

Stock Code:2227

YULON NISSAN MOTOR CO., LTD.

2013 Annual General Shareholders' Meeting

Meeting Handbook

June 23, 2014

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2014 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF YULON NISSAN MOTOR CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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**YULON NISSAN MOTOR CO., LTD.
2014 Regular Shareholders' Meeting Procedure**

- 1. Call to Order***
- 2. Chairman's Address***
- 3. Status Reports***
- 4. Approval Items***
- 5. Discussion Items***
- 6. Extraordinary Motions***
- 7. Closure of the Meeting***

YULON NISSAN MOTOR CO., LTD.

2014 Regular Shareholders' Meeting Agenda

Time: Monday, June 23, 2014 9:00 a.m.

Location: No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C

1. Call to Order

2. Chairman's Address

3. Report Items

(1) To report the business operations of 2013

(2) 2013 supervisors' review financial report .

4. Approval Items

(1) Adoption of the 2013 Business Report and Financial Statements

(2) Adoption of the Proposal for Distribution of 2013 Profits

5. Discussion Items

The amendment of 「 Operating Procedures for Assets Acquisition and Disposal 」

6. Extraordinary Motions

7. Closure of the Meeting

Report Items

Item One:

2013 Report of business operations

Business Report

(1) Domestic Economic Environment

Driven by the recovery in the European , American and the improvement of domestic consumer spending atmosphere, the economic growth rate of 2013 is 2.11%, a growth of 42.6% compared with 2012.

The automobile market of 2013 has progressed steadily due to the launch of new generation of car models aggressively and the trend of changing cars, resulting in a total sales of 370 thousand vehicles, a growth of 4.3% of last year. Sales of domestic cars declined by 0.6% and sales of imported cars increased by 18.0%. Passenger car sales declined by 0.1%, RV sales increased by 20.0%, and commercial vehicle sales declined by 8.8%, compared to those of 2012.

(2) Report of Company's business operations

Car sales of the company in 2013 are 44,010 vehicles with an annual growth of 7.6%, and a market share of 11.9% with an annual growth of 0.4%. The revenue is NT\$31.49 billion with an annual growth of 8.1%. The pre-tax income is NT\$8.81 billion with an annual growth of 44.3%. The earnings per share is NT\$24.33, an annual growth of 47.8%. The business activities in 2013 were as follows:

1. Introducing new vehicle models

NISSAN launched the SUPER SENTRA model, distinct for its 1.0 gas saving and 3.0 spacious design, and was well-recognized by the consumers. In addition, the versatile, avant-garde SUV JUKE manufactured and imported from United Kingdom is profiled with bold design, user-friendly control interface, responsive control performance, and high efficiency and energy saving technology and has received excellent evaluation.

2. Corporate Social Responsibility (CSR).

(1) NISSAN environmental protection green project.

Travels to Kenting National Park and Yangmingshan National Park were organized for discovering the nature. A charity activity, "Gives a home back to the hermit crab family", was launched to invite car owners to contribute their shares in the ecological protection.

(2) Baking with love of precious kids

Collaborating with Hung-Chia Sanctuary Center, the NISSAN Service Centers nationwide offer cookies produced by Hung-Chia to public free of charge, to promote public awareness and support of disadvantaged groups and to establish a warm and caring society together.

(3) DESIGN the future

By organizing the contest of “DESIGN the future”, the company continuously cultivates talents of design, research and development in Taiwan. Over 50 schools have participated in the contest and the total number of teachers and students taking part is over five thousand so far.

3. Business in China

China market’s total sales in 2013 are 21.98 million vehicles, a growth of 13.9% over year 2012. Among them, sales of commercial vehicles accounts for 4.06 million units (a growth of 6.4%); sales of passenger vehicles are 17.93 million units (a growth of 15.7%). As for Dong Feng Nissan Passenger Vehicle, 0.93 million vehicles were sold in 2013, a significant growth of 19.8% over year 2012.

The pre-tax income in 2013 reaches NT\$8.81 billion owing to the benefit of investment income in China.

(3) Future prospects

1. Operation overview of the first quarter of 2014

Company’s passenger vehicle sales in the first quarter is 12,339 units, a growth of 18.2% over the corresponding quarter of last year; the market share is 12.7%, a growth of 0.9% over the corresponding quarter of last year; and the operating revenue is NT\$8.18 billion, a growth of 7.7% over the corresponding quarter of last year.

2. Introducing new products

NISSAN introduces the ALL NEW LIVINA energy saving RV model, adding six major improvements to increase the fun of driving for consumers.

INFINITI will introduce the latest gas-electricity/turbo sport model Q50, equipped with the world’s first invention of “Predictive Forward Collision Warning” and “INFINITI InTouch dual touch-screen display”. Based on the F1 performance heritage, and combined with the design philosophy of future concept cars, Q50 will meet the expectation of owners of luxury cars. Furthermore, seven-seat full-size flagship luxury SUV QX60 Hybrid model, powered by a 2.5-litre supercharged engine and a hybrid system, will be launched to meet demands of both consumers’ needs in driving power as well as environmental protection and energy saving.

3. Increase of sales and service satisfaction

NISSAN was the “No. 1 of domestic cars” of the SSI survey of sales service satisfaction conducted by J.D. Power in 2013. During 2014, the company will continue improving the service standard of business representatives, upgrading the hardware environment of the sales locations, and implementing the innovative information technology, in the hope of bringing better consumer experience to customers.

INFINITI will upgrade its sales locations by introducing the internationally renowned “IREDI (INFINITI Retail Environment Design Initiative) worldwide exhibition location design specification” in order to create a spacious, bright exhibition space filled with atmosphere of an art gallery.

In the area of customer service, the company will continue the service workflow to resolve customer’s problems quickly, upgrade the service facility, and implement projects of customer relation management to enhance the quality of service and customer satisfaction.

4. Export expansion

Export sales of vehicle parts in 2013 were NT\$0.37 billion.

Countries for export include Thailand, Malaysia, Philippines, China, Korea, Japan, Egypt, Indonesia and Vietnam. The company will continue expanding the export items of vehicle parts in 2014 in order to generate a greater momentum in company’s sales.

5. Business in China

As for business in China, sales of Dong Feng Nissan Passenger Vehicle Company in 2014 are estimated to be more than 1.1 million vehicles, a growth of beyond 18.8% compared to that of year 2013.

With the support of all shareholders and joint efforts of all employees, Yulon Nissan Motor Co., Ltd has the confidence to create the utmost effectiveness in the intense competitive market.

Item Two:

2013 supervisors' review financial report

Yulon Nissan Motor Co.,Ltd. Supervisors' Review Report

The Board of Directors submits the 2013 Business Report, Financial Statements, and Earnings Distribution Proposal. Among them, the Financial Statements were audited by accountants Chien-Hsin Hsieh and En-Ming Wu of Deloitte Touche Tohmatsu Ltd., who issued the audit report. The aforementioned Business Report, Financial Statements and Earnings Distribution Proposal were inspected by the Supervisors who affirmed that these reports have complied with related law and regulations of Company Act and, therefore, announced according to the regulation of Article 219 in Company Act.

