



Annual Report 2018

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I. Name, title, and phone of the spokesperson:

Name: Steven W.Y. LO

Title: General Manager

Tel. : 886-37-871801 Ext. 2900

E-mail : wy.lo @yulon-motor.com.tw

Deputy Spokesperson : Wen Yuan Li

Title : General Manager

Tel. : 886-37-871801 Ext. 2400

E-mail : wen-yuan.lee @yulon-motor.com.tw

II. Headquarters and plant address:

Headquarters: No. 39-1, Bogongkeng, Xihu Village, Sanyi Town, Miaoli County, Taiwan

Tel. : 886-37- 871801

Plant: No. 39-1, Bogongkeng, Xihu Village, Sanyi Town, Miaoli County, Taiwan

Tel. : 886-37-871801

Official Website : <http://www.yulon-motor.com.tw>

III. Name, address, and phone of the stock transfer agency:

Name: Yulon Motor Co., Ltd. Stock Affairs Office

Address: 7F, No. 150, Sec. 2, Nanking E. Road, Taipei City (Hualian Building)

Tel. : 886-2-2515-6421~5

Official Website : <http://www.yulon-motor.com.tw>

IV. Name, Firm, address, and phone of the acting independent auditors:

2018 Independent Auditors: Hsin-Wei TAI and Yu-Wei FAN

CPA Firm: Deloitte & Touche

Address: 12F, No. 156, Sec. 3, Minsheng E. Road, Taipei City (Hongtai Century Building)

Tel. : 886-2-2545-9988

Website : <http://www.deloitte.com.tw>

V. Overseas securities exchange corporation listing: None

VI. Corporate Website : <http://www.yulon-motor.com.tw>

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:

At the end of 2018, Yulon Motor co., Ltd. faces the drastic changes in the death of Kenneth, K.T. Yen, and all colleagues share the grief and resentment. Yulon Motor will continue to improve its business performance, perfect the decision-making management mechanism and professional manager governance system to strengthen the competitiveness of the Company and continue to work hard toward the goals of the Company.

Faced with the intense competition in Taiwan's auto market and the impact of various uncertainties such as the political and economic environment at home and abroad, Yulon Motor Co., Ltd. continued to create remarkable operational success in 2018 with concerted efforts of all the staff members. In 2018, our sale revenue was NT\$ 31.809 billion, and net profit before tax was NT\$ 2.162 billion.

In order to improve the comprehensive efficiency of the Group and the management efficiency of each company, Yulon Group will continue to promote the horizontal integration and careful and systematical consolidation of its four major business sectors, including automotive, textiles, real estate, and finance. Under the management structure of the Group, Yulon Motor has also promoted the equity integration this year successively, resolved the cross-shareholding situation within the Group business units; at the same time, through organizational adjustment, improved the management efficiency of each business unit.

In terms of production models, the production scale benefits are enhanced expectedly further because of the new Nissan Kicks car launched at the end of last year that continues to be in great demand, the Luxgen S5GT series launched in the first half of the year, and the new actyon new model URX launched in the second half of the year. Yulon Motor will continue to enhance its manufacturing capabilities, introduce the new technologies of smart factories, and increase customer satisfaction to further enhance customer brand value. In terms of imported cars, Yulon Nissan is also expected to introduce NISSAN ALTIMA sedan and electric car LEAF in the second half of the year.

In the part of realty business, the construction of the base of Yulon Town's commercial area commenced in second quarter of 2017, and expected to obtain a license for the second quarter of 2023. It's expected official public sale in the third quarter of 2020, and to build new architectural landmarks in the Taipei area and drive economic development in the surrounding areas.

In prospect for the future, with the original intention of giving back to the community and the cultivation of the Taiwan market, Yulon Motors will actively control the development opportunities under the sound corporate governance system, and continue to move toward the goal with an innovative attitude. It is the belief under the teamwork and support of all colleagues that the wheels of Yulon will continue to move forward steadily and create another new world

Here, the sincere appreciation is expressed to all the support and companionship from everyone on this road who gives us the motivation to continue moving forward. All the best and sincere thanks once again to our shareholders and general public and please continue to give us support and love. I hereby wish every shareholder health and success.

Chairman

Yen Chen Li-Lien



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. |

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| 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. |

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

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| Dec 2006 | Awarded with the “TPM Special Prize” for San-Yi Plant by the Japan Institute of Plant Maintenance and received the worldwide affirmation of the standard quality of production and management. |
| Dec 2006 | Exclusively sponsored the documentary film “Gift” for disseminating the beauty of the wood sculpture. |
| Dec 2006 | Holding the “Public Facilities Ground Breaking Ceremony” at the Xindian Plant B; the development of the “South Area of the Grand Taipei Core Project” was officially launched. |
| Dec 2006 | Completed signing the Letter of Intent for Cooperation with China Academy of Transportation Sciences in Beijing to jointly set up the company entitled “China Transportation Science and Information Technology Co., Ltd.” for providing differentiated service. |
| Dec 2006 | Subsidized for NT\$14,000,000 by the Department of Commerce, Ministry of Economic Affairs for the “Construction of International Logistics Hub for Automobile Industry” Project. |
| Mar 2007 | Yulon Motor was the only car enterprise that received the “1st Clean Home, Group Effort Award” from the EPA, Executive Yuan. |
| Mar 2007 | Yulon Motor production management level was known worldwide and received the “TPM Award” from JIPM in Japan. |
| Aug 2007 | The “2007 Yulon Woodcarving Award Series Exhibition” was introduced at Taoyuan International Airport. |
| Sep 2007 | Awarded for the industrial innovation achievement by the Technology Division MOEA. |
| Oct 2007 | NISSAN LIVINA 1.8/1.6 vehicle launched. |
| Nov 2007 | NISSAN CABSTAR launched. |
| Nov 2007 | Awarded with the 2007 Social and Education Public Welfare Award by the Ministry of Education. |
| Nov 2007 | Yulon Nissan Design Center ceremony held for grand opening. |
| Feb 2008 | The Xindian Plant with 2,525-pings land lot was sold to HTC for expanding and realizing land development profit. |
| Mar 2008 | NISSAN TIIDA was awarded with the 2008 Environment-friendly car by the EPA. |
| Mar 2008 | OPEL ASTRA Sri launched. |
| Apr 2008 | Won the “Fourth Global Views Magazine Corporate Social Responsibility Award” Traditional Production Category First Prize. |
| May 2008 | Luxgen Motor Co., Ltd. was incorporated for branding business. |
| Jun 2008 | Renault MEGANE dci series launched. |
| Jul 2008 | Awarded with the “Energy-saving Enterprise of the Year Award” Excellence Award by the Energy Division, MOEA. |
| Sep 2008 | The “Constructing Automobile Industry International Logistics HUB” project was awarded with the industrial science and technology award “Innovation Achievement – Process/Procedure Innovation” by the Ministry of Economic Affairs. |
| Sep 2008 | Issued the 2008 Yulon Motor perpetual operation report. |
| Nov 2008 | Awarded with the “Wen-Hsing Awards” for three consecutive years by the Council of Culture Affairs, Executive Yuan. |
| Nov 2008 | Renault GRAND SCENIC dissel RV launched. |
| Dec 2008 | Awarded with the “2008 Enterprises Sponsoring Athlete Group or Athletes Award” by the Sports Affairs Council, Executive Yuan, |
| Jan 2009 | NISSAN was awarded with the “2008 Consumer’s Favourite Brand – 1st Prize of Domestically Made Vehicle” by the Management Magazine. |
| Feb 2009 | NISSA TIIDA was awarded with the “2009 Environment-Friendly Vehicle” by the EPA. |
| Mar 2009 | Awarded with the “5th Global Views Monthly Magazine Corporate Social Responsibility Award” traditional industry manufacturing category 1st prize. |

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| 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. |

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| 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). |

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| Mar 2015 | NISSAN Super Perfect X-TRAIL was launched. |
| Jun 2015 | Yulon Motor Co., Ltd. was awarded with Top 5% of the 1st Corporate Governance Evaluation System |
| Jun 2015 | LUXGEN M7 TURBO ECO HYPER was launched. |
| Jun 2015 | The Company announced the voluntary purchase of 1.89 million kWh green energy and became the first automobile industry in Taiwan to purchase green power. |
| Jul 2015 | LUXGEN U7 TURBO ECO HYPER was launched. |
| Aug 2015 | Yulon Motor Co., Ltd. was awarded with Top 50 of Excellence in Corporate Social Responsibility. |
| Sep 2015 | 2016 NISSAN ALL NEW JUKE was launched. |
| Oct 2015 | LUXGEN S5 TURBO ECO HYPER was launched. |
| Oct 2015 | NISSAN was awarded with non-luxury CSI and SSI by JD POWER in 2015. |
| Nov 2015 | The Company was awarded with Bronze Medal in Taiwan Corporate Sustainability Report Awards by Taiwan Institute for Sustainable Energy. |
| Dec 2015 | 2016 NISSAN ALL NEW SUPER SENTRA was launched. |
| Mar 2016 | LUXGEN U6 TURBO ECO HYPER SPORTS+ launched. |
| Mar 2016 | NISSAN SUPER SENTRA launched. |
| Apr 2016 | LUXGEN U6 TURBO ECO HYPER was awarded with the 2016 Car of the Year. |
| May 2016 | LUXGEN V7 TURBO ECO HYPER launched. |
| May 2016 | LUXGEN S3 CROSS SEDAN launched. |
| Jun 2016 | NISSAN X-TRAIL launched. |
| Jun 2016 | LUXGEN was awarded with the “Trusted Brand” gold award held by "Reader's Digest" |
| Sep 2016 | The company was awarded with the “Balanced Work and Life Award” by the Ministry of Labor, which is the only domestic auto industry to obtain a dual recognition. |
| Sep 2016 | NISSAN MURANO HYBRID launched. |
| Oct 2016 | The company was awarded with the 2016 Sports Enterprise Certification by the Ministry of Education. |
| Oct 2016 | NISSAN was awarded with the first prize of the JD POWER 2016 non-luxury car CSI service satisfaction and SSI sales satisfaction. |
| Oct 2016 | LUXGEN S5 TURBO ECO HYPER 3D launched. |
| Feb 2017 | LUXGEN V7 TURBO ECO HYPER won the 2017 “Taiwan Excellence Silver Awards” . |
| Mar 2017 | The sales of LUXGEN M7 TURBO ECO HYPER topped in the domestic LMPV market. |
| Apr 2017 | NISSAN iTiIDA World Premiere was released. |
| May 2017 | LUXGEN provided LUXGEN M7 EV+ and M7 TURBO to support the Torch Relay and the vehicle fleet for honoured guests in National Intercollegiate Athletic Games 2017. |
| Jul 2017 | NISSAN JUKE was rated as the Best Compact SUV by Fleet News Awards. |
| Aug 2017 | LUXGEN's 100,000th U5 SUV was officially released (10-year journey and 100,000 car owners' support). |
| Sep 2017 | A limited production of NISSAN Platinum Special Edition was launched. |
| Sep 2017 | LUXGEN U5 underwent crash tests at the IDIADA Lab in Spain. |
| Sep 2017 | LUXGEN U5 SUV was officially launched (the world's first vehicle equipped with AR imaging system). |
| Sep 2017 | LUXGEN worked with the Kaohsiung City Government to create a low-carbon island, responding to the global green trend. |
| Oct 2017 | NISSAN claimed first place of non-luxury auto brands in the J.D. Power 2017 Taiwan Customer Service Index (CSI) Study SM for the 4th year. |
| Oct 2017 | LUXGEN won the second place of non-luxury auto brands in the J.D. Power 2017 Taiwan Customer Service Index (CSI) Study SM. |

- Oct 2017 Yulon was the only automaker to win the Silver Award of "2017 Energy Efficiency Award" from the Ministry of Economic Affairs.
- Nov 2017 The redesigned Nissan compact sedan Sentra was launched.
- Nov 2017 LUXGEN U6 GT/GT220 revolutionary model was launched.

2.1.3 Achievement in 2018

- Mar 2018 Created by me U5 two-color passenger car was launched
- May 2018 NISSAN X-TRAIL launched
- Jun 2018 LUXGEN promote the "Realization of automobile dreams for young people" car donation program
- Jul 2018 LUXGEN U6 GT/GT220 Smart Driving Experience Camp The car-owner was first invited to experience the track development
- Aug 2018 Received No. 13 "Excellence in Corporate Social Responsibility Award - Large Enterprises" of "CommonWealth" Magazine
- Sep 2018 NISSAN three strategic car models TIIDA SENTRA JUKE the upgrade for the 2019 safety appearance equipment
- Oct 2018 LUXGEN ranked the highest Non-Luxury Brand in the J.D. Power Customer Satisfaction Index Study.
- Oct 2018 LUXGEN ranked the second-highest Non-Luxury Brand in the J.D. Power Sales Satisfaction Index (SSI) Study.
- Nov 2018 LUXGEN U5 SUV was awarded the 27th Taiwan Excellence Silver Awards
- Nov 2018 NISSAN global strategic car model KICKS was launched.
- Dec 2018 Included in FTSE4Good TIP Taiwan ESG Index.

2.1.4 Others:

1. Reinvestment in Affiliates and Reorganization:

- (1) In order to improve its financial structure and enrich its working capital, Luxgen Motor Co., Ltd. reduced its capital by NT\$2.8 billion, and then increased it to NT\$6 billion. After the capital increase, the company's shareholding is maintained at 100%.
- (2) In order to improve its financial structure, Yuchia Motor Co. Ltd, which is 100% holding investment through Sin Chi Co., Ltd, reduced its capital to make up for losses. The original capital was NT\$0.12 billion, and the capital after the reduction is NT\$84 million.
- (3) In order to improve its financial structure, Hong Shuo Cultural Enterprises Co. Ltd, which is 100% holding investment through Sin Chi Co., Ltd, reduced its capital to make up for losses. The original capital was NT\$50 million, and the capital after the reduction is NT\$40.5 million.
- (4) Considering the future development of brand models and in order to enhance the coordination and freedom of subcontractors, the Company purchased 15% of the shares of Yue Ki Industrial Co., Ltd. held by Japanese business Jiashi Guanshi for NT\$109 million. After the purchase, the company's shareholding increased from 50.58% to 65.58%.
- (5) Considering the future development of brand models and in order to enhance the coordination and freedom of subcontractors, the Company purchased 15% of the shares of Uni-Calsonic Co., Ltd. held by Japanese business Jiashi Guanshi for NT\$350 million. After the purchase, the company's shareholding increased from 22.68% to 30.68%.
- (6) To improve the financial structure and terminate the loss, the Company Shanghai Yuxing Automobile Sales&Service Co., Ltd. which is 100% holding investment through Sheng Qing (Beijing) Investment Limited, liquidate began in 2017 and has been liquidated in 2018.
- (7) Due to the termination of the phase of the business, the Company resolved the liquidation of Chanchen Inter Consulting Co., Ltd. ,which is 100% holding investment through Sin Chi Co., Ltd, and had obtained the dissolution approval letter.
- (8) For act as agent new brand · the Company increased the capital of transfer investment, Guangzhou YuanZhi

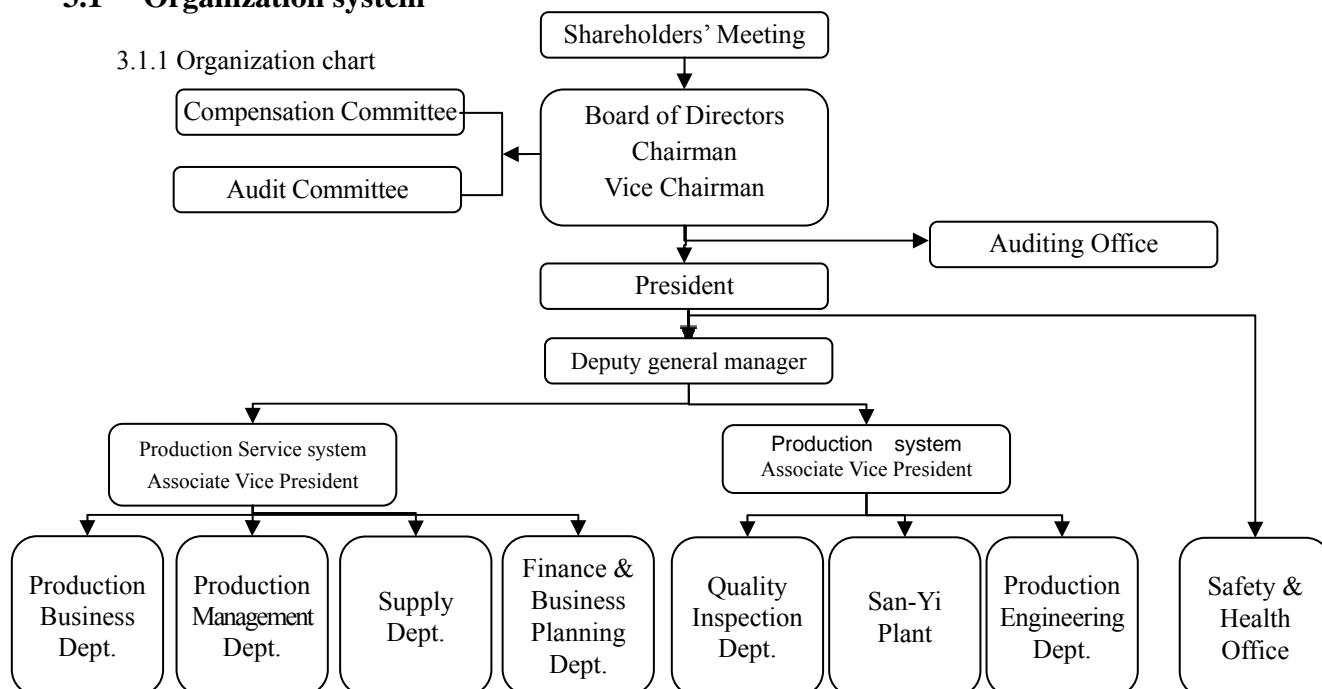
Automobile Sales & Service Limited, by RMB10 million through 100% holding investment Guangzhou YuanDou Automobile Sales & Service Limited. After the capital increase, the capital increased from RMB10 million to RMB20 million..

- (9) In order to increase the working capital for the expansion of business and profits, Taiwan Acceptance Corporation issue special shares of NT\$5 billion. To maintain the original shareholding ratio, company subscribed for NT\$1,830 million in shares. Luxgen Motor Co., Ltd and Yung Hang Investment Co., Ltd. was subscribed by specific person of NT\$0.4billion.
- (10) In order to new car model development and improve its financial structure, Hangzhou Yuwan Auto Motive Parts Limited capital increased by cash USD\$585 million through Qing Yi Investment (Samoa) Co., Ltd. After the capital increase, Samoa (share) company shareholding 34.51%
- (11) To strengthen the development of independent brand business, Shanghai Yumin Automobiles Sales & Service Limited capital increased by cash RMB\$10.45 million through subsidiary of the company, Anser motors Inc. After the capital increase, the company's shareholding decrease from 51% to 49%.
- (12) In order to improve its financial structure and enrich its working capital, CARPLUS Auto Leasing Corporation whose 72.03% shares held by the Company and investment companies, Yu Rich Financial Services Co., Ltd whose 100% shares held by the Company and investment companies, and Yumin Motor Co., Ltd. whose 47% shares held by the Company and the investment companies conducted the capital increase through capitalization of retained earnings of NT\$75 million、NT\$90 million and NT\$10 million respectively.
- (13) For the development of the operation, the company increased the capital of 100% owned subsidiary ,Sheng Qing (Beijing) Investment Limited, RMB96 million, the original capital amount was RMB456 million, and the capital after the capital increase was RMB552 million.
- (14) In order to establish a new energy business, the company established Chuang Jie New Energy Vehicle (HZ) Limited with a capital of RMB 790 million, which is held by Yulon Automotive (China) Investment Limited 100%.
- (15) In order to expand the brand new sales model , the company increased the capital of Luxgen (hangzhou) Motor Sales Co., Ltd which is 100% holding investment through Yulon China Investment (HK) Co., Ltd.. The original capital is USD\$90 million and the capital after capital increase was USD235 million.

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. |
| 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. |
| 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. |
| 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. |
| 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. |
| Finance & Business Planning Dept | Responsible for the Company's operating strategy planning, objectives, and operating plan control, managing operation funds and providing financial analysis information, handling accounting, stock affairs, taxation, and various human resources management affairs, promoting computerization of all business operations, and establishing the corporate management information and decision-making system. |
| 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. |
| 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. |
| 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. |

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, 2019

| 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 | | Shareholding s 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 | Yen Tjing-Ling Industrial Development Foundation Representative: Yen Chen Li-Lien | Female | 07.01.2016 | 3 years | 07.01.1989 | 17,287,844 * 377,924 | 1.09 0.024 | 17,287,844 * 377,924 | 1.09 0.024 | 0 | 0 | 0 | 0 | Degree of Bachelor of Physical, Chinese Culture University, Chinese Culture University | Chairman, China Motor Corporation: Chairman, Yulon Nissan Motor Co., Ltd. Director, Taiwan Acceptance Corporation Chairman, Tai-Yuen Textile Co., Ltd. Vice Chairman, Winsom Development Co., Ltd Please refer to the "Information on Affiliated Companies" for details. | | | |
| 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 0 | 0 0 | 0 0 | 0 0 | Master in Advanced Management, National Chaio Tung University President, Yulon Motor Co., Ltd. Executive Vice President, Yulon Motor Co., Ltd. | Director, China Motor Corporation Director and Executive Assistant to the Chairman, Yulon Nissan Motor Co., Ltd. Chairman, Taiwan Acceptance Corporation Chairman, Hwa-chuan Auto Technology Center Co., Ltd. Director, Tai-Yuen Textile Co., Ltd. Chairman, Luxgen Motor Co., Ltd. Vice Chairman, Dongfeng Yulon Motor Limited Director, Winsom Development Co., Ltd Please refer to the "Information on Affiliated Companies" for details. | - | - | - |
| 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 0 | 0 0.001 | 0 0 | 0 0 | MIB, Curtin University, Australia Senior V.P., Yulon Motor Co., Ltd. Sanyi Plant Manager, Yulon Motor Co., Ltd. | Director, 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. | - | - | - |
| Director | R.O.C | Tai-Yuen Textile Co., Ltd. Representative: Jack J.T. Huang | Male | 01.02.2019 | 0.5 years | 01.02.2019 | 284,901,045 *0 | 18.11 0 | 284,901,045 0 | 18.11 0 | 0 0 | 0 0 | 0 0 | 0 0 | Harvard University (S.J.D.) | Director, Tai-Yuen Textile Co., Ltd. Independent Director, WPG Holdings Limited Independent Director, SYSTEX Corporation Independent Director, CTCI Corporation Director, Taiwan Capital Director, Taishan Investment Management Consulting Co., Ltd. Director, Taishan Shuiyu Investment Co., Ltd. Director, Taishan Biotechnology Co., Ltd. Independent Director, Taiwan Mobile Co., Ltd. | | | |

April 23, 2019

| 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 | | Shareholding s 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: Shin-I Lin | Male | 07.01.2016 | 3 years | 07.13.2007 | 262,228,166 *0 | 16.67 0 | 262,228,166 *0 | 16.67 0 | 0 0 | 0 0 | 0 0 | 0 | Department of Mechanical Engineering, National, Cheng Kung University Vice Chairman and President, China Motor Corporation Chairman of the Taiwan Vehicle Industry Association Vice premier of Executive Yuan and Chairperson of CEPD Minister of Ministry of Economic Affairs | Director, China Motor Corporation Independent Director, E-Sun Commercial Bank, Ltd. Independent Director, Shihlin Electric & Engineering Corporation. | - | - | - |
| Director | R.O.C | China Motor Corporation Representative: Liang Zhang | Male | 07.01.2016 | 3 years | 08.27.2008 | 262,228,166 *0 | 16.67 0 | 262,228,166 *0 | 16.67 0 | 0 3,000 | 0 0.0002 | 0 0 | 0 | State University of New York at Albany Ph.D. in economics | Chairman, Jardine Matheson (Taiwan) Director, Taiwan Acceptance Corporation Director, Maxigen Biotech Inc. Independent Director, My Humble House Hospitality Management Consulting Co., Ltd. Supervisor, Yulon Management Co., Ltd. Independent Director, Ho-Ping Power Co., Ltd. Please refer to the "Information on Affiliated Companies" for details. | - | - | - |
| 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 Adjunct Professor, National Taiwan University Adjunct Professor, EMBA National Central University Adjunct Professor, Soochow University Members of the Board of Examiners, Senior Civil Service Examination of the Examination Yuan of ROC | Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Independent Director, Fubon Media Co., Ltd. Compensation Committee member, Fubon Media Co., Ltd. Audit Committee member, Fubon Media Co., Ltd. Independent Director, Taiwan Acceptance Corporation Audit Committee member, Taiwan Acceptance Corporation. Compensation Committee member, Taiwan Acceptance Corporation. | - | - | - |

April 23, 2019

| 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 | 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. General Manager of Siemens Nixdorf Informationssysteme Taiwan Branch | Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Director, Taiwan Acceptance Corporation Ltd. Independent Director, Taiwan Acceptance Corporation Audit Committee member, Taiwan Acceptance Corporation. Compensation Committee member, Taiwan Acceptance Corporation. Independent Director, Jiage Foods (Stock) Company Compensation Committee member, Jiage Foods (Stock) Company Independent Director, Fubon Life Insurance Co., Ltd. Representative of legal person director, Kino Biotech Co., Ltd Director, Easycard Investment Holding Co., Ltd. Director, Easycard Corporation. | - | - | - |
| Independent Director | R.O.C | Yen-Chin, Tsai, | Male | 07.01.2018 | 1 years | 07.01.2018 | *0 | 0 | *0 | 0 | 0 | 0 | 0 | 0 | Doctor in Accounting, University of California, Los Angeles Chairman of Department/Institute of Accounting, National Taiwan University Director, Financial Accounting Standards Committee of Accounting Research and Development Foundation External Advisor, Listing Department of Taiwan Stock Exchange | Compensation Committee member, Yulon Motor Co., Ltd. Audit Committee member, Yulon Motor Co., Ltd. Independent Director, Nan Shan Life Insurance Co., Ltd. Audit Committee member, Nan Shan Life Insurance Co., Ltd. Audit Committee member, Nan Shan Life Insurance Co., Ltd. Independent Director, Genesyslogic, Inc. Audit Committee member, Genesyslogic, Inc.. | - | - | - |

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 23 2019

| Names of Institutional Shareholders (Note 1) | Major Stockholders of Institutional Shareholders (Note 2) |
|---|---|
| 1. Tai-Yuen Textile Co., Ltd. | 1. YuenWen InvestmentCo., 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. TaiWen 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. TaiWen Textile Co. (6.76%) 5. Mitsubishi Corporation (4.79%) 6. Cathay Life Insurance Co., Ltd. (3.64%) 7. Mercuries Life Insurance Co., Ltd(2.13%) 8. Kenneth, K.T. Yen (1.20%) 9. Taiwan Life Insurance Co., Ltd. (1.18%) 10. Citigroup Commercial Bank Hosted Norwegian Central Bank Investment Specialist (1.16%) |
| 3. Yen Tjing-Ling Industrial Development Foundation | Non-Profit organization |

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

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

3.2.3 Major shareholder of the major institutional shareholders:

April 17, 2019

| Names of Institutional Shareholders (Note 1) | Major Shareholders of Institutional Shareholders (Note 2) |
|--|--|
| 1. YuenWen InvestmentCo., Ltd | Yulon Motor Company Ltd.(100%) |
| 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. TaiWen 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. TaiWen 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. TaiWen 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. TaiWen Textile Co. | 1. British Virgin Islands Wanda Company (72.51%) 2. Tai-Yuen Textile Co., Ltd. (21.97%) 3. YuenWen InvestmentCo., 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. TaiWen 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%) |
| 10. Mitsubishi Motors Corporation | 1. Nissan Motor Co., Ltd. (34.03%) 2. MAI Corporation.(10.77%) 3. Mitsubishi Corporation (9.25%) 4. Japan TRUSTEE SERVICES letter! Bank Co., Ltd. (Trust) (2.47%) 5. MASTER TRUST Bank of Japan, Ltd. (Trust Account)(2.13%) 6. Mitsubishi Heavy Industries, Ltd. (1.44%) 7. BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY1 (1.01%) 8. JP MORGAN CHASE BANK 385632 (1.00%) 9. Bank of Tokyo-Mitsubishi UFJ (0.99%) 10. Japan TRUSTEE SERVICES letter! Bank Co., Ltd. (Trust 5) (0.96%) |

April 17, 2019

| Names of Institutional Shareholders (Note 1) | Major Shareholders of Institutional Shareholders (Note 2) |
|--|---|
| 11. 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. Mercuries Life Insurance Co., Ltd. (3.15%) 5. Fande Investment Co., Ltd. (1.58%) 6. Yen Ching Ling Industrial Development Foundation (1.09%) 7. JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(0.87%) 8. Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds(0.85%) 9. Yu Ching Business Co., Ltd.(0.75%) 10. Citigroup Commercial Bank Hosted by the Norwegian central bank(0.70%) |
| 12. Mitsubishi Corporation | 1. TRUSTEE SERVICES Bank of Japan Co., Ltd. (Trust Account) (8.97%) 2. MASTER TRUST Bank of Japan Co., Ltd. (Trust Account) (6.69%) 2. Tokyo Marine & Nichido Fire Insurance Co., Ltd. (4.49%) 4. Meiji Yasuda Life Insurance Company (4.07%) 5. Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 9) (2.45%) 6. ICHIGO TRUST PTE. LTD.(2.41%) 7. MASTER TRUST Bank of Japan Co., Ltd. (Mitsubishi Heavy Industries, Ltd. Retirement Benefit Trust account) (2.02%) 8. Japan TRUSTEE SERVICES TRUST Bank Co., Ltd. (TRUST 5) (1.66%) 9. STATE STREET BANK WEST CLIENT - TREATY 505234 (1.30%) 10. JP MORGAN CHASE BANK 385151 (1.25%) |
| 13. Cathay Life Insurance Co., Ltd. | Cathay Financial Holding Co., Ltd. (100%) |
| 14. Mercuries Life Insurance Co., Ltd. | 1. Mercuries & Associates Holding, Ltd. (41.51%) 2. Shanglin Investment Co., Ltd.(6.02%) 3. Shuren Investment Co., Ltd. (5.36%) 4. Sanshang Haobao Co., Ltd. (2.69%) 5. New Labor Pension Fund . (1.21%) 6. Xu Min grong. (0.77%) 7. Citigroup Commercial Bank Hosted by the Norwegian central bank (0.74%) 8. Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (0.72%) 9. JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds. (0.05%) 10. Napari Co., Ltd. (0.58%) |
| 15. Taiwan Life Insurance Co., Ltd. | CTBC FINANCIAL HOLDING CO., LTD.(100%) |
| 16. Citigroup Commercial Bank Hosted by the Norwegian central bank | 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 Independent director

March 31, 2019

| Name (Note 1) | Conditions | Whether the person has work experience over five years and possesses any of the following qualifications | | | Conformed to the requirements of Independence (Note 2) | | | | | | | | | | The number of public companies that the 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 | |
| Yen Chen Li-Lien | | | ✓ | | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | |
| Kuo-Rong Chen | | | ✓ | | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | |
| Shin-I Lin | | | ✓ | | | | ✓ | ✓ | | | | ✓ | ✓ | | 2 |
| Liang Zhang | | | ✓ | ✓ | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | 1 |
| Zhen-Xiang Yao | | | ✓ | | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | |
| Jack J.T .Huang | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | | | | ✓ | ✓ | | 4 |
| Yi-Hong Hsieh | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 |
| Yen-Chin, Tsai | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 |
| Zhongqi Zhou | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 3 |

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

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

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

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

| Title (Note 1) | Nationality/ Country of Origin | Name | SEX | Elected (inauguration) Date | Shares | | Shareholding of spouse and underage children | | Shareholdings in the names of others | | Main experience (education) (Note 2) | Positions concurrently held in this company and other company (Note 3) | Manager who is the spouse or the second-degree relative | | |
|--------------------------------|-----------------------------------|----------------|------|-----------------------------------|--------|--------|--|---|--|---|--|--|---|------|--------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| President | R.O.C | Zhen-Xiang Yao | Male | 08.08.2013 | 15,412 | 0.001 | 0 | 0 | 0 | 0 | MIB, Curtin University, Australia Senior Vice President, Yulon Motor Co., Ltd. Sanyi Plant Manager, Yulon Motor Co., Ltd. | Director, Yulon Nissan 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 | Jian Hui Li | Male | 12.17.2018 | 60 | 0 | 0 | 0 | 0 | 0 | MIB, Curtin University, Australia Manager of Manufacture Senior Manager of Production Engineering Dep, Yulon Motor Co., Ltd. | Director, Yu Ching Business Co., Ltd. Director, China Engine Corporation Yujing Industrial Co., Ltd. Please refer to the “Information on Affiliated Companies” for details. | - | - | - |
| 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 General Manager of Production Mangement Dep, Yulon Motor Co., Ltd. | - | - | - | - |
| Manager | R.O.C | Lihua Wu | Male | 03.22.2011 | 8,811 | 0.0006 | 0 | 0 | 0 | 0 | Department of Electronic Communication, National United University Assistant manager, of Production Business Department, Yulon Motor Co., Ltd. | Director, China Cast Iron Pipe Co., Ltd Director, Yueki Industrial Co., Ltd. Please refer to the “Information on Affiliated Companies” for details. | - | - | - |
| 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, General Manager of Production Business Dep, Yulon Motor Co., Ltd. | Director, Luxgen Taipei Motor Co., Ltd. Please refer to the “Information on Affiliated Companies” for details. | - | - | - |

| Title (Note 1) | Nationality/ Country of Origin | Name | SEX | Elected (inauguration) Date | Shares | | Shareholding of spouse and underage children | | Shareholdings in the names of others | | Main experience (education) (Note 2) | Positions concurrently held in this company and other company (Note 3) | Manager who is the spouse or the second-degree relative | | |
|-------------------|-----------------------------------|--------------------|--------|-----------------------------------|--------|---|--|---|--|---|---|--|---|------|--------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Manager | R.O.C | Wen Yi Lo | Male | 11.09.2015 | 1,136 | 0 | 0 | 0 | 0 | 0 | University of Southamptton Accounting and Finance Assistant Manager of Finance & Business Planning Dept, Yulon Motor Co., Ltd | Supervisor ,China Cast Iron Pipe Co., Ltd Supervisor, Car-Plus Auto Leasing CO., Ltd. Director, Yu Ching Business Co, Ltd. Supervisor, Uni Auto Parts Manicer Ltd. Director, Yufong Property Management Co., Ltd. Supervisor, Yue Sheng Industrial Co., Ltd. Please refer to the “Information on Affiliated Companies” for details. | - | - | - |
| Manager | R.O.C | Hongzheng Chen | Male | 11.16.2016 | 29 | 0 | 0 | 0 | 0 | 0 | MIB, Curtin University, Australia General Manager of Production Mangment Dept., Yulon Motor Co., Ltd. | | - | - | - |
| Manager | R.O.C | Chong Ynan Chen | Male | 08.16.2017 | 0 | 0 | 0 | 0 | 0 | 0 | Institute of Mechanical Engineering ,National Cheng Kung University Univation Motor Philippines, Inc. (Philippine) President | - | - | - | - |
| Manager | R.O.C | Shen Guo Wang | Male | 12.17.2018 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Aeronautisc and Astronautics National Cheng Kung University Assistant manager,of Production Enginee Department,Yulon Motor Co., Ltd. | Director, Yue Sheng Industrial Co., Ltd. Please refer to the “Information on Affiliated Companies” for details. | | | |
| Manager | R.O.C | Meng Yue Jie | Female | 04.01.2018 | 0 | 0 | 510 | 0 | 0 | 0 | Institute of Human Resource Management, National Sun Yat-sen University Assistant Manager of Auditing Office, Yulon Motor Co., Ltd | - | - | - | - |

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

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

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

3.2.6 Compensation paid to Directors, Supervisors, President, and Senior Vice President for the Year 2018

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

| Title | Name | Remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10) | | Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11) |
|--|---|--------------------------------|---|-------------------|---|--|---|-------------------------|---|---|---|--|---|-------------------|---|--|-------|---|-------|---|---|---|
| | | Base Compensation (A) (Note 2) | | Severance Pay (B) | | Remuneration to Directors (C) (Note 3) | | Allowances (D) (Note 4) | | | | Salary, Bonuses, and Allowances (E) (Note 5) | | Severance Pay (F) | | Profit Sharing- Employee Remuneration (G) (Note 6) | | | | | | |
| | | The company | All companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | Companies in the consolidated financial statements (Note 7) | The company | | Companies in the consolidated financial statements (Note 7) | | The company | Companies in the consolidated financial statements (Note 7) | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Chairman | Tai-Yuen Textile Co., Ltd. Representative: Kenneth K. T. Yen (Note 12 ~ 13) | 13,000,000 | 16,217,475 | 0 | 0 | 0 | 0 | 960,000 | 960,000 | 0.69% | 0.84% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.69% | 0.84% | 52,506,053 |
| Director | Yen Tjing-Ling Industrial Development Foundation Representative: Yen Chen Li-Lien (Note 13) | 6,323,200 | 16,491,458 | 0 | 0 | 10,874,173 | 10,874,173 | 3,097,750 | 6,312,750 | 0.99% | 1.66% | 9,067,136 | 9,067,136 | 289,858 | 289,858 | 25,342 | 0 | 25,342 | 0 | 1.45% | 2.12% | 13,547,734 |
| Vice Chairman | Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen | | | | | | | | | | | | | | | | | | | | | |
| Director | China Motor Corporation Representative: Shin-I Lin | | | | | | | | | | | | | | | | | | | | | |
| Director | China Motor Corporation Representative: Liang Zhang | | | | | | | | | | | | | | | | | | | | | |
| Director | Tai-Yuen Textile Co., Ltd. Representative: Jack J.T. Huang (Note 14) | | | | | | | | | | | | | | | | | | | | | |
| Director | Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Yi-Hong Hsieh | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Yen-Chin, Tsai (Note 15) | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Shunren Liu (Note 15) | | | | | | | | | | | | | | | | | | | | | |
| 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) | | | | | | | | | | | | | | | | | | | | | | |

* 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 Jack J.T .Huang Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao Yen Chen Li-Lien Representative of China Motor Corporation: Liang Zhang Independent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou Yen-Chin, Tsai | Representative of Tai-Yuen Textile Co., Ltd.: Jack J.T .Huang Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao Representative of China Motor Corporation: Liang Zhang Independent Director Shunren Liu Yen-Chin, Tsai | Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Jack J.T .Huang Representative of Yen Tjing-Ling Industrial Development Foundation: Yen Chen Li-Lien Representative of China Motor Corporation: Liang Zhang Independent Director Yi-Hong Hsieh Shunren Liu Zhongqi Zhou Yen-Chin, Tsai | Representative of Tai-Yuen Textile Co., Ltd.: Jack J.T .Huang Representative of China Motor Corporation: Liang Zhang Independent Director Shunren Liu Yen-Chin, Tsai |
| NT\$2,000,000 ~ NT\$5,000,000 | Representative of China Motor Corporation Shin-I Lin | Representative of Yen Tjing-Ling Industrial Development Foundation: Yen Chen Li-Lien Representative of China Motor Corporation: Shin-I Lin Independent Director Yi-Hong Hsieh Zhongqi Zhou | Representative of China Motor Corporation Shin-I Lin | Independent Director Yi-Hong Hsieh Zhongqi Zhou |
| NT\$5,000,000 ~ NT\$10,000,000 | | Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen | Representative of Yen Tjing-Ling Industrial Development Foundation Zhen-Xiang Yao | Representative of China Motor Corporation: Shin-I Lin |
| NT\$10,000,000 ~ NT\$15,000,000 | Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen | | Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen | Representative of Yen Tjing-Ling Industrial Development Foundation: Zhen-Xiang Yao |
| NT\$15,000,000 ~ NT\$30,000,000 | | Representative of Tai-Yuen Textile Co., Ltd.: Kenneth, K.T. Yen | | Representative of Tai-Yuen Textile Co., Ltd.: Kuo-Rong Chen Representative of Yen Tjing-Ling Industrial Development Foundation: Yen Chen Li-Lien |
| 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 | 11 | 11 | 11 | 11 |

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

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

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

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

- Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.
- Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.
- Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).
- Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.
- Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).
- Note 10: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
- Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.
b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."
c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.
- Note 12: To disclose individually by Art 10 of "Regulations Governing Information to be published in Annual Reports of Public Companies".
- Note 13: Chairman Kenneth K. T. Yen passed away on 2018/12/3, and Yen Chen Li-Lien take over chairman at 2018/12/4.
- Note 14: Director Jack J.T. Huang take over director at 2019/1/2.
- Note 15: Independent director Shunren Liu resignation at 2018/6/30, and Yen-Chin, Tsai take over independent director at 2018/7/1.
- * The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

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

| Title | Name | Salary (A) (Note 2) | | Severance pay and Pension (B) | | Bonus and special allowance (C) (Note 3) | | Employee Remuneration Amount from Earnings Distribution (D) (Note 4) | | | | The total of A+B+C+D / Net income ratio (%) (Note 9) | | Receiving or not receiving remuneration from the reinvested companies other than the Company's subsidiaries (Note 10) |
|--------------------------|----------------|---------------------|---|-------------------------------|---|--|---|--|-----------------|--|-----------------|--|---|---|
| | | The Company | All the companies included in this financial statement (Note 6) | The Company | All the companies included in this financial statement (Note 6) | The Company | All the companies included in this financial statement (Note 6) | The Company | | All the companies included in this consolidated statement (Note 6) | | The Company | All the companies included in this financial statement (Note 6) | |
| | | | | | | | | Amount of Cash | Amount of stock | Amount of Cash | Amount of stock | | | |
| President | Zhen-Xiang Yao | 6,036,422 | 6,036,422 | 620,922 | 620,922 | 7,863,723 | 7,863,723 | 44,601 | 0 | 44,601 | 0 | 0.72% | 0.72% | 1,630,200 |
| Associate Vice President | Binglin Chen | | | | | | | | | | | | | |
| Associate Vice President | Jian Hui Li | | | | | | | | | | | | | |

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

Note: Associate Vice President Jian Hui Li has promotion at 2018/12/17.

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 | Jian Hui Li Binglin Chen | Jian Hui Li 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 | 3 | 3 |

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

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

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the President and Senior Vice President in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization. Note 4:

It refers to the employee remuneration (including stock and cash) received by the President and Senior Vice President that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

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

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

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

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

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

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

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

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

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

March 31, 2019
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 | 109,454 | 109,454 | 0.0054% |
| | Associate Vice President | Binglin Chen | | | | |
| | Associate Vice President | Jian Hui Li | | | | |
| | Manager | Hongzheng Chen | | | | |
| | Manager | Shi Ting Chen | | | | |
| | Manager | Lihua Wu | | | | |
| | Manager | Wen Yuan Li | | | | |
| | Manager | Wen Yi Lo | | | | |
| | Manager | Chong Ynan Chen | | | | |
| | Manager | Meng Yue Jie | | | | |
| | Manager | Shen Guo Wang | | | | |

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.

Remarks: Meng Yue Jie promotion manager at 2018/4, Shen Guo Wang promotion manager at 2018/12, and Jian Hui Li promotion assistant to the general manager manager at 2018/12.

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

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

Currency Unit: NT\$

| | 2018 | | | 2017 | | |
|--|--------------------|---------------|--|--------------------|---------------|--|
| | Total remuneration | Net Income | Remuneration / standalone net income ratio (%) | Total remuneration | Net Income | Remuneration / standalone net income ratio (%) |
| Director | 34,255,123 | 2,037,031,756 | 1.68% | 35,261,962 | 2,288,306,240 | 1.54% |
| President and Associate Vice President | 14,565,668 | 2,037,031,756 | 0.72% | 14,912,676 | 2,288,306,240 | 0.65% |

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\$

| | 2018 | | | 2017 | | |
|--|--------------------|---------------|--|--------------------|---------------|--|
| | Total remuneration | Net Income | Remuneration / standalone net income ratio (%) | Total remuneration | Net Income | Remuneration / standalone net income ratio (%) |
| Director | 50,855,856 | 2,037,031,756 | 2.50% | 53,592,513 | 2,288,306,240 | 2.34% |
| President and Associate Vice President | 14,565,668 | 2,037,031,756 | 0.72% | 14,912,676 | 2,288,306,240 | 0.65% |

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

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

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

In 2018, the Company evaluated the performance of its board members in accordance with the "Board of the Directors Performance Appraisal Procedures". There were no significant differences in the assessment scores of all the board members, who all reached more than 90 points. Therefore, aside from the Chairman, Directors' remuneration was allocated equally to the remaining Directors based on seats for allocation.

3.3 Operation of Corporate Governance

3.3.1 Information of the Board Function

The meeting of Board of Directors has been held for 9 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 | 0 | 7 | 0% | Original Chairman Passed away at 2018/12/3. 2018/01/01~ 2018/12/03 7 meetings should be held |
| Chairman | Yen Tjing-Ling Industrial Development Foundation Representative: Yen Chen Li-Lien | 2 | 0 | 100% | New Chairman. 2018/12/04~ 2018/12/31 2 meetings should be held |
| Vice Chairman | Tai-Yuen Textile Co., Ltd. Representative: Kuo-Rong Chen | 9 | 0 | 100% | |
| Director | Yen Tjing-Ling Industrial Development Foundation Representative: Li-Lien Chen | 7 | 0 | 100% | 2018/01/01~ 2018/12/03 7 meetings should be held |
| Director | Tai-Yuen Textile Co., Ltd. Representative: Shin-I Lin | 9 | 0 | 100% | |
| Director | China Motor Corporation Representative: Liang Zhang | 6 | 3 | 67% | |
| Director | Yen Tjing-Ling Industrial Development Foundation Representative: Zhen-Xiang Yao | 9 | 0 | 100% | |
| Independent Director | Yi-Hong Hsieh | 9 | 0 | 100% | |
| Independent Director | Shunren Liu | 5 | 0 | 100% | Original Independent Director Resignation at 2018/06/30. 2018/01/01~ 2018/06/30 5 meetings should be held |
| Independent Director | Zhongqi Zhou | 9 | 0 | 100% | |
| Independent Director | Yen-Chin, Tsai | 3 | 1 | 75% | New Independent Director Take over at 2018/07/01. 2018/01/01~ 2018/12/31 4 meetings should be held |

Other matters to be disclosed:

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

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

| Board meeting date | Board meeting term | Summary of motions | Independent director's opinions | Response to the independent director's opinions |
|-----------------------|--|---|------------------------------------|--|
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | The payment of auto parts advance to Dong Feng Yulon Motor Sales Limited. | Approved as proposed | To be executed in accordance with the resolution reached |
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company. | Approved as proposed | To be executed in accordance with the resolution reached |
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Hangzhou New Energy Company Establishment | 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 |
|--------------------|--|--|---------------------------------|--|
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Changsha New Energy Company Establishment | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The participating loan of Xindian Yulon Town's commercial area build case | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Financial Statements. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Earnings Distribution. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Distribution of Employees' and Directors' Remuneration | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2018 Status of Endorsement and Guarantee. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The amendments to the Company's "Procedures for Endorsements and Guarantees." | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of 2018 | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2018 additional bank loan amount application of the company. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | Assessing the independence and competence of accountants | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | The de/incapitalization of Luxgen (hangzhou) Motor Sales Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | Amendment the advance payment operational rules to DengfengYulon Motor Co.Ltd of components | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | Attesting CPA of the compensation given thereto in 2018 | 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 |
|--------------------|--|--|---------------------------------|--|
| 5/11/2018 | The 10 th meeting of the 15 th term | The amendments to the "Internal Control System" and the "Internal Audit Implementation Enforcement Rules" of the Company's stock service operation. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The company to purchase the shareholding of Yue-Ki Industrial Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The company to purchase the shareholding of Yohow Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The incapitalization of Hangzhou Yuwan Auto Motive Parts Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The incapitalization of Fujian Taiya Automobile Industry Co., Ltd and Taiya Investment (Hong Kong) Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | Sell EF 1.5T GDI engine and EVX4 power system to Hangzhou New Energy Company. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The LOS issued for the Operation of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | Capital increase of Sheng Qing (Beijing) Investment Limited, and Sheng Qing (Beijing) Investment Limited turn capital increase of Fujian YuXin Automobiles Sales & Service Limited, Ningbo YuChang Automobiles Sales & Services Limited, Wuhan Yu Hsin Automobiles Sales & Service Limited and XiaoGan YuFeng Automobile Sales & Service Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | Purchasing preferred stock of Taiwan Acceptance Corporation | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | The 2018 bank loan amount increase(decrease) application of the company | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/9/2018 | The 12th meeting of the 15th term | The Company issued unsecured corporate bonds, the amount is below NTD\$10billion. | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/9/2018 | The 12th meeting of the 15th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is USD\$5 million and RMB0.4billion | Approved as proposed | To be executed in accordance with the resolution reached |

| | | | | |
|------------|-----------------------------------|--|----------------------|--|
| 11/9/2018 | The 12th meeting of the 15th term | The LOS issued addition for the financing amount of 2018 | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | Capital increase of Hangchow Liangrun Motor Parts Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | Capital decrease of Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd., amount is NTD0.8billion | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The LOS issued for the financing amount of Yulon Construction Co., Ltd., the amount is NTD0.1billion | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is NTD0.51billion | 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) The Company will undergo the 15th Director Reelection in 2016, where three independent directors were reelected while replacing the previous supervisor system with the Audit Committee. The Audit Committee is scheduled for establishment in July 2016 to strengthen the internal supervisory mechanism of the company.
 - (3) Moreover, to meet the trends in the development of international corporate governance and in response to the development of Taiwan's attention in social issues recently, The Company amended the "Rules of Procedure for Board of Directors Meetings," "Rules of Procedure for Audit Committee" on November 6, 2017 in attempt to constantly improve the corporate governance standards.
 - (4) To enhance information transparency, the Company has important resolutions reached in the Board meeting announced immediately on the MOPS. Also, update the relevant organization regulations on the Company's website in order to protect shareholders' equity and improve investors' understanding and recognition of the Company.
 - (5) The Company adopted "Board of Director and Director Member Performance Appraisal Guidelines" on November 9, 2015 and amended for the first time on November 7, 2016 in addition to completing the Board of Director evaluation in March 2018. This evaluation result complies with Board of Director operations, level of director participation, and operations of Remuneration Committee and Audit Committee, falling between 95.93 points and 99.31 points. The overall operation of the Board of Directors is deemed well in accordance with the results of 2017 Board of Director Performance Appraisal.

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

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

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

3.3.2 Function of Audit Committee:

The Company has already established the committee in July, 2016.

Information of the Audit Committee Function

The meeting of Audit Committee has been held for 8 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 | 8 | 0 | 100% | |
| Independent Director | Shunren Liu | 5 | 0 | 100% | Original Independent Director Resignation at 2018/06/30. 2018/01/01~ 2018/06/30 5 meetings should be held |
| Independent Director | Zhongqi Zhou | 8 | 0 | 100% | |
| Independent Director | Yen-Chin, Tsai | 3 | 0 | 100% | New Independent Director Take over at 2018/07/01. 2018/01/01~ 2018/12/31 4 meetings should be held |

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

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

| Board meeting date | Board meeting term | Summary of motions | Committee members' opinions | Response to the Committee members' opinions |
|--------------------|--|---|-----------------------------|--|
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | The advance payment of Dengfeng Yulon Motor Co.Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company. | Approved as proposed | To be executed in accordance with the resolution reached |
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Hangzhou New Energy Company Establishment | Approved as proposed | To be executed in accordance with the resolution reached |
| 1/22/2018 | The 5 st provisional meeting of the 15 th term | Changsha New Energy Company Establishment | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The participating loan of Xindian Yulon Town's commercial area build case | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Financial Statements. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Earnings Distribution. | Approved as proposed | To be executed in accordance with the resolution reached |

| Board meeting date | Board meeting term | Summary of motions | Committee members' opinions | Response to the Committee members' opinions |
|--------------------|--|---|-----------------------------|--|
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2017 Distribution of Employees' and Directors' Remuneration | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2018 Status of Endorsement and Guarantee. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The amendments to the Company's "Procedures for Endorsements and Guarantees." | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The LOS issued for the financing amount of 2018 | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | The 2018 additional bank loan amount application of the company. | Approved as proposed | To be executed in accordance with the resolution reached |
| 3/26/2018 | The 9 th meeting of the 15 th term | Assessing the independence and competence of accountants | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | The de/incapitalization of Luxgen (hangzhou) Motor Sales Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company | Approved as proposed | To be executed in accordance with the resolution reached |
| 4/23/2018 | The 6 st provisional meeting of the 15 th term | Amendment the advance payment operational rules to DengfengYulon Motor Co.Ltd of components | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | Attesting CPA of the compensation given thereto in 2018 | Approved as proposed | To be executed in accordance with the resolution reached |
| 5/11/2018 | The 10 th meeting of the 15 th term | The amendments to the "Internal Control System" and the "Internal Audit Implementation Enforcement Rules" of the Company's stock service operation. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The company to purchase the shareholding of Yue-Ki Industrial Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The company to purchase the shareholding of Yohow Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The incapitalization of Hangzhou Yuwan Auto Motive Parts Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The incapitalization of Fujian Taiya Automobile Industry Co., Ltd and Taiya Investment (Hong Kong) Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | Sell EF 1.5T GDI engine and EVX4 power system to Hangzhou New Energy Company. | Approved as proposed | To be executed in accordance with the resolution reached |

| | | | | |
|------------|--|--|----------------------|--|
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | The LOS issued for the Operation of Yulon Motor Finance (China) Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 6/15/2018 | The 7 st provisional meeting of the 15 th term | Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11 th meeting of the 15th term | Capital increase of Sheng Qing (Beijing) Investment Limited, and Sheng Qing (Beijing) Investment Limited turn capital increase of Fujian YuXin Automobiles Sales & Service Limited, Ningbo YuChang Automobiles Sales & Services Limited, Wuhan Yu Hsin Automobiles Sales & Service Limited and XiaoGan YuFeng Automobile Sales & Service Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | Purchasing preferred stock of Taiwan Acceptance Corporation | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 8/6/2018 | The 11th meeting of the 15th term | The 2018 bank loan amount increase(decrease) application of the company | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/9/2018 | The 12th meeting of the 15th term | The Company issued unsecured corporate bonds, the amount is below NTD\$10billion. | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/9/2018 | The 12th meeting of the 15th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is USD\$5 million and RMB0.4billion | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/9/2018 | The 12th meeting of the 15th term | The LOS issued addition for the financing amount of 2018 | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | Capital increase of Hangchow Liangrun Motor Parts Limited | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | Capital decrease of Luxgen Motor Co., Ltd. | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The making of endorsements / guarantees for Luxgen Motor Co., Ltd., amount is NTD0.8billion | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The LOS issued for the financing amount of Yulon Construction Co., Ltd., the amount is NTD0.1billion | Approved as proposed | To be executed in accordance with the resolution reached |
| 12/17/2018 | The 13th meeting of the 15th term | The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is NTD0.51billion | 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:

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

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

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

| Date | Summary of communication highlights |
|------------|--|
| 3/22/2018 | 1. Internal audit report from Dec. 2017 to Jan. 2018. 2. Report on the internal control of the subsidiary company from Dec. 2017 to Jan. 2018. 3. Report on the 2017 Internal Control System Statement Proposition. |
| 5/09/2018 | 1. Internal audit report in Feb. and Apr. 2018. 2. Continental subsidiary audit report during Feb. and Apr. 2018. 3. Report on the amendments to the "Internal Control System" of the Company's stock service operation. |
| 8/2/2018 | 1. Internal audit report in Apr. and Jun. 2018. 2. Continental subsidiary audit report during Apr. and Jun. 2018. |
| 11/7/2018 | 1. Internal audit report in Jul. and Sep. 2018. 2. Continental subsidiary audit report during Jul. and Sep. 2018. |
| 12/13/2018 | 1. Internal audit report in Oct. and Nov. 2018. 2. Continental subsidiary audit report during Oct. and Nov. 2018. 3. Report to the Company's "Annual Audit Scheme" for 2019. |

(2) Summary of communication between independent directors and accountants

| Date | Summary of communication highlights |
|-----------|--|
| 3/22/2018 | 1. CPAs expressed their opinions on the Company's 2017 individual and consolidated audit results and discuss with the independent director 2. CPAs explained the opinions on the review results for the material audit matters of the Company and discuss with the independent directors 3. CPAs explained the IFRS16 impact assessment of company lease contracts and discuss with the independent directors 4. CPAs explained the amendments to Income tax law affects the company and discuss with the independent directors |
| 8/2/2018 | 1. CPAs expressed their opinions on the second quarter 2018 individual and consolidated audit results and discuss with the independent director 2. CPAs explained the impact of the latest laws/letters on the Company and the recommendations and discuss with the independent directors |
| 11/6/2018 | 1. CPAs expressed their opinions on the third quarter 2018 individual and consolidated audit results and discuss with the independent director 2. CPA expresses the opinions on the review results for the material audit matters of the Company, and discuss with the independent directors 3. CPA explains the latest amendment notice to laws and regulations and the response recommendations, and discuss with the independent directors, and discuss with the independent directors |

Notes :

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

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

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

| Item | Operations (Note 1) | | Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
|--|---------------------|---|---|
| | Y | N | |
| 1. Does the company develop and disclose corporate governance practice principles in accordance with “Governance Best Practice Principles for TWSE/GTSM Listed Companies.” | V | | The company has developed shareholders’ meeting regulations related to corporate governance, Board of the Directors meeting regulations, regulations governing classified document management operation, regulations governing classified information press and processing operation, announcement process standard operations, internal control system, acquisition or disposition of asset processing procedures, fund lending to others operation procedures, and other corporate governance related standard regulations. The execution of the operation system has complied with the requirement of the principles. As of the print date of this annual report, the Company has prepared the “Corporate Governance Principles” which was in accordance with “Governance Best Practice Principles for TWSE/GTSM Listed Companies” and disclosed on the official website. |
| 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. |
| (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. |
| (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. |
| (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. |
| 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. In addition to a female Director Yen Chen Li-Lien, the members made up for the Company’s 15th Board of Directors possess respectively the following professional skills: The ones who are good at leadership, operational judgment, business management, crisis management, and have an international market vision are deceased chairman, Kenneth, K.T. Yen, and director Kuo-Rong Chen, Zhen-Xiang Yao, Shin-I Lin; new chairman Yen Chen Li-Lien has expertise in industry knowledge and administration; Yi-Hong Hsieh and new independent Director Jack J.T. Huang are skilled in legal affairs; independent Director Liang Zhang, old independent Director Shunren Liu, independent Director Zhongqi Zhou, and new independent Director Yen-Chin, Tsai excel in economy & finance. |
| (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 |

| Item | Operations (Note 1) | | Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
|---|---------------------|---|---|
| | Y | N | |
| (3) Does the company develop Board of Directors Performance Assessment Guidelines and Evaluation Method in addition to conduct annual performance assessment? | V | | <p>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 Company has set up an audit committee to replace the supervisor system on July 1, 2016, and the remaining functional committees are set up in accordance with the business plan.</p> <p>(3)The company's through the "Board Evaluation Method"at 2015/11/09,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, by an external independent and professional agency or an external academic experts team. In accordance with the provisions of Article 28 of the third paragraph, the amendments to the Articles of Appropriation of the Board of Directors were amended and approved by the Board of Directors. The Company completed the 2018 assessment of the board of directors, directors and functional committees in March 2019, among which the evaluation of the board of directors was commissioned by the external unit in December 2018 to assess the effectiveness of the directors and the external and internal evaluation results and the 2019 direction to continue enhancing thereof will be submitted to the board of directors held in March 2019. The results of the external evaluation of the Company are detailed on the Company website and the results of the content evaluation are as follows: The measurement items of the performance evaluation of the board of directors of the Company include the following five aspects: (1) The degree of involvement in the operation of the Company. (2) The improvement on the decision-making quality of the board of directors. (3) The composition and structure of the board of directors. (4) The election and on-job trainings of directors. (5) The internal control. The measurement items of the performance assessment of directors include the following: (1) The knowledge of the understanding of the Company and the acknowledgment of their responsibilities. (2) The degree of involvement in the operation of the Company. (3) The professionals and on-job trainings of directors. (4) The internal control. The measurement of the performance evaluation of the functional committee (compensation committee/audit committee) includes the following items: (1) The degree of involvement in the operation of the Company. (2) The improvement on the decision-making quality of the board of directors. (3) The composition and structure of the board of directors. (4) The election of members The assessment was performed as an internal questionnaire based on the four segments of the operation of the board of directors, the involvement of directors, the operation of the audit committee and the compensation committee. The directors assess on the operation of the board of directors, the directors perform the self-assessment on his/her involvement and assess on the operation of the audit committee and compensation committee members asses on the operation of the compensation committee. The assessment result is between 98.36 and 100 In accordance with the results of the 2018 internal and external performance evaluation of the Board of Directors, the overall operation of the Board of Directors is still good. The recommendations and improvement actions to the Board of Directors are as follows: The directors proposed that the implementation progress for the unresolved matters in the previous decision-making of the board of directors shall be reported on a regular basis so that the directors can fully control the results of the decision-making implementation. The proposal has been implemented by the 2019 board of directors of the Company.</p> <p>remaining functional committees established according to the corporate management and plan.</p> <p>The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.</p> |

| Item | Operations (Note 1) | | | Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
|---|---------------------|---|--|--|
| | Y | N | Summary and Description | |
| (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 2019 independent evaluation was completed, approved and adopted at the Board of Directors meeting held in March 2019 | The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. |
| 4. Does the listing/ OTC Company have a full-time (or part-time) corporate governance unit or person responsible for corporate governance related matters (Including but not limited to providing directors and supervisors with the necessary business operation data, processing the Board meeting and shareholders’ meeting relevant matters, handling the company registration and change registration, preparing the minutes of Board meeting and shareholders’ meeting, etc.) designated? | V | | The Company's manager of Corporate Governance Department was approved by the Board of Directors,that the manager of Finance and Planning Department serve,and has a public distribution company engaged in financial experience for more than 3 years, in line with the set specifications. The specialized unit and the full-time official for corporate governance related matters,protecting the interests of shareholders and strengthening the functions of the Board of Directors (Including but not limited to providing directors and supervisors with the necessary business operation data, processing the Board meeting and shareholders’ meeting relevant matters, handling the company registration and change registration, preparing the minutes of Board meeting and shareholders’ meeting, etc.). 2018 annual business implementation status: 1. Assist the independent directors and the directors in performing their duties, providing all required information and arranging the on-job training for directors. 2. Assist the compliance matters for the procedures and resolutions of the board of directors and the shareholders' meeting. 3. Procure 2018 director liability insurance. 4. In order to deeply implement corporate governance, the performance evaluation of the 2018 board of directors and directors has been carried out and submitted to the board of directors held in March 2008. In addition, in accordance with the performance assessment guidelines for the board of directs set by the Company, an external unit was engaged to perform the effectiveness assessment of the directors in December 2018. 5. In 2018, regard to the business performance, the four presentation shows were shown, and the regular public announcement was made to disclose necessary information to market investors so that shareholders' rights and interests were well maintained. 6. In June 2018, the registration for the date of shareholders' general meeting, and the notice, manual, minutes for the shareholders’ meeting were made within the statutory limitation in accordance with the law. 7. The proposed agenda of the board of directors shall be notified to the directors at least seven days in advance to convene the meeting and to provide the meeting materials, and the minutes of the board of directors shall be recorded and delivered after meeting. | The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. |
| 5. Does the company establish communication channel with the stakeholders (Including but not limited to shareholders, employees, customers, suppliers, etc.) , establish stakeholder section on the company website, and properly respond to the key corporate social responsibility issues concerned by the stakeholders? | V | | The stakeholders may use sales department or spokesperson as communication channel in addition to providing investor relation(shareholders, employees, customers, suppliers, dealer, community etc.) contact window on the company website for readily available communication channel via phone, fax or email contact. | The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. |
| 6. Does the company commission professional registrar for handling of shareholder meeting affairs? | | V | The company adopts independent registrar operations to timely control the primary shareholders of actually controlled company and the final control list of primary shareholders. To call for shareholders’ meeting under legitimate, effective and safe premise; the Company has established internal control system and registrar internal audit operations for registrar operations. | The company adopts independent registrar operations to timely control the primary shareholders of actually controlled company and the final control list of primary shareholders. |
| 7. Public information (1) Does the company establish website to disclose information on the financial operations and corporate governance? (2) Does the company adopt other information disclosure methods (i.e. establishing English website, assigning specialist to collect and disclose the corporate information, implement spokesperson system and displaying corporate website at investor meeting?) | V V | | (1)The Company has established the website to disclose financial and operational information according to relevant laws and regulations. The company website is: http://www.yulon-motor.com.tw (2)The company assigns specialist in charge of collecting company information and disclosing significant events in addition to implementing executing spokesperson and agent spokesperson system. The website also shows items of corporate information conference. | The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. |

| Item | Operations (Note 1) | | | Discretions with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons | |
|--|---------------------|--|---|---|------|
| | Y | N | Summary and Description | | |
| 8. Does the company hold significant information that helps understand the operation of corporate governance (including but not limited to employees' rights, care for employees, investor relations, vendor relations, stakeholders' equity, advanced study of directors and supervisor, execution of risk management policy and risk measurement standards, execution of customer policy, and company buying liability insurance for directors and supervisors)? | V | | <p>(1) Employees' equity: The company interacts with labor representative routinely communication, employee care cart events, and improvement on employee satisfaction as well as other approaches to strengthen the partnership with employees and assure harmony in labor and employer.</p> <p>(2) Care for employees: The company establishes employee welfare area, employee health check, insuring group insurance for all employees, arrange diverse leisure activity after work, hold family day for employees and health season event, assist with employee travel, subsidy on club activity funds, providing employees with diverse learning channel. On the other hand, employees physical and mental health, welfare and career. Please refer to Chapter 5, Section 6 of this report "description between the labors."</p> <p>(3) Investor Relations: The company offers service department as communication between the company and shareholders. The company also offers spokesperson system to provide contact window between shareholders and corporate investment institutes.</p> <p>(4) Vendor Relations: The company transacts with vendors on the concept of co-existence and co-prosperity with internal special department executing vendor supervision and counseling as well as the establishment of outstanding vendor incentive system for a diverse and effective communication channel with vendors. Moreover, the company has developed "contractor undertaking work safety and health management operation standards," "contractor plant operation management regulations" and others to request cooperation with vendor in compliance with regulations regarding environmental protection, safety or health issues, jointly committing to the improvement on corporate social responsibility.</p> <p>(5) Stakeholders' Rights: Our company respects and maintains the due legitimate equity in addition to establishing different communication methods to facilitate all stakeholders to immediately and effectively convey the opinion.</p> | The company has complied with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. | |
| (6) Directors' and supervisors' training records (from 2017/01/01 to 2017/12/31): | | | | | |
| Title | Name | Organizer | Course Name | Hours | Note |
| Chairman | Yen Chen Li-Lien | China Corporate Governance Association | The operating practice for the shareholders' meeting and board of directors; the latest amendments to the Company Act and directors' responsibility | 6 | |
| Vice Chairman | Kuo-Rong Chen | China Corporate Governance Association | The accounting, information disclosure strategy and corporate governance; how to review the internal control, internal audit and whistle-blowing mechanism | 6 | |
| Director | Shin-I Lin | China Corporate Governance Association | The accounting, information disclosure strategy and corporate governance; how to review the internal control, internal audit and whistle-blowing mechanism | 6 | |
| Director | Li-Lien Chen | China Corporate Governance Association | The best navigation of the corporate governance - a comprehensive view of principles/practices/tendency; the performance and effectiveness assessment of the board of directors from the director's perspective | 6 | |
| Director | Liang Zhang | China Corporate Governance Association | The accounting, information disclosure strategy and corporate governance; how to review the internal control, internal audit and whistle-blowing mechanism | 6 | |
| Director | Zheng-Xiang Yao | China Corporate Governance Association | The directors and supervisors (including independent) advanced practical seminars - anti-money laundering prevention and regulatory compliance; the mergers and acquisitions, joint ventures, and tax practices for the multinational enterprises | 6 | |
| Independent Director | Yi-Hong Hsieh | Central China Securities and Futures Market Development Foundation | The accounting, information disclosure strategy and corporate governance; how to review the internal control, internal audit and whistle-blowing mechanism | 6 | |
| Independent Director | Zhong-Qi, Zhou | China Corporate Governance Association | The operating practice for the shareholders' meeting and board of directors; the latest amendments to the Company Act and directors' responsibility | 6 | |
| Independent Director | Yen-Chin, Tsai | Taiwan Depository&Clearing Corporation | The accounting, information disclosure strategy and corporate governance; how to review the internal control, internal audit and whistle-blowing mechanism | 6 | |
| (7) Execution of risk management policy and risk measurement standards: Refer to Chapter 7, Section 6 on "Risk Management and Evaluation" of this report. | | | | | |
| (8)Execution of consumer protection or customer policy: The Company establishes 24-hour 0800 toll-free hotline for consultation and free, providing distributors with operation and service office query, new car information notice, hoisting assistance, customer demand for requirement, suggestions and complaint case processing, providing consumers with | | | | | |

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

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

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

1. The composition and responsibilities of Compensation Committee

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

| Identity (Note 1) | Conditions | Whether the person has work experience over five years and possesses any of the following qualifications | | | Conformed to the requirements of Independence (Note 2) | | | | | | | | The number of public companies that the members also serves as Compensation Committee Member | Remark |
|----------------------|----------------|---|---|--|--|---|---|---|---|---|---|---|--|----------------------------|
| | | Lecturer or higher level qualification of a public/private university or college for teaching the relevant departments in relation to the business, legal, finance, accounting or other business requirement. | Judge, prosecutor, lawyer, certified public accountant or other professional/technician who has acquired certificates or operation qualifications through the national examinations | Work experiences required for commercial, legal, financial, accounting or corporate business | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | |
| Independent director | Yi-Hong Hsieh | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | |
| Independent director | Shunren Liu | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | Resignation at 2018/06/30. |
| Independent director | Zhongqi Zhou | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | |
| Independent director | Yen-Chin, Tsai | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | Take over at 2018/07/01. |

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

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

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

2. Operation of the Compensation Committee

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

(2) The tenure for the members of the 3rd Compensation Committee is from July 1, 2016 to June 30, 2019. As of March 31, 2019, 7 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 | 7 | 0 | 100% | |
| Committee member | Shunren Liu | 5 | 0 | 100% | Resignation at 2018/06/30. |
| Committee member | Zhongqi Zhou | 7 | 0 | 100% | |
| Committee member | Yen-Chin, Tsai | 2 | 0 | 100% | Take over at 2018/07/01. |

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.

(3) The date of the 2018 Compensation Committee, the content of the proposal, the results of the remuneration committee resolution and the company's handling of the remuneration committee's opinions:

| Date | Meeting term | Summary of motions | Committee members' opinions | Response to the Committee members' opinions |
|------------|---------------------------------|---|-----------------------------|--|
| 03/22/2018 | The 5th meeting of the 3st term | 2017 annual employee compensation and director compensation | Approved as proposed | To be executed in accordance with the resolution reached |
| 11/7/2018 | The 5th meeting of the 3st term | 2019 salary compensation committee calendar | Approved as proposed | To be executed in accordance with the resolution reached |

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

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

3.3.5 Performance of Corporate Social responsibility

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

| Items | Operations (Note 1) | | Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons | |
|--|---------------------|-----|---|--|
| | Y | N | | |
| 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 6 th 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? | V | (2) | Regard to the CSR aspects, such as the corporate governance, corporate commitments, social care and participation, and sustainable environment, etc., the working groups of the CSR committees regularly conduct the promotion and training for all department heads, employees, suppliers, including the sustainable management of the Company, integrity management, anti-corruption, non-discrimination, labor human rights, employee rights, environment safety and occupational safety and health, energy conservation and waste reduction, greening and beautification, volunteer services, etc., collect the consensus of all stakeholders on the sustainable operation of Yulon, and drive the industry and the supply chain to advance together and to make society better. | In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
| (2) Does the company routinely organize social responsibility education training? | V | (3) | The Company established the CSR committee in July 2018, and the general manager serves as the chairman thereof. The bureau is established to assist the chairman in promoting the CSR task, and the six working groups in three aspects: sustainable environment/social participation/corporate governance are established. The head at the department level will be assigned as the leader of the group to promote the CSR tasks mission according to the division of works and a monthly CSR management committee meeting is held to review, track and share the promotion progress and results of the CSR tasks. The results of the annual work implementation and the follow-up CSR work promotion direction and plan shall be submitted to the board of directors at least once a year on a regular basis. | 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 | (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 |
| (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 | | | |
| 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? | 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 |
| (2) Does the company establish proper environmental management system in accordance with its characteristics of industry? | 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 bv 4% of carbon salary per annual. It is an objective for | 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. | V | | | |

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

| 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) | |
| 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 |
| <p>5. For companies having developed independent corporate social responsibility practice in accordance with “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” please describe the discretion of operation with the independent practice developed.</p> <p>The company has developed shareholding meeting regulations related to corporate governance, board of director meeting regulations, classified document management operation regulations, classified information spokesperson and processing operation regulations, announcement process standard operations, internal control system, acquisition or disposition of asset processing procedure, funds lending to others operation process and other standards and regulations related to corporate governance. Moreover the company also developed relevant management regulations regarding air pollution, waste water and toxic chemicals. The Company also develops “Environmental Consideration Management Procedure,” “Environmental Objective and Management Program,” “Yulon Environmental and Safety Health Manual,” energy-saving and carbon reduction, greenhouse gas reduction, water use reduction, or other waste policy. Under the impact of company’s processing, activity, product and service to sustainability, the Company promotes the different stage of environmental objectives and target. Currently the various related operation process have been developed, which complies with the requirement for “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” in terms of corporate governance, development of sustainable environment, maintenance of social welfare, and strengthening information disclosure. The Company has developed the “Corporate Social Responsibility Practice Principle”, requesting all group subsidiaries must also join and comply with the regulations.</p> | | | | |
| <p>6. Other critical information that helps understand the operation of corporate social responsibility:</p> <p>(1) The company’s CSR operations for environmental protection</p> <p>(1.1) The Company applies ISO 14001 as the main architecture to develop “Environment, Safety and Health Manual” as reference for the Company’s environmental policy and safety and health policy, in addition to developing relevant management guidelines over air pollution, waste water, and toxic chemicals.</p> <p>(1.2) The production process of the Company relies on the raw materials and components provided by all associate vendors. The finished products of assembled cars can strengthen the green partnership with the associate vendors. The work plan applies carbon footprint and energy saving and carbon reduction as one of the items for evaluation at the site.</p> <p>(1.3) The Company founded Hua-chuang Automobile Information Technical Center Co., Ltd. (HAITEC) in December 2005 with commitment in the R&D of electric vehicles. The Company has successfully launched electric vehicles under Taiwanese brand. Electric vehicles are the most specific contribution made by Yulon Motors to cope with changes in global climate and realization of low-carbon economic society.</p> <p>(1.4) Moreover to promote the concept of environmental safety, improve environment pollution prevention work, and protect the safety and health of company employees, the Company has established different promotional teams such as the labor safety and health committee, greenhouse gas inventory and other promotional team in charge of various safety, health and environmental protection projects. The company has developed energy-saving and carbon reduction, greenhouse gas reduction, water use reduction, or other waste policies.</p> <p>(1.5) Please refer to the Company’s Corporate Social Responsibility Report for the latest achievement in environmental protection performance, greenhouse gas reduction, and waste treatment.</p> <p>(2) The Company’s CSR operations on community participation and community welfare.</p> <p>➢ Long-Term Promotion Woodcarving Art Culture</p> <p>The Company has held the “Yulon Woodcarving Innovation Award” for 17 consecutive years from 1996 to 2013 that every year, the high total prizes (about NT\$2 million) are rewarded to the woodcarving art creators in Taiwan, and build a platform for them to connect with the international and improve the visibility. In addition, in order to inherit the gradual decline of Taiwanese woodcarving art, we involve the campus deeply and encourage young students to participate in the competition, so that the woodcarving art in Taiwan can last forever with more new blood injected.</p> <p>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 Sany wooden sculpture arts and to growth with the local regions.</p> <p>➢ Weak care</p> <p>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. In 2018, the Company also donated NT\$200,000 to customize 200 LED reflective vests to provide cleaning team members to improve their safety.</p> <p>To give feedback to the people, the Company has also donated the insurance premium of “employee accident liability insurance” for the cleaning squad of Sany since 2014, providing protection for work and life.</p> <p>➢ Local feedback</p> <p>【 Yulong Sanyi Scholarship 】</p> <p>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 over 420 Sanyi Township students with scholarships of extensive scope. In 2018, the amount of scholarships awarded is NT\$750,000, benefiting 430 students, and the benefits are extensive.</p> <p>【 Yulon Sanyi Children’s Basketball Summer Camp 】</p> <p>The Company promotes long-term domestic basketball sports and opened the “Yulon Sanyi Children’s Basketball Summer Camp” starting in 2015. All elementary school third graders and above from Sanyi Township are invited to participate for free during summer vacation. The “Yulon LUXGEN Basketball Team” players serve as the summer camp coaches to teach Sanyi Township students with the correct basketball knowledge and basketball sports skills, providing a healthy and leisure educational entertainment.</p> <p>【 Yulon Car Design Camp 】</p> <p>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</p> | | | | |

| Items | Operations (Note 1) | | Discretions with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
|-------|---------------------|---|--|
| | Y | N | |
| | | | Summary and Description (Note 2) |
| | | | <p>automotive industry. In 2018, a new and interesting car 3D printing design course was added to the event to open up the vision of schoolchildren in Sanyi Township.</p> <p>【Other feedback from the community】</p> <p>The activities of Chongyang Senior Citizens for the seven communities including Longteng, Guangsheng, Shengxing, Shuangtan, Shuanghu, Xihu and Liyu in Sanyi township are funded</p> <p>Long-term adoption of Sanyi Township Street Light</p> <p>(3) The corporate social responsibility operations of the Company to social contribution and community services</p> <p>【Yen Tjing Ling Industrial Research Institute】</p> <p>The Company established Yen Tjing Ling Industrial Research Institute by combining the academic and human resource from National Taiwan University and National Cheng Kung University to promote forward-looking engineering technology R&D and industry-academic cooperation so that industrial technology will build solid foundation and advance.</p> <p>【Yen Tjing Ling Medical Foundation】</p> <p>The Company established the Yen Tjing Ling Medical Foundation to provide scholarships for outstanding physicians to study overseas and conduct research and prevention on rare diseases.</p> <p>【Vivian Wu Journalism Award Foundation】</p> <p>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.</p> <p>【Vivian Wu Industrial and Commercial Development Association】</p> <p>The Company established the Vivian Wu Industrial and Commercial Development Association to promote information exchange between domestic and foreign government agencies, academia and industries, assisting the promotion of industrial and commercial companies, advocating domestic industrial manufacturing capacity, improving product quality, and upgrading domestic brand image. In 2017, a total of 100 elementary school children from Sanyi participated in the event, and the number of registrants was quite high. The two-day event was personally led by the players of Yulon Luxgen Basketball Team.</p> <p>【Long-term promotion of domestic basketball sports】</p> <p>The Company spares no effort in the long-term promotion of domestic basketball sports. In 1964, Yulon Motor founded the first Class A basketball team constituted by domestic private enterprises, driving the domestic basketball movement. In 1992, the “Yulon Professional Basketball Team” was officially founded and each year the Company injects provides funding with substantial corporate resources without interruption. Consequently Yulon Basketball Team has been able to participate in domestic games with outstanding performance. In 2018, the funding of NT\$ 21.6 million is sponsored as previous years.</p> <p>【Yulon Motor and Yulon Nissan Volunteer Club】</p> <p>The Company founded the “Yulon Motor and Yulon Nissan Volunteer Club” in 2015, upholding to the mission of “local care, and themed service” to dedicate care for the community neighbours and local underprivileged groups. The employees have realized the true meaning of “it is more blessed to give than to receive” in the process of dedication to care services. Yulon Motor and Yulon Nissan Volunteer Club devoted and completed the “Care Charity Fundraising Activity” in 2015 to deliver the results to three children’s homes in Miaoli while accompanying the children at the children’s homes with group entertainment activities. Several charity activities have been arranged since the establishment of Yulon Volunteer Society, such as collecting charity materials, Christmas gifts to nursery children, helping Sanyi Township low-income family clean up the home environment, inviting colleagues to woven wool hat for the home-alone senior citizens in Sanyi Township, arranging painting and recreational activities on the weekend for the children in the orphanage, etc.</p> <p>Description of the 2018 events:</p> <p>※Collection of Volunteer Materials for Charity Institutes in Miaoli Region</p> <p>Since 2018, the volunteers have launched a “warm new year donation” voluntary donations campaign on the eve of the Chinese New Year by managers and employees. In the first year, all colleagues and the Company donated a total of NT\$500,000 to the Charity Institutes in Mianli region, such as the YuAn Retarded Children’s Home, Kuangai Home for Disable, Huashan Social Welfare, and the St. Francis Xavier Home for Children and Juvenile, etc.</p> <p>※Inviting children sponsored by Family Support Center to watch a professional basketball game in March, Yulon Volunteer Club invited nearly 30 children from New Taipei City Family Support Center to watch a home game played by “Yulon Luxgen Basketball Team” at Xinzhuang Gymnasium, New Taipei City. It was for the very first time that the children had watched a basketball match on the spot, and they were very amazed by the vivid excitement.</p> <p>※Presenting seniors living alone in Sanyi Township with Chinese New Year dishes and rice</p> <p>In April, Yulon Volunteer Club visited some needy families in Sanyi again and presented them with rice to express their care. It is worth mentioning that the 60 kg of rice offered came from the “Leopard Cat Rice” that the Company had purchased for the sake of a friendly environment and the conservation of leopard cats. In addition to expressing practical support for friendly farming and conservation of leopard cats, the good cause was translated into care for the community as well.</p> <p>※To give Sanyi Township a solitary white rice</p> <p>In April, Yulon Volunteer Club visited some needy families in Sanyi and presented them with rice to express their care. The Company had purchased for the sake of a friendly environment and the conservation of leopard cats. In addition to expressing practical support for friendly farming and conservation of leopard cats, the good cause was translated into care for the community as well.</p> <p>※The assistance in cleaning the home environment for the low-income families in Sanyi Township</p> <p>In May, to the low-income households in Sanyi Township, the home environment was performed. The members went to help thoroughly clean the house and reappear the clean home environment.</p> <p>※Beach Cleaning Activity in Houlong, Miaoli</p> <p>In order to encourage employees to contribute to environmental protection, the Company held a beach-cleaning activity at the Waipu Fishing Port in Houlong, Miaoli in October. The event was led by the General Manager, who called on the Company’s executives and colleagues to jointly take part in it. More than 100 employees and their families participated in the event that day. Everyone worked together to clean up plastic bags, various types of containers, PET bottles, glass bottles, Styrofoam, etc. that were buried on the beach. A total of 785 kilograms of garbage was cleared out, then sorted out and removed with the help of Houlong Township Cleaning Team to make Houlong beach clean again.</p> |

| 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) | | |
| (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 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.

3.3.6 Company's Ethical Corporate Management and the adopted measures

Implementation of Ethical Corporate Management

| Items | Operations (Note 1) | | | Discretions with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
|---|---------------------|---|---|---|
| | Y | N | 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" "Management Meeting Operation Standards", "Regulations Governing the Announcing and Handling of the Confidential Information", "Management Regulations Governing the Handling of Confidential Documents" 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's 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. Relevant courses have been held in 2018: 1. The discussion on the key points and practice of the latest amendment to the Company Act ,the number of participants was 31, for a total of 2.5 hours. 2. Management Art Theory- Cultivating Accountable Leaders ,the number of participants was 49, for a total of 3.5 hours. | 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

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

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

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

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

3.3.9 Internal Control System Execution Status

1. Statement of Internal Control System

Yulon Motor Company Ltd.
Statement of Internal Control System

March 25, 2019

Yulon Motor Co., Ltd. has conducted a self-check of internal control for the year of 2018. 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, 2018 (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 26, 2019 with directors presented at the meeting and none disagreeing with this Statement of Internal Control System.

Yulon Motor Company Ltd.

Chairman: Yen Chen Li-Lien

President: Zhen-Xiang Yao



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

3.3.10 Company or employees been penalized by law or employees received penalties from company for violating the Internal Control regulations in fiscal year 2018 and as of the publication date of the annual report, major nonconformities, and status of improvements:

None

3.3.11 Major resolutions reached in the Shareholders' Meeting and Board meeting in fiscal year 2018 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 |
|--------------|------------------------|---|---|
| 01/22/2018 | Board of Directors | 1. Adopted the business objectives of the company for the 2018. 2. The advance payment of Dengfeng Yulon Motor Co.Ltd. 3. Opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company. 4. Hangzhou New Energy Company Establishment 5. Changsha New Energy Company Establishment | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 03/26/2018 | Board of Directors | 1.Acknowledged the motions resolved in the 16th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. 2. The participating loan of Xindian Yulon Town's commercial area build case 3.The LOS issued for the financing amount of Hwa-chuan Auto Technology Center Co., Ltd. 4.The LOS issued for the financing amount of Yulon Motor Finance (China) Limited 5.The 2017 Financial Statements. 6.The 2017 Earnings Distribution. 7.The 2017 Distribution of Employees' and Directors' Remuneration 8.The 2018 Status of Endorsement and Guarantee. 9.Assessing the independence and competence of accountants 10.Adopted the Prohibition on the new Director from Participation in Competitive Business. 11.The amendments to the Company's "Procedures for Endorsements and Guarantees." 12.Adopted convening the 2018 annual shareholders' meeting. 13. The LOS issued for the financing amount of 2018. 14. The 2018 additional bank loan amount application of the company. 15. Adopted the appointment of the manager of the company. 16.Adopted the 2017 Internal Control System Statement Proposition 17.Adopted assessing the independence and competence of accountants. | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 04/23/2018 | Board of Directors | 1.The company's by-election of the 15th independent director candidate nomination qualification review. 2. Capital decrease of Luxgen Motor Co., Ltd. 3. Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company 4. The advance payment of Dengfeng Yulon Motor Co.Ltd. | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 05/11/2018 | Board of Directors | 1.Acknowledged the motions resolved in the 17th meeting of the 6th term of the board of directors of Yulon Nissan Motor Co., Ltd. provisional. 2. Adopted the LOS issued for the Yulon Motor Finance (China) Limited. 3. The making of endorsements / guarantees for Luxgen Motor Co., Ltd. 4. Attesting CPA of the compensation given thereto in 2018 5.The amendments to the "Internal Control System" and the "Internal Audit Enforcement Rules" of the Company's stock service operation. | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 06/15/2018 | Shareholder s' meeting | 1.Admit the 2018 Financial Statements. 2.Admit The 2018Earnings Distribution 3.Adopted the Company's "Articles of Incorporation." 4.Amendments to the Company's "Procedures for Endorsements and Guarantees." 5.Amendments to the Company's "Procedures for Loaning of Funds." 6.Amendments to the Company's "Procedures for Derivatives Trading." 7.Amendments to the Company's "Procedures for Acquisition and Disposal of Assets." 8.Adopted the amendments to the Company's "Procedures for Endorsements and Guarantees." | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 06/15/2018 | Board of Directors | 1.The company to purchase the shareholding of Yue-Ki Industrial Co., Ltd. 2.The company to purchase the shareholding of Yohow Co., Ltd. 3.The incapitalization of Hangzhou Yuwan Auto Motive Parts Limited 4.The incapitalization of Fujian Taiya Automobile Industry Co., Ltd and Taiya Investment (Hong Kong) Co., Ltd. 5.Sell EF 1.5T GDI engine and EVX4 power system to Chuang Jie New Energy Vehicle (HZ) Limited. 6.The LOS issued for the Operation of Yulon Motor Finance (China) Limited 7.Adopted opening a letter of credit guarantee for Luxgen (hangzhou) Motor Sales Co., Ltd by the Company7. 8. Appointment of the 3th salary compensation committee | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 08/06/2018 | Board of Directors | 1. Admit the capital increase of Sheng Qing (Beijing) Investment Limited. 2. Acknowledged the motions resolved in the 1th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd. 3. Acknowledged the motions resolved in the 2th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd. 4. Capital increase of Sheng Qing (Beijing) Investment Limited,and Sheng Qing (Beijing) Investment Limited turn capital increase of Fujian YuXin Automobiles Sales & Service Limited, Ningbo YuChang Automobiles Sales & Services Limited, Wuhan Yu Hsin Automobiles Sales & Service Limited and XiaoGan YuFeng Automobile Sales & Service Limited | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |

| Meeting:Date | Types of Meetings | Important Resolutions Adopted at Meetings | Resolution outcome |
|--------------|--------------------|---|---|
| | | 5.Purchasing preferred stock of Taiwan Acceptance Corporation 6.The making of endorsements / guarantees for Luxgen Motor Co., Ltd. 7.The 2018 bank loan amount increase(decrease) application of the company | |
| 11/09/2018 | Board of Directors | 1.The Company issued unsecured corporate bonds,the amount is below NTD\$10billion. 2.The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is USD\$5 million and RMB0.4billion 3.The LOS issued addition for the financing amount of 2018. 4.It is proposed to authorize Vice Chairman Kuo-Rong Chen to cooperate with DengfengYulon Motor Co.Ltd and potential partners in the negotiation of relevant cooperation conditions for the introduction of new cooperation partners into the shareholder DengfengYulon Motor Co.Ltd. 5.Acknowledged the motions resolved in the 3th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd. | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 12/04/2018 | Board of Directors | 1.Chairmanial election. | There is no objection passed by the directors and independent that directors of Yen Chen Li-Lien as the chairman of the company |
| 12/17/2018 | Board of Directors | 1.Acknowledged the motions resolved in the 1th provisional meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd 2. Acknowledged the motions resolved in the 4th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd 3.Capital increase of Hangchow Liangrun Motor Parts Limited. 4.Capital decrease of Luxgen Motor Co., Ltd. 5.The making of endorsements / guarantees for Luxgen Motor Co., Ltd., amount is NTD0.8billion 6.The LOS issued for the financing amount of Yulon Construction Co., Ltd., the amount is NTD0.1billion 7.The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is NTD0.51billion 8.Adopted the "2019 Audit plant" reported to the Company 9.Adopted the appointment of the manager of the company. | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 01/21/2019 | Board of Directors | 1.Adopted the business objectives of the company for the 2019 2. The Board of Directors approved disposition of Sin Jiang Enterprises Co., Ltd., 3. The Board of Directors approved disposition of Qinton Motor Co., Ltd., 4. The Board of Directors approved disposition of YULON GM COMPANY LIMITED 5. Announcement Yulon Investment YuenWen Investment Co., Ltd., | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |
| 03/25/2019 | Board of Directors | 1. Acknowledged the motions resolved in the 5th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd 2. Acknowledged the motions resolved in the 6th meeting of the 7th term of the board of directors of Yulon Nissan Motor Co., Ltd 3. Adjustment the adopted the business objectives of the company for the 2019 4. Yulon Energy Co., Ltd. reduced capital sold to Shinshin Credit Co., Ltd. 5. The Board of Directors approved disposition of Singan Co., Ltd., 6. The LOS issued for the financing amount of Yulon Motor Finance (China) Limited, the amount is NTD0.51billion 7. The 2018 Financial Statements. 8.The 2018Earnings Distribution. 9.The 2018 Distribution of Employees' and Directors' Remuneration 10.The 2019 Status of Endorsement and Guarantee. 11. Amendments to the Company's "Articles of Incorporation." 12. Amendments to the Company's "Procedures for Endorsements and Guarantees." 13.Amendments to the Company's "Procedures for Loaning of Funds." 14.Amendments to the Company's "Procedures for Derivatives Trading." 15.Amendments to the Company's "Procedures for Acquisition and Disposal of Assets." 16. Election of 16th Directors 17. Release the Prohibition on 16th Directors from Participation in Competitive Business 18. Adopted convening the 2019 annual shareholders' meeting. 19. The LOS issued for the financing amount of 2019. 20. The 2019 additional bank loan amount application of the company. 21. Attesting CPA of the compensation given thereto in 2019 22.The amendments to the "Internal Control System" and the "Internal Audit Enforcement Rules" of the Company's stock service operation. 23. The company and the relationship person signed the real estate use right asset lease contract case 24. Amendments to certain provisions of the Company's Code of Practice on Corporate Governance 25. The company's manager solution | Chairman asking for opinions from all attending directors and independent directors, which underwent full discussion with partial revision of text before adoption. |

2. Review on the Execution of Resolutions made by the 2018 Annual Meeting of Shareholders:

| Resolutions | Review on Execution |
|---|--|
| Acknowledge the 2017 Financial Statements. | The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized. |
| Acknowledge the 2017 Earnings Distribution. | The number of approving votes from the outcome of ballot voting met regulations and the proposition was recognized. Statutory reserves of NTD 288,830,624 and special surplus reserve of NTD1,000,000,000 were appropriated and adjusted into account on June 15nd, 2018, which was also disclosed on the 2018 Q2 financial report. Cash dividend to stockholders of NTD 786,459,955 was distributed. The base date was set to July 24th, 2018 and the reserve distributed on August 22th, 2018. |
| 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. |
| The 15th Independent Directors' By-election of the Company | As the result of voting, Yen-Chin, Tsai was elected as the fifteenth independent director of the company. ° |
| Prohibition on the new Director from Participation in Competitive Business. | By voting the results, in favor of the power to meet the statutory requirements, the case passed. |

3.3.12 The objections of the directors or supervisors against the major resolutions reached in the Board meeting recorded or documented in writing in fiscal year 2018 and as of the publication date of the annual report:

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

3.3.13 Table of resignation and dismissal of the Chairman, President, Accounting Officer, Finance Officer, Internal Chief Auditor, and R&D Director in fiscal year 2018 and as of the publication date of the annual report: None.

| Title | Name | Elected (inauguration) Date | Resignation Date | Reason of resignation and dismissal |
|----------|-------------------|-----------------------------------|---------------------|--|
| Chairman | Kenneth, K.T. Yen | 07/01/2016 | 12/04/2016 | Passed away |

3.3.14 Other disclosures:

None.

