tai-Yuen Venture Capital Co., Ltd.
Note 24: Yulon GM Motors Co., Ltd. changed the company name as Yu Rich Financial Services Co., Ltd. Owned by Yulon 17.88%, the other 82.12% held by TAC.
Note 25: Yulon Automotive Finance (China) Co., Ltd. was approved by China Banking Regulatory Commission at 2015.12.25, 51% owned by Yulon and 49% by TAC. However considering the real control, Consolidated by TAC.
Note 26: Zhejiang Cheng-Yi Auto Service Co., Ltd. holds 66% by Sinjang II (Samoa), 24% owned by Yu-Kuo Finance Leasing Co., Ltd. and 10% by Yulon Automotive (China) Investment Co.
Note 27: Hangzhou Cheng-Yi-Jian Used-cars Authenticate & Evaluation Service Co., Ltd 100% held by Zhejiang ChengYi Co., Ltd.
Note 28: Da-Wei Technology Co., Ltd. 100% held by Car-Plus Auto Leasing CO., Ltd.
Note 29: Yu Ching Business Co., Ltd. held 60% by Yulon Motor, and the other 40% held by Yu Peng(Yulon Motor with holding 40% of Yu Ching participated in the case of Yu Peng capital increase on 2016.11.25).
Note 30: Hangzhou Yu-Jie Real Estate Co., LTD has completed the business registration on 9.22.2016 and completed the capital contribution of RMB300 million on 12.13.2016, which is held by Yuan 100%.



Note 1: KeYu (Nanjing) Information Technology Limited holds 90% shares and Tai Feng ((NanJing) Software Technology Limited holds 10% shares of Yi Ding (ZhangZhou) Information Technology Limited.

Note 2: Yi Ding (ZhangZhou) Information Technology Limited holds 90% shares and Jin Ce (ZhangZhou) Software Technology holds 10% shares of Gao Te (Beijing) Investment Limited.

Note 3: HangZhou QienYu Investment Limited holds 90% shares and HangZhou TangYu Investment Limited holds 9% shares of Hang Zhou Hsiao Yu Investment Limited.

Note 4: Qing Tai (Nanjing) Technology Limited holds 53.04% shares and KeYu (Nanjing) Information Technology Limited holds 46.96% shares of Shi Cheng (ZhangZhou) Technology Development Limited.

Note 5: Qing Tai (Nanjing) Technology Limited holds 70% shares and Tai Feng ((Nanjing) Software Technology L imited holds 30% shares of Jin Ce (ZhangZhou) Software Technology Limited.

Note 6: Shi Cheng (ZhangZhou) Technology Development Limited holds 94.03% shares and Jin Ce (ZhangZhou) Software Technology Limited holds 5.97% shares of DongTai (Beijing) Investment Limited.

Note 7: TaiFeng ((Nanjing) Software Technology Limited holds 90% shares and QingTai (NanJing) Technology Limited holds 10% shares of Mei De (ZhangZhou) Software Technology Limited.

Note 8: Xiamen Y.C. Invest. Consulting Limited holds 45.45% shares and Yulon Automotive (China) Investment Limited holds 54.55% of Sheng Qing (Beijing) Investment Limited.

Note 9: Sheng Qing (Bei-Jin) Investment Limited holds 60% shares and DengfengYulon Automobiles Sales Limited holds 40% shares of Hangzhou HuaZhi Automobile Sales & Service Limited.

Note 10: Yulon Automotive (China) Investment Limitedholds 50% shares of DengfengYulon Automobiles Sales Limited

Note 11: The minority interest in the consolidated financial statements of Yulon China Investment Co., Ltd: 1% shares of Hang Zhou Hsiao Yu Investment Limited, 60% shares of SuZhou FengShen Automobiles Sale & Service Limited, 49% shares of Guangzhou YuanDou Automobile Sales & Service Limited, 35% shares of ShenJun YuPong Automobiles Sale & Service Limited, 40% shares of Hangzhou HuaZhi Automobile Sales & Service Limited, and 60% shares of Feng-hua Investment (HK) Limited.

Note 12: Sheng Qing (Bei-Jin) Investment Limited holds 51% shares and Yuan Long Motor Co., Ltd. holds 49% shares of Guangzhou YuanDou Automobile Sales & Service Limited.

Note 13: Shanghai Yumin Automobile Sales & Servic had stock transferred in June 2013 with 51% held by Sheng Qing (Bei-Jin) Investment Limited and 49% held by Anser motors Inc.

Note 14: Ningbo YuChang Automobiles Sales & Service Limited had stock transferred in August 2014 with 51% held by Sheng Qing (Bei-Jin) Investment Limited and 49% held by YuChang China Investment Limited.

Note 15: Tai Xin (Hong Kong) Investment Co., Ltd. Qing Yi (Hong Kong) Investment Co., Ltd and Wen Yang (Hong Kong) Investment Co., Ltd cancelled the company registration on September 12, 2014.

Note 16: Sheng Qing (Bei-Jin) Investment Limited holds 65% shares, Liu I-Ching holds 21% shares and Yao Hsiao-Chung holds 14% shares of Shenzhen YuPong Automobiles Sale & Service Limited

Note 17: Yulon China Investment Co., Ltd. holds 40% shares and Chenglong Automobile Co., Ltd. holds 60% shares of Feng-hua Investment (HK) Limited.

Note 18: Sheng Qing (Bei-Jin) Investment Limited holds 40% shares and Chenglong Automobile Co., Ltd. holds 60% shares of SuZhou FengShen Automobiles. Sale & Service Limited.

Note 19: The 100% shares of Guangzhou YuanZhi Automobile Sales & Service Limited has be transfered to Guangzhou YuanDou Automobile Sales & Service Limited since March, 2015.

Note 20: DongTai (Beijing) Investment Limited has acquired 5 companies in Anhui and the holding shares is 100%.

Note 21: DongTai (Beijing) Investment Limited holds 100% shares of Zibo Yu An Automobiles Sales & Services Limited which was established on Arpl 14, 2015.

Note 22: Mega Elegant Investment Limited (HK) was dissolved on October 9, 2015.

Note 23: Qingdao Yuanhuang complete the conversion in February 2016 , holdings of 51% by Sheng Qing, and 49% by Yuan Chu .

Note 24: Fujian Yuxin complete the conversion in June 2016 , holdings of 51% by Sheng Qing, and 49% by Yushin .

Note 25: Jun-Xing Jiang-Men Automobiles Sales, Ltd. completed the conversion in July 2016, 60% held by Sheng Qing and 40% of the shares were: Sanli Holdings Limited 25%, Zhang Zhicong Zhang15%.

Note 26: He-Shan Li-Sheng Auto Sales & Service Co., Ltd. complete the conversion in June 2016 , held by Jiangmen

2. Basic information of affiliates

As of 12.31.2016

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 989,690	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	Sinjang 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 500,000	Accept the deposit for the domestic and foreign residents, issue the finance bonds, interbank lending, Auto-related loans
Sinjang Enterprises Co., Ltd.	6	Sinjang Investment (Samoa) Co., Ltd.	2013.09.16	TMF Chambers P.O. Box3269. Apia. Samoa	USD 1,874	Holding company
Sinjang Investment (Samoa) Co., Ltd.	7	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	8	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
	9	Zhejiang ChengYi Auction Co., Ltd.	1016.11.16	Xiaoshan District Economic and Technological Development Zone City, North Road 99, 418Y		Sales and brokerage services of second-hand vehicles
Shinshin Credit Corporation	10	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	11	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	12	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.	13	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.
	14	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.
CARPLUS Auto Leasing Corporation	15	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
	16	Ta Teng Transportation Co.,Ltd.	2016.09.19	No.99, Economic and Trade Road, Nangang District, Taipei City	NTD10000	Electric vehicle intermediary services
	17	CAR-PLUS Global Investment(Samoa)Co., Ltd	2006.11.02	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 12,000	Holding company

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
CAR-PLUS Global Investment(Samoa)Co., Ltd	18	CAR-PLUS China Investment(Samoa) Co., Ltd	2006.11.02	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 10,000	Holding company
	19	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	20	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	21	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.	22	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
Yulon Motor Co., Ltd	23	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.	24	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.
	25	Yu Yuen Development Co., Ltd.	1977.01.28	8F, No. 150, Sec 2, Nanking E. Road, Chun-Shen District, Taipei City	NTD 1,221,000	Contracting with constructors to build residence houses and related brokerage of house rental or sales
Yu Yuen Development Co., Ltd.	26	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 300,000	The Development, Construction and Management of Block 14 of Xiao Zheng Storage (2016)
Yulon Motor Co., Ltd	27	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
	28	Tai Yuen Venture Capital Co., Ltd.	1997.06.19	16F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City	NTD 540,600	Venture capital activities for invested company and offer of planning, consultation, and management to invested company
	29	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.	30	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
	31	Chanchen 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	32	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	33	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
	34	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
Yueki Industrial Co., Ltd.	35	Yue Ki Industrial (Samoa) Co., Ltd	2002.01.03	TrustNet Chambers, Lotemau, P. O. BOX 1225, Apia, Samoa.	USD 4,126	Investments
	36	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	Investments
Yue Ki Industrial (HK) Co., Ltd.	37	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

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon Motor Co., Ltd	38	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
	39	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
	40	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
ESINN Co., Ltd	41	Yu-Jan Trading Co., Ltd.	2002.04.25	7F, No. 150, Sec. 2, Nanking E. Road, Taipei City	NTD 5,000	Wholesale and retail trade of automobiles, wholesale trade of automobile and motorcycle parts
Yushin Motor Co., Ltd.	42	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
	43	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	44	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.	45	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
	46	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	47	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.	48	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
	49	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
	50	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.	51	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	52	Yulon Overseas Investment Co., Ltd.	2003.07.04	TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	USD 325,515	Investments
Yulon Overseas Investment Co., Ltd.	53	Yulon China Investment Co., Ltd.	2003.07.08	TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	USD 300,489	Investments
	54	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	Investments
Yulon Philippine Investment Co., Ltd.	55	Univation Motor Philippines, Inc.	1982.04.28	Nissan Technopark Barangay. Pulong Sta. Cruz, Sta. Rosa, Laguna, Philippines	PHP 881,383	Automobile Manufacturing
Univation Motor Philippines, Inc.	56	Sta. Cruz Island Corporation	1991.09.23	Nissan Technopark Barangay. Pulong Sta. Cruz, Sta. Rosa, Laguna, Philippines	PHP264,028	Housing rental

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon China Investment Co., Ltd.	57	Taixin Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 24,125	Investments
	58	Wen Yang Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 16,100	Investments
	59	Qing Yi Investment (Samoa) Co., Ltd.	2005.09.01	Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA	USD 15,850	Investments
	60	Yulon China Investment (HK) Co., Ltd.	2008.02.13	Suite 2303, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD 210,600	Investments
	61	Feng-hua Investment (HK) Limited	2011.03.22	UNIT 706 HALESON BLDG1 JUBILEE ST,HK.	USD 7,000	Holding company
	62	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 26,500	Investments
Feng-hua Investment (HK) Limited	63	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	64	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
	65	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.	66	KeYu (Nanjing) Information Technology Limited	2005.11.10	Room 413-39, Commerce Builing, 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.	67	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
Qing Yi Investment (Samoa) Co., Ltd.	68	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
KeYu (Nanjing) Information Technology Limited	69	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

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
TaiFeng ((Nanjing) Software Technology Limited	70	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	71	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
	72	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	73	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	74	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	75	HangZhou Hsiao Yu Investment Limited	2007.10.22	No. 310, Chung-Yu Modern Town North Area, Bei-Gon Street, Xiaoshan District	RMB10,000	Industrial investment and all other legitimate projects not subject to review and approval
Shi Cheng (ZhangZhou) Technology Development Limited	76	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
DongTai (Beijing) Investment Limited	77	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
	78	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)

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
	79	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.
	80	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
	81	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 andcar repair.
	82	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.
	83	Zibo Yu An Automobiles Sales & Services Limited	2015.04.14	No. 95, 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.	84	Yulon Motor Investment (HK) Co., Ltd.	2012.01.30	Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD 26,500	Investments
Yulon Motor Investment (HK) Co., Ltd.	85	Yulon Automotive (China) Investment Limited	2012.09.26	Room 123, Lin-Jiang Industrial Park Culture Center, Xiaoshan District, Hangzhou City, Zhejiang Province	USD 26,500	(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;

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
						(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.
	86	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
Yulon Automotive (China) Investment Limited	87	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
	88	Sheng Qing (Beijing) Investment Limited	2005.12.23	No.100, Fangshan Tech. Industrial Park, Fangshan District, Beijing	RMB 440,000	Investment advice (except for intermediary); business management; marketing planning, public relations planning; technical advice (except for intermediaries), technical services; technology import and export.
Sheng Qing (Beijing) Investment Limited	89	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	90	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
	91	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
	92	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
	93	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

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
	94	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	95	Wu Jiang Lian Cheng Automobiles Sale & Service Limited	2007.09.28	Jwang-Tien Village, Pint-Wong Town, Wuzhong District, 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
	96	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	97	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 (except for the items specified by legal and administrative regulations and the State Council subject to approval before boarding); industrial projects (specific project to be declared separately); used car trade, car insurance, and car rental
Sheng Qing (Beijing) Investment Limited	98	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)
	99	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)

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Zhu Hai FuTeEn Industry & Trade Limited	100	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)
	101	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	102	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	103	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)
Sheng Qing (Beijing) Investment Limited	104	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	105	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
	106	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

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Sheng Qing (Beijing) Investment Limited	107	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
	108	Hangzhou HuaZhi Automobile Sales & Service Limited	2011.05.20	Fourth Building, No. 506, Shenban Road, Kong-Su District, Hangzhou City	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 (limited to commercial cars and over nine-passenger cars), and car rental
Hangzhou HuaZhi Automobile Sales & Service Limited	109	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	110	Shanghai YuXing Automobiles Sales & Services Limited	2009.08.18	No. 7511, Fu-Nan highway, Hsin-Chong Town, Pudong New Zone, Shanghai City	RMB 26,000	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
	111	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	112	JiangMen YuLi Automobiles Sales & Service Limited	2014.03.26	uilding 1, No.119, Wuyi Road, Jianghai District, Jiangmen	RMB 10,000	Sales: automobile, parts,
YuLi Automobiles Sales & Service Limited	113	He-Shan Li-Sheng Auto Sales & Service Co., Ltd.	2015.1013	Heshan City Ya Yao Town Shek Wu on the village of the village	RMB600	Sales: car and spare parts, decorations, second-hand car information intermediary services; charge of motor vehicle inspection, on the card, transfer, mortgage procedures; to provide automotive information consulting services; Car rental (without taxi operation).
Sheng Qing (Beijing) Investment Limited	114	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)

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
	115	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)
	116	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
	117	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
	118	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
	119	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	120	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	Sales: Commercial cars and over nine-passenger cars, auto parts, auto sundries.
Yulon Motor Co., Ltd	121	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.	122	Unisyn International Co., Ltd.	2002.07.02	P.O.BOX957, OFFSHORE INCORPORATIONS CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS'	USD 3,347	Investments
Unisyn International Co., Ltd.	123	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.	124	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
	125	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
Yulon Motor Co., Ltd	126	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.
	127	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	128	Uni Investment Co., Ltd.	1998.06.25	P. O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands.	USD 8,403	Investments
Uni Investment Co., Ltd.	129	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.
	130	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.

Investing Company	No	Company Name	Established Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Yulon Motor Co., Ltd	131	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.	132	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
	133	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
	134	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
	135	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
	136	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
	137	Luxgen Overseas Holdings Private Ltd.	2012.04.09	150 Orchard Road #06-16 Orchard Plaza, Singapore	SGD 63,587	Holding company
Luxgen Overseas Holdings Private Ltd.	138	Luxgen Motor Limited Liability Company	2013.02.19	143441 Moscow region, Krasnogorsky region, Putilkovo p/o, 69 km of MKAD, Office and public complex of JSC «GREENWOOD», building 23	RUB 1,838,000	Automobile and parts sales
Yulon Motor Co., Ltd	139	Yu Rich Financial Services Co., Ltd.	2003.12.30	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 99,000	Product design, wholesale and retail of vehicles and parts
	140	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
	141	Yumin Motor Co., Ltd.	2000.01.07	No. 27, 36th Road, Shih-Tun Industrial Park, Taichung City	NTD 270,000	Trading of all kinds of auto parts and repair and maintenance services of vehicles
Yumin Motor Co., Ltd.	142	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
	143	Anser motors Inc.	2010.12.15	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, SAMOA	NTD 98,480	Holding company
	144	Yumin Inurance Broker Co., Ltd	2013.12.11	Basement 1F-10, No. 279, Chengdu Road, Shih-Tun District, Taichung City	NTD 3,000	Property insurance broker
Yulon Motor Co., Ltd	145	Yulon TOBE Motor Co., Ltd.	2009.09.25	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 300,000	Automobile and parts manufacturing and mold manufacturing and wholesale business, etc.
	146	Yulon Energy Co., Ltd.	2010.06.15	2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City	NTD 300,000	Battery wholesale and retail and vehicle and motorcycle parts wholesale and retail business
Yulon Energy Co., Ltd.	147	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

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. 2016)

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
1	Taiwan Acceptance Corporation		Yulon Motor Co., Ltd	125,656,568	45.75
		Chairman	Kuo-Rong Chen		
		Director	Li-Lien Chen		
		Director	Zhen-Xiang Yao		
			Yulong Management Enterprise Co., Ltd	10,000	0.00
		Director	Wen-Jung Tsai		
		Director	Kuo-Hsing Hsu		
		Director	Kai-Chang Hu		
		Director	Liang Zhang		
		Independent Director	Yi-Hong Hsieh		
		Independent Director	Shunren Liu		
		Independent Director	Zhongqi Zhou		
2	Shinshin Credit Corporation		Taiwan Acceptance Corporation	98,969,000	100
		Chairman	Kuo-Hsing Hsu		
		Director (also President)	Chung-Yu Chen		
		Director	Wen-Kai Chuang		
		Supervisor	Shu-Hua Liao		
3	CARPLUS Auto Leasing Corporation		Taiwan Acceptance Corporation	51,491,530	68.57
		Chairman	Kuo-Hsing Hsu		
		Director (also President)	Chi-Mu Hsu		
		Director	Chang-I Li		
		Director	Te-Jun Lo		
		Director	Chun-Chieh Chang		
			Ruei-Yi Investment Co., Ltd	5,614,148	7.48
		Supervisor	Chih-Lung Chen		
			Yulon Motor Co., Ltd	2,594,926	3.46
		Supervisor	Wen Yi Lo		
4	Sinjang Enterprises Co., Ltd.		Taiwan Acceptance Corporation	17,128,300	40
		Chairman	Kuo-Hsing Hsu		
		Director (also President)	Shun-Yen Hung		
			CARPLUS Auto Leasing Corporation	8,559,000	19.99
		Director	Chi-Mu Hsu		
			Yulon Motor Co., Ltd	8,567,950	20.01
		Director	Chen-Cheng Li		
			China Motor Corporation	8,567,750	20.01
		Director	Derun Lo		
			Yulon Management Enterprise Co., Ltd.	1,000	-
		Supervisor	Qinglun Jiang		
5	Yulon Motor Finance (China) Limited		Yulon Motor Co., Ltd	RMB 255,000,000	51
		Director	Chin-Chuan Chen		
		Director	Shih-Tung Hsu		
			Taiwan Acceptance Corporation	RMB 245,000,000	49
		Chairman	Kuo-Hsing Hsu		
		Director	Fa-Ke Chen		
		Supervisor	Yuanlong Chen		
		Supervisor	Chun-Cheng Lin		
6	Sinjang Investment (Samoa) Co., Ltd.		Sinjang Enterprises Co., Ltd.	USD 805,000*	60
		Director	Shun-Yen Hung		
			TAC Global Investment (Samoa)Co., Ltd	USD 537,000*	40
		Director	Kuo-Hsing Hsu		
7	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd		Sinjang International Investment (Samoa) Limited	RMB 13,200,000	66
		Chairman	Shunyan Hong		
		Director	Kuo-Hsing Hsu		
		Director	Zhiwei Lin		
			CAR-PLUS Global Investment Co., Ltd	RMB4,800,000	24

