

YULON NISSAN MOTOR CO., LTD.

2018 Annual General Shareholders' Meeting Reference Material

Time: June 21, 2018.

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

Ratification Items

Proposal 1: Ratification of the 2017 Business Report and Financial Statements. Please ratify.

(Proposed by the Board of Directors.)

Description:

- (1)The compilation of the Company's Fiscal 2017 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 Wan-Yi Liao, CPA, and Robert Yu, 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 the handbook of 2018 Annual General Shareholders' Meeting for the Fiscal 2017 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
- (3)Adoption requested.

Resolution:

Proposal 2: Recognition of 2017 Earnings Distribution.

(Proposed by the Board of Directors.)

Description :

1. Based on the audited 2017 financial statement, YNM presents 2017 earnings distribution statement, please refer to the handbook of 2018 Annual General Shareholders' Meeting.
2. According to earnings distribution statement, YNM proposes to distribute NT\$ 20 per share and the undistributed profit from the most recent years shall be distributed first .The target date for distributing cash dividend will be set on August 27, 2018. According to the Article 165 of Company Act, entries into register of shareholder shall not be allowed within 5 days prior to the target date of distributing cash dividend. Hence, entries into register of shareholder are not allowed from August 23, 2018 to August 27, 2018.
3. Request to resolve.

Resolution:

Discussions Items

Proposal 1: Approval of distribution by cash from legal reserve.

Please discuss.

(Proposed by the Board of Directors)

Explanation:

1. In accordance with article 241 of the Company Act “Where a company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting to distribute the legal reserve to its shareholders by cash”.
2. The company propose to distribute legal reserve, NT\$300 million by cash, which is NT\$1 per share and the target date for distributing cash will be set on August 27, 2018. According to the Article 165 of Company Act, entries into register of shareholder shall not be allowed within 5 days prior to the target date of distributing cash dividend. Hence, entries into register of shareholder are not allowed from August 23, 2018 to August 27, 2018.
3. Request to resolve.

Resolution:

Proposal 2: Amendment to” Operational Procedures for Making of Endorsements and Guarantees ”.

Please discuss.

(Proposed by the Board of Directors)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Making of Endorsements and Guarantees” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the handbook of 2018 Annual General Shareholders’ Meeting.
2. Request to resolve.

Resolution:

Proposal 3: Amendment to” Operational Procedures for Acquisition and Disposal of Assets”.

Please proceed to discuss.

(Proposed by the Board of Directors)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Acquisition and Disposal of Assets” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the handbook of 2018 Annual General Shareholders’ Meeting.
2. Request to resolve.

Resolution:

Proposal 4: Amendment to “Operational Procedures for Derivatives Trading “.

Please proceed to discuss.

(Proposed by the Board of Directors)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Derivatives Trading” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the handbook of 2018 Annual General Shareholders’ Meeting.
2. Request to resolve.

Resolution:

Proposal 5: Amendment to “Operational Procedures for Loaning of Funds to Other Parties“.

Please proceed to discuss.

(Proposed by the Board of Directors)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Loaning of Funds to Other Parties” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the handbook of 2018 Annual General Shareholders’ Meeting.
2. Request to resolve.

Resolution:

Elections Items

Election of the 7th directors

(Proposed by the Board of Directors)

Explanation:

1. The term of office of the 6th term of Directors and Supervisors shall expire on June. According to article 195 of the company law an election of the 7th term of eleven Directors (include three Independent Directors) shall be conducted, whose term of office shall be effective from June 21, 2018 to June 20, 2021.
2. According to Article 20 of the Articles of Incorporation, the election of the Directors shall adopt candidate nomination system. The candidate nomination list has been reviewed by the Board of Directors with qualification on May 11, 2018, which education, experience and other information can be referred to the handbook of 2018 Annual General Shareholders' Meeting.
3. Please proceed with the election.

Election results:

Other Items

**Proposal 1: The Lift on the Prohibition on 7th Directors from
“Concurrently Act as a Director and/or Manager of
another company”.**

Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

1. According to regulation of R.O.C. Company Law No.209, first paragraph, A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. Please approve to lift the prohibition that directors shall not act as a director and/or manager of another company in response to the need of the company's business operations.
3. Request to resolve.

Resolution: