Yulon Nissan Motor Company, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

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, 2014 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 27 “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 do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

YULON NISSAN MOTOR COMPANY, LTD.

By

KAI-TAI YEN
Chairman of the Board

March 23, 2015

Deloitte.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yulon Nissan Motor Company, Ltd.

We have audited the accompanying consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred in the first paragraph present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of Yulon Nissan Motor Company, Ltd. as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

Deloitte & Touche

March 23, 2015

<u>*Notice to Readers*</u>

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 NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Par Value)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 12,831,865	35	$ 8,567,899	24
Financial assets at fair value through profit or loss (Notes 4 and 7)	331,032	1	434,741	1
Notes receivable (Notes 4 and 8)	2,000	-	27	-
Notes receivable - related parties (Notes 4 and 28)	905	-	2,312	-
Trade receivables (Notes 4 and 8)	70,218	-	41,706	-
Trade receivables - related parties (Notes 4 and 28)	220,133	1	286,196	1
Other receivables (Notes 4 and 8)	96,152	-	351,164	1
Inventories (Notes 4 and 9)	2,739	-	2,047	-
Prepayments	509,050	2	877,335	3
Other financial assets (Note 10)	2,198,866	6	7,572,375	21
Total current assets	16,262,960	45	18,135,802	51
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 11)	17,734,336	49	14,989,267	42
Property, plant and equipment (Notes 4, 12 and 28)	1,758,753	5	1,748,604	5
Computer software (Notes 4, 13 and 28)	12,346	-	7,887	-
Deferred tax assets (Notes 4 and 22)	164,709	-	188,363	1
Other non-current assets (Notes 14 and 28)	573,443	1	249,042	1
Total non-current assets	20,243,587	55	17,183,163	49
TOTAL	$ 36,506,547	100	$ 35,318,965	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 3,630,000	10	$ 2,630,000	8
Notes payable - related parties (Note 28)	-	-	1,536	-
Trade payables	122,244	-	127,494	-
Trade payables - related parties (Note 28)	565,471	2	1,073,092	3
Other payables (Note 16)	882,601	2	657,680	2
Current tax liabilities (Notes 4 and 22)	977,135	3	490,530	1
Provisions (Notes 4 and 18)	172,054	-	169,129	1
Deferred revenue (Note 17)	-	-	1,643	-
Other current liabilities	19,698	-	21,419	-
Total current liabilities	6,369,203	17	5,172,523	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	-	-	1,000,000	3
Provisions (Notes 4 and 18)	86,282	-	74,808	-
Credit balance of investments accounted for using equity method (Notes 4 and 11)	22,141	-	-	-
Accrued pension liabilities (Notes 4 and 19)	546,327	2	555,089	1
Deferred tax liabilities (Notes 4 and 22)	2,552,082	7	3,476,068	10
Total non-current liabilities	3,206,832	9	5,105,965	14
Total liabilities	9,576,035	26	10,278,488	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock - NT$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	8	3,000,000	9
Capital surplus	6,129,405	17	6,129,405	17
Retained earnings				
Legal reserve	2,987,887	8	2,257,887	6
Special reserve	788,877	2	1,228,789	3
Unappropriated earnings	12,607,444	35	12,213,958	35
Total retained earnings	16,384,208	45	15,700,634	44
Other equity	1,416,899	4	210,438	1
Total equity	26,930,512	74	25,040,477	71
TOTAL	$ 36,506,547	100	$ 35,318,965	100

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 28)				
Sales (Note 4)	$ 33,126,357	100	$ 31,412,448	100
Service revenue (Note 4)	8,078	-	16,872	-
Other operating revenue	42,402	-	56,730	-
Total operating revenue	33,176,837	100	31,486,050	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 21 and 28)	28,855,176	87	26,037,200	83
GROSS PROFIT	4,321,661	13	5,448,850	17
OPERATING EXPENSES (Notes 19, 21 and 28)				
Selling and marketing expenses	2,564,472	8	2,611,485	8
General and administrative expenses	385,186	1	387,862	1
Research and development expenses	586,905	2	617,309	2
Total operating expenses	3,536,563	11	3,616,656	11
OTHER INCOME AND EXPENSES (Notes 21 and 28)	1,131	-	(15)	-
PROFIT FROM OPERATIONS	786,229	2	1,832,179	6
NON-OPERATING INCOME AND EXPENSES				
Shares of profit of associates	6,593,641	20	6,269,191	20
Interest income (Note 4)	398,147	1	348,901	1
Foreign currency exchange gain, net (Note 21)	287,674	1	391,529	1
Gain on valuation of financial assets, net	14,032	-	1,741	-
Gain on disposal of investment, net (Note 21)	5,964	-	3,745	-
Other revenue (Note 28)	5,078	-	4,553	-
Interest expenses (Note 28)	(42,689)	-	(16,994)	-
Overseas business expenses (Note 28)	(18,712)	-	(26,132)	-
Other losses (Note 28)	(2,687)	-	(1,823)	-
Total non-operating income and expenses	7,240,448	22	6,974,711	22
PROFIT BEFORE TAX	8,026,677	24	8,806,890	28
INCOME TAX EXPENSES (Notes 4 and 22)	1,502,918	4	1,506,893	5
NET PROFIT FOR THE YEAR	6,523,759	20	7,299,997	23

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	$ 1,206,461	3	$ 1,114,504	4
Actuarial gain arising from defined benefit plans (Note 19)	982	-	823	-
Income tax relating to components of other comprehensive income (Notes 4 and 22)	(167)	-	(140)	-
Other comprehensive income for the year, net of income tax	1,207,276	3	1,115,187	4
TOTAL COMPREHENSIVE INCOME	$ 7,731,035	23	$ 8,415,184	27
NET INCOME ATTRIBUTED TO				
Stockholders of the company	$ 6,523,759	20	$ 7,299,997	23
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO				
Stockholders of the company	$ 7,731,035	23	$ 8,415,184	27
EARNINGS PER SHARE (Note 23)				
Basic	$21.75		$24.33	
Diluted	$21.74		$24.32	

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

			Retained Earnings (Note 20)			Other Equity	
	Capital Stock (Note 20)	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Stockholders' Equity
BALANCE, JANUARY 1, 2013	$ 3,000,000	$ 6,129,405	$ 1,764,839	$ 788,877	$ 9,836,238	$ (904,066)	$ 20,615,293
Appropriation of 2012 earnings							
Legal reserve	-	-	493,048	-	(493,048)	-	-
Special reserve	-	-	-	439,912	(439,912)	-	-
Cash dividend distributed by the Company - $13.3 per share	-	-	-	-	(3,990,000)	-	(3,990,000)
	-	-	493,048	439,912	(4,922,960)	-	(3,990,000)
Net profit for the year ended December 31, 2013	-	-	-	-	7,299,997	-	7,299,997
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	683	1,114,504	1,115,187
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	7,300,680	1,114,504	8,415,184
BALANCE, DECEMBER 31, 2013	3,000,000	6,129,405	2,257,887	1,228,789	12,213,958	210,438	25,040,477
Appropriation of 2013 earnings							
Legal reserve	-	-	730,000	-	(730,000)	-	-
Special reserve	-	-	-	(439,912)	439,912	-	-
Cash dividend distributed by the Company - $19.47 per share	-	-	-	-	(5,841,000)	-	(5,841,000)
	-	-	730,000	(439,912)	(6,131,088)	-	(5,841,000)
Net profit for the year ended December 31, 2014	-	-	-	-	6,523,759	-	6,523,759
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	815	1,206,461	1,207,276
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	6,524,574	1,206,461	7,731,035
BALANCE, DECEMBER 31, 2014	$ 3,000,000	$ 6,129,405	$ 2,987,887	$ 788,877	$ 12,607,444	$ 1,416,899	$ 26,930,512

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 8,026,677	$ 8,806,890
Adjustments for:		
Depreciation expenses	446,629	462,132
Amortization expenses	5,454	6,713
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(14,032)	(1,741)
Interest expense	42,689	16,994
Interest income	(398,147)	(348,901)
Share of profit of associates	(6,593,641)	(6,269,191)
Net loss (gain) on disposal of property, plant and equipment	(1,131)	15
Net gain on disposal of investment	(5,964)	(3,745)
Net gain on foreign currency exchange	(460,335)	(414,495)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	123,705	(429,255)
Notes receivable	(1,973)	(27)
Notes receivable - related parties	1,407	(698)
Trade receivables	(28,512)	(5,152)
Trade receivables - related parties	66,063	293,142
Other receivables	2,765	227,960
Inventories	(692)	(500)
Prepayments	(1,743)	321,826
Notes payable - related parties	(1,536)	1,536
Trade payables	(5,250)	(9,825)
Trade payables - related parties	(461,174)	(268,139)
Other payables	225,026	107,388
Other current liabilities	(1,721)	(4,793)
Deferred revenue	(1,643)	(11,225)
Provisions	14,399	13,671
Accrued pension liabilities	(7,780)	(1,253)
Cash generated from operations	969,540	2,489,327
Interest paid	(42,794)	(15,553)
Income tax paid	(1,484,271)	(1,093,697)
Net cash generated from (used in) operating activities	(557,525)	1,380,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in other financial assets	5,433,877	(1,918,135)
Payment for property, plant and equipment (Note 24)	(486,380)	(1,084,114)
Proceeds from disposal of property, plant and equipment	4,638	26
Payments for computer software	(9,913)	(3,231)
Increase in other non-current assets	(344,753)	(181,563)
Interest received	650,394	217,424
Dividends received	5,057,835	5,194,339
Net cash generated from investing activities	10,305,698	2,224,746

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 1,000,000	$ 2,430,000
Proceeds from long-term borrowings	-	1,000,000
Repayment of long-term borrowings	(1,000,000)	-
Payments of dividends	(5,841,000)	(3,990,000)
Net cash used in financing activities	(5,841,000)	(560,000)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	356,793	694,621
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,263,966	3,739,444
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,567,899	4,828,455
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,831,865	$ 8,567,899

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the "Company," the Company and its subsidiaries are collectively referred to as the "Group") is a business on research and development of vehicles and sales of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. ("Yulon") transferred its sales, research and development businesses to the Company in October 2003 through a spin-off. The Company's spin-off from Yulon intended to increase Yulon's competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred its 40% equity to Nissan Motor Co., Ltd. ("Nissan"), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the board of directors on March 23, 2015.

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

The Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 Version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) Endorsed by the FSC Not Yet Effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulation Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

The initial application of the above 2013 IFRSs version and the related amendments to the Regulation Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies.

New IFRSs in Issue but Not Yet Endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash, cash equivalents, assets held for trading purposes and assets that are expected to be converted into cash or consumed within one year from the balance sheet date; assets other than current assets are non-current assets. Current liabilities include liabilities dued to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Basis of Consolidation

a. 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).

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.

b. Subsidiary included in consolidated financial statements

			% of Ownership	
		Main	December 31	
Investor	**Investee**	**Business**	**2014**	**2013**
Yulon Nissan Motor Company, Ltd	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	Investment	100.00	100.00

Foreign Currencies

The financial statements of each individual group entity are presented in its functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars (NT$). Upon preparing the consolidated financial statements, the operations and financial positions of each individual entity are translated into New Taiwan dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

The financial statements of the foreign associates accounted for using the equity method prepared in foreign currencies translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - year-end rates; profit and loss - average rates during the year; stockholders' equity - historical rate. The resulting differences are recorded as other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations subsidiaries are translated into New Taiwan dollars at year-end rates; profit and loss are translated at the average rates during the year; stockholders' equity - historical rate. The resulting differences are recoded as other comprehensive income.

Inventories

Inventories 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 weighted-average cost on the balance sheet date.

Investment in Associates

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Besides, the Group also recognizes the Group's share of the change in other equity of associates.

When the Group 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 Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. 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 equals 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 Group's net investment in the associate), 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.

Investments accounted for using the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for by the equity method has been impaired, the impairment losses are recognized in profit or loss.

Property, Plant and Equipment

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

The Group depreciates molds and dies on the basis of estimated production volume. Other property, plant and equipment are depreciated by using straight-line method. The estimated production volume, useful lives, residual values and depreciation method of an asset are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Computer Software

Computer software is stated at cost, less subsequent accumulated amortization and subsequent accumulated impairment loss. The Group amortization is recognized on a straight-line basis over 3 years. Estimated useful lives, residual values and amortization method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Group expects to dispose of the asset before the end of its economic life.

Impairment of Assets

When the carrying amount of property, plant and equipment and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years.

Financial Instruments

Financial assets and financial liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially recognized at fair values. Transaction costs that are 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 or deducted from 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

      a) Financial assets 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 (included dividend or interest received in the investment year) earned on the financial asset. Method to determine the fair value please refer to Note 27.

      b) Loans and receivables

         Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. Loans and 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.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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 and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

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

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is 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 trade receivables and other receivables that are written off against the allowance account.

3) Derecognition of financial assets

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

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

a. Inventory purchase commitment

Where the Group has a commitment under which the unavoidable costs of meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment, the present obligations arising under such commitment (e.g. inventory purchase commitment) are recognized and measured as provisions.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Group’s obligation by the management of the Group.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

b. Rendering of services

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

c. Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefit Costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The accrued pension liabilities recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Taxation

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

a. Current tax

Current taxable payable depends on current tax income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Group’s current tax liabilities are calculated by the legislated tax rate on balance sheet date.