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Keyu Lin		
			Yulon Automotive (China) Investment Limited	RMB 2,000,000	10
		Director	Jinquan Chen		
		Supervisor	Chun-Cheng Lin		
8	Hangzhou Cheng Yi second - hand car identification assessment Limited		Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	RMB 500,000	100
		executive director	Shunyan Hong		
		Supervisor	Yanying Xu		
9	Zhejiang Cheng Yi auction Ltd.		Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	0	100
		Chairman	Shun-Yen Hung		
		Director	Kuo-Hsing Hsu		
		Director	Keyu Lin		
		Director	Jinquan Chen		
		Director	Zhiwei Lin		
		Supervisor	Chun-Cheng Lin		
10	Shinshin Credit Investment (Samoa) Co., Ltd.		Shinshin Credit Corporation	USD 12,000,000*	100
		Director	Kuo-Hsing Hsu		
11	TAC Global Investment (Samoa)Co., Ltd		Taiwan Acceptance Corporation	USD 50,537,000*	100
		Director	Kuo-Hsing Hsu		
12	TAC Global Investment (Samoa) Co., Ltd.		TAC Global Investment (Samoa)Co., Ltd	USD 42,000,000*	100
		Director	Kuo-Hsing Hsu		
13	Yu-Kuo Finance Leasing Limited		TAC Global Investment (Samoa)Co., Ltd	USD 12,000,000	40
		Chairman	Kuo-Hsing Hsu		
		Director	Wenkai Zhuang		
		Director	Keyu Lin		
		Supervisor	Chun-Cheng Lin		
			Shinshin Credit Investment (Samoa) Co., Ltd.	USD 12,000,000	40
		Director	Zhongyu Chen		
			Yulon Automotive (China) Investment Limited	USD 6,000,000	20
		Director	Xinfa Wu		
14	TAC Leasing (Suzhou) Limited		TAC Global Investment (Samoa) Co., Ltd.	USD 30,000,000*	100
		Chairman	Kuo-Hsing Hsu		
		Director	Fu-Hsiung Liu		
		Director	Fa-Ke Chen		
		Supervisor	Chun-Cheng Lin		
15	Diamond Leasing Service Co., Ltd.		CARPLUS Auto Leasing Corporation	8,500,000	100
		Chairman	Chi-Mu Hsu		
		Director	Chun Chen		
		Director	Kuang-Hung Chang		
		Supervisor	Hsin-Ming Chao		
16	Da Wei Technology Co., Ltd		CARPLUS Auto Leasing Corporation	10,000	100
		Chairman	Chi-Mu Hsu		
		Director	Chun Chen		
		Director	Hsin-Ming Chao		
		Supervisor	Kuang-Hung Chang		
17	CAR-PLUS Global Investment(Samoa)Co., Ltd		CARPLUS Auto Leasing Corporation	USD 12,000,000*	100
		Director	Chi-Mu Hsu		
18	CAR-PLUS China Investment(Samoa) Co., Ltd		CAR-PLUS Global Investment(Samoa)Co., Ltd	USD 6,000,000*	60
		Director	Chi-Mu Hsu		
			TAC Global Investment (Samoa)Co., Ltd	USD 4,000,000*	40

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
19	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
20	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
21	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
22	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
23	Yu Ching Business Co., Ltd.	Chairman Director Director Supervisor	Yulon Motor Co., Ltd Kuo-Rong Chen Zhen-Xiang Yao Wen-Yi Lo Yuanlong Chen	72,691,327	60
24	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
25	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
26	Hangzhou Yu-Jie Real Estate Co., LTD	Chairman Director Director Supervisor	Yu Yuen Development Co., Ltd Jinquan Chen Yitai Wu Hsiu-Chih Kao Yuanlong Chen	RMB 300,000,000	100
27	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
28	Tai Yuen Venture Capital Co., Ltd.	Chairman Director	China Motor Corporation Kenneth K. T. Yen Chao-Wen Chen Tai-Yuen Textile Co., Ltd.	26,759,700 518,976	49.5 0.96

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Wei-Kung Chi		
			Yulon Motor Co., Ltd	26,759,700	49.5
		Director	Kuo-Rong Chen		
		Director	Zhen-Xiang Yao		
			Yung Hang Investment Co., Ltd.	10,812	0.02
		Supervisor	Tai-Ming Chen		
29	Sin Chi Co., Ltd.		Yulon Motor Co., Ltd	87,000,000	100
		Chairman	Kuo-Rong Chen		
		Director	Zhen-Xiang Yao		
		Director	Wen-Yi Lo		
		Supervisor	Yuanlong Chen		
30	Yu Chia Motor Co., Ltd.		Sin Chi Co., Ltd.	12,000,000	100
		Chairman	Shunyan Hong		
		Director	Wen-Yi Lo		
		Director	Wenxiu Zhu		
		Supervisor	Yuanlong Chen		
31	Chanchen Inter Consulting Co., Ltd.		Sin Chi Co., Ltd.	1,000,000	100
		Chairman	Kuo-Rong Chen		
		Director	Kan-Lin Chu		
		Director	Wen-Yi Lo		
		Supervisor	Songze Lin		
32	Yung Hang Investment Co., Ltd.		Yulon Motor Co., Ltd	77,622,000	100
		Chairman	Kenneth K. T. Yen		
		Director (also President)	Kuo-Rong Chen		
		Director	Zhen-Xiang Yao		
		Supervisor	Chih-Ming Cheng		
33	Yue Sheng Industrial Co., Ltd.		Yulon Motor Co., Ltd	14,680,250	50.97
		Chairman	Wen-Jung Tsai		
		Director	Pu-Chin Chien		
		Director	Yung-Yuan Wang		
			Chuogaras Co., Ltd.	14,112,000	49
		Director	Nakai Hajime		
		Director	Kanai Tetsuo		
		Director	Mùxià yù zhèng		
		Supervisor	Miyauchi Toru	0	-
		Supervisor	Yulong Management Enterprise Co., Ltd	1,000	-
			Chih-Ming Cheng		
34	Yueki Industrial Co., Ltd.		Yulon Motor Co., Ltd	9,846,057	50.58
		Chairman	Chun-Hung Chen		
		Director	Tsan-Huang Lin		
		Director	Ching-Ya chen		
		Director	Ronggui Chen		
			Calsonic Kansei Co., Ltd	9,538,830	49
		Director	Shānxī zhèngbó		
		Director	Chuujou Tooru		
		Director	Shimada Kei Sukasa		
			Yulon Management Enterprise Co., Ltd.	1000	
		Supervisor	Yung-Yuan Wang		-
		Supervisor	Chih-Ming Cheng		
		Supervisor	Akiyama Toyohiko	0	-
35	Yue Ki Industrial (Samoa) Co., Ltd		Yueki Industrial Co., Ltd.	USD 4,126,000*	100
		Director			
36	Yue Ki Industrial (HK) Co., Ltd.		Yueki Industrial Co., Ltd.	USD 106,000,000*	100
		Director	Junhong Chen		
		Director	Zhixiong Wu	0	-
37	Hangzhou Yuwan Auto Motive Parts Limited		Yue Ki Industrial (HK) Co., Ltd.	RMB 74,669,000*	100
		Director	S Zhixiong Wu	0	-

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
38	China Cast Iron Pipe Co., Ltd.		Yulon Motor Co., Ltd	24,850	77.66
		Chairman	Kuo-Rong Chen		
		Director	Zhen-Xiang Yao		
			Taiyuen Textile Co	430	1.34
		Director	Hsiu-Chih Kao		
			Tai-Yuen Textile Co., Ltd.	5,679	17.75
		Supervisor	Wen-Yi Lo		
39	ESINN Co., Ltd		Yulon Motor Co., Ltd	32,519,000	90.33
		Chairman	Kuo-Rong Chen		
		Director	Chun-Chieh Chang		
		Director	Meng-Fen Hsiao		
		Director	Chen-Cheng Li		
			Chan-Hsin Investment Co., Ltd.	3,480,000	9.67
		Director	Yan Zhou		
			Yulon Management Enterprise Co., Ltd.	1,000	-
		Supervisor	Qinglun Jiang		
40	Yushin Motor Co., Ltd.		Yulon Motor Co., Ltd	15,999,000	80
		Chairman	Kuo-Rong Chen		
		Director	Chen-Cheng Li		
		Director	Chun-Chieh Chang		
		Director	Meng-Fen Hsiao		
		Director	Chiung-Liang Wang	800,000	4
			Yulon Management Enterprise Co., Ltd.	1,000	-
		Supervisor	Qinglun Jiang	0	-
41	Yu-Jan Trading Co., Ltd.		ESINN Co., Ltd	500,000	100
		Chairman	Kuo-Rong Chen		
		Director	Chen-Cheng Li		
		Director	Meng-Fen Hsiao		
		Supervisor	Qinglun Jiang		
42	Yu Pool Enterprise Co., Ltd.		Yushin Motor Co., Ltd.	1,000,000	100
		Chairman	Chiung-Liang Wang		
		Director	Kuo-Rong Chen		
		Director	Wentian Guo		
		Supervisor	I-Hsuan Lin		
43	Yu Shin Investment Ltd.		Yushin Motor Co., Ltd.	USD 1,554,000*	100
		Chairman	Chiung-Liang Wang		
44	Yu Chang Motor Co., Ltd.	Chairman	Yao-Hsin Kuo	3,254,400	15.11
		Director	Yu-Hung Kuo	1,335,200	6.2
			Yulon Motor Co., Ltd	13,998,500	65
		Director	Chun-Chieh Chang		
		Director	Chen-Cheng Li		
		Director	Meng-Fen Hsiao		
		Supervisor	Representative: Hsin-Fa Wu	1,000	-
			Ta-Wei Wang		
		Supervisor	Chiu-Hua Chen	1,437,200	6.67
45	Tian Wang Co., Ltd.		Yu Chang Motor Co., Ltd.	1,700,000	100
		Chairman	Yao-Hsin Kuo		
		Director	Meng-Fen Hsiao		
		Director	Chen-Cheng Li		
		Supervisor	Songze Lin		
46	Yu Chang China Investment Co., Ltd.		Yu Chang Motor Co., Ltd.	USD 1,564,000	100
		Director	Yao-Hsin Kuo		
		Director	Kuo-Hsing Hsu		
		Director	Ming-Hui Hsiao		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
47	Singan Co., Ltd.		China Motor Corporation	7,074,057	24.67
		Director	Te-Jun Lo		
			Yulon Motor Co., Ltd	10,212,515	35.62
		Chairman	Kuo-Hsing Hsu		
		Director	Yan Zhou		
		Director	Chao-Hsien Liu		
		Director (also President)	Wenzheng Liao		
			Yu Ching Business Co., Ltd.		
		Supervisor	Songze Lin	2,742,014	9.56
48	Singgual Travel Service Co., Ltd.		Singan Co., Ltd.	13,000,000	100
		Chairman	Wenzheng Liao		
		Director (also President)	Chang-Lin Wu		
		Director	Pi-Feng Wu		
		Director	Chia-Ying Tsang		
		Supervisor	Wan-Chin Li		
49	Molife Cultural Enterprise Co., Ltd.		Singan Co., Ltd.	5,000,000	100
		Chairman	Wenzheng Liao		
		Director	Chang-Lin Wu		
		Director	Pi-Feng Wu		
		Director (also President)	Chia-Ying Tsang		
		Supervisor	Wan-Chin Li		
50	Hsiang Shou Enterprise Co., Ltd.		Singan Co., Ltd.	10,000,000	100
		Chairman	Wenzheng Liao		
		Director	Chang-Lin Wu		
		Director (also President)	Pi-Feng Wu		
		Director	Jiaying Zan		
		Supervisor	Wan-Chin Li		
51	Jing-Hui (Shanghai) Motor Technology Limited		Singgual Travel Service Co., Ltd.	USD 1,675,000	100
		Chairman	Chao-I Chang		
		Director	Wenzheng Liao		
		Director	Yù míng Yang		
		Director	Chun-Cheng Lin		
		Director (also President)	**Zhixin Lin**		
52	Yulon Overseas Investment Co., Ltd.		Yulon Motor Co., Ltd	325,515,334	100
		Director	Kenneth K. T. Yen		
		Director	Kuo-Rong Chen		
		Director	Chun-Chung Li		
53	Yulon China Investment Co., Ltd.		Yulon Overseas Investment Co., Ltd.	300,488,888	100
		Director	Kenneth K. T. Yen		
		Director	Kuo-Rong Chen		
		Director	Chun-Chung Li		
54	Yulon Philippine Investment Co., Ltd.		Yulon Overseas Investment Co., Ltd.	35,740,966	100
		Director	Kenneth K. T. Yen		
		Director	Kuo-Rong Chen		
		Director	Chun-Chung Li		
55	Univation Motor Philippines, Inc.		Yulon Philippine Investment Co., Ltd.	4,365,527	39.99
		Chairman	Zhen-Xiang Yao	1	
		Director (also CEO)	Chung-Yuan Chen	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