Submitted to:

2014 Regular Shareholders' Meeting of the Company

Supervisors:

Wei Wen Investment Co., Ltd.

Representative: Kuan-Tao Lee

Representative: Tai-Ming Chen

Supervisors: Yosuke Sato

May 12 , 2014

Ratification Items

Proposal 1: Ratification of the 2013 Business Report and Financial Statements.

Please ratify.

(Proposed by the Board of Directors.)

Description:

- (1) The compilation of the Company's Fiscal 2013 Business Report and Financial Statements are completed and has been approved by the Board of Directors. The Financial Statements have been audited and certified by Chien-Hsin Hsieh, CPA, and En-Ming Wu, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Supervisors, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.
- (2) Please refer to (page 3), (page 8) and (page 15) of this handbook for the Fiscal 2013 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
- (3) Adoption requested.

Resolution:

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Yulon Nissan Motor Company, Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Yulon Nissan Motor Company, Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

March 24, 2014

Notice to Readers

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

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

YULON NISSAN MOTOR COMPANY, LTD.
BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,141,904	9	\$ 781,628	3	\$ 743,912	3
Financial assets at fair value through profit or loss (Notes 4 and 7)	434,741	1	-	-	2,262,001	9
Notes receivable (Notes 4 and 8)	27	-	-	-	430	-
Notes receivable - related parties (Notes 4 and 28)	2,312	-	1,614	-	27,073	-
Trade receivables (Notes 4 and 8)	41,502	-	36,310	-	21,987	-
Trade receivables - related parties (Notes 4 and 28)	292,229	1	583,561	2	511,034	2
Other receivables (Notes 4 and 8)	22,658	-	31,134	-	452,645	2
Inventories (Notes 4 and 9)	2,047	-	1,547	-	1,793	-
Prepayments	11,057	-	6,875	-	34,050	-
Other financial assets (Note 10)	991,154	3	-	-	-	-
Total current assets	<u>4,939,631</u>	<u>14</u>	<u>1,442,669</u>	<u>5</u>	<u>4,054,925</u>	<u>16</u>
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	28,185,091	80	23,891,801	88	19,069,822	77
Property, plant and equipment (Notes 4, 12 and 28)	1,748,604	5	1,677,365	6	1,464,208	6
Computer software (Notes 4 and 13)	7,887	-	11,369	-	12,740	-
Deferred tax assets (Notes 4 and 22)	188,363	-	221,135	1	186,549	1
Other non-current assets (Notes 14 and 28)	249,042	1	85,830	-	19,841	-
Total non-current assets	<u>30,378,987</u>	<u>86</u>	<u>25,887,500</u>	<u>95</u>	<u>20,753,160</u>	<u>84</u>
TOTAL	<u>\$ 35,318,618</u>	<u>100</u>	<u>\$ 27,330,169</u>	<u>100</u>	<u>\$ 24,808,085</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 2,630,000	8	\$ 200,000	1	\$ -	-
Notes payable - related parties (Note 28)	1,536	-	-	-	-	-
Trade payables	127,494	-	147,796	-	144,530	1
Trade payables - related parties (Note 28)	1,073,092	3	1,899,807	7	1,570,613	6
Other payables (Note 16)	657,680	2	548,851	2	560,949	2
Current tax liabilities (Notes 4 and 22)	490,530	1	164,607	1	213,238	1
Provisions (Notes 4 and 18)	169,129	1	149,948	1	177,594	1
Deferred revenue (Note 17)	1,643	-	12,868	-	8,823	-
Other current liabilities	21,072	-	26,002	-	23,846	-
Total current liabilities	<u>5,172,176</u>	<u>15</u>	<u>3,149,879</u>	<u>12</u>	<u>2,699,593</u>	<u>11</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	1,000,000	3	-	-	-	-
Provisions (Notes 4 and 18)	74,808	-	80,318	-	87,599	-
Accrued pension liabilities (Notes 4 and 19)	555,089	1	557,165	2	534,565	2
Deferred tax liabilities (Notes 4 and 22)	3,476,068	10	2,927,514	11	1,977,961	8
Total non-current liabilities	<u>5,105,965</u>	<u>14</u>	<u>3,564,997</u>	<u>13</u>	<u>2,600,125</u>	<u>10</u>
Total liabilities	<u>10,278,141</u>	<u>29</u>	<u>6,714,876</u>	<u>25</u>	<u>5,299,718</u>	<u>21</u>
EQUITY						
Capital stock - \$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	9	3,000,000	11	3,000,000	12
Capital surplus	6,129,405	17	6,129,405	22	5,988,968	24
Retained earnings						
Legal reserve	2,257,887	6	1,764,839	6	1,381,683	6
Special reserve	1,228,789	3	788,877	3	788,877	3
Unappropriated earnings	12,213,958	35	9,836,238	36	8,348,839	34
Total retained earnings	<u>15,700,634</u>	<u>44</u>	<u>12,389,954</u>	<u>45</u>	<u>10,519,399</u>	<u>43</u>
Other equity	210,438	1	(904,066)	(3)	-	-
Total equity	<u>25,040,477</u>	<u>71</u>	<u>20,615,293</u>	<u>75</u>	<u>19,508,367</u>	<u>79</u>
TOTAL	<u>\$ 35,318,618</u>	<u>100</u>	<u>\$ 27,330,169</u>	<u>100</u>	<u>\$ 24,808,085</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Note 28)				
Sales (Note 4)	\$ 31,412,448	100	\$ 29,009,942	100
Service revenue (Note 4)	16,872	-	67,095	-
Other operating revenue	<u>56,730</u>	-	<u>57,493</u>	-
Total operating revenue	<u>31,486,050</u>	<u>100</u>	<u>29,134,530</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 21 and 28)	<u>26,037,200</u>	<u>83</u>	<u>25,463,593</u>	<u>87</u>
GROSS PROFIT	<u>5,448,850</u>	<u>17</u>	<u>3,670,937</u>	<u>13</u>
OPERATING EXPENSES (Notes 19, 21, 25 and 28)				
Selling and marketing expenses	2,611,485	8	2,151,658	8
General and administrative expenses	363,395	1	369,919	1
Research and development expenses	<u>617,309</u>	<u>2</u>	<u>607,468</u>	<u>2</u>
Total operating expenses	<u>3,592,189</u>	<u>11</u>	<u>3,129,045</u>	<u>11</u>
OTHER INCOME AND EXPENSES (Notes 21 and 28)	<u>(15)</u>	-	<u>180</u>	-
PROFIT FROM OPERATIONS	<u>1,856,646</u>	<u>6</u>	<u>542,072</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of the profit of subsidiary	6,902,444	22	5,585,608	19
Foreign exchange gain (loss), net (Note 21)	51,675	-	(4,719)	-
Interest income (Note 4)	33,106	-	3,292	-
Gain on disposal of investment, net (Note 21)	3,745	-	18,910	-
Other revenue (Note 28)	2,482	-	204	-
Gain from valuation of financial assets, net	1,741	-	-	-
Overseas business expenses (Note 28)	(26,132)	-	(36,459)	-
Interest expenses (Note 28)	(16,994)	-	(1,944)	-
Other losses (Note 28)	<u>(1,823)</u>	-	<u>(5,837)</u>	-
Total non-operating income and expenses	<u>6,950,244</u>	<u>22</u>	<u>5,559,055</u>	<u>19</u>
PROFIT BEFORE TAX	8,806,890	28	6,101,127	21
INCOME TAX EXPENSES (Notes 4 and 22)	<u>1,506,893</u>	<u>5</u>	<u>1,162,057</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>7,299,997</u>	<u>23</u>	<u>4,939,070</u>	<u>17</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	1,114,504	4	(904,066)	(3)
Actuarial gain (loss) arising from defined benefit plans (Note 19)	823	-	(10,259)	-
Income tax relating to components of other comprehensive income (Notes 4 and 22)	<u>(140)</u>	<u>-</u>	<u>1,744</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>1,115,187</u>	<u>4</u>	<u>(912,581)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,415,184</u>	<u>27</u>	<u>\$ 4,026,489</u>	<u>14</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$24.33</u>		<u>\$16.46</u>	
Diluted	<u>\$24.32</u>		<u>\$16.45</u>	