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 as the status of appropriations of earnings is uncertain.

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 in the consolidated financial statements 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 associates, 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.

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 to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

c. Current and deferred tax for the year

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

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.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows 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. As of December 31, 2014 and 2013, the carrying values of trade receivables were $389,408 thousand and $681,405 thousand, respectively.

b. Property, plant and equipment - molds and dies

The Group depreciates molds and dies using unit-of-output method. The Group examines the estimated production units of each model according to the market every 6 months and calculates the amount allocated for each mold and die, which is also the basis of depreciation of molds and dies.

c. Provisions for the expected cost of warranty

The Group calculates the provisions for the expected cost of warranty quarterly based on the numbers of units sold and the weighted average of actual warranty expense in the past. As of December 31, 2014 and 2013, the carrying amount of provisions for warranty was $146,358 thousand and $134,125 thousand, respectively.

d. Provisions for loss on inventory purchase commitment

The Group assesses provisions for loss on inventory purchase commitment of purchasing parts and vehicles to Yulon regularly. As of December 31, 2014 and 2013, the carrying amount of provisions for loss on inventory purchase commitment was $111,978 thousand and $109,812 thousand, respectively.

e. Recognition and measurement of defined benefit plans

The Group uses judgments and estimations in determining the actuarial assumptions for calculation of the present value of defined benefit obligation at the end of each reporting period. Actuarial assumptions comprise the discount rate and the expected return rate on plan assets. Changes in the assumptions may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 20	$ 20
Checking accounts and demand deposits	1,184,495	754,979
Foreign currency demand deposits	1,081,033	2,648,035
Cash equivalents		
Foreign currency time deposits	10,559,417	5,157,965
Time deposits	6,900	6,900
	$ 12,831,865	$ 8,567,899

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rates intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	December 31	
	2014	2013
Demand deposits and time deposits	0.01%-3.40%	0.01%-3.25%

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 331,032	$ 434,741

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable	$ 2,000	$ 27
Trade receivables	$ 70,218	$ 41,706
Other receivables		
Interest receivables	$ 81,788	$ 334,035
Disposal of investment receivables	-	5,297
Others	14,364	11,832
	$ 96,152	$ 351,164

a. Notes receivable

For the notes receivable, there were no past due balances at the end of the reporting period and the Group did not recognize an allowance for impairment loss

b. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

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

	December 31	
	2014	2013
Less than 180 days	$ 22,720	$ 13,833

9. INVENTORIES

	December 31	
	2014	2013
Parts	$ 1,664	$ 2,047
Vehicle	1,075	-
	$ 2,739	$ 2,047

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 was $28,855,176 thousand, which included warranty cost of $70,933 thousand and loss on inventory purchase commitment of $2,166 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2013 was $26,037,200 thousand, which included warranty cost of $38,088 thousand and loss on inventory purchase commitment of $28,431 thousand.

10. OTHER FINANCIAL ASSETS

Other financial assets are RMB time deposits with original maturities more than three months. The ranges of the market interest rates of these time deposits were as follows:

	December 31	
	2014	2013
Time deposit with original maturity more than three months	3.25%-3.75%	2.35%-5.00%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2014	2013
Investment in associates		
Guangzhou Aeolus Automobile Co., Ltd.	$ 12,650,417	$ 8,669,017
Aeolus Xiangyang Automobile Co., Ltd	2,716,828	2,261,228
Aeolus Automobile Co., Ltd.	1,804,815	3,571,067
Shenzhen Lan You Technology Co., Ltd.	562,276	453,724
Dong Feng Yulon Used Cars Co., Ltd.	(22,141)	34,231
	17,712,195	14,989,267
Add: Credit balance of investments accounted for using equity method	22,141	-
	$ 17,734,336	$ 14,989,267

As the end of the reporting periods, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31 2014	December 31 2013
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%
Aeolus Xiangyang Automobile Co., Ltd.	16.55%	16.55%
Aeolus Automobile Co., Ltd.	33.12%	33.12%
Shenzhen Lan You Technology Co., Ltd.	45.00%	45.00%
Dong Feng Yulon Used Cars Co., Ltd.	49.00%	49.00%

The summarized financial information in respect of the Group's associates is set out below:

	December 31 2014	December 31 2013
Total assets	$ 74,643,842	$ 73,126,807
Total liabilities	$ 20,169,080	$ 26,221,061

	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Revenue for the year	$ 37,319,860	$ 60,026,176
Profit for the year	$ 17,683,887	$ 19,308,831

The amounts recognized as share of profit of associates on equity method for the years ended December 31, 2014 and 2013 were based on the financial statements for the same periods, which were audited by independent auditors.

12. PROPERTY, PLANT AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance at January 1, 2013	$ 4,860,514	$ 964,863	$ 85,064	$ 82,255	$ 4,290	$ 19,053	$ 3,441	$ 5,694	$ 6,025,174
Additions	426,764	88,297	5,750	4,354	4,305	-	3,942	-	533,412
Disposals	(1,668,369)	(330,008)	(8,921)	(11,076)	-	(524)	(1,118)	-	(2,020,016)
Balance at December 31, 2013	$ 3,618,909	$ 723,152	$ 81,893	$ 75,533	$ 8,595	$ 18,529	$ 6,265	$ 5,694	$ 4,538,570
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ (3,591,304)	$ (593,890)	$ (69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$ (4,347,809)
Depreciation expense	(361,039)	(85,563)	(6,773)	(6,202)	(680)	(649)	(878)	(348)	(462,132)
Disposals	1,668,369	330,008	8,921	11,040	-	519	1,118	-	2,019,975
Balance at December 31, 2013	$ (2,283,974)	$ (349,445)	$ (66,883)	$ (61,780)	$ (4,780)	$ (16,082)	$ (1,739)	$ (5,283)	$ (2,789,966)
Carrying value, net, December 31, 2013	$ 1,334,935	$ 373,707	$ 15,010	$ 13,753	$ 3,815	$ 2,447	$ 4,526	$ 411	$ 1,748,604
Cost									
Balance at January 1, 2014	$ 3,618,909	$ 723,152	$ 81,893	$ 75,533	$ 8,595	$ 18,529	$ 6,265	$ 5,694	$ 4,538,570
Additions	334,961	104,972	2,231	10,002	8,119	-	-	-	460,285
Disposals	-	-	(8,450)	(238)	(5,852)	(145)	(1,755)	-	(16,440)
Balance at December 31, 2014	$ 3,953,870	$ 828,124	$ 75,674	$ 85,297	$ 10,862	$ 18,384	$ 4,510	$ 5,694	$ 4,982,415

(Continued)

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ (2,283,974)	$ (349,445)	$ (66,883)	$ (61,780)	$ (4,780)	$ (16,082)	$ (1,739)	$ (5,283)	$ (2,789,966)
Depreciation expense	(338,562)	(93,647)	(6,243)	(5,433)	(1,031)	(432)	(1,151)	(130)	(446,629)
Disposals	-	-	8,414	235	2,384	145	1,755	-	12,933
Balance at December 31, 2014	$ (2,622,536)	$ (443,092)	$ (64,712)	$ (66,978)	$ (3,427)	$ (16,369)	$ (1,135)	$ (5,413)	$ (3,223,662)
Carrying value, net, December 31, 2014	$ 1,331,334	$ 385,032	$ 10,962	$ 18,319	$ 7,435	$ 2,015	$ 3,375	$ 281	$ 1,758,753

(Concluded)

There were no signs of impairment losses of assets for the years ended December 31, 2014 and 2013; therefore, the Group did not assess for impairment.