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
56	Sta. Cruz Island Corporation		Yulon Philippine Investment Co., Ltd.	749,371	14.04
			Pacific Gem Corporation	3,202,792	60
		Director	Reynaldo Concepcion	1	-
		Chairman	William C. Yu	1	-
		Director	Eric Recalde	1	-
			Univation Motor Philippines, Inc.	1,385,825	25.96
		Director	Nedia O. Sagun	1	-
		Director	Teresita D. Hamor	1	-
57	Taixin Investment (Samoa) Co., Ltd.		Yulon China Investment Co., Ltd.	24,124,887	100
		Legal Representative	Kuo-Rong Chen		
58	Wen Yang Investment (Samoa) Co., Ltd.		Yulon China Investment Co., Ltd.	16,100,000	100
		Legal Representative	Kuo-Rong Chen		
59	Qing Yi Investment (Samoa) Co., Ltd.		Yulon China Investment Co., Ltd.	15,850,000	100
		Legal Representative	Kuo-Rong Chen		
60	Yulon China Investment (HK) Co., Ltd.		Yulon China Investment Co., Ltd.	USD 210,600,000*	100
		Legal Representative	Kenneth K. T. Yen		
61	Feng-hua Investment (HK) Limited		Chenlong Motor Co., Ltd.	USD 2,100,000*	30
		Director	I-Wei Wang		
			Yulon China Investment Co., Ltd.	USD 2,800,000*	40
		Director	Ming-Hui Hsiao		
62	Yulon China Holdings (Cayman) Co., Ltd.		Yulon China Investment Co., Ltd.	26,500,000	100
		Chairman	Kenneth K. T. Yen		
		Director	Kuo-Rong Chen		
		Director	Chun-Chung Li		
63	Suzhou Chenglong Automobile Service Limited		Feng-hua Investment (HK) Limited	USD 7,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Yan Zhou		
64	Suzhou Cheng-Hung Auto Sales & Service Limited		Suzhou Chenglong Automobile Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Yan Zhou		
65	Suzhou Cheng-Kuo Auto Sales & Service Limited		Suzhou Chenglong Automobile Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Yan Zhou		
66	KeYu (Nanjing) Information Technology Limited		Taixin Investment (Samoa) Co., Ltd.	RMB 180,031,000*	100
		Legal Representative	Kuo-Rong Chen		
		Supervisor	Ming-Hui Hsiao		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
67	TaiFeng ((Nanjing) Software Technology Limited	Legal Representative	Wen Yang Investment (Samoa) Co., Ltd. Kuo-Rong Chen	USD 14,850,000*	100
68	QingTai (NanJing) Technology Limited	Legal Representative Supervisor	Qing Yi Investment (Samoa) Co., Ltd. Kuo-Rong Chen Ming-Hui Hsiao	USD15,350,000*	100
69	Yi Ding (ZhangZhou) Information Technology Limited	Legal Representative (also Executive director and Manager) Supervisor	KeYu (Nanjing) Information Technology Limited TaiFeng ((Nanjing) Software Technology Limited Ming-Hui Hsiao Yung-Fu Chiao	RMB 49,680,000* RMB 5,520,000*	90 10
70	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
71	Shi Cheng (ZhangZhou) Technology Development Limited	Legal Representative (also Executive director and Manager) Supervisor	QingTai (NanJing) Technology Limited KeYu (Nanjing) Information Technology Limited Ming-Hui Hsiao Yung-Fu Chiao	RMB 38,097,000 RMB 33,733,000	53.04 46.96
72	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
73	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
74	HangZhou QienYu Investment Limited	Legal Representative (also Executive director and Manager) Supervisor	GaoTe (Beijing) Investment Limited I Liu Ya-Ming Chen	RMB 10,000,000*	100
75	HangZhou Hsiao Yu Investment Limited	Legal Representative (also Chairman)	HangZhou TangYu Investment Limited HangZhou QienYu Investment Limited Zhejiang Chung-Yu (Holding) Group Limited Chi-Wu Liu	RMB 900,000* RMB 9,000,000* RMB 100,000*	9 90 1

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director Director Supervisor	Chi-Hou Wen Wen-Chiang tien Lai Liu		
76	DongTai (Beijing) Investment Limited		Shi Cheng (ZhangZhou) Technology Development Limited Jin Ce (ZhangZhou) Software Technology Limited Lai Liu Ming-Hui Hsiao	RMB 68,830,000 RMB 4,370,000	94.03 5.97
		Legal Representative (also Executive director and Manager) Supervisor			
77	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
78	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
79	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
80	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
81	Hefei Chun Hui Automobiles Sales & Services Limited	Chairman Executive Director Director Director Supervisor	DongTai (Beijing) Investment Limited Ruoyu Qiu Lai Liu Zhiqiang Yan Zhiqiang Yan Chou Yen	RMB 500,000	100
82	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
83	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
84	Yulon Motor Investment (HK) Co., Ltd.	Chairman Director	Yulon China Holdings (Cayman) Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen	USD 26,500,000*	100

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
85	Yulon Automotive (China) Investment Limited		Yulon Motor Investment (HK) Co., Ltd.	USD 26,500,000*	100
		Chairman	Kuo-Rong Chen		
		Director (also President)	Hsin-Fa Wu		
		Director	Chin-Chuan Chen		
		Director	Kuo-Hsing Hsu		
		Director	Chun-Chung Li		
		Director	Zhen-Xiang Yao		
		Director	Yung-Yuan Wang		
		Supervisor	Ming-Hui Hsiao		
86	Xiamen Y.C. Invest. Consulting Limited		Yulon Motor Investment (HK) Co., Ltd.	USD 1,860,000*	100
		Legal Representative	Kuo-Rong Chen		
		Supervisor	Yung-Fu Chiao		
87	Dong Feng Yulon Motor Sales Limited		Yulon Automotive (China) Investment Limited	RMB 25,000,000	50
		Chairman	Kuo-Rong Chen		
		Director	Chun-Chung Li		
		Director	Li-Min Hu		
		Director	Kuo-Hsing Hsu		
		Director	Hsin-Fa Wu		
		Supervisor	Ming-Hui Hsiao		
			Dong Feng Yulon Motor Limited	RMB 25,000,000	50
		Vice Chairman	Wenjie Zhou		
		Director	Yang Qiao		
		Director	Jia Teng Huang		
		Director	Chen Li		
		Supervisor	Xiangdong Wang		
88	Sheng Qing (Beijing) Investment Limited		Yulon Automotive (China) Investment Limited	RMB240,000,000*	54.55
			Xiamen Y.C. Invest. Consulting Limited	RMB200,000,000*	45.45
		Legal Representative (also Executive Chairman)	Kuo-Rong Chen		
		Director	Hsin-Fa Wu		
		Director	Chin-Chuan Chen		
		Supervisor	Ming-Hui Hsiao		
89	SuZhou FengShen Automobiles. Sale & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 19,200,000*	40
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Supervisor	Ming-Chi Wu		
			Suzhou Cheng-Feng Commercial Trading Limited	RMB 28,800,000*	60
		Chairman	I-Wei Wang		
		Director	I-Ching Wang		
		Supervisor	Chou Yen		
90	Suzhou ChengBang Automobiles Sales & Service Limited		SuZhou FengShen Automobiles. Sale & Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
91	Suzhou Eslite Automobiles Sales & Service Limited		SuZhou FengShen Automobiles. Sale & Service Limited	RMB 40,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
92	Suzhou YuShun Automobiles Sales & Service Limited		SuZhou FengShen Automobiles. Sale & Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
93	TaiTsang ChengMao Automobiles Sales & Service Limited		SuZhou FengShen Automobiles. Sale & Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
94	Suzhou FengShun Automobiles Sales & Service Limited		SuZhou FengShen Automobiles. Sale & Service Limited	RMB 25,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
95	Wu Jiang Lian Cheng Automobiles Sale & Service Limited		Suzhou FengShun Automobiles Sales & Service Limited	RMB 10,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
96	Suzhou ChengLi Automobile Sales & Service Limited		Suzhou FengShun Automobiles Sales & Service Limited	RMB 15,000,000*	100
		Chairman	I-Wei Wang		
		Director	Hsin-Fa Wu		
		Director	Jui-Yu Chiu		
		Director	Jung-Fu Cheng		
		Director	I-Ching Wang		
		Supervisor	Ming-Tsang Chao		
		Supervisor	Chou Yen		
97	ShenJun YuPong Automobiles Sale & Service Limited		Hsiao-Chung Yao	RMB 1,680,000	14
		Chairman			
		Director	Tan-Ning Liu	RMB 2,520,000	21

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
			Sheng Qing (Beijing) Investment Limited	RMB 7,800,000	65
		Director	Jung-Fu Cheng		
		Director	Hsin-Fa Wu		
		Director	Chin-Chang Tsai		
		Director	Li-Min Hu		
		Supervisor	Chih-Hsin Yeh		
		Supervisor	Wen-Cheng Lin		
98	Guangzhou YuanDou Automobile Sales & Service Limited		Yuanlong Motor Co., Ltd.	RMB 17,150,000*	49
			Sheng Qing (Beijing) Investment Limited	RMB 17,850,000*	51
		Chairman	Chen-Fang Chang		
		Vice Chairman	Chin-Chuan Chen		
		Director	Zhiqiang Yan		
		Director	Jui-Yu Chiu		
		Director	Ming-Jung Hsu		
		Supervisor	Chou Yen		
		Supervisor	Ming-Ching Chen		
99	Zhu Hai FuTeEn Industry & Trade Limited		Sheng Qing (Beijing) Investment Limited	RMB 5,000,000*	100
		Chairman	Hsin-Fa Wu		
		Director	Chi-Jui Chen		
		Director	Jung-Fu Cheng		
		Supervisor	Wen-Cheng Lin		
100	ZhuHai Esinn Automobiles Sales & Service Limited		Zhu Hai FuTeEn Industry & Trade Limited	RMB 5,000,000*	100
		Chairman	Chi-Jui Chen		
		Director	Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Supervisor	Wen-Cheng Lin		
101	Shenzhen Yuzhi Automobile Sales & Service Limited		Zhu Hai FuTeEn Industry & Trade Limited	RMB 10,000,000*	100
		Chairman	Chi-Jui Chen		
		Director	Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Supervisor	Wen-Cheng Lin		
102	Wuhan Yu Hsin Automobiles Sales & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 28,000,000*	100
		Chairman	Representative: Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Director	Chi-Jui Chen		
		Supervisor	Wen-Cheng Lin		
103	XiaoGan YuFeng Automobile Sales & Service Limited		Wuhan Yu Hsin Automobiles Sales & Service Limited	RMB 16,000,000*	100
		Chairman	Representative: Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Director	Chi-Jui Chen		
		Supervisor	Wen-Cheng Lin		
104	NanJing HanHong Automobiles Trading Limited		Sheng Qing (Beijing) Investment Limited	RMB 70,000,000*	100
		Chairman	Representative: Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Director	Chi-Jui Chen		
		Supervisor	Wen-Cheng Lin		
105	Nanjing YuShang Automobile Sales & Service Limited		NanJing HanHong Automobiles Trading Limited	RMB 8,000,000*	100
		Chairman			
		Director	Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Supervisor	Wen-Cheng Lin		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
106	Nanjing HanHong Automobile Sales & Service Limited		NanJing HanHong Automobiles Trading Limited	RMB 30,000,000*	100
		Executive Director	Hsin-Fa Wu		
		Supervisor	Yung-Chun Weng		
107	HangZhou Yu Zhong Trading Limited		Sheng Qing (Beijing) Investment Limited	RMB 10,000,000*	100
		Legal Representative(also Executive Chairman)	Kuo-Rong Chen		
		Supervisor	Ming-Hui Hsiao		
108	Hangzhou HuaZhi Automobile Sales & Service Limited		Dong Feng Yulon Motor Limited	RMB 8,000,000*	40
		Chairman	Representative: Hsin-Fa Wu		
		Director	Chih-Tung Shan		
		Supervisor	Fang-Cheng Liu		
			Sheng Qing (Beijing) Investment Limited	RMB 12,000,000*	60
		Director	Kuo-Hsing Hsu		
		Director	Ping-Cheng Yen		
		Director	Chin-Chang Tsai		
		Supervisor	Ming-Hui Hsiao		
109	Hangzhou HuaYou Automobile Sales & Service Limited		Hangzhou HuaZhi Automobile Sales & Service Limited	RMB 8,000,000*	100
		Executive Director	Ching-Yuan Po		
		Supervisor	Wen-Cheng Lin		
110	Shanghai YuXing Automobiles Sales & Services Limited		Sheng Qing (Beijing) Investment Limited	RMB 26,000,000*	100
		Executive Director	Chin-Feng Kao		
		Supervisor	Ming-Hui Hsiao		
111	Jiang Men Jun Xing Automobiles Sales & Services Limited		Sheng Qing (Beijing) Investment Limited	RMB 12,000,000	60
			Jung-Fu Cheng	RMB 3,000,000	15
			Sanli Holddings Limited	RMB 5,000,000	25
		Chairman	Jung-Fu Cheng		
		Director	Zhicong Zhang		
		Director	Zhenlong Lin		
		Supervisor	Wen-Cheng Lin		
112	JiangMen YuLi Automobiles Sales & Service Limited		Jiang Men Jun Xing Automobiles Sales & Services Limited	RMB 10,000,000*	100
		Executive Director	Jung-Fu Cheng		
		Supervisor	Ming-Chi Wu		
113	Heshan City, Lee Health Automotive Sales and Service Co., Ltd		Jiangmen City Yu Li car sales Services Limited	RMB 600,000	100
		Executive Director	Zhicong Zhang		
		Supervisor	Xugang Ye		
114	Changsha Yulu Automobile Sales & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 20,000,000*	100
		Chairman	Chi-Jui Chen		
		Director	Hsin-Fa Wu		
		Director	Jung-Fu Cheng		
		Supervisor	Wen-Cheng Lin		
115	Ningbo YuChang Automobiles Sales & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 10,200,000*	51
			Yu Chang China Investment Co., Ltd.	RMB 9,800,000*	49
		Chairman	Yao-Hsin Kuo		
		Director	Wen-Hsien Hsu		
		Director	Chin-Chuan Chen		
		Supervisor	Ming-Chi Wu		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
116	Fujian YuXin Automobiles Sales & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 10,200,000	51
			YU SHIN INVESTMENT LTD	RMB 9,800,000	49
		Chairman	Chiung-Liang Wang		
		Director	Chin-Chuan Chen		
		Director	Zhiqiang Yan		
		Supervisor	Wen-Cheng Lin		
117	Guangzhou YuanZhi Automobile Sales & Service Limited		Guangzhou YuanDou Automobile Sales & Service Limited	RMB 10,000,000*	100
		Chairman	Chen-Fang Chang		
		Director	Chin-Chuan Chen		
		Director	Ming-Jung Hsu		
		Director	Zhiqiang Yan		
		Director	Jui-Yu Chiu		
		Supervisor	Chou Yen		
		Supervisor	Ming-Ching Chen		
118	Qingdao YuanHuang Automobiles Sales & Services Limited		Sheng Qing (Beijing) Investment Limited	RMB 15,300 仟元*	51
		Chairman	Chen-Fang Chang		
		Director	Wen-Hsien Hsu		
		Director	Chin-Chuan Chen		
		Director	Jui-Yu Chiu		
		Director	Ming-Jung Hsu		
		Director	Ming-Chi Wu		
		Supervisor	Ming-Ching Chen		
119	Shanghai Yumin Automobiles Sales & Service Limited		Sheng Qing (Beijing) Investment Limited	RMB 19,380,000*	51
			Anser Motors Inc.	RMB 18,620,000*	49
		Chairman	Chin-Feng Kao		
		Director	Zhiqiang Yan		
		Director	Chin-Chuan Chen		
		Supervisor	Wen-Cheng Lin		
120	ChiaHsing YuTa Automobiles Sales & Service Limited		Shanghai Yumin Automobiles Sales & Service Limited	RMB 12,000,000	100
		Chairman	Chin-Feng Kao		
		Director	Chin-Chuan Chen		
		Director	Zhiqiang Yan		
		Supervisor	Wen-Cheng Lin		
121	Y-Teks Co., Ltd.		Yulon Motor Co., Ltd	602,124	34
		Chairman	Chun-Hung Chen		
		Director	Yung-Yuan Wang		
			Kasai Kogyo Co., Ltd.	591,185	33.38
		Director	Watanabe Kunikou		
		Director	Sandou Shouichi		
			Yue Sheng Industrial Co., Ltd.	212,388	11.99
		Director	Tung-Yao Wu		
			San Long Assets Management Co., Ltd.	93,948	5.3
		Director	Chung-Hsien Chen		
			Chang Yue Plastics Industrial Co., Ltd.	213,299	12.04
		Director	Chia-Ching Chen		
		Supervisor	Shang-Hui Chen	3,649	0.21
		Supervisor	Li-Hsiung Cheng	0	-
122	Unisyn International Co., Ltd.		Y-Teks Co., Ltd.	USD 2,230,000*	66.66
		Director	Imamura Hitoshi		
			Malaysia SL investment Co., Ltd.	USD 557,000*	16.67
		Director	Li-Hsiung Cheng		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
			Fang Pang (Samoa) Investment Co., Ltd.	USD 557,000*	16.67
		Director	Li-Tai Kuo		
123	Unisyn International (HK) Co., Ltd.		Unisyn International Co., Ltd.	USD 12,391,000*	100
		Director	Chin-Chu Lin		
		Director	Imamura Hitoshi		
		Director	Li-Tai Kuo		
124	Changzhou Y-Teks Automotive Trim Parts Limited		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
		Legal Representative	Pin-Kang Jui		
125	Hangchow Y-Teks Automotive Trim Parts Limited		Unisyn International (HK) Co., Ltd.	USD 9,000,000*	100
			Chin-Chu Lin		
		Director	Li-Tai Kuo		
		Director	Imamura Hitoshi		
		Director	Yung-Yuan Wang		
		Director	Rongsong Che		
126	Chan Yun Technology Co., Ltd.		Yulon Motor Co., Ltd	8,331,999	43.85
		Chairman (also President)	Wei-Kung Chi		
		Director	Kan-Lin Chu		
		Director	Zhihong Wu		
			China Motor Corporation	8,331,999	43.85
		Director	Te-Chao huang		
		Director	Chen-Chang Huang		
			Tai-Yuen Textile Co., Ltd.	2,336,002	12.3
		Supervisor	Yuanlong Chen		
127	Uni Auto Parts Manufacture Co., Ltd		Yulon Motor Co., Ltd	21,728,516	25.01
		Chairman	Zhen-Xiang Yao		
		Director	Shun-I Lin		
		Director	Yung-Yuan Wang		
			Hsin Chong Machinery Works Co., Ltd.	17,377,154	20
		Executive Director	Chih-Hsiung His		
		Director	Chin-Ming His		
			Chuan Hsing Investment & Development Co., Ltd.	5,211,979	6
		Executive Director	Chung-Wu Li		
			NHK Spring Co., Ltd.	13,033,833	15
		Director	Aoyagi Toshiyuki		
			China Motor Corporation	13,032,137	15
		Director	Hongqing Yang		
			Johnson Controls, K.K.	8,688,921	10
		Director	Chien Huang		
			Yulon Management Enterprise Co., Ltd.		
		Supervisor	Chih-Ming Cheng		
		Supervisor	Kuei-Fen Tien	0	-
128	Uni Investment Co., Ltd.		Uni Auto Parts Manufacture Co., Ltd	USD 8,403,000*	100
		Director	Teng-Hung Yang		
		Director	Chih-Hsiung His		
129	Fuzhou Lianghong Motor Parts Limited		Uni Investment Co., Ltd.	USD 9,320,000*	66.67
		Chairman	Teng-Hung Yang		
		Director	Ziming Li		
		Director	Chih-Hsiung His		
		Director	Chung-Wu Li		
		Director	Chiung-Chih Tseng		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Aoyagi Toshiyuki		
		Supervisor	Yung-Yuan Wang		
		Supervisor	Chien Huang		
			Namba Press Works Co., Ltd.	USD 4,660,000*	33.33
		Director	Nanba Chikako		
		Director	Nanba Junichi		
		Director	Nanba Komaki		
130	Hangchow Liangrun Motor Parts Limited		Uni Investment Co., Ltd.	USD 15,000,000*	100
		Chairman	Zhen-Xiang Yao		
		Director	Teng-Hung Yang		
		Director	Aoyagi Toshiyuki		
		Director	Chih-Hsiung His		
		Director	Chung-Wu Li		
		Director	Chien Huang		
		Director	Yung-Yuan Wang		
		Supervisor	Hongqing Yang		
131	Luxgen Motor Co., Ltd.		Yulon Motor Co., Ltd	280,000,000	100
		Chairman	Kenneth K. T. Yen		
		Vice Chairman	Kuo-Rong Chen		
		Director	Zhen-Xiang Yao		
		Director	Chun-Chung Li		
		Director (also President)	Kai-Chang Hu		
		Supervisor	Chih-Ming Cheng	0	
132	Luxgen Taipei Motor Co., Ltd.		Luxgen Motor Co., Ltd.	13,635,160	73.7
		Chairman	Kai-Chang Hu		
		Director	Chung-Yung Tsao		
			ESINN Co., Ltd	238,840	1.29
		Director	Meng-Fen Hsiao		
		Director	Wen-Yuan Li		
			Fortune Motors Co., Ltd.	4,625,000	25
		Director	Mu Cun Wu		
			Yulon Management Enterprise Co., Ltd.	1,000	0.01
		Supervisor	Yuanlong Chen		
133	Luxgen Taoyuan Motor Co., Ltd.		Luxgen Motor Co., Ltd.	6,299,000	59.99
		Chairman	Kai-Chang Hu		
		Director	Chung-Yung Tsao		
		Director	Meng-Fen Hsiao		
			Yushin Motor Co., Ltd.	2,100,000	20
		Director	Chiung-Liang Wang		
			Fortune Motors Co., Ltd.	2,100,000	20
		Director	Qimin Zeng		
			Yulon Management Enterprise Co., Ltd.	1,000	0.01
		Supervisor	Yuanlong Chen		
134	Luxgen Taichung Motor Co., Ltd.		Luxgen Motor Co., Ltd.	6,359,000	59.99
		Chairman	Kai-Chang Hu		
		Director	Chung-Yung Tsao		
		Director	Meng-Fen Hsiao		
			Yumin Motor Co., Ltd.	2,120,000	20
		Director	Chin-Feng Kao		
			Fortune Motors Co., Ltd.	2,120,000	20
		Director	Mingjun Xie		
			Yulon Management Enterprise Co., Ltd.	1,000	0.01
		Supervisor	Yuanlong Chen		
135	Luxgen Tainan Motor Co., Ltd.		Luxgen Motor Co., Ltd.	8,399,000	79.99
		Chairman	Kai-Chang Hu		
		Director	Chung-Yung Tsao		
		Director	Meng-Fen Hsiao		
			Fortune Motors Co., Ltd.	2,100,000	20
		Director	Chi-Feng Tsai		