3.4 Information on auditing fees

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

| Accounting Firm | Names of CPAs | | Auditing period | Remark |
|--------------------------|---------------|-------------|-------------------------------------|--------|
| Deloitte & Touche Taiwan | Hsin-Wei TAI | You-Wei FAN | January 1, 2018 ~ December 31, 2018 | |

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

Unit: NT\$ Thousand

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

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

Information on auditing fees

Unit: NT\$ Thousand

| CPA Firm | Name of CPAs | Auditing fee | Non-auditing fee | | | | | Auditing period | Remark |
|--------------------------|--------------|--------------|------------------|--|-----------------|-----------------|----------|-----------------------|---------------------------------------|
| | | | System design | Industrial and commercial registration | Human resources | Others (Note 2) | Subtotal | | |
| Deloitte & Touche Taiwan | Hsin-Wei TAI | 21,894 | 0 | 0 | 0 | 3,869 | 3,869 | 1/1/2018 ~ 12/31/2018 | Others are advances, travel expenses. |
| | You-Wei FAN | | | | | | | 1/1/2018 ~ 12/31/2018 | |

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

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

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

None

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

None

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

(1) The predecessor CPA: Not applicable

(2) Successor CPA: Not applicable

(3) Written reply of the predecessor CPA: Not applicable

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 2018 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 | 2018 | | Up to April 23 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 |
| Legal Director | Tai-Yuen Textile Co., Ltd. | - | - | - | - |
| Legal Director | China Motor Corporation | - | - | - | - |
| Legal Director | Yen Tjing-Ling Industrial Development Foundation | - | - | - | - |
| Chairman | Yen Chen Li-Lien | - | - | - | - |
| Vice Chairman | Kuo-Rong Chen | - | - | - | - |
| Director | Shin-I Lin | - | - | - | - |
| Director | Liang Zhang | - | - | - | - |
| Director | Jack J.T. Huang | - | - | - | - |
| Director | Zhen-Xiang Yao | - | - | - | - |
| Independent Directors | Yi-Hong Hsieh | - | - | - | - |
| Independent Directors | Zhong-Qi Zhou | - | - | - | - |
| Independent Directors | Yen-Chin Tsai | - | - | - | - |
| President | Zhen-Xiang Yao | - | - | - | - |
| Associate Vice President | Jian Hui Li | - | - | - | - |
| Manager | Shi Ting Chen | - | - | - | - |
| Manager | Lihua Wu | - | - | - | - |
| Manager | Wen Yuan Li | - | - | - | - |
| Manager | Wen Yi Lo | - | - | - | - |
| Manager | Hongzheng Chen | - | - | - | - |
| Manager | Chong Ynan Chen | - | - | - | - |
| Manager | Meng Yue Jie | - | - | - | - |
| Manager | Shen Guo Wang | - | - | - | - |
| 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 23, 2019

| 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: Yen Chen Li-Lien | 284,901,045 377,924 | 18.11 0.024 | 160,126,140 | 10.18 | — | — | 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: Yen Chen Li-Lien | 262,228,166 377,924 | 16.67 0.024 | 160,126,140 | 10.18 | — | — | 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 | |
| Mercuries Life Insurance Co., Ltd. | 49,628,000 | 3.15 | — | — | — | — | - | - | |
| Fande Investment Co., Ltd. Representative: Wei-Kung Chi | 24,980,566 237 | 1.58 0.00002 | — | — | — | — | Tai-Yuen Textile Co., Ltd. | General Manager of Tai-Yuen Textile Co., Ltd. is the Chairman of Fande Investment Co., Ltd. | |
| Yen Ching Ling Industrial Development Foundation | 17,287,844 377,924 | 1.09 0.024 | — | — | — | — | China Motor Corporation | Same chairman | |
| | | | | | | | Tai-Yuen Textile Co., Ltd. | Same chairman | |
| JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 13,789,491 | 0.87 | — | — | — | — | - | - | |
| Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds. | 13,416,584 | 0.85 | — | — | — | — | - | - | |
| Yu Ching Business Co., Ltd. | 11,838,461 | 0.75 | — | — | — | — | - | - | |
| Citigroup Commercial Bank Hosted by the Norwegian central bank Norges Bank | 11,131,572 | 0.70 | — | — | — | — | - | - | |

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

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

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

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

April 30, 2018

Unit: Share; %

| Reinvested Companies | Investment of Yulon Motor Co., Ltd. | | Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Yulon | | Total investment | |
|--|-------------------------------------|---------|---|--------|------------------|---------|
| | Shares | % | Shares | % | Shares | % |
| China Motor Corporation | 111,480,444 | 8.05% | 459,006,728 | 33.16% | 570,487,172 | 41.22% |
| Taiwan Acceptance Corporation | 125,656,568 | 45.75% | 4,665,773 | 1.70% | 130,322,341 | 47.45% |
| Yulon Finance Corporation, Preferred Shares A | 36,603,992 | 36.60% | 16,308,588 | 0.00% | 5,291,238 | 52.91% |
| 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% | 157,518,784 | 19.24% | 328,204,173 | 40.10% |
| Yueki Industrial Co., Ltd. | 12,766,887 | 65.58% | 2,985,888 | 15.34% | 15,752,775 | 80.92% |
| Yue Sheng Industrial Co., Ltd. | 23,061,050 | 80.07% | 7,750 | 0.03% | 23,068,800 | 80.10% |
| Sin Chi Co., Ltd. | 87,000,000 | 100.00% | 0 | 0.00% | 87,000,000 | 100.00% |
| China Cast Iron Pipe Co., Ltd. | 24,850 | 77.66% | 6,109 | 19.09% | 30,959 | 96.75% |
| YU LIN AUTO PARTS | 21,728,516 | 25.01% | 13,033,137 | 15.00% | 34,761,653 | 40.01% |
| Uni-Calsonic Corporation | 5,982,575 | 30.68% | 6,883,525 | 35.30% | 12,866,100 | 65.98% |
| Yu Chang Motor Co., Ltd. | 13,998,500 | 64.99% | 1,000 | 0.00% | 13,999,500 | 65.00% |
| China Ogihara Corporation | 25,469,581 | 37.76% | 41,986,541 | 62.24% | 67,456,122 | 100.00% |
| Yuan Long Motor Co., Ltd. | 7,999,000 | 20.00% | 1,000 | 0.00% | 8,000,000 | 20.00% |
| Yu Ching Business Co., Ltd. | 72,691,327 | 60.00% | 48,460,885 | 40.00% | 121,152,212 | 100.00% |
| Yu Pong Business Co., Ltd. | 25,484,136 | 100.00% | 0 | 0.00% | 25,484,136 | 100.00% |
| Yung Hong Investment Co., Ltd. | 77,622,000 | 100.00% | 0 | 0.00% | 77,622,000 | 100.00% |
| Yushin Motor Co., Ltd. | 15,999,000 | 80.00% | 1,000 | 0.01% | 16,000,000 | 80.00% |
| China Engine Corporation | 32,000,000 | 18.95% | 32,000,000 | 18.95% | 64,000,000 | 37.89% |
| Cheng Long Motor Co., Ltd. | 10,422,408 | 27.00% | 1,283 | 0.00% | 10,423,691 | 27.00% |
| ROC Spicer Co., Ltd. | 102,302 | 20.46% | 145,096 | 29.02% | 247,398 | 49.48% |
| Yu Tang Motor Co., Ltd. | 7,117,075 | 20.33% | 1,675 | 0.00% | 7,118,750 | 20.34% |
| CARPLUS AUTO LEASING CO., LTD. | 2,854,418 | 3.46% | 56,640,683 | 68.57% | 59,495,101 | 72.03% |
| Singan Co., Ltd. | 10,212,515 | 35.62% | 15,485,862 | 54.01% | 25,698,377 | 89.64% |
| Yumin Motor Co., Ltd. | 5,800,420 | 20.00% | 7,833,340 | 27.00% | 13,633,760 | 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. | 776,442,515 | 100.00% | 0 | 0.00% | 776,442,515 | 100.00% |
| Yulon Nissan Motors Co., Ltd. | 143,500,000 | 47.83% | 11,029,000 | 3.68% | 154,529,000 | 51.51% |
| Y-Teks Co., Ltd. | 602,124 | 34.00% | 212,388 | 11.99% | 814,512 | 45.99% |
| Newa Insurance Co., Ltd. | 52,009,524 | 17.39% | 70,817,524 | 23.68% | 122,827,048 | 41.08% |
| Yu Rich Financial Services Co., Ltd. | 11,516,420 | 17.88% | 52,876,180 | 82.12% | 64,392,600 | 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. | 116,369,600 | 35.46% | 101,800,000 | 31.02% | 218,169,600 | 66.47% |
| Hue-Lian Motor Co., Ltd. | 6,116,138 | 20.34% | 1,000 | 0.00% | 6,117,138 | 20.35% |
| Luxgen Motor Co., Ltd. | 600,000,000 | 100.00% | 0 | 0.00% | 600,000,000 | 100.00% |

| Reinvested Companies | Investment of Yulon Motor Co., Ltd. | | Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Yulon | | Total investment | |
|--------------------------------------|-------------------------------------|---------|---|--------|------------------|---------|
| | Shares | % | Shares | % | Shares | % |
| Yulon Tobe Motor Co., Ltd. | 2,808,038 | 100.00% | 0 | 0.00% | 2,808,038 | 100.00% |
| Yulon Business Management Company | 3,299,000 | 32.99% | 6,701,000 | 67.01% | 10,000,000 | 100.00% |
| Taiwan Mask Corporation | 855,787 | 0.34% | 0 | 0.00% | 855,787 | 0.34% |
| First Financial Holding Co., Ltd. | 949,420 | 0.01% | 0 | 0.00% | 949,420 | 0.01% |
| Shin Shin Bus Co., Ltd. | 154,299 | 0.32% | 13 | 0.00% | 154,312 | 0.32% |
| Sino Aerospace of Taiwan | 810,720 | 0.60% | 810,720 | 0.60% | 1,621,440 | 1.19% |
| Taiwan Stock Exchange Corporation | 6,937,556 | 1.00% | 0 | 0.00% | 6,937,556 | 1.00% |
| Taiyuen Textile Co. | 6,692,333 | 5.09% | 29,031,910 | 22.10% | 35,724,243 | 27.19% |
| dX Media | 400,000 | 20.00% | 0 | 0.00% | 400,000 | 20.00% |
| Yulon Energy Service Co., Ltd. | 10,000,000 | 100.00% | 0 | 0.00% | 10,000,000 | 100.00% |
| Yulon Construction Company | 122,100,000 | 100.00% | 0 | 0.00% | 122,100,000 | 100.00% |
| YuenWen Investment Co., Ltd. | 11,510,379 | 100.00% | 0 | 0.00% | 11,510,379 | 100.00% |
| Yulon New Energy Motor (Cayman) Inc. | 1 | 100.00% | 0 | 0.00% | 1 | 100.00% |
| Taiya Investment (HK) Co., Ltd. | 1,584,917 | 20.50% | 2,242,077 | 29.00% | 3,826,994 | 49.50% |

IV Status of Fund Raising

4.1 Capital and Shares:

4.1.1 Source of stock capital

April 23, 2019

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 |
| 86.09 | 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 |
| 87.06 | 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 |
| 88.05 | 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 |
| 89.12 | 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 |
| 90.06 | 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 |
| 91.09 | 10 | 2,000,000,000 | 20,000,000,000 | 1,829,146,403 | 18,291,464,030 | Earnings capitalization | - | MOEA So.Sun.Zi No. 0910137780 dated 09/16/2002 |
| 93.01 | 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 |
| 93.08 | 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 |
| 94.09 | 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 |
| 95.09 | 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 |
| 96.03 | 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 |
| 96.08 | 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 |
| 96.12 | 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 |
| 97.04 | 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 |
| 97.08 | 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 |
| 97.09 | 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 |
| 98.09 | 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 |
| 99.01 | 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 |
| 99.04 | 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 23, 2019

| Structure of Shareholders Quantity (Qty) | Governmental Institution | Financial Institution | Other legal persons | Natural Person | Foreign Institutions and Foreign Individuals | Total |
|---|--------------------------|-----------------------|---------------------|----------------|--|---------------|
| Number of persons | 6 | 17 | 226 | 119,448 | 291 | 119,988 |
| Shareholding | 5,550,022 | 56,992,833 | 684,402,188 | 703,706,378 | 122,268,488 | 1,572,919,909 |
| Shareholding ratio | 0.35 | 3.62 | 43.51 | 44.74 | 7.78 | 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 23, 2019

(Par value per share: NT\$10)

| Shareholding class | No. of shareholders | Shareholding | Shareholding ratio (%) |
|----------------------|---------------------|---------------|------------------------|
| 1 to 999 | 57,616 | 11,395,828 | 0.72 |
| 1,000 to 5,000 | 46,024 | 99,544,604 | 6.33 |
| 5,001 to 10,000 | 7,998 | 63,699,105 | 4.05 |
| 10,001 to 15,000 | 2,464 | 31,369,299 | 1.99 |
| 15,001 to 20,000 | 1,733 | 32,403,291 | 2.06 |
| 20,001 to 30,000 | 1,357 | 35,168,391 | 2.24 |
| 30,001 to 50,000 | 1,201 | 48,768,836 | 3.1 |
| 50,001 to 100,000 | 862 | 63,399,565 | 4.03 |
| 100,001 to 200,000 | 399 | 57,175,440 | 3.64 |
| 200,001 to 400,000 | 175 | 49,416,240 | 3.14 |
| 400,001 to 600,000 | 54 | 26,815,193 | 1.7 |
| 600,001 to 800,000 | 25 | 17,434,769 | 1.11 |
| 800,001 to 1,000,000 | 16 | 14,669,595 | 0.93 |
| More than 1,000,001 | 64 | 1,021,659,753 | 64.96 |
| Total | 119,219 | 1,572,919,909 | 100.00 |

Preferred stock: None

4.1.4 List of Major Shareholders

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

April 23, 2019

| 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. | | 49,628,000 | 3.15% |
| Fande Investment Co., Ltd. | | 24,980,566 | 1.58% |
| Labor Insurance Funds | | 17,287,844 | 1.09% |
| Civil Service Pension Fund Administration Committee | | 13,789,491 | 0.87% |
| Shin Kong Life Insurance Company Limited | | 13,416,584 | 0.85% |
| Yen Ching Ling Industrial Development Foundation | | 11,838,461 | 0.75% |
| Labor Pension Fund | | 11,131,572 | 0.70% |
| Total | | 849,327,869 | 53.95% |

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

| Item | | Fiscal Year | 2017 | 2018 | Current Fiscal Year and before April 30, 2019 (Note 8) |
|--|--------------------------------------|-------------|----------------------|----------------------|--|
| Market value per share (Note 1) | Highest | | 29.45 | 24.55 | 20.80 |
| | Lowest | | 22.15 | 17.45 | 17.55 |
| | Average | | 26.34 | 21.39 | 19.01 |
| Net Value per share (Note 2) | Before distribution | | 48.78 | 45.61 | 46.25 |
| | After distribution | | 44.20 | - | - |
| EPS (Earning Per Share) | Weighted average number of shares | | 1,462,769,000 shares | 1,462,766,000 shares | 1,462,769,000 shares |
| | EPS (Earning Per Share) (Note 3) | | 1.56 | 1.39 | 0.17 |
| Dividend per share (Note 2) | Cash Dividend | | 0.58 | 0.67 | - |
| | Stock Dividend | - | - | - | - |
| | | - | - | - | - |
| | Cumulative un-paid dividend (Note 4) | | - | - | - |
| Analysis on ROI (Return on Investment) | Price-Earnings (P/E) Ratio (Note 5) | | 16.88 | 15.39 | - |
| | Price-Dividend Ratio (Note 6) | | 45.41 | 31.93 | - |
| | Dividend Yield (Note 7) | | 2.20% | 3.13% | - |

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

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

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

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

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

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

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

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

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

4.1.6 Dividend Policy and Execution Status

1. The Company's Dividend Policy

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

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

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

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

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

The Company proposes to distribute cash dividend at the rate of NT\$0.67 per share in the 2018 Shareholders' Meeting with the record date of cash dividend scheduled on July 29th, 2019.

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:

| Operation performance and earning per share: | | | Fiscal Year | Fiscal Year 2018 (Estimated) |
|--|--|--|-------------|---------------------------------|
| Item | | | | |
| Paid-in capital – beginning (NT\$ Thousand) | | | | 15,729,199 |
| Current dividend and interest | Cash dividends per share (NT\$) | | | 0.67 |
| | Stock dividends (shares) from capitalization of earnings | | | - |
| | Stock dividends (shares) from capitalization of additional paid-in capital | | | - |
| Changes in Business Performance | Operating Income (NT\$ Thousand) | | | N/A (Note) |
| | Operating income increase (decrease) ratio from last year (%) | | | |
| | Net income (NT\$ Thousand) | | | |
| | Net income increase (decrease) ratio from last year (%) | | | |
| | Earnings per share (NT\$) | | | |
| | Earnings per share increase (decrease) ratio from last year (%) | | | |
| | Annual average return on investment ratio (reverse of annual average PE ratio) (%) | | | |
| Proforma earnings per share and PE ratio | If capitalized earnings is converted to cash dividends | Proforma earnings per share (NT\$) | | |
| | | Proforma annual average return on investment ratio | | |
| | If additional paid-in capital is not capitalized | Proforma earnings per share (NT\$) | | |
| | | Proforma annual average return on investment ratio | | |
| | If additional paid-in capital is not capitalized and capitalized earnings is converted to cash dividends | Proforma earnings per share (NT\$) | | |
| | | Proforma annual average return on investment ratio | | |

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

4.1.8 Employee Bonus and Remuneration to Directors and Supervisors

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

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

In addition to the aforementioned employee remuneration, the Company has incentives distributed, including three festival bonuses, annual bonus, and the management performance bonus according to the operating performance and personal performance in order to inspire employees to create better performance for the benefits of the Company and shareholders. The Company distributed additional bonus in the amount of NTD60.73 million in January, 2019.

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\$ 2,170,000 and remuneration to directors/supervisors in the amount of NT\$ 10,870,000 that is no difference from the estimated expense amount in 2018.
- (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 2017 are approved by the meeting of the board of directors. According to such resolutions, it is proposed to distribute employee bonus in the amount of NT\$7,380,000 and

remuneration to directors and supervisors in the amount of NT\$11,700,000. These amounts are consistent with the actual amounts distribution resolved in the Shareholders' Meeting.

4.1.9 Situations of the Company's buy back stocks

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

4.2 Corporate Bonds issued

| | | |
|---|--|--|
| Issuance | First 2017 Unsecured corporate bonds. | First 2018 Unsecured corporate bonds. |
| Issuing Date | 2017.12.12 | 2018.12.25 |
| Denomination | NT\$ 1,000,000 | NT\$ 1,000,000 |
| Place of issuance and exchange | R.O.C | R.O.C |
| Offering Price | The bond is issued at full face value | The bond is issued at full face value |
| Total Amount | NT\$ 10,000,000,000 | NT\$ 5,300,000,000 |
| Coupon | Tranche A: 1.04% p.a. Tranche B: 1.17% p.a. | Tranche A: 1.18% p.a. Tranche B: 1.8% p.a. |
| Tenor and Maturity Date | Tranche A: 5 years, NTD\$7 billion maturity: 12/12/2022 Tranche B: 7 years, NTD\$3 billion's Maturity: 12/12/2024 | Tranche A: 5 years, NTD\$3.6 billion Maturity: 12/25/2023 Tranche B: 7 years, NTD\$1.7 billion Maturity: 12/25/2028 |
| Guarantor | None | None |
| Trustee | Mega International Commercial Bank | Mega International Commercial Bank |
| Underwriter | KGI Securities Co. LTD. | Yuanta Securities Co. LTD. |
| Legal Counsel | Yicheng United Law HUI-JI GUO, Attorney-at-law | Jones Day's Law Huai-yu Wang, Attorney-at-law |
| Auditor | Deloitte & Touche Taiwan CPA Hsin-Wei TAI and CPA Yu-Wei FAN | Deloitte & Touche Taiwan CPA Hsin-Wei TAI and CPA Yu-Wei FAN |
| Repayment | Bullet | Bullet |
| Outstanding | NT\$ 10,000,000,000 | NT\$ 5,300,000,000 |
| Redemption or Early Repayment Clause | None | None |
| Covenants | None | None |
| Credit Rating | Not Applicable | Not Applicable |
| Other Rights of Bondholders | Amount of Converted or Exchanged Common Shares, ADRs or Other Securities | Not Applicable |
| | Conversion Right | Not Applicable |
| Dilution Effect and Other Adverse Effects on Existing Shareholders | | Not Applicable |
| Custodian | None | None |

4.3 Preferred Stock issued

None

4.4 Global depositary receipts issued

None

4.5 Employee Stock Options issued

None

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

None

4.7 Content of Funds Utilization Plan

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

Not applicable.

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

Not applicable.

V. Highlights of Operations

5.1 Business Content

5.1.1 Business Scope

1. Major Business

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

2. Major business categories and their percentages

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

3. Main products

(1) NISSAN passenger vehicle:

370Z series: 7-speed automatic sports car

GT-R series: 3-mode 6-speed Automatic/ Manual Sports Car.

JUKE 1.6 series: XTRONIC-CVT

TIIDA series: Electronic Smart 4-speed Automatic Transmission / XTRONIC-CVT Sedan.

LIVINA series: X-CVT sedan / SUV

SENTRA series: X-CVT sedan

MARCH series: Smart 4-speed Automatic Sedan

X-TRIL series: CTV SUV

KICKS series: X-CVT sedan / 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

QX30 series: 7-speed automatic/manual SUV

QX50 series: 7-speed automatic/manual SUV

QX60: XTRONIC CTV SUV 7-speed automatic

QX70: 7-speed automatic/manual SUV

(3) LUXGEN:

Luxgen M7 Turbo ECO series: 6-speed automatic/manual SUV

Luxgen U7 Turbo ECO series: 6-speed automatic/manual SUV

Luxgen S5 Turbo ECO series: 6-speed automatic/manual sedan

Luxgen U6 Turbo ECO series: 6-speed automatic/manual SUV
 Luxgen S3 Turbo ECO series: CTV sedan (7-speed manual SUV)
 Luxgen V7 Turbo ECO series: Smart 6-speed Automatic Sedan
 Luxgen U5 Turbo ECO series: CTV sedan (7-speed manual SUV)

5.1.2 Industry Summary

1. Macroeconomy environment analysis:

(1) International situation:

In 2017, the global economic growth rate was approximately 3.2%. However, international trade disputes are still ongoing, the global economy in 2019 will slow down, and the major countries show a downward trend. According to the data of Global Insight in April 2019, the global economic growth rate in 2010 was about 2.8%, which was 0.4% lower than the 3.2% in the last year and has fallen below 3%. Among them, the economic growth performance of the United States in 2019 shows the chaos, although the US-China trade disputes is mitigating, but internal factors such as the budget deadlock that forced the government to close, the fluctuation of the labor market, and the Federal Reserve System that also decided to suspend the increase of the interest rate in response to the potential economic situation. In the Eurozone, due to the rising uncertainty in Europe, such as the plan of Prime Minister was vetoed by British Parliament, the leaders of the 27 EU countries agreed to postpone the Brexit application, and the growth rate of Germany, France, Italy in the Eurozone has been repeatedly revised downward due to internal issues, so that the growing tendency in the eurozone is more severe. Regard to the growth performance in Mainland China, although the US-China trade war has affected the performance of foreign trade and the slowdown in domestic demand, the experts have a conservative view on the growth prospects of Mainland China.

The 2019 global economic growth forecast is as follows:

| | Global Insight | IMF | The World Bank |
|-----------------------------|----------------|---------------|----------------|
| Global economic growth rate | 2.8% ('19/04) | 3.3% ('19/04) | 3.3% ('19/04) |

(2) Domestic economy:

Due to the slowdown of the global economy and the effects on the base period that is relative high, the economic growth rate in Taiwan has slowed down in 2019. According to the latest forecasts from major institutions at home and abroad, the 2019 economic growth rate in Taiwan is between 2.1% and 2.5%. The 2019 growth model that is still focused on domestic demand is expected to effectively stimulate consumption through measures such as optimization of income tax system and encouragement of energy efficiency and low carbon emission, etc. In addition, the domestic investment is slowly recovering, and the foreign net demand is affected by global trade headwinds, and the estimated growth is also slowing down.

The 2019 Taiwan economic growth forecast of each major research institution is as follows:

| | Directorate-General of Budget, Accounting and Statistics | Global Insight | IMF |
|-----------------------------|--|----------------|---------------|
| Taiwan economic growth rate | 2.27% ('19/02) | 2.1% ('19/04) | 2.5% ('19/04) |

2. Industry Current Status and Development

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

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

4. Product development trends and competition

In September 2018, the Company held the 2nd "Taiwan Automotive Technology Innovation Summit", and was collaborated with Acer to build the first unmanned electric vehicle. Through the LUXGEN S3 EV+ platform with the technical architecture of ADAS, Internet of Vehicles and Autonomous Car, and under the AI Autonomous Driving Algorithm computational capacity and the cloud service energy, the autopilot technology system is demonstrated, which injects new energy into the artificial intelligence and future smart vehicle technology in Taiwan and will enable the realization of mobile services vision in smart cities.

In addition, in response to the renewable energy policy of the government and to solve the urban mobile pollution problem brought by urbanization, Yulon proposed a mobile solution with low-carbon transportation and sharing economy, and took the lead in diversified electric taxis operated by LUXGEN S3 EV+ in Taiwan and strategically cooperate with Dafeng satellite fleet Taxi beginning trial operation in the Taipei and New Taipei City last year, with a total mileage of more than 130,000 kilometers and an 55,000 passengers electric taxi experience.

5.1.3 Technology and Research & Development

1. Technology, Research and Development (R&D) expense invested in 2018 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 (%) |
|-------------|-----------------|------------------|--|
| 2018 | 295,157 | 88,115,701 | 0.335% |
| 2019Q1 | 61,046 | 20,236,887 | 0.302% |

2. Achievement in recent 3 years

- May 2016: LUXGEN S3 CROSS SEDAN completed development, pilot-run and entering mass production stage.
- May 2016: LUXGEN V7 TURBO ECO HYPER completed development, pilot-run and entering mass production stage.
- April 2017: NISSAN iTiID was redesigned and entering mass production stage.
- Sep 2017: NISSAN JUKE platinum Special Edition in limited production.

- v. Sep 2017: LUXGEN U5 completed development, pilot-run and entering mass production stage.
- vi. Oct 2017: NISSAN iTiIDA SR Special Edition and entering mass production stage.
- vii. Oct 2017: NISSAN X-TRAIL Hybrid Special Edition in limited production.
- viii. Nov 2017: NISSAN SENTRA was redesigned and entering mass production stage.
- ix. Nov 2017: LUXGEN U6 GT/U6 GT220 was redesigned and entering mass production stage.
- x. Dec 2017: LUXGEN S3 was redesigned and entering mass production stage.
- xi. May2018: NISSAN X-TRAIL was redesigned and entering mass production stage.
- xii. Sep2018: NISSAN iTiID was redesigned and entering mass production stage.
- xiii. Sep2018: NISSAN SENTRA was redesigned and entering mass production stage.
- xiv. Sep2018: NISSAN JUKE was redesigned and entering mass production stage.
- xv. Nov2018: NISSAN KICKS new models entering mass production stage.

3. Future R&D plan and amount

- (1) Building electric vehicles with stable mass production capacity.
- (2) Establishing electric vehicle recovery and component testing capacity.
- (3) Improving the production technology and quality of the hybrid electric vehicles.
- (4) Developing the software system.
- (5) Manufacturing and developing the core technology products.

The for capital expenditure and expense investment required for the abovementioned R&D program, the Company has prepared about NT\$423 million in budget and in particular the professional technician personnel expense in 2019, labour expense and other affairs expense of the R&D program accounted for NT\$123 million alone.

5.1.4 Long-term and short-term business development plan

1. Short-term business development plan

(1) Multiple brands business operation:

In addition to the continued focus on OEM production and sale of NISSAN and INFINITI brands, the Company has been introducing the own-brand of LUXGEN M7 ECO HYPER/U7 ECO HYPER /S5 ECO HYPER /U6 ECO HYPER/S3 CROSS SEDAN/V7 TURBO ECO HYPER since 2009, and introduced LUXGEN U5 will introduce ALL NEW SUV in 2017.

(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.

(3) Activating assets implementation:

With regard to the development project of Yulong Town in Xindian, the second phase of the commercial district base has successfully started construction in October 2017, and expected to be officially released in the third quarter of 2020. In the future, the development planning will integrate the concepts of real estate and automobile industry so as to create a unique product, turning it into a new landmark architecture in the Greater Taipei area.

(4) Internal procedure improvement:

The Company continues to improve risk management, control, and effectiveness of the monitoring process through internal processes improvement and internal audits; also, utilizes Kernel Objectives Management (KOM) to control the objective fulfillment of each department, aggressively strives to reduce cost, upgrades

quality, and promotes work safety and health and environmental protection in order to effectively improve the Company's operating management performance and quality.

(5) Implementing deeply WIN strategy:

Since 2018, the Company has promoted WIN glory new strategy, from the "change" thinking, bravely innovating, thinking outside of the traditional framework in order to think from the consumer standpoint of view and to create a new victory formula for Yulon.

"WIN glory new strategy" has three wins (WIN): The first "WIN" is the "WOW experience" to hope that employees will listen to the customers' needs on the first line, control the market niche, and innovate the customer experience. The second "WIN" focuses on the "Intelligent Technology" to cultivate the wisdom of technology and continue to build differentiated niches. The third "WIN" is "Platform+Network", which creates a differentiated value that transcends consumers' existing cognition through internet services with vehicle platforms

(6) 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) Development of Independent brand:

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. Yulon will continue to introduce differentiated and quality products to meet the various needs of consumers.

(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 :

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.

(4) Deployment of cross-strait automotive industry:

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

5.2 Market, Production and Sales Review

5.2.1 Market Analysis

1. Main product and main market

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

The total 2018 sales in Taiwan market for the Company reached 46,397 vehicle (including Nissan & Luxgen), decrease 2.3% compared with 2018, and the market share was 11%.

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

| Year of Sales | 2017 | 2018 |
|--------------------|---------|---------|
| Total Sales Volume | 444,629 | 435,135 |
| Domestic Cars | 254,917 | 237,854 |
| Import Cars | 189,712 | 197,281 |

Source: Taiwan Transportation Vehicle Manufacturers Association 2019/04

2. Supply and Demand situations in the market

(1)Market overview and prospects

A total of 435,000 vehicles (excluding heavy vehicles) were sold in 2018, representing decrease 2.1% with 2017. For the domestic automobile sales in 2018, 238,000 vehicles were made in Taiwan and 197,000 vehicles were imported, the imported vehicles sold that was 4% growth from the same period in 2017.

Looking forward to 2019, faced with the challenges of the global economy and affected by factors such as uncertain economic climate, it is estimated that the cross-strait automobile market will still maintain a stable trend this year. Taiwan auto market is expected with a total of 420,000(Without heavy truck) vehicles sold. The total sales volume of the mainland automobile market reached 28.08 million units last year. It is estimated that the total car market in mainland China will maintain about 28.1 million, the same as last year. Yulon will strengthen management effectiveness, constantly innovate cooperation models, create opportunities in the challenge, pursue steady growth, and maintain a stable auto market both in Taiwan and China. Yulon's target this year is to reach the mark of 60,000 vehicles between the strait, of which, 50,000 vehicles(NISSAN 40,000 vehicles, LUXGEN 10,000 vehicles) sold in Taiwan and 10,000 vehicles sold in Mainland China.

(2)Competitiveness niche

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

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

3. Favorable and Unfavorable factors for the development prospect

Favorable factors:

(1) Development of new energy technologies

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

(2) Continuous innovation, enhancing differentiated added-value

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 production quality are on par with international manufacturers

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

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

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

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

Although the domestic auto market has entered the late stage of the ten-year car change wave, but there are favorable factors, such as the on-going old-for-new commodity tax subsidy policy, and the loosening restrictions imposed by the Ministry of Transportation and Communications on the body model of taxis, as well as the introduction of new models, price reductions and sales promotion.

Unfavorable factors:

(1) International situation uncertainty

2019 global economic growth has slowed down, the potential impact risks, such as the potential rise of trade protectionism, the US-China trade dispute, and regional economic integration. The trend of fiscal policies in major countries and the changes in the exchange rate in emerging market countries will all affect the pace of global economic growth. The attention will be paid for the future development herein.

(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) 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.

(4) The price difference between imported and domestic cars has decrease

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.

(5)Enthusiastic second-hand market transactions

Nearly 744,800 vehicles are traded in average in the second-hand market in Taiwan which directly affects the sales of new car market.

4. Countermeasures:

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

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

The following challenges faced by Yulon:

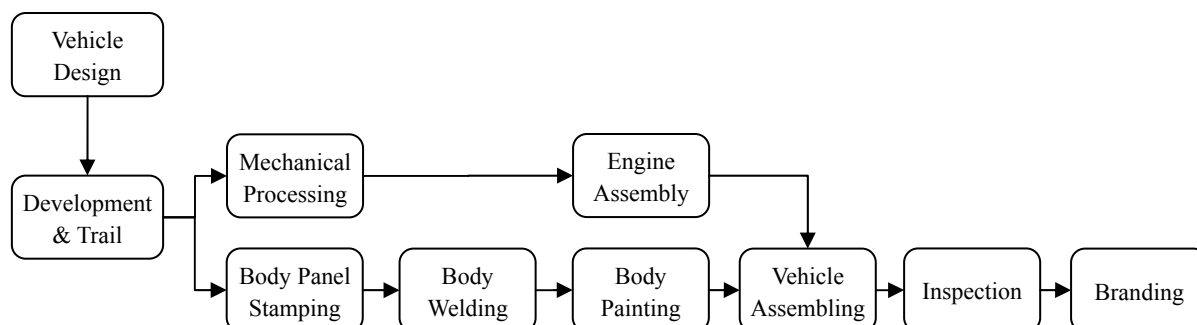
- (1) To set up relevant indicators such as smart production lines/intelligent warehouses in line with the trend of the Internet.
- (2) To shorten the trial time schedule through design review verification and digital simulation.
- (3) To set up an enhanced supplier guidance and tour system to ensure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

5.2.2 Main Applications of Major Products and Their Manufacturing Processes

1. Main applications of major products

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

2. The production process of main products



5.2.3 The Supply of Major Materials

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

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

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

Unit: NT\$ Thousand

| Item | 2017 | | | | 2018 | | | | 2019Q1 | | | |
|------|------------------------------|-------------|-------|--|------------------------------|------------|------|--|------------------------------|------------|------|--|
| | Name | Amount | % | Relation with the issuer | Name | Amount | % | Relation with the issuer | Name | Amount | % | Relation with the issuer |
| 1 | Yulon-Nissan Motor Co., Ltd. | 19,184,562 | 12.6 | Invested company under the equity method | Yulon-Nissan Motor Co., Ltd. | 17,700,214 | 19.1 | Invested company under the equity method | Yulon-Nissan Motor Co., Ltd. | 3,701,759 | 19.8 | Invested company under the equity method |
| 2 | Dengfeng Yulon Motor Co.Ltd | 9,094,945 | 5.9 | Invested company under the equity method | Dengfeng Yulon Motor Co.Ltd | 4,110,806 | 4.4 | Invested company under the equity method | Dengfeng Yulon Motor Co.Ltd | 180,587 | 0.9 | Invested company under the equity method |
| | Other | 123,808,962 | 81.5 | | Other | 71,143,535 | 76.5 | | Other | 14,834,873 | 79.3 | |
| | Net purchase amount | 152,088,469 | 100.0 | | Net purchase amount | 92,954,555 | 100 | | Net purchase amount | 18,717,219 | 100 | |

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

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

Analysis of change in purchase ratio:

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

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

Unit: NT\$ Thousand

| Item | 2017 | | | | 2018 | | | | 2019Q1 | | | |
|------|------------------------------|------------|-------|--|------------------------------|------------|------|--|------------------------------|------------|------|--|
| | Name | Amount | % | Relation with the issuer | Name | Amount | % | Relation with the issuer | Name | Amount | % | Relation with the issuer |
| 1 | Yulon-Nissan Motor Co., Ltd. | 13,280,029 | 18.5 | Invested company under the equity method | Yulon-Nissan Motor Co., Ltd. | 12,619,983 | 19.9 | Invested company under the equity method | Yulon-Nissan Motor Co., Ltd. | 2,484,038 | 18.1 | Invested company under the equity method |
| 2 | Others | 58,531,357 | 81.5 | | Others | 50,725,342 | 80.1 | | Others | 11,260,830 | 81.9 | |
| | Net sales | 71,811,386 | 100.0 | | Net sales | 63,345,325 | 100 | | Net sales | 13,744,868 | 100 | |

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

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

Analysis of change in purchase ratio:

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

5.2.5 Production Volume and Value of Recent Two Years

Unit: Volume - unit

Value – in NT\$ Thousand

| Fiscal year Production Capacity Main Products (or by Department) | 2017 | | | 2018 | | |
|---|---------------------|---------------------|------------------|---------------------|---------------------|------------------|
| | Production capacity | Production quantity | Production Value | Production capacity | Production quantity | Production Value |
| Vehicle | 80,000 | 54,875 | 20,830,230 | 80,000 | 42,430 | 16,633,956 |
| Total | 80,000 | 54,875 | 20,830,230 | 80,000 | 42,430 | 16,633,956 |

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) | 2017 | | | | 2018 | | | |
|--|-------------|------------|--------------|---------|-------------|------------|--------------|---------|
| | Local Sales | | Export Sales | | Local Sales | | Export Sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Vehicle | 58,186 | 30,742,453 | 0 | 0 | 47,269 | 26,516,726 | 0 | 0 |
| Parts | 0 | 3,790,651 | 0 | 128,453 | 0 | 3,687,404 | 0 | 168,299 |
| Total | 58,186 | 34,533,104 | 0 | 128,453 | 47,269 | 30,204,130 | 0 | 168,299 |

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

5.3 Employees

March 31, 2019

| Fiscal Year | | 2017 | 2018 | Data as of ending data on March 31, 2019 |
|--------------------------|---------------------------|-------|-------|--|
| No. of Employee | Staff | 285 | 297 | 297 |
| | Technicians | 832 | 781 | 767 |
| | Administration Assistants | 24 | 20 | 18 |
| | Total | 1,141 | 1,098 | 1,082 |
| Average age | | 43.5 | 42.5 | 42.5 |
| Average years of service | | 18.4 | 17.0 | 16.9 |
| Academy Ratio | Doctor | 0.1% | 0.1% | 0.1% |
| | Master | 15.2% | 17.5% | 17.8% |
| | College | 22.7% | 24.8% | 24.8% |
| | Senior High School | 56.0% | 53.2% | 53.0% |
| | Below Senior High School | 6.0% | 4.4% | 4.3% |

Note: The information clearing time is on December 31, 2017 and 2018.

| Year | 2017 | 2018 | As of March 31, 2019 |
|---|--------|--------|----------------------|
| Number of employees of the Company and subsidiaries | 11,586 | 12,402 | 11,170 |

Note: The information clearing time is on December 31, 2017 and 2018.

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 | 2019 | 2020 | 2021 |
|--|---|---|---|
| Item | | | |
| 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 | 2019 | 2020 | 2021 |
|--------------------------------|--|--|--|
| Item | | | |
| Content of Expense | 1. Environment dues NT\$14,000 thousand 2. Management expense NT\$13,500 thousand | 1. Environment dues NT\$14,000 thousand 2. Management expense NT\$13,500 thousand | 1. Environment dues NT\$14,000 thousand 2. Management expense NT\$13,500 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\$27,500 thousand | NT\$27,500 thousand | NT\$27,500 thousand |

5.4.3 Effects of improvement performed:

| Item \ Fiscal year | 2019 | 2020 | 2021 |
|----------------------------------|---|---|---|
| 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 2018 per year. 298 kg-CO₂ has been reduced by 48.6% per year. Reduced by 4% Continue to promote, reduce the global warming rate.
2. Waste reduction: The general waste output in 2018 is 11.6% lower than 2017 (202.5 → 179 tonnes), with a 1% reduction in output per year for our goal; resource recycling 100% recycling.
3. Continuous Environmental Goals of Yulon Motor
 - (1) Greenhouse gas emissions per unit: Reduced by more than 4% annually
 - (2) volatile organic compounds emissions per unit: Reduced by more than 4% annually
 - (3) Water consumption per unit: Reduced by more than 1% annually
 - (4) Resource waste: 100% recycling and reuse
 - (5) General Waste: The annual total volume is reduced by more than 1%
 - (6) Toxic Chemical Substance: No use
 - (7) Noise control: Introduce the new noise control equipment that noise to control average noise exposure level of less than 80 dB

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 welfare zone, which includes the recreational and leisure facilities of tennis court, badminton court, leisure garden, swimming pool, indoor and outdoor tennis court, basketball court, power walk track, sauna, video/audio center, library, restaurant, concessionary, and gymnasium.
- (4) Provide night snacks for employees who work overtime. .
- (5) Hold different ball games, club activities, May Day Family Day, domestic and international tourism, Dragon Boat Festival and Mid-Autumn Festival activities, new employee orientation party, employees' children summer camps, year-end party and the establishment of volunteer to provide service for the community and nursing homes and other large-scale activities (6) Setup Employee Welfare Committee and manage children and colleagues education grants, Family travel allowances, festivals benefits, and May 1st Labor Day activities.
- (7) In addition to complying with law and regulations, leave with pay is granted in accordance with the customs, such as, children first day in school, children wedding day, brothers and sisters wedding day, etc.
- (8) Adjust the off day in response to the production equipment maintenance that will take some time, so that employees can take a long vacation in spring and summer with their family to enhance parent-child interaction and relieve work pressure.
- (9) In order to promote the balance of work and life of colleagues, the "get off work on-time day" activities monthly is implemented monthly. The production line is arranged for an 8-hour production day without any overtime scheduled. The idea is to encourage the colleagues to arrange family activities, to attend self-growth courses, and to enjoy sports activities.(10) Provide pregnant workers with the designated parking spaces in the plant to help them get to work conveniently.
- (11) In cooperation with the promulgation of revised articles of Act of Gender Equality in Employment, the Company announces to provide 5 days of maternity check during the pregnancy of the employed while the maternal employee may take off as a unit of 30 minutes for each maternity check with pay.
- (12) Comply with "Act of Gender Equality in Employment" to set up breastfeeding room in the plant and sign contract with special contracted kindergartens in Fengyuan and Sanyi to recue burden on employees.
- (13) The employees may take "paternity leave" in 15 days before and after the day of delivery, choosing 5 days for leave with pay.
- (14) Employees are given 8 days of marital leave when they get married. The employees must take the aforementioned marital leave starting from 10 days prior to marriage registration and finish in 3 months, in leave units of days. Employees will be paid the same during the marital leave.
- (15) The Company develop employees with excellent and healthy habits by maintaining good health indices and take annual healthy weight reduction competition and smoking concession promotional activities.
- (16) The Company cooperates with Lifeline Association for free psychological consultation and promotion of Employee Assistance Program (EAP).
- (17) The Company promotes package nurturing care (pregnancy-delivery-nurturing) by promoting relevant care during the stages. For example, preparing maternal mother care manual, subsidized self-paid examination, holding nurturing seminar, president distributing newborn gifts, and organizing "baby's day" sharing activities.
- (18) Encourage single colleagues to participate in the social activities arranged for single men and women by the Ministry of Interior with the enrollment service and sponsorship fees provided by the company.
- (19) Arrange happiness-topic seminars, invite experts to talk about the topics of interest to employees including workplace, parenting, and traveling, and promote work-life balance.
- (20) Employees in case of marriage celebration and ceremony may apply to the Company for providing limo (town car) services.

3. Retirement System

(1) Retired workers are to comply with the following provisions:

- A. Employees who have reported to work after July 1, 2005 are subject to the Labor Pension Act.
- B. The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) The retirement of employees is to be processed in accordance with the following requirements:

- A. After the Rules of the Labor Pension Act were implemented on July 1, 2005, employees may choose to adopt either the pension provisions of Labor Standard Act (Old Mechanism) or the pension system of Labor Pension Act (New Mechanism) while retaining their years of service in Old Mechanism, and their pensions for years of service in Old Mechanism will be processed according to the regulations of Labor Standard Act.
- B. In accordance with the provisions of Article 56 (1) of the Labor Standards Act, the Company contributes 7% of the employee's monthly salary to his/ her personal labor retirement reserve fund account for the one adhering to Old Mechanism. It is a dedicated account for the exclusive use. The ownership belongs to the Company, and the Bank of Taiwan (Trust Department) is in charge of handling the receipt, maintenance, and use of the fund. When the employee adopting Old Mechanism meets the retirement pension requirements and applies for pensions from the Company, the Company will draw the fund from this special account and pays the retiree.
- C. In accordance with the provisions of Article 56 (2) of the Labor Standards Act and the rules of IAS19 (International Accounting Standard Nineteen), the Company will check before the end of the year whether the balance of the labor retirement reserve fund account is sufficient for the Old-Mechanism pension applicant of the following year and submits the application to the "Labor Retirement Reserve Fund Supervision Committee" of the Company for deliberation. If the balance is insufficient, the Company will make contributions to the differences at a time by the end of March of the following year.
- D. The Company has set up the "Labor Retirement Reserve Fund Supervision Committee," which consists of 3 representatives of the enterprise and 6 employee representatives. They meet quarterly to jointly monitor the use of retirement reserves.
- E. The pension of employees is calculated in accordance with the Labor Standards Law as follows:
 - a. Two pension points are given for each service year and one pension point for each service year beyond the 15-year seniority with maximum 45 points granted. The service time for less than six months is counted as six months; also, the service time for less than one year is counted as one year.
 - b. Workers who have retired due to mental or physical disability as a result of work are entitled to additional 20% benefits in accordance with the provision in preceding paragraph.
 - c. Standard pension base meant for the average monthly salary at the time of retirement approval.

(3) The retirement of employees is to be processed in accordance with the following requirements:

- A. Employees in one of the following circumstances may apply for retirement voluntarily:
 - a. Employees who have worked for the Company for over 15 years and at an age of 55 years old;
 - b. Employees who have worked for the Company for over 25 years;
 - c. Employees who have worked for the Company for over 10 years and at an age of 60 years old;
- B. The Company may not force any employee into retirement unless in any of the following circumstances:
 - a. Employees who are at an age of 65 years old;
 - b. Insanity or physically disabled and incapable workers;

4. Employee code of conduct or ethics

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

- (1) Promotion, performance evaluation, attendance, and remuneration management related rules and internal

control operation regulated for the full understanding and compliance of the employees;

- (2) Employees work rules: The operating rules for the Company's employment, salaries, vacations, overtime, incentive and punishments, and related office regulations are regulated to discipline employee behavior.
- (3) To effectively manage the resources of internal network and Internet, respect intellectual property rights, and maintain corporate image, employees are required to sign the "Affidavit for not using illegal software" and "Intellectual property rights ownership and confidential agreement;" also, arrange the course of "The legal issues related to the Impact of Internet on the Company" as guidelines to employees. The new recruits shall sign the letter of consent for the use of personal data by the Company at the time of reporting to duty in compliance with the requirement of the Personal Information Protection Act.
- (4) For the reference of regulating and reviewing the Company's internal document management and data and internal operating procedures and regulations, the "Rules Governing Document Management" is regulated to have the Company's internal operations improved continuously and the management system improved.

5. Employee safety and health

- (1) The Company has acquired labor and health insurance for each employee in accordance with the provisions of the Labor Standards Act.
- (2) The Company has acquired group insurance for employees and their spouses and children at the expense of the Company.
- (3) Setup a "Staff Clinic" as the contracted clinic of the National Health Insurance to benefit employees, providing medical and surgical diagnosis and stop-smoking clinics, and healthcare services, including health education and counseling to improve medical convenience and enhance the health of employees and their dependents.
- (4) The Company has arranged annual physical checkup for employees in accordance with the rules of labor protection.
- (5) The Company has hired occupational medicine specialists to watch out for the occupational safety and health of the employees.
- (6) Provide a good and safe working environment:
 - Establish comprehensive protective equipment, the regional automatic fire monitoring reporting system, the annual firefighter organization and training, and implementing fire drills to strengthen staff responsive capacity in an emergency in accordance with fire regulations.
 - Access is controlled and patrolled by security guards around the clock with the monitoring system network installed at the main intersections to ensure the movement of the security personnel and vehicles for safety purpose.
- (7) For the mental and physical health of employees, arrange anger management and stress relief and disease prevention and health seminars from time to time. Extend care to the family of the employees with parenting seminars arranged to provide employees with a full range of health management.

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

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

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

- (1) Common Training: A common training curriculum held for all employees, including “encountering” happiness series of seminars and Labor Insurance Annuity and National Annuity..
- (2) Professional training: To strengthen the training curriculum of professional competency, including CATIA 3D drawing techniques, MSA measurement system analysis, FTA flaw tree analysis, Taguchi method, why why analysis, work flowchart management, statistics processing control and engineering capacity analysis and finance, HR management, production and manufacturing, production and management, and labour safety and health curriculum.
- (3) Management Training: Plan the management training classes in accordance with the management ability required of different levels of managers, including the training courses of the executives incentive consensus camp; career planning and self-growth of the middle level managers, job distribution and authorization, logical thinking style courses, such as, issue tracking and resolution; and entry-level staff’s QC seven tools.
- (4) Recruits training: To allow new recruits quickly to get familiar with the corporate culture and work environment, arrange an orientation for all new recruits and arrange car dismantling and assembly courses for the new recruits of R&D Department, Production Department, and Quality Management Department so to allow the new recruits to better understand the overall structure of the car and the correlation between the various components.
- (5) Language training: To develop international business, organize language courses to enhance employee’s language proficiency. There are TOEIC Practice and Japanese classes. Language proficiency is one of the conditions for promotion.

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

5.5.2 Labor/employer dispute loss in 2018 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 and new employee symposium, 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.

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 315(kg/-co2/unit) | Electricity - to change the frequency of high-powered motors and lamps use LED or Electrodeless Fluorescent Lamp. Gas - Regenerative Thermal Oxidizer (RTO) uses high-efficiency thermal material. Heavy oil: Import the natural gas boiler, Shortened warming up time. | 1. The high-powered motors were without inverter control, so, the inverter frequency control is added in accordance with the needs. 2. Traditional fluorescent and mercury lights are changed to the low power LED or Electrodeless Fluorescent Lamp. 3. The ratio of Regenerative Thermal Oxidizer (RTO) introducing fresh air was reduced. 4. Shortened warming-up time for oven, RTO and boiler. | 289 (kg/unit) |
| Garbage reduction to 202.5 (ton / year) | Garbage sorting and recycling, periodic inspection of the sorting | Advocate by Environmental Safety meetings and inspect the classification regularly. | 179 (ton / year) |
| Plant red solution event 6 (pieces / year) | Regularly conduct 5S inspection and TOP inspection. | Reduce the occurrence of hazard with a variety of routine inspection. | 4 (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 46 mg / L Total Chromium ND Copper ND Zinc ND Cadmium Nickel 0.21 mg / L |

Employee personal safety protection measure management programs are as follows:

1. Access security: Hire security companies to maintain plant safety, staff dormitory safety, and surveillance system setup around the clock for day, night, and holiday.
2. Equipment maintenance and inspection: According to the provisions of the Fire Fighting Act, the operating unit onsite is to inspect fire-fighting facilities monthly, then contract firefighting agencies to perform repair and maintenance service and reporting on a quarterly basis. The machinery (crane, lifts, presses ... etc.) or equipment (boilers, high and low voltage electric equipment ... etc.) is to be maintained and inspected on a regular basis (daily, weekly, monthly, quarterly, semi-annually, and annually).
3. Disaster prevention measures and response: Stipulates responsibilities of all relevant units, contingency measures, reporting procedures, tasks, content ... etc. in accordance with the “Rules Governing Emergency Preparation and Contingency.” Arrange a drill twice a year, form a group in accordance with the provisions of civil defense, and arrange disaster prevention workshops annually.

4. Healthcare:

- (1) Health Check: Physical checkup of the new recruits. General labor health check is arranged periodically in accordance with the frequency defined in the labor safety and health protection rules. One specific health check is arranged annually for the personnel of special operations.
- (2) Health education propaganda: Hire plant physicians and occupational physicians onsite at least twice a month (content: prevention of occupational injuries and diseases and general injuries and diseases, health advice and first aid and emergency treatment, health education, health promotion and health guidance ... etc).
- (3) Implement pest and mosquito prevention and disinfection at the plant every six months.
- (4) Prohibit indoor smoking and define the smoking areas (23 locations within the plant).

5.6 Prominent Contracts

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

5.7 Litigation/Non-Litigation Events:

None

VI Financial Information

6.1 Condensed Financial Statements for recent 5 fiscal years

6.1.1 Condensed Balance Sheet and comprehensive Income Statement - IFRS

Consolidated Condensed Balance Sheets

Unit: NT\$ Thousand

| Fiscal Year | | Financial Data in recent 5 years (Note 1) | | | | | Financial data up to March 31, 2019 (Note 3) |
|---|-----------------------------|---|-------------|-------------|-------------|-------------|--|
| Item | | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Current Assets | | 209,300,378 | 169,428,441 | 131,584,835 | 122,157,795 | 108,805,788 | 213,054,651 |
| Property, plant, and equipment (Note 2) | | 37,519,751 | 35,764,145 | 33,663,144 | 33,217,023 | 34,730,129 | 37,415,833 |
| Intangible assets | | 10,574,282 | 6,880,839 | 6,131,053 | 6,504,954 | 7,394,962 | 10,475,205 |
| Other assets (Note 2) | | 48,278,682 | 46,343,082 | 49,892,609 | 50,122,318 | 51,911,808 | 53,270,295 |
| Total assets | | 305,673,093 | 258,416,507 | 221,271,641 | 212,002,090 | 202,842,687 | 314,215,984 |
| Current Liabilities | Before distribution | 195,992,191 | 158,832,963 | 132,381,417 | 118,623,293 | 112,688,582 | 200,013,117 |
| | After distribution (Note 4) | - | 159,745,257 | 134,396,668 | 121,072,579 | 114,805,314 | - |
| Noncurrent liabilities | | 26,620,612 | 20,462,405 | 9,827,404 | 12,197,154 | 10,005,385 | 29,847,104 |
| Total liabilities | Before distribution | 222,612,803 | 179,295,368 | 142,208,821 | 130,820,447 | 122,693,967 | 229,860,221 |
| | After distribution (Note 4) | - | 180,207,662 | 144,224,072 | 133,269,733 | 124,810,699 | - |
| Shareholder's equity attributable to parent company | | 71,737,128 | 70,432,153 | 69,714,546 | 71,477,924 | 70,001,021 | 72,747,436 |
| Capital stock | | 15,729,199 | 15,729,199 | 15,729,199 | 15,729,199 | 15,729,199 | 15,729,199 |
| Additional paid-in capital | | 6,597,972 | 6,665,705 | 6,664,910 | 6,650,489 | 6,561,260 | 6,583,067 |
| Retained earnings | Before distribution | 49,238,886 | 47,916,002 | 46,464,540 | 46,911,456 | 44,979,810 | 49,511,888 |
| | After distribution (Note 4) | - | 47,003,708 | 44,449,289 | 44,462,170 | 42,863,078 | - |
| Other equity | | 547,375 | 497,551 | 1,232,201 | 2,563,084 | 3,107,056 | 1,299,586 |
| Treasury stock | | (376,304) | (376,304) | (376,304) | (376,304) | (376,304) | (376,304) |
| Unrestrictive equity | | 11,323,162 | 8,688,986 | 9,348,274 | 9,703,719 | 10,147,699 | 11,608,327 |
| Total equity | Before distribution | 83,060,290 | 79,121,139 | 79,062,820 | 81,181,643 | 80,148,720 | 84,355,763 |
| | After distribution (Note 4) | - | 78,208,845 | 77,047,569 | 78,732,357 | 78,031,988 | - |

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

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

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

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

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

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

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

Individual Condensed Balance Sheet

Unit: NT\$ Thousand

| Item | Fiscal year | Financial Data in recent 5 years (Note 1) | | | | |
|---|-----------------------------|---|------------|------------|------------|------------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| Current assets | | 21,588,727 | 28,407,784 | 16,408,827 | 18,857,280 | 15,364,352 |
| Property, plant, and equipment (Note 2) | | 6,461,658 | 6,361,945 | 6,238,698 | 6,225,143 | 6,829,569 |
| Intangible assets | | 1,275,678 | 1,277,490 | 68,642 | 85,860 | 61,848 |
| Other assets (Note 2) | | 67,720,478 | 56,969,652 | 56,340,968 | 55,462,721 | 57,208,186 |
| Total assets | | 97,046,541 | 93,016,871 | 79,057,135 | 80,631,004 | 79,463,955 |
| Current liabilities | Before distribution | 4,665,156 | 7,288,443 | 5,275,141 | 4,345,927 | 4,564,125 |
| | After distribution (Note 3) | | 8,200,737 | 6,061,601 | 5,761,555 | 5,665,169 |
| Noncurrent liabilities | | 20,644,257 | 15,296,275 | 4,256,396 | 4,807,153 | 4,898,809 |
| Total liabilities | Before distribution | 25,309,413 | 22,584,718 | 9,531,537 | 9,153,080 | 9,462,934 |
| | After distribution (Note 3) | 20,644,257 | 23,497,012 | 10,317,997 | 10,568,708 | 10,563,978 |
| Shareholder's equity attributable to parent company | | 71,737,128 | 70,432,153 | 69,714,546 | 71,477,924 | 70,001,021 |
| Capital stock | | 15,729,199 | 15,729,199 | 15,729,199 | 15,729,199 | 15,729,199 |
| Additional paid-in capital | | 6,597,972 | 6,665,705 | 6,664,910 | 6,650,489 | 6,561,260 |
| Retained earnings | Before distribution | 49,238,886 | 47,916,002 | 46,464,540 | 46,911,456 | 44,979,810 |
| | After distribution (Note 3) | | 47,003,708 | 45,678,080 | 45,495,828 | 43,878,766 |
| Other equity | | 547,375 | 497,551 | 1,232,201 | 2,563,084 | 3,107,056 |
| Treasury stock | | (376,304) | (376,304) | (376,304) | (376,304) | (376,304) |
| Unrestrictive equity | | - | - | - | - | - |
| Total equity | Before distribution | 71,737,128 | 70,432,153 | 69,714,546 | 71,477,924 | 70,001,021 |
| | After distribution (Note 3) | 22,498,242 | 69,519,859 | 68,928,086 | 70,062,296 | 68,899,977 |

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

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

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

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

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

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

Consolidated Condensed Income Statement

Unit: NT\$ Thousand

| Item | Financial Data in recent 5 years (Note 1) | | | | | Financial data up to March 31, 2019 (Note 2) |
|---|---|------------|-------------|-------------|-------------|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Operating income | 88,115,701 | 94,111,028 | 112,166,685 | 122,525,821 | 120,610,516 | 20,236,887 |
| Gross Profit - net | 18,965,226 | 20,001,414 | 19,199,975 | 17,961,166 | 17,352,722 | 5,053,148 |
| Operating profit or loss | 2,018,343 | 1,897,027 | 2,223,895 | 279,956 | 408,370 | 774,911 |
| Non-Operating income and expense | 3,366,719 | 2,241,421 | 840,000 | 4,457,921 | 3,202,430 | 645,847 |
| Net income before tax | 5,385,062 | 4,138,448 | 3,063,895 | 4,737,877 | 3,610,800 | 1,420,758 |
| Net income of continuing operations | 3,847,036 | 3,078,421 | 1,779,223 | 3,919,292 | 2,809,406 | 741,655 |
| Loss of discontinued operation (Note 3) | — | — | — | — | — | — |
| Net income (loss) | 3,847,036 | 3,078,421 | 1,779,223 | 3,919,292 | 2,809,406 | 741,655 |
| Other comprehensive profit and loss (net) | (687,796) | (870,238) | (1,928,172) | (907,689) | 1,530,098 | 877,346 |
| Total current comprehensive profit and loss | 3,159,240 | 2,208,183 | (148,949) | 3,011,603 | 4,339,504 | 1,619,001 |
| Net income attributable to parent company's shareholders | 2,037,032 | 2,288,306 | 1,334,703 | 3,352,078 | 2,210,346 | 253,689 |
| Net income attributable to unrestrictive equity | 1,810,004 | 790,115 | 444,520 | 567,214 | 599,060 | 487,966 |
| Total comprehensive profit and loss attributable to parent company's shareholders | 1,490,742 | 1,508,187 | (275,544) | 2,575,361 | 3,565,907 | 1,035,624 |
| Total comprehensive profit and loss attributable to unrestrictive equity | 1,668,498 | 699,996 | 126,595 | 436,242 | 773,597 | 583,377 |
| Earnings per share | 1.39 | 1.56 | 0.91 | 2.29 | 1.51 | 0.17 |

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

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

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

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

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

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

Individual Condensed Income Statement

Unit: NT\$ Thousand

| Item | Fiscal year | Financial Data in recent 5 years (Note 1) | | | | |
|---|-------------|---|------------|------------|------------|------------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 |
| Operating income | | 31,808,738 | 36,092,796 | 31,808,738 | 38,826,117 | 40,722,041 |
| Gross profit – net | | 2,846,516 | 2,941,489 | 2,846,516 | 2,988,547 | 2,947,436 |
| Operating profit or loss | | 1,672,619 | 1,847,150 | 1,672,619 | 1,784,862 | 1,652,282 |
| Non-Operating income and expense | | 489,167 | 472,753 | 489,167 | 1,730,638 | 597,587 |
| Net income before tax | | 2,161,786 | 2,319,903 | 2,161,786 | 3,515,500 | 2,249,869 |
| Net income of continuing operations | | 2,037,032 | 2,288,306 | 1,334,703 | 3,352,078 | 2,210,346 |
| Loss of discontinued operation (Note 2) | | | | - | - | - |
| Net income (loss) | | 2,037,032 | 2,288,306 | 2,037,032 | 3,352,078 | 2,210,346 |
| Other comprehensive profit and loss (net) | | (546,290) | (780,119) | (546,290) | (776,717) | 1,355,561 |
| Total current comprehensive profit and loss | | 1,490,742 | 1,508,187 | 1,490,742 | 2,575,361 | 3,565,907 |

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

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

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

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

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

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

| Fiscal year | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| CPA (Certified public accountant) | Hsin-Wei TAI You-Wei FAN | Hsin-Wei TAI You-Wei FAN | Hsin-Wei TAI You-Wei FAN | Li-Wen KUO Hsin-Wei TAI | 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, 2019(Note 2) |
|--|---|-------------------------------|--------------------------------------|---------|---------|---------|---------|---------------------------------|
| | | | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Finance structure (%) | Debt to assets ratio | | 72.83 | 69.38 | 64.27 | 61.71 | 60.49 | 73.15 |
| | Long term funds to property, plant, and equipment ratio | | 230.65 | 257.45 | 237.62 | 249.38 | 232.99 | 276.31 |
| Solvency(%) | Current ratio (%) | | 106.79 | 106.67 | 99.4 | 102.98 | 96.55 | 106.52 |
| | Quick ratio (%) | | 96.32 | 96.07 | 90.79 | 93.34 | 84.98 | 96.56 |
| | Interest coverage ratio | | 11.49 | 15.15 | 10.78 | 12.68 | 10.21 | 8.09 |
| Operating ability | Receivables turnover (times) | | 0.83 | 1.08 | 1.53 | 1.94 | 2.24 | 0.64 |
| | Accounts receivable collecting days | | 439.76 | 337.96 | 238.55 | 188.14 | 162.94 | 570.31 |
| | Inventory turnover (times) | | 4.70 | 6.77 | 9.96 | 10.13 | 9.27 | 3.35 |
| | Payables turnover (times) | | 4.78 | 5.28 | 7.49 | 9.68 | 10.29 | 4.93 |
| | Average inventory turnover on sales | | 77.66 | 53.91 | 36.64 | 36.03 | 39.37 | 108.96 |
| | Property, plant, and property turnover (times) | | 2.40 | 2.71 | 3.35 | 3.61 | 3.45 | 2.01 |
| | Total asset turnover (times) | | 0.31 | 0.39 | 0.52 | 0.59 | 0.63 | 0.24 |
| Profitability | Return on assets (%) | | 1.51 | 1.38 | 0.94 | 2.05 | 1.65 | 1.08 |
| | Return on equity (%) | | 4.74 | 3.89 | 2.22 | 4.86 | 3.57 | 3.34 |
| | Percentage to paid-in capital (%) | Operating Net Income (losses) | 12.83 | 12.06 | 14.14 | 1.78 | 2.6 | 8.05 |
| | | Income before tax (losses) | 34.24 | 26.31 | 19.48 | 30.12 | 22.96 | 25.35 |
| | Profit margin (%) | | 4.37 | 3.27 | 1.59 | 3.2 | 2.33 | 3.66 |
| | Earnings Per Share (NT\$) | | 1.39 | 1.56 | 0.91 | 2.29 | 1.51 | 0.17 |
| Cash flow | Cash flow from operations ratio (%) | | (20.75) | (13.47) | (6.47) | (7.78) | (6.84) | (2.83) |
| | Cash Flow Adequacy Ratio (%) | | (191.18) | (84.73) | (46.55) | (35.18) | (5.62) | (252.17) |
| | Cash Flow Re-investment Ratio (%) | | (33.36) | (20.35) | (10.60) | (10.61) | (10.63) | (4.62) |
| Leverage | Operating leverage | | 5.42 | 4.95 | 4.41 | 27.24 | 17.76 | 4.16 |
| | Financial leverage | | 1.34 | 1.18 | 1.16 | (2.23) | 25.09 | 1.35 |
| Reasons for changes of financial ratios for the last two years(analysis is exempted for any change less than 20%): | | | | | | | | |
| 1. The decrease in interest margin was mainly attributable to the increase in profit margin for the year 2018 over 2017. | | | | | | | | |
| 2. The decrease in accounts receivable turnover and the increase in the average number of days of acquisition was due to the net sales of the 2018 decreased over the previous year. | | | | | | | | |
| 3. The increase in Inventory turnover was due to the Cost of goods sold of the 2018 decreased over the previous year. | | | | | | | | |
| 4. The turnover rate of total asset declined is because of the cost of good sold was lower than that in 2017. | | | | | | | | |
| 5. The increase in return on equity was due to the net income of the 2018 increased over the previous year. | | | | | | | | |
| 6. The main reason for profitability ratio increased is net profit more than 2017. | | | | | | | | |
| 7.Cash flow ratio, cash flow allowable ratio and cash reinvestment ratio decreased mainly due to the decrease in cash inflows from operating activities over the previous year.. | | | | | | | | |

6.2.2 Individual Financial Ratio Analysis complying with IFRS

| Analysis item (Note 3) | | Fiscal year (Note 1) | Financial analysis in recent 5 years | | | | |
|---|---|-------------------------------|--------------------------------------|----------|----------|----------|----------|
| | | | 2018 | 2017 | 2016 | 2015 | 2014 |
| Finance structure | Debt to assets ratio | | 26.08 | 24.28 | 12.06 | 11.37 | 11.91 |
| | Long term funds to property, plant, and equipment ratio | | 1,133.10 | 1,107.09 | 1,114.42 | 1,148.21 | 1,096.70 |
| Solvency | Current ratio | | 462.77 | 389.76 | 311.06 | 433.91 | 336.63 |
| | Quick ratio | | 363.88 | 327.21 | 230.16 | 334.45 | 227.91 |
| | Interest coverage ratio | | 15.57 | 146.37 | 937.18 | 2,289.74 | 642.35 |
| Operating ability | Receivables turnover (times) | | 40.71 | 46.97 | 60.15 | 55.98 | 55.54 |
| | Average accounts receivable turnover days | | 8.97 | 7.77 | 6.07 | 6.52 | 6.57 |
| | Inventory turnover (times) | | 6.52 | 7.46 | 8.62 | 7.72 | 7.74 |
| | Payables turnover (times) | | 9.05 | 8.98 | 11.66 | 11.61 | 11.24 |
| | Average inventory turnover on sale | | 55.97 | 48.95 | 42.36 | 47.27 | 47.16 |
| | Property, plant, and property turnover (times) | | 5.01 | 5.73 | 6.42 | 5.95 | 5.90 |
| | Total asset turnover (times) | | 0.36 | 0.42 | 0.50 | 0.49 | 0.52 |
| Profitability | Return on assets (%) | | 2.45 | 2.65 | 1.67 | 4.19 | 2.82 |
| | Return on shareholder's equity (%) | | 2.87 | 3.27 | 1.89 | 4.74 | 3.21 |
| | Percentage to paid-in capital (%) | Operating Net Income (losses) | 10.63 | 11.74 | 11.46 | 11.35 | 10.50 |
| | | Income before tax (losses) | 13.74 | 14.75 | 11.50 | 22.35 | 14.30 |
| | Profit margin (%) | | 6.40 | 6.34 | 3.34 | 8.63 | 5.43 |
| | Earnings Per Share (NT\$) | | 1.39 | 1.56 | 0.91 | 2.29 | 1.51 |
| Cash flow | Cash flow from operations ratio (%) | | (61.50) | 32.97 | 98.75 | (9.32) | 38.66 |
| | Cash Flow Adequacy Ratio (%) | | 19.35 | 35.21 | 44.97 | 29.62 | 66.85 |
| | Cash Flow Re-investment Ratio (%) | | (4.50) | 2.09 | 5.61 | (2.16) | 0.98 |
| Leverage | Operating leverage | | 1.24 | 1.24 | 1.24 | 1.26 | 1.28 |
| | Financial leverage | | 1.10 | 1.01 | 1.00 | 1.00 | 1.00 |
| Please explain the reasons for the changes in financial ratios in the last two years (analysis is exempted for any change less than 20%): | | | | | | | |
| 1. The decrease in interest margin was mainly attributable to the increase in interest expense for the year 2018 over 2017. | | | | | | | |
| 2. Cash flow ratio, cash flow allowable ratio and cash reinvestment ratio decreased mainly due to the decrease in cash inflows from operating activities over the previous year.. | | | | | | | |

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

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

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

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

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

1. Finance structure
 - (1) Debt to assets ratio = Total liabilities/total assets.
 - (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + noncurrent liabilities)/net property, plant, and equipment
2. Solvency
 - (1) Current ratio = Current assets/current liabilities
 - (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
 - (3) Interest coverage ratio = Net income before tax and interest expense/current interest expense
3. Operating ability
 - (1) Receivables (including Account Receivable and Note Receivable from operating) turnover = Net sales/average accounts receivable (including Account Receivable and Note Receivable from operating)
 - (2) Average accounts receivable turnover days = 365 days/average receivable turnover
 - (3) Inventory turnover (times) = Cost of goods sold/average inventory

(4) Payables (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)

(5) Average inventory turnover days = 365 days/average inventory turnover

(6) Property, plant, and equipment turnover (times) = Net sales/net average property, plant, and equipment

(7) Total asset turnover = Net sales/average total assets

4. Profitability

(1) Return on assets = [net income + interest expense x (1-tax ratio)]/average total assets

(2) Return on shareholder's equity = Net income/average total shareholder's equity

(3) Profit Ratio = Net income/net sales

(4) Earnings per Share = (Net income attributable to parent company shareholders - preferred stock dividend)/weighted average number of shares issued (Note 4)

5. Cash flow

(1) Cash flow ratio = Cash flow from operating activities/current liabilities

(2) Net Cash flow adequacy ratio = Net cash flow from operating activities of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend)

(3) Cash re-investment ratio = (Net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent asset + operating fund) (Note 5)

6. Leverage

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

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

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

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

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

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

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

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

6.3 Audit Committee' Report

The Board of Directors has prepared the 2018 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 2019 Annual Shareholders' Meeting

Yulon Motor Co., Ltd.

Audit Committee Convenor : Yi-Hong Hsieh



Date: March 27, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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 of the Company's financial statements for the year ended December 31, 2018 are stated as follows:

Impairment Assessment of Vehicle Model Development Cost and Molds of Luxgen Motor, Subsidiary Accounted for Using Equity Method

(Please refer to Note 15.)

The vehicle model development cost of Luxgen, Subsidiary accounted for using equity method, was \$8,949,224 thousand, and the molds equipment used for the production of the vehicle model was \$3,481,588 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 Yulon Finance Corporation and Its Subsidiaries ("YFC Group"), Subsidiary Accounted for Using Equity Method

(Please refer to Note 15.)

The provision for impairment of trade receivables of TAC Group is based on assumptions about risk of default and expected loss rates. The TAC Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the TAC Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. The key assumptions and inputs used involved significant management judgment and estimation uncertainty; thus, this is determined as a key audit matter. As of December 31, 2018, allowance for impairment loss of trade receivables of TAC Group was NT\$3,060,142 thousand, representing 2.64% of total trade receivables; impairment loss of trade receivables of TAC Group recognized in the statements of comprehensive income of TAC Group for the year ended December 31, 2018 was NT\$1,717,835 thousand, representing 22.53% 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 re-performance of related internal controls.
2. We involved our IT specialists in testing the system that generated related documents used by management in performing controls, in order to verify the correctness of the assumptions used in the default rate and expected loss rate.
3. We calculated the expected credit loss 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, 2018 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, 2019

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, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

| ASSETS | 2018 | | 2017 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 7,410,223 | 8 | \$ 14,555,448 | 16 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 22,295 | - | 166,945 | - |
| Financial assets at amortized cost - current (Notes 4 and 9) | 1,432,880 | 2 | - | - |
| Debt investments with no active market - current (Notes 4 and 11) | - | - | 5,089,600 | 6 |
| Note and trade receivable (Notes 4 and 12) | 25,170 | - | 23,961 | - |
| Notes and trade receivable from related parties (Notes 4, 12 and 29) | 1,084,994 | 1 | 635,451 | 1 |
| Other receivables (Notes 4, 13 and 29) | 290,585 | - | 212,682 | - |
| Inventories (Notes 4 and 14) | 9,904,373 | 10 | 6,873,416 | 7 |
| Other current assets (Notes 29) | <u>1,418,207</u> | <u>1</u> | <u>850,281</u> | <u>1</u> |
| Total current assets | <u>21,588,727</u> | <u>22</u> | <u>28,407,784</u> | <u>31</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 2,433,791 | 2 | - | - |
| Available-for-sale financial assets - non-current (Note 4) | - | - | 56,845 | - |
| Financial assets measured at cost - non-current (Notes 4 and 10) | - | - | 27,931 | - |
| Investments accounted for using equity method (Notes 4 and 15) | 54,272,734 | 56 | 44,253,861 | 48 |
| Property, plant and equipment (Notes 4 and 16) | 6,461,658 | 7 | 6,361,945 | 7 |
| Investment properties (Notes 4 and 17) | 9,840,094 | 10 | 12,087,160 | 13 |
| Other intangible assets (Notes 4 and 18) | 1,275,678 | 1 | 1,277,490 | 1 |
| Deferred tax assets (Notes 4 and 25) | 551,778 | 1 | 531,535 | - |
| Other non-current assets | <u>622,081</u> | <u>1</u> | <u>12,320</u> | <u>-</u> |
| Total non-current assets | <u>75,457,814</u> | <u>78</u> | <u>64,609,087</u> | <u>69</u> |
| TOTAL | <u>\$ 97,046,541</u> | <u>100</u> | <u>\$ 93,016,871</u> | <u>100</u> |

(Continued)

YULON MOTOR COMPANY LTD.

BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

| ASSETS | 2018 | | 2017 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Trade payables | \$ 1,858,817 | 2 | \$ 2,862,921 | 3 |
| Trade payables to related parties (Note 29) | 1,224,905 | 1 | 1,482,892 | 2 |
| Other payables (Notes 20 and 29) | 1,404,745 | 2 | 2,904,164 | 3 |
| Current tax liabilities (Notes 4 and 25) | 108,937 | - | - | - |
| Other current liabilities | <u>67,752</u> | <u>-</u> | <u>38,466</u> | <u>-</u> |
| Total current liabilities | <u>4,665,156</u> | <u>5</u> | <u>7,288,443</u> | <u>8</u> |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Notes 4 and 19) | 15,300,000 | 16 | 10,000,000 | 11 |
| Long-term borrowings | 1,480,000 | 1 | 1,500,000 | 1 |
| Deferred tax liabilities (Notes 4 and 25) | 2,570,313 | 3 | 2,541,633 | 3 |
| Net defined benefit liabilities - non-current (Notes 4 and 21) | 556,629 | 1 | 949,658 | 1 |
| Deposits received | 179,860 | - | 181,236 | - |
| Credit balance on the carrying value of investments accounted for using the equity method (Notes 4 and 15) | 524,723 | - | 94,052 | - |
| Other non-current liabilities | <u>32,732</u> | <u>-</u> | <u>29,696</u> | <u>-</u> |
| Total non-current liabilities | <u>20,644,257</u> | <u>21</u> | <u>15,296,275</u> | <u>16</u> |
| Total liabilities | <u>25,309,413</u> | <u>26</u> | <u>22,584,718</u> | <u>24</u> |
| EQUITY (Note 22) | | | | |
| Share capital | | | | |
| Ordinary shares | <u>15,729,199</u> | <u>16</u> | <u>15,729,199</u> | <u>17</u> |
| Capital surplus | <u>6,597,972</u> | <u>7</u> | <u>6,665,705</u> | <u>7</u> |
| Retained earnings | | | | |
| Legal reserve | 8,078,119 | 8 | 7,849,288 | 8 |
| Special reserve | 38,373,565 | 40 | 37,373,565 | 40 |
| Unappropriated earnings | <u>2,787,202</u> | <u>3</u> | <u>2,693,149</u> | <u>3</u> |
| Total retained earnings | <u>49,238,886</u> | <u>51</u> | <u>47,916,002</u> | <u>51</u> |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (919,398) | (1) | (593,515) | - |
| Unrealized gain on available-for-sale financial assets | - | - | 1,091,158 | 1 |
| Unrealized gain on financial assets at fair value through other comprehensive income | 1,466,521 | 1 | - | - |
| Cash flow hedges | - | - | (92) | - |
| Gain on hedging instrument | <u>252</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>547,375</u> | <u>-</u> | <u>497,551</u> | <u>1</u> |
| Treasury shares | <u>(376,304)</u> | <u>-</u> | <u>(376,304)</u> | <u>-</u> |
| Total equity | <u>71,737,128</u> | <u>74</u> | <u>70,432,153</u> | <u>76</u> |
| TOTAL | <u>\$ 97,046,541</u> | <u>100</u> | <u>\$ 93,016,871</u> | <u>100</u> |

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

(Concluded)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|---|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 23 and 29) | | | | |
| Sales | \$ 30,440,107 | 96 | \$ 34,591,748 | 96 |
| Other operating revenue | <u>1,368,631</u> | <u>4</u> | <u>1,501,048</u> | <u>4</u> |
| Total operating revenue | <u>31,808,738</u> | <u>100</u> | <u>36,092,796</u> | <u>100</u> |
| OPERATING COSTS (Notes 14, 16, 21, 24 and 29) | | | | |
| Cost of goods sold | 28,678,794 | 90 | 32,651,536 | 91 |
| Other operating cost | <u>279,630</u> | <u>1</u> | <u>462,013</u> | <u>1</u> |
| Total operating costs | <u>28,958,424</u> | <u>91</u> | <u>33,113,549</u> | <u>92</u> |
| GROSS PROFIT | 2,850,314 | 9 | 2,979,247 | 8 |
| (UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES | <u>(3,798)</u> | <u>-</u> | <u>(37,758)</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>2,846,516</u> | <u>9</u> | <u>2,941,489</u> | <u>8</u> |
| OPERATING EXPENSES (Notes 21, 24 and 29) | | | | |
| Selling and marketing expenses | 119,834 | - | 118,435 | - |
| General and administrative expenses | 885,971 | 3 | 820,698 | 2 |
| Research and development expenses | <u>168,092</u> | <u>1</u> | <u>155,206</u> | <u>1</u> |
| Total operating expenses | <u>1,173,897</u> | <u>4</u> | <u>1,094,339</u> | <u>3</u> |
| PROFIT FROM OPERATIONS | <u>1,672,619</u> | <u>5</u> | <u>1,847,150</u> | <u>5</u> |
| NON-OPERATING INCOME AND EXPENSE | | | | |
| Share of gains of subsidiaries, associates and joint ventures (Notes 4 and 15) | 415,081 | 1 | 295,913 | 1 |
| Other income (Note 24) | 69,559 | - | 50,653 | - |
| Interest income | 103,015 | 1 | 62,964 | - |
| Finance costs | (148,352) | - | (15,959) | - |
| Other gains and losses (Note 24) | <u>49,864</u> | <u>-</u> | <u>79,182</u> | <u>-</u> |
| Total non-operating income | <u>489,167</u> | <u>2</u> | <u>472,753</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 2,161,786 | 7 | 2,319,903 | 6 |
| INCOME TAX EXPENSE (Notes 4 and 25) | <u>124,754</u> | <u>-</u> | <u>31,597</u> | <u>-</u> |
| NET PROFIT FOR THE YEAR | 2,037,032 | 7 | 2,288,306 | 6 |

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|--|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | \$ 42,723 | - | \$ (5,802) | - |
| Unrealized loss on investments in equity instruments at fair value through other comprehensive income | (224,506) | (1) | - | - |
| Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method | <u>(38,968)</u> | <u>-</u> | <u>(39,667)</u> | <u>-</u> |
| | <u>(220,751)</u> | <u>(1)</u> | <u>(45,469)</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain on available-for-sale financial assets | - | - | 8,326 | - |
| Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method | <u>(325,539)</u> | <u>(1)</u> | <u>(742,976)</u> | <u>(2)</u> |
| | <u>(325,539)</u> | <u>(1)</u> | <u>(734,650)</u> | <u>(2)</u> |
| Other comprehensive loss for the year, net of income tax | <u>(546,290)</u> | <u>(2)</u> | <u>(780,119)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,490,742</u> | <u>5</u> | <u>\$ 1,508,187</u> | <u>4</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 26) | | | | |
| Basic | <u>\$ 1.39</u> | | <u>\$ 1.56</u> | |
| Diluted | <u>\$ 1.39</u> | | <u>\$ 1.56</u> | |

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

(Concluded)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | | | | | | Other Equity | | | | | | |
|---|---------------|-----------------|-------------------|-----------------|------------------------|--|---|---|------------------|------------------------------------|-----------------|---------------|
| | Share Capital | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unrealized Gain (Loss) on Available-for-sale Financial Assets | Cash Flow Hedges | Gain/(Loss) on Hedging Instruments | Treasury Shares | Total Equity |
| | | | Legal Reserve | Special Reserve | Undistributed Earnings | | | | | | | |
| BALANCE, JANUARY 1, 2017 | \$ 15,729,199 | \$ 6,664,910 | \$ 7,715,818 | \$ 36,373,565 | \$ 2,375,157 | \$ 75,147 | \$ - | \$ 1,157,054 | \$ - | \$ - | \$ (376,304) | \$ 69,714,546 |
| Appropriation of 2016 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 133,470 | - | (133,470) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,000,000 | (1,000,000) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company (NT\$0.5 per share) | - | - | - | - | (786,460) | - | - | - | - | - | - | (786,460) |
| Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method | - | 795 | - | - | (4,915) | - | - | - | - | - | - | (4,120) |
| Net profit for the year ended December 31, 2017 | - | - | - | - | 2,288,306 | - | - | - | - | - | - | 2,288,306 |
| Other comprehensive loss for the year ended December 31, 2017, net of income tax | - | - | - | - | (45,469) | (668,662) | - | (65,896) | (92) | - | - | (780,119) |
| Total comprehensive income for the year ended December 31, 2017 | - | - | - | - | 2,242,837 | (668,662) | - | (65,896) | (92) | - | - | 1,508,187 |
| BALANCE, DECEMBER 31, 2017 | 15,729,199 | 6,665,705 | 7,849,288 | 37,373,565 | 2,693,149 | (593,515) | - | 1,091,158 | (92) | - | (376,304) | 70,432,153 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | 131,744 | - | 1,755,559 | (1,091,158) | 92 | (92) | - | 796,145 |
| BALANCE AT JANUARY 1, 2018 AS RESTATED | 15,729,199 | 6,665,705 | 7,849,288 | 37,373,565 | 2,824,893 | (593,515) | 1,755,559 | - | - | (92) | (376,304) | 71,228,298 |
| Appropriation of the 2017 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 228,831 | - | (228,831) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,000,000 | (1,000,000) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company (NT\$0.58 per share) | - | - | - | - | (912,294) | - | - | - | - | - | - | (912,294) |
| Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method | - | (69,178) | - | - | (1,885) | - | - | - | - | - | - | (71,063) |
| 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 | - | 1,445 | - | - | - | - | - | - | - | - | - | 1,445 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | 2,037,032 | - | - | - | - | - | - | 2,037,032 |
| Other comprehensive income for the year ended December 31, 2018, net of income tax | - | - | - | - | 71,119 | (325,883) | (291,870) | - | - | 344 | - | (546,290) |
| Total comprehensive income for the year ended December 31, 2018 | - | - | - | - | 2,108,151 | (325,883) | (291,870) | - | - | 344 | - | 1,490,742 |
| Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income | - | - | - | - | (2,832) | - | 2,832 | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2018 | \$ 15,729,199 | \$ 6,597,972 | \$ 8,078,119 | \$ 38,373,565 | \$ 2,787,202 | \$ (919,398) | \$ 1,466,521 | \$ - | \$ - | \$ 252 | \$ (376,304) | \$ 71,737,128 |

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,161,786 | \$ 2,319,903 |
| Adjustments for: | | |
| Depreciation expenses | 350,151 | 360,480 |
| Share of profit of subsidiaries, associates and joint ventures | (415,081) | (295,913) |
| Finance costs | 148,352 | 15,959 |
| Interest income | (103,015) | (62,964) |
| Amortization expenses | 42,724 | 44,404 |
| Unrealized loss/(gain) on foreign currency exchange | 27,608 | (58,418) |
| Dividend income | (18,861) | (10,428) |
| Realized (gain)/loss on the transactions with subsidiaries, associates and joint ventures | (2,588) | 5,654 |
| Net gain on fair value changes of financial assets designated as at fair value through profit or loss | (1,541) | - |
| Reversal of impairment loss/impairment loss recognized on non-financial assets | (723) | 36,103 |
| Gain on disposal of property, plant and equipment | (45) | (701) |
| Changes in operating assets and liabilities | | |
| Financial assets held for trading | - | 282,146 |
| Financial assets mandatorily classified as at fair value through profit or loss | 146,190 | - |
| Notes and trade receivable | (445,426) | (217,306) |
| Other receivables | (84,593) | 284,684 |
| Inventories | (359,802) | (291,864) |
| Other current assets | (1,128,022) | (609,510) |
| Other operating assets | (25,591) | (7,120) |
| Trade payables | (1,292,702) | 1,088,224 |
| Other payables | (1,511,220) | 387,029 |
| Other current liabilities | 29,285 | (125,026) |
| Net defined benefit liabilities - non-current | (350,306) | (283,798) |
| Other operating liabilities | 3,035 | 827 |
| Cash used in generated from operations | (2,830,385) | 2,862,365 |
| Interest received | 118,738 | 67,896 |
| Interest paid | (146,971) | (9,677) |
| Income tax paid | (10,595) | (517,711) |
| Net cash (used in) generated from operating activities | (2,869,213) | 2,402,873 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of associates investment accounted for using equity method | (14,867,431) | (8,142,330) |
| Dividends received | 5,235,296 | 4,661,124 |
| Proceeds from disposal of financial assets at amortized cost | 3,656,720 | - |
| Purchase of financial assets at fair value through other comprehensive income | (1,830,200) | - |

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|--|---------------------|----------------------|
| Acquisition of property, plant and equipment | \$ (434,321) | \$ (459,869) |
| Payments for investment properties | (490,259) | - |
| Proceeds from the capital reduction of investments accounted for using the equity method | 90,128 | 134,309 |
| Proceeds from disposal of property, plant and equipment | 45 | 3,744 |
| Purchase of debt investments with no active market | <u>-</u> | <u>(1,100,000)</u> |
| Net cash used in investing activities | <u>(8,640,022)</u> | <u>(4,903,022)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of bonds payable | 5,300,000 | 10,000,000 |
| Dividends paid | (912,294) | (786,460) |
| Payments for transaction costs attributable to the issuance of debt instruments | (20,000) | - |
| Decrease in guarantee deposits received | (1,376) | (276,656) |
| Proceeds from long-term borrowings | <u>-</u> | <u>1,500,000</u> |
| Net cash generated from financing activities | <u>4,366,330</u> | <u>10,436,884</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(2,320)</u> | <u>8,400</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (7,145,225) | 7,945,135 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>14,555,448</u> | <u>6,610,313</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 7,410,223</u> | <u>\$ 14,555,448</u> |

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

(Concluded)

YULON MOTOR COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (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 25, 2019.

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

- a. Initial application of the 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 and issued into effect by the FSC (collectively, the “IFRSs”)

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies:

1) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Company's financial assets and financial liabilities as of January 1, 2018.

| Financial Assets | Measurement Category | | Carrying Amount | | Remark |
|--|---|-----------------------------|-----------------|---------------|--------|
| | IAS 39 | IFRS 9 | IAS 39 | IFRS 9 | |
| Cash and cash equivalents | Loans and receivables | Amortized cost | \$ 14,555,448 | \$ 14,555,448 | a) |
| Structured products | Designated as at FVTPL | Mandatorily at FVTPL | 140,678 | 140,678 | c) |
| Equity securities | Available for sale (previously recognized as financial assets at cost) | FVTOCI - equity instruments | 27,931 | 717,175 | d) |
| | Available for sale | FVTOCI - equity instruments | 56,845 | 56,845 | d) |
| Mutual funds | Held for trading | Mandatorily at FVTPL | 26,267 | 26,267 | |
| Debt investments with no active market | Loans and receivables | Amortized cost | 5,089,600 | 5,089,600 | b) |
| Notes receivables, trade receivables and other receivables | Loans and receivables | Amortized cost | 872,094 | 872,094 | a) |

| Financial Assets | IAS 39 Carrying Amount as of January 1, 2018 | Reclassifications | Remea- surements | IFRS 9 Carrying Amount as of January 1, 2018 | Retained Earnings Effect on January 1, 2018 | Other Equity Effect on January 1, 2018 | Remark |
|--|---|---------------------|---------------------|---|---|--|--------|
| <u>FVTPL</u> | \$ 166,945 | \$ - | \$ - | \$ 166,945 | \$ - | \$ - | |
| Add: Reclassification from available-for-sale (previously recognized as financial assets at cost) (IAS 39) | - | - | - | - | - | - | d) |
| | <u>166,945</u> | - | - | <u>166,945</u> | - | - | |
| <u>FVTOCI</u> | | | | | | | |
| Debt instruments | | | | | | | |
| Add: Reclassification from available-for-sale (previously recognized as financial assets at cost) (IAS 39) | - | 27,931 | 689,244 | 717,175 | - | 689,244 | d) |
| Add: Reclassification from available-for-sale (IAS 39) | - | 56,845 | - | 56,845 | - | - | d) |
| | - | 84,776 | 689,244 | 774,020 | - | 689,244 | |
| <u>Amortized cost</u> | | | | | | | |
| Add: Reclassification from debt investments with no active market (IAS 39) | - | 5,089,600 | - | 5,089,600 | - | - | b) |
| | - | 5,089,600 | - | 5,089,600 | - | - | |
| | <u>\$ 166,945</u> | <u>\$ 5,174,376</u> | <u>\$ 689,244</u> | <u>\$ 6,030,565</u> | <u>\$ -</u> | <u>\$ 689,244</u> | |

| | IAS 39 Carrying Amount as of January 1, 2018 | Adjustments Arising from Initial Application | IFRS 9 Carrying Amount as of January 1, 2018 | Retained Earnings Effect on January 1, 2018 | Other Equity Effect on January 1, 2018 | Remark |
|---|---|---|---|--|--|--------|
| Investments accounted for using the equity method | \$ 44,253,861 | \$ 106,901 | \$ 44,360,762 | \$ 131,744 | \$ (24,843) | e) |

a) Cash and cash equivalents, notes receivable, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.

b) Debt investments previously classified as debt investments with no active market measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

- c) Structured products were designated as at FVTPL under IAS 39 because they were hybrid instruments. They have been classified as mandatorily measured at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9.
- d) The Company elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, the investments were recognized in financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

- e) Associates accounted for using equity method retrospectively adopted IFRS 9, and the Company has elected not to restate prior reporting periods.

2) 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 supersedes IAS 18 “Revenue”. Refer to Note 4 for related accounting policies.

Incremental costs of obtaining a contract are recognized as an asset to the extent the Company expects to recover those costs. Such asset is amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Prior to the application of IFRS 15, related costs were recognized as prepayments and amortized by effective interest method.

The Company retrospectively applied IFRS 15, which did not have material impact on retained earnings on January 1, 2018.

- b. 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) (collectively, the “IFRSs”) endorsed by the FSC for application starting from 2019

| New, Amended or Revised Standards and Interpretations (the “New IFRSs”) | Effective Date Announced by IASB (Note 1) |
|--|--|
| Annual Improvements to IFRSs 2015-2017 Cycle | January 1, 2019 |
| Amendments to IFRS 9 “Prepayment Features with Negative Compensation” | January 1, 2019 (Note 2) |
| IFRS 16 “Leases” | January 1, 2019 |
| Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” | January 1, 2019 (Note 3) |
| Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures” | January 1, 2019 |
| IFRIC 23 “Uncertainty over Income Tax Treatments” | January 1, 2019 |

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Company will elect to apply the guidance of IFRS 16, in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

Upon initial application of IFRS 16, the Company will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepayments for rights to use land are recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease incentives, is recognized as accrued expenses/prepayments for leases. Cash flows for operating leases are classified within operating activities on the statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Company anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases under IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, which is the carrying amount as if IFRS 16 had been applied since the commencement date, but

discounted using the aforementioned incremental borrowing rate. Except for the following practical expedients which are to be applied, the Company will apply IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

- a) The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Company will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.
- c) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Company will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Company will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Company as lessor

The Company will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

| | Carrying Amount as of December 31, 2018 | Adjustments Arising from Initial Application | Adjusted Carrying Amount as of January 1, 2019 |
|---------------------------------|--|---|---|
| Right-of-use assets | \$ - | \$ 9,316 | \$ 9,316 |
| Total effect on assets | \$ - | \$ 9,316 | \$ 9,316 |
| Lease liabilities - current | \$ - | \$ 6,018 | \$ 6,018 |
| Lease liabilities - non-current | - | 3,298 | 3,298 |
| Total effect on liabilities | \$ - | \$ 9,316 | \$ 9,316 |

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax

rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Company expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company assessed that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will not have material impact on the Company’s financial position and financial performance.

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

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 3 “Definition of a Business” | January 1, 2020 (Note 2) |
| 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 17 “Insurance Contracts” | January 1, 2021 |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 (Note 3) |

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 Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

The amendments stipulate that, when the Company 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 the Company 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 the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e. the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e. the Company’s share of the gain or loss is eliminated.

2) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3) IFRS 17 - Insurance Contracts

IFRS 17 is the accounting treatment for insurance contracts, which will replace IFRS 4 “Insurance Contracts”. The main specifications of IFRS 17 are as follows:

Level of aggregation

IFRS 17 requires entities to identify portfolios of insurance contracts; a portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition, if any;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- c) A group of the remaining contracts in the portfolio, if any.

The Company is not permitted to include contracts issued more than one year apart in the same group.

Recognition

The Company shall recognize a group of insurance contracts it issues from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when a contract becomes onerous.

Measurement

On initial recognition, the Company shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows, which comprise of estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows (to the extent that the financial risks are not included in the estimates of the future cash flows), and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit the Company will recognize as it provides services in the future.

The Company shall measure the contractual service margin on initial recognition of a group of insurance contracts at the amount, unless the contracts result in no income or expenses, derived from:

- a) The initial recognition of an amount for the fulfilment cash flows,
- b) The derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flow; and
- c) Any cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprising of the fulfilment cash flows related to future service allocated to the contract group at that date and the contractual service margin of the contract group at that date. The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the contract group at that date. The Company shall recognize income and expenses for the following changes in the carrying amount of the liability for incurred claims.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Company shall group such contracts separately from contracts that are not onerous. The Company shall recognize in profit or loss a loss on the net outflow of the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero.

Premium allocation approach

The Company may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the contract group:

- a) The Company reasonably expects that such simplification would produce a measurement of the liability for remaining coverage of the contract group that would not differ materially from the general model, or
- b) The coverage period of each contract in the group is one year or less.

The criterion in (a) is not met if at the inception of the group the Company expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

Using the premium allocation approach, the Company shall measure the liability for remaining coverage as the premiums, if any, received at initial recognition minus any insurance acquisition cash flows at that date. At the end of each subsequent reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period, plus any adjustment to a financing component, minus the amount recognized as insurance revenue for coverage provided in that period, minus any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features does not include a transfer of significant insurance risk. If the Company issues an investment contract with discretionary participation characteristics and also issues an insurance contract, the contract should also be subject to IFRS 17.

Modification and derecognition

In accordance with the transitional provisions, if the terms of an insurance contract are modified, for example by agreement between the parties to the contract or by a change in regulation, the Company shall derecognise the original contract and recognize the modified contract as a new contract.

The Company shall derecognize an insurance contract when, and only when it is extinguished, or when the obligation specified in the insurance contract expires or is discharged or cancelled.

The Company shall apply IFRS 17 retrospectively unless impracticable; otherwise, the Company shall apply the modified retrospective approach or the fair value approach.

The objective of the modified retrospective approach is to achieve the possible outcome closest to retrospective application by using reasonable and supportable information available without undue cost or effort.

In the fair value approach, the Company determine the contractual service margin or loss component of the liability for the remaining coverage at the transition date as the

difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Foreign Currencies

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

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

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

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

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

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

Inventories

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

Investments in Subsidiaries

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

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

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

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

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

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

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

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

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

Investments in Associates

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

Freehold land is not depreciated.

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

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

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 IFRS 15 “Revenue from Contracts with Customers”. 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.

For a transfer from the investment properties classification to inventories, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of development with a view to future sale.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount.

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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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. Fair value is determined in the manner described in Note 28.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, treasury bills and other receivables and government bonds, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

2018

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, trade receivables, and other receivables), finance lease receivables, as well as contract assets.

The Company always recognizes lifetime Expected Credit Loss (ECL) for notes receivable, trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks as weight of a default occurring. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial

recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

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

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

For financial assets 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.

Before 2018, 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. From 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

Debt and equity instruments issued by the Company are classified as either 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 the Company are recognized at the proceeds received, net of direct issue costs.