Except molds and dies are depreciated on an estimated production volume basis, other property, plant and equipment are depreciated on a straight-line method over the assets' estimated useful life of the assets. The estimated useful lives are as follows:

Computer equipment	2 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 10 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years

13. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance, January 1, 2013	$ 20,210
Additions	3,231
Disposals	(990)
Balance, December 31, 2013	$ 22,451
Accumulated amortization	
Balance, January 1, 2013	$ (8,841)
Amortization expense	(6,713)
Disposals	990
Balance, December 31, 2013	$ (14,564)
Carrying amounts at December 31, 2013	$ 7,887

(Continued)

	Computer Software
Cost	
Balance, January 1, 2014	$ 22,451
Additions	9,913
Disposals	(13,640)
Balance, December 31, 2014	$ 18,724
Accumulated amortization	
Balance, January 1, 2014	$ (14,564)
Amortization expense	(5,454)
Disposals	13,640
Balance, December 31, 2014	$ (6,378)
Carrying amounts at December 31, 2014	$ 12,346

(Concluded)

14. OTHER NON CURRENT ASSETS

	For the Year Ended December 31	
	2014	2013
Refundable deposits	$ 538,131	$ 234,653
Prepayment for equipment	35,312	14,389
	$ 573,443	$ 249,042

Refundable deposits are mainly for materials the Company paid to Yulon.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Unsecured bank loans	$ 3,630,000	$ 2,630,000
Ranges of weighted average effective interest rate	0.96%-1.10%	0.96%-1.05%

b. Long-term borrowings

	December 31	
	2014	2013
Unsecured bank loans	$ -	$ 1,000,000
Interest rate	-	1.35%

The interest payments of the long-term borrowing are made monthly. The principal of the long-term borrowing is repayable upon maturity. The Company made early repayment in October 2014.

16. OTHER PAYABLES

	For the Year Ended December 31	
	2014	2013
Salaries and bonus	$ 296,081	$ 357,082
Taxes	230,936	-
Advertising and promotion fees	156,097	113,701
Others	199,487	186,897
	$ 882,601	$ 657,680

17. DEFERRED REVENUE

	For the Year Ended December 31	
	2014	2013
Arising from government grants	$ -	$ 1,643

The deferred revenue arose in respect of government grant for electric vehicles.

18. PROVISIONS

	December 31	
	2014	2013
Current		
Inventory purchase commitment	$ 111,978	$ 109,812
Warranties	60,076	59,317
	$ 172,054	$ 169,129
Non-current		
Warranties	$ 86,282	$ 74,808

	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2013	$ 81,381	$ 148,885	$ 230,266
Additional provisions recognized	28,431	38,088	66,519
Paid	-	(52,848)	(52,848)
Balance at December 31, 2013	$ 109,812	$ 134,125	$ 243,937
Balance at January 1, 2014	$ 109,812	$ 134,125	$ 243,937
Additional provisions recognized	2,166	70,933	73,099
Paid	-	(58,700)	(58,700)
Balance at December 31, 2014	$ 111,978	$ 146,358	$ 258,336

The provision for loss on inventory purchase commitment represents the present obligations of which the unavoidable costs meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranty under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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.

The total expense recognized in profit or loss for the years ended December 31, 2014 and 2013 was $12,935 thousand and $12,548 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

Employee benefit expenses in respect of defined contribution plan were included in the following line items:

	2014	**2013**
Selling and marketing expenses	$ 4,136	$ 4,018
General and administrative expenses	$ 4,175	$ 4,005
Research and development expenses	$ 4,624	$ 4,525

There were no regular employees for Yi-Jan Overseas Investment Co., Ltd. and Jet Ford, Inc. as of December 31, 2014; therefore, the subsidiaries had no pension plan for employees.

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Law, under which 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 2% 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.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31	
	2014	**2013**
Discount rate	1.750%	1.750%
Expected return on plan assets	2.000%	2.000%
Expected rate of salary increase	2.500%	2.500%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 5,641	$ 6,112
Interest cost	10,038	9,476
Expected return on plan assets	(138)	(219)
Past service cost	2,504	2,504
	$ 18,045	$ 17,873
An analysis by functions		
Selling and marketing expenses	$ 4,312	$ 4,666
General and administrative expenses	8,493	8,145
Research and development expenses	5,240	5,062
	$ 18,045	$ 17,873

Actuarial gains recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was $982 thousand and $823 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $8,454 thousand and $9,436 thousand, respectively.

The amounts included in the consolidated balance sheet arising from the Company's obligation in respect of its defined benefit plan were as follows:

	December 31	
	2014	**2013**
Defined benefit obligation	$ 568,683	$ 573,593
Fair value of plan assets	(9,957)	(3,601)
Deficit	558,726	569,992
Past service cost not yet recognized	(12,399)	(14,903)
Net liability arising from defined benefit obligation	$ 546,327	$ 555,089

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 573,593	$ 583,133
Current service cost	5,641	6,112
Interest cost	10,038	9,476
Actuarial gains	(973)	(967)
Benefits paid - from plan assets	-	(11,169)
Benefits paid - from book-reserve	(19,616)	(12,992)
Closing defined benefit obligation	$ 568,683	$ 573,593

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 3,601	$ 8,561
Expected return on plan assets	138	219
Actuarial gains/(losses)	9	(144)
Contributions from the employer	6,209	6,134
Benefits paid	-	(11,169)
Closing fair value of plan assets	$ 9,957	$ 3,601

For the years ended December 31, 2014 and 2013, the actual return on plan assets were $147 thousand and $75 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Labor Pension Fund Supervisory Committee:

	December 31	
	2014	2013
Equity instruments	49.69	44.77
Cash and cash equivalents	19.12	22.86
Fixed income instruments	14.46	18.11
Debt instruments	11.92	9.37
Others	4.81	4.89
	100.00	100.00

The Company chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2013
Present value of defined benefit obligation	$ (568,683)	$ (573,593)	$ (583,133)	$ (559,935)
Fair value of the plan assets	$ 9,957	$ 3,601	$ 8,561	$ 5,458
Deficit	$ (558,726)	$ (569,992)	$ (574,572)	$ (554,477)
Experience adjustments on plan liabilities	$ 11,615	$ (13,778)	$ (10,147)	$ -
Experience adjustments on plan assets	$ 9	$ (144)	$ (111)	$ -

The Company expects to make a contribution of $6,674 thousand, to the defined benefit plans during the annual period beginning after 2014.