No	Company Name	Title	Name or Representative	Shareholding (Investment amount*)	Shareholding ratio (%)
		Director	Zhengzhong Lin		
			Yulon Management Enterprise Co., Ltd.	1,000	0.01
		Supervisor	Yuanlong Chen		
136	Luxgen Kaohsiung Motor Co., Ltd.		Luxgen Motor Co., Ltd.	4,259,000	59.99
		Chairman	Kai-Chang Hu		
		Director	Chung-Yung Tsao		
		Director	Meng-Fen Hsiao		
			Yu Chang Motor Co., Ltd.	1,420,000	20
		Director	Yao-Hsin Kuo		
			Fortune Motors Co., Ltd.	1,420,000	20
		Director	Mingjun Xie		
			Yulon Management Enterprise Co., Ltd.	1,000	0.01
		Supervisor	Yuanlong Chen		
137	Luxgen Overseas Holdings Private Ltd.		Luxgen Motor Co., Ltd.	SGD 63,587,000	100
		Director	Kenneth K. T. Yen	0	-
		Director	Chung-Yung Tsao	0	-
		Director	Kai-Chang Hu	0	-
		Director	Kuo-Rong Chen	0	-
		Director	Hsueh-Lei Chang	0	-
138	Luxgen Motor Limited Liability Company		Luxgen Overseas Holdings Private Ltd.	RUB 1,833,405,000	99.99
		President	Wei-Ming Wang	RUB 4,595,000	0.01
139	Yu Rich Financial Services Co., Ltd.		Taiwan Acceptance Corporation	45,454,599	82.12%
		Chairman	Kuo-Hsing Hsu		
		Director	Yixue Zhuang		
		Director	Chun-Cheng Lin		
			Yulon Management Enterprise Co., Ltd.	9,900,001	17.88%
		Supervisor	Yongchang Zhou		
140	Qinton Motor Co., Ltd.		Yulon Motor Co., Ltd	6,745,947	100
		Chairman	Zhen-Xiang Yao		
		Director	Kuo-Hsing Hsu		
		Director	Shun-Yen Hung		
		Supervisor	Meiru Hu		
141	Yumin Motor Co., Ltd.		Yutong Enterprise Co., Ltd.	14,310,000	53.00
		Chairman	Chin-Feng Kao		
		Director	His-Kun Liu		
		Director	Kuo-Lung Lai		
		Director	Mei-Chang Hsu		
			Yulon Motor Co., Ltd	5,398,900	20.00
		Director	Chen-Cheng Li		
		Director	Yan Zhou		
		Director	Meng-Fen Hsiao		
			Taiwan Acceptance Corporation	7,290,000	27.00
		Director	Yuan-Lung Chueh		
		Director	Chun-Cheng Lin		
		Supervisor	Nan-Cheng Pan		
			Yulon Management Enterprise Co., Ltd.	1,100	0.00
		Supervisor	Yuanlong Chen		
		Supervisor	Shu-Hua Liao		-
142	Chun Min Business Co., Ltd.		Yumin Motor Co., Ltd.	800,000	100
		Chairman	Chin-Feng Kao		
		Director	His-Kun Liu		
		Director	Chen-Cheng 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 (%)
143	Anser motors Inc.		Yumin Motor Co., Ltd.	143,560,000	100
		Chairman	Chin-Feng Kao		
144	Yumin Inurance Broker Co., Ltd		Yumin Motor Co., Ltd.	300,000	100
		Chairman	Chin-Feng Kao		
		Director	Meng-Fen Hsiao		
		Director	Chen-Cheng Li		
		Director	His-Kun Liu		
		Director	Chun-Cheng Lin		
		Supervisor	Yuanlong Chen		
		Supervisor	Mei-Chang Hsu		
145	Yulon TOBE Motor Co., Ltd.		Yulon Motor Co., Ltd	30,000,000	100
		Chairman	Zhen-Xiang Yao		
		Director	Kuo-Hsing Hsu		
		Director	Shun-Yen Hung		
		Supervisor	Meiru Hu		
146	Yulon Energy Co., Ltd.		Yulon Motor Co., Ltd	30,000,000	100
		Chairman	Kuo-Rong Chen		
		Director	Chun-Chung Li		
		Director	I-Yun Li		
		Director	Zhen-Xiang Yao		
		Director	Hsin-Fa Wu		
		Director	Kai-Chang Hu		
		Director	Kuo-Hsing Hsu		
		Supervisor	Yuanlong Chen		
147	Energy Engineering Co., Ltd.		Yulon Energy Co., Ltd.	200,000	100
		Chairman	I-Yun Li		
		Director	Yu-Tang Lu		
		Director	Rui Kai Jie		
		Supervisor	Jiting Huang		

Note: * No share is issued by the limited company; therefore, the actual contribution amount is listed.