The 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, issuance 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 are classified as at FVTPL when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

2) Derecognition of financial liabilities

The Company only derecognizes the financial liabilities when the obligation is lifted, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Revenue Recognition

2018

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from sale of goods

Revenue from the sale of goods comes from sales of cars and materials.

The Company recognize revenue on goods delivered to subcontractors because this delivery involve a transfer of control.

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.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

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 balance sheets under current liabilities.

Under the Company'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 Company's obligations to supply the award have been fulfilled.

b. Rental revenue

A lease is classified as a finance lease if it transfers substantially all the risks, and rewards upon transfer of property or asset. Otherwise, it is classified as an operating 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.

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

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.

2017

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.

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 balance sheets under current liabilities.

Under the Company'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 Company'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 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.

Borrowing Costs

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Termination benefits

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

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 | |
|--|---------------------|----------------------|
| | 2018 | 2017 |
| Cash on hand | \$ 689 | \$ 689 |
| Checking accounts and demand deposits | 4,609,534 | 8,254,759 |
| Cash equivalent | | |
| Time deposits with original maturities within 3 months | <u>2,800,000</u> | <u>6,300,000</u> |
| | <u>\$ 7,410,223</u> | <u>\$ 14,555,448</u> |

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

| | December 31 | |
|--------------|--------------------|--------------|
| | 2018 | 2017 |
| Bank balance | 0.001%-3.35% | 0.002%-1.01% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|--------------------|-------------------|
| | 2018 | 2017 |
| <u>Financial assets at FVTPL - current</u> | | |
| Financial assets at fair value through profit or loss | | |
| Credit-linked instruments | <u>\$ -</u> | <u>\$ 140,678</u> |
| Financial assets held for trading | | |
| Non-derivative financial assets | | |
| Beneficial certificates - mutual funds | <u>-</u> | <u>26,267</u> |
| | <u>-</u> | <u>166,945</u> |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Mutual funds | <u>22,295</u> | <u>-</u> |
| | <u>\$ 22,295</u> | <u>166,945</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

**December 31,
2018**

Non-current

Domestic investments

| | |
|--|----------------|
| Listed shares and emerging market shares | \$ 1,935,080 |
| Unlisted shares | <u>498,711</u> |

\$ 2,433,791

In the meeting on May 11, 2018, the Board authorized the acquisition of Preferred Stock A issued by YFC; the acquisition amounted to \$1,830,200 thousand; the shares are designated as financial assets at fair value through other comprehensive income.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

**December 31,
2018**

Current

| | |
|--|---------------------|
| Time deposits with original maturity of more than 3 months (a) | <u>\$ 1,432,880</u> |
|--|---------------------|

As of December 31, 2018, time deposits with original maturity more than 3 months, reserve account, pledged time deposits and bank deposit for specified purpose were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 11 for information relating to their reclassification information for 2017.

10. FINANCIAL ASSETS MEASURED AT COST - 2017

**December 31,
2017**

Non-current

| | |
|--|------------------|
| Domestic unlisted ordinary shares | <u>\$ 27,931</u> |
| Classified according to financial asset measurement categories | |
| Available-for-sale financial assets | <u>\$ 27,931</u> |

Management believed that the above unlisted equity investments held by the Company had fair

values which 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.

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT - 2017

| | <u>December 31</u> <u>2017</u> |
|--|-----------------------------------|
|--|-----------------------------------|

| | |
|---|---------------------|
| Time deposits with original maturity more than 3 months | <u>\$ 5,089,600</u> |
|---|---------------------|

As of December 31, 2017, the interest rate intervals of time deposits with original maturity more than 3 months was 0.51%-1.01%.

12. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | <u>December 31</u> | |
|-------------------------------------|---------------------|-------------------|
| | <u>2018</u> | <u>2017</u> |
| <u>Notes receivable</u> | | |
| Notes receivable | \$ 46,460 | \$ 40,331 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> |
| | <u>\$ 46,460</u> | <u>\$ 40,331</u> |
| <u>Trade receivables</u> | | |
| Trade receivables | \$ 1,091,726 | \$ 647,103 |
| Less: Allowance for impairment loss | <u>(28,022)</u> | <u>(28,022)</u> |
| | <u>\$ 1,063,704</u> | <u>\$ 619,081</u> |

In 2018

Trade and notes receivable

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 receivable, takes into consideration any changes in the credit quality of credit grant at the balance sheet dates, including financial and economic status of the counter-party.

- a. The following table details the loss allowance of trade receivables based on the Company's provision matrix.

| | Not Past Due | 1 to 180 Days | More Than 181 Days | Total |
|----------------------------------|-------------------|-------------------|-----------------------|---------------------|
| Gross carrying amount | \$ 819,778 | \$ 154,825 | \$ 163,583 | \$ 1,138,186 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>-</u> | <u>(28,022)</u> | <u>(28,022)</u> |
| Amortized cost | <u>\$ 819,778</u> | <u>\$ 154,825</u> | <u>\$ 135,561</u> | <u>\$ 1,110,164</u> |

b. The movements of the loss allowance of trade receivables were as follows:

| | 2018 |
|---|------------------|
| Balance at January 1, 2017 (IAS 39) | \$ 28,022 |
| Adjustment on initial application of IFRS 9 | <u>-</u> |
| Balance at January 1, 2017 (IFRS 9) | 28,022 |
| Add: Net remeasurement of loss allowance | - |
| Less: Amounts written off | <u>-</u> |
| Balance at December 31, 2018 | <u>\$ 28,022</u> |

In 2017

The average credit period of sales of goods was 45-90 days. The 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 at the balance sheet dates, including financial and economic status of the counter-party.

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

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

13. OTHER RECEIVABLES

| | December 31 | |
|------------------------------------|--------------------|-------------------|
| | 2018 | 2017 |
| <u>Other receivable</u> | | |
| Subsidy receivables | \$ 38,000 | \$ 35,500 |
| Receivables for steel plates | 90,193 | 20,425 |
| Receivables for personnel transfer | 13,309 | 13,309 |
| Others | <u>149,083</u> | <u>143,448</u> |
| | <u>\$ 290,585</u> | <u>\$ 212,682</u> |

14. INVENTORIES

| | December 31 | |
|-----------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Finished goods | \$ 1,573,290 | \$ 2,187,409 |
| Work in progress | 528,905 | 376,440 |
| Raw materials | <u>2,195,580</u> | <u>1,679,576</u> |
| | <u>4,297,775</u> | <u>4,243,425</u> |
| Property under construction | | |
| Yulon Property Developments | <u>5,606,598</u> | <u>2,629,991</u> |
| | <u>\$ 9,904,373</u> | <u>\$ 6,873,416</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was \$28,678,794 thousand and \$32,651,536 thousand, respectively.

The cost of goods sold for the years ended December 31, 2018 and 2017 included reversal of inventory write-downs of \$723 thousand and inventory write-downs of \$36,103 thousand, respectively.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|-----------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Investments in subsidiaries | \$ 26,578,648 | \$ 16,572,174 |
| Investments in associates | <u>27,694,086</u> | <u>27,681,687</u> |
| | <u>\$ 54,272,734</u> | <u>\$ 44,253,861</u> |

For the details of investments in subsidiaries, associates and joint ventures, please refer to Table 9 (information on investee), Table 10 (trading in derivative instruments), Exhibit 3 (statement of changes in investments accounted for using equity method) and financial statements of 2018.

a. Investments in subsidiaries

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

Under the approval of Taiwan's Investment Commission under the Ministry of Economic Affairs, the Company and one of its subsidiaries, Taiwan Acceptance Corporation 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.

On August 28 and 26, 2017, the Investment Commission approved and registered the Company and the Company's subsidiary, TAC, to directly invest RMB255,000 thousand (equivalent to US\$42,500 thousand) and RMB245,000 thousand (equivalent to US\$40,833 thousand), respectively, in Yulon Motor Finance (China) Co., Ltd. in China.

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% owned 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 of the Company (50%) and Dong Feng Motors Co., Ltd. (50%) was established in Xiaoshan, Hongzhou. Yulon China (Hong Kong) Investment Co., Ltd. acquired a 50% stake in Dong Feng Yulon Motors by paying cash of \$419,218 thousand and transferring all its shares in Luxgen Automobile Parts valued at \$2,033,069 thousand.

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

The Company purchased 8% (NT\$35,178 thousand) of Uni-calsonic Company's shares. As a result, the Company's ownership of Uni-calsonic increased to 30.68% and adjusted the capital surplus from investments in associates and joint ventures accounted for using the equity method in the second quarter of 2018.

In June 2018, the Company acquired 20.50% of interests of Fujian Spicer and Tai-Ya Investment in the amount 233,745 thousand (RMB 50,660 thousand) and 56,475 thousand (RMB 12,240 thousand) from Taiguang Investment and ROC-Spicer, the subsidiaries of ROC-Spicer, and thus the Company exercised significant influence over Fujian Spicer and Tai-Ya Investment.

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.

16. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Buildings | Equipment | Vehicles | Miscellaneous Equipment | Property under Construction | Total |
|------------------------------|---------------------|---------------------|---------------------|------------------|-------------------------|-----------------------------|----------------------|
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2017 | \$ 4,285,378 | \$ 2,587,689 | \$ 2,973,602 | \$ 73,738 | \$ 846,810 | \$ 86,009 | \$ 10,853,226 |
| Additions | - | - | 18,182 | - | 6,770 | 298,939 | 323,891 |
| Disposals | (3,044) | (467) | (72,936) | (1,233) | (8,085) | - | (85,765) |
| Retirements | - | - | - | - | - | - | - |
| Reclassification | 50,237 | 86,070 | 82,143 | 3,376 | 46,993 | (165,124) | 103,695 |
| Balance at December 31, 2017 | <u>\$ 4,332,571</u> | <u>\$ 2,673,292</u> | <u>\$ 3,000,991</u> | <u>\$ 75,881</u> | <u>\$ 892,488</u> | <u>\$ 219,824</u> | <u>\$ 11,195,047</u> |

(Continued)

| | Freehold Land | Buildings | Equipment | Vehicles | Miscellaneous Equipment | Property under Construction | Total |
|--|---------------------|-----------------------|-----------------------|--------------------|-------------------------|-----------------------------|-----------------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance at January 1, 2017 | \$ - | \$ (1,587,679) | \$ (2,298,019) | \$ (67,112) | \$ (661,718) | \$ - | \$ (4,614,528) |
| Disposals | - | 467 | 72,936 | 1,233 | 8,085 | - | 82,721 |
| Retirements | - | - | - | - | - | - | - |
| Reclassification | - | 43,642 | - | - | - | - | 43,642 |
| Depreciation expense | - | (140,389) | (124,711) | (3,963) | (75,874) | - | (344,937) |
| Balance at December 31, 2017 | <u>\$ -</u> | <u>\$ (1,683,959)</u> | <u>\$ (2,349,794)</u> | <u>\$ (69,842)</u> | <u>\$ (729,507)</u> | <u>\$ -</u> | <u>\$ (4,833,102)</u> |
| Carrying amount at December 31, 2017 | <u>\$ 4,332,571</u> | <u>\$ 989,333</u> | <u>\$ 651,197</u> | <u>\$ 6,039</u> | <u>\$ 162,981</u> | <u>\$ 219,824</u> | <u>\$ 6,361,945</u> |
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2018 | \$ 4,332,571 | \$ 2,673,292 | \$ 3,000,991 | \$ 75,881 | \$ 892,488 | \$ 219,824 | \$ 11,195,047 |
| Additions | - | - | 48,612 | - | 24,706 | 926,210 | 999,528 |
| Disposals | - | - | - | - | (315) | - | (315) |
| Retirements | - | - | - | - | - | - | - |
| Reclassification | 19,674 | 49,882 | 165,855 | - | 38,778 | (874,782) | (600,593) |
| Balance at December 31, 2018 | <u>\$ 4,352,245</u> | <u>\$ 2,723,174</u> | <u>\$ 3,215,458</u> | <u>\$ 75,881</u> | <u>\$ 955,657</u> | <u>\$ 271,252</u> | <u>\$ 11,593,667</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance at January 1, 2018 | \$ - | \$ (1,683,959) | \$ (2,349,794) | \$ (69,842) | \$ (729,507) | \$ - | \$ (4,833,102) |
| Disposals | - | - | - | - | 315 | - | 315 |
| Retirements | - | - | - | - | - | - | - |
| Reclassification | - | 35,386 | - | - | - | - | 35,386 |
| Depreciation expense | - | (129,469) | (132,165) | (3,154) | (69,820) | - | (334,608) |
| Balance at December 31, 2018 | <u>\$ -</u> | <u>\$ (1,778,042)</u> | <u>\$ (2,481,959)</u> | <u>\$ (72,996)</u> | <u>\$ (799,012)</u> | <u>\$ -</u> | <u>\$ (5,132,009)</u> |
| Carrying amount at December 31, 2018 | <u>\$ 4,352,245</u> | <u>\$ 945,132</u> | <u>\$ 733,499</u> | <u>\$ 2,885</u> | <u>\$ 156,645</u> | <u>\$ 271,252</u> | <u>\$ 6,461,658</u> |

(Concluded)

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

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

17. INVESTMENT PROPERTIES

| | Freehold Land | Buildings | Total |
|------------------------------|---------------------|---------------------|----------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2017 | \$ 8,770,261 | \$ 2,919,530 | \$ 11,689,791 |
| Additions | - | - | - |
| Reclassification | <u>(50,237)</u> | <u>1,598,301</u> | <u>1,548,064</u> |
| Balance at December 31, 2017 | <u>\$ 8,720,024</u> | <u>\$ 4,517,831</u> | <u>\$ 13,237,855</u> |

(Continued)

| | Freehold Land | Buildings | Total |
|--|----------------------|-----------------------|------------------------------------|
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2017 | \$ - | \$ (1,091,510) | \$ (1,091,510) |
| Reclassification | - | (43,642) | (43,642) |
| Depreciation expense | - | (15,543) | (15,543) |
| Balance at December 31, 2017 | <u>\$ -</u> | <u>\$ (1,150,695)</u> | <u>\$ (1,150,695)</u> |
| Carrying amount at December 31, 2017 | <u>\$ 8,720,024</u> | <u>\$ 3,367,136</u> | <u>\$ 12,087,160</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2018 | \$ 8,720,024 | \$ 4,517,831 | \$ 13,237,855 |
| Additions | - | - | - |
| Reclassification | (2,686,263) | 490,125 | (2,196,138) |
| Balance at December 31, 2018 | <u>\$ 6,033,761</u> | <u>\$ 5,007,956</u> | <u>\$ 11,041,717</u> |
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2018 | \$ - | \$ (1,150,695) | \$ (1,150,695) |
| Reclassification | - | (35,385) | (35,385) |
| Depreciation expense | - | (15,543) | (15,543) |
| Balance at December 31, 2018 | <u>\$ -</u> | <u>\$ (1,201,623)</u> | <u>\$ (1,201,623)</u> |
| Carrying amount at December 31, 2018 | <u>\$ 6,033,761</u> | <u>\$ 3,806,333</u> | <u>\$ 9,840,094</u> (Concluded) |

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

As of December 31, 2018 and 2017, the fair values of the Company's investment property were \$29,179,606 thousand and \$38,813,755 thousand, respectively. Both fair values were appraised by an independent qualified professional appraiser.

18. INTANGIBLE ASSETS

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

19. BONDS PAYABLE

| | December 31 | |
|--------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Unsecured domestic bonds | <u>\$ 15,300,000</u> | <u>\$ 10,000,000</u> |

The Company issued unsecured corporate bonds on December 12, 2017, with each issuance amounting to NT\$7 billion and NT\$3 billion, respectively, and the bonds have five-year maturities and seven-year maturities and simple interest at rates of 1.04% and 1.07%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date. The Company also issued unsecured corporate bonds on December 25, 2018, with each issuance amounting to NT\$3.6 billion and NT\$1.7 billion, respectively, and the bonds have five-year maturities and ten-year maturities and simple interest at rates of 1.18% and 1.80%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date.

20. OTHER LIABILITIES

| | December 31 | |
|---|---------------------|---------------------|
| | 2018 | 2017 |
| <u>Current</u> | | |
| Other payables | | |
| Payables for employees bonus | \$ 406,008 | \$ 445,917 |
| Payables for other taxes | 299,619 | 189,328 |
| Payables for dividends | 102,031 | 100,245 |
| Payables for annual leave | 41,525 | 68,789 |
| Payables on motor design and research and development outputs | - | 1,270,500 |
| Others | <u>555,562</u> | <u>829,385</u> |
| | <u>\$ 1,404,745</u> | <u>\$ 2,904,164</u> |

21. 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 | |
|---|--------------------|-------------------|
| | 2018 | 2017 |
| Present value of defined benefit obligation | \$ 1,542,558 | \$ 1,808,003 |
| Fair value of plan assets | <u>(983,259)</u> | <u>(855,184)</u> |
| Net defined benefit liability | <u>\$ 559,299</u> | <u>\$ 952,819</u> |

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

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|--|--|--|--|
| Balance at January 1, 2017 | <u>\$ 1,877,150</u> | <u>\$ (646,229)</u> | <u>\$ 1,230,921</u> |
| Service cost | | | |
| Current service cost | 23,940 | - | 23,940 |
| Past service cost and loss on settlements | 32,100 | - | 32,100 |
| Net interest expense (income) | <u>22,965</u> | <u>(9,611)</u> | <u>13,354</u> |
| Recognized in profit or loss | <u>79,005</u> | <u>(9,611)</u> | <u>69,394</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | 2,602 | 2,602 |
| Actuarial loss - changes in demographic assumptions | 22,506 | - | 22,506 |
| Actuarial loss - changes in financial assumptions | - | - | - |
| Actuarial loss - experience adjustments | <u>(19,306)</u> | <u>-</u> | <u>(19,306)</u> |
| Recognized in other comprehensive income | <u>3,200</u> | <u>2,602</u> | <u>5,802</u> |
| Contributions from the employer | - | (322,648) | (322,648) |
| Benefits paid | <u>(151,352)</u> | <u>120,702</u> | <u>(30,650)</u> |
| Balance at December 31, 2017 | <u>\$ 1,808,003</u> | <u>\$ (855,184)</u> | <u>\$ 952,819</u> |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|--|--|--|--|
| Balance at January 1, 2018 | <u>\$ 1,808,003</u> | <u>\$ (855,184)</u> | <u>\$ 952,819</u> |
| Service cost | | | |
| Current service cost | 26,398 | - | 26,398 |
| Past service cost and loss on settlements | - | - | - |
| Net interest expense (income) | <u>22,583</u> | <u>(10,894)</u> | <u>11,689</u> |
| Recognized in profit or loss | <u>48,981</u> | <u>(10,894)</u> | <u>38,087</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (23,667) | (23,667) |
| Actuarial loss - changes in demographic assumptions | 4,765 | - | 4,765 |
| Actuarial loss - changes in financial assumptions | 20,225 | - | 20,225 |
| Actuarial loss - experience adjustments | <u>(44,046)</u> | <u>-</u> | <u>(44,046)</u> |
| Recognized in other comprehensive income | <u>(19,056)</u> | <u>(23,667)</u> | <u>(42,723)</u> |
| Contributions from the employer | - | (338,299) | (338,299) |
| Benefits paid | <u>(295,370)</u> | <u>244,785</u> | <u>(50,585)</u> |
| Balance at December 31, 2018 | <u>\$ 1,542,558</u> | <u>\$ (983,259)</u> | <u>\$ 559,299</u> (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 | |
|-------------------------------------|--------------------|-------------|
| | 2018 | 2017 |
| Discount rate(s) | 1.13% | 1.25% |
| Expected rate(s) of salary increase | 1.75% | 1.75% |

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

| | December 31, 2018 |
|-------------------------------------|------------------------------|
| Discount rate(s) | |
| 0.25% increase | \$ (40,102) |
| 0.25% decrease | 41,668 |
| Expected rate(s) of salary increase | |
| 0.25% increase | 40,701 |
| 0.25% decrease | (39,372) |

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 | |
|--|--------------------|------------------|
| | 2018 | 2017 |
| Expected contributions to the plan for the next year | <u>\$ 33,100</u> | <u>\$ 35,000</u> |
| Average duration of the defined benefit obligation | 11.0 years | 10.9 years |

22. EQUITY

a. Share capital

Common shares

| | December 31 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Number of shares authorized (in thousands) | <u>2,000,000</u> | <u>2,000,000</u> |
| Shares authorized | <u>\$ 20,000,000</u> | <u>\$ 20,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>1,572,920</u> | <u>1,572,920</u> |
| Capital shares | \$ 15,729,199 | \$ 15,729,199 |
| Capital surplus | <u>4,508,131</u> | <u>4,508,131</u> |
| | <u>\$ 20,237,330</u> | <u>\$ 20,237,330</u> |

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

b. Capital surplus

| | December 31 | |
|--|---------------------|---------------------|
| | 2018 | 2017 |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1) | | |
| Recognized from issuance of common shares | \$ 4,508,131 | \$ 4,508,131 |
| Recognized from treasury share transactions | 2,010,272 | 2,003,406 |
| Recognized from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | 79,569 | 143,867 |
| <u>Used offset a deficit only</u> | | |
| Arising from share of changes in capital surplus of associates or joint ventures | - | 677 |
| <u>Not be used to offset a deficit only</u> | | |
| Recognized from share of changes in capital surplus of associates or joint ventures | - | 9,624 |
| | <u>\$ 6,597,972</u> | <u>\$ 6,665,705</u> |

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

c. Retained earnings and dividend policy

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

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

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

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

For information on accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 28 - f. 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.

The appropriations of earnings for 2017 and 2016 approved in the shareholders' meetings on June 15, 2018 and June 22, 2017, respectively, were as follows:

| | Appropriation of Earnings | | Dividend Per Share | |
|-----------------|----------------------------------|-------------|---------------------------|-------------|
| | For the Year Ended | | (N.T. Dollar) | |
| | December 31 | | For the Year Ended | |
| | 2017 | 2016 | 2017 | 2016 |
| Legal reserve | \$ 228,831 | \$ 133,470 | | |
| Special reserve | 1,000,000 | 1,000,000 | | |
| Cash dividend | 912,294 | 786,460 | \$ 0.58 | \$ 0.50 |

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on March 25, 2019. The appropriations and dividends per share were as follows:

| | Appropriation | Dividends Per |
|-----------------|----------------------|----------------------|
| | of Earnings | Share (NT\$) |
| Legal reserve | \$ 203,703 | |
| Special reserve | 1,000,000 | |
| Cash dividends | 1,053,856 | \$ 0.67 |

The appropriations of earnings for 2018 are subject to the resolution in the shareholders' meeting to be held on June 21, 2019.

d. Special reserve

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|----------------------|
| | 2018 | 2017 |
| Balance at January 1 | \$ 37,373,565 | \$ 36,373,565 |
| Appropriation of earnings | <u>1,000,000</u> | <u>1,000,000</u> |
| Balance at December 31 | <u>\$ 38,373,565</u> | <u>\$ 37,373,565</u> |

On the 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 | |
|---|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Balance at January 1 | \$ (593,515) | \$ 75,147 |
| Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method | <u>(325,883)</u> | <u>(668,662)</u> |
| Balance at December 31 | <u>\$ (919,398)</u> | <u>\$ (593,515)</u> |

2) Unrealized gain (loss) on available-for-sale financial assets

| | |
|---|---------------------|
| Balance at January 1, 2017 | \$ 1,157,054 |
| Recognized for the year | |
| Unrealized gain on revaluation of available-for-sale financial assets | 8,325 |
| Share from associates/joint ventures accounted for using the equity method | <u>(74,221)</u> |
| Balance at December 31, 2018 | <u>\$ 1,091,158</u> |
| Balance at January 1, 2018 (IAS 39) | \$ 1,091,158 |
| Adjustment on initial application of IFRS 9 | <u>(1,091,158)</u> |
| Balance at January 1, 2018 (IFRS 9) | <u>\$ -</u> |

3) Unrealized gain/(loss) on financial assets at FVTOCI

| | For the Year Ended December 31, 2018 |
|--|---|
| Balance at January 1 (IAS 39) | \$ - |
| Adjustment on initial application of IFRS 9 | <u>1,755,559</u> |
| Balance at January 1 (IFRS 9) | <u>1,755,559</u> |
| Recognized for the year | |
| Unrealized gain/(loss) - equity instruments | (224,506) |
| Share from associates/joint ventures accounted for using the equity method | (67,364) |
| Disposal of associates accounted for using the equity method | <u>2,832</u> |
| Balance at December 31 | <u>\$ 1,466,521</u> |

4) Cash flow hedge

| | Unrealized Gain (Loss) on Cash Flow Hedge 2018 | Gain on Hedging Instrument 2017 |
|---|---|--|
| Balance at January 1, 2017 | \$ - | \$ - |
| Share from associates accounted for using the equity method | <u>(92)</u> | <u>-</u> |
| Balance at December 31, 2017 | <u>\$ (92)</u> | <u>\$ -</u> |
| Balance at January 1, 2018 (IAS 39) | \$ (92) | \$ - |
| Adjustment on initial application of IFRS 9 | <u>92</u> | <u>(92)</u> |
| Balance at January 1, 2018 (IFRS 9) | - | (92) |
| Share from associates accounted for using the equity method | <u>-</u> | <u>344</u> |
| Balance at December 31, 2018 per IFRS 9 | <u>\$ -</u> | <u>\$ 252</u> |

f. Treasury shares

| Reasons for Redemption | Number of Shares, Beginning of Year | Addition During the Year | Reduction During the Year | Number of Shares, End of Year |
|--|--|---|--|--|
| For the year ended <u>December 31, 2018</u> | | | | |
| Long-term investment of subsidiary transferred to treasury stock | <u>11,839</u> | <u>-</u> | <u>-</u> | <u>11,839</u> (Continued) |

For the year ended
December 31, 2017

Long-term investment of
subsidiary transferred to
treasury stock

| | | | |
|---------------|----------|----------|---------------|
| <u>11,839</u> | <u>-</u> | <u>-</u> | <u>11,839</u> |
|---------------|----------|----------|---------------|

(Concluded)

The Company's shares held by subsidiaries as of December 31, 2018 and 2017 were as follows:

| Name of Subsidiaries | Number of Shares Held (In Thousands) | Carrying Amount (In Thousands) | Market Value (In Thousands) |
|-----------------------------|--|--------------------------------------|--------------------------------|
| <u>December 31, 2018</u> | | | |
| Yu Ching Business Co., Ltd. | 11,838 | \$ 215,460 | \$ 215,460 |
| Yu Pong Business Co., Ltd. | 1 | <u>2</u> | <u>2</u> |
| | | <u>\$ 215,462</u> | <u>\$ 215,462</u> |
| <u>December 31, 2017</u> | | | |
| Yu Ching Business Co., Ltd. | 11,838 | \$ 285,899 | \$ 285,899 |
| Yu Pong Business Co., Ltd. | 1 | <u>3</u> | <u>3</u> |
| | | <u>\$ 285,902</u> | <u>\$ 285,902</u> |

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

23. REVENUE

Contract Information

a. Revenue from the sale of goods

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of vehicles and parts. The Company recognized revenue when goods are delivered and legal ownership is transferred.

b. Rental income

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

c. Revenue from the rendering of services

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

24. NET PROFIT

Net profit contained the following components:

a. Other operating revenue

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------------|
| | 2018 | 2017 |
| Revenue from sale of scrap | \$ 16,364 | \$ 7,990 |
| Revenue from providing guarantees | 29,785 | 18,475 |
| Revenue from remuneration of directors and supervisors | 19,473 | 21,081 |
| Others | <u>3,937</u> | <u>3,107</u> |
| | <u>\$ 69,559</u> | <u>\$ 50,653</u> |

b. Other gains and losses

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------------|
| | 2018 | 2017 |
| Gain/(loss) on disposal of property, plant and equipment/investment properties/intangible assets | \$ 6,431 | \$ 32,805 |
| Gains/(losses) on disposal of financial assets | - | 32,651 |
| Net foreign exchange gains/(losses) | 34,434 | 19,076 |
| Fair value changes of financial assets and financial liabilities | 1,541 | - |
| Financial assets mandatorily classified as at FVTPL | - | (846) |
| Financial assets designated as at FVTPL | - | 1,266 |
| Financial assets held for trading | - | - |
| Others | <u>7,458</u> | <u>(5,770)</u> |
| | <u>\$ 49,864</u> | <u>\$ 79,182</u> |

c. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|--------------------------|
| | 2018 | 2017 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 233,019 | \$ 226,583 |
| Operating expenses | <u>117,132</u> | <u>133,897</u> |
| | <u>\$ 350,151</u> | <u>\$ 360,480</u> |

(Continued)

An analysis of amortization by function

| | | |
|--------------------|------------------|------------------|
| Operating costs | \$ 24,534 | \$ 28,139 |
| Operating expenses | <u>18,190</u> | <u>16,265</u> |
| | <u>\$ 42,724</u> | <u>\$ 44,404</u> |

(Concluded)

d. Employee benefits expense

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Short-term benefits | \$ 1,297,428 | \$ 1,389,442 |
| Post-employment benefits | | |
| Defined contribution plans | 19,722 | 19,117 |
| Defined benefit plans | <u>38,087</u> | <u>69,394</u> |
| Total employee benefits expense | <u>\$ 1,355,237</u> | <u>\$ 1,477,953</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 1,000,121 | \$ 1,094,351 |
| Operating expenses | <u>355,116</u> | <u>383,602</u> |
| | <u>\$ 1,355,237</u> | <u>\$ 1,477,953</u> |

| | For the Year Ended December 31 | | | | | |
|---------------------------|---------------------------------------|---------------------------|---------------------|-----------------------|---------------------------|---------------------|
| | 2018 | | | 2017 | | |
| | Operating Cost | Operating Expenses | Total | Operating Cost | Operating Expenses | Total |
| Salary expense | \$ 862,707 | \$ 249,752 | \$ 1,112,459 | \$ 949,376 | \$ 255,226 | \$ 1,204,602 |
| Labor insurance | 78,754 | 9,042 | 87,796 | 86,854 | 9,573 | 96,427 |
| Pension | 45,969 | 11,904 | 57,873 | 50,248 | 38,672 | 88,920 |
| Remuneration of directors | - | 34,255 | 34,255 | - | 21,302 | 21,302 |
| Other employment benefits | <u>12,691</u> | <u>50,163</u> | <u>62,854</u> | <u>7,873</u> | <u>58,829</u> | <u>66,702</u> |
| Total employment benefits | <u>\$ 1,000,121</u> | <u>\$ 355,116</u> | <u>\$ 1,355,237</u> | <u>\$ 1,094,351</u> | <u>\$ 383,602</u> | <u>\$ 1,477,953</u> |

As of December 31, 2018 and 2017, the numbers of the Company's employees were 1,235 and 1,352, respectively, among them, there are 6 directors who are not concurrently employed, and the calculation basis is consistent with employee benefits expense.

- Employees' compensation and remuneration of directors and supervisors for 2018 and 2017

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, 2018 and 2017 which have been approved by the Company's board of directors on March 25, 2019 and March 26, 2018, respectively, were as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------|
| | 2018 | 2017 |
| Employees' compensation | 0.10% | 0.32% |
| Remuneration of directors and supervisors | 0.50% | 0.50% |

Amount

| | For the Year Ended December 31 | | | |
|---|---------------------------------------|--------------|-------------|--------------|
| | 2018 | | 2017 | |
| | Cash | Share | Cash | Share |
| Employees' compensation | \$ 2,175 | - | \$ 7,383 | - |
| Remuneration of directors and supervisors | 10,874 | - | 11,695 | - |

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, 2017 and 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Impairment loss on non-financial assets

| | For the Year Ended December 31 | |
|-------------|---------------------------------------|--------------------|
| | 2018 | 2017 |
| Inventories | <u>\$ 723</u> | <u>\$ (36,103)</u> |

25. 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 | |
|---|---------------------------------------|------------------|
| | 2018 | 2017 |
| Current tax | | |
| In respect of the current year | \$ - | \$ - |
| Income tax on unappropriated earnings | 110,171 | 13,541 |
| Adjustments for prior year | <u>6,146</u> | <u>11,405</u> |
| | 116,317 | 24,946 |
| Deferred tax | | |
| In respect of the current year | 75,890 | 6,651 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | <u>(67,453)</u> | <u>-</u> |
| | 8,437 | 6,651 |
| Income tax expense recognized in profit or loss | <u>\$ 124,754</u> | <u>\$ 31,597</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Profit before tax from continuing operations | <u>\$ 2,161,786</u> | <u>\$ 2,319,903</u> |
| Income tax expense calculated at the statutory rate | \$ 432,357 | \$ 394,384 |
| Nondeductible expenses in determining taxable income | 393 | 224 |
| Tax-exempt income | (650,941) | (962,458) |
| Realized loss on investment | (738,461) | (344,210) |
| Income tax on unappropriated earnings | 110,171 | 13,541 |
| Unrecognized deductible temporary differences | 1,032,542 | 918,711 |
| Effect of tax rate changes | (67,453) | - |
| Adjustments for prior years' tax | <u>6,146</u> | <u>11,405</u> |
| Income tax expense recognized in profit or loss | <u>\$ 124,754</u> | <u>\$ 31,597</u> |

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

In 2017, the applicable corporate income tax rate used by the Company in the ROC was 17%. In February 2018, Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate was be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings has been be reduced from 10% to 5%.

As the status of appropriations of earnings in 2019 is uncertain, the potential income tax consequences of the 2018 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, 2018

| | Balance at the Beginning of the Year | Recognized in Profit or Loss | Balance at the End of the Year |
|---|---|---|---|
| <u>Deferred tax assets</u> | | | |
| Temporary differences | | | |
| Share of income of subsidiaries, associates and joint ventures | \$ 146,744 | \$ 25,896 | \$ 172,640 |
| Property, plant and equipment | 4,842 | 463 | 5,305 |
| Defined benefit obligation | 287,003 | (19,611) | 267,392 |
| Others | <u>92,946</u> | <u>13,495</u> | <u>106,441</u> |
| | <u>\$ 531,535</u> | <u>\$ 20,243</u> | <u>\$ 551,778</u> |
| <u>Deferred tax liabilities</u> | | | |
| Temporary differences | | | |
| Land value increment tax | \$ 2,397,673 | \$ - | \$ 2,397,673 |
| Property, plant and equipment | 140,009 | 27,090 | 170,009 |
| Others | <u>951</u> | <u>1,590</u> | <u>2,541</u> |
| | <u>\$ 2,541,633</u> | <u>\$ 28,680</u> | <u>\$ 2,570,313</u> |

For the year ended December 31, 2017

| | Balance at the Beginning of the Year | Recognized in Profit or Loss | Balance at the End of the Year |
|---|---|---|---|
| <u>Deferred tax assets</u> | | | |
| Temporary differences | | | |
| Share of income of subsidiaries, associates and joint ventures | \$ 146,744 | \$ - | \$ 146,744 |
| Property, plant and equipment | 5,175 | (333) | 4,842 |
| Defined benefit obligation | 285,668 | 1,335 | 287,003 |
| Others | <u>77,731</u> | <u>15,215</u> | <u>92,946</u> |
| | <u>\$ 515,318</u> | <u>\$ 16,217</u> | <u>\$ 531,535</u> |

(Continued)

| | Balance at the Beginning of the Year | Recognized in Profit or Loss | Balance at the End of the Year |
|---------------------------------|--|---------------------------------|------------------------------------|
| <u>Deferred tax liabilities</u> | | | |
| Temporary differences | | | |
| Land value increment tax | \$ 2,397,673 | \$ - | \$ 2,397,673 |
| Property, plant and equipment | 120,042 | 22,967 | 143,009 |
| Others | <u>1,050</u> | <u>(99)</u> | <u>951</u> |
| | <u>\$ 2,518,765</u> | <u>\$ 22,868</u> | <u>\$ 2,541,633</u> (Concluded) |

c. Income tax assessed

The tax returns through 2016 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|----------------|
| | 2018 | 2017 |
| Basic earnings per share | \$ <u>1.39</u> | \$ <u>1.56</u> |
| Diluted earnings per share | \$ <u>1.39</u> | \$ <u>1.56</u> |

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

Net Profit for the Year

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Earnings used in the computation of basic earnings per share | \$ <u>2,037,032</u> | \$ <u>2,288,306</u> |
| Earnings used in the computation of diluted earnings per share | \$ <u>2,037,032</u> | \$ <u>2,288,306</u> |

Shares

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|------------------|
| | 2018 | 2017 |
| Weighted average number of common shares in computation of basic earnings per share | 1,462,765 | 1,462,766 |
| Effect of potentially dilutive common shares: | | |
| Employees' compensation or bonus issue to employees | <u>350</u> | <u>322</u> |
| Weighted average number of common shares used in the computation of diluted earnings per share | <u>1,463,115</u> | <u>1,463,088</u> |

If the Company offered to settle bonuses paid to employees in cash or shares, the Company will assume the entire amount of the compensation or bonus would be settled in shares and the resulting potentially dilutive shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. 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.

27. 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.

28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|-------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Securities listed in ROC | | | | |
| Equity securities | \$ - | \$ - | \$ - | \$ - |
| Unlisted shares | - | - | - | - |
| Mutual funds | <u>22,295</u> | <u>-</u> | <u>-</u> | <u>22,295</u> |
| | <u>\$ 22,295</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,295</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Securities listed in ROC | | | | |
| Equity securities | \$ 1,935,080 | \$ - | \$ - | \$ 1,935,080 |
| Unlisted shares | <u>-</u> | <u>-</u> | <u>498,711</u> | <u>498,711</u> |
| | <u>\$ 1,935,080</u> | <u>\$ -</u> | <u>\$ 498,711</u> | <u>\$ 2,433,791</u> |

December 31, 2017

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

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 year ended December 31, 2018

| Financial Assets | Financial Assets at FVTPL | Financial Assets at FVTOCI Equity Instruments | Total |
|---|---------------------------|--|--------------------|
| Balance at January 1, 2018 (IAS 39) | \$ 140,678 | \$ - | \$ 140,678 |
| IFRS 9 transfers into Level 3 | - | 717,175 | \$ 717,175 |
| Recognized in profit or loss (included in other gains and losses) | (6,549) | - | (6,549) |
| Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI) | - | (218,464) | (218,464) |
| Purchases | 2,050,000 | - | 2,050,000 |
| Sales/settlements | <u>(2,184,129)</u> | <u>-</u> | <u>(2,184,129)</u> |
| Balance at December 31, 2018 | <u>\$ -</u> | <u>\$ 498,711</u> | <u>\$ 498,711</u> |

For the year ended December 31, 2017

| | Financial Assets at Fair Value Through Profit or Loss - Held for Trading |
|--------------------------------------|---|
| Balance at the beginning of the year | \$ 449,091 |
| Recognized in profit or loss | 10,516 |
| Purchases | 2,159,500 |
| Disposals/settlements | <u>(2,478,429)</u> |
| Balance at the end of the year | <u>\$ 140,678</u> |

The fair values of non-public stocks and funds are mainly determined by using the asset approach, the income approach, and the market approach.

To determine the fair value of the funds, the Company utilized the asset approach and took into account the net assets' the fair value measured by independent parties. On December 31, 2018, the Company used unobservable inputs derived from discount for lack of marketability and lack of non-controlling interest.

For the remaining few investments, the market approach was used to arrive at their fair value, for which the recent financing activities of investees, the market transaction prices of similar companies and market conditions were considered.

b. Categories of financial instruments

| | December 31 | |
|---|--------------------|-------------|
| | 2018 | 2017 |
| <u>Financial assets</u> | | |
| Fair value through profit or loss (FVTPL) | | |
| Held for trading | \$ - | \$ 26,267 |
| Designated as at FVTPL | - | 140,678 |
| Mandatorily classified as at FVTPL | 22,295 | - |
| Financial assets at amortized cost (4) | 10,243,852 | - |
| Loans and receivables (1) | - | 20,517,142 |
| Available-for-sale financial assets (2) | - | 84,776 |
| Financial assets at FVTOCI | 2,433,791 | - |

Financial liabilities

| | | |
|--------------------|------------|------------|
| Amortized cost (3) | 21,268,467 | 18,749,977 |
|--------------------|------------|------------|

- 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.
- 4) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables. Those reclassified to held-for-sale disposal groups are also included.

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.

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

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 31.

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 | |
| | 2018 | 2017 | 2018 | 2017 |
| Profit or loss | \$ (5,803) | \$ (100) | \$ 1,497 | \$ 2,687 |

| | RMB Impact | | EUR Impact | |
|----------------|---------------------------------------|-------------|---------------------------------------|-------------|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2018 | 2017 | 2018 | 2017 |
| Profit or loss | \$ 59 | \$ (41) | \$ 1,471 | \$ 2,528 |

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 | |
|-------------------------------|--------------------|---------------|
| | 2018 | 2017 |
| Fair value interest rate risk | | |
| Financial assets | \$ 4,232,880 | \$ 11,389,600 |
| Financial liabilities | 15,300,000 | 10,000,000 |
| Cash flow interest rate risk | | |
| Financial assets | 4,609,534 | 8,309,781 |
| Financial liabilities | 1,480,000 | 1,500,000 |

Sensitivity analysis

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

If interest rates had been 1% higher and had all other variables been held constant, the Company's pre-tax profit would have increased by \$31,996 thousand in 2018 and \$68,098 thousand in 2017.

c) Other price risk

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

The carrying amounts of the Company's non-functional currency denominated monetary assets and monetary liabilities and of the derivatives are exposed to foreign currency risk at the end of the reporting period (see Note 31).

Sensitivity analysis

The Company 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, 2018, financial assets at FVTPL and FVTOCI would have decreased by \$223 thousand and \$19,351 thousand, respectively.

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

d) Credit risk

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

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

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

e) Liquidity risk

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

29. 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 Company and its related parties are disclosed below :

a. Related parties and relationships with the Company

| <u>Related Party</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Taiwan Acceptance Corporation | Subsidiary |
| Yu Ching Business Co., Ltd. | Subsidiary |
| Yu Hong Investment Co., Ltd. | Subsidiary |
| Yu Pong Business Co., Ltd. | Subsidiary |
| Yung Hang Investment Co., Ltd. | Subsidiary |
| Univation Motor Philippines, Inc. (UMPI) | Subsidiary |
| Leader Investment Co., Ltd. | Subsidiary |
| Yue Sheng Industrial Co., Ltd. | Subsidiary |
| Yue-Ki Industrial Co., Ltd. | Subsidiary |
| China Cast Iron Pipe Co., Ltd. | Subsidiary |
| Yu Chang Motor Co., Ltd. | Subsidiary |
| Yushin Motor Co., Ltd. | Subsidiary |
| Yu Chia Motor Co., Ltd. | Subsidiary |
| Singan Co., Ltd. | Subsidiary |
| Singgual Travel Service Co., Ltd. | Subsidiary |
| Tai Yuen Venture Capital Co., Ltd. | Subsidiary |
| Yulon Construction Co., Ltd. | Subsidiary |
| Yumin Motor Co., Ltd. | Subsidiary |
| Tian Wang Co., Ltd. | Subsidiary |
| Yu Pool Enterprise Co., Ltd. | Subsidiary |
| Chan Yun Technology Co., Ltd. | Subsidiary |
| Univation Motor Philippines, Inc. | Subsidiary |
| Xiamen Y.C. Invest. Consulting, Ltd. | Subsidiary |
| Sin Chi Co., Ltd. | Subsidiary |
| ESINN Co., Ltd. | Subsidiary |
| Y-Teks Co., Ltd. | Subsidiary |
| Yu-Chan Co., Ltd. | Subsidiary |
| Unisyn International Co., Ltd. | Subsidiary |
| Yulon Overseas Investment Co., Ltd. | Subsidiary |
| Yulon China Investment Co., Ltd. | Subsidiary |
| Yulon Philippine Investment Co., Ltd. | Subsidiary |

(Continued)

| Related Party | Relationship with the Company |
|---|--------------------------------------|
| Uni Auto Parts Manufacture Co., Ltd. | Subsidiary |
| Shinshin Credit Co., Ltd. | Subsidiary |
| Chanchen Inter. Consulting Co., Ltd. | Subsidiary |
| CARPLUS Auto Leasing Corporation | Subsidiary |
| Chun Min Business Co., Ltd. | Subsidiary |
| Diamond Leasing Service Co., Ltd. | Subsidiary |
| Yu Rich Financial Service Co., Ltd. | Subsidiary |
| Chinh-Ling RTC Co., Ltd. | Subsidiary |
| Uni Investment Co., Ltd. | Subsidiary |
| Fuzhou Lianghong Motor Parts Limited | Subsidiary |
| YueKi Industrial (Samoa) Co., Ltd. | Subsidiary |
| Qinton Motor Co., Ltd. | Subsidiary |
| Taixin Investment (Samoa) Co., Ltd. | Subsidiary |
| Wen Yang Investment (Samoa) Co., Ltd. | Subsidiary |
| Qing Yi (Samoa) Investment Co., Ltd. | Subsidiary |
| Ke Yu (Nan Jing) Information Technology Limited | Subsidiary |
| Tai Feng (Nan Jing) Software Technology Limited | Subsidiary |
| Qing Tai (Nan Jing) Technology Limited | Subsidiary |
| H. K. Manpower Service Co, Ltd. | Subsidiary |
| Yi Ding (Zhang Zhou) Information Technology Limited | Subsidiary |
| Mei De (Zhang Zhou) Software Technology Limited | Subsidiary |
| Shi Cheng (Zhang Zhou) Technology Development Limited | Subsidiary |
| Jin Ce (Zhang Zhou) Software Technology Limited | Subsidiary |
| Gao Te (Beijing) Investment Limited | Subsidiary |
| Sheng Qing (Beijing) Investment Limited | Subsidiary |
| Dong Tai (Beijing) Co., Ltd. | Subsidiary |
| Zhu Hai FuTeEn Industry & Trade Limited | Subsidiary |
| TAC Global Investment (Samoa) Co., Ltd | Subsidiary |
| Car-Plus China Investment (Samoa) Co., Ltd. | Subsidiary |
| Car-Plus Auto Leasing (Suzhou) Limited | Subsidiary |
| Car-Plus Global Investment (Samoa) Co., Ltd | Subsidiary |
| Changzhou Y-Teks Automotive Trim Parts Limited | Subsidiary |
| Hangzhou Yu Zhong Trading Limited | Subsidiary |
| Hangzhou TangYu Investment Limited | Subsidiary |
| Hangzhou QienYu Investment Limited | Subsidiary |
| Hangzhou HsiaoYu Investment Limited | Subsidiary |
| Molife Cultural Enterprise Co., Ltd. | Subsidiary |
| Hsiang Shuo Enterprise Co., Ltd. | Subsidiary |
| Mega Elegant Investment Limited (HK) | Subsidiary |
| Yulon China (Hong Kong) Investment, Ltd. | Subsidiary |
| Wen Yang (Hong Kong) Investment Co., Ltd. | Subsidiary |
| Tai Xin (Hong Kong) Investment Co., Ltd. | Subsidiary |
| Qing Yi (Hong Kong) Investment Co., Ltd. | Subsidiary |
| Luxgen Motor Co., Ltd. | Subsidiary |
| Jing Hui (Shanghai) Trading Co., Ltd. | Subsidiary |
| Unisyn International (HK) Co., Ltd. | Subsidiary |

(Continued)

| Related Party | Relationship with the Company |
|--|--------------------------------------|
| Luxgen Taipei Motor Co., Ltd. | Subsidiary |
| Luxgen Taoyuan Motor Co., Ltd. | Subsidiary |
| Luxgen Taichung Motor Co., Ltd. | Subsidiary |
| Luxgen Tainan Motor Co., Ltd. | Subsidiary |
| Luxgen Kaohsiung Motor Co., Ltd. | Subsidiary |
| Car-Plus Shanghai Investment (Samoa) Co., Ltd. | Subsidiary |
| Car-Plus Auto Leasing (Shanghai) Limited | Subsidiary |
| Yulon Tobe Motor Co., Ltd. | Subsidiary |
| Shanghai YuXing Automobiles Sales & Service Limited | Subsidiary |
| ZhuHai Esinn Automobiles Sales & Service Limited | Subsidiary |
| Taipei Tobe Co., Ltd. | Subsidiary |
| Hangchow Y-Teks Automotive Trim Parts Limited | Subsidiary |
| Yue-Ki Industrial (HK) Co., Ltd. | Subsidiary |
| Hangzhou Yuwan Auto Motive Parts Limited | Subsidiary |
| Yulon Energy Co., Ltd. | Subsidiary |
| Hangchow Liangrun Motor Parts Limited | Subsidiary |
| Yu-Rong Leasing (Suzhou) Limited | Subsidiary |
| Sinjiang Enterprise Co., Ltd. | Subsidiary |
| Feng-hua Investment (HK) Limited | Subsidiary |
| Energy Engineering Co., Ltd. | Subsidiary |
| Luxgen Overseas Holdings Private Limited | Subsidiary |
| Yulon China Holdings (Cayman) Co., Ltd. | Subsidiary |
| Yulon Motor Investment (HK) Co., Ltd. | Subsidiary |
| Yulon Motor Investment (China) Co., Ltd. | Subsidiary |
| Dong Feng Yulon Motor Sales Limited | Subsidiary |
| Yu Chang Investment (China) Co., Ltd. | Subsidiary |
| Honyeng Co., Ltd. | Subsidiary |
| Auser Motors Inc. | Subsidiary |
| Yu Shin Investment Ltd. | Subsidiary |
| Yumin Insurance Broker Co., Ltd. | Subsidiary |
| Yu-Kuo Finance Leasing Limited | Subsidiary |
| Yulon Motor Finance (China) Limited | Subsidiary |
| Zhejiang Cheng-Yi Auto Service Co., Ltd. | Subsidiary |
| Hangzhou Cheng-Yi-Jian Used-cars Authenticate & Evaluation Service Co., Ltd. | Subsidiary |
| Da-Wei Technology Co., Ltd. | Subsidiary |
| He-Shan Li-Sheng Auto Sales & Service Co., Ltd. | Subsidiary |
| Hangzhou Yu-Jie Real Estate Co., Ltd. | Subsidiary |
| Zhejiang Cheng Yi Auction Co., Ltd. | Subsidiary |
| TaTeng Transportation Co., Ltd. | Subsidiary |
| Wuhan Yuguo Auto Trade Co., Ltd. | Subsidiary |
| Luxgen (Hangzhou) Motor Sales Co., Ltd. | Subsidiary |
| LUXGEN (hangzhou) Motor Sales | Subsidiary |
| Yulon Finance Overseas Investment (Samoa) Co., Ltd. | Subsidiary |
| Yulon Finance Philippines Investment (Samoa) Co., Ltd. | Subsidiary |
| Yulon Finance Philippines Co., Ltd | Subsidiary |

(Continued)

| Related Party | Relationship with the Company |
|---|--------------------------------------|
| Yulon New Energy Motor (Cayman) Inc. | Subsidiary |
| Yulon New Energy Motor (HK) Limited | Subsidiary |
| Chuang Jie New Energy Vehicle (HZ) Limited | Subsidiary |
| Chenglong Co., Ltd. | Associates |
| Yuan Lon Co., Ltd. | Associates |
| Yu Tang Co., Ltd. | Associates |
| Yulon-Nissan Motor Co., Ltd. | Associates |
| Guangzhou He Xi Co., Ltd. | Associates |
| Haitec Co., Ltd. | Associates |
| Dongfeng Yulon Motor Co., Ltd. | Joint venture's associates |
| Dong Yu (Hangzhou) Accessory Technology Co., Ltd. | Joint venture's associates |
| Tai-Yuen Textiles Co., Ltd. | Associates |
| China Motor Co., Ltd. | Associates |
| Tokyo Marine Newa Insurance Co., Ltd. | Associates |
| ROC-Spicer Co., Ltd. | Associates |
| Tai-Ya investment (HK) Co., Ltd. | Associates |
| Fujian Spicer Drivetrain System Co., Ltd. | Associates |
| Uni-Calsonic Co., Ltd. | Associates |
| China Ogihara Co., Ltd. | Associates |
| China Engine Co., Ltd. | Associates |
| Hui Zhou Dong Feng Yi Jing Co., Ltd. | Associates |
| Hui-Lian Motor Co., Ltd. | Associates |
| Yulon Management Co., Ltd. | Associates |
| Ding Long Co., Ltd. | Associate's subsidiary |
| Hangzhou Haitec Co., Ltd. | Associate's subsidiary |
| Tang Li Co., Ltd. | Associate's subsidiary |
| Yuan Zhi Co., Ltd. | Associate's subsidiary |
| Lian Cheng Co., Ltd. | Associate's subsidiary |
| Yuen-Jin Co., Ltd. | Associate's subsidiary |
| Kian Shen Co., Ltd. | Associate's subsidiary |
| Hua Ling Co., Ltd. | Associate's subsidiary |
| Wen Shen Co., Ltd. | Associate's subsidiary |
| Advanced Power Machine Co., Ltd. | Associate's subsidiary |
| Lowin Industrial Co., Ltd. | Associate's subsidiary |
| Lin Wei Co., Ltd. | Associate's subsidiary |
| Yu Lai Co., Ltd. | Associate's subsidiary |
| Xiang Wei Co., Ltd. | Associate's subsidiary |
| Dongguan Huashun Co., Ltd. | Associate's subsidiary |
| Tianjin HuaHong Co., Ltd. | Associate's subsidiary |
| Guangzhou Hua You Co., Ltd. | Associate's subsidiary |
| Sin Yi Co., Ltd. | Associate's subsidiary |
| Taiwin Co., Ltd. | Associate's subsidiary |
| Hui-Fong Motor Co., Ltd. | Other related parties |
| Shappy Machinery Co., Ltd. | Other related parties |
| Nissan Motor Co., Ltd. | Other related parties |
| Zhejiang Kang Da Co., Ltd. | Other related parties |
| Shug Ye Motor Co., Ltd. | Other related parties |
| Southeast Motor Co., Ltd. | Other related parties |

(Continued)

| Related Party | Relationship with the Company |
|---|--------------------------------------|
| Jin De Technology Co., Ltd. | Other related parties |
| Gunze Co., Ltd. | Other related parties |
| Taiway Co., Ltd. | Other related parties |
| ROC-Keeper Co., Ltd. | Other related parties |
| Carnival Industrial Co., Ltd. | Other related parties |
| Yi-Jan Overseas Investment Co., Ltd. | Other related parties |
| Hua Chiun Motor Co., Ltd. | Other related parties |
| Yuan Ruei Co., Ltd. | Other related parties |
| Greentrans Co., Ltd. | Other related parties |
| Dongguan HuaShun Co., Ltd. | Other related parties |
| Shengzhen Henchi Co., Ltd. | Other related parties |
| Brilliant Insight International Consultancy Service Co., Ltd. | Other related parties |
| Tai Yuan Vietnam Co., Ltd. | Other related parties |
| Suzhou Huiting Co., Ltd. | Other related parties |
| North Hebei Tangshan Co., Ltd. | Other related parties |
| Dx Creative House Co., Ltd. | Other related parties |
| | (Concluded) |

b. Transactions in operating activities

| Related Party Categories | For the Year Ended December 31 | |
|---------------------------------|---------------------------------------|----------------------|
| | 2018 | 2017 |
| <u>Sales of goods</u> | | |
| Subsidiaries | | |
| Luxgen | \$ 6,244,319 | \$ 9,340,020 |
| Others | <u>13,332</u> | <u>18,622</u> |
| | <u>6,257,651</u> | <u>9,358,642</u> |
| Associates | | |
| Yulon Nissan | 23,977,867 | 25,013,917 |
| Others | <u>22,486</u> | <u>96,987</u> |
| | <u>24,000,364</u> | <u>25,110,904</u> |
| Other related parties | <u>8</u> | <u>2</u> |
| Joint venture | <u>167,523</u> | <u>73,966</u> |
| | <u>\$ 30,425,546</u> | <u>\$ 34,543,514</u> |
| <u>Purchases of goods</u> | | |
| Subsidiaries | \$ 2,474,278 | \$ 3,078,025 |
| Associates | 612,354 | 2,155,004 |
| Other related parties | | |
| Nissan motor | 8,116,306 | 7,230,561 |
| Others | <u>522,268</u> | <u>572,327</u> |
| | <u>8,638,574</u> | <u>7,802,888</u> |
| Joint venture | <u>1,024,942</u> | <u>584,742</u> |
| | <u>\$ 12,750,148</u> | <u>\$ 13,620,659</u> |
| | | (Continued) |

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| <u>Operating expense</u> | | |
| Subsidiaries | \$ 53,059 | \$ 68,039 |
| Associates | 100,087 | 55,872 |
| Other related parties | <u>3,032</u> | <u>10,136</u> |
| | <u>\$ 156,178</u> | <u>\$ 134,047</u> |
| <u>Other operating revenue</u> | | |
| Subsidiaries | \$ 278,454 | \$ 27,074 |
| Associates | | |
| Yulon Nissan | 711,870 | 616,827 |
| Others | <u>121,534</u> | <u>4,845</u> |
| | <u>833,404</u> | <u>621,672</u> |
| Other related parties | <u>13,818</u> | <u>2,719</u> |
| | <u>\$ 1,125,676</u> | <u>\$ 651,465</u> |
| | | (Concluded) |

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

| Related Party Categories | December 31 | |
|---|---------------------|-------------------|
| | 2018 | 2017 |
| <u>Notes and trade receivable</u> | | |
| Subsidiaries | | |
| Luxgen | \$ 81,206 | \$ 173,505 |
| Others | <u>2,363</u> | <u>2,148</u> |
| | 83,569 | 175,653 |
| Associates | | |
| Yulon Nissan | 774,114 | 389,409 |
| Others | <u>3,771</u> | <u>2,894</u> |
| | 777,885 | 392,303 |
| Other related parties | 23,488 | 16,477 |
| Joint venture | | |
| Dongfeng Yulon Motor Co., Ltd | <u>200,052</u> | <u>51,018</u> |
| | <u>\$ 1,084,994</u> | <u>\$ 635,451</u> |
| <u>Other financial assets (recognized as other receivables)</u> | | |
| Subsidiaries | | |
| Luxgen | \$ 18,433 | \$ 67,800 |
| Others | <u>32,408</u> | <u>19,493</u> |
| | <u>50,841</u> | <u>87,293</u> |
| | | (Continued) |

| Related Party Categories | December 31 | |
|--------------------------|-------------------|-------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan | 31,177 | 31,053 |
| China Ogihara | 37,375 | 4,094 |
| Others | <u>15,299</u> | <u>20,094</u> |
| Other related parties | 83,851 | 55,241 |
| Yuen-jin | 48,257 | 16,166 |
| Others | <u>594</u> | <u>652</u> |
| | <u>48,851</u> | <u>16,818</u> |
| | <u>\$ 183,543</u> | <u>\$ 159,352</u> |
| | | (Concluded) |

Prepayments

| Related Party Categories | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Joint venture | | |
| Dongfeng Yulon Motor Co., Ltd | <u>\$ 1,303,632</u> | <u>\$ 1,260,172</u> |

Trade payables

| | | |
|------------------------|---------------------|---------------------|
| Subsidiaries | | |
| Union & NKH Auto Parts | \$ 223,634 | \$ 320,427 |
| Others | <u>233,717</u> | <u>420,195</u> |
| | 457,351 | 740,622 |
| Associates | 53,437 | 110,787 |
| Other related parties | | |
| Nissan Motor | 634,748 | 354,018 |
| Others | <u>67,565</u> | <u>102,636</u> |
| | 702,313 | 456,654 |
| Joint venture | <u>11,804</u> | <u>174,829</u> |
| | <u>\$ 1,224,905</u> | <u>\$ 1,482,892</u> |

Other payables

| | | |
|-----------------------|-------------------|---------------------|
| Subsidiaries | <u>\$ 102,464</u> | <u>\$ 35,905</u> |
| Associates | | |
| Haitec | 205 | 1,267,390 |
| Others | <u>6,694</u> | <u>278,936</u> |
| | 6,899 | 1,546,326 |
| Other related parties | <u>61</u> | <u>-</u> |
| | <u>\$ 109,424</u> | <u>\$ 1,582,231</u> |

c. Compensation of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|------------------|
| | 2018 | 2017 |
| Short-term employee benefits | \$ 57,248 | \$ 57,491 |
| Post-employment benefits | 1,555 | 1,428 |
| Other employee benefits | <u>879</u> | <u>271</u> |
| | <u>\$ 59,682</u> | <u>\$ 59,190</u> |

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

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

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

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

31. 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, 2018

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|-------------------------|-------------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 40,618 | 30.715 (USD:NTD) | \$ 1,247,582 |
| JPY | 106,105 | 0.278 (JPY:NTD) | 29,497 |
| RMB | 2,696 | 4.475 (RMB:NTD) | 12,057 |
| EUR | 277 | 35.200 (EUR:NTD) | <u>9,750</u> |
| | | | <u>\$ 1,298,886</u> |

| | | | |
|-------------------|---------|-----------------|---------------------|
| Nonmonetary items | | | |
| RMB | 576,091 | 4.475 (RMB:NTD) | <u>\$ 2,578,007</u> |

Financial liabilities

| | | | |
|----------------|---------|------------------|---------------------|
| Monetary items | | | |
| USD | 21,726 | 30.715 (USD:NTD) | \$ 667,314 |
| JPY | 644,587 | 0.278 (JPY:NTD) | 179,195 |
| RMB | 4,006 | 4.475 (RMB:NTD) | 17,927 |
| EUR | 4,455 | 35.200 (EUR:NTD) | <u>156,816</u> |
| | | | <u>\$ 1,021,252</u> |

December 31, 2017

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|-------------------------|-------------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 3,269 | 29.710 (USD:NTD) | \$ 97,122 |
| JPY | 91,533 | 0.262 (JPY:NTD) | 24,000 |
| RMB | 90 | 4.565 (RMB:NTD) | 411 |
| EUR | 324 | 35.370 (EUR:NTD) | <u>11,460</u> |
| | | | <u>\$ 132,993</u> |

| | | | |
|-------------------|---------|-----------------|---------------------|
| Nonmonetary items | | | |
| RMB | 506,405 | 4.565 (RMB:NTD) | <u>\$ 2,311,737</u> |

(Continued)

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------|------------------|----------------------------------|
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | \$ 2,934 | 29.710 (USD:NTD) | \$ 87,169 |
| JPY | 1,116,233 | 0.262 (JPY:NTD) | 292,676 |
| RMB | 1,790 | 4.565 (RMB:NTD) | 8,171 |
| EUR | 7,472 | 35.370 (EUR:NTD) | <u>264,285</u> |
| | | | <u>\$ 652,301</u> (Concluded) |

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) were \$34,434 thousand and \$19,076 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.

32. 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.

TABLE 1

YULON MOTOR COMPANY LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 | \$ 774,200 | \$ 768,325 | \$ 666,960 | 3.00% | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 768,325 | \$ 768,325 | Note 1 |
| 2 | Yulon China | Yulon China (HK) Holding Sheng Qing | Other receivables | Y | 72,318 | - | - | - | Operating capital | - | Operating capital | - | - | - | 3,687,960 | 3,687,960 | Note 1 |
| | | | Other receivables | Y | 2,477,440 | 2,458,640 | 1,300,855 | 2.5%-3% | Operating capital | - | Operating capital | - | - | - | 3,687,960 | 3,687,960 | Note 1 |
| 3 | Hong Shou Culture | Singgual Travel | Other receivables | Y | 10,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 9,017 | 9,017 | Note 1 |
| 4 | Hsiang Shou | Singan | Other receivables | Y | 80,000 | 80,000 | 30,000 | 1.03% | Operating capital | - | Operating capital | - | - | - | 83,484 | 83,484 | Note 1 |
| 5 | Yulon Motor Investment | Shanghai Yuexing | Other receivables | Y | 14,051 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Nan Jing Yu Shang | Other receivables | Y | 18,735 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Chang Sha Yu Lu | Other receivables | Y | 4,476 | 4,476 | 4,476 | 5.75% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Zi Bo Yu An | Other receivables | Y | 14,051 | 6,267 | 6,267 | 6.00% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Ning Bo Yu Cheng | Other receivables | Y | 13,429 | 13,429 | 8,952 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Dong Tai | Other receivables | Y | 13,429 | 13,429 | 12,086 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Shi Cheng | Other receivables | Y | 17,905 | 17,905 | 14,100 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Yi Ding | Other receivables | Y | 26,857 | 26,857 | 23,590 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Mei De | Other receivables | Y | 40,286 | 40,286 | 36,168 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Tai Feng | Other receivables | Y | 53,715 | 53,715 | 49,239 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Shenzhen Yu Zhi | Other receivables | Y | 63,229 | 60,429 | 60,429 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 70,255 | 67,144 | 67,144 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 85,175 | 82,811 | 82,811 | 4.00% | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 156,669 | 156,669 | 156,669 | 6.15% | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| | | Hang Zhou Haitec Company | Other receivables | Y | 194,371 | 185,764 | 185,764 | - | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| 6 | Sheng Qing | Hangchow Yue Wan | Other receivables | Y | 36,832 | - | - | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Guang Zhou Yuan Du | Other receivables | Y | 93,673 | - | - | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Nan Jing Yu Shang | Other receivables | Y | 46,836 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Shenzhen Yu Zhi | Other receivables | Y | 46,836 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Shanghai Yuexing | Other receivables | Y | 65,571 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jin Ce | Other receivables | Y | 7,162 | 7,162 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Gao Te | Other receivables | Y | 24,172 | 24,172 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ke Yu | Other receivables | Y | 31,334 | 31,334 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jiangmen Yuli | Other receivables | Y | 46,836 | 8,952 | 8,952 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 58,182 | 10,843 | 10,843 | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Chang Sha Yu Lu | Other receivables | Y | 62,667 | 17,905 | 15,130 | 6.00% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Tung Ling Kuo Tung | Other receivables | Y | 64,906 | 64,906 | 16,240 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | An Hui Min Tung | Other receivables | Y | 85,049 | 85,049 | 23,617 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ho Fei Chun Hui | Other receivables | Y | 40,286 | 40,286 | 27,692 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | An Ching Ling Tung | Other receivables | Y | 55,249 | 53,715 | 40,364 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Zi Bo Yu An | Other receivables | Y | 55,249 | 53,715 | 40,817 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Zhuhai Yuhsin | Other receivables | Y | 96,685 | 49,239 | 44,315 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jiangmen Junxing | Other receivables | Y | 92,081 | 44,767 | 44,763 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Guang Zhou Yuan Zhi | Other receivables | Y | 107,724 | 49,239 | 49,239 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Hang Zhou Hua Zhi | Other receivables | Y | 112,407 | 62,667 | 62,667 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Shanghai Yuming | Other receivables | Y | 73,665 | 71,620 | 71,590 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | An Ching Tsai Tung | Other receivables | Y | 121,754 | 121,754 | 79,121 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ning Bo Yu Cheng | Other receivables | Y | 117,091 | 89,525 | 88,212 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Qingdao Yuanhuang | Other receivables | Y | 92,081 | 89,525 | 89,525 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Xiamen Young Chang | Other receivables | Y | 97,135 | 97,135 | 97,135 | 0.5%-5.6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Hang Zhou Haitec Company | Other receivables | Y | 201,431 | 201,431 | 102,946 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Nanjing Hanhong | Other receivables | Y | 212,169 | 113,249 | 113,249 | 0%-5.6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Xiao Gan Yu Feng | Other receivables | Y | 196,713 | 134,287 | 134,139 | 5.6%-5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 161,145 | 161,145 | 161,145 | 6.15% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Shen Jun Yu Peng | Other receivables | Y | 217,696 | 163,293 | 163,293 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|-----|----------------------|------------------------|-----------------------------|-----------------|--------------------------------|----------------|-------------------------|---------------|---------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|-----------------------------------|----------------------------|--------|
| | | | | | | | | | | | | | Item | Value | | | |
| | | Yu-Jie | Other receivables | Y | \$ 179,050 | \$ 179,050 | \$ 179,050 | 6.15% | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 2,161,744 | \$ 6,485,233 | Note 1 |
| | | Zhu Hai Fu Te En | Other receivables | Y | 205,144 | 196,060 | 182,631 | 0%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 242,613 | 218,441 | 213,912 | 0%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Yulon Motor Investment | Other receivables | Y | 1,369,705 | 1,331,683 | 1,300,349 | 3.21%-5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| 7 | Zhu Hai Fu Te En | Nanjing Hanhong | Other receivables | Y | 40,279 | 38,496 | 16,114 | 0%-7% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| | | Zhuhai Yuhsin | Other receivables | Y | 60,887 | 58,191 | 58,191 | 6.00% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 79,622 | 76,096 | 58,191 | 7.00% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| 8 | Nanjing Hanhong | Nan Jing Yu Shang | Other receivables | Y | 51,520 | 49,239 | 49,239 | 5.60% | Operating capital | - | Operating capital | - | - | - | 356,673 | 713,347 | Note 1 |
| 9 | Su Zhou Feng Shen | Su Zhou Cheng Pang | Other receivables | Y | 25,507 | - | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Tai Chang Cheng Mau | Other receivables | Y | 69,564 | 22,381 | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 28,102 | 26,857 | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Chou Cheng Pin | Other receivables | Y | 23,418 | 22,381 | 17,905 | 5.22% | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Zhou Cheng Guo | Other receivables | Y | 27,826 | 22,381 | 22,381 | 5.22% | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| 10 | Wu Jiang Lian Cheng | Su Zhou Cheng Pang | Other receivables | Y | 6,956 | - | - | - | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 23,418 | 22,381 | 8,952 | 5.22% | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| | | Tai Chang Cheng Mau | Other receivables | Y | 14,051 | 13,429 | 13,429 | 5.22% | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| 11 | HangZhou Yu Zhong | Sheng Qing | Other receivables | Y | 379,375 | 20,143 | - | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 7,610 | 7,610 | 7,610 | 6.15% | Operating capital | - | Operating capital | - | - | - | 30,333 | 30,333 | Note 1 |
| | | Yulon Motor Investment | Other receivables | Y | 12,086 | 12,086 | 12,086 | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Hang Zhou hsiao Yu | Other receivables | Y | 17,905 | 17,905 | 17,905 | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 18,353 | 18,353 | 18,353 | - | Operating capital | - | Operating capital | - | - | - | 30,333 | 30,333 | Note 1 |
| 12 | TAC | Yu Rich | Other receivables | Y | 800,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,646,901 | 6,587,605 | Note 1 |
| 13 | SCC | Yu Rich | Other receivables | Y | 800,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,074,137 | 1,074,137 | Note 1 |
| | | K1 | Other receivables | Y | 20,000 | 19,240 | 19,240 | 1.5%-19.99% | Operating capital | - | Operating capital | 192 | - | 35000 | 1,074,137 | 1,074,137 | Note 1 |
| 14 | Car-plus Corporation | Diamond Leasing | Other receivables | Y | 700,000 | 700,000 | - | 1.00% | Operating capital | - | Operating capital | - | - | - | 744,502 | 744,502 | Note 1 |
| 15 | Shanghai Yuming | Ka Shing Yu Da | Other receivables | Y | 14,051 | 13,429 | 13,429 | 5.00% | Operating capital | - | Operating capital | - | - | - | 15,963 | 15,963 | Note 1 |
| 16 | Guang Zhou Yuan Du | Guang Zhou Yuan Zhi | Other receivables | Y | 28,102 | 26,857 | 26,857 | 5.00% | Operating capital | - | Operating capital | - | - | - | 121,759 | 121,759 | Note 1 |
| 17 | Su Zhou Feng Shun | Su Zhou Cheng Guo | Other receivables | Y | 27,826 | - | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 53,332 | - | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Cheng Li | Other receivables | Y | 9,367 | 8,952 | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Chen Long | Other receivables | Y | 23,418 | 22,381 | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| 18 | Yu-Hsin Intl HK | Hangchow Y-Teks | Other receivables | Y | 247,744 | 184,398 | 184,398 | 2.9%-3% | Operating capital | - | Operating capital | - | - | - | 261,405 | 261,405 | Note 1 |
| 19 | Suzhou Yueshun | Su Zhou Cheng Li | Other receivables | Y | 16,393 | 15,667 | 15,667 | 5.90% | Operating capital | - | Operating capital | - | - | - | 21,618 | 21,618 | Note 1 |
| 20 | Nan Jing Yu Hua | Yulon Motor Investment | Other receivables | Y | 20,869 | - | - | - | Operating capital | - | Operating capital | - | - | - | 199,070 | 398,140 | Note 1 |
| | | Nanjing Hanhong | Other receivables | Y | 127,030 | 121,405 | 121,405 | - | Operating capital | - | Operating capital | - | - | - | 199,070 | 398,140 | Note 1 |
| 21 | Xiao Gan Yu Feng | Chang Sha Yu Lu | Other receivables | Y | 11,709 | 11,191 | 11,191 | 6.53% | Operating capital | - | Operating capital | - | - | - | 134,287 | 223,812 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 115,940 | 89,525 | 22,381 | 5.75% | Operating capital | - | Operating capital | - | - | - | 134,287 | 223,812 | Note 1 |
| 22 | Yu-Jie | Sheng Qing | Other receivables | Y | 421,528 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,345,253 | 4,484,177 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 234,182 | 223,812 | 223,812 | 6.15% | Operating capital | - | Operating capital | - | - | - | 896,835 | 896,835 | Note 1 |
| 23 | Yu-Hsin Intl | Yu-Hsin Intl HK | Other receivables | Y | 216,776 | 153,665 | 153,665 | 2.90% | Operating capital | - | Operating capital | - | - | - | 339,113 | 508,670 | Note 1 |
| 24 | Su Zhou Chen Long | Su Chou Cheng Pin | Other receivables | Y | 9,367 | 8,952 | - | - | Operating capital | - | Operating capital | - | - | - | 107,782 | 107,782 | Note 1 |
| 25 | Su Chou Cheng Pin | Su Zhou Cheng Guo | Other receivables | Y | 27,165 | 25,962 | - | - | Operating capital | - | Operating capital | - | - | - | 76,185 | 76,185 | Note 1 |
| 26 | Su Zhou Cheng Pang | Su Zhou Cheng Hung | Other receivables | Y | 18,735 | 17,905 | 11,191 | 5.22% | Operating capital | - | Operating capital | - | - | - | 21,923 | 21,923 | Note 1 |
| 27 | Yu Ching | Hangchow Yue Wan | Other receivables | Y | 54,194 | 53,783 | - | - | Operating capital | - | Operating capital | - | - | - | 669,593 | 669,593 | Note 1 |
| | | Haitec | Other receivables | Y | 600,000 | 600,000 | 600,000 | 1.70% | Operating capital | - | Operating capital | - | - | - | 669,593 | 669,593 | Note 1 |

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| 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 | | | |
| 28 | Sin Chi | Haitec Hangchow Yue Wan | Other receivables Other receivables | Y Y | \$ 300,000 54,194 | \$ 300,000 53,783 | \$ - 53,783 | - 3.00% | Operating capital Operating capital | \$ - - | Operating capital Operating capital | \$ - - | - - | \$ - - | \$ 415,827 415,827 | \$ 415,827 415,827 | Note 1 Note 1 |
| 29 | Hang Zhou Tang Yu | Dongfeng Yulon Yulon Motor Investment | Other receivables Other receivables | Y Y | 4,924 39,391 | 4,924 39,391 | 4,924 39,391 | 6.15% - | Operating capital Operating capital | - - | Operating capital Operating capital | - - | - - | - - | 19,438 485,950 | 19,438 728,925 | Note 1 Note 1 |
| 30 | Hang Zhou hsiao Yu | Yulon Motor Investment | Other receivables | Y | 448 | 448 | 448 | - | Operating capital | - | Operating capital | - | - | - | 447,624 | 671,437 | Note 1 |
| 31 | Hang Zhou Chien Yu | Yulon Motor Investment | Other receivables | Y | 3,581 | 3,581 | 3,581 | - | Operating capital | - | Operating capital | - | - | - | 447,624 | 671,437 | Note 1 |
| 32 | Ke Yu | Dongfeng Yulon Sheng Qing | Other receivables Other receivables | Y Y | 76,096 447,624 | 76,096 447,624 | 76,096 416,291 | 6.15% 0.50% | Operating capital Operating capital | - - | Operating capital Operating capital | - - | - - | - - | 294,690 736,725 | 294,690 1,473,450 | Note 1 Note 1 |
| 33 | Gao Te | Tai Feng Dongfeng Yulon | Other receivables Other receivables | Y Y | 40,286 24,172 | 40,286 24,172 | - 24,172 | - 6.15% | Operating capital Operating capital | - - | Operating capital Operating capital | - - | - - | - - | 482,688 96,538 | 965,376 96,538 | Note 1 Note 1 |
| 34 | Mei De | Dongfeng Yulon Sheng Qing | Other receivables Other receivables | Y Y | 36,258 138,764 | 36,258 138,764 | 36,168 134,287 | 6.15% 0.50% | Operating capital Operating capital | - - | Operating capital Operating capital | - - | - - | - - | 144,921 543,452 | 144,921 1,086,905 | Note 1 Note 1 |
| 35 | Xiamen Young Chang | Dongfeng Yulon | Other receivables | Y | 67,144 | 67,144 | 67,144 | 6.15% | Operating capital | - | Operating capital | - | - | - | 291,465 | 291,465 | Note 1 |
| 36 | Qing Tai | Dongfeng Yulon | Other receivables | Y | 31,334 | 31,334 | 31,334 | 6.15% | Operating capital | - | Operating capital | - | - | - | 135,318 | 135,318 | Note 1 |
| 37 | Jin Ce | Dongfeng Yulon | Other receivables | Y | 7,162 | 7,162 | 7,162 | 6.15% | Operating capital | - | Operating capital | - | - | - | 28,875 | 28,875 | Note 1 |
| 38 | Tai Feng | Dongfeng Yulon | Other receivables | Y | 49,239 | 49,239 | 49,239 | 6.15% | Operating capital | - | Operating capital | - | - | - | 195,507 | 195,507 | Note 1 |
| 39 | Dong Tai | Dongfeng Yulon | Other receivables | Y | 12,086 | 12,086 | 12,086 | 6.15% | Operating capital | - | Operating capital | - | - | - | 43,308 | 43,308 | Note 1 |
| 40 | Shi Cheng | Dongfeng Yulon | Other receivables | Y | 14,324 | 14,324 | 14,100 | 6.15% | Operating capital | - | Operating capital | - | - | - | 50,871 | 50,871 | Note 1 |
| 41 | Yi Ding | Dongfeng Yulon | Other receivables | Y | 23,724 | 23,724 | 23,590 | 6.15% | Operating capital | - | Operating capital | - | - | - | 94,588 | 94,588 | Note 1 |
| 42 | TAC Finance Company | Master Good Car (Wuhan) Automobile Sales Co., Ltd. | Other receivables | Y | 44,451 | - | - | - | Operating capital | - | Operating capital | - | - | - | 160,465 | 320,930 | Note 1 |

Note 1: Yulon China (HK) Holding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$25 million and aggregate financing limits was \$25 million.

Yulon China Investment Co., Ltd.: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$120 million and aggregate financing limits was \$120 million.

Hong Shou Culture: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Hsiang Shou: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yulon Motor Investment: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Zhu Hai Fu Te En: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Nanjing Hanhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Su Zhou Feng Shen: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Wu Jiang Lian Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

HangZhou Yu Zhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 1000% of the lender's net equity and aggregate financing limits was 1500% of the lender's net equity.

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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.

SCC: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Car-plus Corporation: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% 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.

Yu-Hsin Intl HK: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Suzhou Yueshun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Nan Jing Yu Hua: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender’s net equity and aggregate financing limits was 300% of the lender’s net equity.

Xiao Gan Yu Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB30 million and aggregate financing limits was RMB50 million.

Yu-Jie: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 60% of the lender’s net equity and aggregate financing limits was 200% of the lender’s net equity.

Yu-Hsin Intl Investment: Credit financing limit for each borrower were not exceeding 20% of the lender’s net equity and aggregate financing limits were not exceeding 30% of the lender’s net equity.

Su Zhou Chen Long: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Su Chou Cheng Pin: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Su Zhou Cheng Pang: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Yu Ching Business: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Sin Chi: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Hang Zhou Tang Yu: 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 1000% of the lender’s net equity and aggregate financing limits was 1500% of the lender’s net equity.

Hang Zhou hsiao Yu: 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 RMB100 million and aggregate financing limits was RMB150 million.

Hang Zhou Chien Yu: 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 RMB100 million and aggregate financing limits was RMB150 million.

Ke Yu: 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.

Gao Te: 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 200% of the lender’s net equity and aggregate financing limits was 400% of the lender’s net equity.

Mei De: 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.

Xiamen Young Chang: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Qing Tai: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Jin Ce: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Tai Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Dong Tai: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Shi Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Yi Ding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% 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.
(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|-----|------------------------|---------------------------------------|--------------------------|---|--|---|-------------------------------|---|--|---|---|---|---|--------|
| | | Name | Relationship (Note 2) | | | | | | | | | | | |
| 0 | The Company | Sin Chi | b | \$ 21,521,139 | \$ 500,000 | \$ 500,000 | \$ - | \$ - | 0.70 | \$ 53,802,847 | Y | N | N | Note 1 |
| | | Yulon Construction | b | 21,521,139 | 600,000 | 600,000 | - | - | 0.84 | 53,802,847 | Y | N | N | Note 1 |
| | | Yu Sing | b | 21,521,139 | 690,000 | 690,000 | 460,000 | - | 0.96 | 53,802,847 | Y | N | N | Note 1 |
| | | UMPI | b | 21,521,139 | 1,519,960 | 768,325 | 163,930 | - | 1.07 | 53,802,847 | Y | N | N | Note 1 |
| | | Yu Ching | b | 21,521,139 | 1,000,000 | 1,000,000 | 600,000 | - | 1.39 | 53,802,847 | Y | N | N | Note 1 |
| | | Luxgen | b | 21,521,139 | 11,350,000 | 11,350,000 | 8,560,000 | - | 15.82 | 53,802,847 | Y | N | N | Note 1 |
| | | LUXGEN (Hangzhou) Motor Sales | b | 21,521,139 | 9,290,400 | 9,219,900 | 4,334,419 | - | 16.11 | 53,802,847 | Y | N | Y | Note 1 |
| 1 | Union & NKH Auto Parts | Hangchow Liangrun | b | 352,059 | 312,000 | 312,000 | 181,927 | - | 12.41 | 1,005,884 | N | N | Y | Note 1 |
| 2 | TAC | Yulon Finance Philippines Corporation | b | 41,172,533 | 2,308,000 | 2,308,000 | - | - | 14.01 | 82,345,065 | N | N | N | Note 1 |
| | | Car-Plus Leasing (Shanghai) | b | 41,172,533 | 320,000 | 320,000 | - | - | 1.94 | 82,345,065 | N | N | Y | Note 1 |
| | | TAC Leasing (Suzhou) | b | 41,172,533 | 10,000,000 | 10,000,000 | 8,242,268 | - | 60.72 | 82,345,065 | N | N | Y | Note 1 |
| | | TAC Leasing (Suzhou) | b | 41,172,533 | 6,086,408 | 6,086,408 | 2,506,168 | - | 36.96 | 82,345,065 | N | N | Y | Note 1 |
| 3 | Car-plus Corporation | Diamond Leasing | b | 4,653,138 | 500,000 | - | - | - | - | 9,306,277 | N | N | N | Note 1 |
| | | Car-Plus Go Co., Ltd. | b | 4,653,138 | 480,000 | 480,000 | - | - | 25.79 | 9,306,277 | N | N | Y | Note 1 |
| | | Car-Plus Leasing (Shanghai) | b | 4,653,138 | 480,000 | - | - | - | - | 9,306,277 | N | N | Y | Note 1 |
| 4 | Sheng Qing | Tung Ling Kuo Tung | b | 10,808,721 | 18,735 | 17,905 | - | - | 0.83 | 54,043,606 | N | N | Y | Note 1 |
| | | Shanghai Yuming | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Xiao Gan Yu Feng | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Shen Jun Yu Peng | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Chang Sha Yu Lu | b | 10,808,721 | 32,786 | 31,334 | - | - | 1.45 | 54,043,606 | N | N | Y | Note 1 |
| | | Jiangmen Junxing | b | 10,808,721 | 46,836 | 44,762 | - | - | 2.07 | 54,043,606 | N | N | Y | Note 1 |
| | | Nanjing Hanhong | b | 10,808,721 | 70,255 | 67,144 | - | - | 3.11 | 54,043,606 | N | N | Y | Note 1 |
| | | Wuhan Yu Hsin | b | 10,808,721 | 93,673 | 89,525 | - | - | 4.14 | 54,043,606 | N | N | Y | Note 1 |
| | | Qingdao Yuanhuang | b | 10,808,721 | 140,509 | 134,287 | 107,436 | - | 6.21 | 54,043,606 | N | N | Y | Note 1 |
| | | Guang Zhou Yuan Du | b | 10,808,721 | 368,324 | 358,100 | 213,477 | - | 16.57 | 54,043,606 | N | N | Y | Note 1 |
| 5 | Nanjing Hanhong | Sheng Qing | c | 475,565 | 46,836 | 44,762 | - | - | 18.82 | 604,293 | N | N | Y | Note 1 |
| | | Nan Jing Yu Hua | b | 475,565 | 117,091 | 111,906 | 39,855 | - | 47.06 | 604,293 | N | N | Y | Note 1 |
| | | Zhu Hai Fu Te En | d | 475,565 | 166,954 | 134,287 | 37,853 | - | 56.47 | 604,293 | N | N | Y | Note 1 |
| 6 | Zhu Hai Fu Te En | Nanjing Hanhong | d | 405,787 | 140,509 | 134,287 | 133,859 | - | 66.19 | 608,681 | N | N | Y | Note 1 |
| 7 | Su Zhou Feng Shen | Wu Jiang Lian Cheng | b | 723,126 | 46,836 | 44,762 | - | - | 6.19 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Chou Cheng Pin | b | 723,126 | 56,204 | 53,715 | 30,768 | - | 7.43 | 2,169,379 | N | N | Y | Note 1 |
| | | Tai Chang Cheng Mau | b | 723,126 | 65,571 | 62,667 | - | - | 8.67 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shun | b | 723,126 | 81,683 | 78,066 | 12,844 | - | 10.80 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Zhou Cheng Pang | b | 723,126 | 140,509 | 134,287 | 48,589 | - | 18.57 | 2,169,379 | N | N | Y | Note 1 |
| 8 | Wu Jiang Lian Cheng | Su Zhou Feng Shen | c | 666,320 | 46,836 | 44,762 | 44,762 | - | 33.59 | 1,322,640 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shun | c | 666,320 | 245,610 | 234,734 | 128,441 | - | 176.14 | 1,322,640 | 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) | | | | | | | | | | | |
| 9 | Su Zhou Feng Shun | Su Zhou Cheng Li | b | \$ 1,350,322 | \$ 28,102 | \$ 26,857 | \$ - | \$ - | 9.94 | \$ 2,700,643 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shen | c | 1,350,322 | 46,836 | 44,762 | 44,762 | - | 16.57 | 2,700,643 | N | N | Y | Note 1 |
| | | Wu Jiang Lian Cheng | b | 1,350,322 | 163,928 | 156,669 | 70,823 | - | 58.01 | 2,700,643 | N | N | Y | Note 1 |
| 10 | Su Zhou Cheng Pang | Su Zhou Feng Shen | c | 402,862 | 208,692 | 156,669 | 110,620 | - | 285.85 | 805,724 | N | N | Y | Note 1 |
| 11 | Xiao Gan Yu Feng | Sheng Qing | c | 388,322 | 46,376 | 22,381 | - | - | 28.82 | 776,644 | N | N | Y | Note 1 |
| 12 | Jiangmen Junxing | Sheng Qing | c | 307,521 | 46,836 | 44,762 | - | - | 72.78 | 615,042 | N | N | Y | Note 1 |
| 13 | Guang Zhou Yuan Du | Guang Zhou Yuan Zhi | b | 630,741 | 69,564 | - | - | - | - | 1,576,854 | N | N | Y | Note 1 |
| 14 | Shenzhen Yu Zhi | Sheng Qing | c | 179,050 | 23,418 | 22,381 | - | - | 98.32 | 358,100 | N | N | Y | Note 1 |
| 15 | Tai Chang Cheng Mau | Su Zhou Feng Shen | c | 402,862 | 163,928 | 156,669 | - | - | 241.51 | 895,249 | N | N | Y | Note 1 |
| 16 | Su Zhou Cheng Guo | Su Zhou Chen Long | c | 402,862 | 117,091 | 111,906 | 73,633 | - | 567.99 | 895,249 | N | N | Y | Note 1 |
| 17 | Y-Teks | Yu-Hsin Intl | b | 320,311 | 123,872 | 92,199 | 92,199 | - | 8.64 | 533,851 | N | N | N | Note 1 |
| 18 | Yueki | Hangchow Yue Wan | b | 364,304 | 92,904 | 92,199 | 92,199 | - | 12.65 | 364,304 | N | N | Y | Note 1 |
| 19 | Guang Zhou Yuan Zhi | Guang Zhou Yuan Du | c | 358,100 | 358,100 | 358,100 | 213,199 | - | 999.99 | 671,437 | N | N | Y | Note 1 |

Note 1: The Company: The aggregate endorsement/guarantee limit was calculated for 75% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 40% of the aggregate endorsement/guarantee amounts.

Union & NKH Auto Parts: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

TAC: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 50% of the aggregate endorsement/guarantee amounts.

Car-plus Corporation: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 250% of the endorser’s/guarantor’s net equity

Sheng Qing: The aggregate endorsement/guarantee limit was calculated for 2500% 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 1000% 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.

(Continued)

Xiao Gan Yu Feng: The aggregate endorsement/guarantee limit was calculated for 1000% 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 1000% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser’s/guarantor’s net equity.

Guang Zhou Yuan Du: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser’s/guarantor’s net equity

Shenzhen Yu Zhi: The aggregate endorsement/guarantee limit was RMB80 million. The limits on each endorsement/guarantee given on behalf of each party was RMB40 million.

Tai Chang Cheng Mau: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

Su Zhou Cheng Guo: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

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

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.

