

Stock Code: 2227

YULON NISSAN MOTOR CO., LTD.

2015 Annual General Shareholders' Meeting
Meeting Handbook

June 30, 2015

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2015 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.

YULON NISSAN MOTOR CO., LTD.

2015 Annual General Shareholders' Meeting

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YULON NISSAN MOTOR CO., LTD.
2015 Annual General Shareholders' Meeting

Meeting Procedure

1. Call to Order
2. Chairman's Address
3. Status Reports
4. Ratification Items
5. Discussions and Election Items
6. Extraordinary Motions
7. Closure of the Meeting

YULON NISSAN MOTOR CO., LTD.

2015 Annual General Shareholders' Meeting

Agenda

Time: Tuesday, June 30, 2015 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 2014
 - (2) 2014 supervisors' review financial report
4. Ratification Items
 - (1) Adoption of the 2014 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2014 Profits
5. Discussions and Election Items
 - (1) Amendment to "Articles of Incorporation"
 - (2) Amendment to "Rules of Procedure for Shareholders' Meeting"
 - (3) Election of Directors and Supervisors
 - (4) The lift of non-competition restriction on directors.
6. Extraordinary Motions
7. *Closure of the Meeting*

Report Items

Item One:

2014 Report of business operations

Business Report

(1) Domestic Economic Environment

International political and economic situation was unstable in 2014; however, benefited from the strong US economic recovery, international oil prices drop, and domestic consumption increase, Taiwan's economic growth rate was 3.74%, representing 67.7% growth from the year of 2013.

A total of 414,000 cars were sold in 2014 due to the domestic economic boom, introduction of new car model, and the movement of replacing the old car with new car, representing 12% growth from the year of 2013 – 7.5% growth in domestic made cars and 22.5% in imported cars. The sale of passenger vehicle had grown by 11.9% from the year of 2013, RV car with 13% growth, and commercial car with 9.5% growth.

(2) Report of Company's business operations

The Company sold 47,740 cars in 2014, representing 8.5% annual growth with a market share of 11.5%, ranking second in the market; also, the operating income amounted to \$33.18 billion, representing 5.4% annual growth, net income before tax amounted to \$8.027 billion, and earnings per shares was \$21.75. The related business activities in 2014 are as follows:

1. Introducing new vehicle models

For NISSAN brand, ALL NEW LIVINA energy-saving RV small car is launched. The six evolutionary value upgrade car provides consumers with easy and enjoyable driving fun. In addition, cooperate with AUTECH JAPAN, the designing house designated by NISSAN, to launch SENTRA aero as a sport townhouse car in Taiwan before going global.

For INFINITI brand, Q50 hybrid/sedan car is launched attract the attention of the public with the F1 performance pedigree fused with concept car design essence and the world's top security certification. In addition, introduce the seven-seat QX60 Hybrid car to meet consumer's needs for driving power and environmental energy-saving.

2. Corporate Social Responsibility (CSR).

The Company actively implements the corporate social responsibility best practice principles and with a committee organized to define the policies of “the pursuit of customer satisfaction,” “creating business prosperity,” and “contributing to social well-being.”

In addition to implementing corporate social responsibility in daily operations, in addition, in response to international seamless mountain sports, holding nature play and travel, inviting car owners to participate in the automotive sector environmental family activities; nurture excellent design and R&D personnel in Taiwan by arranging “Yulon Nissan Motor Innovation Award” contest; care for the victims of Kaohsiung gas explosion accident initiatively with donation made immediately upon its occurrence to encourage them to work through the bad time bravely; while actively promoting employee’s work autonomy and achievement system, and awarded by the Ministry of Labor with the 1st Balance Work and Life Award.

The 2014 Corporate Social Responsibility Report is in preparation in order to expose the Company’s performing corporate social responsibility and will continue to focus on the related domestic and foreign development and changes in corporate environment in order to enhance the effectiveness of corporate social responsibility.

3. Business operation in Mainland China

A total of 23.492 million cars were sold in China in 2014, representing 6.9% growth from the year of 2013, of which, 3.791 million commercial cars were sold (6.5% decline) and 19.7 million passenger vehicles (9.9% growth) were sold. For Dongfeng Nissan, 954,000 passenger vehicles were sold in 2014, representing 3.0% growth from the year of 2013.

(3) Future Perspectives

1. Operation overview of the first quarter of 2015

The Company sold 11,423 cars in Q1 with a market share of 10.9%. Operating income was \$9.042 billion, representing 10.5% growth from the same period of the last year; also, operating profit was NT\$330 million, representing 507.4% growth from the last year.

2. New product introduction

X-TRAIL Brand of NISSAN is the first vehicle equipped with 3 major full-time Active Protection System, VDC and HSA and “Overall protection.” In addition, 3D Ultra Soothing leather chair with the largest rear door opening angle and multi-stage rear seat slide/tilt adjustment are for “flagship-level comfort.” The brand new X-TRAIL SUV with perfection has the domestic market impressed

3. Sales and service satisfaction upgrade

NISSAN brand was awarded with the “1st place in domestic car” in SSI and CSI by J.D. Power in 2014. The Company will continue to enhance sales and service quality in 2015, improve software and hardware equipment and enhance customer satisfaction effectively with innovative information technology and prompt services.