6. Affiliates' Operating Results

12.31.2016

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	56,743,543	47,049,516	9,694,027	4,204,472	1,288,502	1,733,071	6.41
22010002	Yu Ching Business Co., Ltd.	1,211,522	1,711,218	4,506	1,706,712	13,986	(3,120)	104,632	0.74
22010004	Yu Pong Business Co., Ltd.	254,841	948,496	26,382	922,115	51,154	(15,965)	7,151	0.21
22010005	Yung Hang Investment Co., Ltd.	776,220	1,002,638	19,350	983,288	56,705	52,397	53,379	0.50
22010008	Yue Sheng Industrial Co., Ltd.	288,000	572,570	120,207	452,363	478,210	206	28,213	0.98
22010010	Yueki Industrial Co., Ltd.	194,670	1,944,884	1,150,378	794,506	1,712,737	16,319	2,254	0.12
22010012	China Cast Iron Pipe Co., Ltd.	32,000	101,709	30,896	70,813	8,467	5,154	5,191	1.62
22010014	Yu Chang Motor Co., Ltd.	215,385	1,429,748	1,301,074	128,675	5,420,958	(57,091)	33,643	1.56
22010017	Yushin Motor Co., Ltd.	200,000	838,210	608,725	229,485	2,994,200	(73,820)	5,026	0.25
22010020	Yu Chia Motor Co., Ltd.	120,000	81,268	42,355	38,913	155,730	(71,900)	(88,853)	(7.40)
22010023	Singan Co., Ltd.	286,700	498,387	110,287	388,100	238,115	4,323	63,917	2.23
22010024	Singgual Travel Service Co., Ltd.	130,000	386,005	205,252	180,753	862,935	22,442	(1,412)	(0.11)
22010026	Tai Yuen Venture Capital Co., Ltd.	540,600	222,149	0	222,149	40,618	(8,053)	(7,690)	(0.14)
22010027	Yu Yuen Development Co., Ltd.	1,221,000	5,187,040	165,645	5,021,395	204,667	47,696	45,020	0.37
22010034	Yumin Motor Co., Ltd.	270,000	888,430	566,008	322,422	4,016,415	(34,149)	19,731	0.73
22010035	Tian Wang Co., Ltd.	17,000	49,964	16,121	33,843	146,334	14,504	12,313	7.24
22010036	Yu Pool Enterprise Co., Ltd.	10,000	69,036	35,139	33,897	168,902	3,832	1,740	1.74
22010042	Chan Yun Technology Co., Ltd.	190,000	70,576	20,719	49,857	69,956	(978)	(618)	(0.03)
22010047	Sta. Cruz Island Corporation	264,028	572,234	2,910	569,324	13,593	9,880	6,918	1.30
22010051	Xiamen Y.C. Invest. Consulting Limited	15,474	130,126	7,934	122,191	97	(379)	2,166	Note 1
22010053	Sin Chi Co., Ltd.	870,000	1,043,150	7,915	1,035,235	66,240	36,102	(9,375)	(0.11)
22010054	ESINN Co., Ltd	360,000	961,413	900,609	60,804	4,742,791	(145,407)	30,745	0.85
22010055	Y-Teks Co., Ltd.	177,100	1,382,177	358,337	1,023,840	500,115	49,067	253,523	143.15
22010056	Yu-Jan Trading Co., Ltd.	5,000	33,026	21,717	11,308	210,587	1,956	1,186	2.37
22010060	Unisyn International Co., Ltd.	3,347	48,673	11	48,662	11,298	11,282	10,599	Note 1
22010063	Yulon Overseas Investment Co., Ltd.	325,515	48,168	19,552	28,616	0	(128,696)	(128,524)	(0.40)
22010067	Yulon China Investment Co., Ltd.	300,489	129,640	94,169	35,472	0	(132,539)	(133,879)	(0.45)
22010068	Yulon Philippine Investment Co., Ltd.	35,741	160	7,709	(7,549)	3,363	3,347	3,347	0.09

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)
22010070	Uni Auto Parts Manufacture Co., Ltd	868,892	3,517,497	1,047,424	2,470,073	2,453,306	74,210	268,050	3.08
22010073	Shinshin Credit Corporation	989,690	21,457,240	19,270,227	2,187,013	937,085	405,147	393,529	3.98
22010075	Chanchen Inter Consulting Co., Ltd.	10,000	21,133	6,640	14,493	28,374	3,947	3,231	3.23
22010076	CARPLUS Auto Leasing Corporation	750,892	15,371,022	13,547,523	1,823,499	8,981,490	468,851	414,905	5.53
22010077	Chun Min Business Co., Ltd.	8,000	14,603	3,851	10,752	80,885	(1,243)	159	0.20
22010079	Diamond Leasing Service Co., Ltd.	85,000	871,749	789,518	82,231	359,738	7,164	7,460	0.88
22010081	Yu Rich Financial Services Co., Ltd.	553,546	3,565,152	2,964,647	600,505	122,845	(5,491)	(5,154)	(0.09)
22010082	Chinh-Ling RTC Co., Ltd.	50,000	18,186	70	18,116	0	(362)	(283)	(0.06)
22010085	Uni Investment Co., Ltd.	289,287	2,116,125	22,920	2,093,206	0	(11,384)	266,201	Note 1
22010086	Fuzhou Lianghong Motor Parts Limited	103,964	380,554	181,622	198,933	513,291	62,904	46,693	Note 1
22010087	Yue Ki Industrial (Samoa) Co., Ltd	142,811	564,975	0	564,975	0	0	29,885	7.24
22010093	Qinton Motor Co., Ltd.	67,459	101,972	24,304	77,668	145,970	5,582	6,403	0.95
22010097	Taixin Investment (Samoa) Co., Ltd.	24,125	23,408	4	23,404	(2,979)	(2,984)	(2,984)	(0.13)
22010098	Wen Yang Investment (Samoa) Co., Ltd.	16,100	17,883	4	17,879	0	240	361	0.02
22010099	Qing Yi Investment (Samoa) Co., Ltd.	15,850	12,492	4	12,489	0	(3,567)	(3,531)	(0.22)
22010100	KeYu (Nanjing) Information Technology Limited	180,031	162,408	644	161,765	(93)	(20,234)	(19,778)	Note 1
22010101	TaiFeng ((Nanjing) Software Technology Limited	114,214	123,954	13,094	110,860	(610)	(665)	1,626	Note 1
22010102	QingTai (NanJing) Technology Limited	120,265	106,665	24,431	82,234	0	(22,961)	(23,653)	Note 1
22010104	H. K. Manpower Service Co., Ltd.	10,000	19,130	4,153	14,977	44,598	795	698	0.70
22010105	Yi Ding (ZhangZhou) Information Technology Limited	55,200	52,621	29	52,592	204	19	(25)	Note 1
22010106	Mei De (ZhangZhou) Software Technology Limited	79,500	80,836	19	80,817	254	210	151	Note 1
22010107	Shi Cheng (ZhangZhou) Technology Development Limited	71,830	20,523	43	20,480	(657)	(41,074)	(41,132)	Note 1
22010108	Jin Ce (ZhangZhou) Software Technology Limited	19,670	16,507	40	16,466	153	(2,409)	(2,478)	Note 1
22010109	GaoTe (Beijing) Investment Limited	58,000	53,738	32	53,706	388	(158)	(172)	Note 1
22010111	DongTai (Beijing) Investment Limited	73,200	16,808	76	16,732	0	(44,410)	(43,899)	Note 1
22010112	SuZhou FengShen Automobiles. Sale & Service Limited	48,000	211,974	53,502	158,472	314,864	15,842	28,398	Note 1
22010113	Suzhou FengShun Automobiles Sales & Service Limited	25,000	100,150	48,462	51,687	316,745	13,854	13,983	Note 1
22010114	Guangzhou YuanDou Automobile Sales & Service Limited	35,000	108,845	58,246	50,598	312,406	11,288	2,667	Note 1
22010115	ShenJun YuPong Automobiles Sale & Service Limited	12,000	57,081	60,698	(3,617)	231,678	4,289	2,749	Note 1
22010116	Zhu Hai FuTeEn Industry & Trade Limited	5,000	98,591	72,660	25,931	390,882	9,344	7,469	Note 1
22010117	TAC Global Investment (Samoa)Co., Ltd	50,537	57,368	0	57,368	0	0	269	Note 1
22010118	CAR-PLUS China Investment(Samoa) Co., Ltd	10,000	176,282	0	176,282	0	0	426	Note 1
22010119	CAR-PLUS Auto Leasing (Suzhou) Limited	72,900	1,047,016	919,719	127,297	191,485	16,359	4,838	Note 1
22010121	CAR-PLUS Global Investment(Samoa)Co., Ltd	12,000	16,360	0	16,360	0	0	392	Note 1
22010122	Changzhou Y-Teks Automotive Trim Parts Limited	11,644	43,625	9,001	34,624	27,115	4,440	3,308	Note 1
22010123	NanJing HanHong Automobiles Trading Limited	70,000	135,274	95,010	40,264	224,813	(8,261)	(13,703)	Note 1
22010124	HangZhou Yu Zhong Trading Limited	10,000	17,249	356	16,893	0	12	19	Note 1
22010125	HangZhou TangYu Investment Limited	10,000	10,865	31	10,833	(1)	32	77	Note 1
22010126	HangZhou QienYu Investment Limited	10,000	9,075	0	9,075	(8)	(18)	(17)	Note 1
22010127	Wuhan Yu Hsin Automobiles Sales & Service Limited	28,000	63,208	77,991	(14,783)	462,257	4,301	2,955	Note 1
22010128	Wu Jiang Lian Cheng Automobiles Sale & Service Limited	10,000	38,786	17,030	21,756	157,244	8,407	6,378	Note 1
22010129	HangZhou Hsiao Yu Investment Limited	10,000	13,117	3,999	9,118	0	(10)	(9)	Note 1
22010130	Molife Cultural Enterprise Co., Ltd.	50,000	62,624	28,123	34,501	87,406	(16,718)	(16,382)	(3.28)