Guang Zhou Yuan Zhi: The aggregate endorsement/guarantee limit was RMB150 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

- 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 90%.
 - e. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
 - f. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
 - g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

YULON MOTOR COMPANY LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 3

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|---------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | <u>Beneficiary certificates</u> | | | | | | | |
| | Amundi Funds - China Equity | | Financial assets at fair value through profit or loss - current | 3 | \$ 18,566 | - | \$ 18,566 | - |
| | THE RSIT Digital Fund | | Financial assets at fair value through profit or loss - current | 714 | 3,729 | - | 3,729 | - |
| | <u>Common stocks</u> | | | | | | | |
| | Photronics DNP Mask Company | | Financial assets at fair value through other comprehensive income - non-current | 856 | 15,704 | 0.33 | 15,704 | - |
| | First Financial Holding Company | | Financial assets at fair value through other comprehensive income - non-current | 949 | 18,988 | 0.01 | 18,988 | - |
| | Mison - Century Technology, Ltd | Related party in substance | Financial assets at fair value through other comprehensive income - non-current | 5,025 | 18,943 | 8.37 | 18,943 | - |
| | Yulon Finance Corporation, Preferred Shares A | Subsidiaries | Financial assets at fair value through other comprehensive income - non-current | 36,604 | 1,881,445 | 36.60 | 1,881,445 | - |
| | Taiwin Company | The same chairman | Financial assets at fair value through other comprehensive income - non-current | 6,692 | 152,227 | 5.09 | 152,227 | - |
| | Shin Bus Company | | Financial assets at fair value through other comprehensive income - non-current | 154 | 485 | 0.32 | 485 | - |
| | Taiwan Stock Exchange | | Financial assets at fair value through other comprehensive income - non-current | 6,938 | 345,999 | 1.00 | 345,999 | - |
| | Taiwan Aerospace Company | | Financial assets at fair value through other comprehensive income - non-current | 811 | - | 0.60 | - | - |
| Yulon Finance Corporation | <u>Bonds</u> Government bonds | | Financial assets at amortized cost - non-current | - | 5,453 | - | 5,393 | - |
| Yustar | <u>Bonds</u> Government bonds | | Financial assets at amortized cost - non-current | - | 10,717 | - | 10,927 | - |
| H. K. Manpower | <u>Beneficiary certificates</u> | | | | | | | |
| | Capital Money Market | | Financial assets at fair value through profit or loss - current | 129 | 2,073 | - | 2,073 | - |
| | Union Money Market | | Financial assets at fair value through profit or loss - current | 235 | 3,094 | - | 3,094 | - |
| | The RSIT Enhanced Money Market | | Financial assets at fair value through profit or loss - current | 254 | 3,034 | - | 3,034 | - |
| Da Wei | Jih Sun Money Market | | Financial assets at fair value through profit or loss - current | 206 | 3,043 | - | 3,043 | - |
| | <u>Beneficiary certificates</u> Jih Sun Money Market Fund | | Financial assets at fair value through profit or loss - current | 172 | 2,551 | - | 2,551 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|---------------------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yulon Finance Philippines Corporation | <u>Bonds</u> PIBL0618G115 PIBL0618H132 | | Financial assets at amortized cost - current | - | \$ 28,850 | - | \$ 28,850 | - |
| | | | Financial assets at amortized cost - current | - | 11,540 | - | 11,540 | - |
| Yu Pong | <u>Beneficiary certificates</u> FSITC China High Yield Bd A THE RSIT Digital Fund FSITC Money Market Taishin Ta-Chong Money Market KGI Feng-Li Fund | | Financial assets at fair value through profit or loss - current | 1,000 | 9,375 | - | 9,375 | - |
| | | | Financial assets at fair value through profit or loss - current | 186 | 4,831 | - | 4,831 | - |
| | | | Financial assets at fair value through profit or loss - current | 153 | 27,209 | - | 27,209 | - |
| | | | Financial assets at fair value through profit or loss - current | 705 | 10,006 | - | 10,006 | - |
| | | | Financial assets at fair value through profit or loss - current | 800 | 10,303 | - | 10,303 | - |
| | | | | | | | | |
| | <u>Structured finance products</u> CLN20170928003 DaLue | The parent company | Financial assets at fair value through profit or loss - current | - | 13,973 | - | 13,973 | - |
| | <u>Common stocks</u> Yulon Motor Company | | Financial assets at fair value through other comprehensive income - current | - | 2 | - | 2 | - |
| | Fubon Financial Company | | Financial assets at fair value through other comprehensive income - current | 2,419 | 113,803 | - | 113,803 | - |
| China Cast Iron Pipe | <u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market The RSIT Enhanced Money Market Nomura Asia Pacific High Yield Bond Fund | | Financial assets at fair value through profit or loss - current | 153 | 1,584 | - | 1,584 | - |
| | | | Financial assets at fair value through profit or loss - current | 42 | 505 | - | 505 | - |
| | | | Financial assets at fair value through profit or loss - current | 222 | 2,862 | - | 2,862 | - |
| | | | | | | | | |
| Yue Sheng | <u>Common stocks</u> Yueki Company | The same ultimate parent company | Financial assets at fair value through other comprehensive income - non-current | 10 | 100 | 0.08 | 100 | - |
| Qinton | <u>Beneficiary certificates</u> Taishin 1699 Money Market | | Financial assets at fair value through profit or loss - current | 97 | 1,311 | 0.00 | 1,311 | - |
| Yung Hong | <u>Common stocks</u> CARNIVAL Company Kian-shen Company Asia Plastic Recycling Holding Limited TAC Corporation | Related party in substance | Financial assets at fair value through profit or loss - current | 283 | 1,395 | - | 1,395 | - |
| | | Related party in substance | Financial assets at fair value through profit or loss - current | 81 | 4,513 | - | 4,513 | - |
| | | | Financial assets at fair value through profit or loss - current | 2,267 | 14,782 | - | 14,782 | - |
| | | The same ultimate parent company | Financial assets at fair value through profit or loss - current | 4 | 394 | - | 394 | - |
| | Yulon Finance Corporation, Preferred Shares A | The same ultimate parent company | Financial assets at fair value through other comprehensive income - current | 8,001 | 411,265 | 8.00 | 411,265 | - |
| | | | | | | | | |
| | <u>Beneficiary certificates</u> FSITC Taiwan Money Market | | Financial assets at fair value through profit or loss - current | 1,239 | 18,923 | - | 18,923 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|----------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yu Ching | <u>Common stocks</u> Asia Plastic | The parent company | Financial assets at fair value through other comprehensive income - current | 1,880 | \$ 12,257 | - | \$ 12,257 | - |
| | Gongin Company | | Financial assets at fair value through profit or loss - current | 59 | 1,765 | - | 1,765 | - |
| | Orgchem Technology Company | | Financial assets at fair value through other comprehensive income - non-current | 291 | 5,298 | - | 5,298 | - |
| | T-Car Inc. | | Financial assets at fair value through other comprehensive income - non-current | 1,275 | 37,814 | - | 37,814 | - |
| | ADTO Company | | Financial assets at fair value through other comprehensive income - non-current | 1 | 10 | - | 10 | - |
| | ROCKER ZONE | | Financial assets at amortized cost - non-current | 330 | 5,969 | - | 5,969 | - |
| | <u>Beneficiary certificates</u> Goldman Sachs (Asia) L.L.C. | | Financial assets at fair value through profit or loss - non-current | - | 316 | - | 316 | - |
| | <u>Common stocks</u> Yulon Motor Company | | Financial assets at fair value through other comprehensive income - non-current | 11,838 | 215,460 | - | 215,460 | - |
| | Yulon Management | | Financial assets at fair value through other comprehensive income - non-current | 1 | 9 | - | 9 | - |
| | | | | | | | | |
| Chinh-Ling | <u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market | Related party in substance | Financial assets at fair value through profit or loss - current | 1,724 | 17,289 | - | 17,289 | - |
| Yu Chang | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 43 | 1,477 | 6.96 | 1,477 | - |
| Yushin | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 43 | 781 | 6.96 | 781 | - |
| Yu Pool | <u>Common stocks</u> Yu Pool Company | | Financial assets at fair value through other comprehensive income - non-current | 150 | 1,500 | 4.69 | 1,500 | - |
| Empower | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 85 | 847 | 13.60 | 847 | - |
| Sin Chi | <u>Beneficiary certificates</u> The RSIT Enhanced | | Financial assets at fair value through profit or loss - current | 1,619 | 19,350 | - | 19,350 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|----------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yu Sing | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 43 | \$ 842 | 6.97 | \$ 842 | - |
| Yulon Construction | <u>Common stocks</u> CARNIVAL Company | Related party in substance | Financial assets at fair value through profit or loss - current | 118 | 584 | - | 584 | - |
| | RECTRON LTD. | | Financial assets at fair value through profit or loss - current | 16 | 123 | - | 123 | - |
| | Yang Ming Marine Transport Corporation | | Financial assets at fair value through profit or loss - current | 6 | 49 | - | 49 | - |
| | Shin Kong Security Co., Ltd. | | Financial assets at fair value through profit or loss - current | 50 | 1,905 | - | 1,905 | - |
| | Compal Electronics, INC. | | Financial assets at fair value through profit or loss - current | 14 | 246 | - | 246 | - |
| | Yue Sheng Company | The same ultimate parent company | Financial assets at fair value through other comprehensive income - non-current | 2 | 33 | - | 33 | - |
| Yulon China | <u>Common stocks</u> YUNG JEN INDUSTRIAL CO., LTD. | | Financial assets at fair value through profit or loss - non-current | - | 2,304 | - | 2,304 | - |
| Luxgen | <u>Common stocks</u> Yulon Finance Corporation, Preferred Shares A | The same ultimate parent company | Financial assets at fair value through other comprehensive income - non-current | 8,000 | 411,200 | 8.00 | 411,200 | - |
| Yu-Jie | <u>Financial products</u> Cash Management fund NO. 1 | | Financial assets at fair value through profit or loss - current | - | 463,194 | - | 463,194 | - |

(Concluded)

TABLE 4

YULON MOTOR COMPANY LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(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) | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount (Note) |
| The Company | Yuanta De-Li Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | \$ - | 84,090 | \$ 1,365,000 | 84,090 | \$ 1,365,608 | \$ 1,365,000 | \$ 608 | - | \$ - |
| | Jih Sun Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 159,643 | 2,355,000 | 159,643 | 2,356,179 | 2,355,000 | 1,179 | - | - |
| | Capital Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 31,130 | 500,000 | 31,130 | 500,100 | 500,000 | 100 | - | - |
| | FSITC Taiwan Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 98,500 | 1,500,000 | 98,500 | 1,501,803 | 1,500,000 | 1,803 | - | - |
| | Taishin 1699 Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 27,763 | 305,205 | 27,763 | 305,486 | 305,205 | 281 | - | - |
| | Allianz Gbl Investors Taiwan Money Mkt | Financial assets at fair value through profit or loss - current | - | - | - | - | 155,884 | 2,100,000 | 155,884 | 2,100,948 | 2,100,000 | 948 | - | - |
| | Franklin Templeton Sinoam Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 36,080 | 450,000 | 36,080 | 450,422 | 450,000 | 422 | - | - |
| Yu-Jie | Cash Management fund NO. 1 | Financial assets at fair value through profit or loss - current | - | - | - | 1,040,995 | - | - | - | 577,801 | 577,801 | - | - | 463,194 |
| | Lidodo Public Structural Deposit | Financial assets at fair value through profit or loss - current | - | - | - | - | - | 798,714 | - | 798,714 | 798,714 | - | - | - |
| The Company | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 36,604 | 1,830,200 | - | - | - | - | 36,604 | 1,881,445 |
| Yung Hong | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - current | - | - | - | - | 8,001 | 400,063 | - | - | - | - | 8,001 | 411,265 |
| Luxgen | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 8,000 | 400,000 | - | - | - | - | 8,000 | 411,200 |
| Yulon Motor Investment | Sheng Qing | Investments accounted for using equity method | - | - | - | 1,440,957 | - | 429,629 | - | - | - | - | - | 1,907,782 |
| The Company | Yulon Overseas | Investments accounted for using equity method | - | - | - | 953,070 | - | 7,983,061 | - | - | - | - | - | 6,390,023 |
| Yulon Overseas | Yulon China | Investments accounted for using equity method | - | - | - | 960,825 | - | 7,983,061 | - | - | - | - | - | 6,685,289 |
| Yulon China | Yulon China Holding | Investments accounted for using equity method | - | - | - | (925,250) | - | 7,983,061 | - | - | - | - | - | 6,005,003 |
| Yulon China Holding | Yulon China (HK) | Investments accounted for using equity method | - | - | - | (925,129) | - | 7,983,061 | - | - | - | - | - | 6,005,118 |

(Continued)

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---------------------------|--|---|--------------|--------------|-------------------|---------------|--------------|--------------|--------------|--------|----------------|-------------------------|----------------|---------------|
| | | | | | Shares/Units | Amount (Note) | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount (Note) |
| Yulon China (HK) Holding | LUXGEN(hangzhou) Motor Sales | Investments accounted for using equity method | - | - | - | \$ 1,625,905 | - | \$ 4,447,150 | - | \$ - | \$ - | \$ - | - | \$ 4,683,325 |
| | Chuang Jie New Energy Vehicle | Investments accounted for using equity method | - | - | - | - | - | 3,535,911 | - | - | - | - | - | 3,509,097 |
| The Company | Luxgen | Investments accounted for using equity method | - | - | - | 1,211,179 | - | 6,000,000 | - | - | - | - | - | 5,788,019 |
| Yulon Finance Corporation | Yulon Finance Overseas | Investments accounted for using equity method | - | - | - | - | 15,000 | 437,490 | - | - | - | - | 15,000 | 426,264 |
| Yulon Finance Overseas | Yulon Finance Philippines | Investments accounted for using equity method | - | - | - | - | 15,000 | 437,490 | - | - | - | - | 15,000 | 426,264 |
| Yulon Finance Philippines | Yulon Finance Philippines Corporation | Investments accounted for using equity method | - | - | - | - | 7,500 | 437,490 | - | - | - | - | 7,500 | 426,264 |

Note: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets and investments accounted for using equity method.

(Concluded)

TABLE 5

YULON MOTOR COMPANY LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Seller | Property | Event Date | Original Acquisition Date | Carrying Amount | Transaction Amount | Collection | Gain (Loss) on Disposal | Counterparty | Relationship | Purpose of Disposal | Price Reference | Other Terms |
|--------|----------|------------|---------------------------|-----------------|--------------------|------------|-------------------------|--------------|--------------|---------------------|-----------------|-------------|
| | | | | | | None | | | | | | |

TABLE 6

YULON MOTOR COMPANY LTD.

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Seller | Property | Event Date | Original Acquisition Date | Carrying Amount | Transaction Amount | Collection | Gain (Loss) on Disposal | Counterparty | Relationship | Purpose of Disposal | Price Reference | Other Terms |
|--------|----------|------------|---------------------------|-----------------|--------------------|------------|-------------------------|--------------|--------------|---------------------|-----------------|-------------|
| | | | | | | None | | | | | | |

TABLE 7

YULON MOTOR COMPANY LTD.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 | \$ (23,977,867) | 79 | Within 180 days | - | 60 days to 180 days | \$ 774,114 | 70 | |
| | Luxgen | The Company's subsidiary | Sales | (6,244,319) | 21 | Within 90 days | - | 60 days to 180 days | 81,206 | 7 | |
| | Dongfeng Yulon | An investee accounted for by equity method | Sales | (167,523) | 1 | Within 60 days | - | 60 days to 180 days | 228,074 | 21 | |
| Yulon Finance Corporation | Yu Chang | The same ultimate parent company | Sales | (3,954,913) | 10 | Receipt of payment on the day | - | - | 100,813 | - | |
| | Yuan Lon | An investee accounted for by equity method | Sales | (3,451,666) | 9 | Receipt of payment on the day | - | - | 9,285 | - | |
| | Hui-Lian | An investee accounted for by equity method | Sales | (2,780,457) | 7 | Receipt of payment on the day | - | - | 11,489 | - | |
| | Luxgen Taipei | The same ultimate parent company | Sales | (2,195,235) | 5 | Receipt of payment on the day | - | - | 20,528 | - | |
| | Yu Sing | The Company's subsidiary | Sales | (2,964,758) | 7 | Receipt of payment on the day | - | - | 11,772 | - | |
| | Yushin | The same ultimate parent company | Sales | (2,003,968) | 5 | Receipt of payment on the day | - | - | 8,270 | - | |
| | Yu Tang | An investee accounted for by equity method | Sales | (1,918,197) | 5 | Receipt of payment on the day | - | - | 13,315 | - | |
| | Luxgen Taoyuan | The same ultimate parent company | Sales | (1,306,985) | 3 | Receipt of payment on the day | - | - | 11,245 | - | |
| | Empower | The same ultimate parent company | Sales | (2,868,123) | 7 | Receipt of payment on the day | - | - | 65,569 | - | |
| | Cheng Long | An investee accounted for by equity method | Sales | (2,286,298) | 6 | Receipt of payment on the day | - | - | 108,535 | - | |
| | Luxgen Taichung | The same ultimate parent company | Sales | (1,389,466) | 3 | Receipt of payment on the day | - | - | 4,364 | - | |
| | Luxgen Kaohsiung | The same ultimate parent company | Sales | (1,033,485) | 3 | Receipt of payment on the day | - | - | 3,311 | - | |
| | Luxgen Tainan | The same ultimate parent company | Sales | (878,287) | 2 | Receipt of payment on the day | - | - | 3,283 | - | |
| | Ding Long | An investee accounted for by equity method | Sales | (1,151,003) | 3 | Receipt of payment on the day | - | - | 298 | - | |
| | Lian Cheng | An investee accounted for by equity method | Sales | (464,246) | 1 | Receipt of payment on the day | - | - | 1,080 | - | |
| | Yuan Zhi | An investee accounted for by equity method | Sales | (399,792) | 1 | Receipt of payment on the day | - | - | 1,905 | - | |
| Sin Jiang | Yulon Finance Corporation | The same ultimate parent company | Sales | (6,776,705) | 95 | Receipt of payment on the day | - | - | - | - | |
| NISSAN Taiwan Ltd.(Shanghai) | Southeast Bus | A related party in substance | Sales | (131,854) | 92 | 45 days | According to contract | 65 days | 3,301 | - | |
| Union & NKH Auto Parts | The Company | The parent company | Sales | (937,080) | 48 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | 220,458 | 55 | |
| Union & NKH Auto Parts | China Motor | An investee accounted for by equity method | Sales | (620,587) | 31 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | 101,205 | 25 | |
| Fuzhou Lianghong | Southeast Bus | A related party in substance | Sales | (785,029) | 41 | 45 days | - | - | 49,389 | 18 | |
| Yueki | The Company | The parent company | Sales | (620,677) | 59 | 45 days | Bargaining | 45 days | 98,286 | 23 | |
| | China Motor | An investee accounted for by equity method | Sales | (137,426) | 13 | 45 days | Bargaining | 45 days | 26,964 | 6 | |
| | Kian-shen | A related party in substance | Sales | (167,071) | 16 | 45 days | Bargaining | 45 days | 65,870 | 15 | |
| Y-Teks | The Company | The parent company | Sales | (237,387) | 72 | 45 days | - | - | 62,925 | 48 | |
| Yue Sheng | The Company | The parent company | Sales | (207,704) | 52 | At sight or a month | Bargaining | At sight or a month | 36,559 | 52 | |
| Luxgen | Hui-Fong | A related party in substance | Sales | (215,339) | 3 | At sight | - | At sight | - | - | |
| | Luxgen Taipei | The same ultimate parent company | Sales | (378,148) | 5 | At sight | - | At sight | 2,862 | 1 | |
| | Luxgen Taoyuan | The same ultimate parent company | Sales | (229,191) | 3 | At sight | - | At sight | 1,982 | 1 | |
| | Luxgen Taichung | The same ultimate parent company | Sales | (209,066) | 3 | At sight | - | At sight | 2,157 | 1 | |
| | Luxgen Tainan | The same ultimate parent company | Sales | (128,969) | 2 | At sight | - | At sight | 1,032 | - | |
| | Luxgen Kaohsiung | The same ultimate parent company | Sales | (151,213) | 2 | At sight | - | At sight | 1,454 | 1 | |
| | Yulon Finance Corporation | The same ultimate parent company | Sales | (6,692,287) | 85 | Within 3 days | - | Within 3 days | 62,678 | 27 | |
| Singan | The Company | The parent company | Sales | (116,737) | 61 | At sight or a month | Bargaining | At sight or a month | 21,089 | 74 | |
| Singgual Travel | The Company | The parent company | Sales | (248,671) | 39 | At sight or a month | Bargaining | At sight or a month | 24,890 | 31 | |

(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 | |
| The Company | Union & NKH Auto Parts | The Company's subsidiary | Purchase | \$ 937,080 | 4 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | - | \$ (220,458) | 7 | |
| | Yueki | The Company's subsidiary | Purchase | 620,677 | 3 | 45 days | Bargaining | 45 days | (98,286) | 3 | |
| | Nissan Motor Co., Ltd. | A related party in substance | Purchase | 8,116,306 | 35 | 12 days after bill of lading | - | 12 days after bill of lading | (634,748) | 21 | |
| | Y-Teks | The Company's subsidiary | Purchase | 237,387 | 1 | 45 days | - | - | (62,925) | 2 | |
| | Yue Sheng | The Company's subsidiary | Purchase | 207,704 | 1 | At sight or a month | Bargaining | At sight or a month | (36,559) | 1 | |
| | Dongfeng Yulon | An investee accounted for by equity method | Purchase | 1,024,942 | 4 | 60 days after monthly closing | - | 60 days after monthly closing | (11,804) | - | |
| | Singan | The same ultimate parent company | Purchase | 116,737 | - | At sight or a month | Bargaining | At sight or a month | (21,089) | 1 | |
| | Singgual Travel | The same ultimate parent company | Purchase | 248,671 | 1 | At sight or a month | Bargaining | At sight or a month | (24,890) | 1 | |
| | Uni-calsonic | An investee accounted for by equity method | Purchase | 116,935 | - | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (21,158) | 1 | |
| | China Ogihara | An investee accounted for by equity method | Purchase | 230,079 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (385) | - | |
| | Yuen-jin | A related party in substance | Purchase | 118,624 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | - | - | |
| | Taiway | A related party in substance | Purchase | 178,681 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (32,813) | 1 | |
| | Yulon Finance Corporation | Yulon Nissan | Purchase | 27,490,632 | 67 | Within 3 days | - | - | (603,649) | 69 | |
| | | Luxgen | Purchase | 6,692,287 | 16 | Within 3 days | - | - | (62,678) | 7 | |
| | | Sin Jiang | Purchase | 6,776,705 | 17 | Within 3 days | - | - | - | - | |
| Yu Sing | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,964,758 | 80 | Receipt of payment on the day | - | - | (11,772) | 31 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 382,855 | 10 | Receipt of payment on the day | - | - | (4,539) | 12 | |
| Yushin | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,003,968 | 62 | Receipt of payment on the day | - | - | (8,270) | 11 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 542,259 | 17 | Receipt of payment on the day | - | - | (9,863) | 13 | |
| Yu Chang | Yulon Finance Corporation | The same ultimate parent company | Purchase | 3,954,913 | 85 | Receipt of payment on the day | - | - | (100,813) | 60 | |
| Empower | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,868,123 | 75 | Receipt of payment on the day | - | - | (65,569) | 58 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 354,732 | 9 | Receipt of payment on the day | - | - | - | - | |
| Luxgen | The Company | The parent company | Purchase | 6,244,319 | 97 | Within 90 days | - | 60 days to 180 days | (81,206) | 80 | |
| Luxgen Taipei | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,195,235 | 81 | Receipt of payment on the day | - | - | (20,528) | 54 | |
| | Luxgen | The same ultimate parent company | Purchase | 378,148 | 14 | At sight | - | - | (2,862) | 8 | |
| Luxgen Taoyuan | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,306,985 | 80 | Receipt of payment on the day | - | - | (11,245) | 40 | |
| | Luxgen | The same ultimate parent company | Purchase | 229,191 | 14 | At sight | - | - | (1,982) | 7 | |
| Luxgen Taichung | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,389,466 | 80 | Receipt of payment on the day | - | - | (4,364) | 18 | |
| | Luxgen | The same ultimate parent company | Purchase | 209,066 | 12 | At sight | - | - | (2,157) | 9 | |
| Luxgen Tainan | Yulon Finance Corporation | The same ultimate parent company | Purchase | 878,287 | 82 | Receipt of payment on the day | - | - | (3,283) | 47 | |
| | Luxgen | The same ultimate parent company | Purchase | 128,969 | 12 | At sight | - | - | (1,032) | 15 | |
| Luxgen Kaohsiung | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,033,485 | 87 | Receipt of payment on the day | - | - | (3,311) | 9 | |
| | Luxgen | The same ultimate parent company | Purchase | 151,213 | 13 | At sight | - | - | (1,454) | 4 | |
| Fu Jian Yu Xin | Southeast Bus | A related party in substance | Purchase | 200,892 | 43 | Payment in advance | - | - | - | - | |
| LUXGEN (Hangzhou) Motor Sales | Dongfeng Yulon | An investee accounted for by equity method | Purchase | 2,892,742 | 95 | Payment in advance | - | - | - | - | |

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.

TABLE 8

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 | \$ 805,291 (Note 1) | 38.84 | \$ - | - | \$ 596,723 | \$ - |
| | Luxgen | The Company's subsidiary | 99,639 (Note 2) | 36.63 | - | - | 39,092 | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 228,074 | 1.20 | - | - | - | - |
| Union & NKH Auto Parts | The Company | The parent company | 220,458 | 3.80 | - | - | 210,460 | - |
| | China Motor | An investee accounted for by equity method | 101,205 | 7.30 | - | - | - | - |
| Hangchow Yue Wan | Dongfeng Yulon | An investee accounted for by equity method | 136,861 | 0.16 | 134,701 | Actively demand for settlement | - | - |
| Luxgen | Dongfeng Yulon | An investee accounted for by equity method | 147,557 | 0.20 | - | - | - | - |
| Yueki | Hangchow Yue Wan | The same ultimate parent company | 283,806 | - | 194,697 | Actively demand for settlement | - | - |
| Hangchow Liangrun | Dongfeng Yulon | An investee accounted for by equity method | 215,797 | - | - | - | - | - |
| Car-plus Corporation | Diamond Leasing | The same ultimate parent company | 332,679 | 36.00 | - | Depend on capital status | 38,824 | - |
| TAC | Yu Chang | The same ultimate parent company | 100,813 | 100.00 | - | Depend on capital status | 100,813 | - |
| | Cheng Long | An investee accounted for by equity method | 108,535 | 100.00 | - | Depend on capital status | 108,535 | - |
| Luxgen (Hangzhou) Motor Sales | Dong Feng Yulon Sales Company | The same ultimate parent company | 685,032 (Note 3) | - | - | - | - | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 1,798,084 (Note 3) | - | - | - | - | - |
| Yulon China (HK) Holding | Sheng Qing | The same ultimate parent company | 768,325 (Note 3) | - | - | - | - | - |
| Yulon China | Sheng Qing | The same ultimate parent company | 2,458,640 (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 | | |
| Yulon Motor Investment | Hang Zhou Haitec Company | An investee accounted for by equity method | \$ 185,764 (Note 3) | - | \$ - | - | \$ - | \$ - |
| | Dongfeng Yulon | An investee accounted for by equity method | 156,669 (Note 3) | - | - | - | - | - |
| Sheng Qing | Nanjing Hanhong | The same ultimate parent company | 113,249 (Note 3) | - | - | - | - | - |
| | An Ching Tsai Tung | The same ultimate parent company | 121,754 (Note 3) | - | - | - | - | - |
| | Hang Zhou Haitec Company | An investee accounted for by equity method | 201,431 (Note 3) | - | - | - | - | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 161,145 (Note 3) | - | - | - | - | - |
| | Xiao Gan Yu Feng | The same ultimate parent company | 134,287 (Note 3) | - | - | - | - | - |
| | Shen Jun Yu Peng | The same ultimate parent company | 163,293 (Note 3) | - | - | - | - | - |
| | Zhu Hai Fu Te En | The same ultimate parent company | 196,060 (Note 3) | - | - | - | 2,683 | - |
| | Wuhan Yu Hsin | The same ultimate parent company | 218,441 (Note 3) | - | - | - | - | - |
| | Yulon Motor Investment | The same ultimate parent company | 1,331,683 (Note 3) | - | - | - | - | - |
| | Yu-Jie | The same ultimate parent company | 179,050 (Note 3) | - | - | - | - | - |

Note 1: The receivables comprised account and notes receivables of \$774,114 thousand and other receivables of \$31,177 thousand.

Note 2: The receivables comprises account receivables of \$81,206 thousand and other receivables of \$18,433 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

YULON MOTOR COMPANY LTD.

TABLE 9

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, 2018
(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, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|-----------------------------|-------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Company | Yulon Nissan | Miaoli, Taiwan | Sales of cars | \$ 7,062,225 | \$ 7,062,225 | 143,500 | 47.83 | \$ 9,555,579 | \$ 5,890,046 | \$ 2,792,895 | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 810,409 | 810,409 | 111,480 | 8.05 | 4,598,768 | 3,592,999 | 280,771 | - |
| | Yulon Finance Corporation | Taipei, Taiwan | Sale and lease of cars and parts | 512,150 | 512,150 | 125,657 | 45.75 | 3,960,865 | 2,587,988 | 1,184,004 | - |
| | 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 | 7,863,796 | 1,258,992 | 182,584 | - |
| | Yueki | Hsinchu, Taiwan | Manufacturing and sale of car components | 169,978 | 60,651 | 12,767 | 65.58 | 485,191 | (21,036) | (13,166) | - |
| | Yue Sheng | Miaoli, Taiwan | Car manufacture and furnishing; manufacture, installation and sale of car parts | 238,872 | 106,948 | 23,061 | 80.07 | 375,384 | 16,658 | 13,051 | - |
| | China Cast Iron Pipe | Taipei, Taiwan | Metal casting and related business | 24,850 | 24,850 | 25 | 77.66 | 62,741 | 8,960 | 7,072 | - |
| | 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 | 621,004 | 3,351 | 844 | - |
| | Uni-calsonic | Miaoli, Taiwan | Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts | 96,449 | 61,271 | 5,983 | 30.68 | 134,433 | 19,658 | 5,279 | - |
| | Yu Chang | Kaohsiung, Taiwan | Sale, maintenance and repair of cars and parts | 114,096 | 114,096 | 13,999 | 64.99 | 85,412 | (28,016) | (8,495) | - |
| | 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 | 482,646 | 107,308 | 43,431 | - |
| | Yuan Lon | Taoyuan, Taiwan | Sale, maintenance and repair of cars and parts | 84,405 | 84,405 | 7,999 | 20.00 | 106,844 | 12,472 | 2,422 | - |
| | Yu Ching | Taipei, Taiwan | Import and export and sale of cars and parts | 1,077,221 | 1,077,221 | 72,691 | 60.00 | 525,854 | 74,513 | 40,588 | - |
| | Yu Pong | Taipei, Taiwan | Yulon basketball team management and related services | 1,122,659 | 1,122,659 | 25,484 | 100.00 | 798,431 | 16,235 | 13,531 | - |
| | Yung Hong | Taipei, Taiwan | Investments | 537,311 | 537,311 | 77,622 | 100.00 | 586,910 | (5,025) | (5,025) | - |
| | Yushin | Hsinchu, Taiwan | Sale, maintenance and repair of cars and parts | 132,986 | 132,986 | 15,999 | 80.00 | 184,250 | (16,392) | (3,169) | - |
| | China Engine | Taoyuan, Taiwan | Manufacturing of car engines and parts | 320,000 | 320,000 | 32,000 | 18.95 | 172,564 | (56,510) | (9,930) | - |
| | Cheng Long | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 51,677 | 51,677 | 10,422 | 27.00 | 223,699 | 107,478 | 29,598 | - |
| | Yu Tang | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 71,166 | 71,166 | 7,117 | 20.33 | 104,245 | 42 | (868) | - |
| | ROC-Spicer | Taoyuan, Taiwan | Manufacturing and sales of cars and parts | 476,740 | 566,868 | 102 | 20.46 | 319,405 | 771,830 | 148,674 | - |
| | Car-plus Corporation | Taipei, Taiwan | Sales and lease of cars | 106,372 | 106,372 | 2,854 | 3.46 | 64,106 | 324,392 | 11,212 | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 99,935 | 99,935 | 10,213 | 35.62 | 145,646 | 71,730 | 25,563 | - |
| | Empower | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 29,987 | 29,987 | 5,800 | 20.00 | 69,000 | 18,662 | 5,392 | - |
| | Chan Yun | Taipei, Taiwan | Wholesale and retail of information software | 40,680 | 40,680 | 8,332 | 43.85 | 20,914 | (1,269) | (556) | - |
| | Sin Jiang | Taipei, Taiwan | Wholesale and retail of secondhand cars | 85,895 | 85,895 | 8,568 | 20.01 | 100,550 | 50,800 | 10,202 | - |
| | Sin Chi | Taipei, Taiwan | General advertising planning services | 871,157 | 871,157 | 87,000 | 100.00 | 1,011,368 | 90,392 | 90,392 | - |
| | Yu Sing | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 325,199 | 325,199 | 32,519 | 90.33 | (11,028) | (44,418) | (52,754) | - |
| | 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 | 364,942 | 147,157 | 50,415 | - |
| | Yulon Overseas | B.V.I. | Investments | 23,813,725 | 15,512,944 | 776,443 | 100.00 | 6,390,023 | (2,707,914) | (2,831,815) | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 796,956 | 796,956 | 52,010 | 17.39 | 1,399,339 | 822,016 | 142,969 | - |
| | Yu Rich | Taipei, Taiwan | Installment loans of consumer goods and wholesale of cars and parts | 99,000 | 99,000 | 11,516 | 17.88 | 156,301 | 197,032 | 35,199 | - |
| | Qinton | Tainan, Taiwan | Sales maintenance and repair of cars and parts | 67,459 | 67,459 | 6,746 | 100.00 | 80,179 | 4,109 | 4,109 | - |
| | Haitec | Taipei, Taiwan | Product design | 2,047,449 | 2,047,449 | 116,370 | 35.46 | (468,877) | (167,085) | (332,148) | - |
| | Hui-Lian | Changhua, Taiwan | Sale, maintenance and repair of cars and parts | 74,366 | 74,366 | 6,116 | 20.34 | 64,492 | 2,892 | (1,335) | - |
| | Dxmedia | Taipei, Taiwan | Publication | 10,000 | 10,000 | 400 | 20.00 | 1,121 | (2,741) | (548) | - |
| | Luxgen | Miaoli, Taiwan | Sales and producing of cars and related parts | 14,840,000 | 8,840,000 | 600,000 | 100.00 | 5,788,019 | (1,445,504) | (1,430,092) | - |
| | Yulon Tobe | New Taipei City, Taiwan | Sale, maintenance and repair of cars and parts | 500,000 | 500,000 | 2,808 | 100.00 | 27,994 | (113) | (114) | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 32,991 | 32,991 | 3,299 | 32.99 | 32,098 | 16,391 | 5,407 | - |
| | Yulon Energy | New Taipei City, Taiwan | Wholesale and retail sale of batteries | 400,000 | 400,000 | 10,000 | 100.00 | (44,818) | (83,980) | (84,160) | - |
| | Yulon Construction | Taipei, Taiwan | Construction industry | 3,034,485 | 3,034,485 | 122,100 | 100.00 | 4,673,565 | 195,387 | (20,309) | - |
| | Tai-Ya Investment | Hong Kong | General investment | 56,475 | - | 1,585 | 20.50 | 57,050 | 3,927 | 411 | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---------------------------|--|-------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| Yulon Finance Corporation | Car-plus Corporation | Taipei, Taiwan | Car lease and trade | \$ 757,288 | \$ 757,288 | 56,641 | 68.57 | \$ 1,276,324 | \$ 324,392 | \$ - | - |
| | Yustar | Taipei, Taiwan | Installment financing services for cars and trucks | 419,808 | 419,808 | 134,000 | 100.00 | 2,685,342 | 460,653 | - | - |
| | TAC Global | Samoa | Shareholding company | 1,564,612 | 1,564,612 | 54,537 | 100.00 | 2,480,687 | 317,467 | - | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 58,070 | 58,070 | 5,807 | 1.94 | 155,118 | 822,016 | - | - |
| | Empower | Taichung, Taiwan | Retail of cars and related parts | 48,843 | 48,843 | 7,832 | 27.00 | 88,509 | 18,662 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 181,731 | 181,731 | 17,128 | 40.00 | 200,984 | 50,800 | - | - |
| | Yu Rich | Taipei, Taiwan | Installment loans of consumer goods and wholesale of cars and parts | 500,001 | 500,001 | 52,876 | 82.12 | 740,192 | 197,032 | - | - |
| | Yulon Finance Overseas | Samoa | Shareholding company | 437,490 | - | 15,000 | 100.00 | 426,264 | (13,161) | - | - |
| Yustar | Shinshin Samoa | Samoa | Shareholding company | 389,077 | 389,077 | 12,000 | 100.00 | 341,737 | (55,870) | - | - |
| Car-plus Corporation | Diamond Leasing | Taipei, Taiwan | Car lease and trade | 85,000 | 85,000 | 8,500 | 100.00 | 107,698 | 17,032 | - | - |
| | Car-Plus Samoa | Samoa | Shareholding company | 563,071 | 378,187 | 18,000 | 100.00 | 802,948 | 63,208 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 90,811 | 90,811 | 8,559 | 19.99 | 100,431 | 50,800 | - | - |
| | Da-Wei | Taipei, Taiwan | brokerage of electric vehicles | 20,000 | 10,000 | 2,000 | 100.00 | 21,146 | 1,132 | - | - |
| Da-Wei | Da Teng | Taipei, Taiwan | Taxi service | 7,028 | 1,235 | 600 | 100.00 | 8,303 | 1,135 | - | - |
| Diamond Leasing | H. K. Manpower | Taipei, Taiwan | Temporary labor services | 10,000 | 10,000 | 1,000 | 100.00 | 17,027 | 1,823 | - | - |
| Sin Jiang | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 42,790 | 42,790 | 1,337 | 71.34 | 23,102 | (757) | - | - |
| Car-Plus Samoa | Car-Plus China | Samoa | Shareholding company | 193,004 | 193,004 | 6,000 | 60.00 | 409,419 | 77,902 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 185,183 | 185,183 | 6,000 | 60.00 | 209,555 | 28,123 | - | - |
| | Car-Plus Hangzhou | Samoa | Shareholding company | 184,884 | - | 6,000 | 60.00 | 183,855 | (875) | - | - |
| TAC Global | Car-Plus China | Samoa | Shareholding company | 128,647 | 128,647 | 4,000 | 40.00 | 272,946 | 77,902 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 123,455 | 123,455 | 4,000 | 40.00 | 139,703 | 28,123 | - | - |
| | Car-Plus Hangzhou | Samoa | Shareholding company | 123,160 | - | 4,000 | 40.00 | 122,570 | (857) | - | - |
| | Yu Rong International | Samoa | Shareholding company | 1,296,290 | 1,296,290 | 42,000 | 100.00 | 1,936,185 | 275,624 | - | - |
| | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 16,220 | 16,220 | 537 | 28.66 | 9,281 | (757) | - | - |
| Yulon Finance Overseas | Yulon Finance Philippines | Samoa | Shareholding company | 437,490 | - | 15,000 | 100.00 | 426,264 | (13,161) | - | - |
| Yulon Finance Philippines | Yulon Finance Philippines Corporation | Philippine | Financial lease of car and loans to car dealers for purpose of purchasing automobiles | 437,490 | - | 7,500 | 99.99 | 426,264 | (13,161) | - | - |
| Yu Pong | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 42,080 | 42,080 | 1,135 | 0.08 | 27,584 | 3,592,999 | - | - |
| | Yu Ching | Taipei, Taiwan | Import and export and sale of cars and parts | 682,685 | 682,685 | 48,461 | 40.00 | 531,914 | 74,513 | - | - |
| Yue Sheng | Y-Teks | Taoyuan, Taiwan | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 25,510 | 25,510 | 212 | 11.99 | 132,482 | 147,157 | - | - |
| Yung Hong | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 253,834 | 253,834 | 9,994 | 0.72 | 70,306 | 3,592,999 | - | - |
| Yu Ching | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 55,467 | 55,467 | 3,500 | 1.17 | 97,912 | 822,016 | - | - |
| | Yulon Nissan | Miaoli, Taiwan | Sales of cars | 336,923 | 336,923 | 3,500 | 1.17 | 243,872 | 5,890,046 | - | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 19,914 | 19,914 | 2,742 | 9.56 | 39,704 | 71,730 | - | - |
| | Chinh-Ling | Taipei, Taiwan | Product design | 36,098 | 36,098 | 5,000 | 100.00 | 17,549 | (280) | - | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 9 | 9 | 1 | 0.01 | 9 | 16,391 | - | - |
| Yueki | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 408 | 408 | 27 | - | 747 | 3,592,999 | - | - |
| | 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 | 19,658 | - | - |
| | Yue Ki Samoa | Samoa | Investments | 123,058 | 123,058 | 4,126 | 100.00 | 536,075 | 17,083 | - | - |
| | Yue Ki HK | Hong Kong | Investments | 330,094 | 330,094 | - | 100.00 | 126,524 | (75,147) | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------------|--------------------------|-------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | 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 | \$ 26,125 | \$ 4,841 | \$ - | - |
| | Yu Chang China | Samoa | Investments | - | 47,422 | - | - | - | - | - | - |
| | Luxgen Kaohsiung | Kaohsiung, Taiwan | Wholesale and retail of cars, parts and car repair | 26,450 | 26,450 | 1,420 | 20.00 | 7,634 | (11,676) | - | - |
| 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 | 38,285 | 4,339 | - | - |
| | Luxgen Taoyuan | Taoyuan, Taiwan | Sales, maintenance and repair of cars and related products | 12,250 | 12,250 | 2,100 | 20.00 | 18,557 | (16,602) | - | - |
| | Yu Shin Investment | Samoa | Investments | 46,331 | 46,331 | - | 100.00 | (32,989) | (16,009) | - | - |
| Singan | Singgual Travel | New Taipei City, Taiwan | Sales of car parts | 130,591 | 130,591 | 13,000 | 100.00 | 200,008 | 13,639 | - | - |
| | Hsiang Shou | New Taipei City, Taiwan | Towing | 128,400 | 128,400 | 10,000 | 100.00 | 214,580 | 62,669 | - | - |
| | Hong Shou Culture | New Taipei City, Taiwan | Publication | 64,100 | 64,100 | 4,050 | 100.00 | 12,499 | (10,042) | - | - |
| Empower | Chunmin | Taichung, Taiwan | Comprehensive retail of car parts | 8,000 | 8,000 | 800 | 100.00 | 11,040 | 191 | - | - |
| | Hong Yen | Samoa | Investments | 47,082 | 47,082 | 45,995 | 100.00 | 83,362 | (33,114) | - | - |
| | Luxgen Taichung | Taichung, Taiwan | Repair, wholesale and retail of cars and parts | 27,446 | 27,446 | 2,120 | 20.00 | 5,067 | (19,319) | - | - |
| | Yu Ming Insurance | Taichung, Taiwan | Property insurance | 3,000 | 3,000 | 300 | 100.00 | 3,260 | (90) | - | - |
| Sin Chi | Yulon Nissan | Miaoli, Taiwan | Sales of cars | 311,853 | 311,853 | 3,050 | 1.02 | 212,343 | 5,890,046 | - | - |
| | Yu Chia | Taipei, Taiwan | Sales, maintenance and repair of heavy vehicles and related products | 84,000 | 120,000 | 8,400 | 100.00 | 37,863 | (2,433) | - | - |
| | Chanchen | Taipei, Taiwan | Management consulting, leases of real estate and general advertising | 10,000 | 10,000 | 1,000 | 100.00 | 16,937 | 3,316 | - | - |
| Yu Sing | Ding Long | Taipei, Taiwan | Sales, maintenance and repair of cars and parts | 37,790 | 37,790 | 3,779 | 37.99 | 39,879 | (5,887) | - | - |
| | Kuen You Trading | New Taipei City, Taiwan | Sale, maintenance and repair of cars and parts | 10,000 | - | 1,000 | 100.00 | 10,970 | 970 | - | - |
| Y-Teks | Yu-Hsin Intl | B.V.I. | Investments | 65,854 | 65,854 | 2,208 | 66.67 | 1,171,368 | 283,318 | - | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 435 | 435 | 28 | - | 687 | 3,592,999 | - | - |
| Yu-Hsin Intl | Yu-Hsin Intl HK | Hong Kong | Investments | 311,194 | 311,194 | 10,274 | 100.00 | 583,708 | (15,942) | - | - |
| Union & NKH Auto Parts | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 640 | 640 | 64 | - | 1,555 | 3,592,999 | - | - |
| | Uni Investment | B.V.I. | Investments | 289,287 | 289,287 | 8,403 | 100.00 | 2,069,366 | 15,514 | - | - |
| Luxgen | Luxgen Taipei | Taipei, Taiwan | Repair, wholesale and retail of cars and parts | 157,625 | 157,625 | 18,499 | 99.99 | 110,081 | (60,536) | - | - |
| | Luxgen Taoyuan | Taoyuan, Taiwan | Repair, wholesale and retail of cars and parts | 64,883 | 64,883 | 6,299 | 59.99 | 54,687 | (16,602) | - | - |
| | Luxgen Taichung | Taichung, Taiwan | Repair, wholesale and retail of cars and parts | 71,624 | 71,624 | 6,359 | 59.99 | 14,572 | (19,319) | - | - |
| | Luxgen Tainan | Tainan, Taiwan | Repair, wholesale and retail of cars and parts | 182,388 | 182,388 | 8,399 | 79.99 | 48,157 | (19,956) | - | - |
| | Luxgen Kaohsiung | Kaohsiung, Taiwan | Repair, wholesale and retail of cars and parts | 58,344 | 58,344 | 4,259 | 59.99 | 22,675 | (11,676) | - | - |
| | Luxgen Overseas Holdings | Singapore | Investments | 1,300,595 | 1,300,595 | 63,587 | 100.00 | 143,452 | 1,896 | - | - |
| | Singan | New Taipei City, Taiwan | Wholesale and retail of information software | 81,191 | 81,191 | 5,670 | 19.78 | 81,606 | 71,730 | - | - |
| | | | | | | | | | | | |
| Yulon Construction | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 1,690 | 1,690 | 32 | - | 783 | 3,592,999 | - | - |
| | Xiao Gan Yu Feng | New Taipei City, Taiwan | Construction and green building | 24,990 | 24,990 | 2,499 | 99.96 | 37,212 | 12,231 | - | - |
| Yulon Energy | Power Engineering | New Taipei City, Taiwan | Construction project contracting | 2,000 | 2,000 | 200 | 100.00 | 961 | (123) | - | - |
| Yulon Overseas | Yulon Philippine | Cayman | Investments | 1,097,593 | 1,063,467 | 32,791 | 100.00 | (188,649) | (134,951) | - | - |
| | Yulon China | B.V.I. | Investments | 22,724,189 | 14,423,409 | 560,359 | 100.00 | 6,685,289 | (2,572,781) | - | - |
| Yulon Philippine | UMPI & SCIC | Philippine | Manufacturing of cars and factory lease | 896,694 | 868,813 | - | 100.00 | 8,861 | 37,022 | - | - |
| | NPI | Philippine | Sale, maintenance and repair of cars and parts | 72,247 | 70,001 | 12 | 24.50 | (201,421) | (699,163) | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---------------------|--|-----------|------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| Yulon China | Qing Yi | Samoa | Investments | \$ 846,690 | \$ 471,696 | 15,850 | 100.00 | \$ 565,271 | \$ 19 | \$ - | - |
| | Wen Yang | Samoa | Investments | 494,512 | 479,136 | 16,100 | 100.00 | 257,959 | (85,239) | - | - |
| | Tai Xin | Samoa | Investments | 743,954 | 720,823 | 19,600 | 100.00 | 742,628 | 3,674 | - | - |
| | Yulon China (Hong Kong) Investment Limited | Hong Kong | Investments | 8,362,645 | 8,102,631 | - | 100.00 | (985,194) | (1,081,814) | - | - |
| | Yulon China Holding | Cayman | Investments | 12,805,765 | 4,399,037 | 22,500 | 100.00 | 6,005,003 | (1,356,886) | - | - |
| | Feng Hua | Hong Kong | Investments | 86,002 | 83,328 | - | 40.00 | 117,342 | 59,990 | - | - |
| Yulon China Holding | Yulon China (HK) Holding | Hong Kong | Investments | 12,519,600 | 4,399,037 | - | 100.00 | 6,005,118 | (1,356,886) | - | - |

(Concluded)

YULON MOTOR COMPANY LTD.

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 10

| 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-------------------------------|--|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Xiamen Young Chang | Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting | \$ 69,244 | b) | \$ 57,130 | \$ - | \$ - | \$ 57,130 | \$ 24,932 | 100.00 | \$ 24,932 | \$ 657,313 | \$ - | 2, b) |
| Ke Yu | Computer software maintenance and computer system integration | 821,604 | b) | 740,883 | - | - | 740,883 | 3,830 | 100.00 | 3,830 | 740,272 | - | 2, b) |
| Tai Feng | Computer software maintenance and computer system integration | 511,107 | b) | 456,118 | - | - | 456,118 | 2,535 | 100.00 | 2,535 | 490,727 | - | 2, b) |
| Qing Tai | Computer software maintenance and computer system integration | 538,187 | b) | 471,475 | - | - | 471,475 | (127,839) | 100.00 | (127,839) | 180,064 | - | 2, b) |
| Dongfeng Yulon | Manufacturing of key car components, electric cars and related parts | 15,857,423 | b) | 8,192,998 | - | - | 8,192,998 | (2,161,179) | 50.00 | (1,080,590) | (1,000,783) | - | 2, a) |
| Su Zhou Chen Long | Sale, maintenance and repair of cars and parts | 197,609 | b) | 86,002 | - | - | 86,002 | 59,991 | 40.00 | 23,996 | 293,332 | - | 2, b) |
| Yulon Motor Investment | Investment, shareholding and related business | 4,355,514 | b) | 1,789,918 | - | - | 1,789,918 | (127,762) | 100.00 | (127,762) | (3,104,141) | - | 2, b) |
| Luxgen (Hangzhou) Motor Sales | Sales of cars and car parts | 7,152,505 | b) | 2,750,528 | 4,747,150 | - | 4,974,103 | (1,224,529) | 100.00 | (1,224,529) | 4,683,325 | - | 2, a) |
| Yulon Motor Finance | Car purchases and loans to car dealers for car purchases | 4,475,000 | a) | 2,282,250 | - | - | 2,282,250 | 127,630 | 73.42 | 93,703 | 4,579,457 | - | 2, b) |
| Hang Zhou Jian Tai | Tailpipe, catalyzer assembling, chassises, connection arms, crossrails of engines and other stamping and welding parts | 143,167 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Chun Yu | Tire monitors, blue tooth communication device, keyless entry system | 61,156 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Xian Bo | Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing | 76,910 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Yong Ren | Manufacturing of machinery, car accessory and seat parts | 111,821 | b) | 2,304 | - | - | 2,304 | 2,140 | 2.59 | - | 2,304 | - | - |
| Hang Zhou Yo Zhan | Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products | 354,864 | b) | 3,072 | - | - | 3,072 | - | 2.10 | - | - | - | - |
| Hang Zhou Haitec Company | Product design | 138,140 | b) | - | - | - | - | (52,950) | 10.00 | (5,295) | 3,628 | - | 2, a) |

(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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-----------------------------|---|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Fujian Spicer | Production of automotive key components, drive axle assemblies and their parts and components | \$ 916,507 | a) | \$ - | \$ 233,745 | \$ - | \$ 233,745 | \$ 180,611 | 20.05 | \$ 37,309 | \$ 242,660 | \$ - | 2, c) |
| Shenyang Spicer | Manufacturing and sales of automotive drive shafts, mechanical drive shafts and spare parts | 384,522 | a) | - | 56,475 | - | 56,475 | 4,914 | 14.00 | (611) | 53,598 | - | 2, c) |
| Hui Zhou Deng Feng Yi Jing | Manufacturing of car parts | 671,250 | b) | - | - | - | - | 48,735 | 66.00 | 31,961 | 520,461 | - | 2, c) |
| Hangchow Yue Wan | Manufacturing of car parts | 334,142 | b) | - | 180,218 | - | 180,218 | (75,148) | 77.00 | (58,210) | 215,695 | - | 2, c) |
| Hangchow Y-Teks | Manufacturing and sales of car interior furnishing and related business | 267,201 | b) | - | - | - | - | (57,876) | 27.00 | (32,276) | 267,955 | - | 2, c) |
| Changzhou Y-TEKS | Manufacturing and sales of car interior furnishing and related business | 52,109 | b) | - | - | - | - | (9,981) | 14.00 | (1,397) | 69,274 | - | 2, c) |
| Liu Zhou Yu Xin Fang Sheng | Manufacturing and sales of car interior furnishing and related business | 153,575 | b) | - | - | - | - | (220,295) | 5.00 | 11,015 | 207,778 | - | 2, c) |
| Guang Zhou He Xi | Manufacturing and sales of car interior furnishing and related business | 202,719 | b) | - | - | - | - | 1,516,137 | 6.00 | 90,968 | 1,003,128 | - | 2, c) |
| Fuzhou Lianghong | Manufacturing of car seats | 465,239 | b) | - | - | - | - | 104,009 | 17.00 | 17,682 | 487,645 | - | 2, c) |
| Hangchow Liangrun | Manufacturing of car seats | 436,935 | b) | - | - | - | - | (107,813) | 25.00 | (26,964) | 96,832 | - | 2, c) |
| Guang Zhou Ri Zheng Spring | Manufacturing of vibration damper springs | 821,626 | b) | - | - | - | - | 209,441 | 10.00 | 20,944 | 1,270,280 | - | 2, c) |
| Shang Hai Jing-Huei | Sales of car parts | 50,474 | a) | - | - | - | - | (2,420) | 61.00 | (1,479) | 72,945 | - | 2, c) |
| Yu-Jie | Construction industry | 2,237,500 | a) | - | - | - | - | 15,911 | 100.00 | 15,911 | 2,264,703 | - | 2, b) |
| Car-Plus (Suzhou) | Lease of cars and related services | 307,150 | b) | - | - | - | - | 77,902 | 39.00 | 30,536 | 681,194 | - | 2, b) |
| Car-Plus Leasing (Shanghai) | Lease of cars and related services | 307,150 | b) | - | - | - | - | 28,123 | 39.00 | 11,024 | 349,239 | - | 2, b) |
| Car-Plus GO | Lease of cars and related services | 307,150 | b) | - | - | - | - | (875) | 37.00 | (325) | 306,425 | - | 2, b) |
| Yu-Rong Leasing (Suzhou) | Equipments and cars leasing business | 921,450 | b) | - | - | - | - | 331,493 | 37.00 | 123,055 | 1,636,039 | - | 2, b) |
| TAC Finance Company | Equipments and cars leasing business | 921,450 | b) | - | - | - | - | (139,674) | 66.00 | (91,836) | 641,862 | - | 2, b) |
| Zhe Jiang Cheng Yi Company | Equipments and cars leasing business | 89,506 | b) | - | - | - | - | 603 | 62.00 | 376 | 58,510 | - | 2, c) |
| Hangzhou Cheng Yi Jian | Advisory services and business agent of secondhand vehicles | 2,238 | b) | - | - | - | - | (169) | 62.00 | (105) | 1,978 | - | 2, c) |
| Zhejiang Cheng-Yi Auction | Secondhand vehicle authenticate and evaluation service | 8,951 | b) | - | - | - | - | (1,929) | 62.00 | (1,203) | 4,968 | - | 2, c) |
| Su Zhou Yu Guo | Car purchases and loans to car dealers for car purchases | 8,951 | b) | - | - | - | - | (1,414) | 17.00 | (240) | 1,998 | - | 2, c) |
| Shanghai Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 1,436 | 17.00 | 244 | 2,697 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-------------------------------|---|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Dongguan Yu Guo | Sales of cars | \$ 8,951 | b) | \$ - | \$ - | \$ - | \$ - | \$ (4,615) | 17.00 | \$ (784) | \$ 814 | \$ - | 2, c) |
| Xiamen Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (9,038) | 17.00 | (1,535) | - | - | 2, c) |
| Chengdu Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (1,997) | 16.98 | (339) | 436 | - | 2, c) |
| Ho Fei Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 315 | 17.00 | 53 | 2,605 | - | 2, c) |
| Qingdao Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (255) | 17.00 | (43) | 2,236 | - | 2, c) |
| Wuhan Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (3,543) | 43.00 | (1,509) | 5,338 | - | 2, c) |
| Kunming Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 1,373 | 17.00 | 233 | 2,511 | - | 2, b) |
| Fu Jian Yu Xin | Sales of cars | 92,083 | b) | - | - | - | - | (32,808) | 100.00 | (32,808) | (74,791) | - | 2, b) |
| Ning Bo Yu Cheng | Sales of cars | 92,083 | b) | - | - | - | - | (17,966) | 100.00 | (17,966) | (41,374) | - | 2, c) |
| Shanghai Yuming | Sales of cars | 224,471 | b) | - | - | - | - | (67,217) | 67.00 | (45,026) | (37,575) | - | 2, a) |
| Ka Shing Yu Da | Sales of cars | 56,367 | b) | - | - | - | - | (15,540) | 67.00 | (10,410) | 2,948 | - | 2, a) |
| Dong Yu Tech. Company | Car manufacture and furnishing; manufacture, installation and sale of car parts | 70,459 | b) | - | - | - | - | (2,699) | 45.00 | (1,215) | 45,423 | - | 2, b) |
| Dong Feng Yulon Sales Company | Sales of cars and car parts | 230,207 | b) | - | - | - | - | (82,393) | 50.00 | (41,196) | (4,065,922) | - | 2, b) |
| Chuang Jie New Energy Vehicle | Manufacturing of key car components, electric cars and related parts | 3,602,321 | b) | - | 3,535,911 | - | 3,535,911 | (26,889) | 100.00 | (26,889) | 3,509,097 | - | 2, b) |
| Sheng Qing | Investments | 2,698,946 | b) | - | 137,502 | - | 137,502 | 63,474 | 100.00 | 63,474 | 1,907,782 | - | 2, b) |
| Mei De | Computer software maintenance and computer system integration | 366,029 | b) | - | - | - | - | 707 | 100.00 | 707 | 362,924 | - | 2, b) |
| Shi Cheng | Computer software maintenance and computer system integration | 333,462 | b) | - | - | - | - | (84,472) | 100.00 | (84,472) | (71,538) | - | 2, b) |
| Jin Ce | Computer software maintenance and computer system integration | 90,564 | b) | - | - | - | - | (5,372) | 100.00 | (5,372) | 66,373 | - | 2, b) |
| Yi Ding | Computer software maintenance and computer system integration | 254,149 | b) | - | - | - | - | (1,477) | 100.00 | (1,477) | 235,079 | - | 2, b) |
| Dong Tai | Investments | 339,771 | b) | - | - | - | - | (90,472) | 100.00 | (90,472) | (96,596) | - | 2, b) |
| Gao Te | Investments | 267,040 | b) | - | - | - | - | (1,989) | 100.00 | (1,989) | 239,463 | - | 2, b) |
| Shen Jun Yu Peng | Sales of cars | 55,250 | b) | - | - | - | - | 15,235 | 65.00 | 9,903 | 9,902 | - | 2, b) |
| Su Zhou Feng Shen | Sales of cars | 220,999 | b) | - | - | - | - | 153,226 | 40.00 | 61,291 | 377,709 | - | 2, b) |
| Guang Zhou Yuan Du | Sales of cars | 161,145 | b) | - | - | - | - | 16,639 | 51.00 | 8,486 | 134,553 | - | 2, b) |
| Zhu Hai Fu Te En | Sales of cars | 23,021 | b) | - | - | - | - | 17,163 | 100.00 | 17,163 | 153,776 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|---------------------|------------------------------|-----------------|----------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Nanjing Hanhong | Sales of cars | \$ 323,454 | b) | \$ - | \$ - | \$ - | \$ - | \$ (11,929) | 100.00 | \$ (11,929) | \$ 164,525 | \$ - | 2, b) |
| Wuhan Yu Hsin | Sales of cars | 128,916 | b) | - | - | - | - | 38,978 | 100.00 | 38,978 | 23,249 | - | 2, b) |
| HangZhou Yu Zhong | Trading | 46,041 | b) | - | - | - | - | 292 | 100.00 | 292 | 76,107 | - | 2, b) |
| Jiangmen Junxing | Sales of cars | 93,014 | b) | - | - | - | - | (5,846) | 60.00 | (3,507) | 66,726 | - | 2, b) |
| Jiangmen Yuli | Sales of cars | 46,973 | b) | - | - | - | - | (16,448) | 60.00 | (9,869) | 41,083 | - | 2, b) |
| He-Shan Li-Sheng | Sales of cars | 2,919 | b) | - | - | - | - | (1,090) | 60.00 | (654) | 4,690 | - | 2, b) |
| Guang Zhou Yuan Zhi | Sales of cars | 91,640 | b) | - | - | - | - | (27,396) | 51.00 | (13,972) | 6,564 | - | 2, b) |
| Qingdao Yuanhuang | Sales of cars | 138,124 | b) | - | - | - | - | (14,181) | 51.00 | (7,232) | (82,158) | - | 2, b) |
| Hang Zhou Hua Zhi | Sales of cars | 92,083 | b) | - | - | - | - | (52,981) | 80.00 | (42,385) | (124,702) | - | 2, b) |
| Chang Sha Yu Lu | Sales of cars | 92,083 | b) | - | - | - | - | (26,064) | 100.00 | (26,064) | 26,167 | - | 2, b) |
| Hang Zhou Tang Yu | Investments | 46,041 | b) | - | - | - | - | 125 | 100.00 | 125 | 48,700 | - | 2, b) |
| Hang Zhou Chien Yu | Investments | 46,041 | b) | - | - | - | - | (151) | 100.00 | (151) | 40,317 | - | 2, b) |
| Zhuhai Yuhsin | Sales of cars | 23,021 | b) | - | - | - | - | (13,538) | 100.00 | (13,538) | (32,039) | - | 2, b) |
| Shenzhen Yu Zhi | Sales of cars | 46,041 | b) | - | - | - | - | (18,116) | 100.00 | (18,116) | 4,981 | - | 2, b) |
| Xiao Gan Yu Feng | Sales of cars | 73,666 | b) | - | - | - | - | 25,914 | 100.00 | 25,914 | 113,046 | - | 2, b) |
| Su Zhou Feng Shun | Sales of cars | 115,756 | b) | - | - | - | - | 79,447 | 40.00 | 31,779 | 346,531 | - | 2, b) |
| Suzhou Yueshun | Sales of cars | 46,041 | b) | - | - | - | - | (6,826) | 40.00 | (2,730) | 42,717 | - | 2, b) |
| Su Chou Cheng Pin | Sales of cars | 186,028 | b) | - | - | - | - | 534 | 40.00 | 213 | 187,188 | - | 2, b) |
| Wu Jiang Lian Cheng | Sales of cars | 46,041 | b) | - | - | - | - | 25,180 | 40.00 | 10,072 | 132,787 | - | 2, b) |
| Su Zhou Cheng Li | Sales of cars | 69,527 | b) | - | - | - | - | 2,075 | 40.00 | 830 | 43,200 | - | 2, b) |
| Hang Zhou Hsiao Yu | Investments | 46,041 | b) | - | - | - | - | (82) | 99.00 | (81) | 40,640 | - | 2, b) |
| Nan Jing Yu Shang | Sales of cars | 36,833 | b) | - | - | - | - | (11,610) | 100.00 | (11,610) | (62,081) | - | 2, b) |
| Hang Zhou Hua You | Sales of cars | 36,833 | b) | - | - | - | - | (40,250) | 80.00 | (32,200) | (159,258) | - | 2, b) |
| Su Zhou Cheng Pang | Sales of cars | 46,041 | b) | - | - | - | - | 7,952 | 40.00 | 3,181 | 62,918 | - | 2, b) |
| Nan Jing Yu Hua | Sales of cars | 138,124 | b) | - | - | - | - | (11,094) | 100.00 | (11,094) | 121,800 | - | 2, b) |
| Su Zhou Cheng Guo | Sales of cars | 46,973 | b) | - | - | - | - | (11,112) | 40.00 | (4,445) | 8,409 | - | 2, b) |
| Su Zhou Cheng Hung | Sales of cars | 46,973 | b) | - | - | - | - | 7,050 | 40.00 | 2,820 | 45,469 | - | 2, b) |
| Tai Chang Cheng Mau | Sales of cars | 46,973 | b) | - | - | - | - | 8,449 | 40.00 | 3,380 | 74,541 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|--------------------|------------------------------|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| An Hui Min Tung | Sales of cars | \$ 46,973 | b) | \$ - | \$ - | \$ - | \$ - | \$ (25,234) | 100.00 | \$ (25,234) | \$ (37,709) | \$ - | 2, b) |
| An Ching Tsai Tung | Sales of cars | 23,486 | b) | - | - | - | - | (18,386) | 100.00 | (18,386) | (86,373) | - | 2, b) |
| An Ching Ling Tung | Sales of cars | 18,789 | b) | - | - | - | - | (8,162) | 100.00 | (8,162) | (63,155) | - | 2, b) |
| Tung Ling Kuo Tung | Sales of cars | 23,486 | b) | - | - | - | - | (14,934) | 100.00 | (14,934) | (15,010) | - | 2, b) |
| Ho Fei Chun Hui | Sales of cars | 2,349 | b) | - | - | - | - | 4,943 | 100.00 | 4,943 | (21,316) | - | 2, b) |
| Zi Bo Yu An | Sales of cars | 23,486 | b) | - | - | - | - | (16,479) | 100.00 | (16,479) | (29,367) | - | 2, b) |

| Accumulated Investment in Mainland China as of December 31, 2018 | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|--|---|--|---|
| Yulon Motor Company Ltd. | \$25,429,823 | \$30,311,252 | \$49,836,174 |

Note 1: Method of investment have following type:

- a. Direct investment in Mainland China.
- b. Indirect investment in the Company of Mainland China through a third place.
- c. Other.

Note 2:

- a. If it is in preparation, there is no investment gains and losses, should be noted.
- b. The amounts of investment gain (loss) was recognized on following bases:
 - 1) Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.
 - 3) Other.

Note 3: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(Concluded)

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 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:



LI-LIAN YEN CHEN
Chairman

March 27, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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 of the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Impairment Assessment of Luxgen's Vehicle Model Development Cost and Molds

(Please refer to Notes 4, 5, 22, 24 and 33.)

The vehicle model development cost of Luxgen brand was NT\$8,949,224 thousand, and the molds equipment used for the production of the vehicle model was NT\$3,481,588 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 assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. The key assumptions and inputs used involved significant management judgment and estimation uncertainty; thus, this is determined as a key audit matter. As of December 31, 2018, allowance for impairment loss of trade receivable was NT\$3,060,412 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, 2018 was NT\$1,717,835 thousand, representing 10.14% of operating expenses.

Our audit procedures included the following:

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 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, 2018 and 2017 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, 2018 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, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| ASSETS | 2018 | | 2017 | |
|---|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 28,946,011 | 9 | \$ 24,631,189 | 9 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 662,168 | - | 1,054,494 | - |
| Financial assets at fair value through other comprehensive income - current (Notes 4 and 8) | 126,059 | - | - | - |
| Available-for-sale financial assets - current (Notes 4 and 11) | - | - | 146,165 | - |
| Derivative financial assets for hedging - current (Note 13) | 12,356 | - | - | - |
| Financial assets at amortized cost - current (Notes 4, 9 and 10) | 3,971,638 | 1 | - | - |
| Financial assets measured at cost - current (Notes 4 and 14) | - | - | 2,991 | - |
| Debt investments with no active market - current (Notes 4, 15 and 40) | - | - | 7,396,152 | 3 |
| Notes and trade receivable (Notes 4, 16 and 39) | 114,630,157 | 37 | 92,135,989 | 36 |
| Notes and trade receivable from related parties (Notes 4, 16, 38 and 39) | 2,141,153 | 1 | 2,200,030 | 1 |
| Finance lease receivables (Notes 4 and 17) | 25,017,877 | 8 | 17,952,213 | 7 |
| Other receivables (Note 18) | 5,686,913 | 2 | 4,041,993 | 2 |
| Inventories (Notes 4, 19 and 33) | 17,295,118 | 6 | 12,125,616 | 5 |
| Other current assets (Note 39) | 8,774,988 | 3 | 7,741,609 | 3 |
| Incremental costs of obtaining a contract - current (Notes 32 and 39) | 2,035,940 | 1 | - | - |
| Total current assets | <u>209,300,378</u> | <u>68</u> | <u>169,428,441</u> | <u>66</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | 2,620 | - | - | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 602,818 | - | - | - |
| Available-for-sale financial assets - non-current (Notes 4 and 11) | - | - | 58,244 | - |
| Financial assets at amortized cost - non-current (Notes 4, 9 and 10) | 464,327 | - | - | - |
| Held-to-maturity financial assets - non-current (Notes 4 and 12) | - | - | 16,632 | - |
| Financial assets measured at cost - non-current (Notes 4 and 14) | - | - | 87,501 | - |
| Debt investment with no active market - non-current (Notes 4, 15 and 40) | - | - | 183,991 | - |
| Investments accounted for using the equity method (Notes 4 and 21) | 29,271,476 | 10 | 29,384,814 | 11 |
| Property, plant and equipment (Notes 4, 22, 33 and 40) | 37,519,751 | 12 | 35,764,145 | 14 |
| Investment properties (Notes 4, 23 and 33) | 9,756,450 | 3 | 11,923,408 | 5 |
| Goodwill (Note 4) | 882 | - | 882 | - |
| Vehicle model development cost (Notes 4 and 24) | 10,159,224 | 3 | 6,479,471 | 3 |
| Other intangible assets (Notes 4 and 24) | 414,176 | - | 400,486 | - |
| Deferred tax assets (Notes 4 and 34) | 1,499,140 | 1 | 1,277,349 | 1 |
| Long-term finance lease receivables (Notes 4 and 17) | 1,346,884 | 1 | 948,688 | - |
| Refundable deposits | 1,213,254 | 1 | 1,218,987 | - |
| Long-term prepayments for lease (Note 25) | 1,070,081 | - | 1,003,988 | - |
| Other non-current assets | <u>3,051,632</u> | <u>1</u> | <u>239,480</u> | <u>-</u> |
| Total non-current assets | <u>96,372,715</u> | <u>32</u> | <u>88,988,066</u> | <u>34</u> |
| TOTAL | <u>\$ 305,673,093</u> | <u>100</u> | <u>\$ 258,416,507</u> | <u>100</u> |

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| LIABILITIES AND EQUITY | 2018 | | 2017 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT LIABILITIES | | | | |
| Short-term bills payable (Note 26) | \$ 79,805,108 | 26 | \$ 65,410,076 | 25 |
| Short-term borrowings (Note 26) | 68,410,763 | 23 | 49,220,404 | 19 |
| Derivative financial liabilities for hedging - current (Notes 4 and 13) | - | - | 201 | - |
| Financial liabilities for hedging - current (Notes 4 and 13) | 81 | - | - | - |
| Notes and trade payables | 5,374,647 | 2 | 6,010,742 | 2 |
| Notes and trade payable to related parties (Note 39) | 8,854,427 | 3 | 8,675,235 | 3 |
| Other payables (Notes 24, 28 and 39) | 12,957,199 | 4 | 12,087,797 | 5 |
| Current tax liabilities (Notes 4 and 34) | 799,648 | - | 530,075 | - |
| Provisions - current (Notes 4 and 29) | 283,760 | - | 295,236 | - |
| Current portion of long-term borrowings (Notes 4 and 27) | 6,443,671 | 2 | 776,712 | - |
| Current portion of bonds payable (Notes 26) | 592,897 | - | 4,342,919 | 2 |
| Other current liabilities (Note 28) | 12,469,990 | 4 | 11,483,566 | 5 |
| Total current liabilities | 195,992,191 | 64 | 158,832,963 | 61 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Notes 4 and 27) | 15,300,000 | 5 | 10,000,000 | 4 |
| Long-term borrowings (Note 26) | 3,478,650 | 1 | 2,952,752 | 1 |
| Provisions - non-current (Notes 4 and 29) | 873,808 | - | 898,195 | - |
| Deferred tax liabilities (Notes 4 and 34) | 4,001,887 | 1 | 3,648,046 | 2 |
| Long-term trade payables (Notes 24, 28 and 39) | - | - | 1,050,000 | - |
| Deferred revenue - non-current (Note 28) | 21,391 | - | 27,920 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 30) | 952,110 | 1 | 1,379,780 | 1 |
| Other non-current liabilities (Note 28) | 1,992,766 | 1 | 505,712 | - |
| Total non-current liabilities | 26,620,612 | 9 | 20,462,405 | 8 |
| Total liabilities | 222,612,803 | 73 | 179,295,368 | 69 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 31) | | | | |
| Share capital | | | | |
| Ordinary shares | 15,729,199 | 5 | 15,729,199 | 6 |
| Capital surplus | 6,597,972 | 2 | 6,665,705 | 3 |
| Retained earnings | | | | |
| Legal reserve | 8,078,119 | 3 | 7,849,288 | 3 |
| Special reserve | 38,373,565 | 12 | 37,373,565 | 14 |
| Unappropriated earnings | 2,787,202 | 1 | 2,693,149 | 1 |
| Total retained earnings | 49,238,886 | 16 | 47,916,002 | 18 |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (919,398) | - | (593,515) | - |
| Unrealized gain on financial assets at fair value through other comprehensive income | 1,466,521 | - | - | - |
| Unrealized gain on available-for-sale financial assets | - | - | 1,091,158 | - |
| Cash flow hedges | - | - | (92) | - |
| Gain on hedging instrument | 252 | - | - | - |
| Total other equity | 547,375 | - | 497,551 | - |
| Treasury shares | (376,304) | - | (376,304) | - |
| Total equity attributable to owners of the Company | 71,737,128 | 23 | 70,432,153 | 27 |
| NON-CONTROLLING INTERESTS (Note 31) | 11,323,162 | 4 | 8,688,986 | 4 |
| Total equity | 83,060,290 | 27 | 79,121,139 | 31 |
| TOTAL | \$ 305,673,093 | 100 | \$ 258,416,507 | 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, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|---|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 28, 33 and 39) | | | | |
| Sales | \$ 63,345,325 | 72 | \$ 72,754,343 | 77 |
| Investment income | 18,560 | - | 156,027 | - |
| Rental revenue | 8,105,901 | 9 | 7,571,120 | 8 |
| Service revenue | 3,528,631 | 4 | 3,196,922 | 4 |
| Other operating revenue | <u>13,117,284</u> | <u>15</u> | <u>10,432,616</u> | <u>11</u> |
| Total operating revenue | <u>88,115,701</u> | <u>100</u> | <u>94,111,028</u> | <u>100</u> |
| OPERATING COSTS (Notes 4, 19, 30, 33 and 39) | | | | |
| Cost of goods sold | 56,071,453 | 64 | 63,315,628 | 67 |
| Investment cost | 21,780 | - | 41,688 | - |
| Rental cost | 6,645,835 | 8 | 6,269,706 | 7 |
| Service cost | 2,047,297 | 2 | 1,741,454 | 2 |
| Other operating cost | <u>4,369,681</u> | <u>5</u> | <u>2,737,541</u> | <u>3</u> |
| Total operating costs | <u>69,156,046</u> | <u>79</u> | <u>74,106,017</u> | <u>79</u> |
| GROSS PROFIT | 18,959,655 | 21 | 20,005,011 | 21 |
| REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES | <u>5,571</u> | <u>-</u> | <u>(3,597)</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>18,965,226</u> | <u>21</u> | <u>20,001,414</u> | <u>21</u> |
| OPERATING EXPENSES (Notes 4, 30, 33 and 39) | | | | |
| Selling and marketing expenses | 8,416,494 | 10 | 9,283,443 | 10 |
| General and administrative expenses | 5,766,397 | 6 | 8,537,662 | 9 |
| Research and development expenses | 295,157 | - | 283,282 | - |
| Expected credit loss | <u>2,468,835</u> | <u>3</u> | <u>-</u> | <u>-</u> |
| Total operating expenses | <u>16,946,883</u> | <u>19</u> | <u>18,104,387</u> | <u>19</u> |
| PROFIT FROM OPERATIONS | <u>2,018,343</u> | <u>2</u> | <u>1,897,027</u> | <u>2</u> |
| NON-OPERATING INCOME | | | | |
| Other income (Notes 4 and 33) | 1,190,465 | 1 | 932,919 | 1 |
| Other losses (Notes 4 and 33) | (322,421) | - | 220,082 | - |
| Finance costs (Notes 4 and 33) | (513,165) | - | (292,382) | - |

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| Share of profit of associates and joint ventures accounted for by the equity method (Notes 4 and 21) | \$ 2,693,289 | 3 | \$ 1,161,441 | 1 |
| Interest income (Notes 4 and 33) | <u>318,551</u> | <u>-</u> | <u>219,361</u> | <u>-</u> |
| Total non-operating income | <u>3,366,719</u> | <u>4</u> | <u>2,241,421</u> | <u>2</u> |
| PROFIT BEFORE INCOME TAX | 5,385,062 | 6 | 4,138,448 | 4 |
| INCOME TAX EXPENSE (Notes 4 and 34) | <u>1,538,026</u> | <u>1</u> | <u>1,060,027</u> | <u>1</u> |
| NET PROFIT FOR THE YEAR | <u>3,847,036</u> | <u>5</u> | <u>3,078,421</u> | <u>3</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 55,961 | - | (22,526) | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | (211,382) | - | - | - |
| Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method | <u>(61,299)</u> | <u>-</u> | <u>(22,653)</u> | <u>-</u> |
| | <u>(216,720)</u> | <u>-</u> | <u>(45,179)</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences arising on translation operations | (160,396) | - | (412,510) | (1) |
| Unrealized gain (loss) on available-for-sale financial assets | - | - | (304,108) | - |
| Cash flow hedges | - | - | (201) | - |
| Loss on hedging instruments not subject to basis adjustment | 643 | - | - | - |
| Share of the other comprehensive of associates and joint ventures accounted for by the equity method | <u>(311,323)</u> | <u>(1)</u> | <u>(108,240)</u> | <u>-</u> |
| | <u>(471,076)</u> | <u>(1)</u> | <u>(825,059)</u> | <u>(1)</u> |
| Other comprehensive loss for the year, net of income tax | <u>(687,796)</u> | <u>(1)</u> | <u>(870,238)</u> | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 3,159,240</u> | <u>4</u> | <u>\$ 2,208,183</u> | <u>2</u> |

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2018 | | 2017 | |
|------------------------------|---------------------|----------|---------------------|----------|
| | Amount | % | Amount | % |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 2,037,032 | 2 | \$ 2,288,306 | 2 |
| Non-controlling interests | <u>1,810,004</u> | <u>2</u> | <u>790,115</u> | <u>1</u> |
| | <u>\$ 3,847,036</u> | <u>4</u> | <u>\$ 3,078,421</u> | <u>3</u> |
| TOTAL COMPREHENSIVE INCOME | | | | |
| ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,490,742 | 2 | \$ 1,508,187 | 1 |
| Non-controlling interests | <u>1,668,498</u> | <u>2</u> | <u>699,996</u> | <u>1</u> |
| | <u>\$ 3,159,240</u> | <u>4</u> | <u>\$ 2,208,183</u> | <u>2</u> |
| EARNINGS PER SHARE (Note 35) | | | | |
| Basic | <u>\$1.39</u> | | <u>\$1.56</u> | |
| Diluted | <u>\$1.39</u> | | <u>\$1.56</u> | |

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | | | | | | | |
|---|--|---------------------|---------------------|----------------------|-------------------------|--|--|---|------------------|------------------------------------|---------------------|----------------------|---------------------------|----------------------|
| | | | | | | Other Equity | | | | | | | | |
| | Share Capital | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating Foreign Operations | Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income | Unrealized Gain (Loss) on Available-for-sale Financial Assets | Cash Flow Hedges | Gain (Loss) on Hedging Instruments | Treasury Shares | Total | Non-controlling Interests | Total Equity |
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | | | | | | |
| BALANCE, JANUARY 1, 2017 | \$ 15,729,199 | \$ 6,664,910 | \$ 7,715,818 | \$ 36,373,565 | \$ 2,375,157 | \$ 75,147 | \$ - | \$ 1,157,054 | \$ - | \$ - | \$ (376,304) | \$ 69,714,546 | \$ 9,348,274 | \$ 79,062,820 |
| Appropriation of the 2016 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | 133,470 | - | (133,470) | - | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,000,000 | (1,000,000) | - | - | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company (NT\$0.5 per share) | - | - | - | - | (786,460) | - | - | - | - | - | - | (786,460) | - | (786,460) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (1,228,791) | (1,228,791) |
| Change in equity from investments in associates and joint ventures accounted for by using equity method | - | 795 | - | - | (2,555) | - | - | - | - | - | - | (1,760) | (93) | (1,853) |
| Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition | - | - | - | - | (2,360) | - | - | - | - | - | - | (2,360) | 2,360 | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (132,760) | (132,760) |
| Net profit for the year ended December 31, 2017 | - | - | - | - | 2,288,306 | - | - | - | - | - | - | 2,288,306 | 790,115 | 3,078,421 |
| Other comprehensive income for the year ended December 31, 2017, net of income tax | - | - | - | - | (45,469) | (668,662) | - | (65,896) | (92) | - | - | (780,119) | (90,119) | (870,238) |
| Total comprehensive income for the year ended December 31, 2017 | - | - | - | - | 2,242,837 | (668,662) | - | (65,896) | (92) | - | - | 1,508,187 | 699,996 | 2,208,183 |
| BALANCE, DECEMBER 31, 2017 | 15,729,199 | 6,665,705 | 7,849,288 | 37,373,565 | 2,693,149 | (593,515) | - | 1,091,158 | (92) | - | (376,304) | 70,432,153 | 8,688,986 | 79,121,139 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | 131,744 | - | 1,755,559 | (1,091,158) | 92 | (92) | - | 796,145 | - | 796,145 |
| BALANCE AT JANUARY 1, 2018 AS RESTATED | 15,729,199 | 6,665,705 | 7,849,288 | 37,373,565 | 2,824,893 | (593,515) | 1,755,559 | - | - | (92) | (376,304) | 71,228,298 | 8,688,986 | 79,917,284 |
| Appropriation of the 2017 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | 228,831 | - | (228,831) | - | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,000,000 | (1,000,000) | - | - | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company (NT\$0.58 per share) | - | - | - | - | (912,294) | - | - | - | - | - | - | (912,294) | - | (912,294) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (1,194,067) | (1,194,067) |
| Change in equity from investments in associates and joint ventures accounted for by using equity method | - | (24,422) | - | - | (794) | - | - | - | - | - | - | (25,216) | - | (25,216) |
| 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 | - | (43,311) | - | - | (1,091) | - | - | - | - | - | - | (44,402) | 44,402 | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 2,115,343 | 2,115,343 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | 2,037,032 | - | - | - | - | - | - | 2,037,032 | 1,810,004 | 3,847,036 |
| Other comprehensive income for the year ended December 31, 2018, net of income tax | - | - | - | - | 71,119 | (325,883) | (291,870) | - | - | 344 | - | (546,290) | (141,506) | (687,796) |
| Total comprehensive income for the year ended December 31, 2018 | - | - | - | - | 2,108,151 | (325,883) | (291,870) | - | - | 344 | - | 1,490,742 | 1,668,498 | 3,159,240 |
| Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income | - | - | - | - | (2,832) | - | 2,832 | - | - | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2018 | <u>\$ 15,729,199</u> | <u>\$ 6,597,972</u> | <u>\$ 8,078,119</u> | <u>\$ 38,373,565</u> | <u>\$ 2,787,202</u> | <u>\$ (919,398)</u> | <u>\$ 1,466,521</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 252</u> | <u>\$ (376,304)</u> | <u>\$ 71,737,128</u> | <u>\$ 11,323,162</u> | <u>\$ 83,060,290</u> |

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 5,385,062 | \$ 4,138,448 |
| Adjustments for: | | |
| Interest income | (11,447,206) | (8,851,032) |
| Depreciation expenses | 6,815,997 | 6,685,723 |
| Finance costs | 2,787,334 | 1,782,709 |
| Share of profit of associates and joint ventures accounted for by the equity method | (2,693,289) | (1,131,485) |
| Expected credit loss | 2,468,836 | - |
| Amortization expenses | 2,104,069 | 794,764 |
| Impairment loss recognized on non-financial assets | 1,143,742 | 155,094 |
| Net (gain) loss on foreign currency exchange | 260,331 | (674,585) |
| Recognition of provisions | 139,777 | 203,124 |
| Dividend income | (55,233) | (53,472) |
| Loss on disposal of property, plant and equipment | 29,462 | 36,754 |
| Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss | 20,339 | (25,077) |
| Realized gain on the transactions with associates and joint ventures | 4,191 | (23,805) |
| Impairment loss recognized on financial assets | 3,931 | 20,223 |
| Net loss on disposal of intangible assets | 2,963 | 36,281 |
| Impairment loss recognized on trade receivables | - | 1,746,438 |
| Gain on disposal of financial assets | - | (449,668) |
| Gain on disposal of investment properties | - | (26,052) |
| Changes in operating assets and liabilities | | |
| Financial assets held for trading | - | 747,387 |
| Financial assets mandatorily classified as at fair value through profit or loss | 1,472,283 | - |
| Notes and trade receivable | (24,871,608) | (16,569,724) |
| Other receivables | (2,823,425) | (2,097,629) |
| Inventories | (2,677,241) | (1,978,392) |
| Prepayments and other current assets | (2,537,991) | (2,638,695) |
| Finance lease receivables | (8,367,259) | (5,441,959) |
| Available-for-operating-sale leased assets | (6,042,113) | (6,488,767) |
| Incremental costs of obtaining a contract | (2,148,491) | - |
| Other operating assets | (2,348,530) | 265,219 |
| Notes and trade payables | (555,614) | 1,528,314 |
| Other payables | (4,945,487) | 1,335,532 |
| Provisions | (175,641) | (194,694) |
| Guarantee deposits | 842,695 | 863,617 |
| Other current liabilities | 135,778 | (492,103) |
| Accrued pension liabilities | (371,709) | (371,794) |
| Deferred revenue | (23,742) | 18,206 |
| Other operating liabilities | (101,747) | 324,113 |
| Cash used in operations | (48,569,536) | (26,826,987) |
| Interest received | 11,749,174 | 8,712,414 |

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Interest paid | \$ (2,741,023) | \$ (1,810,802) |
| Income tax paid | <u>(1,114,203)</u> | <u>(1,537,227)</u> |
| Net cash used in operating activities | <u>(40,675,588)</u> | <u>(21,462,602)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets at amortized cost | 5,861,518 | - |
| Dividend received | 4,352,049 | 3,989,394 |
| Purchase of property, plant and equipment | (3,740,191) | (3,650,199) |
| Purchase of financial assets at amortized cost | (2,413,956) | - |
| Payments for other non-current assets | (1,197,397) | - |
| Proceeds from disposal of property, plant and equipment | 863,962 | 1,165,431 |
| Payments for investment properties | (344,370) | - |
| Acquisition of associates investment accounted for using equity method | (325,399) | (1,921,798) |
| Payments for intangible assets | (144,823) | (133,977) |
| Proceeds from the capital reduction of investments accounted for using the equity method | 90,128 | - |
| Increase (decrease) in prepayments for leases | (41,172) | 54,447 |
| Increase in refundable deposits | (13,438) | (807,515) |
| Proceeds on financial assets at fair value through other comprehensive income | 3,040 | - |
| Purchase of financial assets at fair value through other comprehensive income | (1,904) | - |
| Proceeds on intangible assets | 293 | 1,363 |
| Proceeds on sale of financial assets at fair value through profit or loss | - | 2,533,881 |
| Purchase of debt investment with no active market | - | (2,319,134) |
| Purchase of financial assets at fair value through profit or loss | - | (2,189,002) |
| Proceeds on sale of available-for-sale financial assets | - | 395,764 |
| Proceeds on sale of financial assets measured at cost | - | 204,523 |
| Proceeds on investment properties | - | 53,321 |
| Acquisition of financial assets measured at cost | - | (1,145) |
| Purchase of available-for-sale financial assets | <u>-</u> | <u>(954)</u> |
| Net cash generated from investing activities | <u>2,948,340</u> | <u>(2,625,600)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term bills payable | 248,774,288 | 254,457,608 |
| Repayment of short-term bills payable | (234,214,646) | (243,235,322) |
| Proceeds from short-term borrowings | 192,888,277 | 149,274,207 |
| Repayment of short-term borrowings | (173,105,661) | (139,219,430) |
| Issuance of bonds payable | 7,396,900 | 14,341,475 |
| Proceeds from subsidiaries of issuance of preference shares | 2,356,594 | - |
| Dividends paid | (2,085,150) | (2,009,332) |
| Proceeds from long-term borrowings | 1,163,156 | 3,585,610 |
| | | (Continued) |

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Repayment of long-term borrowings | \$ (794,768) | \$ (1,983,138) |
| Change in non-controlling interests | (241,251) | (132,760) |
| Increase (decrease) in guarantee deposits received | 54,692 | (301,115) |
| Payments for transaction costs attributable to the issuance of debt instruments | (20,000) | - |
| Repayment of bonds payable | <u>-</u> | <u>(3,000,000)</u> |
| Net cash generated from financing activities | <u>42,172,431</u> | <u>31,777,803</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(130,361)</u> | <u>(140,663)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,314,822 | 7,548,938 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>24,631,189</u> | <u>17,082,251</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 28,946,011</u> | <u>\$ 24,631,189</u> |

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (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 board of directors on March 25, 2019.

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

- a. Initial application of the 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 and issued into effect by the FSC (collectively, the “IFRSs”)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

1) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

| Financial Assets | Measurement Category | | Carrying Amount | | Remark |
|---|--|-----------------------------|-----------------|---------------|--------|
| | IAS 39 | IFRS 9 | IAS 39 | IFRS 9 | |
| Cash and cash equivalents | Loans and receivables | Amortized cost | \$ 24,631,189 | \$ 24,631,189 | a) |
| Structured products | Designated as at FVTPL | Mandatorily at FVTPL | 163,157 | 163,157 | d) |
| Equity securities | Held-for-trading | Mandatorily at FVTPL | 108,436 | 108,436 | |
| | Available-for-sale (previously recognized as financial assets at cost) | Mandatorily at FVTPL | 4,078 | 4,078 | e) |
| | Available-for-sale (previously recognized as financial assets at cost) | FVTOCI - equity instruments | 74,962 | 766,420 | e) |
| | Available-for-sale | FVTOCI - equity instruments | 204,409 | 204,409 | e) |
| | Available-for-sale (previously recognized as financial assets at cost) | Amortized cost | 9,900 | 9,900 | e) |
| Mutual funds | Held-for-trading | Mandatorily at FVTPL | 782,901 | 782,901 | |
| | Available-for-sale (previously recognized as financial assets at cost) | Mandatorily at FVTPL | 1,552 | 1,552 | e) |
| Debt securities | Held-to-maturity | Amortized cost | 16,632 | 16,632 | c) |
| Debt investments with no active market | Loans and receivables | Amortized cost | 7,580,143 | 7,580,143 | c) |
| Notes receivable, trade receivables and other receivables | Loans and receivables | Amortized cost | 116,174,340 | 116,174,340 | a) |
| Other receivables | Loans and receivables | Mandatorily at FVTPL | 1,104,573 | 1,104,573 | b) |

| Financial Assets | IAS 39 Carrying Amount as of January 1, 2018 | Reclassifications | Remea- surements | IFRS 9 Carrying Amount as of January 1, 2018 | Retained Earnings Effect on January 1, 2018 | Other Equity Effect on January 1, 2018 | Remark |
|--|---|---------------------|---------------------|---|--|--|--------|
| <u>FVTPL</u> | \$ 1,054,494 | \$ - | \$ - | \$ 1,054,494 | \$ - | \$ - | |
| Add: Reclassification from other receivables (previously recognized as financial assets at cost) (IAS 39) | - | 5,630 | - | 5,630 | - | - | e) |
| Add: Reclassification from other receivables (IAS 39) | - | 1,104,573 | - | 1,104,573 | - | - | b) |
| Less: Reclassification to FVTOCI - equity instruments (IFRS 9) | - | (558) | - | (558) | - | - | e) |
| | <u>-</u> | <u>1,109,645</u> | <u>-</u> | <u>2,164,139</u> | <u>-</u> | <u>-</u> | |
| <u>FVTOCI</u> | | | | | | | |
| Debt instruments | | | | | | | |
| Add: Reclassification from available-for-sale (previously recognized as financial assets at cost) (IAS 39) | - | 74,962 | 691,458 | 766,420 | - | 691,458 | e) |
| Add: Reclassification from available-for-sale (IAS 39) | - | 204,409 | - | 204,409 | - | - | e) |
| Add: Reclassification from FVTPL (IAS 39) | - | 558 | - | 558 | - | - | e) |
| | <u>-</u> | <u>279,929</u> | <u>691,458</u> | <u>971,387</u> | <u>-</u> | <u>691,458</u> | |
| <u>Amortized cost</u> | | | | | | | |
| Add: Reclassification from held-to-maturity (IAS 39) | - | 16,632 | - | 16,632 | - | - | c) |
| Add: Reclassification from debt investments with no active market (IAS 39) | - | 7,580,143 | - | 7,580,143 | - | - | c) |
| Add: Reclassification from available-for-sale (previously recognized as financial assets at cost) (IAS 39) | - | 9,900 | - | 9,900 | - | - | |
| | <u>-</u> | <u>7,606,675</u> | <u>691,458</u> | <u>7,606,675</u> | <u>-</u> | <u>691,458</u> | |
| | <u>\$ -</u> | <u>\$ 8,996,249</u> | <u>\$ 691,458</u> | <u>\$ 10,742,201</u> | <u>\$ -</u> | <u>\$ 691,458</u> | |

| | IAS 39 Carrying Amount as of January 1, 2018 | Adjustments Arising from Initial Application | IFRS 9 Carrying Amount as of January 1, 2018 | Retained Earnings Effect on January 1, 2018 | Other Equity Effect on January 1, 2018 | Remark |
|---|---|---|---|--|--|--------|
| Investments accounted for using the equity method | \$ 29,384,814 | \$ 104,687 | \$ 29,489,501 | \$ 131,744 | \$ (27,057) | f) |

- a) Cash and cash equivalents, notes receivable, trade receivables, finance lease receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.
- b) Principal guaranteed financial assets of loans and receivables previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments.
- c) Debt investments previously classified as held-to-maturity financial assets and debt investments with no active market measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.
- d) Structured products were designated as at FVTPL under IAS 39 because they were hybrid instruments. They have been classified as mandatorily measured at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9.
- e) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, the investments were recognized in financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

The Group elected to designate part of its investments in equity securities previously classified as held-for-sale under IAS 39 as at FVTOCI under IFRS 9.

The Group elected to classify part of its investments in equity securities previously measured at cost under IAS 39 as financial assets at amortized cost under IFRS 9.

- f) Associates accounted for using equity method retrospectively adopted IFRS 9, and the Group elected not to restate prior reporting periods.

2) 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 supersedes IAS 18 “Revenue”. Refer to Note 4 for related accounting policies.

Incremental costs of obtaining a contract are recognized as an asset to the extent the Group expects to recover those costs. Such asset is amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Prior to the application of IFRS 15, related costs were recognized as prepayments and amortized by effective interest method.

The Group retrospectively applied IFRS 15 which did not have material impact on retained earnings on January 1, 2018.

Impact on assets, liabilities and equity for current period

| | As Originally Stated on January 1, 2018 | Adjustments Arising from Initial Application | Restated on January 1, 2018 |
|--|---|---|--------------------------------|
| Prepayments | \$ 1,503,818 | \$ (1,503,818) | \$ - |
| Increase in incremental costs of obtaining a contract - current | _____ - | _____ 1,503,818 | _____ 1,503,818 |
| | <u>\$ 1,503,818</u> | <u>\$ _____ -</u> | <u>\$ 1,503,818</u> |

- b. 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) (collectively, the “IFRSs”) endorsed by the FSC for application starting from 2019

| New, Amended or Revised Standards and Interpretations (the “New IFRSs”) | Effective Date Announced by IASB (Note 1) |
|--|--|
| Annual Improvements to IFRSs 2015-2017 Cycle | January 1, 2019 |
| Amendments to IFRS 9 “Prepayment Features with Negative Compensation” | January 1, 2019 (Note 2) |
| IFRS 16 “Leases” | January 1, 2019 |
| Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” | January 1, 2019 (Note 3) |
| Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures” | January 1, 2019 |
| IFRIC 23 “Uncertainty over Income Tax Treatments” | January 1, 2019 |

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16, in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepayments for rights to use land are recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease incentives, is recognized as accrued expenses/prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases under IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, which is the carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

- a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.
- c) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

| | Carrying Amount as of December 31, 2018 | Adjustments Arising from Initial Application | Adjusted Carrying Amount as of January 1, 2019 |
|---|--|---|---|
| Prepayments (presented in other current assets) | \$ 58,914 | \$ (58,914) | \$ - |
| Prepayments for leases - non-current | 1,070,081 | (915,014) | 155,067 |
| Right-of-use assets | <u>-</u> | <u>4,541,590</u> | <u>4,541,590</u> |
| Total effect on assets | <u>\$ 1,128,995</u> | <u>\$ 3,567,662</u> | <u>\$ 4,696,657</u> |
| Lease liabilities - current | \$ - | \$ 839,221 | \$ 839,221 |
| Lease liabilities - non-current | <u>-</u> | <u>2,728,441</u> | <u>2,728,441</u> |
| Total effect on liabilities | <u>\$ -</u> | <u>\$ 3,567,662</u> | <u>\$ 3,567,662</u> |

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If

it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group assessed that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will not have impact on the Group’s financial position and financial performance.

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

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 3 “Definition of a Business” | January 1, 2020 (Note 2) |
| 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 17 “Insurance Contracts” | January 1, 2021 |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 (Note 3) |

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

The amendments stipulate that, when the Group 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 the Group 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 the Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated.

2) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definition of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

3) IFRS 17 - Insurance Contracts

IFRS 17 is the accounting treatment for insurance contracts, which will replace IFRS 4 “Insurance Contracts”. The main specifications of IFRS 17 are as follows:

Level of aggregation

IFRS 17 requires entities to identify portfolios of insurance contracts; a portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition, if any;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- c) A group of the remaining contracts in the portfolio, if any.

The Company is not permitted to include contracts issued more than one year apart in the same group.

Recognition

The Company shall recognize a group of insurance contracts it issues from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when a contract becomes onerous.

Measurement

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows, which comprise of estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows (to the extent that the financial risks are not included in the estimates of the future cash flows), and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit the Group will recognize as it provides services in the future.

The Group shall measure the contractual service margin on initial recognition of a group of insurance contracts at the amount, unless the contracts result in no income or expense, derived from:

- a) The initial recognition of an amount for the fulfilment cash flows,
- b) The derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flow; and
- c) Any cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprising of the fulfilment cash flows related to future service allocated to the contract group at that date and the contractual service margin of the contract group at that date. The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the contract group at that date. The Group shall recognize income and expenses for the changes in the carrying amount of the liability for incurred claims.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows, and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group shall group such contracts separately from contracts that are not onerous. The Group shall recognize in profit or loss a loss on the net outflow of the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being

zero.

Premium allocation approach

The Group may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the contract group:

- a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage of the contract group that would not differ materially from the general model, or
- b) The coverage period of each contract in the group is one year or less.

The criterion in (a) is not met if at the inception of the contract group, the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

Using the premium allocation approach, the Group shall measure the liability for remaining coverage as the premiums, if any, received at initial recognition minus any insurance acquisition cash flows at that date. At the end of each subsequent reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period, plus any adjustment to a financing component, minus the amount recognized as insurance revenue for coverage provided in that period, minus any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features does not include a transfer of significant insurance risk. If the Group issues an investment contract with discretionary participation characteristics and also issues an insurance contract, the contract should also be subject to IFRS 17.

Modification and derecognition

In accordance with the transitional provisions, if the terms of an insurance contract are modified, for example by agreement between the parties to the contract or by a change in regulation, the Group shall derecognize the original contract and recognize the modified contract as a new contract.

The Group shall derecognize an insurance contract when, and only when, it is extinguished or the obligation specified in the insurance contract expires or is discharged or cancelled.

The Group shall apply IFRS 17 retrospectively unless impracticable; otherwise, the Group shall apply the modified retrospective approach or the fair value approach.

The objective of the modified retrospective approach is to achieve the possible outcome closest to retrospective application by using reasonable and supportable information available without undue cost or effort.

In the fair value approach, the Group determines the contractual service margin or loss component of the liability for the remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Except for the above impact, as of the date the 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 Consolidation

The consolidated financial statements have been prepared on the historical cost basis except for financial investment and contingent considerations assumed in business combinations which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which 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.

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

Since the operating cycles of YFC Co., Ltd., Yustar Co., Ltd., TAC 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.

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 YFC Co., Ltd., Yustar Co., Ltd., TAC Leasing Co., Ltd., TAC Financial Leasing Co., Ltd., Yulon Motor Finance (China) Co., Ltd., Yulon Construction 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 20 and Table 10 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination occurs, the Group, as the acquiring entity, reports in its financial statements provisional amounts for the items for which the accounting is incomplete. These provisional amounts recognized at the acquisition date are adjusted retrospectively during the measurement period when new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts initially recognized or would have resulted in the recognition of other assets and liabilities.

Foreign Currencies

In preparing the financial statements of each group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are recognized at the rates of exchange prevailing on the dates of the transactions and are not retranslated.

Exchange differences resulting from the settlement or translation of monetary items are recognized in profit or loss in the period when these differences arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income and are attributed to owners' equity or non-controlling interests.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and included in the calculation of equity transactions

and not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

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

Yulon Finance Corporation (YFC) 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 YFC's inventories.

Inventories which Yulon Construction Co., Ltd. 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 IFRS 15 “Revenue from Contracts with Customers”. IFRS 15 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.

For a transfer from the investment properties classification to inventories, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of development with a view to future sale.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount

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.

Assets Related to Contract Costs

When a sales contract is obtained, commissions of accounts receivable purchasing and the equipment leasing business are recognized as incremental costs of obtaining a contract to the extent the costs are expected to be recovered, and are recognized as commission expenses using interest method through the contract period. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the asset that the Group otherwise would have recognized is expected to be one year or less.