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CHANGES IN EQUITY

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

	Capital Stock (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2012	\$ 3,000,000	\$ 5,988,968	\$ 1,381,683	\$ 788,877	\$ 8,348,839	\$ -	\$ 19,508,367
Appropriation of 2011 earnings							
Legal reserve	-	-	383,156	-	(383,156)	-	-
Cash dividend distributed by the Company - \$10.2 per share	-	-	-	-	(3,060,000)	-	(3,060,000)
	-	-	383,156	-	(3,443,156)	-	(3,060,000)
Change in capital surplus from investments in associates accounted for by using equity method	-	140,437	-	-	-	-	140,437
Net profit for the year ended December 31, 2012	-	-	-	-	4,939,070	-	4,939,070
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	(8,515)	(904,066)	(912,581)
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	4,930,555	(904,066)	4,026,489
BALANCE, DECEMBER 31, 2012	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

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,806,890	\$ 6,101,127
Adjustments for:		
Depreciation expenses	462,132	508,799
Amortization expenses	6,713	6,717
Gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,741)	-
Interest expense	16,994	1,944
Interest income	(33,106)	(3,292)
Share of the profit of subsidiary	(6,902,444)	(5,585,608)
Loss (gain) on disposal of property, plant and equipment, net	15	(180)
Gain on disposal of investment, net	(3,745)	(18,910)
Impairment loss	-	357,963
Loss (gain) on foreign exchange, net	(45,263)	33,196
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(429,255)	2,280,911
Notes receivable	(27)	430
Notes receivable - related parties	(698)	25,459
Trade receivables	(5,192)	(14,323)
Trade receivables - related parties	291,332	(72,527)
Other receivables	14,003	421,483
Inventories	(500)	246
Prepayments	(4,181)	27,175
Notes payable - related parties	1,536	-
Trade payables	(9,825)	(24,675)
Trade payables - related parties	(268,139)	86,424
Other payables	107,388	(12,123)
Other current liabilities	(4,930)	2,156
Deferred revenue	(11,225)	4,045
Provisions	13,671	(34,927)
Accrued pension liabilities	(1,253)	12,341
Cash generated from operations	<u>1,999,150</u>	<u>4,103,851</u>
Interest paid	(15,553)	(1,919)
Income tax paid	<u>(599,785)</u>	<u>(293,940)</u>
Net cash generated from operating activities	<u>1,383,812</u>	<u>3,807,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	3,723,658	-
Interest received	27,579	3,320
Payment for property, plant and equipment	(1,084,114)	(794,174)
Proceeds from disposal of property, plant, and equipment	26	500
Payments for computer software	(3,231)	(5,346)

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December	
	31	
	2013	2012
Increase in other financial assets	\$ (977,222)	\$ -
Increase in other non-current assets	<u>(181,563)</u>	<u>(81,343)</u>
Net cash generated from (used in) investing activities	<u>1,505,133</u>	<u>(877,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,430,000	200,000
Increase in long-term borrowings	1,000,000	-
Payments of dividends	<u>(3,990,000)</u>	<u>(3,060,000)</u>
Net cash used in financing activities	<u>(560,000)</u>	<u>(2,860,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>31,331</u>	<u>(33,233)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,360,276	37,716
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>781,628</u>	<u>743,912</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,141,904</u>	<u>\$ 781,628</u>

(Concluded)

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, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 to in the first paragraph present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, 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 parent company only financial statements of Yulon Nissan Motor Company, Ltd. as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 24, 2014