20. EQUITY

a. Capital surplus

	December 31	
	2014	2013
Excess from spin-off	$ 5,986,507	$ 5,986,507
Generated from long-term investment	142,898	142,898
	$ 6,129,405	$ 6,129,405

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

The capital surplus from long-term investment may not be used for any purpose.

b. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the legal reserve should be set aside at 10% of annual net income, less any accumulated deficit, and appropriate special reserve. The remainder of the income should be appropriated as follows:

1) 0.1% to 5% as bonus to employees.

2) The remainder and the undistributed retained earnings as dividends. The distribution is proposed by the board of directors and approved by the stockholders.

The Company operates in a mature and stable industry. In determining the ratio of cash dividends to stock dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. Thus, cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 23, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2013	2012	2013	2012
Legal reserve	$ 730,000	$ 493,048		
Special reserve	(439,912)	439,912		
Cash dividend	5,841,000	3,990,000	$19.47	$13.30

Bonus to employees for 2013 and 2012 approved in the shareholders' meetings on June 23, 2014 and June 14, 2013, respectively, were as follows:

	For the Year Ended December 31	
	2013	**2012**
	Cash Dividend	**Cash Dividend**
Bonus to employees	$ 31,500	$ 30,251

There was no difference between the amounts of the bonus to employees in the shareholders' meetings in 2014 and 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012.

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guideline Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP").

The estimated amount of accrued employee bonus for the year ended December 31, 2014 was $32,723 thousand. The bonuses to the Company's employees for the year ended December 31, 2014 were calculated at 0.56 % of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the year ended December 31, 2013 was $31,500 thousand. The bonuses to the Company's employees for the year ended December 31, 2013 were calculated at 0.43% of net income net of the 10% deduction for legal reserve.

After the end of the year, if the actual amounts subsequently resolved by the board of directors have significant difference from the proposed amounts, the adjustments to expenses are recorded in the year of recognition. At the date of stockholders' resolution, if the amount differs from the amount resolved by the board of directors, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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

As of March 23, 2015, the date of the accompanying independent auditors' report, the appropriations and distribution of the 2014 earnings of the Company had not been approved by the board of directors and stockholders. Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. 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 capital surplus, the excess may be transferred to capital or distributed in cash.

21. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
An analysis of depreciation by function		
Operating cost	$ 432,209	$ 446,602
Operating expenses	14,420	15,530
	$ 446,629	$ 462,132
An analysis of depreciation by function		
Operating expenses	$ 5,454	$ 6,713

b. Technical cooperation agreement

	For the Year Ended December 31	
	2014	2013
Operating cost	$ 507,681	$ 460,376

The Company has a technical cooperation agreement (the "TCA") with Nissan. The TCA requires the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax.

c. Employee benefit expenses

	For the Year Ended December 31	
	2014	2013
Post-employment benefit (Note 19)		
Defined contribution plans	$ 12,935	$ 12,548
Defined benefit plans	18,045	17,873
	30,980	30,421
Termination benefit	3,900	3,900
Labor and health insurance	36,868	34,648
Other employee benefit	547,850	596,424
	588,618	634,972
Total employee benefit expenses	$ 619,598	$ 665,393
An analysis of employee benefits expense by function		
Operating cost	$ 645	$ 881
Operating expenses	$ 617,829	$ 663,487
Non-operating expenses	$ 1,124	$ 1,025

The number of employees for the years ended December 31, 2014 and 2013 were 428 and 422, respectively.

d. Non-operating income and expenses

	For the Year Ended December 31	
	2014	2013
Net gain or (loss) on disposal of property, plant and equipment	$ 1,131	$ (15)

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2014	2013
Foreign currency exchange gain	$ 816,413	$ 409,972
Foreign currency exchange loss	(528,739)	(18,443)
Net gain	$ 287,674	$ 391,529

f. Gain or loss on sale of investment

	For the Year Ended December 31	
	2014	2013
Gain on sale of investment	$ 9,705	$ 5,211
Loss on sale of investment	(3,741)	(1,466)
Net gain	$ 5,964	$ 3,745

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 2,402,152	$ 921,450
Adjustments for prior years	1,265	4,257
Deferred tax		
In respect of the current year	(900,499)	581,186
Income tax expense recognized in profit or loss	$ 1,502,918	$ 1,506,893

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

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 8,026,677	$ 8,806,890
Income tax expense calculated at the statutory rate	$ 1,364,535	$ 1,497,171
Nondeductible expenses in determining taxable income	23,854	5,646
Tax-exempt income	(3,695)	(933)
Additional income tax on unappropriated earnings	116,959	752
Adjustments for prior years' tax	1,265	4,257
Income tax expense recognized in profit or loss	$ 1,502,918	$ 1,506,893

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc., respectively, are tax-exempt.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	**2013**
Deferred tax		
Recognized in other comprehensive income		
Actuarial gains and losses on defined benefit plan	$ (167)	$ (140)

c. Current tax liabilities

	December 31	
	2014	**2013**
Current tax liabilities		
Income tax payable	$ 977,135	$ 490,530

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 94,999	$ (212)	$ (140)	$ 94,647
Impairment losses	78,193	(25,946)	-	52,247
Provisions for warranty	25,310	(2,509)	-	22,801
Provisions for loss on inventory purchase commitment	13,835	4,833	-	18,668
Unrealized exchange loss, net	4,985	(4,985)	-	-
Deferred revenue	3,813	(3,813)	-	-
	$ 221,135	$ (32,632)	$ (140)	$ 188,363

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporarily difference				
Shares of profit of associates	$ 2,927,514	$ 543,104	$ -	$ 3,470,618
Unrealized exchange gain, net	-	5,450	-	5,450
	$ 2,927,514	$ 548,554	$ -	$ 3,476,068

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 94,647	$ (1,323)	$ (167)	$ 93,157
Impairment losses	52,247	(24,612)	-	27,635
Provisions for warranty	22,801	2,080	-	24,881
Provisions for loss on inventory purchase commitment	18,668	368	-	19,036
	$ 188,363	$ (23,487)	$ (167)	$ 164,709
Deferred tax liabilities				
Temporarily difference				
Shares of profit of associates	$ 3,470,618	$ (964,024)	$ -	$ 2,506,594
Unrealized exchange gain, net	5,450	40,038	-	45,488
	$ 3,476,068	$ (923,986)	$ -	$ 2,552,082

e. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ 12,607,444	$ 12,213,958
Imputation credit account ("ICA")	$ 881,287	$ 813,731