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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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. Fair value is determined in the manner described in Note 38.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, finance lease receivables, treasury bills and other receivables and government bonds, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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 cash and cash equivalents, notes and trade receivables, finance lease receivables, 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

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivables, trade receivables, and other receivables), finance lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for notes receivables, trade receivables and finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not

reduce the carrying amount of the financial asset.

2017

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.

Before 2018, 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. From 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 the Financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 38.

2) Derecognition of financial liabilities

The Group only derecognizes the financial liabilities when the obligation is lifted,

cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks and foreign exchange rate risks, including interest rate swaps and cross-currency swaps.

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.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. From 2018, derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) 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 host contracts are not measured at FVTPL.

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 relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast

transaction is no longer expected to occur, the gain or loss accumulated in equity 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

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from sale of goods

Revenue from the sale of goods comes from sales of cars and materials.

The Group recognize revenue on goods delivered to subcontractors because this delivery involve a transfer of control.

Revenue from sale of goods comes from sales of operating assets held for rental to others. Sales of operating assets held for rental to others are recognized as revenue when ownership of the goods are transferred to the buyers.

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.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

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 revenue

A lease is classified as a finance lease if it transfers substantially all the risks, and rewards upon transfer of property or asset. Otherwise, it is classified as an operating 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.

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

c. Investment income

For security transactions by Yung Hong Investment 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.

2017

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, 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.

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.

Share-based Payment Arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10, 16 and 17. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. 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.

c. 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.

d. 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 | |
|--|----------------------|----------------------|
| | 2018 | 2017 |
| Cash on hand | \$ 26,750 | \$ 21,463 |
| Checking accounts and demand deposits | 25,027,407 | 17,149,374 |
| Cash equivalent | | |
| Time deposits with original maturities within 3 months | 3,890,094 | 7,460,352 |
| Third-party payment service deposits | 1,760 | - |
| | <u>\$ 28,946,011</u> | <u>\$ 24,631,189</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|-------------------|---------------------|
| | 2018 | 2017 |
| <u>Financial assets at FVTPL - current</u> | | |
| Financial assets designated as at FVTPL | | |
| Credit-linked instruments | \$ - | \$ 163,157 |
| Principal guaranteed financial assets | - | - |
| | <u>-</u> | <u>163,157</u> |
| Financial assets held for trading | | |
| Non-derivative financial assets | | |
| Domestic quoted shares | - | 108,436 |
| Mutual funds | - | 782,901 |
| | <u>-</u> | <u>891,337</u> |
| | <u>-</u> | <u>1,054,494</u> |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Domestic quoted shares | 23,597 | - |
| Domestic unlisted shares | 1,765 | - |
| Mutual funds | 159,639 | - |
| Hybrid financial assets | | |
| Structured deposits | 13,973 | - |
| Principal guaranteed financial assets | 463,194 | - |
| | <u>\$ 662,168</u> | <u>\$ 1,054,494</u> |
| <u>Financial assets at FVTPL - current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Domestic unlisted shares | \$ 2,304 | \$ - |
| Mutual funds | 316 | - |
| | <u>\$ 2,620</u> | <u>\$ -</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

| | December 31, 2018 |
|--------------------------|----------------------|
| <u>Current</u> | |
| Quoted stocks | <u>\$ 126,059</u> |
| <u>Non-current</u> | |
| Domestic investments | |
| Quoted stocks | \$ 53,635 |
| Domestic unlisted shares | 547,279 |
| Others | <u>1,904</u> |
| | <u>\$ 602,818</u> |

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3 and 11 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

| | December 31, 2018 |
|--|----------------------|
| <u>Current</u> | |
| Treasury bills with original maturity more than 3 months (b) | \$ 40,390 |
| Time deposits with original maturity more than 3 months (b) | 3,297,430 |
| Reserve account (b) | 308,438 |
| Restricted bank deposit (b) | 78,721 |
| Pledged time deposits (b) | 205,504 |
| Bank deposit for specified purpose (b) | <u>41,155</u> |
| | <u>\$ 3,971,638</u> |
| <u>Non-current</u> | |
| Central Government Development Bonds (a) | \$ 16,170 |
| Pledged time deposits (b) | 17,726 |
| Restricted bank deposit (b) | 380,432 |
| Time deposits with original maturity more than 3 months (b) | 44,030 |
| Debt instruments investment (c) | <u>5,969</u> |
| | <u>\$ 464,327</u> |

- a. YFC and Yustar invested in Central Government Development Bonds with yearly payment coupon rates of 3.75% and 1.42% and with maturity dates of August 16, 2022 and February 13, 2021, respectively. As of December 31, 2018, the Company and Yustar pledged Central Government Development Bonds with face value of \$9,800 thousand as guarantee deposits in claims litigation in the court of law. The bonds were classified as financial instruments at FVTPL under IAS 39. Refer to Note 3 and Note 12 for information relating to their reclassification information for 2017.
- b. As of December 31, 2018, time deposits with original maturity more than 3 months, reserve account, pledged time deposits and bank deposit for specified purpose were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 15 for information relating to their reclassification information for 2017.
- c. Debt instruments investment were classified as financial assets measured at cost under IAS 39. Refer to Note 3 and Note 14 for information relating to their reclassification information for 2017.
- d. Refer to Note 10 for information relating to credit risk management and impairment of financial assets at amortized cost.
- e. Refer to Note 40 for information relating to financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS - 2018

Investments in debt instruments were classified as at amortized cost.

December 31, 2018

| | At Amortized Cost - Current | At Amortized Cost - Non-current | Total |
|-------------------------------------|--|--|---------------------|
| Gross carrying amount | \$ 3,971,638 | \$ 468,258 | \$ 4,439,896 |
| Less: Allowance for impairment loss | <u>-</u> | <u>(3,931)</u> | <u>(3,931)</u> |
| Amortized cost | <u>\$ 3,971,638</u> | <u>\$ 464,327</u> | <u>\$ 4,435,965</u> |

The Group only invests in government bonds and deposits that are assessed as having no risk of impairment loss, rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information of government bonds is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

| | December 31, 2017 |
|--------------------|----------------------|
| <u>Current</u> | |
| Quoted stocks | <u>\$ 146,165</u> |
| <u>Non-current</u> | |
| Quoted stocks | \$ 56,841 |
| Others | <u>1,403</u> |
| | <u>\$ 58,244</u> |

12. HELD-TO-MATURITY FINANCIAL ASSETS - 2017

| | December 31, 2017 |
|--|----------------------|
| <u>Domestic investments</u> | |
| Central Government Development Bonds | <u>\$ 16,632</u> |
| a. YFC and Yustar invested in Central Government Development Bonds which are recognized as held to maturity financial assets - non-current with yearly payment coupon rates of 3.75% and 1.42% and with maturity dates of August 16, 2022 and February 13, 2021, respectively. | |
| b. As of December 31, 2017 and December 31, 2017, YFC and Yustar pledged Central Government Development Bonds with face values of \$11,000 thousand, as guarantee deposits for evidence of claims in the courthouse. | |

13. FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

| | December 31 | |
|--|------------------|---------------|
| | 2018 | 2017 |
| <u>Financial assets under hedge accounting</u> | | |
| Cash flow hedges - cross currency swap | <u>\$ 12,356</u> | <u>\$ -</u> |
| <u>Derivative financial liabilities under hedge accounting</u> | | |
| Cash flow hedges - interest rate swaps | <u>\$ -</u> | <u>\$ 201</u> |
| <u>Financial liabilities under hedge accounting</u> | | |
| Cash flow hedges - interest rate swaps | <u>\$ 81</u> | <u>\$ -</u> |

- a. The goal of the Company entering into cross currency swap (CCS) transaction is mainly avoid the risk of exchange rate and interest rate fluctuations related to USD loan. The terms of CCS

contract are identical to those for debts under hedging; thus, the Company's management considered this contract a highly effective tool for hedging. The outstanding CCS contract at the end of the reporting period was as follows:

| Notional Amounts (In Thousands) | Maturity Date | Interest Rates - Receipt | Interest Rates - Payment |
|------------------------------------|---------------|--|--------------------------|
| <u>December 31, 2018</u> | | | |
| US\$15,000 | 2019.05.21 | 3-month London InterBank Offer Rate plus 0.45% | 0.720% |

- 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 Company'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 Rates - Receipt | Interest Rates - Payment |
|------------------------------------|---------------|--------------------------|--------------------------|
| <u>December 31, 2018</u> | | | |
| \$ 300,000 | 2019.04.25 | Note | 0.745% |
| 200,000 | 2019.04.25 | Note | 0.740% |
| <u>December 31, 2017</u> | | | |
| \$ 300,000 | 2019.04.25 | Note | 0.745% |
| 200,000 | 2019.04.25 | Note | 0.740% |

Note: Based on the three months TAIBOR - Reuters interest rate prevailing on two operating days before the IRS contract issue date.

14. FINANCIAL ASSETS MEASURED AT COST - 2017

| | December 31, 2017 |
|--|----------------------|
| <u>Current</u> | |
| Domestic unlisted common shares | <u>\$ 2,991</u> |
| <u>Non-current</u> | |
| Domestic unlisted common shares | \$ 85,949 |
| Others | <u>1,552</u> |
| | <u>\$ 87,501</u> |
| Classified according to financial asset measurement categories | |
| Available-for-sale financial assets | <u>\$ 90,492</u> |

The unlisted common shares held by the Group above were measured at cost less impairment at the end of each reporting period. Management believed that the fair values cannot be reliably measured because the range of fair values determined using estimation methods was significant and the probabilities of each value were unable to be determined.

15. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

| | December 31, 2017 |
|---|------------------------------|
| Current | |
| Reserve account | \$ 329,930 |
| Pledged time deposits | 120,200 |
| Time deposits with original maturity more than 3 months | 6,888,087 |
| Bank deposit for specified purpose (Note) | <u>57,935</u> |
| | <u>\$ 7,396,152</u> |
| Non-current | |
| Restricted Bank deposit | \$ 176,544 |
| Pledged time deposits | <u>7,447</u> |
| | <u>\$ 183,991</u> |

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 40 for information relating to debt investments with no active market pledged as security.

16. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | December 31 | |
|-------------------------------------|-----------------------|----------------------|
| | 2018 | 2017 |
| Notes and trade receivable | \$ 134,816,065 | \$ 107,434,248 |
| Less: Allowance for impairment loss | (3,281,081) | (2,691,076) |
| Unrealized interest income | <u>(14,763,674)</u> | <u>(10,407,153)</u> |
| | <u>\$ 116,771,310</u> | <u>\$ 94,336,019</u> |

For the year ended December 31, 2018

Trade and notes receivable

The average credit period for the sale of goods of “Brand Segments” was 45 to 180 days. In assessing recoverability of its trade and notes receivable, the Group’s management considers any changes in the counterparties’ credit quality as of the balance sheet date, including the financial and economic status of the counterparties; the major counterparties were related parties.

Principal and interests from Horizontal Segments of the Group are collected monthly. For delayed payments, interests are accrued on the basis of the number of days that payments are outstanding. For the assessment of expected credit losses, in addition to considering the impairment losses recognized on individual customers, the Group assessed expected credit losses of different businesses on a collective basis taking into consideration macroeconomic factors, past experience and forward-looking indicators.

The average credit period for the sale of goods of other “Supporting Segments” was 45 to 65 days. In assessing recoverability of its trade and notes receivable, the Group’s management considers any changes in the counterparties’ credit quality as of the balance sheet date, including the financial and economic status of the counterparties; 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.

- a. The following table details the loss allowance of trade receivables based on the Group’s provision matrix.

| | Not Past Due | 1-180 Days | More Than 180 Days | Total |
|-------------------------------|-----------------------|---------------------|--------------------|-----------------------|
| Gross carrying amount | \$ 117,271,151 | \$ 1,837,055 | \$ 944,185 | \$ 120,052,391 |
| Loss allowance (Lifetime ECL) | <u>(2,918,245)</u> | <u>141,100</u> | <u>(221,736)</u> | <u>(3,281,081)</u> |
| Amortized cost | <u>\$ 114,352,906</u> | <u>\$ 1,695,955</u> | <u>\$ 722,449</u> | <u>\$ 116,771,310</u> |

- b. The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31, 2018 |
|--|--------------------------------------|
| Balance at January 1, 2018 per IAS 39 | \$ 2,691,076 |
| Adjustment on initial application of IFRS 9 | <u>-</u> |
| Balance at January 1, 2018 per IFRS 9 | 2,691,076 |
| Less: Amounts written off (b) | (1,146,046) |
| Add: Net remeasurement of loss allowance (a) | 1,746,105 |
| Foreign exchange gains and losses | <u>(10,054)</u> |
| Balance at June 30, 2018 | <u>\$ 3,281,081</u> |

2017

The average credit period for the sale of goods of “Brand Segments” was 45 to 180 days. In assessing recoverability of its trade and notes receivable, the Group’s management considers any changes in the counterparties’ credit quality as of the balance sheet date, including the financial and economic status of the counterparties; the major counterparties were related parties.

The trade receivables from “Horizontal Segments” of the Group were the receivables acquired from external parties, installment sales, receivables from the promotion of car loans, and receivables from cars on display at auto shows. Principal and interests were collected monthly. For delayed payments, interests were accrued on the basis of the number of days that payments were outstanding. Based on past experience and macroeconomic factors, the receivable settlement period was 180 days, after which receivable amounts were considered uncollectible or on default. If receivables remained unsettled after 180 days, the amounts were written off. Collection period had not exceeded 180 days.

The average credit period for the sale of goods of other “Supporting Segments” was 45 to 65 days. In assessing recoverability of its trade and notes receivable, the Group’s management considered any changes in the counterparties’ credit quality as of the balance sheet date, including the financial and economic status of the counterparties; the major counterparties were related parties.

For Taiwan and China-based retailers, overdue payments were 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.

a. The aging of receivables was as follows:

| | December 31, 2017 |
|--|------------------------------|
| Based on the past due days from end of credit term | |
| Not past due | \$ 95,337,686 |
| 1-180 days | 1,155,669 |
| Over 180 days | <u>533,739</u> |
| | <u>\$ 97,027,094</u> |

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

| | December 31, 2017 |
|--|------------------------------|
| Based on the past due days from end of credit term | |
| 1-180 days | \$ 84,497 |
| Over 180 days | <u>188,925</u> |
| | <u>\$ 273,422</u> |

b. 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, 2017 | \$ 29,438 | \$ 2,212,152 | \$ 2,241,590 |
| Add: Impairment loss recognized on receivables | 95,088 | 1,472,973 | 1,568,061 |
| Less: Amounts written off | - | (1,117,695) | (1,117,695) |
| Foreign exchange translation gains and losses | <u>682</u> | <u>(1,562)</u> | <u>(880)</u> |
| Balance at December 31, 2017 | <u>\$ 125,208</u> | <u>\$ 2,565,868</u> | <u>\$ 2,691,076</u> |

As of December 31, 2017, the allowance for impairment loss included allowance for individually impaired trade receivables from customers that were in severe financial difficulties in the amount of \$125,208 thousand. The Group did not hold any collateral over these balances.

17. FINANCE LEASE RECEIVABLES

| | December 31 | |
|--|----------------------|----------------------|
| | 2018 | 2017 |
| <u>Gross investment in leases</u> | | |
| Up to one year | \$ 16,888,173 | \$ 9,675,740 |
| More than one year and up to five years | 14,712,299 | 12,804,654 |
| More than five years | <u>61,964</u> | <u>7,447</u> |
| | 31,662,436 | 22,487,841 |
| Less: Unearned finance income | (3,886,081) | (2,612,540) |
| Less: Allowance for uncollectible lease payments | <u>(1,411,594)</u> | <u>(974,400)</u> |
| Present value of minimum lease payments | <u>\$ 26,364,761</u> | <u>\$ 18,900,901</u> |
| <u>Finance lease receivables</u> | | |
| Up to one year | 14,862,843 | 8,641,880 |
| More than one year and up to five years | 12,857,313 | 11,226,480 |
| More than five years | <u>56,199</u> | <u>6,941</u> |
| | 27,776,355 | 19,875,301 |
| Less: Allowance for uncollectible lease payments | <u>(1,411,594)</u> | <u>(974,400)</u> |
| Finance lease receivables | <u>\$ 26,364,761</u> | <u>\$ 18,900,901</u> |
| Current | \$ 25,017,877 | \$ 17,952,213 |
| Non-current | <u>1,346,884</u> | <u>948,688</u> |
| | <u>\$ 26,364,761</u> | <u>\$ 18,900,901</u> |

2018

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.38 years.

The implicit interest rates for the finance lease were determined at the contract date, and will not be adjusted. The interest rates inherent in the finance lease were approximately 3.94%-15.24% as of December 31, 2018.

Finance lease receivables are secured by holding leased equipment as collaterals. The expected credit losses on trade receivables are recognized as loss allowance by reference to past default experience of the debtor and an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and expected credit loss rates of forward-looking indicators.

The Group writes off a finance lease receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the finance lease receivables are over 180 days past due, whichever occurs earlier. For finance lease receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group assesses the loss allowance of finance lease receivables individually and collectively. The movements were as follows:

| | Not Past Due | 1-180 Days | More Than 180 Days | Total |
|-------------------------------|----------------------|-------------------|--------------------|----------------------|
| Gross carrying amount | \$ 26,012,719 | \$ 924,925 | \$ 838,711 | \$ 27,776,355 |
| Loss allowance (Lifetime ECL) | <u>(432,296)</u> | <u>(140,587)</u> | <u>(838,711)</u> | <u>(1,411,594)</u> |
| Amortized cost | <u>\$ 25,580,423</u> | <u>\$ 784,338</u> | <u>\$ -</u> | <u>\$ 26,364,761</u> |

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31, 2018 |
|---|--------------------------------------|
| Balance at January 1, 2018 per IAS 39 | \$ 974,400 |
| Adjustment on initial application of IFRS 9 | <u>-</u> |
| Balance at January 1, 2018 per IFRS 9 | 974,400 |
| Add: Net remeasurement of loss allowance | 474,827 |
| Less: Amounts written off | (9,078) |
| Foreign exchange gains and losses | <u>(28,555)</u> |
| Balance at December 31, 2018 | <u>\$ 1,411,594</u> |

2017

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.45 years.

The implicit interest rates for the finance lease were determined at the contract date, and will not be adjusted. The interest rates inherent in the finance lease were approximately 4.14%-14.83% as of December 31, 2017.

The aging of receivables was as follows:

| | December 31, 2017 |
|--|------------------------------|
| Based on the past due days from end of credit term | |
| Not past due | \$ 18,607,332 |
| 1-180 days | 709,548 |
| Over 180 days | <u>558,421</u> |
| | <u>\$ 19,875,301</u> |

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

| | For the Year Ended December 31, 2017 |
|--|---|
| Balance at January 1, 2017 | \$ 750,943 |
| Add: Impairment loss recognized on receivables | 237,574 |
| Foreign exchange translation gains and losses | <u>(14,117)</u> |
| Balance at December 31, 2017 | <u>\$ 974,400</u> |

18. OTHER RECEIVABLES

| | December 31 | |
|--------------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Other receivable - at amortized cost | \$ 6,075,248 | \$ 4,189,594 |
| Less: Allowance for impairment loss | <u>(388,335)</u> | <u>(147,601)</u> |
| | <u>\$ 5,686,913</u> | <u>\$ 4,041,993</u> |

For the year ended December 31, 2018

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31, 2018 |
|---|---|
| Balance at January 1, 2018 per IAS 39 | \$ 147,601 |
| Adjustment on initial application of IFRS 9 | <u>-</u> |
| Balance at January 1, 2018 per IFRS 9 | 147,601 |
| Add: Net remeasurement of loss allowance | 247,904 |
| Foreign exchange gains and losses | <u>(7,170)</u> |
| Balance at December 31, 2018 | <u>\$ 388,335</u> |

For the year ended December 31, 2017

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31, 2017 |
|--|---|
| Balance at January 1, 2018 per IAS 39 | \$ 147,601 |
| Add: Net remeasurement of loss allowance | <u>-</u> |
| Balance at December 31, 2018 | <u>\$ 147,601</u> |

19. INVENTORIES

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

| | December 31 | |
|----------------------------|--------------------|------------------|
| | 2018 | 2017 |
| Finished goods | \$ 7,255,348 | \$ 5,939,521 |
| Work in progress | 799,051 | 485,197 |
| Raw materials | <u>3,183,178</u> | <u>2,938,558</u> |
| | <u>11,237,577</u> | <u>9,363,276</u> |
| <u>Properties for sale</u> | | |
| Yu-Wen Garden | 2,584 | 2,584 |
| Hsin-Dian Da Feng section | <u>1,757</u> | <u>1,757</u> |
| | <u>4,341</u> | <u>4,341</u> |
| <u>Construction land</u> | | |
| Zhong-Li Fushin Section | <u>-</u> | <u>75,348</u> |

(Continued)

| | December 31 | |
|------------------------------------|----------------------|-------------------------------------|
| | 2018 | 2017 |
| <u>Property under construction</u> | | |
| Yulon Property Developments | <u>6,053,200</u> | <u>2,682,651</u> |
| | <u>\$ 17,295,118</u> | <u>\$ 12,125,616</u> (Concluded) |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was \$56,071,453 thousand and \$63,315,628 thousand, respectively.

The cost of goods sold for the years ended December 31, 2018 and 2017 included impairment losses of inventory write-downs of \$73,043 thousand and \$67,376 thousand, respectively.

The inventories pledged as collateral for bank borrowings were set out in Note 40.

20. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

| Investor | Investee | Main Businesses | % of Ownership | | Remark |
|-------------|--|--|----------------|--------|--|
| | | | December 31 | | |
| | | | 2018 | 2017 | |
| The Company | Yulon Finance Corporation ("YFC") | Sale and lease of cars and parts | 45.75 | 45.75 | - |
| | Yu Sing Motor Co., Ltd. ("Yu Sing") | Sale, maintenance and repair of cars and parts | 90.33 | 90.33 | - |
| | Qinton Motor Co., Ltd. ("Qinton") | Sale and maintenance of cars and parts | 100.00 | 100.00 | - |
| | Yushin Motor Co., Ltd. ("Yushin") | Sale, maintenance and repair of cars and parts | 80.00 | 80.00 | - |
| | Yu Chang Motor Co., Ltd. ("Yu Chang") | Sale and maintenance of cars and parts | 65.00 | 65.00 | - |
| | Sin Chi Co., Ltd. ("Sin Chi") | General advertising planning services | 100.00 | 100.00 | - |
| | Yu Rich Financial Services Co., Ltd. ("Yu Rich") | Installment loans of consumer goods and wholesale of cars and parts | 17.88 | 17.88 | The Group owned 100% of Yu Rich in the two reporting periods. |
| | Yu Ching Business Co., Ltd. ("Yu Ching") | Import and export and sale of cars and parts | 60.00 | 60.00 | The Group owned 100% of Yu Ching in the two reporting periods. |
| | Yung Hong Investment Co., Ltd. ("Yung Hong") | Investments | 100.00 | 100.00 | - |
| | Yu Pong Business Co., Ltd. ("Yu Pong") | Yulon basketball team management and related services | 100.00 | 100.00 | - |
| | Sin Gan Co., Ltd. ("Sin Gan") | Wholesale and retail of information software | 35.62 | 35.62 | The Group's percentage of ownership in the investee was 64.96% in the two reporting periods. |
| | Tai Yuen Venture Capital Co., Ltd. ("Tai Yuen") | Investments | - | - | Tai Yuen was liquidated in the 4th quarter of 2017. |
| | Chan Yun Technology Co., Ltd. ("Chan Yun") | Wholesale and retail of information software | 43.85 | 43.85 | - |
| | Yulon Overseas Investment Co., Ltd. ("Yulon Overseas") | Investments | 100.00 | 100.00 | - |
| | Y-Teks Co., Ltd. ("Y-Teks") | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 34.00 | 34.00 | The Group's percentage of ownership in the investee was 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 nonmotorized vehicles | 25.01 | 25.01 | - |
| | Yueki Industrial Co., Ltd. ("Yueki") | Manufacturing and sale of car components | 65.58 | 50.58 | The Group acquired 15% of shares from non-controlling interest in the 2nd quarter of 2018. As a result, the Group's ownership in Yueki increased to 65.58% |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | Remark |
|--------------------------------------|--|---|----------------|--------|--|
| | | | 2018 | 2017 | |
| | Yue Sheng Industrial Co., Ltd. (“Yue Sheng”) | Car manufacture and furnishing; manufacture, installation and sale of car parts | 80.07 | 50.97 | The Group acquired 29.10% of shares from non-controlling interest in the 1st quarter of 2018. As a result, the Group’s ownership of Yue Sheng increased to 80.07%. |
| | China Cast Iron Pipe Co., Ltd. (“China Cast Iron”) | Metal casting and related business | 77.66 | 77.66 | - |
| | Car-plus Auto Leasing Corporation (“Car-plus Auto”) | Car lease and trade | 3.46 | 3.46 | The Group owned 72.03% of Car-plus in the two reporting periods. |
| | Empower Co., Ltd. (“Empower”) | Sale, maintenance and repair of cars and parts | 20.00 | 20.00 | The Group owned 47% of Empower in the two reporting periods. |
| | Luxgen Motor Co., Ltd. (“Luxgen”) | Sale of cars and parts | 100.00 | 100.00 | - |
| | Yulon TOBE Motor Co., Ltd. (“Yulon TOBE”) | Sale of cars and parts | 100.00 | 100.00 | - |
| | Yulon Energy Service Co., Ltd. (“Yulon Energy”) | Wholesale and retail sale of batteries | 100.00 | 100.00 | - |
| | Sin Jang Enterprises (“Sin Jang”) | Sale and brokerage of secondhand vehicles | 20.01 | 20.01 | The Group owned 80% of Sin Jang in the two reporting periods. |
| | Yulon Motor Finance (China) Co., Ltd. (“Yulon Motor Finance”) | Car purchases and loans to car dealers for car purchases | 51.00 | 51.00 | The Group owned 100% of Yulon Motor Finance in the two reporting periods. |
| | Yulon Construction Co., Ltd. (“Yulon Construction”) | Construction | 100.00 | 100.00 | - |
| | Yulon New Energy Motor (Cayman) Inc. | Investments | 100.00 | - | Established in 2nd quarter of 2018. |
| Yulon New Energy Motor (Cayman) Inc. | Yulon New Energy Motor (HK) Limited. | Investments | 100.00 | - | Established in 2nd quarter of 2018. |
| Yulon Finance Corporation (YFC) | Shin Shin Credit Corporation (“SCC”) | Installment-related financing services for car and truck purchases | 100.00 | 100.00 | - |
| | Car-plus Auto | Car lease and trade | 68.57 | 68.57 | The Group owned 72.03% of Car-plus in the two reporting periods. |
| | TAC Global Investment (Samoa) Co., Ltd. (“TAC Global”) | Shareholding company | 100.00 | 100.00 | - |
| | Empower | Sale, maintenance and repair of cars and parts | 27.00 | 27.00 | The Group owned 47% of Empower in the two reporting periods. |
| | Sin Jang Co., Ltd. (Sin Jang) | Sales and brokerage of secondhand vehicles | 40.00 | 40.00 | The Group owned 80% of Sin Jang in the two reporting periods. |
| | Yulon Motor Finance | Car purchases and loans to car dealers for car purchases | 49.00 | 49.00 | The Group owned 100% of Yulon Motor Finance in the two reporting periods. |
| | Yu Rich Financial Services Co., Ltd. (“Yu Rich”) | Installment loans of consumer goods and wholesale of cars and parts | 82.12 | 82.12 | The Group owned 100% of Yu Rich in the two reporting periods. |
| | Yulon Finance Overseas Investment (Samoa) Co., Ltd. (“Yulon Finance Overseas”) | Shareholding company | 100.00 | - | Established in 1st quarter of 2018. |
| Yustar | Shinshin Global Investment (Samoa) Co., Ltd. (“Shinshin Samoa”) | Shareholding company | 100.00 | 100.00 | - |
| Car-plus Auto | Diamond Leasing Service Corporation (“Diamond Leasing”) | Car sale and lease | 100.00 | 100.00 | - |
| | Car-Plus Global Investment (Samoa) Co., Ltd. (“Car-Plus Samoa”) | Shareholding company | 100.00 | 100.00 | - |
| | Sin Jang | Sales and brokerage of secondhand vehicles | 19.99 | 19.99 | The Group owned 80% of Sin Jang in the two reporting periods. |
| | Da-Wei Technology Co., Ltd. (“Da-Wei”) | Brokerage of electric vehicles | 100.00 | 100.00 | - |
| Da-Wei | Da Teng Traffic Co., Ltd | Taxi | 100.00 | 100.00 | - |
| 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 | 71.34 | The Group wholly owned Sinjang (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. |
| | Car-Plus Hangzhou Investment (Samoa) Co., Ltd. (“Car-Plus Hangzhou”) | Holding company | 60.00 | - | Established in 4th quarter of 2018. |
| 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. |
| | Car-Plus Hangzhou Investment (Samoa) Co., Ltd. (“Car-Plus Hangzhou”) | Holding company | 40.00 | - | Established in 4th quarter of 2018. |
| | Yu Rong International Investment (Samoa) Co., Ltd. (“Yu Rong International”) | Holding company | 100.00 | 100.00 | - |
| | Sinjang International Investment (Samoa) Co., Ltd. (“Sinjang Samoa”) | Holding company | 28.66 | 28.66 | The Group owned 100% of Sinjang (Samoa) in the two reporting periods. |

(Continued)

Financial Information

| Investor | Investee | Main Businesses | % of Ownership December 31 | | Remark |
|---------------------------|--|--|-------------------------------|--------|---|
| | | | 2018 | 2017 | |
| Sinjang Samoa | Zhejiang Cheng-Yi Auto, Service Co., Ltd. ("Zhejiang Cheng-Yi") | Sales and brokerage of secondhand vehicles | - | 66.00 | The Group owned 100% of Zhejiang Cheng-Yi in the two reporting periods. |
| Zhejiang Cheng-Yi | Hangzhou Cheng-Yi-Jun Used-cars Authenticated Evaluation Service Co., Ltd. | Secondhand vehicle authentication and evaluation service | 100.00 | 100.00 | - |
| | Zhejiang ChengYi Auction Co., Ltd. | Car trading | 100.00 | 100.00 | - |
| Shinshin Samoa | TAC Financial Leasing Co., Ltd. ("TAC Financial") | Financial lease of equipment | 40.00 | 40.00 | The Group wholly owned TAC Financial in the two reporting periods. |
| Car-Plus China | Car-Plus (Suzhou) Auto Leasing Co., Ltd. ("Car-Plus (Suzhou)") | Lease of cars and related services | 100.00 | 100.00 | - |
| Car-Plus Shanghai | Car-Plus Leasing (Shanghai) Co., Ltd. ("Car-Plus Leasing (Shanghai)") | Car lease and trading | 100.00 | 100.00 | - |
| Car-Plus Hangzhou | CAR-PLUS GO Co., Ltd. | Lease of cars and related services | 100.00 | - | Established in 4th quarter of 2018. |
| Yu Rong International | TAC Leasing Co., Ltd. ("TAC Leasing") | 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 | Wuhan TAC Auto Trade Co., Ltd. | Car trade | 100.00 | 100.00 | - |
| | Zhejiang Cheng-Yi | Sales and brokerage of secondhand vehicles | 100.00 | 24.00 | The Group wholly owned Zhejiang Cheng-Yi in the two reporting periods. |
| Yulon Finance Overseas | Yulon Finance Philippines | Shareholding company | 100.00 | - | Established in 1st quarter of 2018. |
| Yulon Finance Philippines | Yulon Finance Philippines Corporation | Financial lease of car and loans to car dealers for purpose of purchasing automobiles | 99.99 | - | Established in 2nd quarter of 2018. |
| Yu Sing Company | Kuen You Trading Co., Ltd. ("Kuen You") | Sale, maintenance and repair of car and parts | 100.00 | - | Established in 2nd quarter of 2018. |
| 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 Taoyuan in the two reporting periods. |
| | Yu Shin Investment ("Yu Shin Investment") | Investments | 100.00 | 100.00 | - |
| Yu Shin Investment Ltd. | Fu Jian Yu Xin Auto Sales & Services Co., Ltd. ("Fu Jian Yu Xin") | Sale and maintenance and repair of cars and parts. | 49.00 | 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 | - | - | Tai Yuen was liquidated in the 4th quarter of 2017. |
| Yu Ching | Chinh-Ling RTC Co., Ltd. ("Chinh-Ling") | Product design | 100.00 | 100.00 | - |
| | Yulon Construction | Construction | 9.56 | 9.56 | The Group owned 64.96% of Sin Gan in the two reporting periods. |
| Yu Pong | Yu Ching | Import and export and sale of cars and parts | 40.00 | 40.00 | The Group wholly owned Yu Ching in the two reporting periods. |
| Sin Gan | Singual Travel Service Co., Ltd. ("Singual Travel") | Sale of information software, telecommunications equipment and maintenance of cars and parts | 100.00 | 100.00 | - |
| | Hsiang Shou Enterprise Co., Ltd. ("Hsiang Shou") | Towing | 100.00 | 100.00 | - |
| | Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture") | Publication | 100.00 | 100.00 | - |
| Singual Travel | Shang Hai Jing-Huei Investment Co., Ltd. ("Shang Hai Jing-Huei") | Sale of car equipment and parts | 100.00 | 100.00 | - |
| Yulon Construction | Hangzhou Yu-Jie Real Estate Co., Ltd. ("Yu-Jie") | Construction | 100.00 | 100.00 | - |
| | Yufong Property Management Co., Ltd. | Management consulting and lease of real estate | 100.00 | 100.00 | Established in 4th quarter of 2017. |
| 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 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership December 31 | | Remark |
|------------------------------|---|---|-------------------------------|--------|---|
| | | | 2018 | 2017 | |
| 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 | - |
| | Xiamen Young Chang Investment Co., Ltd. ("Xiamen Young Chang") | Renders consulting services on cars, electronics, textiles and related products | 100.00 | 100.00 | - |
| | Luxgen (Hangzhou) Motor Sales Co., Ltd. | Sale of cars and parts | 100.00 | 100.00 | Established in 3rd quarter of 2017. |
| 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 | 63.78 | 56.16 | The Group wholly owned Sheng Qing in the two reporting periods. |
| | Zhejiang Cheng-Yi | Sales and brokerage of secondhand vehicles | - | 10.00 | The Group wholly owned Sheng Qing in the two reporting periods. |
| | Chuang Jie New Energy Vehicle (HZ) Limited ("Chuang Jie") | Manufacturing of key car components, electric cars and related parts | 100.00 | - | Established in 4th quarter of 2018. |
| Xiamen Young Chang | Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing") | Investments | 36.22 | 43.84 | The Group owned 100% of Zhejiang Cheng-Yi in the two reporting periods. |
| Qing Yi | Su Zhou Chen Long Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Long") | Sale and maintenance of cars and parts | 100.00 | 100.00 | - |
| Feng Hua | Hangzhou Yuwan Auto Motive Parts Limited ("Hangzhou Yuwan") | Manufacturing of key car components, electric cars and related parts | 34.51 | - | The Group owned 100% of Hangzhou Yuwan in the two reporting periods. |
| Wen Yang | Qing Tai (Nan Jing) Technology Co., Ltd. ("Qing Tai") | Computer software maintenance and computer system integration | 100.00 | 100.00 | The Group wholly owned Qing Tai in the two reporting periods. |
| Wen Yang | Tai Feng (Nan Jing) Software Technology Co., Ltd. ("Tai Feng") | Computer software maintenance and computer system integration | 100.00 | 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 | 100.00 | 100.00 | 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 (Zhang Zhou) Software Technology Co., Ltd. ("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 (Zhang Zhou) Software Technology Co., Ltd. ("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 | 100.00 | 100.00 | 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 | 5.97 | The Group wholly owned Dong Tai in the two reporting periods. |
| | Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te") | Investments | 10.00 | 10.00 | The Group wholly owned Gao Te in the two reporting periods. |
| Shi Cheng | Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai") | Investments | 94.03 | 94.03 | The Group wholly owned Dong Tai in the two reporting periods. |
| Yi Ding | Gao Te (Bei Jin) Investment Co., Ltd. ("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 | - |
| 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 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership December 31 | | Remark |
|---|---|--|-------------------------------|--------|--|
| | | | 2018 | 2017 | |
| | Su Zhou Feng Shen Auto Sale & Service Co., Ltd. ("Su Zhou Feng Shen") | Sale and maintenance of cars and parts | 40.00 | 40.00 | - |
| | Shen Jun Yu Peng Auto Sale & Service Co., Ltd. ("Shen Jun Yu Peng") | Sale and maintenance of cars and parts | 65.00 | 65.00 | - |
| | Nanjing Hanhong Motor Trading Co., Ltd. ("Nanjing Hanhong") | Sale and maintenance of cars and parts | 100.00 | 100.00 | - |
| | Wuhan Yu Hsin Auto Sale & Service Co., Ltd. ("Wuhan Yu Hsin") | Sale and maintenance of cars and parts | 100.00 | 100.00 | - |
| | Shanghai Yuexing Auto Sale & Service Co., Ltd. ("Shanghai Yuexing") | Sale and maintenance of cars and parts | - | 100.00 | Shanghai Yuexing was liquidated in the 1st quarter of 2018. |
| | Jiangmen Junxing Auto Sale & Service Co., Ltd. ("Jiangmen Junxing") | Sale and maintenance of cars and parts | 60.00 | 60.00 | - |
| | Shanghai Yuming Auto Sale & Service Co., Ltd. ("Shanghai Yuming") | Sale and maintenance of cars and parts | 51.00 | 51.00 | The Group wholly owned Shanghai Yuming in two reporting period. |
| | Qingdao Yuanhuang Auto Sale & Service Co., Ltd. ("Qingdao Yuanhuang") | Sale and maintenance of cars and parts | 51.00 | 51.00 | - |
| | Hang Zhou Yu Zhong Trading Co., Ltd. ("Hang Zhou Yu Zhong") | Trading | 100.00 | 100.00 | - |
| | Ning Bo Yu Cheng Auto Sales & Services Co., Ltd. ("Ning Bo Yu Cheng") | Sale, maintenance and repair of cars and parts | 100.00 | 100.00 | 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 | 51.00 | The Group wholly owned Fu Jian Yu Xin in the two reporting periods. |
| | 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 | 100.00 | - |
| 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 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership December 31 | | Remark |
|---------------------------------|---|---|-------------------------------|--------|--|
| | | | 2018 | 2017 | |
| 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 | ChiaHsing YuTa Automobiles Sales & Service Limited ("ChiaHsing YuTa") | Sale and maintenance of cars and parts | 100.00 | 100.00 | - |
| Hang Zhou Qien Yu | Hang Zhou Hsiao Yu Business Co., Ltd. ("Hang Zhou Hsiao Yu") | Investments | 90.00 | 90.00 | The Group owned 99% of Hang Zhou Hsiao Yu in the two reporting periods. |
| Hang Zhou Tang Yu | Hang Zhou Hsiao Yu | Investments | 9.00 | 9.00 | The Group owned 99% of Hang Zhou Hsiao Yu in the two reporting periods. |
| Yulon Philippine | Univation Motor Philippines, Inc. (UMPI) | Car manufacturing | 100.00 | 100.00 | - |
| | Sta. Cruz Island Corporation (SCIC) | Plant lease | 100.00 | 100.00 | - |
| Y-Teks | Yu-Hsin Intl Investment Co., Ltd. ("Yu-Hsin Intl") | Investments | 66.67 | 66.67 | - |
| Yu-Hsin Intl | Yu-Hsin Intl (HK) 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 | Hangzhou Yuwan Auto Motive Parts Limited ("Hangzhou Yuwan") | Manufacturing of key car components, electric cars and related parts | 65.49 | 100.00 | The Group wholly owned Hangzhou Yuwan in the two reporting periods. |
| 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 owned 45.99% of Yue Sheng in the two reporting periods. |
| | Yueki | Manufacturing and sale of car components | 0.08 | 0.08 | The Group acquired 15% of shares from non-controlling interest in the 2nd quarter of 2018. As a result, the Group ownership of Yueki increased to 65.58% |
| 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 owned 79.99% of Luxgen Kaohsiung in the two reporting periods |
| Empower | Yu Chang China Investment Co., Ltd. | Investments | 100.00 | 100.00 | - |
| | Chunmin Enterprise Co., Ltd. ("Chunmin") | Comprehensive retail of car parts | 100.00 | 100.00 | - |
| Hong Yen | Luxgen Motor Taichung Co., Ltd. ("Luxgen Taichung") | Sale, maintenance and repair of cars and related products | 20.00 | 20.00 | The Group owned 79.99% of Luxgen Taichung in the two reporting periods. |
| | 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 | 99.99 | 99.99 | - |
| | Luxgen Taoyuan | Sale, maintenance and repair of cars and parts | 59.99 | 59.99 | The Group owned 79.99% of Luxgen Taoyuan in the two reporting periods. |
| | Luxgen Taichung | Sale, maintenance and repair of cars and parts | 59.99 | 59.99 | The Group owned 79.99% of Luxgen Taichung in the two reporting periods. |
| | Luxgen Tainan | Sale, maintenance and repair of cars and parts | 79.99 | 79.99 | - |
| | Luxgen Kaohsiung | Sale, maintenance and repair of cars and parts | 59.99 | 59.99 | The Group owned 79.99% of Luxgen Kaohsiung in the two reporting periods. |
| | 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 | - |
| Yulon Energy Company | Power Engineering Co., Ltd. | Wholesale and retail of batteries | 100.00 | 100.00 | - |

(Concluded)

- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

| Name of Subsidiary | Proportion of Ownership and Voting Rights Held by Non-controlling Interests | |
|--------------------|---|--------|
| | December 31 | |
| | 2018 | 2017 |
| YFC | 54.25% | 54.25% |

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

| Name of Subsidiary | Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31 | | Accumulated Non-controlling Interests December 31 | |
|--|--|--------------|---|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| YFC (excluding its subsidiaries' non-controlling interests) | \$ 1,403,983 | \$ 1,260,893 | \$ 9,753,016 | \$ 6,925,872 |

The summarized financial information below represents amounts before intragroup eliminations.

YFC and YFC's subsidiaries:

| | December 31 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Current assets | \$ 149,940,101 | \$ 116,995,414 |
| Non-current assets | 20,874,697 | 19,318,118 |
| Current liabilities | (148,112,122) | (120,236,836) |
| Non-current liabilities | <u>(2,790,879)</u> | <u>(2,070,236)</u> |
| Equity | <u>\$ 19,911,797</u> | <u>\$ 14,006,460</u> |
| Equity attributable to: | | |
| Owners of YFC | \$ 9,533,594 | \$ 6,467,199 |
| Non-controlling interests of YFC | 9,753,016 | 6,925,872 |
| Non-controlling interests of YFC's subsidiaries | <u>625,187</u> | <u>613,389</u> |
| | <u>\$ 19,911,797</u> | <u>\$ 14,006,460</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Revenue | \$ 23,125,057 | \$ 19,482,105 |
| Net profit from continuing operations | \$ 2,782,621 | \$ 2,529,281 |
| Other comprehensive income (loss) for the year | <u>(142,202)</u> | <u>(140,792)</u> |
| Total comprehensive income for the year | <u>\$ 2,640,419</u> | <u>\$ 2,388,489</u> |
| Profit attributable to: | | |
| Owners of YFC | \$ 1,277,756 | \$ 1,147,432 |
| Non-controlling interests of YFC | 1,403,983 | 1,260,893 |
| Non-controlling interests of YFC's subsidiaries | <u>100,882</u> | <u>120,956</u> |
| | <u>\$ 2,782,621</u> | <u>\$ 2,529,281</u> |
| Total comprehensive income attributable to: | | |
| Owners of YFC | \$ 1,192,205 | \$ 1,064,103 |
| Non-controlling interests of YFC | 1,349,788 | 1,209,177 |
| Non-controlling interests of YFC's subsidiaries | <u>98,426</u> | <u>115,209</u> |
| | <u>\$ 2,640,419</u> | <u>\$ 2,388,489</u> |
| Net cash inflow (outflow) from: | | |
| Operating activities | \$ (28,822,666) | \$ (20,266,057) |
| Investing activities | (191,893) | (225,189) |
| Financing activities | <u>30,801,840</u> | <u>20,976,032</u> |
| Net cash (outflow) inflow | <u>\$ 1,787,281</u> | <u>\$ 484,786</u> |
| Dividends paid to non-controlling interest: | | |
| Non-controlling interests of YFC | \$ 879,019 | \$ 716,558 |
| Non-controlling interests of YFC's subsidiaries | <u>87,425</u> | <u>110,188</u> |
| | <u>\$ 966,444</u> | <u>\$ 826,746</u> |

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|-----------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Investment in associates | \$ 29,239,609 | \$ 29,291,080 |
| Investment in joint venture | <u>31,867</u> | <u>93,734</u> |
| | <u>\$ 29,271,476</u> | <u>\$ 29,384,814</u> |

a. Investments in associates

| | December 31 | |
|------------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Material associates | | |
| Yulon Nissan Motor Co., Ltd. | \$ 10,011,793 | \$ 10,403,694 |
| China Motor Company | <u>4,700,431</u> | <u>4,615,163</u> |
| | 14,712,224 | 15,018,857 |
| Non-material associates | <u>14,527,385</u> | <u>14,272,223</u> |
| | <u>\$ 29,239,609</u> | <u>\$ 29,291,080</u> |

1) Material associates

| | December 31 | |
|------------------------------|--------------------|-------------|
| Name | 2018 | 2017 |
| Yulon Nissan Motor Co., Ltd. | 50.02% | 50.02% |
| China Motor Company | 8.87% | 8.87% |

For the information on associates' main business, operating location and registered country, please refer to Table 9.

The Group controlled 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 | 2018 | 2017 |
| Yulon Nissan Motor Co., Ltd. | \$ 34,286,425 | \$ 39,988,325 |
| China Motor Company | 2,983,068 | 3,191,760 |

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 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Current assets | \$ 8,364,080 | \$ 8,783,713 |
| Non-current assets | 17,735,667 | 16,993,074 |
| Current liabilities | (3,323,171) | (2,545,626) |
| Non-current liabilities | <u>(2,319,542)</u> | <u>(2,036,537)</u> |
| Equity | <u>\$ 20,457,034</u> | <u>\$ 21,194,624</u> |
| Proportion of the Group's ownership | 50.02% | 50.02% |
| Equity attributable to the Group | \$ 10,232,608 | \$ 10,601,551 |
| Unrealized gain or loss with associates | <u>(220,815)</u> | <u>(197,857)</u> |
| Carrying amount | <u>\$ 10,011,793</u> | <u>\$ 10,403,694</u> |

| | For the Year Ended December 31 | |
|--|---------------------------------------|----------------------|
| | 2018 | 2017 |
| Revenue | <u>\$ 31,257,730</u> | <u>\$ 33,221,774</u> |
| Net income | \$ 5,890,046 | \$ 6,642,500 |
| Other comprehensive income | <u>(327,636)</u> | <u>(402,219)</u> |
| Total comprehensive income | <u>\$ 5,562,410</u> | <u>\$ 6,240,281</u> |
| Dividends received from Yulon Nissan Motor Co., Ltd. | <u>\$ 3,151,050</u> | <u>\$ 3,301,100</u> |

China Motor Company and subsidiaries

| | December 31 | |
|--------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Current assets | \$ 25,022,561 | \$ 24,571,917 |
| Non-current assets | 39,481,855 | 38,957,009 |
| Current liabilities | (7,520,912) | (7,787,062) |
| Non-current liabilities | <u>(1,209,415)</u> | <u>(1,284,902)</u> |
| Equity | 55,774,089 | 54,456,962 |
| Non-controlling interest | <u>(3,613,814)</u> | <u>(3,506,941)</u> |
| | <u>\$ 52,160,275</u> | <u>\$ 50,950,021</u> |

(Continued)

| | December 31 | |
|---|---------------------|------------------------------------|
| | 2018 | 2017 |
| Proportion of the Group's ownership | 8.87% | 8.87% |
| Equity attributable to the Group | \$ 4,626,616 | \$ 4,519,267 |
| Unrealized gain or loss in associates | (141) | (147) |
| Intersect shareholding (accounted for by the treasury stock method) | <u>73,956</u> | <u>96,043</u> |
| Carrying amount | <u>\$ 4,700,431</u> | <u>\$ 4,615,163</u> (Concluded) |

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2018 | 2017 |
| Revenue | <u>\$ 34,869,514</u> | <u>\$ 30,940,579</u> |
| Net income | \$ 3,892,042 | \$ 3,570,610 |
| Other comprehensive income | <u>(367,622)</u> | <u>(171,588)</u> |
| Total comprehensive income | <u>\$ 3,524,420</u> | <u>\$ 3,399,022</u> |
| Dividends received from China Motor Company | <u>\$ 220,971</u> | <u>\$ 196,419</u> |

2) Aggregate information of associates that are not individually material

| | For the Year Ended December 31 | |
|--|---------------------------------------|-----------------------|
| | 2018 | 2017 |
| The Group's share of: | | |
| (Loss) profit for the year | \$ (347,460) | \$ (3,188,306) |
| Other comprehensive income (loss) | <u>(169,076)</u> | <u>229,888</u> |
| Total comprehensive (loss) income for the year | <u>\$ (516,536)</u> | <u>\$ (2,958,418)</u> |

To enhance the Group's competitiveness and further promote specialization in the manufacture and sales as well increase the integration of sales resources in the Philippine as required by Nissan Motors Company, the Group invested in Nissan Philippines, Inc., the joint venture among Nissan Motor Co., Ltd., the UMC Group and Yulon Philippine.

At the end of the reporting period, since the Group's share of net equity of Nissan Philippines, Inc. was negative, the investments were reclassified to credit balance of investments accounted for by using equity method (please refer to Note 28).

At the end of the reporting period, the long-term equity investment balance of Haitec after considering the unrealized profits and losses between affiliates has been negative; therefore, the investment was reclassified to credit balance of investments accounted for by using equity method (please refer to Note 28).

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.

The Group purchased 8% (NT\$35,178 thousand) of Uni-calsonic Company's shares. As a result, the Group's ownership of Uni-calsonic increased to 30.68% and adjusted the capital surplus from investments in associates and joint ventures accounted for using the equity method in the second quarter of 2018.

In June 2018, the Group purchased 20.5% of Taiguang Investment Company's shares (NT\$233,745 thousand, equal to RMB50,660 thousand) and Shenyang Spicer Driveshaft Company's shares (NT\$56,475 thousand, equal to RMB12,240 thousand). As a result, the Group had significant influence on Taiguang Investment Company and Shenyang Spicer Driveshaft Company.

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, 2018 and 2017 were based on the associates' financial statements audited by auditors for the same years.

b. Investment in joint ventures

| | December 31 | |
|---|---------------------------------------|------------------|
| | 2018 | 2017 |
| Joint ventures that are not individually material | <u>\$ 31,867</u> | <u>\$ 93,734</u> |
| | For the Year Ended December 31 | |
| | 2018 | 2017 |
| The Group's share of: | | |
| Loss for the year | <u>\$ (6,736)</u> | <u>\$ (976)</u> |
| Total comprehensive income (loss) for the year | <u>\$ (6,736)</u> | <u>\$ (976)</u> |

The Group is able to exercise joint control over Dong Yu (Hangzhou) Accessory Technology Co., Ltd. ("Dong Yu Tech. Company") because of holding 75% of equity interest and holding of 50% of total number of directors 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.

Dongfeng Yulon Company was an associate of the Group until it re-elected its directors and amended the agreement of stockholders in July 2017. Under the amended agreement, the relationship between Dongfeng Yulon Company and the Group changed from associate to joint venture. At the end of the reporting period, the long-term equity investment in Dongfeng Yulon Company after considering the unrealized profits and losses between affiliates was negative; therefore, the investment was reclassified to credit balance of investments accounted for by using equity method (Note 28).

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, 2018 and 2017 were based on the associates' financial statements audited by auditors for the same years.

22. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Buildings | Equipment | Vehicles | Miscellaneous Equipment | Property on Lease (Note) | Construction in Progress | Total |
|---|---------------------|-----------------------|------------------------|---------------------|-------------------------|--------------------------|--------------------------|------------------------|
| Cost | | | | | | | | |
| Balance at January 1, 2017 | \$ 6,724,573 | \$ 7,637,050 | \$ 14,478,428 | \$ 1,360,320 | \$ 5,906,953 | \$ 23,638,366 | \$ 219,895 | \$ 59,965,585 |
| Additions | 34,192 | 156,890 | 973,544 | 1,150,445 | 570,082 | 9,554,964 | 4,759,835 | 17,199,952 |
| Disposals | (3,044) | (61,949) | (265,402) | (1,136,243) | (522,548) | (7,463,498) | (108,605) | (9,561,289) |
| Effect of foreign currency exchange differences | (7,348) | (81,137) | (72,917) | (9,895) | (65,183) | (33,113) | (2,054) | (271,647) |
| Reclassifications | 57,596 | 357,761 | 133,219 | 38,569 | 17,002 | (58,802) | (4,481,180) | (3,935,835) |
| Effect of first time adoption of IFRSs | - | - | - | - | - | - | - | - |
| Balance at December 31, 2017 | <u>\$ 6,805,969</u> | <u>\$ 8,008,615</u> | <u>\$ 15,246,872</u> | <u>\$ 1,403,196</u> | <u>\$ 5,906,306</u> | <u>\$ 25,637,917</u> | <u>\$ 387,891</u> | <u>\$ 63,396,766</u> |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at January 1, 2017 | \$ - | \$ (3,488,942) | \$ (9,601,303) | \$ (483,444) | \$ (4,055,034) | \$ (8,673,718) | \$ - | \$ (26,302,441) |
| Disposals | - | 3,753 | 257,790 | 247,052 | 435,196 | 4,298,297 | - | 5,242,088 |
| Reclassifications | - | (30,266) | (12,464) | (30,915) | 116 | 62,563 | - | (10,966) |
| Impairment loss | - | (85,447) | - | (18,165) | - | (1,299) | - | (104,911) |
| Depreciation expense | - | (274,104) | (726,210) | (243,651) | (648,464) | (4,725,547) | - | (6,617,976) |
| Effect of foreign currency exchange differences | - | 39,024 | 63,437 | 3,450 | 46,576 | 9,098 | - | 161,585 |
| Effect of first time adoption of IFRSs | - | - | - | - | - | - | - | - |
| Balance at December 31, 2017 | <u>\$ -</u> | <u>\$ (3,835,982)</u> | <u>\$ (10,018,750)</u> | <u>\$ (525,673)</u> | <u>\$ (4,221,610)</u> | <u>\$ (9,030,606)</u> | <u>\$ -</u> | <u>\$ (27,632,621)</u> |
| Carrying amounts at December 31, 2017 | <u>\$ 6,805,969</u> | <u>\$ 4,172,633</u> | <u>\$ 5,228,122</u> | <u>\$ 877,523</u> | <u>\$ 1,684,696</u> | <u>\$ 16,607,311</u> | <u>\$ 387,891</u> | <u>\$ 35,764,145</u> |
| Cost | | | | | | | | |
| Balance at January 1, 2018 | \$ 6,805,969 | \$ 8,008,615 | \$ 15,246,872 | \$ 1,403,196 | \$ 5,906,306 | \$ 25,637,917 | \$ 387,891 | \$ 63,396,766 |
| Additions | 26,699 | 432,967 | 1,268,186 | 1,212,119 | 551,842 | 10,036,535 | 308,163 | 13,836,511 |
| Disposals | - | - | (227,246) | (1,096,451) | (275,904) | (8,717,115) | - | (10,316,716) |
| Effect of foreign currency exchange differences | (611) | (46,868) | (36,027) | (9,558) | (79,364) | (40,867) | (1,906) | (215,201) |
| Reclassifications | (40,112) | (86,312) | 143,156 | 84,574 | 328,674 | (108,409) | (197,371) | 124,200 |
| Balance at December 31, 2018 | <u>\$ 6,791,945</u> | <u>\$ 8,308,402</u> | <u>\$ 16,394,941</u> | <u>\$ 1,593,880</u> | <u>\$ 6,431,554</u> | <u>\$ 26,808,061</u> | <u>\$ 496,777</u> | <u>\$ 66,825,560</u> |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at January 1, 2018 | \$ - | \$ (3,835,982) | \$ (10,018,750) | \$ (525,673) | \$ (4,221,610) | \$ (9,030,606) | \$ - | \$ (27,632,621) |
| Disposals | - | - | 207,123 | 261,605 | 215,024 | 4,657,473 | - | 5,341,225 |
| Reclassifications | - | 20,175 | 61,450 | (30,219) | (87,531) | 52,768 | - | (16,643) |
| Impairment loss | - | - | (371,071) | (17,336) | - | 640 | - | (387,767) |
| Depreciation expense | - | (303,393) | (552,228) | (190,324) | (609,367) | (5,113,712) | - | (6,769,024) |
| Effect of foreign currency exchange differences | - | 37,676 | (4,479) | 4,329 | 73,013 | 15,196 | - | 125,735 |
| Balance at December 31, 2018 | <u>\$ -</u> | <u>\$ (4,081,524)</u> | <u>\$ (10,677,955)</u> | <u>\$ (497,618)</u> | <u>\$ (4,630,471)</u> | <u>\$ (9,418,241)</u> | <u>\$ -</u> | <u>\$ (29,305,809)</u> |
| Carrying amounts at December 31, 2018 | <u>\$ 6,791,945</u> | <u>\$ 4,226,878</u> | <u>\$ 5,716,986</u> | <u>\$ 1,096,262</u> | <u>\$ 1,801,083</u> | <u>\$ 17,389,820</u> | <u>\$ 496,777</u> | <u>\$ 37,519,751</u> |

For the years ended December 31, 2018 and 2017, the horizontal segments recognized reversal of impairment losses due to the sale of second-hand vehicles. However, the sales volume of the remaining car models declined; therefore, the recoverable amounts of some equipment pertaining to the brand segments were lower than the carrying amounts. As a result, there were impairment losses of \$387,767 thousand for 2018 and losses of \$104,911 thousand for 2017.

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 collateral for bank borrowings were disclosed in Note 40.

23. INVESTMENT PROPERTIES

| | Freehold Land | Buildings | Total |
|--|---------------------|---------------------|----------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2017 | \$ 8,629,393 | \$ 3,148,249 | \$ 11,777,642 |
| Reclassifications to property, plant and equipment | (57,596) | 1,156,021 | 1,098,425 |
| Disposals | (9,500) | (21,879) | (31,379) |
| Effect of foreign currency exchange differences | - | (7) | (7) |
| Balance at December 31, 2017 | <u>\$ 8,562,297</u> | <u>\$ 4,282,384</u> | <u>\$ 12,844,681</u> |
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2017 | \$ - | \$ (964,538) | \$ (964,538) |
| Reclassifications to property, plant and equipment | - | 87,211 | 87,211 |
| Disposals | - | 4,110 | 4,110 |
| Depreciation expense | - | (67,747) | (67,747) |
| | - | 17,193 | 17,193 |
| Effect of foreign currency exchange differences | - | 2,498 | 2,498 |
| Balance at December 31, 2017 | <u>\$ -</u> | <u>\$ (921,273)</u> | <u>\$ (921,273)</u> |
| Impairment loss | | | |
| Carrying amount at December 31, 2017 | <u>\$ 8,562,297</u> | <u>\$ 3,361,111</u> | <u>\$ 11,923,408</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2018 | \$ 8,562,297 | \$ 3,148,249 | \$ 12,844,680 |
| Reclassifications to property, plant and equipment | 102,545 | 125,060 | 227,605 |
| Reclassifications to Property under construction | (2,666,588) | - | (2,666,588) |
| Additions | - | 344,370 | 344,370 |
| Disposals | - | - | - |
| Effect of foreign currency exchange differences | - | (3,532) | (3,532) |
| Balance at December 31, 2018 | <u>\$ 5,998,254</u> | <u>\$ 4,748,281</u> | <u>\$ 10,746,535</u> |

(Continued)

| | Freehold Land | Buildings | Total |
|--|---------------------|---------------------|------------------------------------|
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2018 | \$ - | \$ (921,273) | \$ (921,273) |
| Reclassifications to property, plant and equipment | - | (21,720) | (21,720) |
| Disposals | - | - | - |
| Depreciation expense | - | (46,973) | (46,973) |
| Effect of foreign currency exchange differences | - | (119) | (119) |
| Balance at December 31, 2018 | <u>\$ -</u> | <u>\$ (990,085)</u> | <u>\$ (990,085)</u> |
| Carrying amount at December 31, 2018 | <u>\$ 5,998,254</u> | <u>\$ 3,758,196</u> | <u>\$ 9,756,450</u> (Concluded) |

The investment properties were depreciated on a straight-line basis over their estimated useful lives of 30 to 60 years.

The fair values of investment assets as of December 31 and December 31, 2017 based on the valuation by an independent professional appraiser were as follows:

| | <u>December 31</u> | |
|------------|----------------------|----------------------|
| | 2018 | 2017 |
| Fair value | <u>\$ 30,194,471</u> | <u>\$ 39,923,690</u> |

24. INTANGIBLE ASSETS

| | Motor Design and Research and Development Outputs | Others (Including Software) | Total |
|---|---|-----------------------------------|----------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2017 | \$ 10,994,495 | \$ 1,249,076 | \$ 12,243,571 |
| Additions | 1,451,543 | 133,977 | 1,585,520 |
| Reclassifications | - | 2,344 | 2,344 |
| Disposals | - | (75,555) | (75,555) |
| Effect of foreign currency exchange differences | - | (9,355) | (9,355) |
| Balance at December 31, 2017 | <u>\$ 12,446,038</u> | <u>\$ 1,300,487</u> | <u>\$ 13,746,525</u> |

(Continued)

| | Motor Design and Research and Development Outputs | Others (Including Software) | Total |
|---|--|--|-------------------------------------|
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2017 | \$ (5,261,025) | \$ (852,375) | \$ (6,113,400) |
| Amortization expense | (705,542) | (89,222) | (794,764) |
| Disposals | - | 37,911 | 37,911 |
| Effect of foreign currency exchange differences | <u>-</u> | <u>3,685</u> | <u>3,685</u> |
| Balance at December 31, 2017 | <u>\$ (5,966,567)</u> | <u>\$ (900,001)</u> | <u>\$ (6,866,568)</u> |
| Carrying amount at December 31, 2017 | <u>\$ 6,479,471</u> | <u>\$ 400,486</u> | <u>\$ 6,879,957</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2018 | \$ 12,446,038 | \$ 1,300,487 | \$ 13,746,525 |
| Additions | 4,734,312 | 144,803 | 4,879,115 |
| Reclassifications | - | 197 | 197 |
| Disposals | - | (4,324) | (4,324) |
| Effect of foreign currency exchange differences | <u>-</u> | <u>(25,445)</u> | <u>(25,445)</u> |
| Balance at December 31, 2018 | <u>\$ 17,180,350</u> | <u>\$ 1,415,718</u> | <u>\$ 18,596,068</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2018 | \$ (5,966,567) | \$ (900,001) | \$ (6,866,568) |
| Amortization expense | (379,834) | (114,215) | (494,049) |
| Impairment loss | (674,725) | (8,207) | (682,932) |
| Reclassifications | - | (240) | (240) |
| Disposals | - | 1,361 | 1,361 |
| Effect of foreign currency exchange differences | <u>-</u> | <u>19,760</u> | <u>19,760</u> |
| Balance at December 31, 2018 | <u>\$ (7,021,126)</u> | <u>\$ (1,001,542)</u> | <u>\$ (8,022,668)</u> |
| Carrying amount at December 31, 2018 | <u>\$ 10,159,224</u> | <u>\$ 414,176</u> | <u>\$ 10,573,400</u> (Concluded) |

Luxgen Motor Co., Ltd. (“Luxgen”) terminated 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 terminated 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, DFYL transferred to Luxgen the intellectual property rights and technology of MPV model. 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.

Luxgen entrusted Haitec to develop GPM and MBU model; based on the trust agreement, the payments for this development project were \$820,276 thousand and \$2,351,955 thousand, and the payments for developing M platform, ME engine and other model related technology assets were \$2,465,975 thousand and \$1,498,610 thousand; the total payment was \$7,136,816 thousand.

In order to conform with the law and develop Hi-tech engine and Electric Vehicle Power System. The Group purchased EF engine and Plug-in hybrid electric vehicle from Haitec. The total payment for this development project was \$1,210,000 thousand.

At December 31, 2018, impairment loss on intangible assets of \$674,725 thousand was recognized as result of a decrease in the estimated future cash flows from the intangible assets when the recoverable amounts were lower than the carrying amounts; discount rate of 6.59% was used to calculate the present value.

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

| | Amount |
|--|---------------------|
| 2019 | <u>\$ 4,833,966</u> |
| Recognized as other payables (Note 28) | <u>\$ 4,833,966</u> |

Intangible assets are amortized on a straight-line basis over the following estimated useful lives of the asset:

| | |
|---|----------------------------|
| Computer software | 2-3 years |
| Motor design and research and development outputs | Units-of-production method |
| Others | 1-10 years |

25. PREPAYMENTS FOR LEASE OBLIGATIONS

| | December 31 | |
|---|---------------------|---------------------|
| | 2018 | 2017 |
| Current assets (included in other current assets) | \$ - | \$ 39,775 |
| Non-current assets | <u>1,070,081</u> | <u>1,003,988</u> |
| | <u>\$ 1,070,081</u> | <u>\$ 1,043,763</u> |

Prepaid lease payments include prepaid lease payments for properties and land located in Taiwan and land use rights in Mainland China.

26. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|------------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Secured borrowings (Note 39) | | |
| Bank loans | \$ 12,320,984 | \$ 9,494,467 |
| Unsecured borrowings | | |
| Line of credit borrowings | <u>56,089,779</u> | <u>39,725,937</u> |
| | <u>\$ 68,410,763</u> | <u>\$ 49,220,404</u> |
| Interest rate | 0.72%-9.7% | 0.66%-8.35% |

b. Short-term bills payable

| | December 31 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Commercial paper | \$ 79,996,688 | \$ 65,562,647 |
| Less: Unamortized discount on bills payable | <u>191,580</u> | <u>152,571</u> |
| | <u>\$ 79,805,108</u> | <u>\$ 65,410,076</u> |
| Interest rate | 0.698%-5.75% | 0.40%-3.35% |

c. Long-term borrowings

| | December 31 | |
|--|---------------------|---------------------|
| | 2018 | 2017 |
| Secured borrowings (Note 35) | | |
| Bank loans | \$ 442,442 | \$ 1,781,047 |
| Unsecured borrowings | | |
| Credit borrowings | 1,480,000 | - |
| Commercial paper (recurring) | 2,149,105 | 1,948,417 |
| Less: Current portion long-term borrowings | <u>592,897</u> | <u>776,712</u> |
| | <u>\$ 3,478,650</u> | <u>\$ 2,952,752</u> |
| Interest rates | 0.92%-5.44% | 0.68%-5.68% |

27. BONDS PAYABLE

| | December 31 | |
|----------------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Unsecured domestic bonds | \$ 21,750,000 | \$ 14,350,000 |
| Less: Discounts on bonds payable | <u>(6,329)</u> | <u>(7,081)</u> |
| | 21,743,671 | 14,342,919 |
| Less: Current portion | <u>(6,443,671)</u> | <u>(4,342,919)</u> |
| | <u>\$ 15,300,000</u> | <u>\$ 10,000,000</u> |
| <u>Unsecured domestic bonds</u> | | |

The Group issued unsecured corporate bonds on December 12, 2017, with each issuance amounting to NT\$7 billion and NT\$3 billion, respectively, and the bonds have five-year maturities and seven-year maturities and simple interest at rates of 1.04% and 1.07%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date. The Group also issued unsecured corporate bonds on December 25, 2018, with each issuance amounting to NT\$3.6 billion and NT\$1.7 billion, respectively, and the bonds have five-year maturities and ten-year maturities and simple interest at rates of 1.18% and 1.80%, respectively, payable annually.

Yulon Finance Corporation issued unsecured corporate bonds on June 20, 2014, October 17, 2014, May 12, 2017, August 11, 2017 and January 8, 2018 with each issuance amounting to NT\$1.5 billion, NT\$1.5 billion, NT\$2 billion, NT\$2.35 billion, and NT\$2.1 billion respectively, and the bonds have three-year maturities and simple interest rates of 1.12%, 1.25%, 1.07%, 1.02% and 0.85%, respectively, payable annually. The principal amounts of the bonds are repayable on the maturity date. Among them, the principal amount of the bond issued on June 20, 2014 and October 17, 2014 had been repaid on June 20, 2017 and October 17, 2017, respectively.

28. OTHER LIABILITIES

| | December 31 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| <u>Current</u> | | |
| Other payables | | |
| Equipment payables | \$ 1,617,843 | \$ 372,401 |
| Payables on motor design and research and development outputs | 4,833,966 | 2,105,857 |
| Accrued expense payable | 5,652,780 | 7,758,339 |
| Dividends payable | 116,376 | 100,245 |
| Others | <u>736,234</u> | <u>1,750,955</u> |
| | <u>\$ 12,957,199</u> | <u>\$ 12,087,797</u> |
| Other liabilities | | |
| Guarantee deposits received | \$ 9,921,707 | \$ 9,038,526 |
| Deferred revenue - customer loyalty plan | - | 72,988 |
| Others | <u>2,548,283</u> | <u>2,372,052</u> |
| | <u>\$ 12,469,990</u> | <u>\$ 11,483,566</u> |
| <u>Non-current</u> | | |
| Other payables | | |
| Others | <u>\$ -</u> | <u>\$ 1,050,000</u> |
| Deferred revenue | | |
| Subsidies from the government | \$ - | \$ 416 |
| Others | <u>21,391</u> | <u>27,504</u> |
| | <u>\$ 21,391</u> | <u>\$ 27,920</u> |
| Other liabilities | | |
| Guarantee deposits received | \$ 295,556 | \$ 350,674 |
| Credit balance of long-term investments at equity | 1,643,919 | 88,194 |
| Others | <u>53,291</u> | <u>66,844</u> |
| | <u>\$ 1,992,766</u> | <u>\$ 505,712</u> |

29. PROVISIONS

| | December 31 | |
|--------------------------------|--------------------|-------------------|
| | 2018 | 2017 |
| <u>Current</u> | | |
| Financial guarantee provisions | \$ 281,887 | \$ 293,579 |
| Warranties | <u>1,873</u> | <u>1,657</u> |
| | <u>\$ 283,760</u> | <u>\$ 295,236</u> |
| <u>Non-current</u> | | |
| Warranties | <u>\$ 873,808</u> | <u>\$ 898,195</u> |

The customers of YFC and Yustar signed car loan contracts with banks, with YFC and Yustar acting as car loan agents and providing customers with account management services. Under the contracts, YFC and Yustar are responsible for repaying any uncollectable loans arising from customer default. YFC and Yustar 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. Provisions have been estimated for possible maintenance costs.

30. 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 | |
|---|--------------------|---------------------|
| | 2018 | 2017 |
| Present value of the defined benefit obligation | \$ 2,468,665 | \$ 2,785,339 |
| Fair value of plan assets | <u>(1,546,132)</u> | <u>(1,419,858)</u> |
| Net defined benefit liability | <u>\$ 922,533</u> | <u>\$ 1,365,481</u> |

Movements in net defined benefit liability were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|--|--|--|--|
| Balance at January 1, 2017 | <u>\$ 2,901,543</u> | <u>\$ (1,186,889)</u> | <u>\$ 1,714,654</u> |
| Service cost | | | |
| Current service cost | 35,177 | - | 35,177 |
| Past service cost and loss (gain) on settlements | 32,184 | - | 32,184 |
| Adjustment for turnover of the staff | - | - | - |
| Net interest expense (income) | <u>35,647</u> | <u>(16,327)</u> | <u>19,320</u> |
| Recognized in profit or loss | 103,008 | (16,327) | 86,681 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | 3,897 | 3,897 |
| Actuarial loss - changes in demographic assumptions | 50,127 | - | 50,127 |
| Actuarial loss - changes in financial assumptions | 831 | - | 831 |
| Actuarial loss - experience adjustments | <u>(29,774)</u> | <u>-</u> | <u>(29,774)</u> |
| Recognized in other comprehensive income | <u>21,184</u> | <u>3,897</u> | <u>25,081</u> |
| Contributions from the employer | - | (412,293) | (412,293) |
| Benefits paid | <u>(240,396)</u> | <u>191,754</u> | <u>(48,642)</u> |
| Balance at December 31, 2017 | <u>\$ 2,785,339</u> | <u>\$ (1,419,858)</u> | <u>\$ 1,365,481</u> |
| Balance at January 1, 2018 | <u>\$ 2,901,543</u> | <u>\$ (1,186,889)</u> | <u>\$ 1,714,654</u> |
| Service cost | | | |
| Current service cost | 35,452 | - | 35,452 |
| Past service cost and loss (gain) on settlements | - | - | - |
| Adjustment for turnover of the staff | - | - | - |
| Net interest expense (income) | <u>34,561</u> | <u>(17,887)</u> | <u>16,674</u> |
| Recognized in profit or loss | 70,013 | (17,887) | 52,126 |

(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) | - | (39,284) | (39,284) |
| Actuarial loss - changes in demographic assumptions | 28,576 | - | 28,576 |
| Actuarial loss - changes in financial assumptions | 30,506 | - | 30,506 |
| Actuarial loss - experience adjustments | <u>(75,759)</u> | <u>-</u> | <u>(75,759)</u> |
| Recognized in other comprehensive income | <u>(16,677)</u> | <u>(39,284)</u> | <u>(55,961)</u> |
| Contributions from the employer | - | (383,788) | (383,788) |
| Benefits paid | <u>(370,010)</u> | <u>314,685</u> | <u>(55,325)</u> |
| Balance at December 31, 2018 | <u>\$ 2,468,665</u> | <u>\$ (1,546,132)</u> | <u>\$ 922,533</u> |

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 | |
|-------------------------------------|--------------------|-------------|
| | 2018 | 2017 |
| Discount rate(s) | 0.88%-1.25% | 1.13%-1.38% |
| Expected rate(s) of salary increase | 1.25%-3.00% | 1.00%-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, 2018 |
|-------------------------------------|------------------------------|
| Discount rate(s) | |
| 0.25% increase | <u>\$ (68,231)</u> |
| 0.25% decrease | <u>\$ 71,838</u> |
| Expected rate(s) of salary increase | |
| 0.25% increase | <u>\$ 70,184</u> |
| 0.25% decrease | <u>\$ (67,039)</u> |

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

| | December 31 | |
|--|--------------------|------------------|
| | 2018 | 2017 |
| The expected contributions to the plan for the next year | <u>\$ 83,122</u> | <u>\$ 96,109</u> |
| The average duration of the defined benefit obligation | 8-14 years | 8-15 years |

31. EQUITY

a. Share capital

Common shares

| | December 31 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Number of shares authorized (in thousands) | <u>2,000,000</u> | <u>2,000,000</u> |
| Shares authorized | <u>\$ 20,000,000</u> | <u>\$ 20,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>1,572,920</u> | <u>1,572,920</u> |
| Capital shares | <u>\$ 15,729,199</u> | <u>\$ 15,729,199</u> |
| Capital surplus | <u>4,508,131</u> | <u>4,508,131</u> |
| | <u>\$ 20,237,330</u> | <u>\$ 20,237,330</u> |

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

b. Capital surplus

| | December 31 | |
|--|---------------------|---------------------|
| | 2018 | 2017 |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u> | | |
| Recognized from issuance of common shares | \$ 4,508,131 | \$ 4,508,131 |
| Recognized from treasury share transactions | 2,010,272 | 2,003,406 |
| Recognized from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | 79,569 | 143,867 |
| <u>May be used to offset a deficit only</u> | | |
| Recognized from share of changes in capital surplus of associates or joint ventures | - | 677 |
| <u>May not be used for any purpose</u> | | |
| Recognized from share of changes in capital surplus of associates or joint ventures | - | 9,624 |
| | <u>\$ 6,597,972</u> | <u>\$ 6,665,705</u> |

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

c. Retained earnings and dividend policy

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

The Company's operating environment is in a mature industry. The Company shall consider profitability, future operating plans and funding needs, and industry condition, and long-term shareholders' rights and 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 33.

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.

The appropriations of earnings for 2017 and 2016 approved in the board of directors meeting on June 15, 2018 and the shareholders' meeting on June 22, 2017, respectively, were as follows:

| | Appropriation of Earnings | | Dividend Per Share (N.T. Dollar) | |
|-----------------|----------------------------------|-------------|---|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Legal reserve | \$ 228,831 | \$ 133,470 | | |
| Special reserve | 1,000,000 | 1,000,000 | | |
| Cash dividend | 912,294 | 786,460 | \$ 0.58 | \$ 0.50 |

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on March 25, 2019. The appropriations and dividends per share were as follows:

| | Appropriation of Earnings | Dividends Per Share (NT\$) |
|-----------------|--------------------------------------|---------------------------------------|
| Legal reserve | \$ 203,703 | |
| Special reserve | 1,000,000 | |
| Cash dividends | 1,053,856 | \$0.67 |

The appropriations of earnings for 2018 are subject to the resolution in the shareholders' meeting to be held on June 21, 2019.

d. Special reserve

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|----------------------|
| | 2018 | 2017 |
| Balance at January 1 | \$ 37,373,565 | \$ 36,373,565 |
| Appropriation of earnings | <u>1,000,000</u> | <u>1,000,000</u> |
| Balance at December 31 | <u>\$ 38,373,565</u> | <u>\$ 37,373,565</u> |

On the 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. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. 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 Group's disposal of foreign operations; on the Group'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. Other equity items

1) Exchange differences on translating foreign operations

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Balance at January 1 | \$ (593,515) | \$ 75,147 |
| Exchange differences arising on translating the financial statements of foreign operations | (48,297) | (299,113) |
| Share of exchange difference of subsidiaries, associates and joint ventures accounted for using the equity method | <u>(277,586)</u> | <u>(369,549)</u> |
| Balance at December 31 | <u>\$ (919,398)</u> | <u>\$ (593,515)</u> |

2) Unrealized gain (loss) on available-for-sale financial assets

| | |
|--|---------------------|
| Balance at January 1, 2017 | \$ 1,157,054 |
| Unrealized gain on revaluation of available-for-sale financial assets | (312,670) |
| Share from associates/joint ventures accounted for using the equity method | <u>246,774</u> |
| Balance at December 31, 2017 | <u>\$ 1,091,158</u> |
| Balance at January 1, 2018 per IAS 39 | \$ 1,091,158 |
| Adjustment on initial application of IFRS 9 | <u>(1,091,158)</u> |
| Balance at January 1, 2018 per IFRS 9 | <u>\$ -</u> |

3) Unrealized gain/(loss) on financial assets at FVTOCI

| | For the Year Ended December 31, 2018 |
|--|---|
| Balance at January 1 per IAS 39 | \$ - |
| Adjustment on initial application of IFRS 9 | <u>1,755,559</u> |
| Balance at January 1 per IFRS 9 | 1,755,559 |
| Unrealized gain/(loss) - equity instruments | (208,949) |
| Share from associates accounted for using the equity method | (82,921) |
| Disposal of associates accounted for using the equity method | <u>2,832</u> |
| Balance at December 31 | <u>\$ 1,466,521</u> |

4) Cash flow hedge

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------|
| | 2018 | 2017 |
| Balance at January 1, 2017 | \$ - | \$ - |
| Share from associates accounted for using the equity method | <u>(92)</u> | <u>-</u> |
| Balance at December 31, 2017 | <u>\$ (92)</u> | <u>\$ -</u> |
| Balance at January 1, 2018 per IAS 39 | \$ (92) | \$ - |
| Adjustment on initial application of IFRS 9 | <u>92</u> | <u>(92)</u> |
| Balance at January 1, 2018 per IFRS 9 | - | (92) |
| Interest rate risk - interest rate swaps | <u>-</u> | <u>344</u> |
| Balance at December 31, 2018 per IFRS 9 | <u>\$ -</u> | <u>\$ 252</u> |

f. Non-controlling interests

| | For the Year Ended December 31 | |
|--|---------------------------------------|--------------|
| | 2018 | 2017 |
| Balance at January 1 | \$ 8,688,986 | \$ 9,348,274 |
| Attributable to non-controlling interests: | | |
| Share of profit for the year | 1,810,004 | 790,115 |
| Exchange difference arising on translation of foreign entities | (112,099) | (113,395) |
| Unrealized losses on available-for-sale financial assets | - | 8,562 |
| Unrealized gain/(loss) on financial assets at FVTOCI | (2,433) | - |
| Gain/(loss) on fair value changes of cash flow hedges | - | (109) |
| Gain/(loss) on hedging instruments | 299 | - |
| Remeasurement on defined benefit plans | 6,959 | 290 |

(Continued)

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------------------------|
| | 2018 | 2017 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | \$ - | \$ (93) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | (34,232) | 14,533 |
| Partial disposal of subsidiaries | (241,251) | - |
| Preference shares issued by subsidiaries | 2,356,594 | - |
| Non-controlling interest relating to differences between acquisition or disposal price and carrying value of subsidiaries | 44,402 | 2,360 |
| Cash dividends from subsidiaries | <u>(1,194,067)</u> | <u>(1,228,791)</u> |
| Balance at December 31 | <u>\$ 11,323,162</u> | <u>\$ 8,688,986</u> (Concluded) |

g. Treasury shares

| Reasons for Redemption | Number of Shares, Beginning of Year | Addition During the Year | Reduction During the Year | Number of Shares, End of Year |
|--|--|---------------------------------|----------------------------------|--------------------------------------|
| For the year ended <u>December 31, 2018</u> | | | | |
| Long-term investment of subsidiary transferred to treasury stock | <u>11,839</u> | <u>-</u> | <u>-</u> | <u>11,839</u> |
| For the year ended <u>December 31, 2017</u> | | | | |
| Long-term investment of subsidiary transferred to treasury stock | <u>11,839</u> | <u>-</u> | <u>-</u> | <u>11,839</u> |

The Company's shares held by subsidiaries as of December 31, 2018 and 2017 were as follows:

| Name of Subsidiaries | Number of Shares Held (In Thousands) | Carrying Amount (In Thousands) | Market Value (In Thousands) |
|-----------------------------|---|---------------------------------------|------------------------------------|
| <u>December 31, 2018</u> | | | |
| Yu Ching Business Co., Ltd. | 11,838 | \$ 215,460 | \$ 215,460 |
| Yu Pong Business Co., Ltd. | 1 | <u>2</u> | <u>2</u> |
| | | <u>\$ 215,462</u> | <u>\$ 215,462</u> (Continued) |

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

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

32. REVENUE

a. Contract information

1) Revenue from the sale of goods

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of vehicles and parts. The Group recognized revenue when goods are delivered and legal ownership is transferred.

Horizontal Segments 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.

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 the materials' ownership.

The sale of goods that results in awarded credits for customers under the Group's award scheme is accounted for as a multiple element revenue transaction, and the fair value of the consideration received or receivable is allocated between the goods supplied and the awarded credits granted. The consideration allocated to the awarded credits is measured with reference to their fair value, i.e. the amount for which the awarded credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transactions but is deferred and recognized as revenue when the awarded credits are redeemed and the Group's obligations have been fulfilled.

2) 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.

3) 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.

4) Revenue from the rendering of services

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

5) Interest revenue from acquired accounts receivable

Interest revenues from the accounts receivable of YFC and Yustar and Yu Rich collectively during the years ended December 31, 2018 and 2017 were \$4,674,494 thousand and \$3,888,908 thousand, respectively. As of December 31, 2018 and 2017, the uncollected accounts receivable of YFC and Yustar and Yu Rich collectively were \$75,117,558 thousand and \$61,879,871 thousand, respectively, and recognized as accounts receivable.

6) Agency revenue

Agency revenues of YFC and Yustar recognized for the years ended December 31, 2018 and 2017 were \$549,747 thousand and \$613,540 thousand, respectively. In the event that payments were not made on due dates, the Company and Yustar reimburse the bank for the loan and assumes all collection rights against the debtor. As of December 31, 2018 and 2017, the managerial service account balances of the loans provided by the Company and Yustar collectively were \$7,474,583 thousand and \$7,795,491 thousand, respectively. The reimbursements from the Company and Yustar to banks as of December 31, 2018 and 2017 were \$1,102,451 thousand and \$1,495,445 thousand, respectively. The reimbursements to banks were listed as accounts receivable before recognition of interest revenue from acquired accounts receivable using effective interest method.

The amounts of financial guarantee contracts listed above were the maximum total managerial service loans provided by the Group that require full payment by the Group in the event of debtor's default. The Group had estimated the potential financial guarantee loss on any default on the basis of past experience (see Note 29).

b. Disaggregation of revenue

Refer to Note 44 for details of revenue information.

c. Assets related to contract costs

**December 31,
2018**

Incremental costs of obtaining a contract - current \$ 2,035,940

The Group considered the past experience and the default clauses in the contract and believes the commission paid for obtaining a contract is wholly recoverable. Amortization of the cost recognized for the year ended December 31, 2018 was \$1,609,558 thousand.

33. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Other operating revenue

| | For the Year Ended December 31 | |
|--------------------|---------------------------------------|-------------------|
| | 2018 | 2017 |
| Rental revenue | \$ 130,969 | \$ 79,027 |
| Commission revenue | 270,865 | 275,539 |
| Subsidy revenue | 64,467 | 57,514 |
| Others | <u>724,164</u> | <u>520,839</u> |
| | <u>\$ 1,190,465</u> | <u>\$ 932,919</u> |

b. Other gains and losses

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2018 | 2017 |
| Gains (losses) on disposal of property, plant and equipment, investment property and intangible assets | \$ (29,777) | \$ (10,702) |
| Gain on disposal of financial assets | - | 526,909 |
| Net foreign exchange loss | (180,043) | (34,178) |
| Net gain (loss) on financial assets mandatorily as at FVTPL | (20,339) | - |
| Net gain (loss) on financial assets designated as at FVTPL | - | 372 |
| Net (loss) gain on financial assets classified as held for trading | - | (3,286) |
| Net gain (loss) on financial liabilities classified as held for trading | 1,145 | 1,145 |
| Others | <u>(92,262)</u> | <u>(260,178)</u> |
| | <u>\$ (322,421)</u> | <u>\$ 220,082</u> |

c. Finance costs

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2018 | 2017 |
| Interest on bank overdrafts and loans | \$ 2,515,266 | \$ 1,673,846 |
| Interest on corporate bonds | 174,629 | 53,137 |
| Other interest expense | <u>57,962</u> | <u>54,209</u> |
| | 2,747,857 | 1,781,192 |
| Less: Interest accounted for as operating cost | <u>2,234,692</u> | <u>1,488,810</u> |
| | <u>\$ 513,165</u> | <u>\$ 292,382</u> |

d. Interest revenue

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2018 | 2017 |
| Interest revenue from acquired accounts receivable | \$ 4,674,494 | \$ 3,888,908 |
| Interest revenue from installment sales | 1,578,401 | 1,282,701 |
| Interest revenue from capital leases | 3,079,580 | 613,540 |
| Others | <u>2,114,731</u> | <u>3,065,883</u> |
| | 11,447,206 | 8,851,032 |
| Less: Interest revenue accounted for as operating revenue | <u>11,128,655</u> | <u>8,631,671</u> |
| | <u>\$ 318,551</u> | <u>\$ 219,361</u> |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2018 | 2017 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 6,023,107 | \$ 5,832,479 |
| Operating expenses | <u>792,890</u> | <u>853,244</u> |
| | <u>\$ 6,815,997</u> | <u>\$ 6,685,723</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 404,685 | \$ 739,806 |
| Operating expenses | <u>1,699,384</u> | <u>54,958</u> |
| | <u>\$ 2,104,069</u> | <u>\$ 794,764</u> |

f. Employee benefit expense

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Post-employment benefits | | |
| Defined contribution plans | \$ 161,312 | \$ 191,560 |
| Defined benefit plans | <u>52,126</u> | <u>86,681</u> |
| | 213,438 | 278,241 |
| Other employee benefits | <u>8,341,359</u> | <u>7,125,804</u> |
| Equity-settled share-based payment transaction | <u>4,077</u> | <u>-</u> |
| | <u>\$ 8,558,874</u> | <u>\$ 7,404,045</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 3,147,860 | \$ 2,927,297 |
| Operating expenses | <u>5,411,014</u> | <u>4,476,748</u> |
| | <u>\$ 8,558,874</u> | <u>\$ 7,404,045</u> |

g. Employees' compensation and remuneration of directors and supervisors

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, 2018 and 2017 which have been approved by the Company's board of directors on March 25, 2019 and March 26, 2018, respectively, were as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------|
| | 2018 | 2017 |
| Employees' compensation | 0.10% | 0.32% |
| Remuneration of directors and supervisors | 0.50% | 0.50% |

Amount

| | For the Year Ended December 31 | | | |
|---|---------------------------------------|--------------|-------------|--------------|
| | 2018 | | 2017 | |
| | Cash | Share | Cash | Share |
| Employees' compensation | \$ 2,175 | - | \$ 7,383 | - |
| Remuneration of directors and supervisors | 10,874 | - | 11,695 | - |

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, 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Impairment losses on non-financial assets (reversal of impairment loss)

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2018 | 2017 |
| Property, plant and equipment | \$ 387,767 | \$ 104,911 |
| Inventories (recognized under operating cost) | 73,043 | 67,376 |
| Investment properties | - | (17,193) |
| Other intangible assets | 8,207 | - |
| Motor designs and research and development outputs | <u>674,725</u> | <u>-</u> |
| | <u>\$ 1,143,742</u> | <u>\$ 155,094</u> |

34. 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 | |
|---|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Current tax | | |
| In respect of the current year | \$ 1,221,085 | \$ 1,067,664 |
| Income tax on unappropriated earnings | 159,753 | 43,924 |
| Adjustments for prior years | <u>27,272</u> | <u>11,577</u> |
| | 1,408,110 | 1,123,165 |
| Deferred tax | | |
| In respect of the current year | 112,120 | (63,138) |
| Effect of change in tax rate | <u>17,796</u> | <u>-</u> |
| Income tax expense recognized in profit or loss | <u>\$ 1,538,026</u> | <u>\$ 1,060,027</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Profit before tax from continuing operations | <u>\$ 5,385,062</u> | <u>\$ 4,138,448</u> |
| Income tax expense calculated at the statutory rate | \$ 767,168 | \$ 730,604 |
| Nondeductible expenses in determining taxable income | 5,854 | (182,760) |
| Tax-exempt income | (645,618) | (982,321) |

(Continued)

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------------------------|
| | 2018 | 2017 |
| Realized loss on investment | (738,461) | (344,210) |
| Additional income tax under the Alternative Minimum Tax Act | - | 11,157 |
| Income tax on unappropriated earnings | 159,753 | 43,924 |
| Effect of tax rate changes | 17,796 | - |
| Unrecognized deductible temporary differences | 1,377,899 | 865,251 |
| Adjustments for prior years' tax | 27,272 | 11,577 |
| Temporary difference - share of the profit of associates and joint ventures operating in other jurisdictions | <u>566,363</u> | <u>906,805</u> |
| Income tax expense recognized in profit or loss | <u>\$ 1,538,026</u> | <u>\$ 1,060,027</u> (Concluded) |

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss and other comprehensive income. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Income tax generated by other jurisdictions is based on the applicable tax rate in each relevant jurisdiction.

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

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

| | Balance at the Beginning of the Year | Net Profit (Loss) and Other Comprehensive Income (Loss) | Balance at the End of the Year |
|--|---|--|---------------------------------------|
| <u>Deferred tax assets</u> | | | |
| Temporary differences | | | |
| Share of loss of subsidiaries, associates and joint ventures | \$ 172,673 | \$ 25,720 | \$ 198,393 |
| Property, plant and equipment | 178,136 | 6,497 | 184,633 |
| Defined benefit obligation | 322,248 | 446 | 322,694 |
| Doubtful debts | 344,114 | 145,999 | 490,113 |
| Loss carryforward | 92,663 | (1,218) | 91,445 |
| Others | <u>167,515</u> | <u>44,347</u> | <u>211,862</u> |
| | <u>\$ 1,277,349</u> | <u>\$ 221,791</u> | <u>\$ 1,499,140</u> (Continued) |

| | Balance at the Beginning of the Year | Net Profit (Loss) and Other Comprehensive Income (Loss) | Balance at the End of the Year |
|---|---|--|---|
| <u>Deferred tax liabilities</u> | | | |
| Temporary differences | | | |
| Property, plant and equipment | \$ 769,780 | \$ 34,980 | \$ 959,179 |
| Land value increment tax | 2,509,919 | - | 2,509,919 |
| Share of profit of subsidiaries, associates and joint ventures | 318,489 | 166,486 | 484,975 |
| Others | <u>49,858</u> | <u>(2,044)</u> | <u>47,814</u> |
| | <u>\$ 3,648,046</u> | <u>\$ 353,841</u> | <u>\$ 4,001,887</u> (Concluded) |

For the year ended December 31, 2017

| | Balance at the Beginning of the Year | Net Profit (Loss) and Other Comprehensive Income (Loss) | Balance at the End of the Year |
|---|---|--|---|
| <u>Deferred tax assets</u> | | | |
| Temporary differences | | | |
| Share of loss of subsidiaries, associates and joint ventures | \$ 162,399 | \$ 10,274 | \$ 172,673 |
| Property, plant and equipment | 44,049 | 134,087 | 178,136 |
| Defined benefit obligation | 350,821 | (28,573) | 322,248 |
| Doubtful debts | 276,891 | 67,223 | 344,114 |
| Loss carryforward | 26,691 | 65,972 | 92,663 |
| Others | <u>231,476</u> | <u>(63,961)</u> | <u>167,515</u> |
| | <u>\$ 1,092,327</u> | <u>\$ 185,022</u> | <u>\$ 1,277,349</u> |

Deferred tax liabilities

| | | | |
|---|---------------------|------------------|---------------------|
| Temporary differences | | | |
| Property, plant and equipment | \$ 734,800 | \$ 34,980 | \$ 769,780 |
| Land value increment tax | 2,509,919 | - | 2,509,919 |
| Share of profit of subsidiaries, associates and joint ventures | 246,629 | 71,860 | 318,489 |
| Others | <u>66,475</u> | <u>(16,617)</u> | <u>49,858</u> |
| | <u>\$ 3,557,823</u> | <u>\$ 90,223</u> | <u>\$ 3,648,046</u> |

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

As of December 31, 2018 and 2017, deductible temporary differences with unrecognized deferred tax assets were \$790,515 thousand and \$489,238 thousand, respectively.

- d. Income tax assessed

The tax returns through 2016 have been assessed by the tax authorities.

35. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|----------------|
| | 2018 | 2017 |
| Basic earnings per share | \$ <u>1.39</u> | \$ <u>1.56</u> |
| Diluted earnings per share | \$ <u>1.39</u> | \$ <u>1.56</u> |

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

Net Profit for the Year

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Earnings used in the computation of basic earnings per share | \$ <u>2,037,032</u> | \$ <u>2,288,306</u> |
| Earnings used in the computation of diluted earnings per share | \$ <u>2,037,032</u> | \$ <u>2,288,306</u> |

Shares

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------|
| | 2018 | 2017 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 1,462,765 | 1,462,766 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation or bonus issue to employees | <u>350</u> | <u>322</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>1,463,115</u> | <u>1,463,088</u> |

If the Group offered to settle bonuses paid to employees in cash or shares, the Company will assume the entire amount of the compensation or bonus would be settled in shares and the resulting potentially dilutive shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares was 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.

36. OPERATING LEASE ARRANGEMENTS

Offices were leased with monthly rental payments by the Group. The future minimum lease payments of non-cancellable operating lease commitments were as follows:

| | December 31 | |
|--|---------------------|---------------------|
| | 2017 | 2016 |
| Not later than 1 year | \$ 855,560 | \$ 875,878 |
| Later than 1 year and not later than 5 years | 2,100,317 | 2,548,948 |
| Later than 5 years | <u>990,807</u> | <u>615,674</u> |
| | <u>\$ 3,946,684</u> | <u>\$ 4,040,500</u> |

37. 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).

According to externally imposed capital requirement of banks, part of the subsidiaries should keep the agreed equity during the borrowing period. As of December 31, 2018, the Company meet the requirements of banks.

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.