Notice to Readers

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

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,567,899	24	\$ 4,828,455	18	\$ 1,655,722	7
Financial assets at fair value through profit or loss (Notes 4 and 7)	434,741	1	-	-	2,262,001	9
Notes receivable (Notes 4 and 8)	27	-	-	-	430	-
Notes receivable - related parties (Notes 4 and 28)	2,312	-	1,614	-	27,073	-
Trade receivables (Notes 4 and 8)	41,706	-	36,554	-	21,987	-
Trade receivables - related parties (Notes 4 and 28)	286,196	1	579,338	2	498,670	2
Other receivables (Notes 4 and 8)	351,164	1	3,222,291	12	4,368,193	18
Inventories (Notes 4 and 9)	2,047	-	1,547	-	1,793	-
Prepayments	877,335	3	705,249	3	385,149	2
Other financial assets (Note 10)	7,572,375	21	5,579,666	20	4,592,825	18
Total current assets	<u>18,135,802</u>	<u>51</u>	<u>14,954,714</u>	<u>55</u>	<u>13,813,843</u>	<u>56</u>
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	14,989,267	42	10,379,966	38	9,310,797	37
Property, plant and equipment (Notes 4, 12 and 28)	1,748,604	5	1,677,365	6	1,464,208	6
Computer software (Notes 4 and 13)	7,887	-	11,369	-	12,740	-
Deferred tax assets (Notes 4 and 22)	188,363	1	221,135	1	186,597	1
Other non-current assets (Notes 14 and 28)	249,042	1	85,830	-	19,898	-
Total non-current assets	<u>17,183,163</u>	<u>49</u>	<u>12,375,665</u>	<u>45</u>	<u>10,994,240</u>	<u>44</u>
TOTAL	<u>\$ 35,318,965</u>	<u>100</u>	<u>\$ 27,330,379</u>	<u>100</u>	<u>\$ 24,808,083</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 2,630,000	8	\$ 200,000	1	\$ -	-
Notes payable - related parties (Note 28)	1,536	-	-	-	-	-
Trade payables	127,494	-	147,796	-	144,530	1
Trade payables - related parties (Note 28)	1,073,092	3	1,899,807	7	1,570,472	6
Other payables (Note 16)	657,680	2	548,851	2	561,078	2
Current tax liabilities (Notes 4 and 22)	490,530	1	164,607	1	213,240	1
Provisions (Notes 4 and 18)	169,129	1	149,948	1	177,594	1
Deferred revenue (Note 17)	1,643	-	12,868	-	8,823	-
Other current liabilities	21,419	-	26,212	-	23,854	-
Total current liabilities	<u>5,172,523</u>	<u>15</u>	<u>3,150,089</u>	<u>12</u>	<u>2,699,591</u>	<u>11</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	1,000,000	3	-	-	-	-
Provisions (Notes 4 and 18)	74,808	-	80,318	-	87,599	-
Accrued pension liabilities (Notes 4 and 19)	555,089	1	557,165	2	534,565	2
Deferred tax liabilities (Notes 4 and 22)	3,476,068	10	2,927,514	11	1,977,961	8
Total non-current liabilities	<u>5,105,965</u>	<u>14</u>	<u>3,564,997</u>	<u>13</u>	<u>2,600,125</u>	<u>10</u>
Total liabilities	<u>10,278,488</u>	<u>29</u>	<u>6,715,086</u>	<u>25</u>	<u>5,299,716</u>	<u>21</u>
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	9	3,000,000	11	3,000,000	12
Capital surplus	6,129,405	17	6,129,405	22	5,988,968	24
Retained earnings						
Legal reserve	2,257,887	6	1,764,839	6	1,381,683	6
Special reserve	1,228,789	3	788,877	3	788,877	3
Unappropriated earnings	12,213,958	35	9,836,238	36	8,348,839	34
Total retained earnings	<u>15,700,634</u>	<u>44</u>	<u>12,389,954</u>	<u>45</u>	<u>10,519,399</u>	<u>43</u>
Other equity	210,438	1	(904,066)	(3)	-	-
Total equity	<u>25,040,477</u>	<u>71</u>	<u>20,615,293</u>	<u>75</u>	<u>19,508,367</u>	<u>79</u>
TOTAL	<u>\$ 35,318,965</u>	<u>100</u>	<u>\$ 27,330,379</u>	<u>100</u>	<u>\$ 24,808,083</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Note 28)				
Sales (Note 4)	\$ 31,412,448	100	\$ 29,009,942	100
Service revenue (Note 4)	16,872	-	67,095	-
Other operating revenue	56,730	-	57,493	-
Total operating revenue	<u>31,486,050</u>	<u>100</u>	<u>29,134,530</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 21 and 28)	<u>26,037,200</u>	<u>83</u>	<u>25,463,593</u>	<u>87</u>
GROSS PROFIT	<u>5,448,850</u>	<u>17</u>	<u>3,670,937</u>	<u>13</u>
OPERATING EXPENSES (Notes 19, 21, 25 and 28)				
Selling and marketing expenses	2,611,485	8	2,151,658	8
General and administrative expenses	387,862	1	399,603	1
Research and development expenses	617,309	2	607,468	2
Total operating expenses	<u>3,616,656</u>	<u>11</u>	<u>3,158,729</u>	<u>11</u>
OTHER INCOME AND EXPENSES (Notes 21				
and 28)	<u>(15)</u>	<u>-</u>	<u>180</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,832,179</u>	<u>6</u>	<u>512,388</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of the profit or loss of associates	6,269,191	20	5,280,899	18
Foreign exchange gain, net (Note 21)	391,529	1	98,214	-
Interest income (Note 4)	348,901	1	234,014	1
Other revenue (Note 28)	4,553	-	1,270	-
Gain on disposal of investment, net (Note 21)	3,745	-	18,589	-
Gain on valuation of financial assets, net	1,741	-	-	-
Overseas business expenses (Note 28)	(26,132)	-	(36,459)	-
Interest expenses (Note 28)	(16,994)	-	(1,944)	-
Other losses (Note 28)	(1,823)	-	(5,837)	-
Total non-operating income and expenses	<u>6,974,711</u>	<u>22</u>	<u>5,588,746</u>	<u>19</u>
PROFIT BEFORE TAX	8,806,890	28	6,101,134	21
INCOME TAX EXPENSES (Notes 4 and 22)	<u>1,506,893</u>	<u>5</u>	<u>1,162,064</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>7,299,997</u>	<u>23</u>	<u>4,939,070</u>	<u>17</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	\$ 1,114,504	4	\$ (904,066)	(3)
Actuarial gain (loss) arising from defined benefit plans (Note 19)	823	-	(10,259)	-
Income tax relating to components of other comprehensive income (Note 22)	<u>(140)</u>	<u>-</u>	<u>1,744</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>1,115,187</u>	<u>4</u>	<u>(912,581)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,415,184</u>	<u>27</u>	<u>\$ 4,026,489</u>	<u>14</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$24.33</u>		<u>\$16.46</u>	
Diluted	<u>\$24.32</u>		<u>\$16.45</u>	

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

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

	Capital Stock (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity Exchange Differences on Translating Foreign Operations	Total Stockholders' Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2012	\$ 3,000,000	\$ 5,988,968	\$ 1,381,683	\$ 788,877	\$ 8,348,839	\$ -	\$ 19,508,367
Appropriation of 2011 earnings							
Legal reserve	-	-	383,156	-	(383,156)	-	-
Cash dividend distributed by the Company - \$10.2 per share	-	-	-	-	(3,060,000)	-	(3,060,000)
	-	-	383,156	-	(3,443,156)	-	(3,060,000)
Change in capital surplus from investments in associates accounted for by using equity method	-	140,437	-	-	-	-	140,437
Net profit for the year ended December 31, 2012	-	-	-	-	4,939,070	-	4,939,070
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	(8,515)	(904,066)	(912,581)
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	4,930,555	(904,066)	4,026,489
BALANCE, DECEMBER 31, 2012	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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,806,890	\$ 6,101,134
Adjustments for:		
Depreciation expenses	462,132	508,799
Amortization expenses	6,713	6,717
Gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,741)	-
Interest expense	16,994	1,944
Interest income	(348,901)	(234,014)
Share of the profit of associates	(6,269,191)	(5,280,899)
Loss (gain) on disposal of property, plant and equipment, net	15	(180)
Gain on disposal of investment, net	(3,745)	(18,589)
Impairment losses	-	357,963
Gain on foreign exchange, net	(414,495)	(91,394)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(429,255)	2,280,911
Notes receivable	(27)	430
Notes receivable - related parties	(698)	25,459
Trade receivables	(5,152)	(14,567)
Trade receivables - related parties	293,142	(80,668)
Other receivables	227,960	801,323
Inventories	(500)	246
Prepayments	353,883	40,260
Notes payable - related parties	1,536	-
Trade payables	(9,825)	(24,675)
Trade payables - related parties	(268,139)	86,565
Other payables	107,388	(12,252)
Other current liabilities	(4,793)	2,358
Deferred revenue	(11,225)	4,045
Provisions	13,671	(34,927)
Accrued pension liabilities	(1,253)	12,341
Cash generated from operations	<u>2,521,384</u>	<u>4,438,330</u>
Interest paid	(15,553)	(1,919)
Income tax paid	<u>(1,125,754)</u>	<u>(654,307)</u>
Net cash generated from operating activities	<u>1,380,077</u>	<u>3,782,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	5,194,339	4,626,267
Interest received	217,424	82,245
Increase in other financial assets	(1,918,135)	(924,650)
Increase in Investments accounted for using equity method	-	(228,199)
Payment for property, plant and equipment	(1,084,114)	(794,174)