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)
22010131	Hsiang Shou Enterprise Co., Ltd.	100,000	319,164	113,109	206,055	588,191	80,086	69,322	6.93
22010138	Yulon China Investment (HK) Co., Ltd.	210,600	53,289	3,655	49,633	(53,310)	(91,725)	(91,566)	Note 1
22010143	Luxgen Motor Co., Ltd.	2,800,000	11,222,814	10,944,045	278,769	13,271,588	(90,325)	(147,463)	(0.53)
22010146	Unisyn International (HK) Co., Ltd.	12,391	21,383	23	21,360	2,754	2,416	2,247	Note 1
22010147	Luxgen Taipei Motor Co., Ltd.	185,000	619,224	580,726	38,498	5,178,230	(94,858)	(56,030)	(3.03)
22010148	Luxgen Taoyuan Motor Co., Ltd.	105,000	288,936	184,222	104,714	2,808,330	(2,837)	21,565	2.05
22010149	Luxgen Taichung Motor Co., Ltd.	106,000	279,860	226,049	53,811	2,919,381	(25,310)	3,511	0.33
22010150	Luxgen Tainan Motor Co., Ltd.	105,000	215,182	115,989	99,192	1,890,205	(25,756)	(7,344)	(0.71)
22010151	Luxgen Kaohsiung Motor Co., Ltd.	71,000	211,385	163,451	47,934	2,195,943	(7,755)	12,716	1.79
22010152	Car-Plus Shanghai Investment(Samoa) Co.,Ltd	10,000	9,638	0	9,638	0	0	229	Note 1
22010153	CAR-PLUS Auto Leasing (Shanghai) Limited	62,944	190,618	123,901	66,717	33,678	2,579	684	Note 1
22010154	Yulon TOBE Motor Co., Ltd.	300,000	34,831	6,750	28,080	9,584	792	754	0.03
22010155	Shanghai YuXing Automobiles Sales & Services Limited	26,000	4,312	17,516	(13,203)	13,370	(2,886)	(3,346)	Note 1
22010157	Suzhou YuShun Automobiles Sales & Service Limited	10,000	14,655	3,495	11,160	35,537	(1,549)	(1,664)	Note 1
22010158	Jiang Men Jun Xing Automobiles Sales & Services Limited	20,000	43,343	31,031	12,312	208,076	2,685	2,224	Note 1
22010163	Hangchow Y-Teks Automotive Trim Parts Limited	59,710	109,828	27,740	82,089	85,998	11,342	8,464	Note 1
22010164	Yulon Energy Co., Ltd.	300,000	103,462	124,429	(20,967)	18,169	(84,267)	(85,171)	(2.84)
22010165	Hangzhou Yuwan Auto Motive Parts Limited	74,669	152,487	113,657	38,830	60,860	(4,924)	(7,645)	Note 1
22010166	Yue Ki Industrial (HK) Co., Ltd.	10,600	5,618	500	5,118	0	(0)	(1,151)	(0.23)
22010167	Yu Rong International Investment (SAMOA) Co., Ltd.	42,000	46,134	0	46,134	0	0	30	Note 1
22010169	Yu-Rong Leasing (Suzhou) Limited	191,848	1,674,528	1,425,546	248,982	180,997	33,146	(2,015)	Note 1
22010170	Sinjang Enterprises Co., Ltd.	428,240	729,917	248,183	481,734	272,000	36,507	28,819	0.67
22010174	Hangzhou HuaZhi Automobile Sales & Service Limited	20,000	30,988	53,640	(22,652)	55,424	(3,309)	(9,011)	Note 1
22010175	Feng-hua Investment (HK) Limited	44,159	43,974	0	43,974	(1,331)	(1,331)	(1,331)	Note 1
22010176	Fujian YuXin Automobiles Sales & Service Limited	20,000	35,447	42,034	(6,587)	134,306	(12,445)	(15,498)	Note 1
22010177	Hangzhou HuaYou Automobile Sales & Service Limited	8,000	28,480	48,818	(20,337)	50,772	(3,689)	(5,057)	Note 1
22010178	Guangzhou YuanZhi Automobile Sales & Service Limited	10,000	24,510	23,209	1,301	70,265	(2,539)	(3,917)	Note 1
22010179	XiaoGan YuFeng Automobile Sales & Service Limited	16,000	73,687	63,560	10,127	233,200	4,086	2,046	Note 1
22010180	Ningbo YuChang Automobiles Sales & Service Limited	20,000	13,438	14,797	(1,359)	31,579	(5,966)	(6,982)	Note 1
22010181	Shanghai Yumin Automobiles Sales & Service Limited	38,000	38,631	25,980	12,651	68,163	(9,629)	(11,133)	Note 1
22010182	Qingdao YuanHuang Automobiles Sales & Services Limited	30,000	63,510	78,172	(14,662)	118,335	(2,769)	(5,773)	Note 1
22010183	Suzhou Chenglong Automobile Service Limited	44,159	102,686	58,712	43,974	176,372	7,571	(1,331)	Note 1
22010184	Suzhou ChengLi Automobile Sales & Service Limited	15,000	11,038	2,386	8,652	22,275	(2,146)	(1,240)	Note 1
22010185	Shenzhen Yuzhi Automobile Sales & Service Limited	10,000	26,923	19,150	7,773	78,292	2,834	1,631	Note 1
22010186	Nanjing YuShang Automobile Sales & Service Limited	8,000	11,797	21,030	(9,234)	7,113	(2,811)	(3,577)	Note 1
22010187	Luxgen Overseas Holdings Private Ltd.	63,587	10,539	3,738	6,801	0	(37)	187	0.00
22010188	Yulon China Holdings (Cayman) Co., Ltd.	26,500	0	68,901	(68,901)	0	(34,721)	(34,721)	(1.31)
22010189	Yulon Motor Investment (HK) Co., Ltd.	26,500	22,880	91,777	(68,897)	0	(34,442)	(34,717)	Note 1
22010190	Yulon Automotive (China) Investment Limited	167,073	344,512	929,901	(585,389)	9,158	(24,722)	(230,740)	Note 1
22010192	Energy Engineering Co., Ltd.	2,000	1,369	162	1,207	0	(140)	(188)	(0.94)
22010194	Changsha Yulu Automobile Sales & Service Limited	20,000	29,464	13,905	15,559	57,226	(1,447)	(1,951)	Note 1
22010197	Dong Feng Yulon Motor Sales Limited	50,000	639,908	1,886,907	(1,247,000)	3,985,375	474,743	(467,867)	Note 1
22010198	Anser motors Inc.	93,802	95,916	49,758	46,158	0	(0)	(9,026)	(0.96)
22010199	Yu Shin Investment Ltd.	9,800		1,719	(1,719)	0	(1)	(12,217)	(12.47)
22010200	Yu Chang China Investment Co., Ltd.	9,800	207	0	207	0	0	(2,755)	(2.81)

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)
22010204	Luxgen Motor Limited Liability Company	1,838,000	44,956	1,572	43,383	1,251	(22,168)	(20,045)	Note 1
22010205	Suzhou Eslite Automobiles Sales & Service Limited	40,000	69,457	29,502	39,955	66,005	2,309	1,289	Note 1
22010206	Suzhou ChengBang Automobiles Sales & Service Limited	10,000	19,537	11,063	8,474	66,733	2,388	1,616	Note 1
22010207	Nanjing HanHong Automobile Sales & Service Limited	30,000	29,996	0	29,996	0	(1)	(2)	Note 1
22010208	Yumin Inurance Broker Co., Ltd	3,000	4,185	519	3,665	3,668	150	128	0.43
22010209	JiangMen YuLi Automobiles Sales & Service Limited	10,000	29,657	17,562	12,095	96,501	2,420	1,150	Note 1
22010210	Yu-Kuo Finance Leasing (Hangzhou) Limited	190,934	955,879	766,526	189,353	76,712	19,859	5,531	Note 1
22010211	Sinjang Investment (Samoa) Co., Ltd.	1,874	1,385	0	1,385	0	(1)	(32)	Note 1
22010212	Zhejiang Cheng Yi Automobile Technology Service Co., Ltd	20,000	12,753	450	12,303	3,483	(1,454)	(1,368)	Note 1
22010213	ChiaHsing YuTa Automobiles Sales & Service Limited	12,000	13,552	6,616	6,936	15,682	(2,500)	(2,668)	Note 1
22010214	Suzhou Cheng-Hung Auto Sales & Service Limited	10,000	41,607	32,111	9,496	57,915	594	(210)	Note 1
22010215	Suzhou Cheng-Kuo Auto Sales & Service Limited	10,000	17,199	10,170	7,029	21,820	(2,126)	(2,749)	Note 1
22010216	TaiTsang ChengMao Automobiles Sales & Service Limited	10,000	42,800	30,839	11,961	58,883	4,032	2,258	Note 1
22010218	Anhui Min Tong Automobiles Sales & Service Limited	10,000	15,038	14,299	739	45,211	609	(9,510)	Note 1
22010219	Anqing Cai Tong Automobiles Sales & Service Limited	5,000	9,914	23,635	(13,721)	24,483	(3,838)	(14,009)	Note 1
22010220	Anqing Ling Tong Automobiles Sales & Services Limited	4,000	3,859	14,013	(10,154)	10,608	(1,162)	(13,878)	Note 1
22010221	Hefei Chun Hui Automobiles Sales & Services Limited	500	5,241	6,425	(1,184)	3,123	(1,016)	(1,624)	Note 1
22010222	Tongling Kuo Tong Automobiles Sales & Services Limited	5,000	9,123	9,170	(47)	16,591	(1,352)	1,638	Note 1
22010223	Zibo Yu An Automobiles Sales & Services Limited	5,000	12,188	11,945	244	12,241	(2,620)	(2,986)	Note 1
22010224	Univation Motor Philippines, Inc.	881,383	678,630	934,557	(255,927)	348,391	108,051	115,208	24.43
22010225	Sheng Qing (Beijing) Investment Limited	440,000	821,768	535,932	285,835	5,363	(7,096)	5,659	Note 1
22010226	Jing-Hui (Shanghai) Motor Technology Limited	11,279	32,851	23,647	9,204	26,303	604	(99)	Note 1
22010227	ZhuHai Esinn Automobiles Sales & Service Limited	5,000	18,200	20,418	(2,218)	54,590	1,616	148	Note 1
22010228	Hangchow Liangrun Motor Parts Limited	97,639	212,914	158,656	54,258	187,815	2,318	(3,644)	Note 1
22010229	Shinshin Credit Investment (Samoa) Co., Ltd.	12,000	11,596	0	11,596	333	0	333	Note 1
22010230	Yulon Motor Finance (China) Limited	500,000	1,051,938	569,226	482,712	11,242	(26,090)	(17,288)	Note 1
22010232	Da Wei Technology Co., Ltd	10,000	9,984	1	9,982	0	(20)	(18)	(0.02)
22010233	Hangzhou Cheng Yi second - hand car identification assessment Limited	500	569	90	480	308	1	(24)	Note 1
22010234	Heshan City, Lee Health Automotive Sales and Service Co., Ltd	600	989	407	582	1,000	2	(18)	Note 1
22010235	Zhejiang Cheng Yi auction Ltd.	0	0	0	0	0	0	0	Note 1
22010236	Hangzhou Yujie Real Estate Co., Ltd	300,000	300,280	255	300,025	0	(346)	25	Note 1

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, 2016 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 27, 2017

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 04.30.2017

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	93.7.28	-	-	-	-	-	11,838,461	323,190	-	-	-
Yu Pong Industrial Co., Ltd	254,841	Operating income	100.00	93.7.28	-	-	-	-	-	121	3	-	-	-

Note: Its impact on the Company's financial performance and financial position: None

8.4 Other necessary supplementary notes:

Key performance indicators (KPI) containing industry characteristics:

KPI		2016
Operating objectives	Number of cars (domestic + imported)	63,828 cars
Quality objectives	Defaults of mass production cars OK VES V1+V2	Reached 108.6%
Other objectives	Reduce carbon dioxide emissions	Reduced by 2.84%

The Company's operating capacity and quality upgrade is excellent.

8.5 The occurrence of any events as stated in Section 2 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