	For the Year Ended December 31	
	2014 (Expected)	2013 (Actual)
Creditable ratio for distribution	14.74%	6.67%

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of ICA as of the date of dividends distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

f. Income tax assessment

The tax returns through 2012 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted-average number of common stock outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2014	2013
Earnings used in the computation of basic and diluted earnings per share	$ 6,523,759	$ 7,299,997

Weighted-average number of common stock outstanding (in thousand shares):

	For the Year Ended December 31	
	2014	2013
Weighted average number of common stock in computation of basic earnings per share	300,000	300,000
Effect of potential dilutive common stock:		
Bonus issue to employees	141	126
Weighted average number of common stock used in the computation of diluted earnings per share	300,141	300,126

The Group may settle bonuses paid to employees in cash or shares; thus, the Group assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. NON-CASH TRANSACTIONS

For the years ended December 31, 2014 and 2013, the Company entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2014	**2013**
Investing activities affecting both cash and non-cash transactions		
Increase in property, plant and equipment	$ 439,933	$ 515,061
Decrease in trade payable	46,447	569,053
Cash paid for acquisition of property, plant and equipment	$ 486,380	$ 1,084,114

25. OPERATING LEASE AGREEMENTS

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2014	**2013**
No later than 1 year	$ 2,508	$ 2,508
Later than 1 year and not later than 5 years	3,971	6,479
	$ 6,479	$ 8,987

26. CAPITAL MANAGEMENT

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

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management believes the carrying value of the financial assets and financial liabilities not carried at fair value is approximately equal to the fair value.

2) Fair value measurements recognized in the consolidated balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 331,032	$ -	$ -	$ 331,032

December 31, 2013

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 434,741	$ -	$ -	$ 434,741

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

3) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair value of fund beneficiary certificate traded on active market is the net asset value on balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Fair value through profit or loss		
Held for trading	$ 331,032	$ 434,741
Loans and receivables (Note 1)	15,420,139	16,821,679
Financial liabilities		
Amortized cost (Note 2)	4,876,724	5,106,211

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term, notes payable, trade payables, part of other payables, and long-term loans.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivable, trade payables, and borrowings. The Group's Corporate Treasury function coordinates access to domestic and international financial markets, manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the RMB, U.S. dollars and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% 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 adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthen 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact		**U.S. Dollar Impact**		**Japan Yen Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Gain (loss)	$ (678,748)	$ (758,298)	$ (15,884)	$ (27,582)	$ (1,434)	$ (749)

This was mainly attributable to the exposure outstanding on RMB, U.S. dollars and Japanese Yen cash in bank, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rate at the end of the reporting period were as follows:

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 12,796,831	$ 12,742,990
Financial liabilities	500,000	3,630,000
Cash flows interest rate risk		
Financial assets	2,233,880	3,397,264
Financial liabilities	3,130,000	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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 year ended December 31, 2014 would decrease/increase by $2,240 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

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 year ended December 31, 2013 would decrease/increase by $8,493 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

2) Credit risk

The Group's concentration of credit risk of 46% and 50% in total trade receivables as of December 31, 2014 and 2013, respectively, was related to the Group's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Group manages liquidity risk by monitoring and 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 the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2014 and 2013, the available unutilized short-term borrowing facilities were $2,070,000 and $370,000 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2014

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year	1-2 Years
Non-derivative financial liabilities					
Non-interest bearing	-	$ 1,018,924	$ 67,421	$ 150,019	$ -
Floating interest rate instrument	0.96	1,133,555	2,000,925	-	-
Fixed interest rate instrument	1.10	500,135	-	-	-
		$ 2,652,614	$ 2,068,346	$ 159,019	$ -

December 31, 2013

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year	1-2 Years
Non-derivative financial liabilities					
Non-interest bearing	-	$ 970,731	$ 292,470	$ 211,544	$ -
Fixed interest rate instrument	1.08	631,466	2,006,287	10,125	1,008,544
		$ 1,602,197	$ 2,298,757	$ 221,669	$ 1,008,544

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Investors that have significant influence over the Group	
Nissan Motor Corporation ("Nissan")	Equity-method investor of the Company
Yulon Motor Co., Ltd. ("Yulon")	Same as above
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Motor Egypt S.A.E.	Same as above
PT. Nissan Motor Indonesia ("NMI")	Same as above
Nissan Motor India Private Limited	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distribution Indonesia	Same as above
Nissan North America, Inc.	Same as above

(Continued)

Related Party	Relationship with the Group
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Motors Co., Ltd Honmoku Plant	Substantial related party of Nissan
Nissan Philippines Inc.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Zhenzhou Nissan Automobile Co., Ltd.	Same as above
Allied Engineering Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Univatin Motor Philippines, Inc. (Nissan Motor Philippines, Inc.)	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Co., Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co.	Same as above
Le-Wen Co., Ltd	Same as above
Visionary International Consulting Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Subsidiary of Hua-Chuang Automobile Information Technical Center Co., Ltd.
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Subsidiary of Chen Long Co., Ltd.

(Continued)

Related Party	Relationship with the Group
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Tsung Ho Enterprise Co., Ltd.	Subsidiary of Chi Ho Corporation
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.

(Concluded)

b. Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and parties were disclosed below:

1) Trading transactions

	For the Year Ended December 31	
	2014	2013
Sales		
Investors that have significant influence over the Group	$ 11,212	$ 10,309
Others	32,546,046	30,844,618
	$ 32,557,258	$ 30,854,927
Service revenue		
Investors that have significant influence over the Group	$ 1,382	$ 16,872
Others	6,696	-
	$ 8,078	$ 16,872
Other operating revenue		
Investors that have significant influence over the Group	$ 16,547	$ 21,286
Others	21,209	18,413
	$ 37,756	$ 39,699

The Company designs and performs R&D of cars for Nissan. Service revenue is recognized according to the related contracts. Service revenue also arose from technical support provided by Jetford to other parties.

Other operating revenue of the Company arose from selling steel plates, steel and aluminum parts, and engaging in vehicles identification and testing.

	For the Year Ended December 31	
	2014	**2013**
Operating cost - purchase		
Investors that have significant influence over the Group	$ 27,463,115	$ 24,825,735
Others	108,182	40,724
	$ 27,571,297	$ 24,866,459
Operating cost - TCA		
Investors that have significant influence over the Group	$ 507,681	$ 460,376
Operating cost - rental		
Investors that have significant influence over the Group	$ 13,626	$ 12,323
Others	13,296	16,713
	$ 26,922	$ 29,036

The Company's TCA is the payment to investors with significant influence over the Group, with whom the Company has technical cooperation agreements.

The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars and driving service for its executives.