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
Proceeds from disposal of property, plant, and equipment	\$ 26	\$ 500
Payments for computer software	(3,231)	(5,346)
Increase in other non-current assets	<u>(181,563)</u>	<u>(81,286)</u>
Net cash generated from investing activities	<u>2,224,746</u>	<u>2,675,357</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,430,000	200,000
Increase in long-term borrowings	1,000,000	-
Payments of dividends	<u>(3,990,000)</u>	<u>(3,060,000)</u>
Net cash used in financing activities	<u>(560,000)</u>	<u>(2,860,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>694,621</u>	<u>(424,728)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,739,444	3,172,733
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,828,455</u>	<u>1,655,722</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,567,899</u>	<u>\$ 4,828,455</u>

(Concluded)

Proposal 2:Ratification of 2013 earnings distribution Explanation:

Please ratify.

(Proposed by the Board of Directors.)

Description:

(1) Based on the audited 2013 financial statement, we present earnings distribution sheet of 2013 as below:

Yulon Nissan Motor Co., Ltd.

2013 Annual Distribution of Earnings

Unit: NT dollar

Item	Sub-total	Total
FY12 Undistributed earnings		\$ 4,913,200,595
Add: adjustments(base on TIFRS)		409,115,500
Less: Special reserves(base on TIFRS)		(409,037,492)
FY12 Undistributed earnings(after adjust)		4,913,278,603
Add: Actuarial profit		683,485
FY13 Adjusted undistributed earnings (excluded net income)		4,913,962,088
FY13 Net income after tax	\$ 7,299,997,054	
Less : Legal reserves	(729,999,705)	
Add : Special reserves(base on Securities law)	439,911,312	
Less : Distribution to shareholders bonus (Cash dividend \$19.47/share)	(5,841,000,000)	1,168,908,661
Ending Undistributed Earnings		6,082,870,749

Note: Based on company article , propose to distribute cash bonus NT\$ 31,500,000 to employees.

- (2) To comply with the Securities and Exchange Act No.41 article, YNM had recognized the special reserve NT\$439,911,312 because the cumulative translation adjustments was negative NT\$439,911,312 on the December 31, 2012. because the cumulative translation adjustments was positive NT\$210,437,636 on the December 31, 2013. YNM can reverse the special reserve NT\$439,911,312.
- (3) The Board of Directors decided to distribute cash dividends NT\$19.47/per share
- (4) The shareholders of No. 19977 and 20149 proposed the cash dividend of NT\$25 the shareholder proposed to a cash dividend of NT\$25/per share.
- (5) Cash dividend base date will be on the August 5, 2014.
- (6) Adoption requested.

Resolution:

Discussion Items

Proposal 1: Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.

(Proposed by the Board of Directors.)

Description:

In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to page 25 for details.

Resolution:

YULON NISSAN MOTOR CO., LTD.

Table Comparing Original and Amended Articles of “Acquisition or Disposal of Assets Procedure”

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explan
2	<p>The procedure "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 	<p>The procedure "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including inventories of construction enterprises) and other fixed assets. 	<p>Conform to the amendments to related regulations.</p>
3	<p>Procedures used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> 1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, 	<p>Procedure used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> 1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, 	<p>Conform to the amendments to related regulations.</p>

	<p>Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, paragraph <u>8</u> of the Company Act.</p> <p>2.Related party: <u>As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>3. Subsidiary: <u>As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment.</u></p> <p>5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment:</p>	<p>Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, paragraph <u>6</u> of the Company Act.</p> <p>2. Related party: <u>As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation (ARDF).</u></p> <p>3. Subsidiary: <u>As defined in Statements of Financial Accounting Standards Nos. 5 and 7 published by the ARDF.</u></p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>other fixed assets.</u></p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in</p>	
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	<p>Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area</p> <p>7. The expression “total assets” as used in the Procedure and the counting of total assets is prepared in accordance with the latest individual or separate financial report of Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
5	<p>2)The Company’s acquisition or disposal of real estate should be made by relevant divisions to address the purpose or use of the acquisition or disposal; the name, nature, location, areas, scheduled date of transaction, method (bid or bargain), price (including broker fees when applicable), conditions of delivery or payment of the property in the planned transaction, in accordance with the regulations of <u>paragraphs 4 and 6</u> of this article. The item 5,</p> <p>3)The Company’s acquisition or disposal of equipment. should be made by relevant divisions to address the purpose or use of the acquisition or disposal; the name, nature, location, areas, scheduled date of transaction, method (bid or bargain), price (including broker fees when applicable), conditions of delivery or payment of the property in the planned transaction, in</p>	<p>2)The Company’s acquisition or disposal of real estate should be made by relevant divisions to address the purpose or use of the acquisition or disposal; the name, nature, location, areas, scheduled date of transaction, method (bid or bargain), price (including broker fees when applicable), conditions of delivery or payment of the property in the planned transaction, in accordance with the regulations of <u>paragraphs 5</u> of this article. The item 5,</p> <p>3)The Company’s acquisition or disposal of equipment. should be made by relevant divisions to address the purpose or use of the acquisition or disposal; the name, nature, location, areas, scheduled date of transaction, method (bid or bargain), price (including broker fees when applicable), conditions of delivery or payment of the property in the planned transaction, in accordance with the regulations of</p>	<p>Conform to the amendments to related regulations.</p>

	accordance with the regulations of <u>paragraphs 4 and 6</u> of this article. The item 5,	<u>paragraphs 4 and 6</u> of this article. The item 5,	
8	<p>In acquiring or disposing of real property or <u>equipment</u> where the transaction amount reaches 20 percent of Yulon-Nissan Motors Company Ltd. ("the company") paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1 . (Omitted)</p> <p>2 . (Omitted)</p> <p>3 . Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of</p>	<p>In acquiring or disposing of real property or <u>other fixed assets</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1 . (Omitted)</p> <p>2 . (Omitted)</p> <p>3 . Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness</p>	Conform to the amendments to related regulations.

	Auditing Standards No. 20 published by the <u>ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted)	of the transaction price: (Omitted)	
10	Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government agency</u> , the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Conform to the amendments to related regulations.
13	When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u> , the company may not proceed	When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more,, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the	Conform to the amendments to related regulations.

	to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors	supervisors:	
14	<p>The company acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or <u>through engaging a related party to build real property, either on the company's own land or on rented land.</u> 	<p><u>3.</u>A public company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where a public company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <u>1.</u> The related party acquired the real property through inheritance or as a gift. <u>2.</u> More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. <u>3.</u> The real property is acquired through signing of a joint development contract with the related party. 	Conform to the amendments to related regulations.
15	1) Under any of the following	1) Under any of the following	Conform to the

	<p>circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or <u>subscription or redemption of domestic money market funds</u>. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a 	<p>circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of 	<p>amendments to related regulations.</p>
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	<p>disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ul style="list-style-type: none"> A. Trading of government bonds. B. Trading of bonds under repurchase/resale agreements, or <u>subscription or redemption of domestic money market funds.</u> C. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. D. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction 	<p>paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ul style="list-style-type: none"> A. Trading of government bonds. B. Trading of bonds under repurchase/resale agreements. C. Where the type of asset acquired or disposed is equipment/<u>machinery</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. D. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million 	
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	<p>and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million</p>		
30	<p>The procedure was formulated on March 30th, 2004; The first amendment was made on June 16th, 2006; The second amendment was made on June 22nd, 2007; The third amendment was made on June 23rd, 2011; The fourth amendment was made on June 13th, 2012; The fifth amendment will be made on June 23rd, 2014.</p>	<p>The procedure was formulated on March 30th, 2004; The first amendment was made on June 16th, 2006; The second amendment was made on June 22nd, 2007; The third amendment was made on June 23rd, 2011; The fourth amendment was made on June 13th, 2012.</p>	

Extraordinary Motions

Closure of the Meeting

Appendix I

(Translation)
Articles of Incorporation
of
YULON NISSAN MOTOR CO., LTD.

Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with “Company Limited by Shares” of Company Act and named as “Yulon Nissan Motor Co., Ltd.”
- Article 2 The scope of business of the Corporation shall be as follows:
1. I501010 Product design business.
 2. CD01030 Automotive and parts manufacturing business.
 3. F114010 Automotive wholesale business.
 4. F214010 Automotive retail business.
 5. CQ01010 Mold manufacturing business.
 6. F106030 Mold wholesale business.
 7. F206030 Mold retail business.
 8. F114030 Automotive and motorcycle parts and accessories wholesale business.
 9. F214030 Automotive and motorcycle parts and accessories retail business.
 10. JA01010 Automotive repair business.
 11. JA01990 Other automotive service business (vehicle decoration).
 12. JA01020 Automotive towing business.
 13. F401010 International trade business.
 14. E701030 Installation engineering of telecommunication control and radio equipment business.
 15. I103010 Enterprise management consulting business.
 16. I401010 General advertising service business.
 17. F113070 Telecommunication equipment wholesale business.
 18. F213060 Telecommunication equipment retail business.
 19. ZZ99999 Other than permitted business, business not prohibited or restricted by Laws.
- Article 3 In order to achieve the goal of diversification, the Company’s reinvestment to other companies may exceed forty percent of the Company’s paid-up capital.
- Article 4 The Company may make guarantee for business necessity.
- Article 5 The Company's headquarters is located in Miaoli County and the Company may establish branches in the appropriate domestic and abroad locations.
- Article 6 Public announcements of the Company shall be advertised at visual areas of the daily newspapers published in the region where the Company’s headquarters resides, unless otherwise specified in the Company Act and other relevant rules and regulations.

Chapter 2 Shares

- Article 7 The total capital stock of the Company shall be in the amount of 6,000,000,000 New Taiwan Dollars, divided into 600,000,000 shares, at ten

New Taiwan Dollars each, and may be paid-up in installments. The first installment of 300,000,000 shares was issued upon the establishment of the Company, a total of 3,000,000,000 New Taiwan Dollars.

Article 8 The Company's share certificates shall be numbered, signed by or sealed with stamps of more than three Directors, and certified in accordance with laws before the share certificates are issued. The Company may issue shares without printing share certificate(s) and shall register with the Centralized securities depository enterprises.

Article 9 Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend bonus or any other benefit is scheduled to be paid by the Company.

Article 10 All other stocks related operations should follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related laws and regulations.

Chapter 3 Shareholders' Meetings

Article 11 Shareholders' meetings of the Company are of the following two types:

1. Shareholders' regular meetings: Regular meetings shall be convened, by the Board of Directors, at least once per year and within six (6) months after the close of each fiscal year.
2. Shareholders' special meetings: Special meetings shall be convened in accordance with the Company Act when required.

Article 12 Written notices of date, time, location and purpose of convening shareholders' meetings shall be sent to all shareholders, at least thirty (30) days in advance for regular meetings; and at least fifteen (15) days in advance for special meetings.

Article 13 The duties and power of shareholders' meetings are as follows:

1. To modify the articles of incorporation.
2. To elect and discharge Directors and supervisors.
3. To verify annual financial statements.
4. To resolve the increase or reduction of total capital.
5. To resolve proposals of earnings distribution or loss appropriation.
6. To resolve the remuneration to Directors and supervisors.
7. To resolve the dissolution, acquisition or disposal through merger, or spin-off of the Company.
8. Other duties and power that are authorized by the Company Act or other Laws.

Article 14 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 15 Shareholder's voting power, unless otherwise specified in the Company Act, is deemed one vote for each share.

Article 16 In case a shareholder is unable to attend the shareholders' meeting, he or she may issue the proxy, printed by the Company and stamped with the Company's seal and stating the scope of power, to commission an agent to attend the shareholders' meeting. Except the security agents and securities investment trust enterprises approved by the security authority, the proxy

voting of the aforementioned agents commissioned by two or more shareholders shall not exceed three (3) percent of the total voting right issued and the voting right beyond the said 3% threshold will be disregarded. One shareholder is limited to issue one proxy and commission one agent only. The proxy shall be submitted to the Company five (5) days prior to the shareholders' meeting.

Article 17 The shareholders' meeting, convened by the Board of Directors, shall be presided over by the chairman of the Board of Directors. When the chairman of the Board of Directors asks for leave or unable to fulfill the responsibility for reasons, his agent shall be appointed in accordance with item 3, Article 208 of the Company Act. When the shareholders' meeting is convened by the authorized convener other than the chairman of the Board of Directors, the authorized convener shall preside over the meeting. In case of two or more authorized conveners, one of the authorized conveners is elected to act on the Chairman's behalf.

The resolution of the shareholders' meeting shall be executed in accordance with the Rules of Procedure for shareholders' meeting.

Article 18 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the Company.

The minutes shall record the year, month, day, location, name of the chairman, resolution method, outlines and conclusions of the meeting, and shall be kept permanently during the existence of the company. The attendance list and proxies shall be kept at least for one year, unless otherwise specified in the Company Act.

Article 19 If the Company's shareholder is only one juristic person shareholder, the duties and power of shareholders' meetings shall be executed by the Board of Directors and the rules of the shareholders' meeting shall not be applied.