38. 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 | | | |
|------------------------------|------------------------|-------------------|------------------------|-------------------|
| | 2018 | | 2017 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial assets</u> | | | | |
| Measured by amortized cost | \$ 22,139 | \$ 22,301 | \$ - | \$ - |
| Held-to-maturity investments | - | - | 16,632 | 17,120 |

(Continued)

| | December 31 | | | |
|------------------------------|-----------------|------------|-----------------|------------|
| | 2018 | | 2017 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial liabilities</u> | | | | |
| Corporate bonds | 21,743,671 | 21,761,670 | 14,342,919 | 14,350,436 |

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, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|-------------------|------------------|-------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Domestic quoted shares | \$ 23,597 | \$ - | \$ - | \$ 23,597 |
| Domestic unlisted | - | - | 4,069 | 4,069 |
| Derivative financial assets | - | 12,356 | - | 12,356 |
| Mutual funds | 622,833 | - | 316 | 623,149 |
| Others | - | - | 13,973 | 13,973 |
| | <u>\$ 646,430</u> | <u>\$ 12,356</u> | <u>\$ 18,358</u> | <u>\$ 677,144</u> |
| Financial assets at FVTOCI | | | | |
| Domestic quoted shares | \$ 179,694 | \$ - | \$ - | \$ 179,694 |
| Domestic unlisted shares | - | - | 547,279 | 547,279 |
| Others | - | 1,904 | - | 1,904 |
| | <u>\$ 179,694</u> | <u>\$ 1,904</u> | <u>\$ 547,279</u> | <u>\$ 728,877</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | \$ - | \$ 81 | \$ - | \$ 81 |

December 31, 2017

| | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------|-----------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Non-derivative financial assets held for trading | \$ 891,337 | \$ - | \$ - | \$ 891,337 |
| Others | <u>-</u> | <u>-</u> | <u>163,157</u> | <u>163,157</u> |
| | <u>\$ 891,337</u> | <u>\$ -</u> | <u>\$ 163,157</u> | <u>\$ 1,054,494</u> |
| Available-for-sale financial assets | | | | |
| Securities listed in ROC | | | | |
| Equity securities | \$ 203,006 | \$ - | \$ - | \$ 203,006 |
| Others | <u>-</u> | <u>1,403</u> | <u>-</u> | <u>1,403</u> |
| | <u>\$ 203,006</u> | <u>\$ 1,403</u> | <u>\$ -</u> | <u>\$ 204,409</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | <u>\$ -</u> | <u>\$ 201</u> | <u>\$ -</u> | <u>\$ 201</u> |

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

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

For the year ended December 31, 2018

| | Financial Assets at Fair Value Through Profit or Loss | Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments | Total |
|---|--|--|-------------------|
| Balance at January 1, 2018 | \$ 163,157 | \$ - | \$ 163,157 |
| IFRS 9 transfers into Level 3 | 5,630 | 766,420 | 772,050 |
| Recognized in profit or loss (included in other gains and losses) | (3,789) | - | (3,789) |
| Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI) | - | (217,438) | (217,438) |
| Purchases | 2,050,000 | - | 2,050,000 |
| Disposals/settlements | (2,196,712) | (1,703) | (2,198,415) |
| Effects of exchange rate changes | <u>72</u> | <u>-</u> | <u>72</u> |
| Balance at December 31, 2018 | <u>\$ 18,358</u> | <u>\$ 547,279</u> | <u>\$ 565,637</u> |

For the year ended December 31, 2017

| | Financial Assets at Fair Value Through Profit or Loss Held for Trading | Available-for- sale Financial Assets Equity Instruments | Total |
|------------------------------|---|--|--------------------|
| Balance at January 1, 2017 | \$ 478,863 | \$ - | \$ 478,863 |
| Recognized in profit or loss | 10,423 | - | 10,423 |
| Purchases | 2,174,500 | - | 2,174,500 |
| Disposals/settlements | <u>(2,500,629)</u> | <u>-</u> | <u>(2,500,629)</u> |
| Balance at December 31, 2017 | <u>\$ 163,157</u> | <u>\$ -</u> | <u>\$ 163,157</u> |

3) Valuation techniques and inputs to Level 2 fair value measurement

| Financial Instruments | Valuation Techniques and Inputs |
|---|---|
| Derivatives - interest rate swap contracts | Discounted cash flow. Future cash flows were estimated based on observable rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivatives - cross currency swap contracts | Discounted cash flow. Future cash flows were estimated based on observable exchange rates and interest rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties. |

The fair values of non-public stocks and funds are mainly determined by using the asset approach, the income approach, and the market approach.

To determine the fair value for the funds, the Company utilizes the asset approach and takes into account the net asset value measured at the fair value by independent parties. On December 31, 2018, the Company uses unobservable inputs derived from discount for lack of marketability and lack of non-controlling interest.

For the remaining few investments, the market approach is used to arrive at their fair value, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

c. Categories of financial instruments

| | December 31 | |
|---|-------------|-------------|
| | 2018 | 2017 |
| <u>Financial assets</u> | | |
| Fair value through profit or loss (FVTPL) | | |
| Held for trading | \$ - | \$ 891,337 |
| Designated as at FVTPL | - | 163,157 |
| Mandatorily at FVTPL | 664,788 | - |
| Derivative instruments in designated hedge accounting relationships | 12,356 | - |
| Held-to-maturity investments | - | 16,632 |
| Financial assets at amortized cost (Note 4) | 182,204,960 | - |
| Loans and receivables (Note 1) | - | 149,490,245 |
| Available-for-sale financial assets (Note 2) | - | 294,901 |
| Fair value through other comprehensive income (FVTOCI) | 728,877 | - |
| <u>Financial liabilities</u> | | |
| Derivative financial liabilities for hedging | - | 201 |
| Financial liabilities for hedging | 81 | - |
| Amortized at cost (Note 3) | 211,434,625 | 169,915,837 |
| Financial guaranteed contracts | 281,877 | 293,579 |

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.

Note 4: The balances include financial assets measured at amortized cost, which comprise [cash and cash equivalents, debt investments, and notes receivable and trade receivables]. Those reclassified to held-for-sale disposal groups are also included.

d. 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 42.

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 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Profit or loss | \$ 8,339 | \$ 10,827 | \$ 59 | \$ (41) | \$ 1,485 | \$ 2,696 |

Hedge accounting

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign currency exchange rates on cash flow exposure. Cross-currency swaps are settled on a quarterly basis.

The following tables summarize the information relating to the hedges for foreign currency exchange rate risk.

| Hedging Instruments | Currency | Notional Amount | Maturity | Range of Interest Rates Paid | Range of Interest Rates Received | Line Item in Balance Sheet | Carrying Amount | | Change in Value Used for Calculating Hedge Ineffectiveness |
|---------------------|----------|-----------------|---------------------|------------------------------|----------------------------------|------------------------------|-----------------|-----------|--|
| | | | | | | | Asset | Liability | |
| Cash flow hedge | | | | | | | | | |
| Cross-currency swap | NTD/USD | US\$ 15,000 | 2018.5.22-2019.5.21 | 0.720% | LIBOR 3M Plus 0.45% | Financial assets for hedging | \$ 12,356 | \$ - | \$ - |

| Hedged Items | Change in Value Used for Calculating Hedge Ineffectiveness | Accumulated Gains or losses on Hedging Instruments in Other Equity | |
|-----------------------|--|--|------------------------------|
| | | Continuing Hedges | Accounting No Longer Applied |
| Cash flow hedge | | | |
| Short-term borrowings | \$ - | \$ 431 | \$ - |

b) Interest rate risk

The Group issues corporate bonds, fixed rate commercial paper and enters into New Taiwan dollar interest rate swap contracts according to market and capital conditions, in order to reduce the risk of increasing interest expense due to rising interest rates.

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 | |
|-------------------------------|----------------|----------------|
| | 2018 | 2017 |
| Fair value interest rate risk | | |
| Financial assets | \$ 142,063,303 | \$ 110,491,202 |
| Financial liabilities | 102,754,607 | 88,282,418 |
| Cash flow interest rate risk | | |
| Financial assets | 3,851,803 | 2,912,579 |
| Financial liabilities | 35,423,511 | 21,969,152 |

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 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by \$78,929 thousand and \$47,641 thousand, respectively.

Hedge accounting

The Group entered into interest rate swap contracts and cross-currency swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps and cross-currency swaps are settled on a quarterly basis. The floating rate on interest rate swaps is the interbank rate.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2018

| Hedging Instruments | Notional Amount | Maturity | Range of Interest Rates Paid | Range of Interest Rates Received | Line Item in Balance Sheet | Carrying Amount | | Change In Value Used for Calculating Hedge Ineffectiveness |
|--|-----------------|---------------------|------------------------------|----------------------------------|-----------------------------------|-----------------|-----------|--|
| | | | | | | Asset | Liability | |
| Cash flow hedge | | | | | | | | |
| Commercial paper payable-interest rate swaps | \$300 millions | 2017.4.25-2019.4.25 | 0.745% | TAIBOR 3M | Financial liabilities for hedging | \$ - | \$ (76) | \$ - |
| | \$200 millions | 2017.4.25-2019.4.25 | 0.740% | TAIBOR 3M | Financial liabilities for hedging | - | (5) | - |
| Short-term borrowings - cross-currency swaps | US\$15,000 | 2018.5.22-2019.5.21 | 0.720% | LIBOR 3M Plus 0.45% | Financial assets for hedging | 12,356 | - | - |

| Hedged Items | Carrying Amount | | Accumulated Amount of Fair Value Hedge Adjustments | | Change in Value Used for Calculating Hedge Ineffectiveness | Accumulated Amount of Fair Value Hedge Adjustments for Hedged Items That Have Ceased to Be Adjusted for Hedging Gains And Losses |
|--------------------------|-----------------|------------|--|-----------|--|--|
| | Asset | Liability | Asset | Liability | | |
| Cash flow hedge | | | | | | |
| Commercial paper payable | \$ - | \$ 500,000 | \$ - | \$ - | \$ - | \$ - |
| Short-term borrowings | - | 448,800 | - | 11,925 | - | - |

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, 2018, financial assets at FVTPL and FVTOCI would have decreased by \$6,771 thousand and \$7,289 thousand, respectively.

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, 2018 and 2017, fair values of available-for-sale investments and held-for-trading investments would have decreased by \$10,943 thousand.

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, 2018

| | Less Than 1 Year | 1-5 Years | 5+ Years |
|---|-----------------------------|----------------------|-----------------|
| <u>Non-derivative financial liabilities</u> | | | |
| Non-interest bearing | \$ 1,549,125 | \$ - | \$ - |
| Variable interest rate liabilities | 60,817,709 | 1,829,462 | - |
| Fixed interest rate liabilities | 92,016,287 | 19,099,024 | - |
| Financial guarantee contracts | <u>7,474,582</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 161,857,703</u> | <u>\$ 20,928,486</u> | <u>\$ -</u> |

December 31, 2017

| | Less Than 1 Year | 1-5 Years | 5+ Years |
|---|-----------------------------|----------------------|-----------------|
| <u>Non-derivative financial liabilities</u> | | | |
| Non-interest bearing | \$ 1,447,592 | \$ - | \$ - |
| Variable interest rate liabilities | 34,822,733 | 2,803,575 | - |
| Fixed interest rate liabilities | 81,633,473 | 11,207,081 | - |
| Financial guarantee contracts | <u>7,795,491</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 125,699,289</u> | <u>\$ 14,010,656</u> | <u>\$ -</u> |

The amount of variable interest rate liabilities included above varies as to the different floating rates estimated at the balance sheet date.

As of Balance Sheets date, 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 29).

39. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

a. Related parties

| <u>Related Party</u> | <u>Relationship with the Group</u> |
|------------------------------|------------------------------------|
| Cheng Long Co., Ltd. | Associates |
| Yuan Lon Co., Ltd. | Associates |
| Yu Tang Co., Ltd. | Associates |
| Yulon-Nissan Motor Co., Ltd. | Associates |

(Continued)

| Related Party | Relationship with the Group |
|--|-----------------------------|
| Guangzhou He Xi Co., Ltd. | Associates |
| Haitec Co., Ltd. | Associates |
| Dongfeng Yulon Motor Co., Ltd. | Joint ventures |
| Tai-Yuen Textiles Co., Ltd. | Associates |
| China Motor Co., Ltd. | Associates |
| Tokio Marine Newa Insurance Co., Ltd. | Associates |
| ROC-Spicer Co., Ltd. | Associates |
| Tai-Ya Investment (HK) Co., Ltd. | Associates |
| Fujian Spicer Drivetrain System Co., Ltd. | Associates |
| Uni-calsonic Co., Ltd. | Associates |
| China Ogihara Co., Ltd. | Associates |
| China Engine Co., Ltd. | Associates |
| HuiZhou DongFeng Yi Jing Co., Ltd. | Associates |
| Hui-Lian Motor Co., Ltd. | Associates |
| Yulon Management Co., Ltd. | Associates |
| Chi Ho Company | Associates |
| Ding Long Co., Ltd. | Associate's subsidiary |
| Hangzhou Haitec Co., Ltd. | Associate's subsidiary |
| Tang Li Co., Ltd. | Associate's subsidiary |
| Yuan Zhi Co., Ltd. | Associate's subsidiary |
| Lian Cheng Co., Ltd. | Associate's subsidiary |
| Yuen-Jin Co., Ltd. | Associate's subsidiary |
| Kian Shen Co., Ltd. | Associate's subsidiary |
| Hua Ling Co., Ltd. | Associate's subsidiary |
| Wen Shen Co., Ltd. | Associate's subsidiary |
| Advanced Power Machine Co., Ltd. | Associate's subsidiary |
| Lowin Industrial Co., Ltd. | Associate's subsidiary |
| Lin Wei Co., Ltd. | Associate's subsidiary |
| Yu Lai Co., Ltd. | Associate's subsidiary |
| Xiang Wei Co., Ltd. | Associate's subsidiary |
| Dongguan HuaShun Co., Ltd. | Associate's subsidiary |
| Tianjin HuaHong Co., Ltd. | Associate's subsidiary |
| Guangzhou HuaYou Co., Ltd. | Associate's subsidiary |
| SinYi Co., Ltd. | Associate's subsidiary |
| Taiwin Company | Associate's subsidiary |
| Hui-Fong Motor Co., Ltd. | Other related parties |
| Snappy Machinery Co., Ltd. | Other related parties |
| Nissan Motor Co., Ltd. | Other related parties |
| Shug Ye Motor Co., Ltd. | Other related parties |
| Southeast Motor Co., Ltd. | Other related parties |
| Jin De Technology Co., Ltd. | Other related parties |
| Gunze Co., Ltd. | Other related parties |
| Taiway Co., Ltd. | Other related parties |
| ROC-Keeper Co., Ltd. | Other related parties |
| Carnival Industrial Co., Ltd. | Other related parties |
| Yizhan Overseas Investment Co., Ltd. | Other related parties |
| Hua-Qun Software Creative Technology Co., Ltd. | Other related parties |

(Continued)

| Related Party | Relationship with the Group |
|---|------------------------------------|
| Yuan Rui Auto Co., Ltd. | Other related parties |
| Green Convenient E-Vehicle Co., Ltd. | Other related parties |
| Shengzhen Henchi Co., Ltd. | Other related parties |
| Brilliant Insight International Consultancy Service Co., Ltd. | Other related parties |
| Zhejiang Kang Da Co., Ltd. | Other related parties |
| Tai Yuan Vietnam Co., Ltd. | Other related parties |
| Suzhou Huiting Co., Ltd. | Other related parties |
| North Hebei Tangshan Co., Ltd. | Other related parties |
| Dx Creative House Co., Ltd. | Other related parties |
| | (Concluded) |

b. Operating revenue

1) Sales of goods

| Related Party Categories | For the Year Ended December 31 | |
|---------------------------------|---------------------------------------|----------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan Motor Co., Ltd. | \$ 12,619,983 | \$ 11,120,131 |
| Others | <u>12,734,032</u> | <u>16,603,534</u> |
| | 25,354,015 | 27,723,665 |
| Joint venture | 215,944 | 3,287,806 |
| Other related parties | <u>2,207,795</u> | <u>172,994</u> |
| | <u>\$ 27,777,754</u> | <u>\$ 31,184,465</u> |

2) Other operating revenue

| Related Party Categories | For the Year Ended December 31 | |
|---------------------------------|---------------------------------------|---------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan Motor Co., Ltd. | \$ 807,439 | \$ 11,120,131 |
| Others | <u>450,040</u> | <u>16,603,534</u> |
| | 1,257,479 | 1,148,470 |
| Joint venture | 67,418 | 22,809 |
| Other related parties | <u>108,384</u> | <u>174,194</u> |
| | <u>\$ 1,433,281</u> | <u>\$ 1,345,473</u> |

3) Installment sales interest subsidies revenue

| Related Party Categories | For the Year Ended December 31 | |
|------------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan Motor Co., Ltd. | \$ 297,619 | \$ 353,997 |
| Others | <u>9,389</u> | <u>8,239</u> |
| | 307,008 | 362,236 |
| Other related parties | <u>729</u> | <u>668</u> |
| | <u>\$ 307,737</u> | <u>\$ 362,904</u> |

c. Purchase of goods

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------|--------------------------------|----------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan | \$ 17,700,214 | \$ 19,029,395 |
| Dong Fong Yulon | - | 4,521,639 |
| Others | <u>1,230,669</u> | <u>1,357,374</u> |
| | 18,930,883 | 24,908,408 |
| Joint venture | | |
| Dong Fong Yulon | 4,110,806 | 4,138,350 |
| Other related parties | <u>8,959,115</u> | <u>8,316,483</u> |
| | <u>\$ 32,000,804</u> | <u>\$ 37,363,241</u> |

d. Operating expenses

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| Associates | \$ 560,931 | \$ 556,906 |
| Other related parties | <u>19,932</u> | <u>23,648</u> |
| | <u>\$ 580,863</u> | <u>\$ 580,554</u> |

e. Acquisition of assets for lease

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| Associates | <u>\$ 119,327</u> | <u>\$ 171,622</u> |
| Other related parties | | |
| Hui-Fong Motor | 364,533 | 450,257 |
| Shug Ye Motor | 299,565 | 222,810 |
| Others | <u>1,609</u> | <u>2,720</u> |
| | <u>665,707</u> | <u>675,787</u> |
| | <u>\$ 785,034</u> | <u>\$ 847,409</u> |

f. Acquisition of receivables

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------|--------------------------------|---------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan | \$ 1,953,041 | \$ 2,032,306 |
| Others | <u>3,398,094</u> | <u>3,806,609</u> |
| | 5,351,135 | 5,838,915 |
| Other related parties | <u>348,009</u> | <u>390,655</u> |
| | <u>\$ 5,699,144</u> | <u>\$ 6,229,570</u> |

g. Commissions paid

| Related Party Categories | For the Year Ended December 31 | |
|--------------------------|--------------------------------|-------------------|
| | 2018 | 2017 |
| Associates | | |
| Yulon Nissan | \$ 115,837 | \$ 137,210 |
| Others | <u>19,054</u> | <u>15,412</u> |
| | 134,891 | 152,622 |
| Other related parties | <u>2,450</u> | <u>2,678</u> |
| | <u>\$ 137,341</u> | <u>\$ 155,300</u> |

h. Receivable from related parties

1) Notes receivable and trade receivables

| Related Party Categories | December 31 | |
|--------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Associates | \$ 1,222,123 | \$ 756,685 |
| Joint venture | 755,972 | 460,988 |
| Other related parties | <u>163,058</u> | <u>982,357</u> |
| | <u>\$ 2,141,153</u> | <u>\$ 2,200,030</u> |

2) Other financial assets

| Related Party Categories | December 31 | |
|--------------------------|----------------|----------------|
| | 2018 | 2017 |
| Associates | | |
| Haitec | \$ 656,988 | \$ 17,262 |
| Others | <u>520,445</u> | <u>417,299</u> |
| | 1,177,433 | 434,561 |

(Continued)

| Related Party Categories | December 31 | |
|--------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Joint venture | | |
| Dong Fong Yulon | 3,166,383 | 1,059,719 |
| Others | <u>1,251</u> | <u>-</u> |
| | 3,167,634 | 1,059,719 |
| Other related parties | <u>1,251</u> | <u>19,598</u> |
| | <u>\$ 4,395,323</u> | <u>\$ 1,513,878</u> |
| | | (Concluded) |

i. Prepayment (presented in other current assets)

| Related Party Categories | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Joint venture | | |
| Dongfeng Yulon Motor Co., Ltd | <u>\$ 3,379,293</u> | <u>\$ 1,260,172</u> |

j. Payable to related parties

1) Notes payable and trade payable

| Related Party Categories | December 31 | |
|--------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Associates | \$ 1,106,000 | \$ 891,842 |
| Joint venture | | |
| Dong Fong Yulon | 6,886,967 | 7,247,453 |
| Other related parties | <u>861,460</u> | <u>535,940</u> |
| | <u>\$ 8,854,427</u> | <u>\$ 8,675,235</u> |

2) Other payables

| Related Party Categories | December 31 | |
|--------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Associates | | |
| Haitec | \$ 4,890,668 | \$ 2,477,195 |
| Others | <u>47,363</u> | <u>417,245</u> |
| | 4,938,031 | 2,894,440 |
| Joint venture | 46,394 | 8,260 |
| Other related parties | <u>88</u> | <u>23,953</u> |
| | <u>\$ 4,984,513</u> | <u>\$ 2,926,653</u> |

3) Long-term payable

| Related Party Categories | December 31 | |
|--------------------------|-------------|--------------|
| | 2018 | 2017 |
| Associates | | |
| Haitec | \$ - | \$ 1,050,000 |

k. Endorsement/guarantees provided

Information about endorsement/guarantee provided, see Table 2.

l. Compensation of key management personnel

| | For the Year Ended December 31 | |
|-----------------------------------|--------------------------------|------------------|
| | 2018 | 2017 |
| Short-term employee benefits | \$ 57,248 | \$ 57,491 |
| Post-employment benefits | 1,555 | 1,428 |
| Other long-term employee benefits | 879 | 271 |
| | <u>\$ 59,682</u> | <u>\$ 59,190</u> |

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

40. 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:

The following assets were provided as collateral for bank borrowings or the tariff of imported raw materials guarantees:

| | December 31 | |
|--|---------------------|---------------------|
| | 2018 | 2017 |
| Notes and trade receivables | \$ 2,880,000 | \$ 2,799,852 |
| Property, plant and equipment | 1,453,987 | 1,380,259 |
| Vehicle certificates (classified as inventories) | 985,537 | 388,627 |
| Reserve account and pledged time deposits (classified as financial assets as measured at amortized cost) | 531,668 | - |
| Reserve account and pledged time deposits (classified as debt investments with no active market) | - | 593,699 |
| Others | <u>146,175</u> | <u>451,422</u> |
| | <u>\$ 5,997,367</u> | <u>\$ 5,613,859</u> |

41. 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.

42. 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, 2018

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|-------------------------|-------------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 40,848 | 30.715 (USD:NTD) | \$ 1,254,646 |
| USD | 221 | 6.863 (USD:RMB) | 6,788 |
| JPY | 110,517 | 0.278 (JPY:NTD) | 30,724 |
| RMB | 2,696 | 4.475 (RMB:NTD) | 12,065 |
| EUR | 298 | 35.200 (EUR:NTD) | <u>10,490</u> |
| | | | <u>\$ 1,314,713</u> |
| Non-monetary items | | | |
| RMB | 287,537 | 4.475 (RMB:NTD) | \$ 1,286,728 |
| RMB | 270,575 | 0.146 (RMB:USD) | <u>1,210,905</u> |
| | | | <u>\$ 2,497,633</u> |

Financial liabilities

| | | | |
|----------------|---------|------------------|---------------------|
| Monetary items | | | |
| USD | 21,726 | 30.715 (USD:NTD) | \$ 667,314 |
| USD | 46,494 | 6.863 (USD:RMB) | 1,428,063 |
| JPY | 644,587 | 0.278 (JPY:NTD) | 179,195 |
| RMB | 4,006 | 4.475 (RMB:NTD) | 17,927 |
| EUR | 4,455 | 35.200 (EUR:NTD) | <u>156,816</u> |
| | | | <u>\$ 2,449,315</u> |

December 31, 2017

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|-------------------------|-------------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 4,547 | 29.76 (USD:NTD) | \$ 135,293 |
| USD | 6 | 6.534 (USD:RMB) | 173 |
| JPY | 94,949 | 0.264 (JPY:NTD) | 25,066 |
| RMB | 2,692 | 4.555 (RMB:NTD) | 12,260 |
| EUR | 356 | 35.57 (EUR:NTD) | <u>12,654</u> |
| | | | <u>\$ 185,446</u> |

(Continued)

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------|-----------------|---------------------|
| Non-monetary items | | | |
| RMB | 297,398 | 4.555 (RMB:NTD) | \$ 1,354,538 |
| RMB | 263,512 | 0.153 (RMB:USD) | <u>1,200,203</u> |
| | | | <u>\$ 2,554,741</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 2,934 | 29.76 (USD:NTD) | \$ 87,316 |
| USD | 38,000 | 6.534 (USD:RMB) | 1,130,880 |
| JPY | 1,116,233 | 0.264 (JPY:NTD) | 294,686 |
| RMB | 1,790 | 4.555 (RMB:NTD) | 8,153 |
| EUR | 7,472 | 35.57 (EUR:NTD) | <u>265,779</u> |
| | | | <u>\$ 1,786,814</u> |
| | | | (Concluded) |

For the years ended December 31, 2018 and 2017, realized and unrealized foreign exchange gains (losses) were losses of \$180,043 thousand and losses of \$34,178, 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.

43. 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, 13 and 38)

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.

44. 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, 2018 | | | | | | | | |
| Revenues from external customers | \$ 16,511,703 | \$ 4,017,885 | \$ 24,941,815 | \$ 22,971,388 | \$ 19,191,320 | \$ 481,590 | \$ - | \$ 88,115,701 |
| Intersegment revenues | <u>26,278,597</u> | <u>2,496,781</u> | <u>955,655</u> | <u>2,451,587</u> | <u>3,104,201</u> | <u>353,082</u> | <u>(35,639,903)</u> | - |
| Segment revenues | <u>\$ 42,790,300</u> | <u>\$ 6,514,666</u> | <u>\$ 25,897,470</u> | <u>\$ 25,422,975</u> | <u>\$ 22,295,521</u> | <u>\$ 834,672</u> | <u>\$ (35,639,903)</u> | <u>\$ 88,115,701</u> |
| Segment income | | | | | | | | <u>\$ 5,385,062</u> |
| For the year ended December 31, 2017 | | | | | | | | |
| Revenues from external customers | \$ 20,742,503 | \$ 4,990,247 | \$ 21,416,210 | \$ 27,335,568 | \$ 18,964,072 | \$ 662,428 | \$ - | \$ 94,111,028 |
| Intersegment revenues | <u>35,011,016</u> | <u>3,114,212</u> | <u>1,101,176</u> | <u>2,513,922</u> | <u>4,259,333</u> | <u>302,108</u> | <u>(46,301,656)</u> | - |
| Segment revenues | <u>\$ 55,753,519</u> | <u>\$ 8,104,459</u> | <u>\$ 22,517,386</u> | <u>\$ 29,849,490</u> | <u>\$ 23,223,294</u> | <u>\$ 964,536</u> | <u>\$ (46,301,656)</u> | <u>\$ 94,111,028</u> |
| Segment income | | | | | | | | <u>\$ 4,138,448</u> |

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 | |
| | 2018 | 2017 | 2018 | 2017 |
| Taiwan | \$ 57,711,576 | \$ 55,264,905 | \$ 56,141,158 | \$ 51,350,384 |
| China | 30,183,443 | 38,512,941 | 9,242,604 | 6,714,579 |
| Other | <u>220,682</u> | <u>333,182</u> | <u>218,338</u> | <u>260,940</u> |
| | <u>\$ 88,155,701</u> | <u>\$ 94,111,028</u> | <u>\$ 65,602,100</u> | <u>\$ 58,325,903</u> |

d. Information about major customers

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

| Customer | For the Year Ended December 31 | | | |
|------------------------------|--------------------------------|------------|----------------------|------------|
| | 2018 | | 2017 | |
| | Amount | % on Sales | Amount | % on Sales |
| Yulon Nissan Motor Co., Ltd. | <u>\$ 13,793,967</u> | <u>16</u> | <u>\$ 13,901,223</u> | <u>14</u> |

TABLE 1

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 | \$ 774,200 | \$ 768,325 | \$ 666,960 | 3.00% | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 768,325 | \$ 768,325 | Note 1 |
| 2 | Yulon China | Yulon China (HK) Holding | Other receivables | Y | 72,318 | - | - | - | Operating capital | - | Operating capital | - | - | - | 3,687,960 | 3,687,960 | Note 1 |
| | | Sheng Qing | Other receivables | Y | 2,477,440 | 2,458,640 | 1,300,855 | 2.5%-3% | Operating capital | - | Operating capital | - | - | - | 3,687,960 | 3,687,960 | Note 1 |
| 3 | Hong Shou Culture | Singgual Travel | Other receivables | Y | 10,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 9,017 | 9,017 | Note 1 |
| 4 | Hsiang Shou | Singan | Other receivables | Y | 80,000 | 80,000 | 30,000 | 1.03% | Operating capital | - | Operating capital | - | - | - | 83,484 | 83,484 | Note 1 |
| 5 | Yulon Motor Investment | Shanghai Yuexing | Other receivables | Y | 14,051 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Nan Jing Yu Shang | Other receivables | Y | 18,735 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Chang Sha Yu Lu | Other receivables | Y | 4,476 | 4,476 | 4,476 | 5.75% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Zi Bo Yu An | Other receivables | Y | 14,051 | 6,267 | 6,267 | 6.00% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Ning Bo Yu Cheng | Other receivables | Y | 13,429 | 13,429 | 8,952 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Dong Tai | Other receivables | Y | 13,429 | 13,429 | 12,086 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Shi Cheng | Other receivables | Y | 17,905 | 17,905 | 14,100 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Yi Ding | Other receivables | Y | 26,857 | 26,857 | 23,590 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Mei De | Other receivables | Y | 40,286 | 40,286 | 36,168 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Tai Feng | Other receivables | Y | 53,715 | 53,715 | 49,239 | 5.60% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Shenzhen Yu Zhi | Other receivables | Y | 63,229 | 60,429 | 60,429 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 70,255 | 67,144 | 67,144 | 6.64% | Operating capital | - | Operating capital | - | - | - | 1,579,476 | 4,738,429 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 85,175 | 82,811 | 82,811 | 4.00% | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 156,669 | 156,669 | 156,669 | 6.15% | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| | | Hang Zhou Haitec Company | Other receivables | Y | 194,371 | 185,764 | 185,764 | - | Operating capital | - | Operating capital | - | - | - | 631,790 | 631,790 | Note 1 |
| 6 | Sheng Qing | Hangchow Yue Wan | Other receivables | Y | 36,832 | - | - | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Guang Zhou Yuan Du | Other receivables | Y | 93,673 | - | - | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Nan Jing Yu Shang | Other receivables | Y | 46,836 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Shenzhen Yu Zhi | Other receivables | Y | 46,836 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Shanghai Yuexing | Other receivables | Y | 65,571 | - | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jin Ce | Other receivables | Y | 7,162 | 7,162 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Gao Te | Other receivables | Y | 24,172 | 24,172 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ke Yu | Other receivables | Y | 31,334 | 31,334 | - | - | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jiangmen Yuli | Other receivables | Y | 46,836 | 8,952 | 8,952 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 58,182 | 10,843 | 10,843 | - | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Chang Sha Yu Lu | Other receivables | Y | 62,667 | 17,905 | 15,130 | 6.00% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Tung Ling Kuo Tung | Other receivables | Y | 64,906 | 64,906 | 16,240 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | An Hui Min Tung | Other receivables | Y | 85,049 | 85,049 | 23,617 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ho Fei Chun Hui | Other receivables | Y | 40,286 | 40,286 | 27,692 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | An Ching Ling Tung | Other receivables | Y | 55,249 | 53,715 | 40,364 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Zi Bo Yu An | Other receivables | Y | 55,249 | 53,715 | 40,817 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Zhuhai Yuhsin | Other receivables | Y | 96,685 | 49,239 | 44,315 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Jiangmen Junxing | Other receivables | Y | 92,081 | 44,767 | 44,763 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Guang Zhou Yuan Zhi | Other receivables | Y | 107,724 | 49,239 | 49,239 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Hang Zhou Hua Zhi | Other receivables | Y | 112,407 | 62,667 | 62,667 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Shanghai Yuming | Other receivables | Y | 73,665 | 71,620 | 71,590 | 5.75%-6% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | An Ching Tsai Tung | Other receivables | Y | 121,754 | 121,754 | 79,121 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Ning Bo Yu Cheng | Other receivables | Y | 117,091 | 89,525 | 88,212 | 5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Qingdao Yuanhuang | Other receivables | Y | 92,081 | 89,525 | 89,525 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Xiamen Young Chang | Other receivables | Y | 97,135 | 97,135 | 97,135 | 0.5%-5.6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Hang Zhou Haitec Company | Other receivables | Y | 201,431 | 201,431 | 102,946 | 5.75% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Nanjing Hanhong | Other receivables | Y | 212,169 | 113,249 | 113,249 | 0%-5.6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Xiao Gan Yu Feng | Other receivables | Y | 196,713 | 134,287 | 134,139 | 5.6%-5.75 % | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 161,145 | 161,145 | 161,145 | 6.15% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |
| | | Shen Jun Yu Peng | Other receivables | Y | 217,696 | 163,293 | 163,293 | 6.00% | Operating capital | - | Operating capital | - | - | - | 864,698 | 864,698 | Note 1 |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|-----|----------------------|------------------------|-----------------------------|-----------------|--------------------------------|----------------|-------------------------|---------------|---------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|-----------------------------------|----------------------------|--------|
| | | | | | | | | | | | | | Item | Value | | | |
| | | Yu-Jie | Other receivables | Y | \$ 179,050 | \$ 179,050 | \$ 179,050 | 6.15% | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 2,161,744 | \$ 6,485,233 | Note 1 |
| | | Zhu Hai Fu Te En | Other receivables | Y | 205,144 | 196,060 | 182,631 | 0%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 242,613 | 218,441 | 213,912 | 0%-6% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| | | Yulon Motor Investment | Other receivables | Y | 1,369,705 | 1,331,683 | 1,300,349 | 3.21%-5.75% | Operating capital | - | Operating capital | - | - | - | 2,161,744 | 6,485,233 | Note 1 |
| 7 | Zhu Hai Fu Te En | Nanjing Hanhong | Other receivables | Y | 40,279 | 38,496 | 16,114 | 0%-7% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| | | Zhuhai Yuhsin | Other receivables | Y | 60,887 | 58,191 | 58,191 | 6.00% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 79,622 | 76,096 | 58,191 | 7.00% | Operating capital | - | Operating capital | - | - | - | 202,894 | 405,787 | Note 1 |
| 8 | Nanjing Hanhong | Nan Jing Yu Shang | Other receivables | Y | 51,520 | 49,239 | 49,239 | 5.60% | Operating capital | - | Operating capital | - | - | - | 356,673 | 713,347 | Note 1 |
| 9 | Su Zhou Feng Shen | Su Zhou Cheng Pang | Other receivables | Y | 25,507 | - | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Tai Chang Cheng Mau | Other receivables | Y | 69,564 | 22,381 | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 28,102 | 26,857 | - | - | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Chou Cheng Pin | Other receivables | Y | 23,418 | 22,381 | 17,905 | 5.22% | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| | | Su Zhou Cheng Guo | Other receivables | Y | 27,826 | 22,381 | 22,381 | 5.22% | Operating capital | - | Operating capital | - | - | - | 289,251 | 289,251 | Note 1 |
| 10 | Wu Jiang Lian Cheng | Su Zhou Cheng Pang | Other receivables | Y | 6,956 | - | - | - | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 23,418 | 22,381 | 8,952 | 5.22% | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| | | Tai Chang Cheng Mau | Other receivables | Y | 14,051 | 13,429 | 13,429 | 5.22% | Operating capital | - | Operating capital | - | - | - | 53,306 | 53,306 | Note 1 |
| 11 | HangZhou Yu Zhong | Sheng Qing | Other receivables | Y | 379,375 | 20,143 | - | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 7,610 | 7,610 | 7,610 | 6.15% | Operating capital | - | Operating capital | - | - | - | 30,333 | 30,333 | Note 1 |
| | | Yulon Motor Investment | Other receivables | Y | 12,086 | 12,086 | 12,086 | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Hang Zhou hsiao Yu | Other receivables | Y | 17,905 | 17,905 | 17,905 | - | Operating capital | - | Operating capital | - | - | - | 758,333 | 1,137,499 | Note 1 |
| | | Hang Zhou Hua You | Other receivables | Y | 18,353 | 18,353 | 18,353 | - | Operating capital | - | Operating capital | - | - | - | 30,333 | 30,333 | Note 1 |
| 12 | TAC | Yu Rich | Other receivables | Y | 800,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,646,901 | 6,587,605 | Note 1 |
| 13 | SCC | Yu Rich | Other receivables | Y | 800,000 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,074,137 | 1,074,137 | Note 1 |
| | | K1 | Other receivables | Y | 20,000 | 19,240 | 19,240 | 1.5%-19.99% | Operating capital | - | Operating capital | 192 | - | 35000 | 1,074,137 | 1,074,137 | Note 1 |
| 14 | Car-plus Corporation | Diamond Leasing | Other receivables | Y | 700,000 | 700,000 | - | 1.00% | Operating capital | - | Operating capital | - | - | - | 744,502 | 744,502 | Note 1 |
| 15 | Shanghai Yuming | Ka Shing Yu Da | Other receivables | Y | 14,051 | 13,429 | 13,429 | 5.00% | Operating capital | - | Operating capital | - | - | - | 15,963 | 15,963 | Note 1 |
| 16 | Guang Zhou Yuan Du | Guang Zhou Yuan Zhi | Other receivables | Y | 28,102 | 26,857 | 26,857 | 5.00% | Operating capital | - | Operating capital | - | - | - | 121,759 | 121,759 | Note 1 |
| 17 | Su Zhou Feng Shun | Su Zhou Cheng Guo | Other receivables | Y | 27,826 | - | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Cheng Hung | Other receivables | Y | 53,332 | - | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Cheng Li | Other receivables | Y | 9,367 | 8,952 | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| | | Su Zhou Chen Long | Other receivables | Y | 23,418 | 22,381 | - | - | Operating capital | - | Operating capital | - | - | - | 108,026 | 108,026 | Note 1 |
| 18 | Yu-Hsin Intl HK | Hangchow Y-Teks | Other receivables | Y | 247,744 | 184,398 | 184,398 | 2.9%-3% | Operating capital | - | Operating capital | - | - | - | 261,405 | 261,405 | Note 1 |
| 19 | Suzhou Yueshun | Su Zhou Cheng Li | Other receivables | Y | 16,393 | 15,667 | 15,667 | 5.90% | Operating capital | - | Operating capital | - | - | - | 21,618 | 21,618 | Note 1 |
| 20 | Nan Jing Yu Hua | Yulon Motor Investment | Other receivables | Y | 20,869 | - | - | - | Operating capital | - | Operating capital | - | - | - | 199,070 | 398,140 | Note 1 |
| | | Nanjing Hanhong | Other receivables | Y | 127,030 | 121,405 | 121,405 | - | Operating capital | - | Operating capital | - | - | - | 199,070 | 398,140 | Note 1 |
| 21 | Xiao Gan Yu Feng | Chang Sha Yu Lu | Other receivables | Y | 11,709 | 11,191 | 11,191 | 6.53% | Operating capital | - | Operating capital | - | - | - | 134,287 | 223,812 | Note 1 |
| | | Wuhan Yu Hsin | Other receivables | Y | 115,940 | 89,525 | 22,381 | 5.75% | Operating capital | - | Operating capital | - | - | - | 134,287 | 223,812 | Note 1 |
| 22 | Yu-Jie | Sheng Qing | Other receivables | Y | 421,528 | - | - | - | Operating capital | - | Operating capital | - | - | - | 1,345,253 | 4,484,177 | Note 1 |
| | | Dongfeng Yulon | Other receivables | Y | 234,182 | 223,812 | 223,812 | 6.15% | Operating capital | - | Operating capital | - | - | - | 896,835 | 896,835 | Note 1 |
| 23 | Yu-Hsin Intl | Yu-Hsin Intl HK | Other receivables | Y | 216,776 | 153,665 | 153,665 | 2.90% | Operating capital | - | Operating capital | - | - | - | 339,113 | 508,670 | Note 1 |
| 24 | Su Zhou Chen Long | Su Chou Cheng Pin | Other receivables | Y | 9,367 | 8,952 | - | - | Operating capital | - | Operating capital | - | - | - | 107,782 | 107,782 | Note 1 |
| 25 | Su Chou Cheng Pin | Su Zhou Cheng Guo | Other receivables | Y | 27,165 | 25,962 | - | - | Operating capital | - | Operating capital | - | - | - | 76,185 | 76,185 | Note 1 |
| 26 | Su Zhou Cheng Pang | Su Zhou Cheng Hung | Other receivables | Y | 18,735 | 17,905 | 11,191 | 5.22% | Operating capital | - | Operating capital | - | - | - | 21,923 | 21,923 | Note 1 |
| 27 | Yu Ching | Hangchow Yue Wan | Other receivables | Y | 54,194 | 53,783 | - | - | Operating capital | - | Operating capital | - | - | - | 669,593 | 669,593 | Note 1 |
| | | Haitec | Other receivables | Y | 600,000 | 600,000 | 600,000 | 1.70% | Operating capital | - | Operating capital | - | - | - | 669,593 | 669,593 | Note 1 |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|-----|---------------------|--|-----------------------------|-----------------|--------------------------------|----------------|-------------------------|---------------|---------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|-----------------------------------|----------------------------|--------|
| | | | | | | | | | | | | | Item | Value | | | |
| 28 | Sin Chi | Haitec Hangchow Yue Wan | Other receivables | Y | \$ 300,000 | \$ 300,000 | \$ - | - | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 415,827 | \$ 415,827 | Note 1 |
| | | | Other receivables | Y | 54,194 | 53,783 | 53,783 | 3.00% | Operating capital | - | Operating capital | - | - | - | 415,827 | 415,827 | Note 1 |
| 29 | Hang Zhou Tang Yu | Dongfeng Yulon Yulon Motor Investment | Other receivables | Y | 4,924 | 4,924 | 4,924 | 6.15% | Operating capital | - | Operating capital | - | - | - | 19,438 | 19,438 | Note 1 |
| | | | Other receivables | Y | 39,391 | 39,391 | 39,391 | - | Operating capital | - | Operating capital | - | - | - | 485,950 | 728,925 | Note 1 |
| 30 | Hang Zhou hsiao Yu | Yulon Motor Investment | Other receivables | Y | 448 | 448 | 448 | - | Operating capital | - | Operating capital | - | - | - | 447,624 | 671,437 | Note 1 |
| 31 | Hang Zhou Chien Yu | Yulon Motor Investment | Other receivables | Y | 3,581 | 3,581 | 3,581 | - | Operating capital | - | Operating capital | - | - | - | 447,624 | 671,437 | Note 1 |
| 32 | Ke Yu | Dongfeng Yulon Sheng Qing | Other receivables | Y | 76,096 | 76,096 | 76,096 | 6.15% | Operating capital | - | Operating capital | - | - | - | 294,690 | 294,690 | Note 1 |
| | | | Other receivables | Y | 447,624 | 447,624 | 416,291 | 0.50% | Operating capital | - | Operating capital | - | - | - | 736,725 | 1,473,450 | Note 1 |
| 33 | Gao Te | Tai Feng Dongfeng Yulon | Other receivables | Y | 40,286 | 40,286 | - | - | Operating capital | - | Operating capital | - | - | - | 482,688 | 965,376 | Note 1 |
| | | | Other receivables | Y | 24,172 | 24,172 | 24,172 | 6.15% | Operating capital | - | Operating capital | - | - | - | 96,538 | 96,538 | Note 1 |
| 34 | Mei De | Dongfeng Yulon Sheng Qing | Other receivables | Y | 36,258 | 36,258 | 36,168 | 6.15% | Operating capital | - | Operating capital | - | - | - | 144,921 | 144,921 | Note 1 |
| | | | Other receivables | Y | 138,764 | 138,764 | 134,287 | 0.50% | Operating capital | - | Operating capital | - | - | - | 543,452 | 1,086,905 | Note 1 |
| 35 | Xiamen Young Chang | Dongfeng Yulon | Other receivables | Y | 67,144 | 67,144 | 67,144 | 6.15% | Operating capital | - | Operating capital | - | - | - | 291,465 | 291,465 | Note 1 |
| 36 | Qing Tai | Dongfeng Yulon | Other receivables | Y | 31,334 | 31,334 | 31,334 | 6.15% | Operating capital | - | Operating capital | - | - | - | 135,318 | 135,318 | Note 1 |
| 37 | Jin Ce | Dongfeng Yulon | Other receivables | Y | 7,162 | 7,162 | 7,162 | 6.15% | Operating capital | - | Operating capital | - | - | - | 28,875 | 28,875 | Note 1 |
| 38 | Tai Feng | Dongfeng Yulon | Other receivables | Y | 49,239 | 49,239 | 49,239 | 6.15% | Operating capital | - | Operating capital | - | - | - | 195,507 | 195,507 | Note 1 |
| 39 | Dong Tai | Dongfeng Yulon | Other receivables | Y | 12,086 | 12,086 | 12,086 | 6.15% | Operating capital | - | Operating capital | - | - | - | 43,308 | 43,308 | Note 1 |
| 40 | Shi Cheng | Dongfeng Yulon | Other receivables | Y | 14,324 | 14,324 | 14,100 | 6.15% | Operating capital | - | Operating capital | - | - | - | 50,871 | 50,871 | Note 1 |
| 41 | Yi Ding | Dongfeng Yulon | Other receivables | Y | 23,724 | 23,724 | 23,590 | 6.15% | Operating capital | - | Operating capital | - | - | - | 94,588 | 94,588 | Note 1 |
| 42 | TAC Finance Company | Master Good Car (Wuhan) Automobile Sales Co., Ltd. | Other receivables | Y | 44,451 | - | - | - | Operating capital | - | Operating capital | - | - | - | 160,465 | 320,930 | Note 1 |

Note 1: Yulon China (HK) Holding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$25 million and aggregate financing limits was \$25 million.

Yulon China Investment Co., Ltd.: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$120 million and aggregate financing limits was \$120 million.

Hong Shou Culture: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Hsiang Shou: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Yulon Motor Investment: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Zhu Hai Fu Te En: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Nanjing Hanhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Su Zhou Feng Shen: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Wu Jiang Lian Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

HangZhou Yu Zhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 1000% of the lender's net equity and aggregate financing limits was 1500% of the lender's net equity.

(Continued)

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.

SCC: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Car-plus Corporation: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% 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.

Yu-Hsin Intl HK: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Suzhou Yueshun: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Nan Jing Yu Hua: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender’s net equity and aggregate financing limits was 300% of the lender’s net equity.

Xiao Gan Yu Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was RMB30 million and aggregate financing limits was RMB50 million.

Yu-Jie: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 60% of the lender’s net equity and aggregate financing limits was 200% of the lender’s net equity.

Yu-Hsin Intl Investment: Credit financing limit for each borrower were not exceeding 20% of the lender’s net equity and aggregate financing limits were not exceeding 30% of the lender’s net equity.

Su Zhou Chen Long: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Su Chou Cheng Pin: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Su Zhou Cheng Pang: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Yu Ching Business: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Sin Chi: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Hang Zhou Tang Yu: 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 1000% of the lender’s net equity and aggregate financing limits was 1500% of the lender’s net equity.

Hang Zhou hsiao Yu: 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 RMB100 million and aggregate financing limits was RMB150 million.

Hang Zhou Chien Yu: 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 RMB100 million and aggregate financing limits was RMB150 million.

Ke Yu: 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.

Gao Te: 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 200% of the lender’s net equity and aggregate financing limits was 400% of the lender’s net equity.

Mei De: 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.

Xiamen Young Chang: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Qing Tai: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Jin Ce: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Tai Feng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Dong Tai: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Shi Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender’s net equity.

Yi Ding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% 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.

(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|-----|------------------------|---------------------------------------|-----------------------|--|--|--|-------------------------|---|---|---|---|---|--|--------|
| | | Name | Relationship (Note 2) | | | | | | | | | | | |
| 0 | The Company | Sin Chi | b | \$ 21,521,139 | \$ 500,000 | \$ 500,000 | \$ - | \$ - | 0.70 | \$ 53,802,847 | Y | N | N | Note 1 |
| | | Yulon Construction | b | 21,521,139 | 600,000 | 600,000 | - | - | 0.84 | 53,802,847 | Y | N | N | Note 1 |
| | | Yu Sing | b | 21,521,139 | 690,000 | 690,000 | 460,000 | - | 0.96 | 53,802,847 | Y | N | N | Note 1 |
| | | UMPI | b | 21,521,139 | 1,519,960 | 768,325 | 163,930 | - | 1.07 | 53,802,847 | Y | N | N | Note 1 |
| | | Yu Ching | b | 21,521,139 | 1,000,000 | 1,000,000 | 600,000 | - | 1.39 | 53,802,847 | Y | N | N | Note 1 |
| | | Luxgen | b | 21,521,139 | 11,350,000 | 11,350,000 | 8,560,000 | - | 15.82 | 53,802,847 | Y | N | N | Note 1 |
| | | LUXGEN (Hangzhou) Motor Sales | b | 21,521,139 | 9,290,400 | 9,219,900 | 4,334,419 | - | 16.11 | 53,802,847 | Y | N | Y | Note 1 |
| 1 | Union & NKH Auto Parts | Hangchow Liangrun | b | 352,059 | 312,000 | 312,000 | 181,927 | - | 12.41 | 1,005,884 | N | N | Y | Note 1 |
| 2 | TAC | Yulon Finance Philippines Corporation | b | 41,172,533 | 2,308,000 | 2,308,000 | - | - | 14.01 | 82,345,065 | N | N | N | Note 1 |
| | | Car-Plus Leasing (Shanghai) | b | 41,172,533 | 320,000 | 320,000 | - | - | 1.94 | 82,345,065 | N | N | Y | Note 1 |
| | | TAC Leasing (Suzhou) | b | 41,172,533 | 10,000,000 | 10,000,000 | 8,242,268 | - | 60.72 | 82,345,065 | N | N | Y | Note 1 |
| | | TAC Leasing (Suzhou) | b | 41,172,533 | 6,086,408 | 6,086,408 | 2,506,168 | - | 36.96 | 82,345,065 | N | N | Y | Note 1 |
| 3 | Car-plus Corporation | Diamond Leasing | b | 4,653,138 | 500,000 | - | - | - | - | 9,306,277 | N | N | N | Note 1 |
| | | Car-Plus Go Co., Ltd. | b | 4,653,138 | 480,000 | 480,000 | - | - | 25.79 | 9,306,277 | N | N | Y | Note 1 |
| | | Car-Plus Leasing (Shanghai) | b | 4,653,138 | 480,000 | - | - | - | - | 9,306,277 | N | N | Y | Note 1 |
| 4 | Sheng Qing | Tung Ling Kuo Tung | b | 10,808,721 | 18,735 | 17,905 | - | - | 0.83 | 54,043,606 | N | N | Y | Note 1 |
| | | Shanghai Yuming | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Xiao Gan Yu Feng | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Shen Jun Yu Peng | b | 10,808,721 | 23,418 | 22,381 | - | - | 1.04 | 54,043,606 | N | N | Y | Note 1 |
| | | Chang Sha Yu Lu | b | 10,808,721 | 32,786 | 31,334 | - | - | 1.45 | 54,043,606 | N | N | Y | Note 1 |
| | | Jiangmen Junxing | b | 10,808,721 | 46,836 | 44,762 | - | - | 2.07 | 54,043,606 | N | N | Y | Note 1 |
| | | Nanjing Hanhong | b | 10,808,721 | 70,255 | 67,144 | - | - | 3.11 | 54,043,606 | N | N | Y | Note 1 |
| | | Wuhan Yu Hsin | b | 10,808,721 | 93,673 | 89,525 | - | - | 4.14 | 54,043,606 | N | N | Y | Note 1 |
| | | Qingdao Yuanhuang | b | 10,808,721 | 140,509 | 134,287 | 107,436 | - | 6.21 | 54,043,606 | N | N | Y | Note 1 |
| | | Guang Zhou Yuan Du | b | 10,808,721 | 368,324 | 358,100 | 213,477 | - | 16.57 | 54,043,606 | N | N | Y | Note 1 |
| | | | | | | | | | | | | | | |
| 5 | Nanjing Hanhong | Sheng Qing | c | 475,565 | 46,836 | 44,762 | - | - | 18.82 | 604,293 | N | N | Y | Note 1 |
| | | Nan Jing Yu Hua | b | 475,565 | 117,091 | 111,906 | 39,855 | - | 47.06 | 604,293 | N | N | Y | Note 1 |
| | | Zhu Hai Fu Te En | d | 475,565 | 166,954 | 134,287 | 37,853 | - | 56.47 | 604,293 | N | N | Y | Note 1 |
| 6 | Zhu Hai Fu Te En | Nanjing Hanhong | d | 405,787 | 140,509 | 134,287 | 133,859 | - | 66.19 | 608,681 | N | N | Y | Note 1 |
| 7 | Su Zhou Feng Shen | Wu Jiang Lian Cheng | b | 723,126 | 46,836 | 44,762 | - | - | 6.19 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Chou Cheng Pin | b | 723,126 | 56,204 | 53,715 | 30,768 | - | 7.43 | 2,169,379 | N | N | Y | Note 1 |
| | | Tai Chang Cheng Mau | b | 723,126 | 65,571 | 62,667 | - | - | 8.67 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shun | b | 723,126 | 81,683 | 78,066 | 12,844 | - | 10.80 | 2,169,379 | N | N | Y | Note 1 |
| | | Su Zhou Cheng Pang | b | 723,126 | 140,509 | 134,287 | 48,589 | - | 18.57 | 2,169,379 | N | N | Y | Note 1 |
| 8 | Wu Jiang Lian Cheng | Su Zhou Feng Shen | c | 666,320 | 46,836 | 44,762 | 44,762 | - | 33.59 | 1,322,640 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shun | c | 666,320 | 245,610 | 234,734 | 128,441 | - | 176.14 | 1,322,640 | 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) | | | | | | | | | | | |
| 9 | Su Zhou Feng Shun | Su Zhou Cheng Li | b | \$ 1,350,322 | \$ 28,102 | \$ 26,857 | \$ - | \$ - | 9.94 | \$ 2,700,643 | N | N | Y | Note 1 |
| | | Su Zhou Feng Shen | c | 1,350,322 | 46,836 | 44,762 | 44,762 | - | 16.57 | 2,700,643 | N | N | Y | Note 1 |
| | | Wu Jiang Lian Cheng | b | 1,350,322 | 163,928 | 156,669 | 70,823 | - | 58.01 | 2,700,643 | N | N | Y | Note 1 |
| 10 | Su Zhou Cheng Pang | Su Zhou Feng Shen | c | 402,862 | 208,692 | 156,669 | 110,620 | - | 285.85 | 805,724 | N | N | Y | Note 1 |
| 11 | Xiao Gan Yu Feng | Sheng Qing | c | 388,322 | 46,376 | 22,381 | - | - | 28.82 | 776,644 | N | N | Y | Note 1 |
| 12 | Jiangmen Junxing | Sheng Qing | c | 307,521 | 46,836 | 44,762 | - | - | 72.78 | 615,042 | N | N | Y | Note 1 |
| 13 | Guang Zhou Yuan Du | Guang Zhou Yuan Zhi | b | 630,741 | 69,564 | - | - | - | - | 1,576,854 | N | N | Y | Note 1 |
| 14 | Shenzhen Yu Zhi | Sheng Qing | c | 179,050 | 23,418 | 22,381 | - | - | 98.32 | 358,100 | N | N | Y | Note 1 |
| 15 | Tai Chang Cheng Mau | Su Zhou Feng Shen | c | 402,862 | 163,928 | 156,669 | - | - | 241.51 | 895,249 | N | N | Y | Note 1 |
| 16 | Su Zhou Cheng Guo | Su Zhou Chen Long | c | 402,862 | 117,091 | 111,906 | 73,633 | - | 567.99 | 895,249 | N | N | Y | Note 1 |
| 17 | Y-Teks | Yu-Hsin Intl | b | 320,311 | 123,872 | 92,199 | 92,199 | - | 8.64 | 533,851 | N | N | N | Note 1 |
| 18 | Yueki | Hangchow Yue Wan | b | 364,304 | 92,904 | 92,199 | 92,199 | - | 12.65 | 364,304 | N | N | Y | Note 1 |
| 19 | Guang Zhou Yuan Zhi | Guang Zhou Yuan Du | c | 358,100 | 358,100 | 358,100 | 213,199 | - | 999.99 | 671,437 | N | N | Y | Note 1 |

Note 1: The Company: The aggregate endorsement/guarantee limit was calculated for 75% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 40% of the aggregate endorsement/guarantee amounts.

Union & NKH Auto Parts: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

TAC: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 50% of the aggregate endorsement/guarantee amounts.

Car-plus Corporation: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 250% of the endorser’s/guarantor’s net equity

Sheng Qing: The aggregate endorsement/guarantee limit was calculated for 2500% 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 1000% 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.

(Continued)

Xiao Gan Yu Feng: The aggregate endorsement/guarantee limit was calculated for 1000% 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 1000% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser’s/guarantor’s net equity.

Guang Zhou Yuan Du: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser’s/guarantor’s net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser’s/guarantor’s net equity

Shenzhen Yu Zhi: The aggregate endorsement/guarantee limit was RMB80 million. The limits on each endorsement/guarantee given on behalf of each party was RMB40 million.

Tai Chang Cheng Mau: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

Su Zhou Cheng Guo: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

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

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.

Guang Zhou Yuan Zhi: The aggregate endorsement/guarantee limit was RMB150 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

- 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 90%.
 - e. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
 - f. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
 - g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

TABLE 3

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

(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, 2018 | | | | Note |
|---------------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | <u>Beneficiary certificates</u> | | | | | | | |
| | Amundi Funds - China Equity | | Financial assets at fair value through profit or loss - current | 3 | \$ 18,566 | - | \$ 18,566 | - |
| | THE RSIT Digital Fund | | Financial assets at fair value through profit or loss - current | 714 | 3,729 | - | 3,729 | - |
| | <u>Common stocks</u> | | | | | | | |
| | Photronics DNP Mask Company | | Financial assets at fair value through other comprehensive income - non-current | 856 | 15,704 | 0.33 | 15,704 | - |
| | First Financial Holding Company | | Financial assets at fair value through other comprehensive income - non-current | 949 | 18,988 | 0.01 | 18,988 | - |
| | Mison - Century Technology, Ltd | Related party in substance | Financial assets at fair value through other comprehensive income - non-current | 5,025 | 18,943 | 8.37 | 18,943 | - |
| | Yulon Finance Corporation, Preferred Shares A | Subsidiaries | Financial assets at fair value through other comprehensive income - non-current | 36,604 | 1,881,445 | 36.60 | 1,881,445 | - |
| | Taiwin Company | The same chairman | Financial assets at fair value through other comprehensive income - non-current | 6,692 | 152,227 | 5.09 | 152,227 | - |
| | Shin Bus Company | | Financial assets at fair value through other comprehensive income - non-current | 154 | 485 | 0.32 | 485 | - |
| Yulon Finance Corporation | <u>Bonds</u> | | | | | | | |
| | Government bonds | | Financial assets at amortized cost - non-current | - | 5,453 | - | 5,393 | - |
| Yustar | <u>Bonds</u> | | | | | | | |
| | Government bonds | | Financial assets at amortized cost - non-current | - | 10,717 | - | 10,927 | - |
| H. K. Manpower | <u>Beneficiary certificates</u> | | | | | | | |
| | Capital Money Market | | Financial assets at fair value through profit or loss - current | 129 | 2,073 | - | 2,073 | - |
| | Union Money Market | | Financial assets at fair value through profit or loss - current | 235 | 3,094 | - | 3,094 | - |
| | The RSIT Enhanced Money Market | | Financial assets at fair value through profit or loss - current | 254 | 3,034 | - | 3,034 | - |
| Da Wei | <u>Beneficiary certificates</u> | | | | | | | |
| | Jih Sun Money Market Fund | | Financial assets at fair value through profit or loss - current | 172 | 2,551 | - | 2,551 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|---------------------------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yulon Finance Philippines Corporation | <u>Bonds</u> PIBL0618G115 PIBL0618H132 | The parent company | Financial assets at amortized cost - current | - | \$ 28,850 | - | \$ 28,850 | - |
| | | | Financial assets at amortized cost - current | - | 11,540 | - | 11,540 | - |
| Yu Pong | <u>Beneficiary certificates</u> FSITC China High Yield Bd A | | Financial assets at fair value through profit or loss - current | 1,000 | 9,375 | - | 9,375 | - |
| | THE RSIT Digital Fund | | Financial assets at fair value through profit or loss - current | 186 | 4,831 | - | 4,831 | - |
| | FSITC Money Market | | Financial assets at fair value through profit or loss - current | 153 | 27,209 | - | 27,209 | - |
| | Taishin Ta-Chong Money Market | | Financial assets at fair value through profit or loss - current | 705 | 10,006 | - | 10,006 | - |
| | KGI Feng-Li Fund | | Financial assets at fair value through profit or loss - current | 800 | 10,303 | - | 10,303 | - |
| | <u>Structured finance products</u> CLN20170928003 DaLue | | Financial assets at fair value through profit or loss - current | - | 13,973 | - | 13,973 | - |
| | <u>Common stocks</u> Yulon Motor Company | | Financial assets at fair value through other comprehensive income - current | - | 2 | - | 2 | - |
| | Fubon Financial Company | | Financial assets at fair value through other comprehensive income - current | 2,419 | 113,803 | - | 113,803 | - |
| China Cast Iron Pipe | <u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market | The same ultimate parent company | Financial assets at fair value through profit or loss - current | 153 | 1,584 | - | 1,584 | - |
| | The RSIT Enhanced Money Market | | Financial assets at fair value through profit or loss - current | 42 | 505 | - | 505 | - |
| | Nomura Asia Pacific High Yield Bond Fund | | Financial assets at fair value through profit or loss - current | 222 | 2,862 | - | 2,862 | - |
| Yue Sheng | <u>Common stocks</u> Yueki Company | | Financial assets at fair value through other comprehensive income - non-current | 10 | 100 | 0.08 | 100 | - |
| Qinton | <u>Beneficiary certificates</u> Taishin 1699 Money Market | | Financial assets at fair value through profit or loss - current | 97 | 1,311 | 0.00 | 1,311 | - |
| Yung Hong | <u>Common stocks</u> CARNIVAL Company | Related party in substance | Financial assets at fair value through profit or loss - current | 283 | 1,395 | - | 1,395 | - |
| | Kian-shen Company | Related party in substance | Financial assets at fair value through profit or loss - current | 81 | 4,513 | - | 4,513 | - |
| | Asia Plastic Recycling Holding Limited | | Financial assets at fair value through profit or loss - current | 2,267 | 14,782 | - | 14,782 | - |
| | TAC Corporation | The same ultimate parent company | Financial assets at fair value through profit or loss - current | 4 | 394 | - | 394 | - |
| | Yulon Finance Corporation, Preferred Shares A | The same ultimate parent company | Financial assets at fair value through other comprehensive income - current | 8,001 | 411,265 | 8.00 | 411,265 | - |
| | <u>Beneficiary certificates</u> FSITC Taiwan Money Market | | Financial assets at fair value through profit or loss - current | 1,239 | 18,923 | - | 18,923 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|----------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yu Ching | <u>Common stocks</u> Asia Plastic | The parent company | Financial assets at fair value through other comprehensive income - current | 1,880 | \$ 12,257 | - | \$ 12,257 | - |
| | Gongin Company | | Financial assets at fair value through profit or loss - current | 59 | 1,765 | - | 1,765 | - |
| | Orgchem Technology Company | | Financial assets at fair value through other comprehensive income - non-current | 291 | 5,298 | - | 5,298 | - |
| | T-Car Inc. | | Financial assets at fair value through other comprehensive income - non-current | 1,275 | 37,814 | - | 37,814 | - |
| | ADTO Company | | Financial assets at fair value through other comprehensive income - non-current | 1 | 10 | - | 10 | - |
| | ROCKER ZONE | | Financial assets at amortized cost - non-current | 330 | 5,969 | - | 5,969 | - |
| | <u>Beneficiary certificates</u> Goldman Sachs (Asia) L.L.C. | | Financial assets at fair value through profit or loss - non-current | - | 316 | - | 316 | - |
| | <u>Common stocks</u> Yulon Motor Company | | Financial assets at fair value through other comprehensive income - non-current | 11,838 | 215,460 | - | 215,460 | - |
| | Yulon Management | | Financial assets at fair value through other comprehensive income - non-current | 1 | 9 | - | 9 | - |
| | <u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market | | Financial assets at fair value through profit or loss - current | 1,724 | 17,289 | - | 17,289 | - |
| Yu Chang | <u>Common stocks</u> Kai Xing Insurance Agency | Related party in substance | Financial assets at fair value through other comprehensive income - non-current | 43 | 1,477 | 6.96 | 1,477 | - |
| Yushin | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 43 | 781 | 6.96 | 781 | - |
| Yu Pool | <u>Common stocks</u> Yu Pool Company | | Financial assets at fair value through other comprehensive income - non-current | 150 | 1,500 | 4.69 | 1,500 | - |
| Empower | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 85 | 847 | 13.60 | 847 | - |
| Sin Chi | <u>Beneficiary certificates</u> The RSIT Enhanced | | Financial assets at fair value through profit or loss - current | 1,619 | 19,350 | - | 19,350 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2018 | | | | Note |
|----------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yu Sing | <u>Common stocks</u> Kai Xing Insurance Agency | | Financial assets at fair value through other comprehensive income - non-current | 43 | \$ 842 | 6.97 | \$ 842 | - |
| Yulon Construction | <u>Common stocks</u> CARNIVAL Company | Related party in substance | Financial assets at fair value through profit or loss - current | 118 | 584 | - | 584 | - |
| | RECTRON LTD. | | Financial assets at fair value through profit or loss - current | 16 | 123 | - | 123 | - |
| | Yang Ming Marine Transport Corporation | | Financial assets at fair value through profit or loss - current | 6 | 49 | - | 49 | - |
| | Shin Kong Security Co., Ltd. | | Financial assets at fair value through profit or loss - current | 50 | 1,905 | - | 1,905 | - |
| | Compal Electronics, INC. | | Financial assets at fair value through profit or loss - current | 14 | 246 | - | 246 | - |
| | Yue Sheng Company | The same ultimate parent company | Financial assets at fair value through other comprehensive income - non-current | 2 | 33 | - | 33 | - |
| Yulon China | <u>Common stocks</u> YUNG JEN INDUSTRIAL CO., LTD. | | Financial assets at fair value through profit or loss - non-current | - | 2,304 | - | 2,304 | - |
| Luxgen | <u>Common stocks</u> Yulon Finance Corporation, Preferred Shares A | The same ultimate parent company | Financial assets at fair value through other comprehensive income - non-current | 8,000 | 411,200 | 8.00 | 411,200 | - |
| Yu-Jie | <u>Financial products</u> Cash Management fund NO. 1 | | Financial assets at fair value through profit or loss - current | - | 463,194 | - | 463,194 | - |

(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, 2018
(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) | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount (Note) |
| The Company | Yuanta De-Li Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | \$ - | 84,090 | \$ 1,365,000 | 84,090 | \$ 1,365,608 | \$ 1,365,000 | \$ 608 | - | \$ - |
| | Jih Sun Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 159,643 | 2,355,000 | 159,643 | 2,356,179 | 2,355,000 | 1,179 | - | - |
| | Capital Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 31,130 | 500,000 | 31,130 | 500,100 | 500,000 | 100 | - | - |
| | FSITC Taiwan Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 98,500 | 1,500,000 | 98,500 | 1,501,803 | 1,500,000 | 1,803 | - | - |
| | Taishin 1699 Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 27,763 | 305,205 | 27,763 | 305,486 | 305,205 | 281 | - | - |
| | Allianz Gbl Investors Taiwan Money Mkt | Financial assets at fair value through profit or loss - current | - | - | - | - | 155,884 | 2,100,000 | 155,884 | 2,100,948 | 2,100,000 | 948 | - | - |
| | Franklin Templeton Sinoam Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 36,080 | 450,000 | 36,080 | 450,422 | 450,000 | 422 | - | - |
| Yu-Jie | Cash Management fund NO. 1 | Financial assets at fair value through profit or loss - current | - | - | - | 1,040,995 | - | - | - | 577,801 | 577,801 | - | - | 463,194 |
| | Lidodo Public Structural Deposit | Financial assets at fair value through profit or loss - current | - | - | - | - | - | 798,714 | - | 798,714 | 798,714 | - | - | - |
| The Company | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 36,604 | 1,830,200 | - | - | - | - | 36,604 | 1,881,445 |
| Yung Hong | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - current | - | - | - | - | 8,001 | 400,063 | - | - | - | - | 8,001 | 411,265 |
| Luxgen | Yulon Finance Corporation, Preferred Shares A | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 8,000 | 400,000 | - | - | - | - | 8,000 | 411,200 |
| Yulon Motor Investment | Sheng Qing | Investments accounted for using equity method | - | - | - | 1,440,957 | - | 429,629 | - | - | - | - | - | 1,907,782 |
| The Company | Yulon Overseas | Investments accounted for using equity method | - | - | - | 953,070 | - | 7,983,061 | - | - | - | - | - | 6,390,023 |
| Yulon Overseas | Yulon China | Investments accounted for using equity method | - | - | - | 960,825 | - | 7,983,061 | - | - | - | - | - | 6,685,289 |
| Yulon China | Yulon China Holding | Investments accounted for using equity method | - | - | - | (925,250) | - | 7,983,061 | - | - | - | - | - | 6,005,003 |
| Yulon China Holding | Yulon China (HK) | Investments accounted for using equity method | - | - | - | (925,129) | - | 7,983,061 | - | - | - | - | - | 6,005,118 |

(Continued)

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---------------------------|--|---|--------------|--------------|-------------------|---------------|--------------|--------------|--------------|--------|----------------|-------------------------|----------------|---------------|
| | | | | | Shares/Units | Amount (Note) | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount (Note) |
| Yulon China (HK) Holding | LUXGEN(hangzhou) Motor Sales | Investments accounted for using equity method | - | - | - | \$ 1,625,905 | - | \$ 4,447,150 | - | \$ - | \$ - | \$ - | - | \$ 4,683,325 |
| | Chuang Jie New Energy Vehicle | Investments accounted for using equity method | - | - | - | - | - | 3,535,911 | - | - | - | - | - | 3,509,097 |
| The Company | Luxgen | Investments accounted for using equity method | - | - | - | 1,211,179 | - | 6,000,000 | - | - | - | - | - | 5,788,019 |
| Yulon Finance Corporation | Yulon Finance Overseas | Investments accounted for using equity method | - | - | - | - | 15,000 | 437,490 | - | - | - | - | 15,000 | 426,264 |
| Yulon Finance Overseas | Yulon Finance Philippines | Investments accounted for using equity method | - | - | - | - | 15,000 | 437,490 | - | - | - | - | 15,000 | 426,264 |
| Yulon Finance Philippines | Yulon Finance Philippines Corporation | Investments accounted for using equity method | - | - | - | - | 7,500 | 437,490 | - | - | - | - | 7,500 | 426,264 |

Note: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets and investments accounted for using equity method.

(Concluded)

TABLE 5

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018
(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

TABLE 7

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, 2018
(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 | \$ (23,977,867) | 79 | Within 180 days | - | 60 days to 180 days | \$ 774,114 | 70 | |
| | Luxgen | The Company's subsidiary | Sales | (6,244,319) | 21 | Within 90 days | - | 60 days to 180 days | 81,206 | 7 | |
| | Dongfeng Yulon | An investee accounted for by equity method | Sales | (167,523) | 1 | Within 60 days | - | 60 days to 180 days | 228,074 | 21 | |
| Yulon Finance Corporation | Yu Chang | The same ultimate parent company | Sales | (3,954,913) | 10 | Receipt of payment on the day | - | - | 100,813 | - | |
| | Yuan Lon | An investee accounted for by equity method | Sales | (3,451,666) | 9 | Receipt of payment on the day | - | - | 9,285 | - | |
| | Hui-Lian | An investee accounted for by equity method | Sales | (2,780,457) | 7 | Receipt of payment on the day | - | - | 11,489 | - | |
| | Luxgen Taipei | The same ultimate parent company | Sales | (2,195,235) | 5 | Receipt of payment on the day | - | - | 20,528 | - | |
| | Yu Sing | The Company's subsidiary | Sales | (2,964,758) | 7 | Receipt of payment on the day | - | - | 11,772 | - | |
| | Yushin | The same ultimate parent company | Sales | (2,003,968) | 5 | Receipt of payment on the day | - | - | 8,270 | - | |
| | Yu Tang | An investee accounted for by equity method | Sales | (1,918,197) | 5 | Receipt of payment on the day | - | - | 13,315 | - | |
| | Luxgen Taoyuan | The same ultimate parent company | Sales | (1,306,985) | 3 | Receipt of payment on the day | - | - | 11,245 | - | |
| | Empower | The same ultimate parent company | Sales | (2,868,123) | 7 | Receipt of payment on the day | - | - | 65,569 | - | |
| | Cheng Long | An investee accounted for by equity method | Sales | (2,286,298) | 6 | Receipt of payment on the day | - | - | 108,535 | - | |
| | Luxgen Taichung | The same ultimate parent company | Sales | (1,389,466) | 3 | Receipt of payment on the day | - | - | 4,364 | - | |
| | Luxgen Kaohsiung | The same ultimate parent company | Sales | (1,033,485) | 3 | Receipt of payment on the day | - | - | 3,311 | - | |
| | Luxgen Tainan | The same ultimate parent company | Sales | (878,287) | 2 | Receipt of payment on the day | - | - | 3,283 | - | |
| | Ding Long | An investee accounted for by equity method | Sales | (1,151,003) | 3 | Receipt of payment on the day | - | - | 298 | - | |
| | Lian Cheng | An investee accounted for by equity method | Sales | (464,246) | 1 | Receipt of payment on the day | - | - | 1,080 | - | |
| | Yuan Zhi | An investee accounted for by equity method | Sales | (399,792) | 1 | Receipt of payment on the day | - | - | 1,905 | - | |
| Sin Jiang | Yulon Finance Corporation | The same ultimate parent company | Sales | (6,776,705) | 95 | Receipt of payment on the day | - | - | - | - | |
| NISSAN Taiwan Ltd.(Shanghai) | Southeast Bus | A related party in substance | Sales | (131,854) | 92 | 45 days | According to contract | 65 days | 3,301 | - | |
| Union & NKH Auto Parts | The Company | The Parent company | Sales | (937,080) | 48 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | 220,458 | 55 | |
| Union & NKH Auto Parts | China Motor | An investee accounted for by equity method | Sales | (620,587) | 31 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | 101,205 | 25 | |
| Fuzhou Lianghong | Southeast Bus | A related party in substance | Sales | (785,029) | 41 | 45 days | - | - | 49,389 | 18 | |
| Yueki | The Company | The Parent company | Sales | (620,677) | 59 | 45 days | Bargaining | 45 days | 98,286 | 23 | |
| | China Motor | An investee accounted for by equity method | Sales | (137,426) | 13 | 45 days | Bargaining | 45 days | 26,964 | 6 | |
| | Kian-shen | A related party in substance | Sales | (167,071) | 16 | 45 days | Bargaining | 45 days | 65,870 | 15 | |
| Y-Teks | The Company | The Parent company | Sales | (237,387) | 72 | 45 days | - | - | 62,925 | 48 | |
| Yue Sheng | The Company | The Parent company | Sales | (207,704) | 52 | At sight or a month | Bargaining | At sight or a month | 36,559 | 52 | |
| Luxgen | Hui-Fong | A related party in substance | Sales | (215,339) | 3 | At sight | - | At sight | - | - | |
| | Luxgen Taipei | The same ultimate parent company | Sales | (378,148) | 5 | At sight | - | At sight | 2,862 | 1 | |
| | Luxgen Taoyuan | The same ultimate parent company | Sales | (229,191) | 3 | At sight | - | At sight | 1,982 | 1 | |
| | Luxgen Taichung | The same ultimate parent company | Sales | (209,066) | 3 | At sight | - | At sight | 2,157 | 1 | |
| | Luxgen Tainan | The same ultimate parent company | Sales | (128,969) | 2 | At sight | - | At sight | 1,032 | - | |
| | Luxgen Kaohsiung | The same ultimate parent company | Sales | (151,213) | 2 | At sight | - | At sight | 1,454 | 1 | |
| | Yulon Finance Corporation | The same ultimate parent company | Sales | (6,692,287) | 85 | Within 3 days | - | Within 3 days | 62,678 | 27 | |
| Singan | The Company | The Parent company | Sales | (116,737) | 61 | At sight or a month | Bargaining | At sight or a month | 21,089 | 74 | |
| Singgual Travel | The Company | The Parent company | Sales | (248,671) | 39 | At sight or a month | Bargaining | At sight or a month | 24,890 | 31 | |

(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 | |
| The Company | Union & NKH Auto Parts | The Company's subsidiary | Purchase | \$ 937,080 | 4 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | - | \$ (220,458) | 7 | |
| | Yueki | The Company's subsidiary | Purchase | 620,677 | 3 | 45 days | Bargaining | 45 days | (98,286) | 3 | |
| | Nissan Motor Co., Ltd. | A related party in substance | Purchase | 8,116,306 | 35 | 12 days after bill of lading | - | 12 days after bill of lading | (634,748) | 21 | |
| | Y-Teks | The Company's subsidiary | Purchase | 237,387 | 1 | 45 days | - | - | (62,925) | 2 | |
| | Yue Sheng | The Company's subsidiary | Purchase | 207,704 | 1 | At sight or a month | Bargaining | At sight or a month | (36,559) | 1 | |
| | Dongfeng Yulon | An investee accounted for by equity method | Purchase | 1,024,942 | 4 | 60 days after monthly closing | - | 60 days after monthly closing | (11,804) | - | |
| | Singan | The same ultimate parent company | Purchase | 116,737 | - | At sight or a month | Bargaining | At sight or a month | (21,089) | 1 | |
| | Singgual Travel | The same ultimate parent company | Purchase | 248,671 | 1 | At sight or a month | Bargaining | At sight or a month | (24,890) | 1 | |
| | Uni-calsonic | An investee accounted for by equity method | Purchase | 116,935 | - | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (21,158) | 1 | |
| | China Ogihara | An investee accounted for by equity method | Purchase | 230,079 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (385) | - | |
| | Yuen-jin | A related party in substance | Purchase | 118,624 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | - | - | |
| | Taiway | A related party in substance | Purchase | 178,681 | 1 | 45 days after monthly closing | Bargaining | 45 days after monthly closing | (32,813) | 1 | |
| | Yulon Finance Corporation | Yulon Nissan | Purchase | 27,490,632 | 67 | Within 3 days | - | - | (603,649) | 69 | |
| | | Luxgen | Purchase | 6,692,287 | 16 | Within 3 days | - | - | (62,678) | 7 | |
| | | Sin Jiang | Purchase | 6,776,705 | 17 | Within 3 days | - | - | - | - | |
| Yu Sing | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,964,758 | 80 | Receipt of payment on the day | - | - | (11,772) | 31 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 382,855 | 10 | Receipt of payment on the day | - | - | (4,539) | 12 | |
| Yushin | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,003,968 | 62 | Receipt of payment on the day | - | - | (8,270) | 11 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 542,259 | 17 | Receipt of payment on the day | - | - | (9,863) | 13 | |
| Yu Chang | Yulon Finance Corporation | The same ultimate parent company | Purchase | 3,954,913 | 85 | Receipt of payment on the day | - | - | (100,813) | 60 | |
| Empower | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,868,123 | 75 | Receipt of payment on the day | - | - | (65,569) | 58 | |
| | Yulon Nissan | An investee accounted for by equity method | Purchase | 354,732 | 9 | Receipt of payment on the day | - | - | - | - | |
| Luxgen | The Company | The Parent company | Purchase | 6,244,319 | 97 | Within 90 days | - | 60 days to 180 days | (81,206) | 80 | |
| Luxgen Taipei | Yulon Finance Corporation | The same ultimate parent company | Purchase | 2,195,235 | 81 | Receipt of payment on the day | - | - | (20,528) | 54 | |
| | Luxgen | The same ultimate parent company | Purchase | 378,148 | 14 | At sight | - | - | (2,862) | 8 | |
| Luxgen Taoyuan | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,306,985 | 80 | Receipt of payment on the day | - | - | (11,245) | 40 | |
| | Luxgen | The same ultimate parent company | Purchase | 229,191 | 14 | At sight | - | - | (1,982) | 7 | |
| Luxgen Taichung | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,389,466 | 80 | Receipt of payment on the day | - | - | (4,364) | 18 | |
| | Luxgen | The same ultimate parent company | Purchase | 209,066 | 12 | At sight | - | - | (2,157) | 9 | |
| Luxgen Tainan | Yulon Finance Corporation | The same ultimate parent company | Purchase | 878,287 | 82 | Receipt of payment on the day | - | - | (3,283) | 47 | |
| | Luxgen | The same ultimate parent company | Purchase | 128,969 | 12 | At sight | - | - | (1,032) | 15 | |
| Luxgen Kaohsiung | Yulon Finance Corporation | The same ultimate parent company | Purchase | 1,033,485 | 87 | Receipt of payment on the day | - | - | (3,311) | 9 | |
| | Luxgen | The same ultimate parent company | Purchase | 151,213 | 13 | At sight | - | - | (1,454) | 4 | |
| Fu Jian Yu Xin | Southeast Bus | A related party in substance | Purchase | 200,892 | 43 | Payment in advance | - | - | - | - | |
| LUXGEN (Hangzhou) Motor Sales | Dongfeng Yulon | An investee accounted for by equity method | Purchase | 2,892,742 | 95 | Payment in advance | - | - | - | - | |

Note: Till the end of balance sheet date, no other transaction parties were available for comparison, since Hangchow Liangrun Parts Company had traded with Dong Feng Yulon Motors and Union & NKH Auto Parts Company only.

(Concluded)

TABLE 8

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (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 | \$ 805,291 (Note 1) | 38.84 | \$ - | - | \$ 596,723 | \$ - |
| | Luxgen | The Company's subsidiary | 99,639 (Note 2) | 36.63 | - | - | 39,092 | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 228,074 | 1.20 | - | - | - | - |
| Union & NKH Auto Parts | The Company | The Parent company | 220,458 | 3.80 | - | - | 210,460 | - |
| | China Motor | An investee accounted for by equity method | 101,205 | 7.30 | - | - | - | - |
| Hangchow Yue Wan | Dongfeng Yulon | An investee accounted for by equity method | 136,861 | 0.16 | 134,701 | Actively demand for settlement | - | - |
| Luxgen | Dongfeng Yulon | An investee accounted for by equity method | 147,557 | 0.20 | - | - | - | - |
| Yueki | Hangchow Yue Wan | The same ultimate parent company | 283,806 | - | 194,697 | Actively demand for settlement | - | - |
| Hangchow Liangrun | Dongfeng Yulon | An investee accounted for by equity method | 215,797 | - | - | - | - | - |
| Car-plus Corporation | Diamond Leasing | The same ultimate parent company | 332,679 | 36.00 | - | Depend on capital status | 38,824 | - |
| TAC | Yu Chang | The same ultimate parent company | 100,813 | 100.00 | - | Depend on capital status | 100,813 | - |
| | Cheng Long | An investee accounted for by equity method | 108,535 | 100.00 | - | Depend on capital status | 108,535 | - |
| Luxgen (Hangzhou) Motor Sales | Dong Feng Yulon Sales Company | The same ultimate parent company | 685,032 (Note 3) | - | - | - | - | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 1,798,084 (Note 3) | - | - | - | - | - |
| Yulon China (HK) Holding | Sheng Qing | The same ultimate parent company | 768,325 (Note 3) | - | - | - | - | - |
| Yulon China | Sheng Qing | The same ultimate parent company | 2,458,640 (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 | | |
| Yulon Motor Investment | Hang Zhou Haitec Company | An investee accounted for by equity method | \$ 185,764 (Note 3) | - | \$ - | - | \$ - | \$ - |
| | Dongfeng Yulon | An investee accounted for by equity method | 156,669 (Note 3) | - | - | - | - | - |
| Sheng Qing | Nanjing Hanhong | The same ultimate parent company | 113,249 (Note 3) | - | - | - | - | - |
| | An Ching Tsai Tung | The same ultimate parent company | 121,754 (Note 3) | - | - | - | - | - |
| | Hang Zhou Haitec Company | An investee accounted for by equity method | 201,431 (Note 3) | - | - | - | - | - |
| | Dongfeng Yulon | An investee accounted for by equity method | 161,145 (Note 3) | - | - | - | - | - |
| | Xiao Gan Yu Feng | The same ultimate parent company | 134,287 (Note 3) | - | - | - | - | - |
| | Shen Jun Yu Peng | The same ultimate parent company | 163,293 (Note 3) | - | - | - | - | - |
| | Zhu Hai Fu Te En | The same ultimate parent company | 196,060 (Note 3) | - | - | - | 2,683 | - |
| | Wuhan Yu Hsin | The same ultimate parent company | 218,441 (Note 3) | - | - | - | - | - |
| | Yulon Motor Investment | The same ultimate parent company | 1,331,683 (Note 3) | - | - | - | - | - |
| | Yu-Jie | The same ultimate parent company | 179,050 (Note 3) | - | - | - | - | - |

Note 1: The receivables comprised account and notes receivables of \$774,114 thousand and other receivables of \$31,177 thousand.