	For the Year Ended December 31	
	2014	**2013**
Selling and marketing expenses		
Investors that have significant influence over the Group	$ 32,908	$ 42,433
Others	1,468,999	1,750,092
	$ 1,501,907	$ 1,792,525
General and administrative expenses		
Investors that have significant influence over the Group	$ 12,211	$ 20,486
Others	183,379	186,468
	$ 195,590	$ 206,954
Research and development expenses		
Investors that have significant influence over the Group	$ 100,291	$ 89,939
Others	27,922	26,324
	$ 128,213	$ 116,263

Selling and marketing expenses are payment to other parties for advertisement and promotion.

General and administrative expenses are payment to other parties for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence over the Group for sample products, trial fee and TOBE System.

The Company bought molds from related parties (molds purchased were recorded under property, plant and equipment) as follows:

	For the Year Ended December 31	
	2014	**2013**
Investors that have significant influence over the Group	$ 16,624	$ -
Others	130,942	167,103
	$ 147,566	$ 167,103

2) Non-operating transactions

	For the Year Ended December 31	
	2014	**2013**
Other revenue		
Investors that have significant influence over the Group	$ 168	$ 581
Others	-	399
	$ 168	$ 980
Overseas business expense		
Others	$ 13,344	$ 15,486
Other losses		
Investors that have significant influence over the Group	$ 31	$ 32

3) Receivables from related parties

	December 31	
	2014	**2013**
Notes receivable		
Others	$ 905	$ 2,312
Trade receivables		
Investors that have significant influence over the Group	$ 14,890	$ 40,837
Others	205,243	245,359
	$ 220,133	$ 286,196

4) Payables to related parties

	December 31	
	2014	**2013**
Notes payable		
Investors that have significant influence over the Group	$ -	$ 1,536
Trade payables		
Investors that have significant influence over the Group	$ 253,986	$ 659,922
Others	311,485	413,170
	$ 565,471	$ 1,073,092

5) Refundable deposits

	December 31	
	2014	**2013**
Investors that have significant influence over the Group	$ 488,561	$ 174,432
Others	47,977	59,284
	$ 536,538	$ 233,716

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2014	**2013**
Short-term employee benefit	$ 44,464	$ 42,279
Post-employment benefit	1,986	1,585
	$ 46,450	$ 43,864

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related-parties

1) The Company sold to Taiwan Acceptance Corporation trade receivable which amounted to $2,061,218 thousand and $2,017,040 thousand for the years ended December 31, 2014 and 2013, respectively. Based on the related contract, the amount of receivable sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The Company's interest expenses recognized on the trade receivable sold to Taiwan Acceptance Corporation were $1,149 thousand and $1,185 thousand for the years ended December 31, 2014 and 2013, respectively.

2) The Company bought other equipment for $247 thousand and $769 thousand from Singgual Technology Co., Ltd. for the years ended December 31, 2014 and 2013. All of them were recorded under property, plant and equipment.

3) The Company had sold property, plant and equipment to related-party; the related-party and amounts for the year ended December 31, 2014 are summarized as follows:

	Amount	Carrying Value	Gain on Disposal
Hua-Chuang Automobile Information Technical Center Co., Ltd.	$ 4,629	$ 3,468	$ 1,161

4) The Company bought computer software for $148 thousand from Singgual Technology Co., Ltd. for the year ended December 31, 2014. All of them were recorded under computer software.

5) The Company signed molds contracts with Diamond Leasing Service Co., Ltd.

The molds contracts are valid from the date of the contract to the end of production of the car model. The contract amount is $790,155 thousand (excluding of tax) and the installment payments will be disbursed according to the progress under the contract schedule. The types of car parts have not been produced until the end of December 2014. The Company had already paid $681,226 thousand (recognized as property, plant, and equipment). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year with the amount of $2.6 for every ten thousand of the accumulated amounts paid for molds in prior year.

29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2014 were as follows:

a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer ("OEM") of automobile parts and after-sales service. As of December 31, 2014, both parties did not receive a termination notice, so the contract automatically extended.

   The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to December 31, 2014, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	December 31	
	2014	2013
Acquisition of property, plant and equipment	$ 234,249	$ 289,990
Acquisition of other computer software	296	1,331
	$ 234,545	$ 291,321

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,042,417	0.1634 (RMB:USD)	$ 5,390,974
RMB	1,607,224	5.0920 (RMB:NTD)	8,183,984
USD	10,037	31.65 (USD:NTD)	317,672
JPY	108,653	0.2646 (JPY:NTD)	28,749
Financial liabilities			
Monetary item			
JPY	278	0.2646 (JPY:NTD)	74

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 2,424,662	0.1640 (RMB:USD)	$ 11,851,796
RMB	675,808	4.9040 (RMB:NTD)	3,314,163
USD	18,508	29.805 (USD:NTD)	551,636
JPY	53,715	0.2839 (JPY:NTD)	15,250
Financial liabilities			
Monetary items			
JPY	919	0.2839 (JPY:NTD)	261

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1 (attached)

4) Marketable securities acquired and disposed at cost or prices at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

9) Trading in derivative instruments: None

10) Information on investees: Table 4 (attached)

11) Intercompany relationships and significant intercompany transactions: Table 5 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area: Table 6 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

32. SEGMENTS 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 as follows:

Vehicle segment: Vehicle sales
Part segment: Parts sales
Investment segment: Overseas business activities
Other segment: Other operating activities other than the above segments

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segment

	Revenue		Profit Before Tax	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Vehicle segment	$ 29,690,734	$ 28,051,149	$ 813,125	$ 1,625,085
Part segment	3,435,622	3,361,299	461,811	585,791
Investment segment	-	-	6,574,929	6,243,059
Other segment	50,481	73,602	(471,847)	(360,752)
	$ 33,176,837	$ 31,486,050	7,378,018	8,093,183
Gain (loss) on disposal of property, plant and equipment			1,131	(15)
Interest income			398,147	348,901
Net foreign currency exchange gain			287,674	391,529
Net gain on valuation of financial assets			14,032	1,741
Net gain on disposal of investment			5,964	3,745
Interest expense			(42,689)	(16,994)
Central administration cost and directors' compensation			(15,600)	(15,200)
Profit before tax			$ 8,026,677	$ 8,806,890

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2014 and 2013.

Segment profit represents the profit earned by each segment, excluding the allocation of gain (loss) on disposal of property, plant and equipment, interest income, net foreign currency exchange gain, net gain from valuation of financial assets, net gain on disposal of investment, interest expense, central administration cost and directors' compensation, and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segment total assets

	December 31	
	2014	**2013**
Vehicle segment	$ 1,717,969	$ 1,710,369
Part segment	3,174	2,532
Investment segment	17,734,336	14,989,267
Other segment	37,610	35,703
	19,493,089	16,737,871
Unallocated assets	17,013,458	18,581,094
Consolidated total assets	$ 36,506,547	$ 35,318,965

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2014	**2013**
Vehicles	$ 29,690,734	$ 28,051,149
Parts	3,435,623	3,361,299
Others	50,480	73,602
	$ 33,176,837	$ 31,486,050

d. Geographical information

The Group's revenues from external customers by location of operations are detailed below.