Chapter 4 Directors, Supervisors, and Managers

Article 20 The Company is with five to ten (5~10) directors and one to three (1~3) supervisors who are elected from capable individuals in the shareholders' meeting, for a 3-year term and may be re-elected. The proportion of total shares own by all directors and supervisors shall be in accordance with the regulations specified by the security authority. Among the Company's aforementioned directors, two are independent directors who shall be elected by adopting candidate nomination system from the candidate list of independent director in the shareholders' meeting. The professional qualification, shares, restrictions of holding two positions, nomination and election method and other conditions of the independent directors to be complied, shall be in accordance with the relevant regulations of the security authority.

Article 21 The Board of Directors is composed of directors, with job responsibilities as follows:

1. To compose business planning reports.
2. To submit proposals of earnings distribution or loss appropriation.

3. To submit the increase or reduction of total capital.
4. To prepare important regulations and compose contracts.
5. To recruit and discharge the general manager, vice general manager and associate manager of the Company.
6. To approve the Company's reinvestment in other business.
7. To establish and dissolve the branch offices.
8. To compile the budget and settlement.
9. To recruit and discharge the certified accountants and chief accountant.
10. To approve, within the limits of the authorized capital, the amount of shares for shareholders to the Company's monetary credit, technology, or commercial goodwill.
11. To approve, within the limits of the authorized capital, the Company to issue new shares to exchange shares of other companies.
12. To resolve the issuance of employee stock options.
13. To resolve the purchase of Company's shares to transfer to employees.
14. To resolve the application for public offer to the Securities regulatory authorities.
15. Other duties or responsibilities according to the Company Act or the resolution of the shareholders' meetings.

Execution of the Company's business shall be governed by the Board of Directors, unless otherwise those specified by the Company Act or the resolution of the shareholders' meetings according to the Article of Incorporation.

Article 22 The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors among themselves based on the actual need, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation. When the chairman of the Board of Directors asks for leave or unable to fulfill the responsibility for reasons, his agent shall be appointed in accordance with item 3, Article 208 of the Company Act.

Article 23 Meetings of the Board of Directors shall be called and convened by the Chairman of the Board of Directors, unless otherwise specified by the Company Act and shall be agreed upon by a majority in a meeting attended by a majority of Directors.

Article 24 Meetings of the Board of Directors shall be convened with a notice to all Directors and Supervisors, at least seven days prior to the meetings by specifying the meeting's agenda. In case of urgent circumstances, meetings can be convened at any time.

Article 25 When a Director is unable to attend the meeting in person, the Director may appoint another Director on his behalf to attend any meeting of the Board of Directors in accordance with Laws, but no Director may act as proxy for more than one other Director.
Directors who reside abroad may, by written authorization, appoint other shareholders to attend on their behalf any meeting of the Board of Directors regularly, but the aforementioned agent shall register with the authority to be effective, so do the change of agents.

Article 26 The job responsibilities of the supervisors are as follows:
1. To review the financial statement reports submitted by the Board of Directors to

the shareholders' meetings.

2. To review budget and financial status.
3. To supervise and investigate the Company's business operations.
4. Other Job responsibilities according to the Company Act.

Article 27 The supervisor shall attend the meetings of the Board of Directors to express opinions without voting right.

Article 28 The Company shall employ one general manager, agreed by a majority in a meeting of the Board of Directors attended by majority of the Directors. The general manager shall operate the Company's business in accordance with the resolutions of the shareholders' meetings or meetings of the Board of the Directors and, within the scope authorized by the Article of Incorporation or contract, has the authority to manage business and sign on behalf of the Company.

Article 29 The Company shall employ several vice general managers and several associate managers, proposed by the Chairman of the Board of Directors and agreed by a majority in a meeting of the Board of Directors attended by majority of the Directors. Vice general managers and associate managers shall assist the general manager on the Company's business.

Chapter 5 Accounting

Article 30 The Company's fiscal year shall be from January 1st to December 31st. After the close of each fiscal year, financial settlement shall be processed. The Board of Directors shall prepare the following financial statement reports in accordance with the Company Act and delivered to the supervisors for review thirty (30) days prior to the shareholders' meeting; the supervisors shall prepare the review reports to be submitted in the shareholders' meetings for acceptance:

1. Business reports
2. Financial statements
3. Proposals of earnings distribution or loss appropriation

Article 31 For the Company's net income at the end of each fiscal year, in addition to the income tax withheld by law, the loss appropriation for prior years must be processed first, then, appropriating 10% legal surplus from the balance amount and other earnings surplus and/or reserve in accordance with the component authorities. If any surplus still remains, it shall be distributed as follows:

1. Dividend to employees shall be 0.1~5 %
2. The remaining, combined with the accumulated surplus from prior years which have not been appropriated, shall be appropriated in accordance with the proposal prepared by the Board of Directors and submitted to the shareholders' meetings for resolution.

The operational environment of the Company belongs to a mature industry. In consideration of the Company's profit generation, funding of the future operational projects and the change of manufacturing environment, as well as looking after shareholders' benefit, balancing the dividend and the Company's long term financial planning, the Company's dividend appropriation plan shall distribute dividend in cash or stocks. Appropriation of dividend in cash each year shall not be less than twenty (20) percents of the total amount of the

appropriated dividend of current year in principle.

- Article 32 The Company's directors and supervisors shall receive remuneration (including travel expenses) of 100,000 New Taiwan Dollars monthly. The Board of Directors are authorized to determine the remuneration of the Chairman of the Board of Directors, based on the level of participation in the Company's operation and contribution without exceeding the highest salary standard decided by the Company. Such remuneration shall be paid regardless of whether the Company business generates profits or experiences loss.

Chapter 6 Supplementary Provisions

- Article 33 The Company's organization regulations and detailed guidelines of operation shall be determined separately.
- Article 34 In regard to all matters not provided herein, the Company Act shall govern.
- Article 35 The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th, 2004; the second amendment was made on June 18th, 2004; the third amendment was made on November 11th, 2004; the fourth amendment was made on June 17th, 2005; the fifth amendment will be made on June 16th, 2006; the sixth amendment was made on June 22nd, 2007; the seventh amendment was made on June 21st, 2010; the eighth amendment was made on June 13th, 2012; and the ninth amendment was made on June 14th, 2013.

Appendix 2

Shareholdings of Directors and Supervisors

1. As of 04/25/2014, all directors and supervisors minimum shareholding number and actually registered holding shares.

Title	Minimum number of shares to be held	Shares actually held in share register
Directors	12,000,000	263,505,000
Supervisors	1,200,000	1,878,000

2. As of 04/25/2014, table of shares held by all directors and supervisors.

Title	Name	Shares held in share register
President	Yulon Motor Co., Ltd. Representative : Kenneth K.T. Yen	143,505,000
Director	Yulon Motor Co., Ltd. Representative : Kuo-Rong Chen	143,505,000
Director	Yulon Motor Co., Ltd. Representative : Wen-Rong Tsay	143,505,000
Director	Yulon Motor Co., Ltd. Representative : Zhen-Xiang Yao	143,505,000
Director	Nissan Motor Co., Ltd. Representative : Takashi Nishibayashi	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Atsushi Kubo	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Junichi Ohori	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Moritami Matsumoto	120,000,000
Independent Director	Robert Ma	
Independent Director	Tsung-Jen Huang	
Supervisor	Wei Wen Investment Co., Ltd Representative : Kuan-Tao Lee	1,878,000
Supervisor	Wei Wen Investment Co., Ltd Representative : Tai-Ming Chen	1,878,000
Supervisor	Yosuke Sato	

Appendix 3

Yulon Nissan Motor Co., Ltd. Rules of Procedure for Shareholders Meeting

Formulated date: March 30th, 2004

- Article 1: The Company has shareholders meeting arranged in accordance with this “Rules of Procedure for Shareholders Meeting.”
- Article 2: Shareholders (representatives) present at the shareholders’ meeting shall submit the Attendance Card instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards. The attendance and vote of shareholders meeting is based on the shareholding.
- Article 3: The Chairman is to have the meeting called on time; however, the Chairman may declare the meeting to be postponed if the shareholding of the present shareholders is less than half of the shares issued. The Chairman may have the meeting postponed for up to twice and may not last for more than one hour in total. If the shareholding of the present shareholders remains less than half but over one third of the shares issued after two postponements, a pseudo resolution can be reached in accordance with item 1, Article 175 of the Company Act. If the shareholding of the present shareholders exceeds half of the shares issued before the end of the shareholders’ meeting, the Chairman may have the pseudo resolution presented in the meeting for resolution in accordance with Article 174 of the Company Act.
- Article 4: If a shareholders meeting is summoned by the Board of Directors, the meeting agenda shall be determined by the Board of Directors. The meeting shall be held in accordance with the aforementioned agenda accordingly without changes made unless it is resolved in the shareholders’ meeting. If a shareholders meeting is summoned by an authorized convener other than the Board of Directors, the provision of the foregoing paragraph shall prevail. For the aforementioned two agendas, the Chairman may not announce the meeting adjourned without resolution before the end of the procedures (including motions). If the Chairman has the meeting adjourned in violation of the “Rules of Procedure for Shareholders’ Meeting,” a new Chairman can be elected to preside the meeting continuously by present shareholders with majority votes. Upon meeting adjournment announced by the Chairman, the shareholders shall not elect a new Chairman and resume the meeting at the original or new site.
- Article 5: Present shareholders who wish to speak in the meeting must have the speech note filled out with the speech gist, Attendance Card Number, and Account Name detailed to be submitted to the Chairman. The Chairman is to deter the order of speaking. Present shareholders who have submitted the speech note but do not speak in the meeting are considered failure to address speech. If there is discrepancy between the content of the speech note and the speech in the meeting, the verbal speech shall prevail. The present shareholder who is speaking should not be interrupted by any other shareholders unless agreed by the Chairman and the speaking shareholder. The Chairman should have the disorderly conduct disciplined.

- Article 6: Each shareholder may not speak more than twice and not more than five minutes each time on one subject unless agreed upon by the Chairman.
The Chairman may stop the shareholder who has violated the rules, spoke beyond the subject scope, or behaved impolitely from speaking in the meeting.
- Article 7: If a juristic person is attending the meeting by proxy, the juristic person may have only one representative delegated to attend the meeting. If the juristic person has more than two representatives delegated to attend the meeting, only one representative may speak about one subject.
- Article 8: After the speech of the present shareholders, the Chairman may answer the questions in person or have it answered by the designated personnel.
- Article 9: During the discussion of the motions, Chairman may announce the end of discussion at his/her discretion and proceed for voting, or, may have the discussion suspended if necessary.
- Article 10: Voting on the proposals, unless otherwise specified by the Company Act and Articles of Incorporation, is passed with the consent of the present shareholders with majority votes. The validity of voting and consultation by Chairman without any opposition raised by shareholders is the same. The shareholder is deemed one vote for each share.
Shareholders who have an agent to attend the shareholders' meeting shall be in accordance with the "Rules of appointing agents to attend the shareholders' meeting of Public Companies" and related laws and regulations.
- Article 11: During the meeting, the Chairman may announce a recess during the meeting discretionally. If the procedure fails to be completed in a meeting, the meeting may continue within five (5) days with the resolution of the shareholders' meeting and no further notice and announcement are required.
- Article 12: If a proposal is with amendment and/or alternative, the Chairman may have it consolidated with the order of voting determined. If one of the proposals is passed, other proposals are deemed as vetoed without further voting.
- Article 13: The Chairman may direct pickets (or security guards) to maintain order of the meeting premise.
The pickets (or security guards) must wear the "Picket" armband while disciplining the order at the meeting premise.
- Article 14: The Chairman is to determine the tellers and ballot counting officer. The teller must be a shareholder. Vote result must be reported on the spot and documented accordingly.
- Article 15: If a shareholders' meeting is summoned by the Board of Directors, the Chairman is to preside the meeting. If the Chairman asks for leave or cannot preside the meeting for reasons, the Vice Chairman is to act on the Chairman's behalf. If there is no Vice Chairman or the Vice Chairman asks for leave or cannot preside the meeting for reasons, the Chairman is to designate his/her agent to preside the meeting. If the Chairman has not had his/her agent designated, one of the Directors shall be elected to act on the Chairman's behalf.
If a shareholders' meeting is summoned by an authorized convener other than the Board of Directors, the authorized convener is the Chairman of the shareholders' meeting. If there are two or more authorized conveners, one shall be elected among themselves.
- Article 16: The location summoned for the shareholders' meeting shall be the location

where the Company resides, or a location convenient for shareholders to attend and suitable for organizing the shareholders' meeting. The schedule of the meeting shall not start before nine (9) o'clock in the morning or later than three (3) o'clock in the afternoon.

- Article 17: The Company may assign the appointed attorney, CPA, or related personnel to attend the meeting. Conference staffs who help organize the shareholders' meeting should wear identification badge or armband.
- Article 18: The whole process of the shareholders' meeting should be documented with audio or video recording and archived for at least one year.
- Article 19: Issues that are not addressed in the "Rules of Procedure for Shareholders' Meeting" should be processed in accordance with the Company Act, the Company's Articles of Incorporation, and applicable laws and regulations.
- Article 20: The "Rules of Procedure for Shareholders' Meeting" shall be enforced upon the resolution reached in the shareholders' meeting, so is the amendment.

Appendix 4

Employee Bonus and Remuneration to the Directors and Supervisors

I

1. The proposal to distribute employee bonus of NTD31,500000.
2. The proposal to distribute employe Stock bonus of NTD 0.
3. Proposed to distribute directors/supervisors' remuneration of NTD0.

II

There's no deviation from the proposal to distribute employee bonus with the recognized 2013 annual budget.