Note 2: The receivables comprises account receivables of \$81,206 thousand and other receivables of \$18,433 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, 2018
(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, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|-----------------------------|-------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Company | Yulon Nissan | Miaoli, Taiwan | Sales of cars | \$ 7,062,225 | \$ 7,062,225 | 143,500 | 47.83 | \$ 9,555,579 | \$ 5,890,046 | \$ 2,792,895 | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 810,409 | 810,409 | 111,480 | 8.05 | 4,598,768 | 3,592,999 | 280,771 | - |
| | Yulon Finance Corporation | Taipei, Taiwan | Sale and lease of cars and parts | 512,150 | 512,150 | 125,657 | 45.75 | 3,960,865 | 2,587,988 | 1,184,004 | - |
| | 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 | 7,863,796 | 1,258,992 | 182,584 | - |
| | Yueki | Hsinchu, Taiwan | Manufacturing and sale of car components | 169,978 | 60,651 | 12,767 | 65.58 | 485,191 | (21,036) | (13,166) | - |
| | Yue Sheng | Miaoli, Taiwan | Car manufacture and furnishing; manufacture, installation and sale of car parts | 238,872 | 106,948 | 23,061 | 80.07 | 375,384 | 16,658 | 13,051 | - |
| | China Cast Iron Pipe | Taipei, Taiwan | Metal casting and related business | 24,850 | 24,850 | 25 | 77.66 | 62,741 | 8,960 | 7,072 | - |
| | 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 | 621,004 | 3,351 | 844 | - |
| | Uni-calsonic | Miaoli, Taiwan | Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts | 96,449 | 61,271 | 5,983 | 30.68 | 134,433 | 19,658 | 5,279 | - |
| | Yu Chang | Kaohsiung, Taiwan | Sale, maintenance and repair of cars and parts | 114,096 | 114,096 | 13,999 | 64.99 | 85,412 | (28,016) | (8,495) | - |
| | 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 | 482,646 | 107,308 | 43,431 | - |
| | Yuan Lon | Taoyuan, Taiwan | Sale, maintenance and repair of cars and parts | 84,405 | 84,405 | 7,999 | 20.00 | 106,844 | 12,472 | 2,422 | - |
| | Yu Ching | Taipei, Taiwan | Import and export and sale of cars and parts | 1,077,221 | 1,077,221 | 72,691 | 60.00 | 525,854 | 74,513 | 40,588 | - |
| | Yu Pong | Taipei, Taiwan | Yulon basketball team management and related services | 1,122,659 | 1,122,659 | 25,484 | 100.00 | 798,431 | 16,235 | 13,531 | - |
| | Yung Hong | Taipei, Taiwan | Investments | 537,311 | 537,311 | 77,622 | 100.00 | 586,910 | (5,025) | (5,025) | - |
| | Yushin | Hsinchu, Taiwan | Sale, maintenance and repair of cars and parts | 132,986 | 132,986 | 15,999 | 80.00 | 184,250 | (16,392) | (3,169) | - |
| | China Engine | Taoyuan, Taiwan | Manufacturing of car engines and parts | 320,000 | 320,000 | 32,000 | 18.95 | 172,564 | (56,510) | (9,930) | - |
| | Cheng Long | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 51,677 | 51,677 | 10,422 | 27.00 | 223,699 | 107,478 | 29,598 | - |
| | Yu Tang | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 71,166 | 71,166 | 7,117 | 20.33 | 104,245 | 42 | (868) | - |
| | ROC-Spicer | Taoyuan, Taiwan | Manufacturing and sales of cars and parts | 476,740 | 566,868 | 102 | 20.46 | 319,405 | 771,830 | 148,674 | - |
| | Car-plus Corporation | Taipei, Taiwan | Sales and lease of cars | 106,372 | 106,372 | 2,854 | 3.46 | 64,106 | 324,392 | 11,212 | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 99,935 | 99,935 | 10,213 | 35.62 | 145,646 | 71,730 | 25,563 | - |
| | Empower | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 29,987 | 29,987 | 5,800 | 20.00 | 69,000 | 18,662 | 5,392 | - |
| | Chan Yun | Taipei, Taiwan | Wholesale and retail of information software | 40,680 | 40,680 | 8,332 | 43.85 | 20,914 | (1,269) | (556) | - |
| | Sin Jiang | Taipei, Taiwan | Wholesale and retail of secondhand cars | 85,895 | 85,895 | 8,568 | 20.01 | 100,550 | 50,800 | 10,202 | - |
| | Sin Chi | Taipei, Taiwan | General advertising planning services | 871,157 | 871,157 | 87,000 | 100.00 | 1,011,368 | 90,392 | 90,392 | - |
| | Yu Sing | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 325,199 | 325,199 | 32,519 | 90.33 | (11,028) | (44,418) | (52,754) | - |
| | 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 | 364,942 | 147,157 | 50,415 | - |
| | Yulon Overseas | B.V.I. | Investments | 23,813,725 | 15,512,944 | 776,443 | 100.00 | 6,390,023 | (2,707,914) | (2,831,815) | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 796,956 | 796,956 | 52,010 | 17.39 | 1,399,339 | 822,016 | 142,969 | - |
| | Yu Rich | Taipei, Taiwan | Installment loans of consumer goods and wholesale of cars and parts | 99,000 | 99,000 | 11,516 | 17.88 | 156,301 | 197,032 | 35,199 | - |
| | Qinton | Tainan, Taiwan | Sales maintenance and repair of cars and parts | 67,459 | 67,459 | 6,746 | 100.00 | 80,179 | 4,109 | 4,109 | - |
| | Haitec | Taipei, Taiwan | Product design | 2,047,449 | 2,047,449 | 116,370 | 35.46 | (468,877) | (167,085) | (332,148) | - |
| | Hui-Lian | Changhua, Taiwan | Sale, maintenance and repair of cars and parts | 74,366 | 74,366 | 6,116 | 20.34 | 64,492 | 2,892 | (1,335) | - |
| | Dxmedia | Taipei, Taiwan | Publication | 10,000 | 10,000 | 400 | 20.00 | 1,121 | (2,741) | (548) | - |
| | Luxgen | Miaoli, Taiwan | Sales and producing of cars and related parts | 14,840,000 | 8,840,000 | 600,000 | 100.00 | 5,788,019 | (1,445,504) | (1,430,092) | - |
| | Yulon Tobe | New Taipei City, Taiwan | Sale, maintenance and repair of cars and parts | 500,000 | 500,000 | 2,808 | 100.00 | 27,994 | (113) | (114) | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 32,991 | 32,991 | 3,299 | 32.99 | 32,098 | 16,391 | 5,407 | - |
| | Yulon Energy | New Taipei City, Taiwan | Wholesale and retail sale of batteries | 400,000 | 400,000 | 10,000 | 100.00 | (44,818) | (83,980) | (84,160) | - |
| | Yulon Construction | Taipei, Taiwan | Construction industry | 3,034,485 | 3,034,485 | 122,100 | 100.00 | 4,673,565 | 195,387 | (20,309) | - |
| | Tai-Ya Investment | Hong Kong | General investment | 56,475 | - | 1,585 | 20.50 | 57,050 | 3,927 | 411 | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---------------------------|--|-------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| Yulon Finance Corporation | Car-plus Corporation | Taipei, Taiwan | Car lease and trade | \$ 757,288 | \$ 757,288 | 56,641 | 68.57 | \$ 1,276,324 | \$ 324,392 | \$ - | - |
| | Yustar | Taipei, Taiwan | Installment financing services for cars and trucks | 419,808 | 419,808 | 134,000 | 100.00 | 2,685,342 | 460,653 | - | - |
| | TAC Global | Samoa | Shareholding company | 1,564,612 | 1,564,612 | 54,537 | 100.00 | 2,480,687 | 317,467 | - | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 58,070 | 58,070 | 5,807 | 1.94 | 155,118 | 822,016 | - | - |
| | Empower | Taichung, Taiwan | Retail of cars and related parts | 48,843 | 48,843 | 7,832 | 27.00 | 88,509 | 18,662 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 181,731 | 181,731 | 17,128 | 40.00 | 200,984 | 50,800 | - | - |
| | Yu Rich | Taipei, Taiwan | Installment loans of consumer goods and wholesale of cars and parts | 500,001 | 500,001 | 52,876 | 82.12 | 740,192 | 197,032 | - | - |
| | Yulon Finance Overseas | Samoa | Shareholding company | 437,490 | - | 15,000 | 100.00 | 426,264 | (13,161) | - | - |
| | Yulon Finance Overseas | Samoa | Shareholding company | 437,490 | - | 15,000 | 100.00 | 426,264 | (13,161) | - | - |
| Yustar | Shinshin Samoa | Samoa | Shareholding company | 389,077 | 389,077 | 12,000 | 100.00 | 341,737 | (55,870) | - | - |
| Car-plus Corporation | Diamond Leasing | Taipei, Taiwan | Car lease and trade | 85,000 | 85,000 | 8,500 | 100.00 | 107,698 | 17,032 | - | - |
| | Car-Plus Samoa | Samoa | Shareholding company | 563,071 | 378,187 | 18,000 | 100.00 | 802,948 | 63,208 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 90,811 | 90,811 | 8,559 | 19.99 | 100,431 | 50,800 | - | - |
| | Da-Wei | Taipei, Taiwan | brokerage of electric vehicles | 20,000 | 10,000 | 2,000 | 100.00 | 21,146 | 1,132 | - | - |
| Da-Wei | Da Teng | Taipei, Taiwan | Taxi service | 7,028 | 1,235 | 600 | 100.00 | 8,303 | 1,135 | - | - |
| Diamond Leasing | H. K. Manpower | Taipei, Taiwan | Temporary labor services | 10,000 | 10,000 | 1,000 | 100.00 | 17,027 | 1,823 | - | - |
| Sin Jiang | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 42,790 | 42,790 | 1,337 | 71.34 | 23,102 | (757) | - | - |
| Car-Plus Samoa | Car-Plus China | Samoa | Shareholding company | 193,004 | 193,004 | 6,000 | 60.00 | 409,419 | 77,902 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 185,183 | 185,183 | 6,000 | 60.00 | 209,555 | 28,123 | - | - |
| | Car-Plus Hangzhou | Samoa | Shareholding company | 184,884 | - | 6,000 | 60.00 | 183,855 | (875) | - | - |
| TAC Global | Car-Plus China | Samoa | Shareholding company | 128,647 | 128,647 | 4,000 | 40.00 | 272,946 | 77,902 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 123,455 | 123,455 | 4,000 | 40.00 | 139,703 | 28,123 | - | - |
| | Car-Plus Hangzhou | Samoa | Shareholding company | 123,160 | - | 4,000 | 40.00 | 122,570 | (857) | - | - |
| | Yu Rong International | Samoa | Shareholding company | 1,296,290 | 1,296,290 | 42,000 | 100.00 | 1,936,185 | 275,624 | - | - |
| | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 16,220 | 16,220 | 537 | 28.66 | 9,281 | (757) | - | - |
| Yulon Finance Overseas | Yulon Finance Philippines | Samoa | Shareholding company | 437,490 | - | 15,000 | 100.00 | 426,264 | (13,161) | - | - |
| Yulon Finance Philippines | Yulon Finance Philippines Corporation | Philippine | Financial lease of car and loans to car dealers for purpose of purchasing automobiles | 437,490 | - | 7,500 | 99.99 | 426,264 | (13,161) | - | - |
| Yu Pong | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 42,080 | 42,080 | 1,135 | 0.08 | 27,584 | 3,592,999 | - | - |
| | Yu Ching | Taipei, Taiwan | Import and export and sale of cars and parts | 682,685 | 682,685 | 48,461 | 40.00 | 531,914 | 74,513 | - | - |
| Yue Sheng | Y-Teks | Taoyuan, Taiwan | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 25,510 | 25,510 | 212 | 11.99 | 132,482 | 147,157 | - | - |
| Yung Hong | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 253,834 | 253,834 | 9,994 | 0.72 | 70,306 | 3,592,999 | - | - |
| Yu Ching | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 55,467 | 55,467 | 3,500 | 1.17 | 97,912 | 822,016 | - | - |
| | Yulon Nissan | Miaoli, Taiwan | Sales of cars | 336,923 | 336,923 | 3,500 | 1.17 | 243,872 | 5,890,046 | - | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 19,914 | 19,914 | 2,742 | 9.56 | 39,704 | 71,730 | - | - |
| | Chinh-Ling | Taipei, Taiwan | Product design | 36,098 | 36,098 | 5,000 | 100.00 | 17,549 | (280) | - | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 9 | 9 | 1 | 0.01 | 9 | 16,391 | - | - |
| Yueki | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 408 | 408 | 27 | - | 747 | 3,592,999 | - | - |
| | 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 | 19,658 | - | - |
| | Yue Ki Samoa | Samoa | Investments | 123,058 | 123,058 | 4,126 | 100.00 | 536,075 | 17,083 | - | - |
| | Yue Ki HK | Hong Kong | Investments | 330,094 | 330,094 | - | 100.00 | 126,524 | (75,147) | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------------|---|---|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| Yu Chang | Tian Wang Yu Chang China Luxgen Kaohsiung | Kaohsiung, Taiwan Samoa Kaohsiung, Taiwan | Secondhand cars and car related products | \$ 17,000 | \$ 17,000 | 1,700 | 100.00 | \$ 26,125 | \$ 4,841 | \$ - | - |
| | | | Investments | - | 47,422 | - | - | - | - | - | - |
| | | | Wholesale and retail of cars, parts and car repair | 26,450 | 26,450 | 1,420 | 20.00 | 7,634 | (11,676) | - | - |
| Yushin | Yu Pool Luxgen Taoyuan | Miaoli, Taiwan Taoyuan, 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 | 38,285 | 4,339 | - | - |
| | | | Sales, maintenance and repair of cars and related products | 12,250 | 12,250 | 2,100 | 20.00 | 18,557 | (16,602) | - | - |
| | | | Investments | 46,331 | 46,331 | - | 100.00 | (32,989) | (16,009) | - | - |
| Singan | Singgual Travel Hsiang Shou Hong Shou Culture | New Taipei City, Taiwan New Taipei City, Taiwan New Taipei City, Taiwan | Sales of car parts | 130,591 | 130,591 | 13,000 | 100.00 | 200,008 | 13,639 | - | - |
| | | | Towing | 128,400 | 128,400 | 10,000 | 100.00 | 214,580 | 62,669 | - | - |
| | | | Publication | 64,100 | 64,100 | 4,050 | 100.00 | 12,499 | (10,042) | - | - |
| Empower | Chunmin Hong Yen Luxgen Taichung Yu Ming Insurance | Taichung, Taiwan Samoa Taichung, Taiwan Taichung, Taiwan | Comprehensive retail of car parts | 8,000 | 8,000 | 800 | 100.00 | 11,040 | 191 | - | - |
| | | | Investments | 47,082 | 47,082 | 45,995 | 100.00 | 83,362 | (33,114) | - | - |
| | | | Repair, wholesale and retail of cars and parts | 27,446 | 27,446 | 2,120 | 20.00 | 5,067 | (19,319) | - | - |
| | | | Property insurance | 3,000 | 3,000 | 300 | 100.00 | 3,260 | (90) | - | - |
| Sin Chi | Yulon Nissan Yu Chia | Miaoli, Taiwan Taipei, Taiwan | Sales of cars | 311,853 | 311,853 | 3,050 | 1.02 | 212,343 | 5,890,046 | - | - |
| | | | Sales, maintenance and repair of heavy vehicles and related products | 84,000 | 120,000 | 8,400 | 100.00 | 37,863 | (2,433) | - | - |
| | Chanchen | Taipei, Taiwan | Management consulting, leases of real estate and general advertising | 10,000 | 10,000 | 1,000 | 100.00 | 16,937 | 3,316 | - | - |
| Yu Sing | Ding Long Kuen You Trading | Taipei, Taiwan New Taipei City, Taiwan | Sales, maintenance and repair of cars and parts | 37,790 | 37,790 | 3,779 | 37.99 | 39,879 | (5,887) | - | - |
| | | | Sale, maintenance and repair of cars and parts | 10,000 | - | 1,000 | 100.00 | 10,970 | 970 | - | - |
| Y-Teks | Yu-Hsin Intl China Motor | B.V.I. Taoyuan, Taiwan | Investments | 65,854 | 65,854 | 2,208 | 66.67 | 1,171,368 | 283,318 | - | - |
| | | | Manufacturing and sales of cars | 435 | 435 | 28 | - | 687 | 3,592,999 | - | - |
| Yu-Hsin Intl | Yu-Hsin Intl HK | Hong Kong | Investments | 311,194 | 311,194 | 10,274 | 100.00 | 583,708 | (15,942) | - | - |
| Union & NKH Auto Parts | China Motor Uni Investment | Taoyuan, Taiwan B.V.I. | Manufacturing and sales of cars | 640 | 640 | 64 | - | 1,555 | 3,592,999 | - | - |
| | | | Investments | 289,287 | 289,287 | 8,403 | 100.00 | 2,069,366 | 15,514 | - | - |
| Luxgen | Luxgen Taipei | Taipei, Taiwan | Repair, wholesale and retail of cars and parts | 157,625 | 157,625 | 18,499 | 99.99 | 110,081 | (60,536) | - | - |
| | Luxgen Taoyuan | Taoyuan, Taiwan | Repair, wholesale and retail of cars and parts | 64,883 | 64,883 | 6,299 | 59.99 | 54,687 | (16,602) | - | - |
| | Luxgen Taichung | Taichung, Taiwan | Repair, wholesale and retail of cars and parts | 71,624 | 71,624 | 6,359 | 59.99 | 14,572 | (19,319) | - | - |
| | Luxgen Tainan | Tainan, Taiwan | Repair, wholesale and retail of cars and parts | 182,388 | 182,388 | 8,399 | 79.99 | 48,157 | (19,956) | - | - |
| | Luxgen Kaohsiung | Kaohsiung, Taiwan | Repair, wholesale and retail of cars and parts | 58,344 | 58,344 | 4,259 | 59.99 | 22,675 | (11,676) | - | - |
| | Luxgen Overseas Holdings | Singapore | Investments | 1,300,595 | 1,300,595 | 63,587 | 100.00 | 143,452 | 1,896 | - | - |
| | Singan | New Taipei City, Taiwan | Wholesale and retail of information software | 81,191 | 81,191 | 5,670 | 19.78 | 81,606 | 71,730 | - | - |
| Yulon Construction | China Motor Xiao Gan Yu Feng | Taoyuan, Taiwan New Taipei City, Taiwan | Manufacturing and sales of cars | 1,690 | 1,690 | 32 | - | 783 | 3,592,999 | - | - |
| | | | Construction and green building | 24,990 | 24,990 | 2,499 | 99.96 | 37,212 | 12,231 | - | - |
| Yulon Energy | Power Engineering | New Taipei City, Taiwan | Construction project contracting | 2,000 | 2,000 | 200 | 100.00 | 961 | (123) | - | - |
| Yulon Overseas | Yulon Philippine Yulon China | Cayman B.V.I. | Investments | 1,097,593 | 1,063,467 | 32,791 | 100.00 | (188,649) | (134,951) | - | - |
| | | | Investments | 22,724,189 | 14,423,409 | 560,359 | 100.00 | 6,685,289 | (2,572,781) | - | - |
| Yulon Philippine | UMPI & SCIC NPI | Philippine Philippine | Manufacturing of cars and factory lease | 896,694 | 868,813 | - | 100.00 | 8,861 | 37,022 | - | - |
| | | | Sale, maintenance and repair of cars and parts | 72,247 | 70,001 | 12 | 24.50 | (201,421) | (699,163) | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2018 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---------------------|--|-----------|------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|------|
| | | | | December 31, 2018 | December 31, 2017 | Shares | Percentage of Ownership | Carrying Value | | | |
| Yulon China | Qing Yi | Samoa | Investments | \$ 846,690 | \$ 471,696 | 15,850 | 100.00 | \$ 565,271 | \$ 19 | \$ - | - |
| | Wen Yang | Samoa | Investments | 494,512 | 479,136 | 16,100 | 100.00 | 257,959 | (85,239) | - | - |
| | Tai Xin | Samoa | Investments | 743,954 | 720,823 | 19,600 | 100.00 | 742,628 | 3,674 | - | - |
| | Yulon China (Hong Kong) Investment Limited | Hong Kong | Investments | 8,362,645 | 8,102,631 | - | 100.00 | (985,194) | (1,081,814) | - | - |
| | Yulon China Holding | Cayman | Investments | 12,805,765 | 4,399,037 | 22,500 | 100.00 | 6,005,003 | (1,356,886) | - | - |
| | Feng Hua | Hong Kong | Investments | 86,002 | 83,328 | - | 40.00 | 117,342 | 59,990 | - | - |
| Yulon China Holding | Yulon China (HK) Holding | Hong Kong | Investments | 12,519,600 | 4,399,037 | - | 100.00 | 6,005,118 | (1,356,886) | - | - |

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

TABLE 10

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-------------------------------|--|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Xiamen Young Chang | Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting | \$ 69,244 | b) | \$ 57,130 | \$ - | \$ - | \$ 57,130 | \$ 24,932 | 100.00 | \$ 24,932 | \$ 657,313 | \$ - | 2, b) |
| Ke Yu | Computer software maintenance and computer system integration | 821,604 | b) | 740,883 | - | - | 740,883 | 3,830 | 100.00 | 3,830 | 740,272 | - | 2, b) |
| Tai Feng | Computer software maintenance and computer system integration | 511,107 | b) | 456,118 | - | - | 456,118 | 2,535 | 100.00 | 2,535 | 490,727 | - | 2, b) |
| Qing Tai | Computer software maintenance and computer system integration | 538,187 | b) | 471,475 | - | - | 471,475 | (127,839) | 100.00 | (127,839) | 180,064 | - | 2, b) |
| Dongfeng Yulon | Manufacturing of key car components, electric cars and related parts | 15,857,423 | b) | 8,192,998 | - | - | 8,192,998 | (2,161,179) | 50.00 | (1,080,590) | (1,000,783) | - | 2, a) |
| Su Zhou Chen Long | Sale, maintenance and repair of cars and parts | 197,609 | b) | 86,002 | - | - | 86,002 | 59,991 | 40.00 | 23,996 | 293,332 | - | 2, b) |
| Yulon Motor Investment | Investment, shareholding and related business | 4,355,514 | b) | 1,789,918 | - | - | 1,789,918 | (127,762) | 100.00 | (127,762) | (3,104,141) | - | 2, b) |
| Luxgen (Hangzhou) Motor Sales | Sales of cars and car parts | 7,152,505 | b) | 2,750,528 | 4,447,150 | - | 4,974,103 | (1,224,529) | 100.00 | (1,224,529) | 4,683,325 | - | 2, a) |
| Yulon Motor Finance | Car purchases and loans to car dealers for car purchases | 4,475,000 | a) | 2,282,250 | - | - | 2,282,250 | 127,630 | 73.42 | 93,703 | 4,579,457 | - | 2, b) |
| Hang Zhou Jian Tai | Tailpipe, catalyzer assembling, chassises, connection arms, crossrails of engines and other stamping and welding parts | 143,167 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Chun Yu | Tire monitors, blue tooth communication device, keyless entry system | 61,156 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Xian Bo | Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing | 76,910 | b) | 3,072 | - | - | 3,072 | - | - | - | - | - | - |
| Hang Zhou Yong Ren | Manufacturing of machinery, car accessory and seat parts | 111,821 | b) | 2,304 | - | - | 2,304 | 2,140 | 2.59 | - | 2,304 | - | - |
| Hang Zhou Yo Zhan | Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products | 354,864 | b) | 3,072 | - | - | 3,072 | - | 2.10 | - | - | - | - |
| Hang Zhou Haitec Company | Product design | 138,140 | b) | - | - | - | - | (52,950) | 10.00 | (5,295) | 3,628 | - | 2, a) |

(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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-----------------------------|---|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Fujian Spicer | Production of automotive key components, drive axle assemblies and their parts and components | \$ 916,507 | a) | \$ - | \$ 233,745 | \$ - | \$ 233,745 | \$ 180,611 | 20.05 | \$ 37,309 | \$ 242,660 | \$ - | 2, c) |
| Shenyang Spicer | Manufacturing and sales of automotive drive shafts, mechanical drive shafts and spare parts | 384,522 | a) | - | 56,475 | - | 56,475 | 4,914 | 14.00 | (611) | 53,598 | - | 2, c) |
| Hui Zhou Deng Feng Yi Jing | Manufacturing of car parts | 671,250 | b) | - | - | - | - | 48,735 | 66.00 | 31,961 | 520,461 | - | 2, c) |
| Hangchow Yue Wan | Manufacturing of car parts | 334,142 | b) | - | 180,218 | - | 180,218 | (75,148) | 77.00 | (58,210) | 215,695 | - | 2, c) |
| Hangchow Y-Teks | Manufacturing and sales of car interior furnishing and related business | 267,201 | b) | - | - | - | - | (57,876) | 27.00 | (32,276) | 267,955 | - | 2, c) |
| Changzhou Y-TEKS | Manufacturing and sales of car interior furnishing and related business | 52,109 | b) | - | - | - | - | (9,981) | 14.00 | (1,397) | 69,274 | - | 2, c) |
| Liu Zhou Yu Xin Fang Sheng | Manufacturing and sales of car interior furnishing and related business | 153,575 | b) | - | - | - | - | (220,295) | 5.00 | 11,015 | 207,778 | - | 2, c) |
| Guang Zhou He Xi | Manufacturing and sales of car interior furnishing and related business | 202,719 | b) | - | - | - | - | 1,516,137 | 6.00 | 90,968 | 1,003,128 | - | 2, c) |
| Fuzhou Lianghong | Manufacturing of car seats | 465,239 | b) | - | - | - | - | 104,009 | 17.00 | 17,682 | 487,645 | - | 2, c) |
| Hangchow Liangrun | Manufacturing of car seats | 436,935 | b) | - | - | - | - | (107,813) | 25.00 | (26,964) | 96,832 | - | 2, c) |
| Guang Zhou Ri Zheng Spring | Manufacturing of vibration damper springs | 821,626 | b) | - | - | - | - | 209,441 | 10.00 | 20,944 | 1,270,280 | - | 2, c) |
| Shang Hai Jing-Huei | Sales of car parts | 50,474 | a) | - | - | - | - | (2,420) | 61.00 | (1,479) | 72,945 | - | 2, c) |
| Yu-Jie | Construction industry | 2,237,500 | a) | - | - | - | - | 15,911 | 100.00 | 15,911 | 2,264,703 | - | 2, b) |
| Car-Plus (Suzhou) | Lease of cars and related services | 307,150 | b) | - | - | - | - | 77,902 | 39.00 | 30,536 | 681,194 | - | 2, b) |
| Car-Plus Leasing (Shanghai) | Lease of cars and related services | 307,150 | b) | - | - | - | - | 28,123 | 39.00 | 11,024 | 349,239 | - | 2, b) |
| Car-Plus GO | Lease of cars and related services | 307,150 | b) | - | - | - | - | (875) | 37.00 | (325) | 306,425 | - | 2, b) |
| Yu-Rong Leasing (Suzhou) | Equipments and cars leasing business | 921,450 | b) | - | - | - | - | 331,493 | 37.00 | 123,055 | 1,636,039 | - | 2, b) |
| TAC Finance Company | Equipments and cars leasing business | 921,450 | b) | - | - | - | - | (139,674) | 66.00 | (91,836) | 641,862 | - | 2, b) |
| Zhe Jiang Cheng Yi Company | Equipments and cars leasing business | 89,506 | b) | - | - | - | - | 603 | 62.00 | 376 | 58,510 | - | 2, c) |
| Hangzhou Cheng Yi Jian | Advisory services and business agent of secondhand vehicles | 2,238 | b) | - | - | - | - | (169) | 62.00 | (105) | 1,978 | - | 2, c) |
| Zhejiang Cheng-Yi Auction | Secondhand vehicle authenticate and evaluation service | 8,951 | b) | - | - | - | - | (1,929) | 62.00 | (1,203) | 4,968 | - | 2, c) |
| Su Zhou Yu Guo | Car purchases and loans to car dealers for car purchases | 8,951 | b) | - | - | - | - | (1,414) | 17.00 | (240) | 1,998 | - | 2, c) |
| Shanghai Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 1,436 | 17.00 | 244 | 2,697 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|-------------------------------|---|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Dongguan Yu Guo | Sales of cars | \$ 8,951 | b) | \$ - | \$ - | \$ - | \$ - | \$ (4,615) | 17.00 | \$ (784) | \$ 814 | \$ - | 2, c) |
| Xiamen Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (9,038) | 17.00 | (1,535) | - | - | 2, c) |
| Chengdu Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (1,997) | 16.98 | (339) | 436 | - | 2, c) |
| Ho Fei Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 315 | 17.00 | 53 | 2,605 | - | 2, c) |
| Qingdao Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (255) | 17.00 | (43) | 2,236 | - | 2, c) |
| Wuhan Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | (3,543) | 43.00 | (1,509) | 5,338 | - | 2, c) |
| Kunming Yu Guo | Sales of cars | 8,951 | b) | - | - | - | - | 1,373 | 17.00 | 233 | 2,511 | - | 2, b) |
| Fu Jian Yu Xin | Sales of cars | 92,083 | b) | - | - | - | - | (32,808) | 100.00 | (32,808) | (74,791) | - | 2, b) |
| Ning Bo Yu Cheng | Sales of cars | 92,083 | b) | - | - | - | - | (17,966) | 100.00 | (17,966) | (41,374) | - | 2, c) |
| Shanghai Yuming | Sales of cars | 224,471 | b) | - | - | - | - | (67,217) | 67.00 | (45,026) | (37,575) | - | 2, a) |
| Ka Shing Yu Da | Sales of cars | 56,367 | b) | - | - | - | - | (15,540) | 67.00 | (10,410) | 2,948 | - | 2, a) |
| Dong Yu Tech. Company | Car manufacture and furnishing; manufacture, installation and sale of car parts | 70,459 | b) | - | - | - | - | (2,699) | 45.00 | (1,215) | 45,423 | - | 2, b) |
| Dong Feng Yulon Sales Company | Sales of cars and car parts | 230,207 | b) | - | - | - | - | (82,393) | 50.00 | (41,196) | (4,065,922) | - | 2, b) |
| Chuang Jie New Energy Vehicle | Manufacturing of key car components, electric cars and related parts | 3,602,321 | b) | - | 3,535,911 | - | 3,535,911 | (26,889) | 100.00 | (26,889) | 3,509,097 | - | 2, b) |
| Sheng Qing | Investments | 2,698,946 | b) | - | 137,502 | - | 137,502 | 63,474 | 100.00 | 63,474 | 1,907,782 | - | 2, b) |
| Mei De | Computer software maintenance and computer system integration | 366,029 | b) | - | - | - | - | 707 | 100.00 | 707 | 362,924 | - | 2, b) |
| Shi Cheng | Computer software maintenance and computer system integration | 333,462 | b) | - | - | - | - | (84,472) | 100.00 | (84,472) | (71,538) | - | 2, b) |
| Jin Ce | Computer software maintenance and computer system integration | 90,564 | b) | - | - | - | - | (5,372) | 100.00 | (5,372) | 66,373 | - | 2, b) |
| Yi Ding | Computer software maintenance and computer system integration | 254,149 | b) | - | - | - | - | (1,477) | 100.00 | (1,477) | 235,079 | - | 2, b) |
| Dong Tai | Investments | 339,771 | b) | - | - | - | - | (90,472) | 100.00 | (90,472) | (96,596) | - | 2, b) |
| Gao Te | Investments | 267,040 | b) | - | - | - | - | (1,989) | 100.00 | (1,989) | 239,463 | - | 2, b) |
| Shen Jun Yu Peng | Sales of cars | 55,250 | b) | - | - | - | - | 15,235 | 65.00 | 9,903 | 9,902 | - | 2, b) |
| Su Zhou Feng Shen | Sales of cars | 220,999 | b) | - | - | - | - | 153,226 | 40.00 | 61,291 | 377,709 | - | 2, b) |
| Guang Zhou Yuan Du | Sales of cars | 161,145 | b) | - | - | - | - | 16,639 | 51.00 | 8,486 | 134,553 | - | 2, b) |
| Zhu Hai Fu Te En | Sales of cars | 23,021 | b) | - | - | - | - | 17,163 | 100.00 | 17,163 | 153,776 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|---------------------|------------------------------|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| Nanjing Hanhong | Sales of cars | \$ 323,454 | b) | \$ - | \$ - | \$ - | \$ - | \$ (11,929) | 100.00 | \$ (11,929) | \$ 164,525 | \$ - | 2, b) |
| Wuhan Yu Hsin | Sales of cars | 128,916 | b) | - | - | - | - | 38,978 | 100.00 | 38,978 | 23,249 | - | 2, b) |
| HangZhou Yu Zhong | Trading | 46,041 | b) | - | - | - | - | 292 | 100.00 | 292 | 76,107 | - | 2, b) |
| Jiangmen Junxing | Sales of cars | 93,014 | b) | - | - | - | - | (5,846) | 60.00 | (3,507) | 66,726 | - | 2, b) |
| Jiangmen Yuli | Sales of cars | 46,973 | b) | - | - | - | - | (16,448) | 60.00 | (9,869) | 41,083 | - | 2, b) |
| He-Shan Li-Sheng | Sales of cars | 2,919 | b) | - | - | - | - | (1,090) | 60.00 | (654) | 4,690 | - | 2, b) |
| Guang Zhou Yuan Zhi | Sales of cars | 91,640 | b) | - | - | - | - | (27,396) | 51.00 | (13,972) | 6,564 | - | 2, b) |
| Qingdao Yuanhuang | Sales of cars | 138,124 | b) | - | - | - | - | (14,181) | 51.00 | (7,232) | (82,158) | - | 2, b) |
| Hang Zhou Hua Zhi | Sales of cars | 92,083 | b) | - | - | - | - | (52,981) | 80.00 | (42,385) | (124,702) | - | 2, b) |
| Chang Sha Yu Lu | Sales of cars | 92,083 | b) | - | - | - | - | (26,064) | 100.00 | (26,064) | 26,167 | - | 2, b) |
| Hang Zhou Tang Yu | Investments | 46,041 | b) | - | - | - | - | 125 | 100.00 | 125 | 48,700 | - | 2, b) |
| Hang Zhou Chien Yu | Investments | 46,041 | b) | - | - | - | - | (151) | 100.00 | (151) | 40,317 | - | 2, b) |
| Zhuhai Yuhsin | Sales of cars | 23,021 | b) | - | - | - | - | (13,538) | 100.00 | (13,538) | (32,039) | - | 2, b) |
| Shenzhen Yu Zhi | Sales of cars | 46,041 | b) | - | - | - | - | (18,116) | 100.00 | (18,116) | 4,981 | - | 2, b) |
| Xiao Gan Yu Feng | Sales of cars | 73,666 | b) | - | - | - | - | 25,914 | 100.00 | 25,914 | 113,046 | - | 2, b) |
| Su Zhou Feng Shun | Sales of cars | 115,756 | b) | - | - | - | - | 79,447 | 40.00 | 31,779 | 346,531 | - | 2, b) |
| Suzhou Yueshun | Sales of cars | 46,041 | b) | - | - | - | - | (6,826) | 40.00 | (2,730) | 42,717 | - | 2, b) |
| Su Chou Cheng Pin | Sales of cars | 186,028 | b) | - | - | - | - | 534 | 40.00 | 213 | 187,188 | - | 2, b) |
| Wu Jiang Lian Cheng | Sales of cars | 46,041 | b) | - | - | - | - | 25,180 | 40.00 | 10,072 | 132,787 | - | 2, b) |
| Su Zhou Cheng Li | Sales of cars | 69,527 | b) | - | - | - | - | 2,075 | 40.00 | 830 | 43,200 | - | 2, b) |
| Hang Zhou Hsiao Yu | Investments | 46,041 | b) | - | - | - | - | (82) | 99.00 | (81) | 40,640 | - | 2, b) |
| Nan Jing Yu Shang | Sales of cars | 36,833 | b) | - | - | - | - | (11,610) | 100.00 | (11,610) | (62,081) | - | 2, b) |
| Hang Zhou Hua You | Sales of cars | 36,833 | b) | - | - | - | - | (40,250) | 80.00 | (32,200) | (159,258) | - | 2, b) |
| Su Zhou Cheng Pang | Sales of cars | 46,041 | b) | - | - | - | - | 7,952 | 40.00 | 3,181 | 62,918 | - | 2, b) |
| Nan Jing Yu Hua | Sales of cars | 138,124 | b) | - | - | - | - | (11,094) | 100.00 | (11,094) | 121,800 | - | 2, b) |
| Su Zhou Cheng Guo | Sales of cars | 46,973 | b) | - | - | - | - | (11,112) | 40.00 | (4,445) | 8,409 | - | 2, b) |
| Su Zhou Cheng Hung | Sales of cars | 46,973 | b) | - | - | - | - | 7,050 | 40.00 | 2,820 | 45,469 | - | 2, b) |
| Tai Chang Cheng Mau | Sales of cars | 46,973 | b) | - | - | - | - | 8,449 | 40.00 | 3,380 | 74,541 | - | 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, 2018 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2018 | Accumulated Repatriation of Investment Income as of December 31, 2018 | Note |
|--------------------|------------------------------|-----------------|-------------------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|-------|
| | | | | | Outward | Inward | | | | | | | |
| An Hui Min Tung | Sales of cars | \$ 46,973 | b) | \$ - | \$ - | \$ - | \$ - | \$ (25,234) | 100.00 | \$ (25,234) | \$ (37,709) | \$ - | 2, b) |
| An Ching Tsai Tung | Sales of cars | 23,486 | b) | - | - | - | - | (18,386) | 100.00 | (18,386) | (86,373) | - | 2, b) |
| An Ching Ling Tung | Sales of cars | 18,789 | b) | - | - | - | - | (8,162) | 100.00 | (8,162) | (63,155) | - | 2, b) |
| Tung Ling Kuo Tung | Sales of cars | 23,486 | b) | - | - | - | - | (14,934) | 100.00 | (14,934) | (15,010) | - | 2, b) |
| Ho Fei Chun Hui | Sales of cars | 2,349 | b) | - | - | - | - | 4,943 | 100.00 | 4,943 | (21,316) | - | 2, b) |
| Zi Bo Yu An | Sales of cars | 23,486 | b) | - | - | - | - | (16,479) | 100.00 | (16,479) | (29,367) | - | 2, b) |

| Accumulated Investment in Mainland China as of December 31, 2018 | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|--|---|--|---|
| Yulon Motor Company Ltd. | \$25,429,823 | \$30,311,252 | \$49,836,174 |

Note 1: Method of investment have following type:

- a. Direct investment in Mainland China.
- b. Indirect investment in the Company of Mainland China through a third place.
- c. Other.

Note 2:

- a. If it is in preparation, there is no investment gains and losses, should be noted.
- b. The amounts of investment gain (loss) was recognized on following bases:
 - 1) Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.
 - 3) Other.

Note 3: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(Concluded)

TABLE 11

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

| 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 | \$ 81,206 | Based on regular terms | - |
| | | Luxgen | 1 | Other receivables from related parties | 18,433 | Based on regular terms | - |
| | | Yulon Motor Investment | 1 | Other receivables from related parties | 13,309 | Based on regular terms | - |
| | | The Company | 1 | Long term investment | 40,617 | Based on regular terms | - |
| | | The Company | 1 | Long term investment | 13,610 | Based on regular terms | - |
| | | Yulon Finance Corporation | 1 | Operating revenue, net | 24,808 | Based on regular terms | - |
| | | Yu Pong | 1 | Operating revenue, net | 13,385 | Based on regular terms | - |
| | | Singan | 1 | Operating revenue, net | 15,591 | Based on regular terms | - |
| | | Yulon Construction | 1 | Operating revenue, net | 133,242 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 35,272 | Based on regular terms | - |
| | | Chan Chen | 1 | Operating revenue, net | 16,182 | Based on regular terms | - |
| | | Luxgen | 1 | Operating revenue, net | 6,349,567 | Based on regular terms | 7 |
| | | Luxgen Taipei | 1 | Operating revenue, net | 34,496 | Based on regular terms | - |
| | | Luxgen Taoyuan | 1 | Operating revenue, net | 15,206 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 1,514,226 | Based on regular terms | 1 |
| | | Yu Sing | 1 | Operating revenue, net | 2,145,027 | Based on regular terms | 2 |
| | | Yu Chang | 1 | Operating revenue, net | 2,852,585 | Based on regular terms | 2 |
| | | Empower | 1 | Operating revenue, net | 2,180,560 | Based on regular terms | 2 |
| | | Yushin | 1 | Operating revenue, net | 157,077 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 370,555 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 446,934 | Based on regular terms | 1 |
| | | Empower | 1 | Operating revenue, net | 250,671 | Based on regular terms | - |
| | | Yulon Finance Corporation | 1 | Operating revenue, net | 404,118 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 192,711 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 284,685 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 288,233 | Based on regular terms | - |
| | | Empower | 1 | Operating revenue, net | 243,361 | Based on regular terms | - |
| | | Singan | 1 | Operating revenue, net | 25,874 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 15,723 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 15,701 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 30,755 | Based on regular terms | - |
| | | Empower | 1 | Operating revenue, net | 17,214 | Based on regular terms | - |
| | | Luxgen | 1 | Nonoperating revenue and expense | 37,174 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 40,617 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 38,281 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 13,610 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 10,968 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 11,727 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|------------------------|---|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 1 | Shanghai Yuming | Ka Shing Yu Da | 3 | Other receivables from related parties | \$ 14,548 | Based on regular terms | - |
| 2 | Luxgen Taichung | Luxgen Car-plus Corporation | 3 | Notes and trade receivables, net | 22,300 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 28,290 | Based on regular terms | - |
| 3 | Diamond Leasing | Car-plus Corporation Yueki Y-Teks Union & NKH Auto Parts | 3 | Other receivables from related parties | 16,671 | Based on regular terms | - |
| | | | 3 | Other current assets | 35,171 | Based on regular terms | - |
| | | | 3 | Other current assets | 66,393 | Based on regular terms | - |
| | | | 3 | Other current assets | 31,319 | Based on regular terms | - |
| 4 | Union & NKH Auto Parts | The Company Uni Investment Fuzhou Lianghong Hangchow Liangrun The Company Fuzhou Lianghong Hangchow Liangrun | 2 | Notes and trade receivables, net | 220,458 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 11,760 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 63,039 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 249,340 | Based on regular terms | - |
| | | | 2 | Operating revenue, net | 910,942 | Based on regular terms | 1 |
| | | | 3 | Operating revenue, net | 65,180 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 40,841 | Based on regular terms | - |
| 6 | Luxgen Taipei | Luxgen Car-plus Corporation Luxgen Luxgen | 3 | Notes and trade receivables, net | 38,753 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 161,748 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 77,000 | Based on regular terms | - |
| | | | 3 | Nonoperating revenue and expense | 13,407 | Based on regular terms | - |
| 7 | Sin Chi | Yu Sing | 3 | Operating revenue, net | 57,736 | Based on regular terms | - |
| 8 | Singgual Travel | The Company The Company Luxgen Luxgen Taipei Luxgen Taoyuan Luxgen Taichung Luxgen Tainan Luxgen Kaohsiung | 2 | Notes and trade receivables, net | 24,890 | Based on regular terms | - |
| | | | 2 | Operating revenue, net | 248,666 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 18,697 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 47,975 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 28,246 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 31,352 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 16,926 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 21,443 | Based on regular terms | - |
| 9 | Singan | The Company The Company | 2 | Notes and trade receivables, net | 21,089 | Based on regular terms | - |
| | | | 2 | Operating revenue, net | 116,737 | Based on regular terms | - |
| 10 | Sin Jiang | Yulon Finance Corporation | 3 | Operating revenue, net | 42,688 | Based on regular terms | - |
| 11 | Wu Jiang Lian Cheng | Su Zhou Cheng Hung Su Zhou Cheng Guo Tai Chang Cheng Mau | 3 | Other receivables from related parties | 17,901 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 17,901 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 26,852 | Based on regular terms | - |
| 12 | Xiao Gan Yu Feng | Chang Sha Yu Lu Wuhan Yu Hsin | 3 | Other receivables from related parties | 11,584 | Based on regular terms | - |
| | | | 3 | Operating revenue, net | 38,314 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|-------------------------------|-------------------------------|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 13 | H. K. Manpower | Car-plus Corporation | 3 | Operating revenue, net | \$ 27,383 | Based on regular terms | - |
| 14 | Kuen You Trading | Yu Sing | 3 | Notes and trade receivables, net | 13,033 | Based on regular terms | - |
| | | Yu Sing | 3 | Operating revenue, net | 59,750 | Based on regular terms | - |
| 15 | Hang Zhou Hua Zhi | Hang Zhou Hua You | 3 | Other receivables from related parties | 44,648 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Operating revenue, net | 15,720 | Based on regular terms | - |
| 16 | Hang Zhou Tang Yu | Yulon Motor Investment | 3 | Other receivables from related parties | 39,383 | Based on regular terms | - |
| 17 | HangZhou Yu Zhong | Sheng Qing | 3 | Other receivables from related parties | 17,476 | Based on regular terms | - |
| | | Hang Zhou Hsiao Yu | 3 | Other receivables from related parties | 17,901 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Other receivables from related parties | 18,349 | Based on regular terms | - |
| | | Yulon Motor Investment | 3 | Other receivables from related parties | 12,083 | Based on regular terms | - |
| 18 | Hangchow Y-Teks | Luxgen (Hangzhou) Motor Sales | 3 | Operating revenue, net | 49,604 | Based on regular terms | - |
| 19 | Hangchow Liangrun | Union & NKH Auto Parts | 3 | Operating revenue, net | 11,839 | Based on regular terms | - |
| | | Fuzhou Lianghong | 3 | Operating revenue, net | 18,561 | Based on regular terms | - |
| | | Luxgen (Hangzhou) Motor Sales | 3 | Operating revenue, net | 73,172 | Based on regular terms | - |
| 20 | Dong Feng Yulon Sales Company | Hang Zhou Hua Zhi | 3 | Notes and trade receivables, net | 39,215 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Notes and trade receivables, net | 47,613 | Based on regular terms | - |
| | | Luxgen (Hangzhou) Motor Sales | 3 | Operating revenue, net | 10,171 | Based on regular terms | - |
| 21 | Wuhan Yu Hsin | Xiao Gan Yu Feng | 3 | Operating revenue, net | 37,858 | Based on regular terms | - |
| 23 | Nan Jing Yu Hua | Nanjing Hanhong | 3 | Other receivables from related parties | 114,481 | Based on regular terms | - |
| 24 | Nanjing Hanhong | Nan Jing Yu Shang | 3 | Other receivables from related parties | 79,270 | Based on regular terms | - |
| | | Zhu Hai Fu Te En | 3 | Operating revenue, net | 17,537 | Based on regular terms | - |
| | | Nan Jing Yu Shang | 3 | Operating revenue, net | 272,041 | Based on regular terms | - |
| | | Nan Jing Yu Hua | 3 | Operating revenue, net | 16,694 | Based on regular terms | - |
| 25 | Luxgen Tainan | Luxgen | 3 | Notes and trade receivables, net | 15,224 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 18,876 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 24,944 | Based on regular terms | - |
| 26 | Ke Yu | Tai Feng | 3 | Other receivables from related parties | 212,452 | Based on regular terms | - |
| | | Yi Ding | 3 | Other receivables from related parties | 22,396 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 418,445 | Based on regular terms | - |
| 27 | Mei De | Shi Cheng | 3 | Other receivables from related parties | 22,390 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 134,930 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|-------------------------------|-------------------------------|------------------------|--|------------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 28 | Car-plus Corporation | Diamond Leasing | 3 | Notes and trade receivables, net | \$ 332,679 | Based on regular terms | - |
| | | Da-Teng | 3 | Notes and trade receivables, net | 25,220 | Based on regular terms | - |
| | | Yu Sing | 3 | Operating revenue, net | 37,346 | Based on regular terms | - |
| | | Diamond Leasing | 3 | Operating revenue, net | 14,430 | Based on regular terms | - |
| | | Hsiang Shou | 3 | Operating revenue, net | 18,334 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 21,350 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Operating revenue, net | 11,270 | Based on regular terms | - |
| | | | | | | | |
| 29 | Luxgen Taoyuan | Luxgen | 3 | Notes and trade receivables, net | 14,339 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 35,508 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 31,588 | Based on regular terms | - |
| 30 | Tai Feng | Yi Ding | 3 | Other receivables from related parties | 13,437 | Based on regular terms | - |
| | | Dong Tai | 3 | Other receivables from related parties | 22,410 | Based on regular terms | - |
| 31 | Zhu Hai Fu Te En | Nanjing Hanhong | 3 | Other receivables from related parties | 16,217 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Other receivables from related parties | 58,179 | Based on regular terms | - |
| | | Zhuhai Yuhsin | 3 | Other receivables from related parties | 58,526 | Based on regular terms | - |
| | | Nan Jing Yu Hua | 3 | Other receivables from related parties | 17,901 | Based on regular terms | - |
| 32 | Luxgen (Hangzhou) Motor Sales | Chang Sha Yu Lu | 3 | Notes and trade receivables, net | 131,273 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Other receivables from related parties | 685,032 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Guarantee deposits | 17,901 | Based on regular terms | - |
| | | Car-Plus (Suzhou) | 3 | Operating revenue, net | 71,466 | Based on regular terms | - |
| | | Zhuhai Yuhsin | 3 | Operating revenue, net | 10,020 | Based on regular terms | - |
| | | Suzhou Yueshun | 3 | Operating revenue, net | 22,434 | Based on regular terms | - |
| | | Shanghai Yuming | 3 | Operating revenue, net | 20,292 | Based on regular terms | - |
| | | Ning Bo Yu Cheng | 3 | Operating revenue, net | 28,047 | Based on regular terms | - |
| | | Fu Jian Yu Xin | 3 | Operating revenue, net | 24,317 | Based on regular terms | - |
| | | Hang Zhou Hua Zhi | 3 | Operating revenue, net | 66,392 | Based on regular terms | - |
| | | Guang Zhou Yuan Zhi | 3 | Operating revenue, net | 40,424 | Based on regular terms | - |
| | | Shenzhen Yu Zhi | 3 | Operating revenue, net | 28,377 | Based on regular terms | - |
| | | Chang Sha Yu Lu | 3 | Operating revenue, net | 121,442 | Based on regular terms | - |
| | | Jiangmen Yuli | 3 | Operating revenue, net | 13,806 | Based on regular terms | - |
| | | An Hui Min Tung | 3 | Operating revenue, net | 19,119 | Based on regular terms | - |
| | | | | | | | |
| 33 | Luxgen | Yulon Finance Corporation | 3 | Notes and trade receivables, net | 62,503 | Based on regular terms | - |
| | | The Company | 2 | Other receivables from related parties | 39,590 | Based on regular terms | - |
| | | Yulon Finance Corporation | 3 | Operating revenue, net | 6,692,287 | Based on regular terms | 8 |
| | | Singgual Travel | 3 | Operating revenue, net | 40,103 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 99,589 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Operating revenue, net | 281,678 | Based on regular terms | - |
| | | Luxgen Taoyuan | 3 | Operating revenue, net | 173,672 | Based on regular terms | - |
| | | Luxgen Taichung | 3 | Operating revenue, net | 147,157 | Based on regular terms | - |
| | | Luxgen Tainan | 3 | Operating revenue, net | 85,651 | Based on regular terms | - |
| | | Luxgen Kaohsiung | 3 | Operating revenue, net | 98,962 | Based on regular terms | - |
| | | Yulon Energy | 3 | Operating revenue, net | 18,937 | Based on regular terms | - |
| | | | | | | | |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|------------------|---------------------------|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 35 | Luxgen Kaohsiung | Luxgen | 3 | Notes and trade receivables, net | \$ 14,200 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 27,384 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 21,890 | Based on regular terms | - |
| 37 | Tian Wang | Yu Chang | 3 | Operating revenue, net | 86,197 | Based on regular terms | - |
| 38 | Sheng Qing | Xiamen Young Chang | 3 | Other receivables from related parties | 99,255 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Other receivables from related parties | 181,766 | Based on regular terms | - |
| | | Zhu Hai Fu Te En | 3 | Other receivables from related parties | 182,592 | Based on regular terms | - |
| | | Nanjing Hanhong | 3 | Other receivables from related parties | 113,225 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Other receivables from related parties | 215,960 | Based on regular terms | - |
| | | Zhuhai Yuhsin | 3 | Other receivables from related parties | 44,529 | Based on regular terms | - |
| | | Jiangmen Junxing | 3 | Other receivables from related parties | 44,982 | Based on regular terms | - |
| | | Shanghai Yuming | 3 | Other receivables from related parties | 71,939 | Based on regular terms | - |
| | | Qingdao Yuanhuang | 3 | Other receivables from related parties | 90,971 | Based on regular terms | - |
| | | Ning Bo Yu Cheng | 3 | Other receivables from related parties | 88,639 | Based on regular terms | - |
| | | Fu Jian Yu Xin | 3 | Other receivables from related parties | 145,430 | Based on regular terms | - |
| | | Hang Zhou Hua Zhi | 3 | Other receivables from related parties | 62,654 | Based on regular terms | - |
| | | Guang Zhou Yuan Zhi | 3 | Other receivables from related parties | 50,034 | Based on regular terms | - |
| | | Xiao Gan Yu Feng | 3 | Other receivables from related parties | 135,704 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Other receivables from related parties | 10,840 | Based on regular terms | - |
| | | Chang Sha Yu Lu | 3 | Other receivables from related parties | 15,205 | Based on regular terms | - |
| | | Yulon Motor Investment | 3 | Other receivables from related parties | 1,308,221 | Based on regular terms | - |
| | | An Hui Min Tung | 3 | Other receivables from related parties | 23,612 | Based on regular terms | - |
| | | An Ching Tsai Tung | 3 | Other receivables from related parties | 79,104 | Based on regular terms | - |
| | | An Ching Ling Tung | 3 | Other receivables from related parties | 40,355 | Based on regular terms | - |
| | | Ho Fei Chun Hui | 3 | Other receivables from related parties | 27,686 | Based on regular terms | - |
| | | Tung Ling Kuo Tung | 3 | Other receivables from related parties | 16,237 | Based on regular terms | - |
| | | Zi Bo Yu An | 3 | Other receivables from related parties | 41,019 | Based on regular terms | - |
| | | Yu-Jie | 3 | Other receivables from related parties | 179,960 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Nonoperating revenue and expense | 16,969 | Based on regular terms | - |
| | | Zhu Hai Fu Te En | 3 | Nonoperating revenue and expense | 12,035 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Nonoperating revenue and expense | 14,178 | Based on regular terms | - |
| | | Yulon Motor Investment | 3 | Nonoperating revenue and expense | 74,190 | Based on regular terms | - |
| 39 | Hsiang Shou | Singan | 3 | Other receivables from related parties | 30,155 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 19,239 | Based on regular terms | - |
| 40 | Yu Chang | Yulon Finance Corporation | 3 | Notes and trade receivables, net | 42,384 | Based on regular terms | - |
| | | Tian Wang | 3 | Notes and trade receivables, net | 10,338 | Based on regular terms | - |
| | | Tian Wang | 3 | Operating revenue, net | 44,114 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 35,295 | Based on regular terms | - |
| 41 | Yu Pong | The Company | 2 | Operating revenue, net | 21,090 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|-----------------------------|-------------------------------|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 42 | Yu Sing | Yulon Finance Corporation | 3 | Notes and trade receivables, net | \$ 40,458 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Notes and trade receivables, net | 22,746 | Based on regular terms | - |
| | | The Company | 2 | Other current assets | 11,609 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 87,198 | Based on regular terms | - |
| | | Yu Chang | 3 | Operating revenue, net | 31,119 | Based on regular terms | - |
| | | Yushin | 3 | Operating revenue, net | 39,801 | Based on regular terms | - |
| | | Empower | 3 | Operating revenue, net | 33,189 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 426,793 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Nonoperating revenue and expense | 12,344 | Based on regular terms | - |
| | | Kuen You Trading | 3 | Nonoperating revenue and expense | 12,229 | Based on regular terms | - |
| 43 | Yu-Hsin Intl HK | Hangchow Y-Teks | 3 | Other receivables from related parties | 188,317 | Based on regular terms | - |
| 44 | Yu-Hsin Intl | Yu-Hsin Intl HK | 3 | Other receivables from related parties | 153,575 | Based on regular terms | - |
| 45 | TAC Financial Company | Luxgen (Hangzhou) Motor Sales | 3 | Notes and trade receivables, net | 22,395 | Based on regular terms | - |
| 46 | Yue Sheng | The Company | 2 | Notes and trade receivables, net | 36,559 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 207,143 | Based on regular terms | - |
| 47 | Yu Rich | Qinton | 3 | Other receivables from related parties | 18,754 | Based on regular terms | - |
| | | Yulon Finance Corporation | 3 | Operating revenue, net | 30,411 | Based on regular terms | - |
| | | Qinton | 3 | Operating revenue, net | 20,282 | Based on regular terms | - |
| 48 | Yulon China | Sheng Qing | 3 | Other receivables from related parties | 1,356,751 | Based on regular terms | - |
| | | Sheng Qing | 3 | Nonoperating revenue and expense | 36,030 | Based on regular terms | - |
| 49 | Yulon Motor Investment | Dong Feng Yulon Sales Company | 3 | Notes and trade receivables, net | 23,569 | Based on regular terms | - |
| | | Tai Feng | 3 | Other receivables from related parties | 50,662 | Based on regular terms | - |
| | | Yi Ding | 3 | Other receivables from related parties | 24,269 | Based on regular terms | - |
| | | Mei De | 3 | Other receivables from related parties | 37,211 | Based on regular terms | - |
| | | Shi Cheng | 3 | Other receivables from related parties | 14,506 | Based on regular terms | - |
| | | Dong Tai | 3 | Other receivables from related parties | 12,434 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Other receivables from related parties | 68,269 | Based on regular terms | - |
| | | Shenzhen Yu Zhi | 3 | Other receivables from related parties | 60,432 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Other receivables from related parties | 96,803 | Based on regular terms | - |
| 50 | Yulon China (HK) Holding | Sheng Qing | 3 | Other receivables from related parties | 669,471 | Based on regular terms | - |
| | | Sheng Qing | 3 | Nonoperating revenue and expense | 16,012 | Based on regular terms | - |
| 51 | Yulon Motor Finance (China) | Jiangmen Junxing | 3 | Notes and trade receivables, net | 35,980 | Based on regular terms | - |
| | | Shanghai Yuming | 3 | Notes and trade receivables, net | 22,603 | Based on regular terms | - |
| | | Chang Sha Yu Lu | 3 | Notes and trade receivables, net | 29,335 | Based on regular terms | - |
| | | Jiangmen Yuli | 3 | Notes and trade receivables, net | 13,481 | Based on regular terms | - |
| | | Ka Shing Yu Da | 3 | Notes and trade receivables, net | 13,959 | Based on regular terms | - |
| | | Tung Ling Kuo Tung | 3 | Notes and trade receivables, net | 22,651 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|---------------------------|-----------------------------|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 52 | Yulon Construction | The Company | 2 | Notes and trade receivables, net | \$ 70,707 | Based on regular terms | - |
| | | The Company | 2 | Guarantee deposits | 40,189 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 203,430 | Based on regular terms | - |
| 53 | Yushin | Yu Pool | 3 | Nonoperating revenue and expense | 16,289 | Based on regular terms | - |
| 54 | Yue Ki Samoa | Yue Ki HK | 3 | Other receivables from related parties | 15,359 | Based on regular terms | - |
| 55 | Yueki | The Company | 2 | Notes and trade receivables, net | 98,286 | Based on regular terms | - |
| | | Yustar | 3 | Notes and trade receivables, net | 29,644 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Notes and trade receivables, net | 193,678 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Other receivables from related parties | 83,156 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 614,833 | Based on regular terms | 1 |
| | | Yustar | 3 | Operating revenue, net | 67,825 | Based on regular terms | - |
| | | Diamond Leasing | 3 | Operating revenue, net | 14,211 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 122,869 | Based on regular terms | - |
| 56 | Yu Pool | Yushin | 3 | Notes and trade receivables, net | 18,406 | Based on regular terms | - |
| | | Yushin | 3 | Operating revenue, net | 72,743 | Based on regular terms | - |
| 57 | Yulon Finance Corporation | Yu Chang | 3 | Notes and trade receivables, net | 100,813 | Based on regular terms | - |
| | | Empower | 3 | Notes and trade receivables, net | 65,569 | Based on regular terms | - |
| | | Yu Sing | 3 | Notes and trade receivables, net | 11,772 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Notes and trade receivables, net | 20,528 | Based on regular terms | - |
| | | Luxgen Taoyuan | 3 | Notes and trade receivables, net | 11,245 | Based on regular terms | - |
| | | Yustar | 3 | Other receivables from related parties | 13,157 | Based on regular terms | - |
| 58 | Xiao Gan Yu Feng | The Company | 2 | Operating revenue, net | 17,714 | Based on regular terms | - |
| 59 | Ka Shing Yu Da | Yulon Motor Finance (China) | 3 | Other receivables from related parties | 13,856 | Based on regular terms | - |
| 60 | Guang Zhou Yuan Du | Qingdao Yuanhuang | 3 | Other receivables from related parties | 25,509 | Based on regular terms | - |
| | | Guang Zhou Yuan Zhi | 3 | Other receivables from related parties | 69,367 | Based on regular terms | - |
| 61 | Qing Tai | Shi Cheng | 3 | Other receivables from related parties | 17,917 | Based on regular terms | - |
| | | Dong Tai | 3 | Other receivables from related parties | 112,052 | Based on regular terms | - |
| 62 | Qing Yi | Wen Yang | 3 | Other receivables from related parties | 471,475 | Based on regular terms | - |
| 63 | Y-Teks | The Company | 2 | Notes and trade receivables, net | 62,925 | Based on regular terms | - |
| | | Chan Yun | 3 | Notes and trade receivables, net | 17,271 | Based on regular terms | - |
| | | Diamond Leasing | 3 | Notes and trade receivables, net | 11,567 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 234,887 | Based on regular terms | - |
| | | Yueki | 3 | Operating revenue, net | 10,475 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|--|-------------------------------|------------------------|--|-----------|------------------------|------------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 64 | Su Zhou Feng Shen | Su Chou Cheng Pin | 3 | Other receivables from related parties | \$ 17,901 | Based on regular terms | - |
| | | Su Zhou Cheng Hung | 3 | Other receivables from related parties | 22,377 | Based on regular terms | - |
| | | Su Zhou Cheng Guo | 3 | Other receivables from related parties | 23,272 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Operating revenue, net | 105,972 | Based on regular terms | - |
| | | Su Chou Cheng Pin | 3 | Operating revenue, net | 80,857 | Based on regular terms | - |
| | | Su Chou Cheng Pin | 3 | Operating revenue, net | 29,156 | Based on regular terms | - |
| | | Tai Chang Cheng Mau | 3 | Operating revenue, net | 47,716 | Based on regular terms | - |
| | | | | | | | |
| 65 | Su Zhou Feng Shun | Su Chou Cheng Pin | 3 | Other receivables from related parties | 13,426 | Based on regular terms | - |
| | | Tai Chang Cheng Mau | 3 | Other receivables from related parties | 33,565 | Based on regular terms | - |
| 66 | Suzhou Yueshun | Su Zhou Cheng Li | 3 | Other receivables from related parties | 17,901 | Based on regular terms | - |
| 67 | Su Chou Cheng Pin | Su Zhou Cheng Hung | 3 | Other receivables from related parties | 11,188 | Based on regular terms | - |
| 68 | Su Chou Cheng Pin | Su Zhou Feng Shen | 3 | Operating revenue, net | 44,531 | Based on regular terms | - |
| | | Su Zhou Feng Shun | 3 | Operating revenue, net | 27,651 | Based on regular terms | - |
| | | Wu Jiang Lian Cheng | 3 | Operating revenue, net | 12,616 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Operating revenue, net | 19,571 | Based on regular terms | - |
| 69 | Su Zhou Chen Long | Su Zhou Cheng Hung | 3 | Other receivables from related parties | 35,802 | Based on regular terms | - |
| | | Suzhou Yueshun | 3 | Operating revenue, net | 15,006 | Based on regular terms | - |
| 70 | Jin Ce | Yi Ding | 3 | Other receivables from related parties | 22,390 | Based on regular terms | - |
| 71 | TAC Leasing (Suzhou) | TAC Financial Company | 3 | Other receivables from related parties | 132,021 | Based on regular terms | - |
| 72 | Sinjang International Investment (Samoa) Co., Ltd. | TAC Financial Company | 3 | Other receivables from related parties | 31,590 | Based on regular terms | - |
| 73 | Chuang Jie New Energy Vehicle | Yulon Motor Investment | 3 | Other current assets | 185,079 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Other current assets | 52,066 | Based on regular terms | - |
| 74 | Chan Yun | The Company | 2 | Operating revenue, net | 13,037 | Based on regular terms | - |
| 75 | Yulon Energy | Car-plus Corporation | 3 | Operating revenue, net | 21,172 | 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 | 2018 | 2017 | Difference | |
|--|-------------|-------------|-------------|------------|---------|
| | | | | Amount | % |
| Current assets | | 209,300,378 | 169,428,441 | 39,871,937 | 23.53% |
| Noncurrent assets | | 96,372,715 | 88,988,066 | 7,384,649 | 8.30% |
| Total assets | | 305,673,093 | 258,416,507 | 47,256,586 | 18.29% |
| Current liabilities | | 195,992,191 | 158,832,963 | 37,159,228 | 23.40% |
| Noncurrent liabilities | | 26,620,612 | 20,462,405 | 6,158,207 | 30.10% |
| Total liabilities | | 222,612,803 | 179,295,368 | 43,317,435 | 24.16% |
| Capital stock | | 15,729,199 | 15,729,199 | 0 | 0.00% |
| Additional paid-in capital | | 6,597,972 | 6,665,705 | (67,733) | (1.02%) |
| Retained earnings | | 49,238,886 | 47,916,002 | 1,322,884 | 2.76% |
| Total shareholder's equity | | 83,060,290 | 79,121,139 | 3,939,151 | 4.98% |
| Analysis of changes in financial ratio (root cause of significant change and its impact, describe the future response plan for material effect, if any): | | | | | |
| 1. The increase in current assets is due to the increase in cash and cash equivalents, trade receivable and inventories. | | | | | |
| 2. The increase in noncurrent liabilities is due to the increase in bonds payable and long-term loan. | | | | | |
| 3. The rest of the accounts are without material change. | | | | | |

Comparison and Analysis of individual financial conditions

Unit: NT\$ Thousand

| Item | Fiscal year | 2018 | 2017 | Difference | |
|--|-------------|------------|------------|-------------|----------|
| | | | | Amount | % |
| Current assets | | 21,588,727 | 28,407,784 | (6,819,057) | (24.00%) |
| Noncurrent assets | | 75,457,814 | 64,609,087 | 10,848,727 | 16.79% |
| Total assets | | 97,046,541 | 93,016,871 | 4,029,670 | 4.33% |
| Current liabilities | | 4,665,156 | 7,288,443 | (2,623,287) | (35.99%) |
| Noncurrent liabilities | | 20,644,257 | 15,296,275 | 5,347,982 | 34.96% |
| Total liabilities | | 25,309,413 | 22,584,718 | 2,724,695 | 12.06% |
| Capital stock | | 15,729,199 | 15,729,199 | 0 | 0.00% |
| Additional paid-in capital | | 6,597,972 | 6,665,705 | (67,733) | (1.02%) |
| Retained earnings | | 49,238,886 | 47,916,002 | 1,322,884 | 2.76% |
| Total shareholder's equity | | 71,737,128 | 70,432,153 | 1,304,975 | 1.85% |
| 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 current assets and the increase in non-current assets were mainly due to the increase in capital to investment companies. ° | | | | | |
| 2. The decrease in current liabilities is mainly due to the decrease in accounts payable and other payables. | | | | | |
| 3. The increase in non current liabilities is mainly due to issue bonds. | | | | | |
| 4. The rest of the accounts are without material change.. | | | | | |

7.2 Analysis of Financial Performance

Comparison and Analysis of Consolidated Financial Performance

Unit: NT\$ Thousand

| Item | Fiscal year | 2018 | | 2017 | | Increase (Decrease) Amount | Changes (%) |
|---|-------------|-----------|------------|-----------|------------|----------------------------------|----------------|
| | | Subtotal | Total | Subtotal | Total | | |
| Operating income | | | 88,115,701 | | 94,111,028 | (5,995,327) | (6.37%) |
| Operating cost | | | 69,156,046 | | 74,106,017 | (4,949,971) | (6.68%) |
| Gross profit | | | 18,959,655 | | 20,005,011 | (1,045,356) | (5.23%) |
| Realized (unrealized) sales profit or loss | | | 5,571 | | (3,597) | 9,168 | 254.88% |
| Gross profit – net | | | 18,965,226 | | 20,001,414 | (1,036,188) | (5.18%) |
| Operating expense | | | 16,946,883 | | 18,104,387 | (1,157,504) | (6.39%) |
| Operating net income (loss) | | | 2,018,343 | | 1,897,027 | 121,316 | 6.40% |
| Non-Operating income and expense | | | 3,366,719 | | 2,241,421 | 1,125,298 | 50.20% |
| Other income | | 1,509,016 | | 1,152,280 | | 356,736 | 30.96% |
| Other profit and loss | | (322,421) | | 220,082 | | (542,503) | (246.50%) |
| Financial cost | | (513,165) | | (292,382) | | 220,783 | 75.51% |
| Shareholding in the profit and loss of affiliated companies and joint venture under the equity method | | 2,693,289 | | 1,161,441 | | 1,531,848 | 131.89% |
| Net income before tax | | | 5,385,062 | | 4,138,448 | 1,246,614 | 30.12% |
| Income tax expense | | | 1,538,026 | | 1,060,027 | 477,999 | 45.09% |
| Net income | | | 3,847,036 | | 3,078,421 | 768,615 | 24.97% |
| Other comprehensive profit and loss (net) | | | (687,796) | | (870,238) | 182,442 | 20.96% |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | |
| Remeasurement of defined benefit plans | | 55,961 | | (22,526) | | 78,487 | 348.43% |
| Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method | | (211,382) | | - | | (211,382) | (100.00%) |
| Shareholding in the profit and loss of affiliated companies and joint venture under the equity method | | (61,299) | | (22,653) | | (38,646) | (170.60%) |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | |
| Exchange difference from the translation of foreign operations | | (160,396) | | (412,510) | | 252,114 | 61.12% |
| Unrealized valuation profit and loss of available-for-sale financial assets | | - | | (304,108) | | 304,108 | 100.00% |
| Cash flow hedging | | - | | (201) | | 201 | 100.00% |
| Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method | | 643 | | - | | 643 | 100.00% |
| Shareholding in the profit and loss of affiliated companies and joint venture under the equity method | | (311,323) | | (108,240) | | (203,083) | (187.62%) |
| Total current comprehensive profit and loss | | | 3,159,240 | | 2,208,183 | 951,057 | 43.07% |

Analysis of changes in financial ratio:

1. The increase in operating income and operating cost mainly due to the decline in overseas sales in 2018.
2. The increase in realized sales profit or loss mainly due to the decline in distributor inventory in 2018 was more than that in the same period of last year.
3. Other profit and loss from NT\$ 220,082 thousand (Loss) to Profit NT\$ 322,421 thousand (Profit) which was mainly due to the disposal of financial assets in 2018 years.
4. The increase in profit and loss from the affiliates and joint venture under the equity method is mainly due to the increase in sales volume and increased return on overseas investment of the invested company under the equity method.
5. The decrease in remeasurement of defined benefit plans Mainly due to the adjustment of experience in actuarial reporting

■ Review and Analysis of Financial Conditions and Performance and Risk Management

6. The unrealized gains and losses of equity instrument investments measured by fair value through other comprehensive gains and losses and the unrealized gains and unrealized losses on available-for-sale financial assets are not reclassified to profit and loss in line with the new provision of 2018 IFRS.
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 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 | 2018 | | 2017 | | Increase (Decrease) Amount | Changes (%) |
|---|-------------|-----------|------------|-----------|------------|----------------------------------|----------------|
| | | Subtotal | Total | Subtotal | Total | | |
| Operating income | | | 31,808,738 | | 36,092,796 | (4,284,058) | (11.87%) |
| Operating cost | | | 28,958,424 | | 33,113,549 | (4,155,125) | (12.55%) |
| Gross profit | | | 2,850,314 | | 2,979,247 | (128,933) | (4.33%) |
| Realized (unrealized) sales profit or loss | | | (3,798) | | (37,758) | 33,960 | 89.94% |
| Gross profit – net | | | 2,846,516 | | 2,941,489 | (94,973) | (3.23%) |
| Operating expense | | | 1,173,897 | | 1,094,339 | 79,558 | 7.27% |
| Operating net income (loss) | | | 1,672,619 | | 1,847,150 | (174,531) | (9.45%) |
| Non-Operating income and expense | | | 489,167 | | 472,753 | 16,414 | 3.47% |
| Operating income | | 69,559 | | 50,653 | | 18,906 | 37.32% |
| Other profit and loss | | 49,864 | | 79,182 | | (29,318) | (37.03%) |
| Financial cost | | (148,352) | | (15,959) | | (132,393) | (829.58%) |
| Shareholding in the profit and loss of affiliated companies and joint venture under the equity method | | 415,081 | | 295,913 | | 119,168 | 40.27% |
| Interest income | | 103,015 | | 62,964 | | 40,051 | 63.61% |
| Net income before tax | | | 2,161,786 | | 2,319,903 | (158,117) | (6.82%) |
| Income tax expense | | | 124,754 | | 31,597 | 93,157 | 294.83% |
| Net income | | | 2,037,032 | | 2,288,306 | (251,274) | (10.98%) |
| Other comprehensive profit and loss (net) | | | (546,290) | | (780,119) | 233,829 | 29.97% |
| Exchange difference from the translation of foreign operations | | 0 | | 0 | | 0 | 0.00% |
| Unrealized valuation profit and loss of available-for-sale financial assets | | 0 | | 8,326 | | (8,326) | (100.00%) |
| The unrealized gains and losses of equity instrument investments measured by fair value through other comprehensive gains | | (224,506) | | 0 | | (224,506) | (100.00%) |
| Cash flow hedging | | 0 | | 0 | | 0 | 0.00% |
| Defined benefit plan actuarial value | | 42,723 | | (5,802) | | 48,525 | 836.35% |
| Shareholding in the comprehensive profit and loss of affiliated companies and joint venture under the equity method | | (364,507) | | (782,643) | | 418,136 | 53.43% |
| Total current comprehensive profit and loss | | | 1,490,742 | | 1,508,187 | (17,445) | (1.16%) |

Analysis of changes in financial ratio:

1. The increase in financial costs was mainly due to the increase in interest expense, which was due to the increase in interest charges on bonds
2. The increase in the shareholding of related enterprises and joint ventures recognized by equity method was mainly due to the increase in profit of Yulon-Nissan Motor Co., Ltd.
3. The actuarial increase in the welfare plan was mainly due to the decrease in staff turnover rate and discount rate.

7.3 Cash Flow Analysis

7.3.1 Liquidity Analysis in Recent 2 years

| Item \ Fiscal year | 2018 | 2017 | Increase (decrease) percentage (%) |
|---|---------|---------|------------------------------------|
| Cash flow from operations ratio | (20.75) | (13.47) | (54.05%) |
| Cash Flow Adequacy Ratio | 0.00 | 3.02 | (100.00%) |
| Cash Flow Re-investment Ratio | (33.36) | (20.35) | (63.93%) |
| Analysis of changes in financial ratio: Compared with the reduction in 2017, the increase in cash flow ratio in 2018 was mainly due to the higher ending stocks from the subsidiaries in mainland China and the sharp increase in other receivables in 2018, resulting in a significant decrease in the related cash flow ratios in the two periods. | | | |

Note: The Table above is based on the consolidated financial statements.

7.3.2 Cash liquidity analysis within the year

Unit: NT\$ Thousand

| Cash balance - beginning | Estimated annual net cash flow from operating activities | Estimated annual cash inflow | Estimate cash balance - ending | Contingency plans for predicted insufficient cash | |
|--|--|------------------------------|--------------------------------|---|----------------|
| | | | | Investment plan | Financial Plan |
| 7,410,223 | 1,481,625 | 457,444 | 9,349,292 | - | - |
| Analysis of Cash Flows in 2019: Operational Activities: Inflow of NT\$5,367,625 thousand, mainly because of the 2019 estimated profits plus depreciation amortization. Investment activities: Outflow of NT\$8,389,713 thousand, mainly because of the 2019 procurement of fixed assets, Yulon town and external investment. Financial activities: Outflow of NT\$ 4,961,157 thousand, mainly because of the 2019 payment of cash dividends, and the participating loan of Xindian Yulon Town's commercial area build case. Contingency plans for predicted insufficient cash and the liquidity analysis: N/A. | | | | | |

Note: The Table above is based on the individual financial statements.

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

7.4.1 The use of significant capital expenditures and the source of funds in recent year

Unit: NT\$ Thousand

| Program items | Actual and estimated source of capital | Actual or estimated date of completion | Total fund needed | Actual or estimated use of capital | | | | | | |
|--------------------------------------|--|--|-------------------|------------------------------------|-------------|-----------|-------------|-------------|-------------|--------------|
| | | | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Adding machines and equipment | Self-sufficient funds | 2022.12.31 | \$931,706 | \$234,548 | \$63,044 | \$9,784 | \$193,758 | \$143,524 | \$143,524 | \$143,524 |
| Production equipment | Self-sufficient funds | 2022.12.31 | \$1,725,974 | \$93,114 | \$86,342 | \$460,478 | \$337,048 | \$249,664 | \$249,664 | \$249,664 |
| Pollution control equipment | Self-sufficient funds | 2022.12.31 | \$34,794 | \$10,705 | \$5,208 | \$3,077 | \$4,905 | \$3,633 | \$3,633 | \$3,633 |
| MIS equipment | Self-sufficient funds | 2022.12.31 | \$81,342 | \$9,600 | \$21,035 | \$19,387 | \$9,720 | \$7,200 | \$7,200 | \$7,200 |
| Quality assurance equipment | Self-sufficient funds | 2022.12.31 | \$404,170 | \$41,340 | \$97,515 | \$65,310 | \$62,071 | \$45,978 | \$45,978 | \$45,978 |
| Civil engineering construction works | Self-sufficient funds | 2022.12.31 | \$37,538,372 | \$2,713,628 | \$1,025,490 | \$852,184 | \$3,180,264 | \$4,952,588 | \$6,524,525 | \$18,289,693 |

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

1. Strengthen multi-brand OEM strategy and with the brand new models introduced for mass production; enhance the efficiency and quality of each production line through the expansion of machine and equipment in order to improve market competitiveness of products.
2. Update and replace old and outdated production systems and equipment in accordance with the project schedule of branded new models in order to achieve product development schedule and quality goals.
3. Work with the government "Six-term sewage" environmental protection policy to increase the use of pollution prevention related equipment and to reduce energy consumption throughout the production process at the same time.
4. Respond to the integration of the system and improve the efficiency, invest in information equipment and hardware and software, and update manufacturing information systems, financial information systems, and management information systems to improve the accuracy of financial and management analysis reports.
5. Ensure the stability of the overall production process by updating the quality inspection equipment and reducing defects arising from the production process.
6. In order to improve the efficiency of the Company's land resources implementation and consider the overall city appearance and environmental development, in addition to the construction of residential and commercial complex, it is planned to construct parks and greens and to beautify the overall environment, and further create operating synergies in order to activate the new consumption living circle in the surrounding areas of Xindian Plant.

7.5 Reinvestment Policy in Fiscal Year 2018, Major Reasons for Profit and Loss, Its Improvement Plan, and Next Year's Investment Plan:

In 2018, the Company still devotes mainly in developing its own brand value chain, and proposes the Luxgen brand 510 project that will launch new car models every year, perform the renewal and update of existing products, and install more technologies, such as AR View+, Advanced driver-assistance systems (ADAS), and artificial intelligence (AI), etc. in existing models, so that consumers can enjoy the convenience and security brought by technology; the investment layout of the electric vehicle industry continues to expand the participation in government-initiated energy-saving policy projects, and cooperate with government policies to establish battery exchange stations and charging stations to further promote the popularization of electric vehicles. In terms of real property development, for the Xindian factory land development project, the commercial area is expected to sell publicly in the third quarter of 2020, and to obtain the certificate of occupancy in the second quarter of 2023, and to operate in the first quarter of 2024.

Regard to foreign investment, the financial companies in Mainland China have grown steadily after launching their operation in 2016. Regard to the Philippine market, in cooperation with the separation of production and sales promoted by Nissan Motor, the factory is transformed into a professional foundry and meanwhile, the vacant factory area has been activated. With the steady injection of cash flow, it is stable and optimistic.

In 2018, the profitability of the investment of the Company to other enterprises maintained the same as that of last year whose main reason is that the sales of Dongfeng Yulon and Luxgen does not meet expectations. The launch of new models, EV models and small remodels of existing models will be accelerated.

Looking forward to 2019 investment plan, the allocation of resources will remain on strengthening the competitiveness of existing vehicle model platforms and researching and developing on new vehicle model platforms that are more competitive in the market, such as GPM/MBU, which will reduce the cost of related vehicles with new platforms in the future and to provide consumers the vehicle models choice with higher CP value, which will create long-term brand value and increase the market share.

The investment layout of the electric vehicle industry will continue to actively participate in the electric vehicle project of the government to strengthen the value of smart electric vehicles and promote the use of low-pollution vehicles. In terms of real property development, the Xindian factory land development project has been continuously promoted, and the follow-up construction work was gradually carried out according to the plan.

7.6 Risk Management and Evaluation

7.6.1 Organizational structure of risk management

The implementation of risk management within the Company and the responsible units are as follows:

| Responsible unit | Implementation |
|--|---|
| Auditing Office | Illustrate major audit items as the annual audit plan in accordance with the results of the risk assessment. Conduct internal control system audit and disclose audit results in the audit report truthfully and present it to or inform supervisors; also, follow up on the corrective actions performed. |
| Finance & Business Planning Department | Coordinate the Company's business strategy planning; control objectives and operational plans; manage working capital and provide financial analysis information; handle accounting, shareholder services, taxation, and various human resource management services; provide quick and effective operational management information to the management; and reduce business risk with strict control and regularly updated science and technology change, industry trends, important domestic and foreign policies, and information on laws and regulations updated. |
| Safety & Health Office | Conduct labor working environment inspection and monitoring regularly. Handle industrial safety and health-related services in accordance with the Company's regulations; prevent occupational hazards; and instruct the responsible units to implement the related plans to reduce the job risk of the staff. |
| Production Management Dept | Coordination, planning and control of multiple producing plan. Evaluation and management of new car series and supplier D&C. Planning and control of demand for components and materials. Outsourcing delivery control and follow-up. Planning and establishment of production control and logistics application system. Assistance and support for replenishment in overseas production sites. |
| Logistics Department | Coordinate, plan, and control integrated production projects. Draft up production plans and control performance. Promote and implement imports, outsourced parts, in-house manufactured parts, and direct materials planning, ordering, controlling, and inventory control. Reduce production risks. |
| Quality Inspection Department | Plan and promote the Company's quality assurance strategy and quality assurance system. Promote and monitor product inspection and business intelligence systems. Promote quality awareness and improvement activities. In addition, conduct quality management on the auto parts manufactured by suppliers in order to reduce car risks. |

7.6.2 The impact of interest rate, foreign exchange rate, and inflation on the Company's profit/loss in fiscal year 2018 and as of the publication date of the annual report, and future responsive measures:

1. The impact of change in interest rates on the Company's profit or loss and the responsive measures:

For the interest rate risk resulted from the Company through supervising financing facilities and usage and ensuring the compliance with the terms of the loan agreement in order to manage and maintain adequate cash and cash equivalents to support the Group's operations, it is managed by maintaining an appropriate fixed and floating interest rates combination, as well as using interest rate swaps and forward rate agreements. Currently the cash is still adequate while changes in interest rate have limited impact on the profit/loss. The 2018 consolidated financial report analysis shows that 1% increase in interest rate and all variables remain constant, the Company's 2018 pre-tax income would have been reduced by NT\$528,864 thousand.

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

The Company's material cost is affected by the double cross exchange rate of US dollar, Renminbi, Japanese yen and NT dollar; also, the impact on profit and loss is uncertain and the total impact of the following five elements should be considered: (1) Whether the foreign currency hedging is operated correctly; (2) What is the quantity of imports; (3) What is the amount of inventory; (4) What is the amount of the appreciation and depreciation of NT dollar; (5) Other factors. The Company has set up a foreign exchange hedging operation team to be responsible for foreign exchange hedging operation in order to reduce the risk of changes in exchange rates. Also, the Company has entered into a foreign exchange risk-sharing agreement with major material supplier, Nissan Motor Company, to ensure a steady supply of materials and reasonable price. In

addition, in order to reduce the demand for foreign exchange and material prices, the Company has also defined a localized parts procurement objective every year. The 2018 consolidated financial report shows the when the foreign exchange varies by 1% and all other variables remain constant, the Company's 2018 pre-tax income will increase NT\$9,883 thousand.

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

According to the information released by the Executive Yuan, the total consumer price index for 2018 was 101.98, an increase of 1.35% over the 2017 average of 100.62. And in March 2019 the consumer price index fell from 101.50 to 102.5 since December 2018, down 0.98%. January-March average 102.2 over the same period in 2018, 101.5 rose 0.69%, inflation in 2019 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 2018 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. Engage in loaning of funds, endorsement and guarantees, and derivative transactions:

It is to be processed in accordance with the "Operating Procedure of Loaning of Funds" and "Regulations Governing Endorsement and Guarantees."

3. Derivatives trade:

The Company has an agreement signed for derivative instruments, including forward foreign exchange contracts, foreign exchange options, and interest rate swaps for managing the interest rate and currency risk of the merged companies. The operating procedure is based on the policies regulated in accordance with the "Operating Procedure for Derivatives Transaction." Derivatives are recognized at the fair value when signing the derivative contract and measured subsequently at the fair value on the balance sheet date with the gains or losses recognized as profit or loss directly.

7.6.4 Future and projected research and development plans, status of research and development plans in progress, additional research and development expenses required, estimated date to start mass production, and major factors influencing the success of future research and development plans:

The Company is committed to upgrade from a manufacturing organization to a manufacturing service organization; also, moves towards multi-brand OEM operation in order to create new profit model with new business models and service models, to provide consumers with more values, and to create greater benefits for the enterprise.

7.6.5 The impact of material changes of local and foreign government policies and regulations in fiscal year 2018 and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The Company has been closely observing the impact of decrees and policies on the Company's business operations. The important domestic and foreign policy and law change has no significant impact on the Company's finance and business.

7.6.6 The impact of technology changes and industrial changes in 2018 and as of the publication date of the annual report on the Company's finance and business, and the responsive measures:

The Company has established relevant internal operating regulations in accordance with the provisions of Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" governing the "computerized information processing system" to reduce the unknown threat of cyber risks caused by emerging IT applications and environmental changes. In order to control the cyber security risk

management, it is necessary to respond to and to prevent risk events from three aspects: (1) Before an event occurs: The inventory is inspected on a regular basis, starting from multiple aspects of process and technology to proactively prevent cyber security incidents; (2) When an event occurs: Damage control and emergency response; (3) After an event occurs: Follow-up and the event listed for prevention.

In order to strengthen the overall cyber security, in 2018, a number of information security enhancement projects were carried out, including【Internal and External Network Security】,【Employee Awareness on Cyber Security】 , 【Web Access Security】 , 【Personal Identification Mechanism Enhancement】 , 【Data Leakage Prevention (DLP)】 and 【IT Infrastructure Architecture Enhancement】 , and have planned the “Internal Control Measures for the Cyber Security Risks” from 2018 to 2020 to steadily promote the overall cyber security and continuous optimization in the medium and long term, including basic information infrastructure, smart manufacturing protection, the implementable of the cyber security training. The current status of information security management implementation and future planning reports shall be submitted to the board of directors by the responsible departments at least once a year to deeply implement the information security risk management.

7.6.7 The impact of corporate image change in 2018 and as of the publication date of the annual report on the corporate crisis management, and the responsive measures:

The Company had the Audit Committee and Compensation Committee setup to strengthen the Company's corporate governance; also, independent directors were appointed . In addition, the Company has material information published and disclosed immediately in compliance with the request of the competent authorities; also, the Company will continue to care about the issues of social responsibility and build up a good corporate image. In order to effectively control the communication quality with media and avoid affecting the corporate image by crisis mishandling, the Company has spokesman mechanism implemented. Responsible unit are assigned to handle customer complaints and shareholder proposals in order to effectively safeguard the Company's reputation and image.

7.6.8 The expected benefits and possible risks of merge & acquisition in fiscal year 2018 and as of the publication date of the annual report: None.

7.6.9 The expected benefits and possible risks of factory expansion in fiscal year 2018 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 2018 and as of the publication date of the annual report:

The Company's main source of material is from Nissan in Japan and domestic contractors with long-term supply contracts signed and a long-term relationship held. Therefore, the Company's raw material supply is normal and stable without any risk of purchase concentration.

The Company's sales of the own brand - LUXGEN, in addition to Nissan brand, is gradually with higher market share cornered. The Company continues to use its production and manufacturing expertise and advantages to become a professional OEM manufacturing plant in domestic market and sell products to each branding company. For foreign market, the Company will continue to expand international OEM business, expand business territory, and continue to generate revenues.

7.6.11 The impact and risk of significant equity transfer and conversion of the Directors, Supervisors, or major shareholders with over 10% shareholding on the Company in fiscal year 2018 and as of the publication date of the annual report: None.

7.6.12 The impact and risk of changes in operation right in fiscal year 2018 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 2018 and as of the publication date of the annual report, shall illustrate the legal judgment or the material lawsuit in progress and non-litigation or administrative lawsuit of the Company and its Directors, Supervisors, President, the actual person in charge, the major shareholders with more than 10% shareholding, and subsidiaries; the significant impact of the litigation result on the shareholder's equity or the price of securities; also, shall disclose the fact of the contest, the subject matter, the amount, the litigation starting date, the parties, and the process of the event as of the publication date of the annual report:

None.

7.6.14 Other material risks: None.

7.7 Other Important matters:

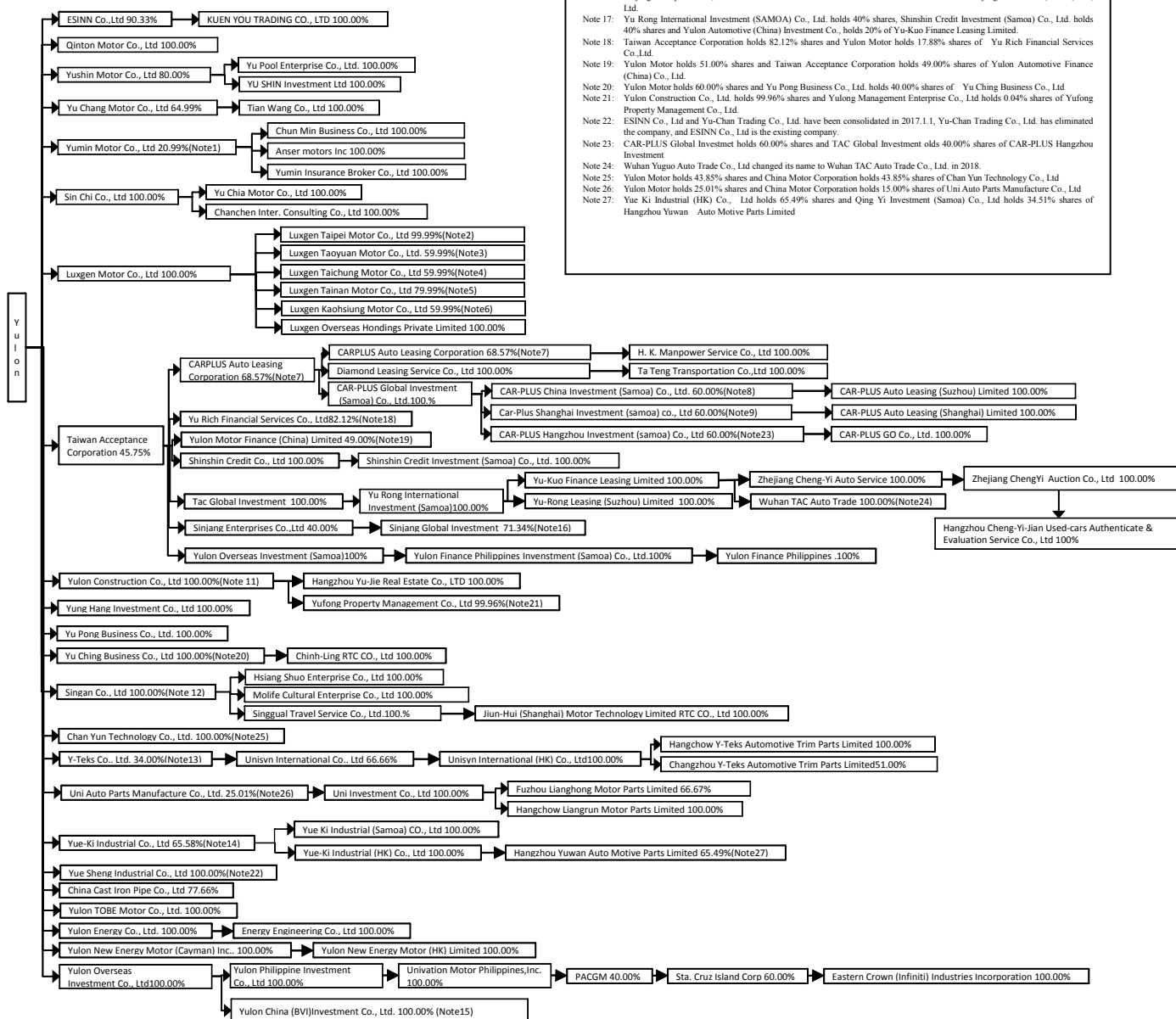
The Company and personnel relevant to the transparency of financial information obtain the licenses designated by the competent authorities as follows:

| Licenses | Department | Number of person |
|--|-----------------------------|------------------|
| Passed the 2006 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (95) Pro.Senior.CPA Tzi No. 000850) | Finance Planning Department | 1 |
| Passed the 2013 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (102) Pro.Senior.CPA Tzi No. 000381) | Finance Planning Department | 1 |
| Passed the 2013 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (102) Pro.Senior.CPA Tzi No. 000328) | Finance Planning Department | 1 |
| Passed the 2010 Professional/Occupational/Technical Personnel Senior Examination – CPA Examination (Certificate No.: (99) Pro.Senior.CPA Tzi No. 000381) | Auditing Office | 1 |

VIII Specially Noted Matters

8.1. Affiliates information

8.1.1 Affiliates Consolidated Business Report



2. Basic information of affiliates

As of 12.31.2017

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|--|----|--|------------------|---|------------------------------------|---|
| Yulon Motor Co., Ltd | 1 | Taiwan Acceptance Corporation | 1990.04.12 | 15F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | NTD 3,746,292 | Sales of various automobile and related products |
| Taiwan Acceptance Corporation | 2 | Shinshin Credit Corporation | 1987.11.19 | 14F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | NTD 1,340,000 | Electric installation, fire safety equipment installation, and automatic control equipment engineering industries |
| | 3 | CARPLUS Auto Leasing Corporation | 1978.11.13 | 11F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | NTD 825,981 | All types of car and truck rental, and car wholesale and retail business |
| | 4 | Yu Rich Financial Services Co., Ltd. | 2003.12.30 | 2F, No. 3, Sec 3, Chun-Shen Road, Xindian District, New Taipei City | NTD 643,926 | Product design, wholesale and retail of vehicles and parts |
| | 5 | Yulon Motor Finance (China) Limited | 2016.02.19 | Room 1031-1305, Eastern Century Center, Xiaoshan Economic Technology Development Zone, Xiaoshan Dist, Hangzhou City | RMB 1,000,000 | Accept the deposit for the domestic and foreign residents, issue the finance bonds, interbank lending, Auto-related loans |
| | 6 | 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 |
| Sinjang Enterprises Co., Ltd. | 7 | Sinjang Investment (Samoa) Co., Ltd. | 2013.09.16 | TMF Chambers P.O. Box 3269. Apia. Samoa | USD 1,874 | Holding company |
| Shinshin Credit Corporation | 8 | 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 | 9 | Yulon Finance Overseas Investment(Samo a) Co.,Ltd | 2018.01.31 | Portcullis Trustnet Chambers, P.o. Box 1225, Apia, Samoa | USD 15,000 | Holding company |
| Yulon Finance Overseas Investment(Samo a) Co.,Ltd | 10 | Yulon Finance Philippines Investment(Samo a) Co.,Ltd | 2018.02.01 | Portcullis Trustnet Chambers, P.o. Box 1225, Apia, Samoa | USD 15,000 | Holding company |
| Yulon Finance Philippines Investment(Samo a) Co.,Ltd | 11 | Yulon Finance Philippines Co.,Ltd | 2018.04.26 | 17 floor, Curve ,32 nd Street corner 3 rd Ave, BGC, Taguig City | PHP 750,000 | Car loan business and financial leasing business |
| Taiwan Acceptance Corporation | 12 | TAC Global Investment (Samoa)Co., Ltd | 2006.11.01 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa | USD 50,537 | Holding company |
| TAC Global Investment (Samoa)Co., Ltd | 13 | Yu Rong International Investment (SAMOA) Co., Ltd. | 2010.04.01 | Portcullis TrustNet Chambers P.O. Box 1225 Apia Samoa | USD 42,000 | Holding company |
| Yu Rong International Investment (SAMOA) Co., Ltd. | 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. |
| | 15 | 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. |
| Yu-Kuo Finance Leasing (Hangzhou) Limited | 16 | Wuhan TAC Auto Trade Co., Ltd. | 2017.02.13 | No.3, Level 23, Unit 1, Unit 1, Building 1, Fuxing Fuxing City, Hejiadun Village, Jiangnan District, Wuhan | RMB 2,000 | Automobile sales; Motor vehicle trading and brokerage services; Car rental; Sales of motorcycles, electromechanical equipment and spare parts, automotive supplies, automotive parts and components; Automotive technical consulting services; Business information consulting (excluding business surveys) |
| | 17 | Zhejiang Cheng Yi Auto Service Co., Ltd. | 2014.01.31 | 3F., Housekeeper village, LiangZhu St., Yuhang Dist., HangZhou City | RMB 20,000 | Used cars for sale and Agency Services |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|---|----|--|------------------|--|------------------------------------|--|
| Zhejiang Cheng Yi Auto Service Co., Ltd. | 18 | Hangzhou Cheng Yi Jian Used-cars Authenticate & Evaluation Service Co., Ltd. | 2014.10.22 | Room 1703, Building 5, Tianchen International Plaza, Economic and Technological Development Zone, Xiaoshan District | RMB 500 | Identifying Services of used cars |
| | 19 | Zhejiang Cheng Yi Auction Co., Ltd. | 2016.11.16 | 418Y, No. 99, Xinbei Road, Xiaoshan District Economic and Technological Development Zone | RMB 2,000 | Secondhand vehicles auction service |
| CARPLUS Auto Leasing Corporation | 20 | 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 |
| | 21 | Ta Teng Transportation Co., Ltd. | 2016.09.19 | No.99, Economic and Trade Road, Nangang District, Taipei City | NTD20,000 | Electric vehicle intermediary services |
| | 22 | CAR-PLUS Global Investment(Samoa) Co., Ltd | 2006.11.02 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa | USD 18,000 | Holding company |
| CAR-PLUS Global Investment(Samoa) Co., Ltd | 23 | CAR-PLUS China Investment(Samoa) Co., Ltd | 2006.11.02 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa | USD 10,000 | Holding company |
| | 24 | Car-Plus Shanghai Investment(Samoa) co.,ltd | 2008.12.22 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa | USD 10,000 | Holding company |
| | 25 | CAR-PLUS Hangzhou Investment (Samoa) Co., Ltd | 107.8.23 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa | USD 10,000 | Holding company |
| CAR-PLUS China Investment(Samoa) Co., Ltd | 26 | CAR-PLUS Auto Leasing (Suzhou) Limited | 2007.1.29 | No. 8, Dong-Fu Road, Suzhou Industrial Park | USD 10,000 | Car rental business and related services |
| Car-Plus Shanghai Investment(Samoa) co.,ltd | 27 | 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 |
| Car-Plus Hangzhou Investment(Samoa) co.,ltd | 28 | Car-plus Co., Ltd | 2018.11.13 | Room 2402, Oriental Century Center, Xiaoshan Economic and Technological Development Zone, Xiaoshan District, Hangzhou, Zhejiang, China | USD 10,000 | Network booking taxi ,passenger transport |
| Diamond Leasing Service Co., Ltd. | 29 | H. K. Manpower Service Co., Ltd. | 2001.11.09 | 11F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | NTD 10,000 | Business management consultancy services |
| Da Wei Technology Co., Ltd | 30 | Ta Teng Transportation Co.,Ltd. | 2017.08.17 | No.59, Jingmao 1st Rd., Nangang Dist., Taipei City 115 | NTD 6,000 | Taxi and passenger transport |
| Yulon Motor Co., Ltd | 31 | Yu Ching Business Co., Ltd. | 1992.04.20 | 16-2F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | 1,211,522 | Sales and import/export of automobiles and their materials and parts |
| Yu Ching Business Co., Ltd. | 32 | Chinh-Ling RTC Co., Ltd. | 2003.12.29 | 7F, No. 150, Sec 2, Nanking E. Road, Chun-Shen District, Taipei City | 50,000 | Car design, etc. |
| Yulon Motor Co., Ltd | 33 | Yulon Construction Co., Ltd. | 1977.01.28 | 2F., No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City | 1,221,000 | Contracting with constructors to build residence houses and related brokerage of house rental or sales |
| Yulon Construction Co., Ltd. | 34 | Hangzhou Yu-Jie Real Estate Co., LTD | 2016.09.22 | Hangzhou Xiaoshan District Xiaoshan Economic and Technological Development Zone Enlightenment Road 198 A-B102-548 room | RMB 500,000 | The Development, Construction and Management of Block 14 of Xiao Zheng Storage (2016) |
| | 35 | Yufong Property Management Co., Ltd. | 2017.11.27 | 2F., No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City | NTD 25,000 | Apartment Building Management Services |

■ Specially Noted Matters

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|----------------------------------|----|--|------------------|---|------------------------------------|---|
| Yulon Motor Co., Ltd | 36 | Sin Chi Co., Ltd. | 2001.12.25 | 7F, No. 150, Sec 2, Nanking E. Road, Chun-Shen District, Taipei City | 870,000 | Advertising service, providing managerial consulting service and etc. |
| Sin Chi Co., Ltd. | 37 | Yu Chia Motor Co., Ltd. | 1999.08.25 | No. 83, Da-An Road, Tu-cheng District, New Taipei City | 84,000 | Retail trade of automobiles and auto parts, and auto repair business |
| | 38 | Chanchen Inter Consulting Co., Ltd. | 2005.03.08 | 2F, No. 3, Sec 3, Chun-Shen Rd., Xindian District, New Taipei City | 10,000 | Management Consulting Services |
| Yulon Motor Co., Ltd | 39 | Yung Hang Investment Co., Ltd. | 1994.09.12 | 2F, No. 3, Sec 3, Chun-Shen Rd., Xindian District, New Taipei City | 776,220 | Investment in all kinds of manufacturing and service sectors |
| | 40 | Yu Pong Business Co., Ltd. | 1992.04.13 | 2F, No. 3, Sec 3, Chun-Shen Rd., Xindian District, New Taipei City | 254,841 | Management of Yulon Professional Basketball Team and allied affairs |
| | 41 | Chan Yun Technology Co., Ltd. | 2000.09.01 | 10F., No.2, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City | 190,000 | Information software services. |
| | 42 | China Cast Iron Pipe Co., Ltd. | 1954.03.17 | 10F, No. 2, Sec 2, Tun-Hua S. Road, Da-An District, Taipei City | 32,000 | Casting and sales of all sizes of cast iron pipes and parts |
| | 43 | Qinton Motor Co., Ltd. | 2005.05.24 | No. 315, Chung-Cheng S. Road, Yongkang District, Tainan City | 67,459 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 44 | Yulon TOBE Motor Co., Ltd. | 2009.09.25 | 2F, No. 3, Sec 3, Chun-Shen Road, Xindian District, New Taipei City | 28,080 | Automobile and parts manufacturing and mold manufacturing and wholesale business, etc. |
| | 45 | Yue Sheng Industrial Co., Ltd. | 1969.04.29 | No. 40-5, Pau-Kon Kuen, West Lake Village, San-yi, Miaoli County, Taiwan | 288,000 | Manufacturing, assembling, and sales of automobile's interior parts and accessories |
| | 46 | Yueki Industrial Co., Ltd. | 1978.09.26 | No. 23, Wen-Hua Road, Hsin-Chu Industrial Park, Hsin-Chu County | 194,670 | Manufacturing, processing, assembling, and sales of automobile and motorcycle parts |
| Yueki Industrial Co., Ltd. | 47 | Yue Ki Industrial (Samoa) Co., Ltd | 2002.01.03 | TrustNet Chambers, Lotemau, P. O. BOX 1225, Apia, Samoa. | USD 4,126 | Holding company |
| | 48 | Yue Ki Industrial (HK) Co., Ltd. | 2008.07.28 | Flat B, 6/F., Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong | USD 10,600 | Holding company |
| Yue Ki Industrial (HK) Co., Ltd. | 49 | Hangzhou Yuwan Auto Motive Parts Limited | 2010.02.02 | Lin-Long Road, Lin-Jiang Industrial Park, Xiaoshan District, Hangzhou City, Zhejiang Province | USD 16,950 | Design, development, production, sale, installation, and after-sales service of auto parts |
| Yulon Motor Co., Ltd | 50 | ESINN Co., Ltd | 2002.04.09 | No. 40-1, Siyuan Road, Xinzhuang District, New Taipei City | 360,000 | Trading of all kinds of auto parts and repair and maintenance services of motor vehicles |
| | 51 | Yushin Motor Co., Ltd. | 1994.09.27 | No. 2, Sec. 1, Jin-Kuo Road, Lin 9, Chen-Shi Li, Hsinchu City | 200,000 | Trading of all kinds of auto parts and repair and maintenance services of motor vehicles |
| | 52 | Yu Chang Motor Co., Ltd. | 1990.05.16 | No.399, Dazhong 1st Road, Zuoying District, Kaohsiung City | 215,385 | Trading of all kinds of auto parts and repair and maintenance services of motor vehicles |
| Yushin Motor Co., Ltd. | 53 | Yu Pool Enterprise Co., Ltd. | 2000.05.16 | No. 668, Guohua Rd., Lin 3, Wen-Shen Li, Miaoli City, Miaoli County | 10,000 | Information software service, providing electronic information, retail trade of parts for automobiles and motorcycles |
| | 54 | Yu Shin Investment Ltd. | 2011.03.23 | Portcullis TrustNet Chamber, P.O. Box 1225, Apia, Samoa | RMB 9,800 | Holding company |
| ESINN Co., Ltd | 55 | Kuen You Trading Co., Ltd. | 2019.04.10 | No. 154-5, Section 1, Datong Road, Yuzhi District, New Taipei City | 10,000 | Wholesale trade of automobile , motorcycle parts, and tires. |
| Yu Chang Motor Co., Ltd. | 56 | Tian Wang Co., Ltd. | 2000.05.15 | No. 356, I-Shin 1st Road, Cianjhen District, Kaohsiung City | 17,000 | Wholesale and retail trade of automobiles, wholesale trade of automobile and motorcycle parts |
| Yulon Motor Co., Ltd. | 57 | Singan Co., Ltd. | 1999.12.15 | 2F, No. 3, Sec 3, Chun-Shen Road, Xindian District, New Taipei City | 286,700 | Wholesale trade of automobile and motorcycle parts and accessories and wholesale trade and retail trade of information software |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|--|----|--|------------------|---|------------------------------------|--|
| Singan Co., Ltd. Yulon Motor Co., Ltd | 58 | Singgual Travel Service Co., Ltd. | 1999.12.17 | 2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City | 130,000 | Wholesale trade of automobile and motorcycle parts and accessories and wholesale trade of precision machinery |
| | 59 | Molife Cultural Enterprise Co., Ltd. | 1999.02.01 | 2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City | 40,500 | Magazines, libraries, and publications |
| | 60 | Hsiang Shou Enterprise Co., Ltd. | 1999.02.02 | 2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City | 100,000 | Motorcycle parts and accessories retail and wholesale, and auto towing service |
| Singgual Travel Service Co., Ltd. | 61 | Jing-Hui (Shanghai) Motor Technology Limited | 2008.03.03 | Room 3254, B3, No. 17, Lane 658, Jinzhong Road, Changning District, Shanghai | 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. | 62 | Yulon New Energy Motor (Cayman) Inc. | 2018.04.10 | The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box32052, Grand Cayman KY1-1208, Cayman Islands | USD 0.001 | Holding company |
| Yulon New Energy Motor (Cayman) Inc. | 63 | Yulon New Energy Motor (HK) Limited | 2018.06.05 | 15/F BOC Group Life Assurance Tower, 136 Des Voeux Rd Central, Central, Hong Kong | USD 0.001 | Holding company |
| Yulon Motor Co., Ltd. | 64 | Yulon Overseas Investment Co., Ltd. | 2003.07.04 | TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands | USD 776,443 | Holding company |
| Yulon Overseas Investment Co., Ltd. | 65 | Yulon China Investment Co., Ltd. | 2003.07.08 | TrustNet Limited of TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands | USD 751,416 | Holding company |
| | 66 | Yulon Philippine Investment Co., Ltd. | 2003.07.17 | 2/F.,Cayside, Harbour Drive P.O. Box 30592 S.M.B George Town Grand Cayman Cayman Islands British West Indies | USD 35,741 | Holding company |
| Yulon Philippine Investment Co., Ltd. | 67 | 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. | 68 | Sta. Cruz Island Corporation | 1991.09.23 | Nissan Technopark Barangay. Pulong Sta. Cruz, Sta. Rosa, Laguna, Philippines | PHP264,028 | Housing rental |
| Yulon China Investment Co., Ltd. | 69 | Taixin Investment (Samoa) Co., Ltd. | 2005.09.01 | Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA | USD 24,125 | Holding company |
| | 70 | Wen Yang Investment (Samoa) Co., Ltd. | 2005.09.01 | Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA | USD 16,100 | Holding company |
| | 71 | Qing Yi Investment (Samoa) Co., Ltd. | 2005.09.01 | Portcullis TrustNet Chambers, P. O. Box 1225, Apia, SAMOA | USD 21,699 | Holding company |
| | 72 | Yulon China Investment (HK) Co., Ltd. | 2008.02.13 | Suite 2303, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong | USD 270,415 | Investments |
| | 73 | 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 411,763 | Holding company |
| | 74 | Feng-hua Investment (HK) Limited | 2011.03.22 | UNIT 706 HALESON BLDG1 JUBILEE ST,HK. | USD 7,000 | Investments |

■ Specially Noted Matters

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|--|----|--|------------------|---|------------------------------------|---|
| Feng-hua Investment (HK) Limited | 75 | 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 | 76 | 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 |
| | 77 | 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. | 78 | KeYu (Nanjing) Information Technology Limited | 2005.11.10 | Room 413-39, Commerce Building, Gao Xin District, Nanking City | USD 180,031 | Development, production, and sales of proprietary software and software-related products |
| Wen Yang Investment (Samoa) Co., Ltd. | 79 | 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 |
| | 80 | 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 |
| TaiFeng ((Nanjing) Software Technology Limited | 81 | 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 |
| | 82 | 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 |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|--|----|--|------------------|---|------------------------------------|---|
| QingTai (NanJing) Technology Limited | 83 | 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 |
| | 84 | 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 | 85 | 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 | 86 | 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 | 87 | HangZhou Hsiao Yu Investment Limited | 2007.10.22 | No. 310, Chung-Yu Modern Town North Area, Bei-Gon Street, Xiaoshan District | RMB 10,000 | Industrial investment and all other legitimate projects not subject to review and approval |
| Shi Cheng (ZhangZhou) Technology Development Limited | 88 | 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 | 89 | 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 |
| | 90 | 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) |
| | 91 | 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. |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|---|-----|--|------------------|---|------------------------------------|---|
| | 92 | 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 |
| | 93 | Hefei Chun Hui Automobiles Sales & Services Limited | 2014.12.25 | 3rd Building, Yaohai Industry Zone, South of Bianho Road, Yaohai Dist, Hefei City | RMB 500 | Automobiles, parts and lubrication oil sales and car repair. |
| | 94 | 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. |
| | 95 | Zibo Yu An Automobiles Sales & Services Limited | 2015.04.14 | No. 212, Shan Chuan Road, Chang Tien Dist, Zibo City, Shandong Province | RMB 5,000 | Cars, used cars, auto parts, lubricants, car loaded with sales; car beauty; car repair and maintenance; exhibition services; second-hand car appraisal; car rental. |
| Yulon China Holdings (Cayman) Co., Ltd. | 96 | Yulon Motor Investment (HK) Co., Ltd. | 2012.01.30 | Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong | USD 411,763 | Investments |
| Yulon Motor Investment (HK) Co., Ltd. | 97 | Yulon Automotive (China) Investment Limited | 2012.09.26 | Room 123, Lin-Jiang Industrial Park Culture Center, Xiaoshan District, Hangzhou City, Zhejiang Province | USD 181,260 | Purchasing machinery, office equipment and raw materials, spare parts and after-sales services required for production; technical support, staff training, internal personnel management, etc.; research and development of new products and high-tech; providing investment-related Advisory services such as market information and investment policies. |
| | 98 | 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 |
| | 99 | Luxgen (hangzhou) Motor Sales Co., Ltd | 2016.8.15 | No. 2688, New Century Avenue, Linjiang Industrial Park, Xiaoshan District, Hangzhou | USD 234,550 | Passenger cars and their chassis, engines and components, R&D, design and sales of commercial vehicles, sales and import and export of auto parts and automotive supplies |
| Yulon Automotive (China) Investment Limited | 100 | 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 |
| | 101 | Chuang Jie New Energy Vehicle (HZ) Limited | 2018.09.10 | No. 2688, New Century Avenue, Linjiang High-tech Industrial Park, Hangzhou, Zhejiang | RMB 790,000 | R&D, manufacturing and sales of automotive engines, components and automotive electronics; automotive vehicle sales; automotive vehicle design and development, technology transfer, technical consulting and technical services; systems, component development, manufacturing, sales, technology transfer, technology Consulting and technical services; import and export of new energy goods and technologies; sales of automotive charging modules; promotion of new materials |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|---|-----|---|------------------|---|------------------------------------|---|
| | | | | | | technology; installation of charging pile facilities; promotion of automotive energy-saving technologies; research and development of Internet of Things technology; , development; agency machinery and equipment import and export business (excluding the national regulations for the implementation of special management measures for access) |
| | 102 | Sheng Qing (Beijing) Investment Limited | 2005.12.23 | No.100, Fangshan Tech. Industrial Park, Fangshan District, Beijing | RMB 552,226 | 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 | 103 | 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 | 104 | 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 |
| | 105 | 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 |
| | 106 | 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 |
| | 107 | 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 |
| | 108 | 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 |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|---|-----|--|------------------|--|------------------------------------|--|
| Suzhou FengShun Automobiles Sales & Service Limited | 109 | Wu Jiang Lian Cheng Automobiles Sale & Service Limited | 2007.09.28 | The Northeast of Pingwang Bridge, Zhongwan Village, Pingwang Town, Wujiang City, Suzhou City | RMB 10,000 | Sales: Auto parts, motorcycles and parts, metal materials, hardware AC powered, electric products, building materials, chemical products; used car dealership; agent automobile licensing services, car rental |
| | 110 | Suzhou ChengLi Automobile Sales & Service Limited | 2011.08.17 | No. 98, Fong-Ray Road, Mudu Town, Wuzhong District, Suzhou City | RMB 15,000 | Sales: VENUZIA 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 | 111 | ShenJun YuPong Automobiles Sale & Service Limited | 2004.10.21 | 7028A, North Central Avenue, Futian District, Shenzhen City | RMB 12,000 | Dongfeng Nissan car sales, imported NISSAN (Nissan) car sales; auto parts procurement and sales; domestic trade; industrial projects; used car trade, car insurance, and car rental |
| Sheng Qing (Beijing) Investment Limited | 112 | 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) |
| | 113 | Zhu Hai FuTeEn Industry & Trade Limited | 2003.04.29 | No. 123, Huayu Road, Shon-Jo District, Zhuhai City | RMB 5,000 | Dongfeng vehicles, vehicle parts, steel, chemical products (excluding dangerous chemicals), household appliances, auto sundries wholesale, retail; used car sales; car rental; vehicle repair, assembly repair, vehicle maintenance, minor repairs, special repairs; vehicle insurance agency (license is valid until December 23, 2012), and business services (excluding licensed business scope) |
| Zhu Hai FuTeEn Industry & Trade Limited | 114 | 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) |
| | 115 | 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 |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|--|-----|--|------------------|---|------------------------------------|--|
| | | | | | | operated without permits), and car insurance |
| Sheng Qing (Beijing) Investment Limited | 116 | 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 | 117 | 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 | 118 | 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 | 119 | 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 |
| | 120 | Nanjing HanHong Automobile Sales & Service Limited | 2013.09.22 | Room 410, 8th Building, No. 18, Fenghua Road, Yuhua Economic Development Zone, Nanjing City | RMB 30,000 | Automobile, auto sundries, hardware AC powered sales, socio-economic information consulting, car rental services, and car parts |
| Sheng Qing (Beijing) Investment Limited | 121 | 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 |
| | 122 | Hangzhou HuaZhi Automobile Sales & Service Limited | 2011.05.20 | Room 105, No. 120 Shixiang Road, Xiacheng District, Hangzhou City, Zhejiang Province, China | RMB 20,000 | Luxgen car sales (excluding wholesale); vehicle maintenance; Class II vehicle repair (small vehicle maintenance). Auto parts, motorcycle and accessories, metal materials, hardware AC powered, electric products, building materials, chemical products (except hazardous chemicals and precursor chemicals), used cars sale, and car rental |
| Hangzhou HuaZhi Automobile Sales & Service Limited | 123 | 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 |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|---|-----|---|------------------|--|------------------------------------|--|
| Sheng Qing (Beijing) Investment Limited | 124 | 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 | 125 | JiangMen YuLi Automobiles Sales & Service Limited | 2014.03.26 | uilding 1, No.119, Wuyi Road, Jianghai District, Jiangmen | RMB 10,000 | Sales: automobile, parts, brokerage business, vehicle inspection service agency, tag, and title transfer process |
| YuLi Automobiles Sales & Service Limited | 126 | He-Shan Li-Sheng Auto Sales & Service Co., Ltd. | 2015.10.3 | Heshan City Ya Yao Town Shek Wu on the village of the village | RMB 1,200 | Sales: car and spare parts, decorations, second-hand car information intermediary services; charge of motor vehicle inspection, on the card, transfer, mortgage procedures; to provide automotive information consulting services; Car rental (without taxi operation). |
| Sheng Qing (Beijing) Investment Limited | 127 | 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) |
| | 128 | 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) |
| | 129 | 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 |
| | 130 | Guangzhou YuanZhi Automobile Sales & Service Limited | 2011.04.11 | 1F, No. 2, Xiheng Road, Zhu Village, Tianhe District, Guangzhou City | RMB 2,000 | Sales: Luxgen automobiles, automotive parts; automotive technology consulting services; and Class II vehicle maintenance |
| | 131 | 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 |
| | 132 | Shanghai Yumin Automobiles Sales & Service Limited | 2011.01.27 | First Building, No. 38, Chen Zhen Road, Putuo District, Shanghai City | RMB 48,450 | 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 | 133 | ChiaHsing YuTa Automobiles Sales & Service Limited | 2014.07.23 | Exhibition Hall 3, Yuantong Automotive Shop, Automotive Commerce and Trade Park, Jiaxing, Zhejiang | RMB 12,000 | Cars, general merchandise, automotive parts wholesale, retail; automotive consulting; agency service on the card; used car agency services; car rental services; automotive technology consulting services; commissioned by the agency car mortgage services; vehicle maintenance. |
| Yulon Motor Co., Ltd | 134 | Y-Teks Co., Ltd. | 1973.12.28 | No.1, Shan-Ping Road, Lin 14, Shandong Li, Chungli City, Taoyuan County | 177,100 | Processing and production of auto parts, and import/export of the related auto business |

| Investing Company | No | Company Name | Established Date | Address | Paid-in capital Unit: In Thousands | Main Business Items |
|-------------------------------------|-----|--|------------------|--|------------------------------------|---|
| Y-Teks Co., Ltd. | 135 | Unisyn International Co., Ltd. | 2002.07.02 | P.O.BOX957, OFFSHORE INCORPORATIONS CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS' | USD 3,347 | Holding company |
| Unisyn International Co., Ltd. | 136 | 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. | 137 | Changzhou Y-Teks Automotive Trim Parts Limited | 1995.12.15 | No. 833, 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 |
| | 138 | Hangchow Y-Teks Automotive Trim Parts Limited | 2010.01.13 | The 2nd Agribusiness Field, Lin-Jiang Industrial Park, Xiaoshan District, Zhejiang Province | USD 9,000 | Automotive interior parts design, development, production, and sales |
| Yulon Motor Co., Ltd | 139 | 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 | 140 | Uni Investment Co., Ltd. | 1998.06.25 | P. O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands. | USD 8,403 | Holding company |
| Uni Investment Co., Ltd. | 141 | 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. |
| | 142 | Hangchow Liangrun Motor Parts Limited | 2010.03.24 | The 2nd Agribusiness Field, Lin-Jiang Industrial Park, Xiaoshan District, Zhejiang Province, China | USD 15,000 | Production of car seats, etc. |
| Yulon Motor Co., Ltd | 143 | Luxgen Motor Co., Ltd. | 2008.05.29 | No. -1, Pau-Kon Kuen, West Lake Village, San-yi, Miaoli County | 6,000,000 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| Luxgen Motor Co., Ltd. | 144 | 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 |
| | 145 | Luxgen Taoyuan Motor Co., Ltd. | 2009.03.10 | No. 256, Zhonghua Road, Bade City, Taoyuan County | 105,000 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 146 | Luxgen Taichung Motor Co., Ltd. | 2009.03.10 | 1F, No. 3, Shih-Cheng Road, Shih-Tun District, Taichung City | 106,000 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 147 | Luxgen Tainan Motor Co., Ltd. | 2009.03.12 | No. 546, Zhongzheng S. Road, Yongkang District, Tainan City | 105,000 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 148 | Luxgen Kaohsiung Motor Co., Ltd. | 2009.03.23 | Kaohsiung City Gushan District Boai all the way 437 | 71,000 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 149 | Luxgen Overseas Holdings Private Ltd. | 2012.04.09 | 150 Orchard Road #06-16 Orchard Plaza, Singapore | SGD 63,587 | Investments |
| Yulon Motor Co., Ltd | 150 | Yumin Motor Co., Ltd. | 2000.01.07 | No. 27, 36th Road, Shih-Tun Industrial Park, Taichung City | 290,080 | Trading of all kinds of auto parts and repair and maintenance services of vehicles |
| | 151 | Yulon Energy Co., Ltd. | 2010.06.15 | 2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City | 100,000 | Battery wholesale and retail and vehicle and motorcycle parts wholesale and retail business |
| Yulon Energy Co., Ltd. | 152 | Energy Engineering Co., Ltd. | 2012.05.10 | 2F, No. 3, Sec 3, Chun-Shen Road. Xindian District, New Taipei City | 2,000 | Electric appliances contractor and wholesale industries and battery wholesale and retail business |
| Yumin Motor Co., Ltd. | 153 | Chun Min Business Co., Ltd. | 2001.02.16 | 1F, No. 89, Fu-Jong Road, Shih-Tun District, Taichung City | 8,000 | Vehicles and motorcycle parts wholesale and retail |
| | 154 | Anser motors Inc. | 2010.12.15 | Portcullis TrustNet Chambers, P.O. Box 1225, Apia, SAMOA | 190,063 | Holding company |
| | 155 | Yumin Insurance Broker Co., Ltd | 2013.12.11 | Basement 1F-10, No. 279, Chengdu Road, Shih-Tun District, Taichung City | 3,000 | Property insurance broker |

3. Shareholders representing both holding companies and subordinates: None
4. Industries covered by all the affiliates (Please describe the business relationship and the division of work among the affiliates, if any):
Please refer to Item 1 and Item 2 for details.
5. Name of each affiliated company's Director, Supervisor, and President and their shareholding and investment (as of 12.31. 2018)

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|---------------------------------------|---------------------------|--|--------------------------------------|---------------------------|
| 1 | Taiwan Acceptance Corporation | Chairman | Yulon Motor Co., Ltd | 125,656,568 | 45.75 |
| | | Director | Kuo-Rong Chen | | |
| | | Director | Yen Chen Li-Lien | | |
| | | | Zhen-Xiang Yao | | |
| | | | Yulong Management Enterprise Co., Ltd | 10,000 | 0.00 |
| | | Director | Wen-Jung Tsai | | |
| | | Director | Kuo-Hsing Hsu | | |
| | | Director | Chen-Cheng Li | | |
| | | Director | Liang Zhang | | |
| | | Independent Director | Jiqing Chen | | |
| 2 | Shinshin Credit Corporation | Independent Director | Yi-Hong Hsieh | | |
| | | Independent Director | Zhongqi Zhou | | |
| | | Chairman | Taiwan Acceptance Corporation | 134,000,000 | 100 |
| | | Director (also President) | Kuo-Hsing Hsu | | |
| | | Director | Chung-Yu Chen | | |
| 3 | CARPLUS Auto Leasing Corporation | Supervisor | Yuan-Lung Chueh | | |
| | | | Shu-Hua Liao | | |
| | | Chairman | Taiwan Acceptance Corporation | 56,640,683 | 68.57 |
| | | Director | Kuo-Hsing Hsu | | |
| | | Director | Chi-Mu Hsu | | |
| | | Director | Qing-yuan Bai | | |
| | | Director | Te-Jun Lo | | |
| | | Director | Chun-Chieh Chang | | |
| | | | Ruei-Yi Investment Co., Ltd | 6,175,671 | 7.48 |
| | | Supervisor | Chih-Lung Chen | | |
| 4 | Yu Rich Financial Services Co., Ltd. | | Yulon Motor Co., Ltd | | |
| | | | Wen Yi Lo | | |
| | | Supervisor | | 2,854,418 | 3.46 |
| | | Chairman | Taiwan Acceptance Corporation | 52,876,180 | 82.12 |
| | | Director | Kuo-Hsing Hsu | | |
| 5 | Yulon Motor Finance (China) Limited | Director | Yixue Zhuang | | |
| | | Director | Chun-Cheng Lin | | |
| | | | Yulon Management Enterprise Co., Ltd. | 11,516,420 | 17.88 |
| | | Supervisor | Yongchang Zhou | | |
| | | | Yulon Motor Co., Ltd | RMB 510,000 | 51 |
| 6 | Sinjang Enterprises Co.,Ltd | | Chin-Chuan Chen | | |
| | | Director | Shi-hao Fang | | |
| | | Director | Yuan-long Chen | | |
| | | Supervisor | Taiwan Acceptance Corporation | RMB 490,000 | 49 |
| | | Chairman | Kuo-Hsing Hsu | | |
| | | Director | Chun-Cheng Lin | | |
| | | Supervisor | Shu-hua Liao | | |
| | | Chairman | Sinjang Enterprises Co., Ltd. | 17,128,300 | 40 |
| | | Director(also President) | Kuo-Hsing Hsu | | |
| | | | Shun-Yen Hung | | |
| 7 | | | TAC Global Investment (Samoa)Co., Ltd | 8,559,000 | 20 |
| | | Director | Jimu Hsu | | |
| | | | Yulon Motor Co., Ltd | 8,567,950 | 20 |
| | | Director | Zhencheng Li | | |
| | | | China Motor Corporation | 8,567,750 | 20 |
| | | Director | Derun Lo | | |
| | | | Yuulong Management Enterprise Co., Ltd | 1,000 | - |
| | | Supervisor | Hongyu Jian | | |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|---|--|---|--------------------------------------|---------------------------|
| 7 | Sinjang international investment (samoa) ltd. | Director | Sinjang Enterprises Co.,Ltd Shun-Yen Hung | USD 1,337 | 71.34 |
| | | Director | TAC Global Investment (Samoa)Co., Ltd Kuo-Hsing Hsu | USD 537 | 28.66 |
| 8 | Shinshin Credit Investment (Samoa) Co., Ltd. | Director | Shinshin Credit Corporation Kuo-Hsing Hsu | USD 12,000* | 100 |
| 9 | Yulon Finance Philippines Invenstment (Samoa) Co., Ltd. | Director | Taiwan Acceptance Corporation Kuo-Hsing Hsu | USD 15,000 | 100 |
| 10 | Yulon Finance Philippines Invenstment (Samoa) Co., Ltd. | Director | Yulon Finance Overseas Invenstment (Samoa) Co., Ltd. Kuo-Hsing Hsu | USD 15,000 | 100 |
| 11 | Yulon Finance Philippines Co., Ltd | Chairman Director(also President) Director Director Director Independent Director Independent Director | Yulon Finance Philippines Investment (Samoa) Co., Ltd. Kuo-Hsing Hsu Mingqi Hu Xiang Zeng Shuhua Liao Zhiling Zhan Charles Kohchet-Chua Rene K. Limcaoco | PHP 750,000 | 100 |
| 12 | TAC Global Investment (Samoa)Co., Ltd | Director | Taiwan Acceptance Corporation Kuo-Hsing Hsu | USD 54,537* | 100 |
| 13 | TAC Global Investment (Samoa) Co., Ltd. | Director | TAC Global Investment (Samoa)Co., Ltd Kuo-Hsing Hsu | USD 42,000 | 100 |
| 14 | TAC Leasing (Suzhou) Limited | Chairman Director(also President) Director Supervisor | TAC Global Investment (Samoa)Co., Ltd Zhongyu Chen Fu-Hsiung Liu Kuo-Hsing Hsu Chun-Cheng Lin | USD 30,000 | 100 |
| 15 | Yu-Kuo Finance Leasing (Hangzhou) Limited | Chairman Director Director Supervisor | TAC Global Investment (Samoa) Co., Ltd. Kuo-Hsing Hsu Chun-Cheng Lin Keyu Lin Jianwen Wang | USD 12,000 | 100 |
| | | Director Director | Shinshin Credit Investment (Samoa) Co., Ltd. Wenzheng Liao Yulon Automotive (China) Investment Limited Xinfa Wu | USD 12,000 USD 6,000 | |
| 16 | Wuhan TAC Auto Trade Co., Ltd. | Director (also President) Supervisor | Yu-Kuo Finance Leasing (Hangzhou) Limited Keyu Lin Cing-Yu Cai | RMB 2,000 | 100 |
| 17 | Zhejiang Cheng-Yi Auto Service Co., Ltd. | Chairman Director Director Supervisor | Yu-Kuo Finance Leasing (Hangzhou) Limited Keyu Lin Shengqun Lin Tianqi Fan Qingzhi Tsai | RMB 20,000 | 100 |
| 18 | Hangzhou Cheng Yi second - hand car identification assessment Limited | executive director Supervisor | CARPLUS Auto Leasing Corporation Keyu Lin Qingzhi Tsai | RMB 500 | 100 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|---|--|---|--------------------------------------|---------------------------|
| 19 | Zhejiang ChengYi Auction Co., Ltd. | executive director Supervisor | CARPLUS Auto Leasing Corporation Keyu Lin Qingzhi Tsai | RMB 2,000 | 100 |
| 20 | Diamond Leasing Service Co., Ltd. | Chairman Director Director Supervisor | CARPLUS Auto Leasing Corporation Jun Chen Chi-Mu Hsu Guanghong Zhang Xinming Zhao | 8,500,000 | 100 |
| 21 | Da-Wei Technology Co., Ltd. | Chairman Director Director Supervisor | CARPLUS Auto Leasing Corporation Jun Chen Chi-Mu Hsu Xinzhong Song Guanghong Zhang | 2,000,000 | 100 |
| 22 | CAR-PLUS Global Investment (Samoa) Co., Ltd | Director | CARPLUS Auto Leasing Corporation Chi-Mu Hsu | USD 18,000* | 100 |
| 23 | CAR-PLUS Chain Investment (Samoa) Co., Ltd | Director | CAR-PLUS Global Investment Chi-Mu Hsu TAC Global Investment | USD 6,000* USD 4,000* | 60 40 |
| 24 | CAR-PLUS Chain Investment (Samoa) Co., Ltd | Director | CAR-PLUS Global Investment. Chi-Mu Hsu TAC Global Investment | USD 6,000* USD 4,000* | 60 40 |
| 25 | CAR-PLUS Hangzhou Investment (Samoa) Co., Ltd | Director | CAR-PLUS Global Investment. Jun Chen TAC Global Investment | USD 6,000* USD 4,000* | 60 40 |
| 26 | CAR-PLUS Auto Leasing (Suzhou) Corporation | Chairman Director Director Director(Also President) Director Supervisor Supervisor | CAR-PLUS Chain Investment(Samoa) Co., Ltd Chi-Mu Hsu Guoxing Hsu Jun Chen Weimin Pan Fake Chen Guanghong Zhang Shengqun Lin | USD10,000* | 100 |
| 27 | CAR-PLUS Auto Leasing (Shanghai) Limited | Chairman Director Director Director Director Supervisor Supervisor | CAR-PLUS Shanghai Investment(Samoa) Co., Ltd Chi-Mu Hsu Guoxing Hsu Jun Chen Weimin Pan Fake Chen Guanghong Zhang Shengqun Lin | USD10,000* | 100 |
| 28 | CAR-PLUS GO Co., Ltd. | Chairman(also Chairman) Director Director Director Director Supervisor | CAR-PLUS Hangzhou Investment (Samoa) Co., Ltd Jun Chen Jinquan Chen Qingya Chen Rongfu Zheng Weimin Pan Lin Xinzheng | USD10,000* | 100 |
| 29 | H. K. Manpower Service Co., Ltd | Chairman(also Chairman) Director Director Director Supervisor | Diamond Leasing Service Co., Ltd. Jun Chen Chi-Mu Hsu Zhenghong Tsai Hsiu-Chih Kao Guanghong Zhang | 1,000,000 | 100 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|--------------------------------------|---|---|--------------------------------------|---------------------------|
| 30 | Ta Teng Transportation Co., Ltd. | Director | Da-Wei Technology Co., Ltd. | 6,000 | 100 |
| 31 | Yu Ching Business Co., Ltd. | Chairman Director Director Supervisor | Yulon Motor Co., Ltd. Zhen-Xiang Yao Wen-Yi Lo Jian Hui Li Yu Pong Business Co., Ltd. Yuanlong Chen | 72,691,327 48,460,885 | 60 40 |
| 32 | Chinh-Ling RTC CO., Ltd. | Chairman Supervisor | Yu Ching Business Co., Ltd. Junzhong Li Qihong Tasi | 5,000,000 | 100 |
| 33 | Yulon Construction Co., Ltd. | Chairman Director Director Director Director Supervisor | Sin Chi Co., Ltd. Kuo-Rong Chen Wei-Kung Chi Zhen-Xiang Yao Ching-Lung Chien Xiuzhi Gao Qihong Tasi | 122,100,000 | 100 |
| 34 | Hangzhou Yu-Jie Real Estate Co., LTD | Legal representative (also Chairman) Director Director Supervisor | Yulon Construction Co., Ltd. Jinquan Chen Shuqing Gao Xiuzhi Gao Yuanlong Chen | RMB500,000 | 100 |
| 35 | Yufong Property Management Co., Ltd. | Chairman Director Director Supervisor | Yulon Construction Co., Ltd. Ching-Lung Chien Xiuzhi Gao Wen-Yi Lo Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 2,499,000 1,000 | 99.96 0.04 |
| 36 | Sin Chi Co., Ltd. | Chairman Director Director Supervisor | Yulon Motor Co., Ltd. Zhen-Xiang Yao Binglin Chen Wen-Yi Lo Yuanlong Chen | 87,000,000 | 100 |
| 37 | Yu Chia Motor Co., Ltd. | Chairman Director Director Supervisor | Sin Chi Co., Ltd. Shunyan Hong Wen-Yi Lo Wenxiu Zhu Yuanlong Chen | 8,400,000 | 100 |
| 38 | Chanchen Inter. Consulting Co., Ltd. | Liquidation | Sin Chi Co., Ltd. Hong Yao Jian | 1,000,000 | 100 |
| 39 | Yung Hang Investment Co., Ltd. | Chairman Director (also President) Director Supervisor | Yulon Motor Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Zhen-Xiang Yao Qihong Tasi | 77,622,000 | 100 |
| 40 | Yu Pong Business Co., Ltd. | Chairman Vice chairman Director Director Supervisor | Yulon Motor Co., Ltd. Yen Chen Li-Lien Zhengping Han Kuo-Rong Chen Qinghang Meng Youan Huang | 25,484,136 | 100 |
| 41 | Chan Yun Technology Co., Ltd. | Chairman (also President) Director Director Director Director Supervisor | Yulon Motor Co., Ltd. Wei-Kung Chi Kan-Lin Chu Zhihong Wu China Motor Corporation Jingwu Qian Chen-Chang Huang Tai-Yuen Textile Co., Ltd. Yuanlong Chen | 8,331,999 8,331,999 2,336,002 | 43.85 43.85 12.3 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|--|--------------------------|---------------------------------------|--------------------------------------|---------------------------|
| 42 | China Cast Iron Pipe Co., Ltd. | Chairman | Yulon Motor Co., Ltd | 24,850 | 77.66 |
| | | Director | Zhen-Xiang Yao | | |
| | | | Lihua Wu | | |
| | | Director | Taiyuen Textile Co | 430 | 1.34 |
| 43 | Qinton Motor Co., Ltd. | Director | Hsiu-Chih Kao | | |
| | | | Tai-Yuen Textile Co., Ltd. | 5,679 | 17.75 |
| | | Supervisor | Wen-Yi Lo | | |
| | | | | | |
| 44 | Yulon TOBE Motor Co., Ltd. | Chairman | Yulon Motor Co., Ltd | 6,745,947 | 100 |
| | | Director | Zhen-Xiang Yao | | |
| | | Director | Kuo-Hsing Hsu | | |
| | | Supervisor | Shun-Yen Hung | | |
| 45 | Yue Sheng Industrial Co., Ltd. | Chairman | Hong Yao Jian | 2,808,038 | 100 |
| | | Director | Yulon Motor Co., Ltd | | |
| | | Director | Zhen-Xiang Yao | | |
| | | Supervisor | Kuo-Hsing Hsu | | |
| 46 | Yueki Industrial Co., Ltd. | Director | Shun-Yen Hung | | |
| | | Director | Hong Yao Jian | | |
| | | Director | Yulon Motor Co., Ltd | 23,061,050 | 80.07 |
| | | Director | Wen-Jung Tsai | | |
| | | Director | Pu-Chin Chien | | |
| | | Director | Yung-Yuan Wang | | |
| | | Director | Binglin Chen | | |
| | | Director | Chuogaras Co., Ltd. | 5,731,200 | 19.90 |
| | | Director | Atsushi Irizawa | | |
| | | Supervisor | Kawabe Morihiro | 0 | - |
| | | Supervisor | Yulong Management Enterprise Co., Ltd | 1,000 | - |
| | | Supervisor | Wen-Yi Lo | | |
| 47 | Yueki Industrial Co., Ltd. | Supervisor | Yulon Construction Co., Ltd. | 2,250 | 0.01 |
| | | Chairman | Yulon Motor Co., Ltd | 12,766,887 | 50.58 |
| | | Director | Chun-Hung Chen | | |
| | | Director | Tsan-Huang Lin | | |
| | | Director | Binglin Chen | | |
| | | Director | Ronggui Chen | | |
| | | Director | Zhixiong Wu | | |
| | | Director | Calsonic Kansei Co., Ltd | 3,698,000 | 19 |
| | | Director | Shānxī zhèngbó | | |
| | | Director | China Motor Corporation | 2,936,222 | 15.08 |
| | | Supervisor | Chenxing Zhu | | |
| | | Supervisor | Yulon Management Enterprise Co., Ltd. | 1,000 | - |
| 48 | Yue Ki Industrial (Samoa) Co., Ltd. | Supervisor | Yung-Yuan Wang | | |
| | | Supervisor | Yuanlong Chen | | |
| | | Supervisor | Akiyama Toyohiko | 0 | |
| | | Supervisor | Yue Sheng Industrial Co., Ltd. | 16,222 | 0.08 |
| 49 | Yue Ki Industrial (HK) Co., Ltd. | Director | Yueki Industrial Co., Ltd | USD 4,126* | 100 |
| 50 | Hangzhou Yuwan Auto Motive Parts Limited | Director | Yueki Industrial Co., Ltd. | USD 106,000* | 100 |
| | | Director | Junhong Chen | 0 | - |
| | | Director | Zhixiong Wu | 0 | - |
| | | Director | | | |
| 51 | Yushin Motor Co., Ltd. | Chairman | Yue Ki Industrial (HK) Co., Ltd. | RMB 11,100* | 65.49 |
| | | Director(also President) | Zhixiong Wu | | - |
| | | Director | Shunxiong Fan | | |
| | | Supervisor | Qing Yi (Samoa) Investment Co., Ltd. | USD 5,850 | 34.51 |
| 52 | Yulon Motor Co., Ltd. | Director | Guisong Wu | | |
| | | Director | Yuming Zhuang | | |
| | | Director | Yulon Motor Co., Ltd | 32,591,000 | 90.331 |
| | | Director | Zhen-Xiang Yao | | |
| 53 | Yulon Motor Co., Ltd. | Director | Wen-Chuan Zhong | | |
| | | Director | Meng-Fen Hsiao | | |
| | | Director | Wen- Chiang Hsu | | |
| | | Director | | | |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|--------------------------------------|---|---|--|---|
| | | Director | Zhanxin investment co., Ltd. Yan Zhou | 3,480,000 | 9.667 |
| | | Supervisor | Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 1,000 0 | 0.003 - |
| 51 | Yushin Motor Co., Ltd. | Chairman Director Director Director Director | Yulon Motor Co., Ltd Zhen-Xiang Yao Wen-Chuan Zhong Wen- Chiang Hsu Meng-Fen Hsiao Chiung-Liang Wang | 15,999,000 800,000 | 79.995 4.000 |
| | | Supervisor | Yu Pool Enterprise Co., Ltd. Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 3,200,000 1,000 0 | 16.000 0.005 - |
| 52 | Yu Chang Motor Co., Ltd. | Chairman Director Director Director Supervisor Supervisor | Yao-Hsin Kuo Yu-Hung Kuo Yulon Motor Co., Ltd Chun-Chieh Chang Chen-Cheng Li Meng-Fen Hsiao Yulon Management Enterprise Co., Ltd. Yuanlong Chen Chiu-Hua Chen | 2,920,400 1,335,200 13,998,500 1,000 1,111,200 | 13.559 6.199 64.993 0.005 5.159 |
| 53 | Yu Pool Enterprise Co., Ltd. | Chairman Director Director Supervisor | Yushin Motor Co., Ltd. Chiung-Liang Wang Wen- Chiang Hsu Wentian Guo I-Hsuan Lin | 1,000,000 | 100 |
| 54 | Yu Shin Investment Ltd. | Chairman | Yushin Motor Co., Ltd. Chiung-Liang Wang | RMB 9,800 | 100 |
| 55 | KUEN YOU TRADING CO., LTD. | Chairman Director Director Supervisor | Yushin Motor Co., Ltd. Wen- Chiang Hsu Wenchuan Zhong Yan Zhou Yuanlong Chen | 1,000,000 | 100 |
| 56 | Tian Wang Co., Ltd. | Chairman Director Director Supervisor | Yu Chang Motor Co., Ltd. Yao-Hsin Kuo Meng-Fen Hsiao Chen-Cheng Li Yuanlong Chen | 1,700,000 | 100 |
| 57 | Singan Co., Ltd. | Director Chairman Director Director Director (also President) Supervisor | China Motor Corporation Te-Jun Lo Yulon Motor Co., Ltd Kuo-Hsing Hsu Yan Zhou Chao-Hsien Liu Wenzheng Liao Yu Ching Business Co., Ltd. Yuanlong Chen Luxgen Motor Co., Ltd | 7,074,057 10,212,515 2,742,014 5,669,791 | 24.67 35.62 9.56 19.78 |
| 58 | Singual Travel Service Co., Ltd. | Chairman Director (also President) Director Supervisor | Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu Chia-Ying Tsang Wan-Chin Li | 13,000,000 | 100 |
| 59 | Molife Cultural Enterprise Co., Ltd. | Chairman Director | Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu | 4,050,000 | 100 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|---|---|---|--|---|
| | | Director (also President) Supervisor | Chia-Ying Tsang Wan-Chin Li | | |
| 60 | Hsiang Shou Enterprise Co., Ltd. | Chairman (also President) Director Director Supervisor | Singan Co., Ltd. Wenzheng Liao Chang-Lin Wu Jiaying Zan Wan-Chin Li | 10,000,000 | 100 |
| 61 | Jing-Hui (Shanghai) Motor Technology Limited | Chairman Director Director (also President) | Singual Travel Service Co., Ltd. Wenzheng Liao Keyu Lin Wei-Ming Fang | USD 1,675 | 100 |
| 62 | Yulon New Energy Motor (Cayman) Inc. | Director | Yulon Motor Co., Ltd Kuo-Rong Chen | 1 | 100 |
| 63 | Yulon New Energy Motor (HK) Limited | Director | Yulon New Energy Motor (Cayman) Inc. Kuo-Rong Chen | USD 0.001* | 100 |
| 64 | Yulon Overseas Investment Co., Ltd. | Director Director | Yulon Motor Co., Ltd Kuo-Rong Chen Chun-Chung Li | 776,442,515 | 100 |
| 65 | Yulon China Investment Co., Ltd. | Director Director | Yulon Overseas Investment Co., Ltd. Kuo-Rong Chen Chun-Chung Li | 751,416,087 | 100 |
| 66 | Yulon Philippine Investment Co., Ltd. | Director Director | Yulon Overseas Investment Co., Ltd. Kuo-Rong Chen Chun-Chung Li | 35,740,966 | 100 |
| 67 | Univation Motor Philippines, Inc. | Chairman Director (also CEO) Director Director Director | Yulon Philippine Investment Co., Ltd. Zhen-Xiang Yao Hsiang Tseng Ming-Feng Sung Wenxiu Zhu Chen-Chi Wu Eastern Crowne Industries, Inc. Sta. Cruz Island Corporation | 4,365,527 1 1 1 1 1 350,000 6,198,296 | 409 - - - - - 3.21 56.79 |
| 68 | Sta. Cruz Island Corporation | Director Chairman Director Director Director | Yulon Philippine Investment Co., Ltd. Pacific Gem Corporation Reynaldo J. Concepcion William C. Yu Eric Recalde Univation Motor Philippines, Inc. Nedia O. Sagun Teresita D. Hamor | 749,370 3,202,792 1 1 1 1,385,826 1 1 | 14.04 60 - - - 25.96 - - |
| 69 | Taixin Investment (Samoa) Co., Ltd. | Legal Representative | Yulon China Investment Co., Ltd. Kuo-Rong Chen | 24,124,887 | 100 |
| 70 | Wen Yang Investment (Samoa) Co., Ltd. | Legal Representative | Yulon China Investment Co., Ltd. Kuo-Rong Chen | 16,100,000 | 100 |
| 71 | Qing Yi Investment (Samoa) Co., Ltd. | Legal Representative | Yulon China Investment Co., Ltd. Kuo-Rong Chen | 21,698,592 | 100 |
| 72 | Yulon China Investment (HK) Co., Ltd. | Legal Representative | Yulon China Investment Co., Ltd. Kuo-Rong Chen | USD 270,415* | 100 |
| 73 | Yulon China Investment Co., Ltd. | Director Director Director | Yulon Overseas Investment Co., Ltd. Kenneth K. T. Yen Kuo-Rong Chen Chun-Chung Li | 411,763,436 | 100 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|--|--|--|--------------------------------------|---------------------------|
| 74 | Feng-hua Investment (HK) Limited | Director | Chenlong Motor Co., Ltd. | USD 2,100* | 30 |
| | | | I-Wei Wang | | |
| | | Director | Yulon China Investment Co., Ltd. | USD 2,800* | 40 |
| | | | Ming-Hui Hsiao | | |
| | | | Huamao International Investment Co., Ltd | USD 2,100* | 30 |
| 75 | Suzhou Chenglong Automobile Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Feng-hua Investment (HK) Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou | USD 7,000* | 100 |
| 76 | Suzhou Cheng-Hung Auto Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Suzhou Chenglong Automobile Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou | RMB 10,000* | 100 |
| 77 | Suzhou Cheng-Kuo Auto Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Suzhou Chenglong Automobile Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Yan Zhou | RMB 10,000* | 100 |
| 78 | KeYu (Nanjing) Information Technology Limited | Legal Representative(also Executive director) Supervisor | Taixin Investment (Samoa) Co., Ltd. Kuo-Rong Chen Ming-Hui Hsiao | RMB 180,031* | 100 |
| 79 | TaiFeng ((Nanjing) Software Technology Limited | Legal Representative | Wen Yang Investment (Samoa) Co., Ltd. Kuo-Rong Chen | USD 14,850* | 100 |
| 80 | QingTai (NanJing) Technology Limited | Legal Representative Supervisor | Qing Yi Investment (Samoa) Co., Ltd. Kuo-Rong Chen Wen-Yi Lo | USD 15,350* | 100 |
| 81 | Yi Ding (ZhangZhou) Information Technology Limited | Legal Representative (also Executive director and Manager) Supervisor | TaiFeng ((Nanjing) Software Technology Limited Kuo-Rong Chen Wen-Yi Lo | RMB 55,200* | 100 |
| 82 | Mei De (ZhangZhou) Software Technology Limited | Legal Representative (also Executive director and Manager) Supervisor | TaiFeng ((Nanjing) Software Technology Limited | RMB 71,550* | 90 |
| | | | QingTai (NanJing) Technology Limited | RMB 7,950* | 10 |
| | | | Ming-Hui Hsiao | | |
| | | | Wen-Yi Lo | | |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|----|--|--|--|--------------------------------------|---------------------------|
| 83 | Shi Cheng (ZhangZhou) Technology Development Limited | Legal Representative (also Executive director and Manager) Supervisor | QingTai (NanJing) Technology Limited Yuanlong Chen Wen-Yi Lo | RMB 71,830* | 100 |
| 84 | 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 Wen-Yi Lo | RMB 13,769* RMB 5,901* | 70 30 |
| 85 | 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* RMB 5,800* | 90 10 |
| 86 | HangZhou QienYu Investment Limited | Legal Representative (also Executive director and President) Supervisor | GaoTe (Beijing) Investment Limited I Liu Ya-Ming Chen | RMB 10,000* | 100 |
| 87 | HangZhou Hsiao Yu Investment Limited | Legal Representative (also Chairman) Director Director(also Manager) Supervisor | HangZhou TangYu Investment Limited HangZhou QienYu Investment Limited Zhejiang Chung-Yu (Holding) Group Limited Chi-Wu Liu Chi-Hou Wen Wen-Chiang tien Lai Liu | RMB 900* RMB 9,000* RMB 100* | 9 90 1 |
| 88 | DongTai (Beijing) Investment Limited | Legal Representative (also Executive director and President) Supervisor | Shi Cheng (ZhangZhou) Technology Development Limited Jin Ce (ZhangZhou) Software Technology Limited Lai Liu Ming-Hui Hsiao | RMB 68,830 RMB 4,370 | 94.03 5.97 |
| 89 | HangZhou TangYu Investment Limited | Legal Representative (also Executive director and Manager) Supervisor | DongTai (Beijing) Investment Limited Chi-Tsai Wen Ming Chen | RMB 10,000* | 100 |
| 90 | 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 | 100 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|--|---|--|--------------------------------------|---------------------------|
| 91 | 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 | 100 |
| 92 | 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 | 100 |
| 93 | Hefei Chun Hui Automobiles Sales & Services Limited | Chairman Director Director Supervisor | DongTai (Beijing) Investment Limited Ruoyu Qiu Zhiqiang Yan Chin-Chuan Chen Chou Yen | RMB 500 | 100 |
| 94 | 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 | 100 |
| 95 | 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 | 100 |
| 96 | Yulon Motor Investment (HK) Co., Ltd. | Director | Yulon China Holdings (Cayman) Co., Ltd. Kuo-Rong Chen | USD 411,763* | 100 |
| 97 | Yulon Automotive (China) Investment Limited | Legal Representative (also Chairman) Director (also President) Director Director Director Supervisor | Yulon Motor Investment (HK) Co., Ltd. Kuo-Rong Chen Hsin-Fa Wu Chin-Chuan Chen Kuo-Hsing Hsu Chun-Chung Li Zhen-Xiang Yao Yuanlong Chen | USD 181,260* | 100 |
| 98 | Xiamen Y.C. Invest. Consulting Limited | Legal Representative Supervisor | Yulon Motor Investment (HK) Co., Ltd. Kuo-Rong Chen Wen-Yi Lo | USD 1,860,* | 100 |
| 99 | Luxgen (hangzhou) Motor Sales Co., Ltd | Chairman Director (also President) Director Supervisor | Yulon Motor Investment (HK) Co., Ltd. Zhen-Xiang Yao Hsin-Fa Wu Kuo-Rong Chen Chun-Chung Li | USD 234,550* | 100 |
| 100 | Dong Feng Yulon Motor Sales Limited | Legal Representative (also President and Chairman) Director Director Director Director Supervisor | Yulon Automotive (China) Investment Limited Yuanzhang Peng Chun-Chung Li Kuo-Rong Chen Kuo-Hsing Hsu Hsin-Fa Wu Ming-Hui Hsiao | RMB 25,000 | 50 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|--|---|--|--------------------------------------|---------------------------|
| | | Vice Chairman Director Director Director Supervisor | Dong Feng Yulon Motor Limited Wenjie Zhou Yang Qiao Jia Teng Huang Chen Li Xiangdong Wang | RMB 25,000 | 50 |
| 101 | Chuang Jie New Energy Vehicle (HZ) Limited | Legal Representative (also Chairman) Director (also President) Director Supervisor | Yulon Automotive (China) Investment Limited Chun-Chung Li Chin-Chuan Chen Binglin Chen Wen-Yi Lo | RMB 790,000* | 100 43.84 |
| 102 | Sheng Qing (Beijing) Investment Limited | Legal Representative (also Executive Chairman) Director Supervisor | Yulon Automotive (China) Investment Limited Xiamen Y.C. Invest. Consulting Limited Yuanlong Chen Chin-Chuan Chen Ming-Hui Hsiao | RMB 352,226* RMB 200,000* | 63.78 36.22 |
| 103 | SuZhou FengShen Automobiles. Sale & Service Limited | Director Director Director Supervisor Chairman Director Supervisor | Sheng Qing (Beijing) Investment Limited Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng Yan Zhou Suzhou Cheng-Feng Commercial Trading Limited I-Wei Wang I-Ching Wang Ming-Tsang Chao | RMB 19,200* RMB 28,800* | 40 60 |
| 104 | Suzhou ChengBang Automobiles Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 10,000* | 100 |
| 105 | Suzhou Eslite Automobiles Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 40,000* | 100 |
| 106 | Suzhou YuShun Automobiles Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 10,000* | 100 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|--|--|--|--------------------------------------|---------------------------|
| 107 | TaiTsang ChengMao Automobiles Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 10,000* | 100 |
| 108 | Suzhou FengShun Automobiles Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | SuZhou FengShen Automobiles. Sale & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 25,000* | 100 |
| 109 | Wu Jiang Lian Cheng Automobiles Sale & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Suzhou FengShun Automobiles Sales & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 10,000* | 100 |
| 110 | Suzhou ChengLi Automobile Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Suzhou FengShun Automobiles Sales & Service Limited I-Wei Wang Hsin-Fa Wu Jui-Yu Chiu Jung-Fu Cheng I-Ching Wang Ming-Tsang Chao Chou Yen | RMB 15,000* | 100 |
| 111 | ShenJun YuPong Automobiles Sale & Service Limited | Chairman Director Supervisor Director Director Director Supervisor | Hsiao-Chung Yao Chin-Chang Tsai Tan-Ning Liu Chih-Hsin Yeh Sheng Qing (Beijing) Investment Limited Jung-Fu Cheng Hsin-Fa Wu Qirui Chen Jinquan Chen Wen-Cheng Lin | RMB 4,200 0 RMB 7,800 | 35 0 65 |
| 112 | Guangzhou YuanDou Automobile Sales & Service Limited | Chairman Director Director Director Director Director Supervisor | Yuanlong Motor Co., Ltd. Chen-Fang Chang Ming-Jung Hsu Ming-Ching Chen Sheng Qing (Beijing) Investment Limited Jui-Yu Chiu Zhiqiang Yan Ruiqi Qiu Chou Yen | RMB 17,150 * RMB 17,850* | 113 51 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|--|--|---|--------------------------------------|---------------------------|
| 113 | Zhu Hai FuTeEn Industry & Trade Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Hsin-Fa Wu Chi-Jui Chen Jung-Fu Cheng Wen-Cheng Lin | RMB 5,000* | 100 |
| 114 | ZhuHai Esinn Automobiles Sales & Service Limited | Chairman Director Director Supervisor | Zhu Hai FuTeEn Industry & Trade Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin | RMB 5,000* | 100 |
| 115 | Shenzhen Yuzhi Automobile Sales & Service Limited | Chairman Director Director Supervisor | Zhu Hai FuTeEn Industry & Trade Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin | RMB 10,000* | 100 |
| 116 | Wuhan Yu Hsin Automobiles Sales & Service Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Representative: Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin | RMB 28,000* | 100 |
| 117 | XiaoGan YuFeng Automobile Sales & Service Limited | Chairman Director Director Supervisor | Wuhan Yu Hsin Automobiles Sales & Service Limited Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin | RMB 16,000* | 100 |
| 118 | NanJing HanHong Automobiles Trading Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Hsin-Fa Wu Jung-Fu Cheng Chi-Jui Chen Wen-Cheng Lin | RMB 70,000* | 100 |
| 119 | Nanjing YuShang Automobile Sales & Service Limited | Chairman Director Director Supervisor | NanJing HanHong Automobiles Trading Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin | RMB 8,000* | 100 |
| 120 | Nanjing HanHong Automobile Sales & Service Limited | Chairman Director Director Supervisor | NanJing HanHong Automobiles Trading Limited Hsin-Fa Wu Chi-Jui Chen Jung-Fu Cheng Wen-Cheng Lin | RMB 30,000* | 100 |
| 121 | HangZhou Yu Zhong Trading Limited | Legal Representative(also Executive Chairman) President Supervisor | Sheng Qing (Beijing) Investment Limited Chi-Jui Chen Junzhong Li Ming-Hui Hsiao | RMB 10,000* | 100 |
| 122 | Hangzhou HuaZhi Automobile Sales & Service Limited | Chairman Supervisor Director Director | Dong Feng Yulon Motor Limited Hsin-Fa Wu Shihao Fang Sheng Qing (Beijing) Investment Limited Jung-Fu Cheng Chi-Jui Chen | RMB 8,000* RMB 12,000* | 40 60 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|---|--|--|--------------------------------------|---------------------------|
| 123 | Hangzhou HuaYou Automobile Sales & Service Limited | Executive Director Supervisor | Hangzhou HuaZhi Automobile Sales & Service Limited Weifeng Tasi Shihao Fang | RMB 8,000* | 100 |
| 124 | Jiang Men Jun Xing Automobiles Sales & Services Limited | Chairman Director Director Supervisor Director Director | Sheng Qing (Beijing) Investment Limited Jung-Fu Cheng Hsin-Fa Wu Zhiqiang Yan Wen-Cheng Lin Zhang Zhicong Sanli Holdings Limited Zhenlong Lin | RMB 12,000 RMB 3,000 RMB 5,000 | 60 15 25 |
| 125 | JiangMen YuLi Automobiles Sales & Service Limited | Executive Director Supervisor | Jiang Men Jun Xing Automobiles Sales & Services Limited Jung-Fu Cheng Wen-Cheng Lin | RMB 10,000* | 100 |
| 126 | Heshan City, Lee Health Automotive Sales and Service Co., Ltd | Executive Director Supervisor | Jiangmen City Yu Li car sales Services Limited Jung-Fu Cheng Zhenlong Lin | RMB 1,200 | 100 |
| 127 | Changsha Yulu Automobile Sales & Service Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Chi-Jui Chen Hsin-Fa Wu Jung-Fu Cheng Wen-Cheng Lin | RMB 20,000* | 100 |
| 128 | Ningbo YuChang Automobiles Sales & Service Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Chin-Chuan Chen Jung-Fu Cheng Zhiqiang Yan Wen-Cheng Lin | RMB 20,000,000* | 100 |
| 129 | Fujian YuXin Automobiles Sales & Service Limited | Director Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Chin-Chuan Chen Zhiqiang Yan Wen-Cheng Lin YU SHIN INVESTMENT LTD Wenzhao Hsu | RMB 10,200 RMB 9,800 | 51 49 |
| 130 | Guangzhou YuanZhi Automobile Sales & Service Limited | Chairman Director Director Director Director Supervisor Supervisor | Guangzhou YuanDou Automobile Sales & Service Limited Chen-Fang Chang Chin-Chuan Chen Ming-Jung Hsu Zhiqiang Yan Jui-Yu Chiu Chou Yen Ming-Ching Chen | RMB 20,000* | 100 |
| 131 | Qingdao YuanHuang Automobiles Sales & Services Limited | Chairman Director Director Supervisor Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Zhiqiang Yan Chin-Chuan Chen Chin-Chuan Chen Chou Yen Yuanchuang Co., Ltd. Chen-Fang Chang Ming-Jung Hsu Ming-Ching Chen | RMB 15,300* RMB 14,700* | 51 49 |

■ Specially Noted Matters

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|---|--|--|--|---|
| 132 | Shanghai Yumin Automobiles Sales & Service Limited | Chairman Director Director Supervisor | Sheng Qing (Beijing) Investment Limited Anser Motors Inc. Chin-Feng Kao Zhiqiang Yan Chin-Chuan Chen Wen-Cheng Lin | RMB 19,380* RMB 29,070* | 51 49 |
| 133 | ChiaHsing YuTa Automobiles Sales & Service Limited | Chairman Director Director Supervisor | Shanghai Yumin Automobiles Sales & Service Limited Chin-Feng Kao Chin-Chuan Chen Zhiqiang Yan Wen-Cheng Lin | RMB 12,000 | 100 |
| 134 | Y-Teks Co., Ltd. | Chairman Director Director Director Director Director Director Supervisor Supervisor | Yulon Motor Co., Ltd Chun-Hung Chen Yung-Yuan Wang Kasai Kogyo Co., Ltd. Watanabe Kunikou Sandou Shouichi Yue Sheng Industrial Co., Ltd. Tung-Yao Wu San Long Assets Management Co., Ltd. Chung-Hsien Chen Chang Yue Plastics Industrial Co., Ltd. Chia-Ching Chen Shang-Hui Chen Li-Hsiung Cheng | 602,124 591,185 212,388 93,948 213,299 3,649 0 | 34 33.38 11.99 5.3 12.04 0.21 - |
| 135 | Unisyn International Co., Ltd. | Director Director Director | Y-Teks Co., Ltd. Shan Dao, Sheng Yi Chun-Hung Chen Chin-Chu Lin Malaysia SL investment Co., Ltd. Li-Hsiung Cheng Fang Pang (Samoa) Investment Co., Ltd. Li-Tai Kuo | USD 2,231* USD 558* USD 558* | 66.66 16.67 16.67 |
| 136 | Unisyn International (HK) Co., Ltd. | Director Director Director Director Director | Unisyn International Co., Ltd. Chun-Hung Chen Shan Dao, Sheng Yi Chin-Chu Lin Li-Hsiung Cheng Li-Tai Kuo | USD 12,391* | 100 |
| 137 | Changzhou Y-Teks Automotive Trim Parts Limited | Legal Representative | Unisyn International (HK) Co., Ltd. Jiangsu Chang Pien Plastics Industrial Limited China Automotive Industry International Corporation Pin-Kang Jui | USD 714* USD 462* USD 224* | 51 33 16 |
| 138 | Hangchow Y-Teks Automotive Trim Parts Limited | Chairman Director Director Director Director Supervisor | Unisyn International (HK) Co., Ltd. Chin-Chu Lin Li-Tai Kuo Imamura Hitoshi Yung-Yuan Wang Zhao-Zhi Lu Li-Hsiung Cheng | USD 9,000* | 100 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|---------------------------------------|--|--|--|--|
| 139 | Uni Auto Parts Manufacture Co., Ltd | Chairman Director Director Executive Director Director Director Director Executive Director Director Director Supervisor Supervisor | Yulon Motor Co., Ltd Zhen-Xiang Yao Canhuang Lin Yung-Yuan Wang Hsin Chong Machinery Works Co., Ltd. Chih-Hsiung His Chin-Ming His Aoyagi Toshiyuki China Motor Corporation Hongqing Yang Chuan Hsing Investment & Development Co., Ltd. Chungsin-Wu NHK Spring Co., Ltd. Siao Ye, Wun-Shou British Channel Islands Adient Global Holdings Ltd Chien Huang Yulon Management Enterprise Co., Ltd. Wen-Yi Lo Kuei-Fen Tien | 21,728,516 17,377,154 13,032,137 5,211,979 13,033,833 8,688,921 1,000 0 | 25.01 20 15 6 15 10 - - |
| 140 | Uni Investment Co., Ltd. | Director Director | Uni Auto Parts Manufacture Co., Ltd Teng-Hung Yang Chih-Hsiung His | USD 8,403* | 100 |
| 141 | Fuzhou Lianghong Motor Parts Limited | Chairman Director Director Director Director Director Supervisor Supervisor Director Director Director | Uni Investment Co., Ltd. Teng-Hung Yang Ziming Li Chih-Hsiung His HUANG JIANJAMES Yanxing Wu Hongqing Yan Yung-Yuan Wang Qiongkuan Qiu Namba Press Works Co., Ltd. Nanba Chikako Nanba Junichi Nanba Komaki | USD 9,320* USD 4,660* | 66.67 33.33 |
| 142 | Hangchow Liangrun Motor Parts Limited | Chairman Director Director Director Director Director Director Supervisor | Uni Investment Co., Ltd. Teng-Hung Yang Ziming Li Hongqing Yan Chih-Hsiung His Yanxing Wu Chien Huang Yung-Yuan Wang Qiongkuan Qiu | USD 15,000* | 100 |
| 143 | Luxgen Motor Co., Ltd. | Chairman Director Director Director (also President) Supervisor | Yulon Motor Co., Ltd Kuo-Rong Chen Zhen-Xiang Yao Chun-Chung Li Wen-Jung Tsai Chih-Ming Cheng | 600,000,000 0 | 100 |
| 144 | Luxgen Taipei Motor Co., Ltd. | Chairman Director Director Director Director | Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Wen-Yuan Li Ching-Yuan Po | 18,499,000 | 99.99 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|---------------------------------------|--|---|--|--|
| | | Supervisor | Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 1,000 | 0.01 |
| 145 | Luxgen Taoyuan Motor Co., Ltd. | Chairman Director Director Director Director Supervisor | Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yushin Motor Co., Ltd. Chiung-Liang Wang Fortune Motors Co., Ltd. Qimin Zeng Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 6,299,000 2,100,000 2,100,000 1,000 | 59.99 20 20 0.01 |
| 146 | Luxgen Taichung Motor Co., Ltd. | Chairman Director Director Director Director Supervisor | Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yumin Motor Co., Ltd. Chin-Feng Kao Fortune Motors Co., Ltd. Zicheng Huang Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 6,359,000 2,120,000 2,120,000 1,000 | 59.99 20 20 0.01 |
| 147 | Luxgen Tainan Motor Co., Ltd. | Chairman Director Director Director Director Supervisor | Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Ching-Yuan Po Fortune Motors Co., Ltd. Chi-Feng Tsai Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 8,399,000 2,100,000 1,000 | 79.99 20 0.01 |
| 148 | Luxgen Kaohsiung Motor Co., Ltd. | Chairman Director Director Director Director Supervisor | Luxgen Motor Co., Ltd. Wen-Jung Tsai Chung-Yung Tsao Meng-Fen Hsiao Yu Chang Motor Co., Ltd. Yao-Hsin Kuo Fortune Motors Co., Ltd. Kelong Bi Yulon Management Enterprise Co., Ltd. Yuanlong Chen | 4,259,000 1,420,000 1,420,000 1,000 | 59.99 20 20 0.01 |
| 149 | Luxgen Overseas Holdings Private Ltd. | Director Director Director | Luxgen Motor Co., Ltd. Chung-Yung Tsao Wen-Jung Tsai Hsueh-Lei Chang | SGD 63,587,000 0 0 0 | 100 - - - |
| 150 | Yumin Motor Co., Ltd. | Chairman Director Director Director Director Director Director Director Director | Yutong Enterprise Co., Ltd. Chin-Feng Kao His-Kun Liu Kuo-Lung Lai Mei-Chang Hsu Yulon Motor Co., Ltd Chia-Chi Li Yan Zhou Meng-Fen Hsiao Taiwan Acceptance Corporation Fake Chen Mingde Lo | 15,374,240 5,800,420 7,832,160 | 53.00 19.996 27.00 |

| No | Company Name | Title | Name or Representative | Shareholding (Investment amount*) | Shareholding ratio (%) |
|-----|---------------------------------|--|---|--------------------------------------|---------------------------|
| | | Supervisor Supervisor Supervisor | Yulon Management Enterprise Co., Ltd. Yuanlong Chen Nan-Cheng Pan Shu-Hua Liao | 1,180 | 0.004 |
| 151 | Yulon Energy Co., Ltd. | Chairman Director Director Director Director Director Supervisor | Yulon Motor Co., Ltd Kuo-Rong Chen Chun-Chung Li I-Yun Li Zhen-Xiang Yao Hsin-Fa Wu Wen-Jung Tsai Kuo-Hsing Hsu Yuanlong Chen | 10,000,000 | 100 |
| 152 | Energy Engineering Co., Ltd. | Chairman Director Director Supervisor | Yulon Energy Co., Ltd. I-Yun Li Yu-Tang Lu Rui Kai Jie Jiting Huang | 200,000 | 100 |
| 153 | Chun Min Business Co., Ltd. | Chairman Director Director Director Director Supervisor Supervisor | Yumin Motor Co., Ltd. Chin-Feng Kao His-Kun Liu Chia-Chi Li Meng-Fen Hsiao Chun-Cheng Lin Mei-Chang Hsu Yuanlong Chen | 800,000 | 100 |
| 154 | Anser motors Inc. | Chairman | Yumin Motor Co., Ltd. Chin-Feng Kao | 4,576,425 | 100 |
| 155 | Yumin Insurance Broker Co., Ltd | Chairman Director Director Director Director Supervisor Supervisor | Yumin Motor Co., Ltd. Chin-Feng Kao Meng-Fen Hsiao Chia-Chi Li His-Kun Liu Chun-Cheng Lin Yuanlong Chen Mei-Chang Hsu | 300,000 | 100 |

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

6. Affiliates' Operating Results

12.31.2018

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 | 3,746,292 | 74,431,888 | 57,962,875 | 16,469,013 | 4,993,035 | 1,707,168 | 2,587,988 | 9.27 |
| 22010002 | Yu Ching Business Co., Ltd. | 1,211,522 | 1,649,373 | 336,594 | 1,312,779 | 6,638 | (1,946) | 74,513 | 0.81 |
| 22010004 | Yu Pong Business Co., Ltd. | 254,841 | 775,686 | 26,616 | 749,070 | 55,784 | (18,891) | 16,235 | 1.07 |
| 22010005 | Yung Hang Investment Co., Ltd. | 776,220 | 790,295 | 19,632 | 770,662 | 421,742 | (21,028) | (5,025) | (0.05) |
| 22010008 | Yue Sheng Industrial Co., Ltd. | 288,000 | 558,182 | 86,261 | 471,921 | 417,063 | 152 | 16,658 | 0.58 |
| 22010010 | Yueki Industrial Co., Ltd. | 194,670 | 1,828,068 | 1,024,537 | 803,531 | 1,323,691 | 15,372 | (21,036) | (1.08) |
| 22010012 | China Cast Iron Pipe Co., Ltd. | 32,000 | 114,084 | 33,296 | 80,789 | 15,159 | 11,156 | 8,960 | 280.01 |
| 22010014 | Yu Chang Motor Co., Ltd. | 215,385 | 1,837,176 | 1,728,743 | 108,432 | 4,691,260 | (130,310) | (28,016) | (1.30) |
| 22010017 | Yushin Motor Co., Ltd. | 200,000 | 867,678 | 657,259 | 210,419 | 2,545,810 | (73,034) | (16,392) | (0.82) |
| 22010020 | Yu Chia Motor Co., Ltd. | 84,000 | 47,876 | 10,016 | 37,860 | 22,190 | (3,500) | (2,433) | (0.22) |
| 22010023 | Singan Co., Ltd. | 286,700 | 513,834 | 101,615 | 412,219 | 199,231 | (2,437) | 71,730 | 2.65 |
| 22010024 | Singual Travel Service Co., Ltd. | 130,000 | 364,142 | 164,135 | 200,008 | 645,268 | 19,058 | 13,639 | 1.42 |
| 22010027 | Yu Yuen Development Co., Ltd. | 1,221,000 | 5,272,637 | 96,235 | 5,176,402 | 369,560 | 199,391 | 195,387 | 1.59 |
| 22010034 | Yumin Motor Co., Ltd. | 290,080 | 1,218,626 | 862,203 | 356,423 | 3,697,126 | (38,008) | 18,662 | 0.64 |
| 22010035 | Tian Wang Co., Ltd. | 17,000 | 49,798 | 23,673 | 26,125 | 118,685 | 5,709 | 4,841 | 2.85 |
| 22010036 | Yu Pool Enterprise Co., Ltd. | 10,000 | 58,669 | 20,384 | 38,285 | 98,821 | (1,121) | 4,339 | 4.34 |
| 22010042 | Chan Yun Technology Co., Ltd. | 190,000 | 84,099 | 36,495 | 47,605 | 54,910 | (1,699) | (1,269) | (0.07) |
| 22010047 | Sta. Cruz Island Corporation | 152,344 | 338,901 | 2,815 | 336,086 | 7,694 | 5,021 | 3,522 | 1.33 |

Specially Noted Matters

| Company Code | Company Name | Paid-in capital | Total Assets (Note 2) | Total Liabilities (Note 2) | Net Value (Note 2) | Operating Income (Note 2) | Operating profit or loss (Note 2) | Net Income (Loss) (Note 2) | EPS (Note 1) |
|--------------|--|-----------------|-----------------------|----------------------------|--------------------|---------------------------|-----------------------------------|----------------------------|--------------|
| 22010051 | Xiamen Y.C. Invest. Consulting Limited | 69,244 | 778,806 | 121,480 | 657,326 | 797 | (249) | 24,932 | Note 1 |
| 22010053 | Sin Chi Co., Ltd. | 870,000 | 1,036,091 | 4,928 | 1,031,163 | 57,077 | 33,713 | 90,392 | 1.09 |
| 22010054 | ESINN Co., Ltd. | 360,000 | 1,312,701 | 1,290,033 | 22,668 | 3,650,857 | (172,926) | (44,418) | (1.23) |
| 22010055 | Y-Teks Co., Ltd. | 177,100 | 1,552,706 | 447,887 | 1,104,819 | 374,961 | 24,038 | 147,157 | 8.31 |
| 22010060 | Unisyn International Co., Ltd. | 102,797 | 1,818,662 | 61,435 | 1,757,227 | 328,219 | 316,726 | 283,318 | Note 1 |
| 22010063 | Yulon Overseas Investment Co., Ltd. | 23,848,432 | 6,706,341 | 188,743 | 6,517,598 | 0 | (2,708,128) | (2,707,914) | (4.71) |
| 22010067 | Yulon China Investment Co., Ltd. | 23,079,745 | 8,600,605 | 1,915,316 | 6,685,289 | 0 | (2,497,588) | (2,572,781) | (4.68) |
| 22010068 | Yulon Philippine Investment Co., Ltd. | 1,097,784 | 4,008 | 192,657 | (188,649) | (134,463) | (134,959) | (134,951) | (3.78) |
| 22010070 | Uni Auto Parts Manufacture Co., Ltd | 868,892 | 3,688,005 | 1,193,775 | 2,494,230 | 1,941,702 | 10,395 | 3,351 | 0.04 |
| 22010073 | Shinshin Credit Corporation | 1,340,000 | 28,601,715 | 25,916,372 | 2,685,343 | 1,264,732 | 634,818 | 460,653 | 3.44 |
| 22010075 | Chanchen Inter Consulting Co., Ltd. | 10,000 | 17,634 | 1,528 | 16,107 | 15,024 | 3,130 | 3,316 | 3.32 |
| 22010076 | CARPLUS Auto Leasing Corporation | 825,981 | 18,042,714 | 16,181,460 | 1,861,254 | 9,205,437 | 426,614 | 324,392 | 4.12 |
| 22010077 | Chun Min Business Co., Ltd. | 8,000 | 27,319 | 16,279 | 11,040 | 8,002 | (3,144) | 191 | 0.24 |
| 22010079 | Diamond Leasing Service Co., Ltd. | 85,000 | 883,715 | 776,017 | 107,698 | 523,853 | 18,759 | 17,032 | 2.00 |
| 22010081 | Yu Rich Financial Services Co., Ltd. | 643,926 | 11,396,760 | 10,498,800 | 897,960 | 649,180 | 153,337 | 197,032 | 3.30 |
| 22010082 | Chinh-Ling RTC Co., Ltd. | 50,000 | 17,619 | 70 | 17,549 | 0 | (361) | (280) | (0.06) |
| 22010085 | Uni Investment Co., Ltd. | 289,287 | 3,464,587 | 1,151,434 | 2,313,152 | 2,164,864 | (36,048) | 15,514 | Note 1 |
| 22010086 | Fuzhou Lianghong Motor Parts Limited | 465,239 | 1,257,625 | 526,194 | 731,431 | 2,003,130 | 76,572 | 104,009 | Note 1 |
| 22010087 | Yue Ki Industrial (Samoa) Co., Ltd | 142,811 | 536,075 | 0 | 536,075 | 0 | 0 | 17,083 | 4.14 |
| 22010093 | Qinton Motor Co., Ltd. | 67,459 | 101,758 | 25,253 | 76,505 | 141,295 | 3,553 | 4,109 | 0.59 |
| 22010097 | Taixin Investment (Samoa) Co., Ltd. | 740,996 | 742,629 | 0 | 742,629 | 3,832 | 3,670 | 3,674 | 0.15 |
| 22010098 | Wen Yang Investment (Samoa) Co., Ltd. | 494,512 | 729,425 | 471,475 | 257,950 | 0 | (85,801) | (85,239) | (5.29) |
| 22010099 | Qing Yi Investment (Samoa) Co., Ltd. | 666,472 | 565,271 | 0 | 565,271 | 0 | (161) | 19 | 0.00 |
| 22010100 | KeYu (Nanjing) Information Technology Limited | 821,604 | 742,128 | 1,798 | 740,330 | 1,428 | (44) | 3,830 | Note 1 |
| 22010101 | TaiFeng ((Nanjing) Software Technology Limited | 511,107 | 754,457 | 263,713 | 490,744 | 3,611 | (421) | 2,535 | Note 1 |
| 22010102 | QingTai (NanJing) Technology Limited | 538,187 | 182,145 | 2,059 | 180,086 | 1,269 | (87,887) | (127,839) | Note 1 |
| 22010104 | H. K. Manpower Service Co., Ltd. | 10,000 | 22,908 | 5,880 | 17,027 | 52,198 | 2,212 | 1,823 | 1.82 |
| 22010105 | Yi Ding (ZhangZhou) Information Technology Limited | 254,149 | 317,714 | 82,631 | 235,083 | 443 | (1,614) | (1,477) | Note 1 |
| 22010106 | Mei De (ZhangZhou) Software Technology Limited | 366,029 | 402,647 | 39,729 | 362,919 | 0 | (2,469) | 707 | Note 1 |
| 22010107 | Shi Cheng (ZhangZhou) Technology Development Limited | 333,462 | 74,226 | 145,761 | (71,535) | 1,449 | (83,862) | (84,472) | Note 1 |
| 22010108 | Jin Ce (ZhangZhou) Software Technology Limited | 90,564 | 66,645 | 265 | 66,380 | 389 | (5,334) | (5,372) | Note 1 |
| 22010109 | GaoTe (Beijing) Investment Limited | 267,040 | 240,338 | 876 | 239,463 | 571 | (4,236) | (1,989) | Note 1 |
| 22010111 | DongTai (Beijing) Investment Limited | 339,771 | 275,452 | 372,040 | (96,588) | 2,624 | (91,651) | (90,472) | Note 1 |
| 22010112 | SuZhou FengShen Automobiles. Sale & Service Limited | 220,999 | 1,212,363 | 268,084 | 944,279 | 1,785,032 | 87,883 | 153,226 | Note 1 |
| 22010113 | Suzhou FengShun Automobiles Sales & Service Limited | 115,756 | 631,863 | 285,332 | 346,531 | 1,513,362 | 72,867 | 79,447 | Note 1 |
| 22010114 | Guangzhou YuanDou Automobile Sales & Service Limited | 161,145 | 599,856 | 336,032 | 263,823 | 1,255,432 | 63,542 | 16,639 | Note 1 |
| 22010115 | ShenJun YuPong Automobiles Sale & Service Limited | 55,250 | 234,058 | 218,815 | 15,243 | 956,886 | 17,086 | 15,235 | Note 1 |

| Company Code | Company Name | Paid-in capital | Total Assets (Note 2) | Total Liabilities (Note 2) | Net Value (Note 2) | Operating Income (Note 2) | Operating profit or loss (Note 2) | Net Income (Loss) (Note 2) | EPS (Note 1) |
|--------------|---|-----------------|-----------------------|----------------------------|--------------------|---------------------------|-----------------------------------|----------------------------|--------------|
| 22010116 | Zhu Hai FuTeEn Industry & Trade Limited | 23,021 | 461,793 | 308,021 | 153,771 | 2,035,134 | 71,536 | 17,163 | Note 1 |
| 22010117 | TAC Global Investment (Samoa)Co., Ltd | 1,675,104 | 2,480,687 | 0 | 2,480,687 | 0 | 0 | 317,467 | Note 1 |
| 22010118 | CAR-PLUS China Investment(Samoa) Co., Ltd | 307,150 | 682,363 | 0 | 682,363 | 0 | 0 | 77,902 | Note 1 |
| 22010119 | CAR-PLUS Auto Leasing (Suzhou) Limited | 307,150 | 4,796,173 | 4,114,982 | 681,191 | 2,176,767 | 103,804 | 77,902 | Note 1 |
| 22010121 | CAR-PLUS Global Investment(Samoa)Co., Ltd | 552,870 | 802,948 | 0 | 802,948 | 0 | 0 | 63,208 | Note 1 |
| 22010122 | Changzhou Y-Teks Automotive Trim Parts Limited | 52,109 | 159,504 | 9,608 | 149,896 | 39,678 | (6,102) | (9,981) | Note 1 |
| 22010123 | NanJing HanHong Automobiles Trading Limited | 323,454 | 757,834 | 593,295 | 164,539 | 876,928 | 11,464 | (11,929) | Note 1 |
| 22010124 | HangZhou Yu Zhong Trading Limited | 46,041 | 77,154 | 1,050 | 76,104 | 0 | 41 | 292 | Note 1 |
| 22010125 | HangZhou TangYu Investment Limited | 46,041 | 48,743 | 39 | 48,704 | (8) | (99) | 125 | Note 1 |
| 22010126 | HangZhou QienYu Investment Limited | 46,041 | 40,392 | 0 | 40,392 | (76) | (152) | (151) | Note 1 |
| 22010127 | Wuhan Yu Hsin Automobiles Sales & Service Limited | 128,916 | 419,000 | 395,746 | 23,254 | 2,439,857 | 119,757 | 38,978 | Note 1 |
| 22010128 | Wu Jiang Lian Cheng Automobiles Sale & Service Limited | 46,041 | 233,687 | 100,905 | 132,782 | 687,409 | 32,973 | 25,180 | Note 1 |
| 22010129 | HangZhou Hsiao Yu Investment Limited | 46,041 | 58,540 | 17,901 | 40,639 | 0 | (84) | (82) | Note 1 |
| 22010130 | Molife Cultural Enterprise Co., Ltd. | 40,500 | 31,862 | 19,363 | 12,499 | 54,632 | (10,338) | (10,042) | (2.06) |
| 22010131 | Hsiang Shou Enterprise Co., Ltd. | 100,000 | 338,881 | 124,301 | 214,580 | 659,613 | 75,217 | 62,669 | 6.27 |
| 22010138 | Yulon China Investment (HK) Co., Ltd. | 8,305,801 | 72,691 | 1,057,885 | (985,194) | (1,080,585) | (1,081,363) | (1,081,814) | Note 1 |
| 22010143 | Luxgen Motor Co., Ltd. | 6,000,000 | 21,149,980 | 15,299,326 | 5,850,654 | 7,913,117 | (1,278,980) | (1,445,504) | (5.10) |
| 22010146 | Unisyn International (HK) Co., Ltd. | 380,576 | 737,620 | 153,912 | 583,708 | 0 | (532) | (15,942) | Note 1 |
| 22010147 | Luxgen Taipei Motor Co., Ltd. | 185,000 | 551,345 | 440,548 | 110,797 | 3,177,750 | (130,001) | (60,536) | (0.33) |
| 22010148 | Luxgen Taoyuan Motor Co., Ltd. | 105,000 | 189,510 | 96,726 | 92,784 | 1,771,267 | (44,714) | (16,602) | (1.58) |
| 22010149 | Luxgen Taichung Motor Co., Ltd. | 106,000 | 182,871 | 157,538 | 25,333 | 1,845,816 | (53,856) | (19,319) | (1.82) |
| 22010150 | Luxgen Tainan Motor Co., Ltd. | 105,000 | 162,264 | 101,818 | 60,446 | 1,220,491 | (43,148) | (19,956) | (1.90) |
| 22010151 | Luxgen Kaohsiung Motor Co., Ltd. | 71,000 | 144,771 | 106,601 | 38,170 | 1,410,108 | (41,893) | (11,676) | (1.64) |
| 22010152 | Car-Plus Shanghai Investment(Samoa) Co.,Ltd | 307,150 | 349,259 | 0 | 349,259 | 0 | 0 | 28,123 | Note 1 |
| 22010153 | CAR-PLUS Auto Leasing (Shanghai) Limited | 281,694 | 853,109 | 503,871 | 349,238 | 305,236 | 37,287 | 28,123 | Note 1 |
| 22010154 | Yulon TOBE Motor Co., Ltd. | 28,080 | 33,879 | 5,885 | 27,994 | 4,896 | (232) | (113) | (0.04) |
| 22010157 | Suzhou YuShun Automobiles Sales & Service Limited | 46,041 | 55,086 | 12,370 | 42,717 | 37,852 | (7,624) | (6,826) | Note 1 |
| 22010158 | Jiang Men Jun Xing Automobiles Sales & Services Limited | 93,014 | 192,066 | 127,645 | 64,422 | 1,042,972 | 18,249 | (5,846) | Note 1 |
| 22010163 | Hangchow Y-Teks Automotive Trim Parts Limited | 267,201 | 621,160 | 353,204 | 267,955 | 146,905 | (45,947) | (57,876) | Note 1 |
| 22010164 | Yulon Energy Co., Ltd. | 100,000 | 69,155 | 112,748 | (43,593) | 44,954 | (84,230) | (83,980) | (8.40) |
| 22010165 | Hangzhou Yuwan Auto Motive Parts Limited | 334,142 | 838,795 | 623,101 | 215,694 | 84,579 | (59,203) | (75,148) | Note 1 |
| 22010166 | Yue Ki Industrial (HK) Co., Ltd. | 347,945 | 151,633 | 16,417 | 135,216 | 0 | 0 | (75,147) | (7.46) |
| 22010167 | Yu Rong International Investment (SAMOA) Co., Ltd. | 1,290,030 | 1,936,185 | 0 | 1,936,185 | 0 | 0 | 317,467 | Note 1 |
| 22010169 | Yu-Rong Leasing (Suzhou) Limited | 858,577 | 15,247,172 | 13,611,139 | 1,636,033 | 1,518,605 | 413,688 | 331,493 | Note 1 |
| 22010170 | Sinjiang Enterprises Co., Ltd. | 428,240 | 883,130 | 380,635 | 502,495 | 321,634 | 59,000 | 50,800 | 1.19 |
| 22010174 | Hangzhou HuaZhi Automobile Sales & Service Limited | 92,083 | 109,175 | 317,017 | (207,842) | 56,014 | (12,891) | (52,981) | Note 1 |

Specially Noted Matters

| Company Code | Company Name | Paid-in capital | Total Assets (Note 2) | Total Liabilities (Note 2) | Net Value (Note 2) | Operating Income (Note 2) | Operating profit or loss (Note 2) | Net Income (Loss) (Note 2) | EPS (Note 1) |
|--------------|--|-----------------|-----------------------|----------------------------|--------------------|---------------------------|-----------------------------------|----------------------------|--------------|
| 22010175 | Feng-hua Investment (HK) Limited | 197,623 | 293,351 | 0 | 293,351 | 59,988 | 59,988 | 59,990 | Note 1 |
| 22010176 | Fujian YuXin Automobiles Sales & Service Limited | 92,083 | 92,491 | 167,287 | (74,796) | 264,041 | (23,670) | (32,808) | Note 1 |
| 22010177 | Hangzhou HuaYou Automobile Sales & Service Limited | 36,833 | 68,861 | 228,119 | (159,258) | 20,424 | (29,398) | (40,250) | Note 1 |
| 22010178 | Guangzhou YuanZhi Automobile Sales & Service Limited | 91,640 | 153,122 | 146,557 | 6,565 | 140,491 | (22,795) | (27,396) | Note 1 |
| 22010179 | XiaoGan YuFeng Automobile Sales & Service Limited | 73,666 | 543,646 | 430,600 | 113,046 | 1,417,614 | 47,318 | 25,914 | Note 1 |
| 22010180 | Ningbo YuChang Automobiles Sales & Service Limited | 92,083 | 68,790 | 110,168 | (41,379) | 86,980 | (11,993) | (17,966) | Note 1 |
| 22010181 | Shanghai Yumin Automobiles Sales & Service Limited | 224,471 | 113,136 | 132,299 | (19,163) | 72,653 | (41,267) | (67,217) | Note 1 |
| 22010182 | Qingdao YuanHuang Automobiles Sales & Services Limited | 138,124 | 327,914 | 416,897 | (88,982) | 607,602 | 8,190 | (14,181) | Note 1 |
| 22010183 | Suzhou Chenglong Automobile Service Limited | 197,609 | 436,950 | 143,599 | 293,351 | 1,236,649 | 81,878 | 59,991 | Note 1 |
| 22010184 | Suzhou ChengLi Automobile Sales & Service Limited | 69,527 | 74,948 | 31,752 | 43,196 | 209,409 | (3,260) | 2,075 | Note 1 |
| 22010185 | Shenzhen Yuzhi Automobile Sales & Service Limited | 46,041 | 83,845 | 78,864 | 4,981 | 120,199 | (11,340) | (18,116) | Note 1 |
| 22010186 | Nanjing YuShang Automobile Sales & Service Limited | 36,833 | 46,248 | 108,325 | (62,077) | 296,740 | (8,513) | (11,610) | Note 1 |
| 22010187 | Luxgen Overseas Holdings Private Ltd. | 1,429,440 | 143,640 | 189 | 143,451 | 0 | 0 | 1,896 | 0.03 |
| 22010188 | Yulon China Holdings (Cayman) Co., Ltd. | 12,647,314 | 6,005,119 | 116 | 6,005,003 | 0 | (1,356,886) | (1,356,886) | (3.30) |
| 22010189 | Yulon Motor Investment (HK) Co., Ltd. | 12,647,314 | 6,763,267 | 758,149 | 6,005,118 | 0 | (1,327,671) | (1,356,886) | Note 1 |
| 22010190 | Yulon Automotive (China) Investment Limited | 4,355,514 | 6,496,081 | 5,907,490 | 588,591 | 35,479 | (28,915) | (127,762) | Note 1 |
| 22010192 | Energy Engineering Co., Ltd. | 2,000 | 1,123 | 161 | 961 | 0 | (132) | (123) | (0.62) |
| 22010194 | Changsha Yulu Automobile Sales & Service Limited | 92,083 | 100,296 | 74,133 | 26,163 | 76,907 | (21,568) | (26,064) | Note 1 |
| 22010197 | Dong Feng Yulon Motor Sales Limited | 230,207 | 576,376 | 8,708,223 | (8,131,847) | 138,403 | 181,421 | (82,393) | Note 1 |
| 22010198 | Anser motors Inc. | 190,063 | 81,408 | 0 | 81,408 | 0 | (2) | (33,114) | (1.74) |
| 22010199 | Yu Shin Investment Ltd. | 49,536 | (33,660) | 0 | (33,660) | 0 | 0 | (16,009) | Note 1 |
| 22010205 | Suzhou Eslite Automobiles Sales & Service Limited | 186,028 | 310,214 | 123,022 | 187,193 | 349,918 | 3,347 | 534 | Note 1 |
| 22010206 | Suzhou ChengBang Automobiles Sales & Service Limited | 46,041 | 119,817 | 56,899 | 62,918 | 313,571 | 11,340 | 7,952 | Note 1 |
| 22010207 | Nanjing HanHong Automobile Sales & Service Limited | 138,124 | 185,577 | 63,782 | 121,795 | 175,944 | (8,960) | (11,904) | Note 1 |
| 22010208 | Yumin Insurance Broker Co., Ltd | 3,000 | 3,322 | 62 | 3,260 | 0 | (94) | (90) | (0.30) |
| 22010209 | JiangMen YuLi Automobiles Sales & Service Limited | 46,973 | 89,282 | 48,203 | 41,079 | 189,263 | (11,486) | (16,448) | Note 1 |
| 22010210 | Yu-Kuo Finance Leasing (Hangzhou) Limited | 921,450 | 9,687,716 | 8,885,393 | 802,324 | 1,153,982 | 13,665 | (139,674) | Note 1 |
| 22010211 | Sinjang Investment (Samoa) Co., Ltd. | 57,547 | 32,386 | 4 | 32,382 | 0 | (50) | (757) | Note 1 |
| 22010212 | Zhejiang Cheng Yi Automobile Technology Service Co., Ltd | 89,506 | 50,841 | 235 | 50,606 | 8,173 | 2,168 | 603 | Note 1 |
| 22010213 | ChiaHsing YuTa Automobiles Sales & Service Limited | 56,367 | 51,206 | 49,698 | 1,508 | 16,078 | (13,475) | (15,540) | Note 1 |
| 22010214 | Suzhou Cheng-Hung Auto Sales & Service Limited | 46,973 | 273,915 | 228,446 | 45,469 | 420,145 | 11,112 | 7,050 | Note 1 |
| 22010215 | Suzhou Cheng-Kuo Auto Sales & Service Limited | 46,973 | 51,730 | 43,325 | 8,405 | 15,267 | (8,399) | (11,112) | Note 1 |
| 22010216 | TaiTsang ChengMao Automobiles Sales & Service Limited | 46,973 | 205,819 | 131,274 | 74,545 | 394,618 | 17,533 | 8,449 | Note 1 |

| Company Code | Company Name | Paid-in capital | Total Assets (Note 2) | Total Liabilities (Note 2) | Net Value (Note 2) | Operating Income (Note 2) | Operating profit or loss (Note 2) | Net Income (Loss) (Note 2) | EPS (Note 1) |
|--------------|---|-----------------|-----------------------|----------------------------|--------------------|---------------------------|-----------------------------------|----------------------------|--------------|
| 22010218 | Anhui Min Tong Automobiles Sales & Service Limited | 46,973 | 29,022 | 66,722 | (37,700) | 50,524 | (15,139) | (25,234) | Note 1 |
| 22010219 | Anqing Cai Tong Automobiles Sales & Service Limited | 23,486 | 11,842 | 98,210 | (86,369) | 12,179 | (17,610) | (18,386) | Note 1 |
| 22010220 | Anqing Ling Tong Automobiles Sales & Services Limited | 18,789 | 1,526 | 64,682 | (63,155) | 917 | (6,124) | (8,162) | Note 1 |
| 22010221 | Hefei Chun Hui Automobiles Sales & Services Limited | 2,349 | 18,228 | 39,548 | (21,320) | 0 | (169) | 4,943 | Note 1 |
| 22010222 | Tongling Kuo Tong Automobiles Sales & Services Limited | 23,486 | 33,108 | 48,118 | (15,010) | 65,704 | (13,023) | (14,934) | Note 1 |
| 22010223 | Zibo Yu An Automobiles Sales & Services Limited | 23,486 | 25,514 | 54,881 | (29,367) | 30,209 | (12,330) | (16,479) | Note 1 |
| 22010224 | Univation Motor Philippines, Inc. | 508,558 | 362,541 | 251,693 | 110,848 | 215,615 | 66,515 | 37,022 | 15.41 |
| 22010225 | Sheng Qing (Beijing) Investment Limited | 2,698,946 | 4,933,745 | 3,025,943 | 1,907,802 | 7,502 | (75,289) | 63,474 | Note 1 |
| 22010226 | Jing-Hui (Shanghai) Motor Technology Limited | 50,474 | 170,183 | 97,238 | 72,945 | 156,465 | (144) | (2,420) | Note 1 |
| 22010227 | ZhuHai Esinn Automobiles Sales & Service Limited | 23,021 | 83,366 | 115,405 | (32,039) | 73,661 | (7,255) | (13,538) | Note 1 |
| 22010228 | Hangchow Liangrun Motor Parts Limited | 436,935 | 718,200 | 621,367 | 96,832 | 180,436 | (83,442) | (107,813) | Note 1 |
| 22010229 | Shinshin Credit Investment (Samoa) Co., Ltd. | 368,580 | 341,737 | 0 | 341,737 | 0 | (55,870) | (55,870) | Note 1 |
| 22010230 | Yulon Motor Finance (China) Limited | 4,475,000 | 17,550,599 | 12,921,727 | 4,628,872 | 1,215,576 | 210,479 | 127,630 | Note 1 |
| 22010232 | Da Wei Technology Co., Ltd | 20,000 | 21,149 | 2 | 21,146 | 21 | (3) | 1,132 | 0.97 |
| 22010233 | Hangzhou Cheng Yi second - hand car identification assessment Limited | 2,238 | 2,187 | 210 | 1,977 | 1,272 | (138) | (169) | Note 1 |
| 22010234 | Heshan City, Lee Health Automotive Sales and Service Co., Ltd | 2,919 | 5,791 | 1,105 | 4,686 | 3,839 | (1,008) | (1,090) | Note 1 |
| 22010235 | Zhejiang Cheng Yi auction Ltd. | 8,951 | 5,031 | 61 | 4,969 | 24 | (1,989) | (1,929) | Note 1 |
| 22010236 | Hangzhou Yujie Real Estate Co., Ltd | 2,237,500 | 2,471,134 | 206,432 | 2,264,703 | 0 | (17,951) | 15,911 | Note 1 |
| 22010237 | Ta Teng Transportation Co.,Ltd. | 6,000 | 32,288 | 25,220 | 7,068 | 4,284 | 1,135 | 1,135 | Note 1 |
| 22010239 | Luxgen (hangzhou) Motor Sales Co., Ltd | 7,152,505 | 11,256,038 | 6,416,567 | 4,839,471 | 2,815,413 | (1,210,804) | (1,224,529) | Note 1 |
| 22010240 | Yufong Property Management Co., Ltd. | 25,000 | 49,650 | 12,423 | 37,227 | 43,339 | 15,261 | 12,231 | 4.892 |
| 22010241 | Yulon Finance Overseas Invenstment (Samoa) Co., Ltd. | 460,725 | 426,264 | 0 | 426,264 | 0 | 0 | (13,161) | Note 1 |
| 22010242 | Yulon Finance Philippines Invenstment (Samoa) Co., Ltd. | 460,725 | 426,264 | 0 | 426,264 | 0 | 0 | (13,161) | Note 1 |
| 22010243 | KUEN YOU TRADING CO., LTD. | 10,000 | 30,796 | 19,826 | 10,970 | 65,741 | (386) | 970 | Note 1 |
| 22010244 | Yulon New Energy Motor (Cayman) Inc. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Note 1 |
| 22010245 | Yulon New Energy Motor (HK) Limited | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Note 1 |
| 22010246 | Yulon Finance Philippines Co., Ltd | 432,750 | 473,742 | 47,478 | 426,264 | 5,068 | (20,262) | (13,161) | Note 1 |
| 22010247 | Chuang Jie New Energy Vehicle (HZ) Limited | 3,602,321 | 3,537,497 | 28,400 | 3,509,097 | 0 | (28,937) | (26,889) | Note 1 |
| 22010248 | CAR-PLUS Hangzhou Investment (Samoa) Co., Ltd | 307,150 | 306,425 | 0 | 306,425 | 0 | (7) | (875) | Note 1 |
| 22010249 | CAR-PLUS GO Co., Ltd. | 307,283 | 377,999 | 71,575 | 306,424 | 0 | (652) | (875) | Note 1 |
| 22010250 | Wuhan TAC Auto Trade Co., Ltd. | 8,951 | 11,253 | 5,915 | 5,338 | 2,173 | (3,545) | (3,543) | 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, 2017 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Yulon Motor Company Ltd.



Chairman: Yen Chen Li-Lien



March 27 2019

8.1.3 Relationship Report: N/A.

8.2 The Status of Issuing Private Placement Securities in Fiscal Year 2018 and as of the publication date of the annual report

None

8.3 Acquisition or Disposal of Yulon Shares by Subsidiaries in Fiscal Year 2018 and as of the publication date of the annual report:

Unit: NT\$ Thousand; Share; %

As of 04.30.2018

| Name of Subsidiaries | Paid-in capital | Source of fund | Shareholding ratio of the Company | Date of acquisition or disposal | Shares acquired | Amount acquired | Shares disposed | Amount disposed | Investment profit & loss | Shareholding as of the financial report date | Shareholding amount as of the financial report date | Equity pledged (Note) | Making of endorsement / guarantee for subsidiary by the Company | Loaning of fund to subsidiary by the Company |
|------------------------------|-----------------|------------------|-----------------------------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------------|--|---|-----------------------|---|--|
| Yu Ching Business Co., Ltd. | 1,211,522 | Operating income | 100.00 | 2004.7.28 | - | - | - | - | - | 11,838,461 | 230,850 | - | - | - |
| Yu Pong Industrial Co., Ltd. | 254,841 | Operating income | 100.00 | 2004.7.28 | - | - | - | - | - | 121 | 2 | - | - | - |

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

8.4 Other necessary supplementary notes:

None

8.5 The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act that had significant impacts on shareholders' equity or securities prices in fiscal year 2018 and as of the publication date of the annual report:

None

Yulon Motor Co., Ltd.



Chairman:

Yen Chen Li-Lien





 **Yulon Motor Co., Ltd.**

No. 39-1, Bir-Gong-Kong, Shi-Fu Village, Sanyi Town,
Miaoli County