	For the Year Ended December 31	
	2014	**2013**
Domestic	$ 32,910,048	$ 31,099,191
Overseas	266,789	386,859
	$ 33,176,837	$ 31,486,050

The Group's non-current assets by location of assets are detailed below.

	December 31	
	2014	**2013**
Domestic	$ 2,344,542	$ 2,005,533
Overseas	-	-
	$ 2,344,542	$ 2,005,533

e. Information about major customers

The Group's revenue from major customers is detailed below.

	For the Year Ended December 31	
	2014	2013
Certain customer from the vehicle segment	$ 29,532,957	$ 27,903,555

No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	9,821	$ 105,269	-	$ 105,269	
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	7,964	80,738	-	80,738	
	Fuh Hwa Global Bond	-	Financial assets at fair value through profit or loss	2,928	40,218	-	40,218	
	Allianz Glbl Inv Glbl Biotech	-	Financial assets at fair value through profit or loss	1,081	38,994	-	38,994	
	Yuanta Global REITs Fund	-	Financial assets at fair value through profit or loss	1,770	21,363	-	21,363	
	Nomura Investment Grade USD Credit Acc	-	Financial assets at fair value through profit or loss	1,781	20,036	-	20,036	
	Capital US Opportunity	-	Financial assets at fair value through profit or loss	1,117	13,121	-	13,121	
	Nomura Global Biotech & Health Care	-	Financial assets at fair value through profit or loss	667	11,293	-	11,293	

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset’s net value and the redemption price as of December 31, 2014

TABLE 2

YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	$ 27,438,045	98	5 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (132,058)	(19)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	29,532,957	89	4 days after sales for parts 3 days after sales for vehicles	-	-	90,416	30	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	366,743	1	15 days after sales for parts	-	-	6,088	2	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	350,365	1	Same as above	-	-	3,154	1	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	315,776	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Hui-Lian Motor Co., Ltd.	Substantial related party of Yulon	Sale	278,913	1	15 days after sales for parts	-	-	-	-	-
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	265,793	1	Same as above	-	-	-	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	254,783	1	15 days after sales for parts Immediate payment for vehicles	-	-	2,373	1	-
	Chen Long Co., Ltd.	Substantial related party of Yulon	Sale	242,075	1	15 days after sales for parts	-	-	2,728	1	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	225,047	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Chi Ho Corporation	Substantial related party of Yulon	Sale	127,529	-	Same as above	-	-	-	-	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are notes and trade receivable from sales and notes and trade payable for purchases.

Note 3: Balances shown here are based on the carrying amount of the Company.

TABLE 3

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	Trade receivables $ 90,416 Other receivables 21,940	232.57	$ -	-	$ 90,416 21,940	$ -

Note: The turnover rate was based on the carrying amount of the Company.

TABLE 4

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2014			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2014	December 31, 2013	Shares (Thousands)	%	Carrying Amount			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	$ 1,847,983 (US$ 57,371)	$ 1,847,983 (US$ 57,371)	84,987	100.00	$ 23,800,390	$ 6,677,910	$ 6,677,910	Notes 2 and 3
Yi-Jan Overseas Investment Co., Ltd.	Jetford, Inc.	British Virgin Islands	Investment	US$ 57,171	US$ 57,171	71,772	100.00	US$ 751,775	US$ 220,357	US$ 220,357	Notes 2 and 3
Jet Ford, Inc.	Aeolus Xiangyang Automobile Co., Ltd.	Hubei (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 21,700	US$ 21,700	-	16.55	US$ 85,840	US$ 64,463	US$ 10,222	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US$ 18,710	US$ 18,710	-	33.12	US$ 57,024	US$ 3,245	US$ 1,075	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 16,941	US$ 16,941	-	40.00	US$ 399,697	US$ 513,803	US$ 205,521	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Guangdong (Mainland China)	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	US$ 1,125	US$ 1,125	-	45.00	US$ 17,765	US$ 5,756	US$ 2,590	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars	US$ 593	US$ 593	-	49.00	US$ (700)	US$ (3,749)	US$ (1,837)	Notes 2 and 4

Note 1: Shares of Profit include the amortization of investment premium or discount.

Note 2: The carrying amount and related shares of profit of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: Eliminated.

Note 4: The Company's share of losses exceeds its interest in Dong Feng Yulon Used Cars Co., Ltd. The Company recognized additional loss on constructive future obligations to settle Dong Feng Yulon Used Cars Co., Ltd.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Total Sales or Assets (Note 5)
0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	a	Notes and trade receivables - related parties	$ 6,329	-	-

Note 1: Intercompany relationships are numbered as follows:

a. The Company is numbered as 0.
b. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

a. The Company to subsidiaries is numbered as 1.
b. Subsidiaries to the Company is numbered as 2.
c. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

TABLE6

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	$ 3,581,037 (RMB 826,000)	Note 1	$ 716,856 (US$ 21,700)	$ -	$ -	$ 716,856 (US$ 21,700)	16.55	$ 1,953,598 (US$ 64,463)	$ 309,794 (US$ 10,222)	$ 2,716,828 (US$ 85,840)	$ 876,623 (US$ 28,078)
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	33.12	98,336 (US$ 3,245)	32,569 (US$ 1,075)	1,804,815 (US$ 57,024)	4,597,012 (US$ 148,224)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB 2,200,000)	Note 1	537,199 (US$ 16,941)	-	-	537,199 (US$ 16,941)	40.00	15,571,122 (US$ 513,803)	6,228,449 (US$ 205,521)	12,650,417 (US$ 399,697)	10,914,750 (US$ 355,880)
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US$ 1,125)	-	-	35,674 (US$ 1,125)	45.00	174,436 (US$ 5,756)	78,496 (US$ 2,590)	562,276 (US$ 17,765)	-
Dong Feng Yulon Used Cars Co., Ltd. (Note 4)	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US$ 593)	-	-	18,804 (US$ 593)	49.00	(113,605) (US$ -3,749)	(55,667) (US$ -1,837)	(22,141) (US$ -700)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$1,841,642 (US$57,171)	$1,917,100 (US$59,660)	$16,158,307

Note 1: The Company indirectly owns these investees through Jet Ford, Inc., an investment company registered in a third region.

Note 2: The carrying amount and related investment income of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the “Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

Note 4: The Company’s share of losses exceeds its interest in Dong Feng Yulon Used Cars Co., Ltd. The Company recognized additional loss on constructive future obligations to settle Dong Feng Yulon Used Cars Co., Ltd.