For INFINITI brand, distribution stations are upgraded continuously and broad bright and gallery-like exhibition space is created in accordance with the internationally renowned “IREDI (INFINITI Retail Environment Design Initiative) global exhibition base design specifications.” Also, focus on the P.C.E. (Premium customer Experience) five-star service to provide customers with a wonderful experience like being at home.

4. Export expansion

Automobile parts were exported for \$368 million in 2014, including Thailand, Malaysia, the Philippines, China, South Korea, Japan, Egypt, Indonesia, and Vietnam. The export of automobile parts will be expanded continuously in 2015, which will be the driving force for the growth of the Company’s sales revenue.

5. Business operation in Mainland China

For the business operation in Mainland China, many passenger vehicle models of Dongfeng Nissan are introduced in 2015 with a sale of 1 million cars expected, representing over 5% growth from the year of 2014.

Yulon Nissan is confident to create maximum benefits in the competitive market with the support of all shareholders as well as the joint efforts of all our colleagues.

Item Two:

2014 supervisors' review financial report

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

The Board of Directors submits the 2014 Business Report, Financial Statements, and Earnings Distribution Proposal. Among them, the Financial Statements were audited by accountants Chien-Hsin Hsieh and Wan-Yi Liao 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:

2015 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 , 2015

Ratification Items

Proposal 1: Ratification of the 2014 Business Report and Financial Statements. Please ratify.

(Proposed by the Board of Directors.)

Description:

- (1) The compilation of the Company's Fiscal 2014 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 Wan-Yi Liao, 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 to page 5 and page 8 to page 22 of this handbook for the Fiscal 2014 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, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 in the first paragraph present fairly, in all material respects, the financial position of Yulon Nissan Motor Company, Ltd. as of December 31, 2014 and 2013, and its financial performance and its 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.

March 23, 2015

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

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars, Except Par Value)

	2014		2013	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,493,958	26	\$ 3,141,904	9
Financial assets at fair value through profit or loss	331,032	1	434,741	1
Notes receivable	2,000	-	27	-
Notes receivable - related parties	905	-	2,312	-
Trade receivables	70,137	-	41,502	-
Trade receivables - related parties	224,495	1	292,229	1
Other receivables	39,606	-	22,658	-
Inventories	2,739	-	2,047	-
Prepayments	9,893	-	11,057	-
Other financial assets	-	-	991,154	3
Total current assets	<u>10,174,765</u>	<u>28</u>	<u>4,939,631</u>	<u>14</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method	23,800,390	65	28,185,091	80
Property, plant and equipment	1,758,753	5	1,748,604	5
Computer software	12,346	-	7,887	-
Deferred tax assets	164,709	-	188,363	-
Other non-current assets	<u>573,443</u>	<u>2</u>	<u>249,042</u>	<u>1</u>
Total non-current assets	<u>26,309,641</u>	<u>72</u>	<u>30,378,987</u>	<u>86</u>
TOTAL	<u>\$ 36,484,406</u>	<u>100</u>	<u>\$ 35,318,618</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,630,000	10	\$ 2,630,000	8
Notes payable - related parties	-	-	1,536	-
Trade payables	122,244	-	127,494	-
Trade payables - related parties	565,471	2	1,073,092	3
Other payables	882,601	2	657,680	2
Current tax liabilities	977,135	3	490,530	1
Provisions	172,054	-	169,129	1
Deferred revenue	-	-	1,643	-
Other current liabilities	<u>19,698</u>	<u>-</u>	<u>21,072</u>	<u>-</u>
Total current liabilities	<u>6,369,203</u>	<u>17</u>	<u>5,172,176</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	-	-	1,000,000	3
Provisions	86,282	-	74,808	-
Accrued pension liabilities	546,327	2	555,089	1
Deferred tax liabilities	<u>2,552,082</u>	<u>7</u>	<u>3,476,068</u>	<u>10</u>
Total non-current liabilities	<u>3,184,691</u>	<u>9</u>	<u>5,105,965</u>	<u>14</u>
Total liabilities	<u>9,553,894</u>	<u>26</u>	<u>10,278,141</u>	<u>29</u>
EQUITY				
Capital stock - \$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>8</u>	<u>3,000,000</u>	<u>9</u>
Capital surplus	<u>6,129,405</u>	<u>17</u>	<u>6,129,405</u>	<u>17</u>
Retained earnings				
Legal reserve	2,987,887	8	2,257,887	6
Special reserve	788,877	2	1,228,789	3
Unappropriated earnings	<u>12,607,444</u>	<u>35</u>	<u>12,213,958</u>	<u>35</u>
Total retained earnings	<u>16,384,208</u>	<u>45</u>	<u>15,700,634</u>	<u>44</u>
Other equity	<u>1,416,899</u>	<u>4</u>	<u>210,438</u>	<u>1</u>
Total equity	<u>26,930,512</u>	<u>74</u>	<u>25,040,477</u>	<u>71</u>
TOTAL	<u>\$ 36,484,406</u>	<u>100</u>	<u>\$ 35,318,618</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 33,126,357	100	\$ 31,412,448	100
Service revenue	1,382	-	16,872	-
Other operating revenue	<u>42,402</u>	<u>-</u>	<u>56,730</u>	<u>-</u>
Total operating revenue	33,170,141	100	31,486,050	100
OPERATING COSTS				
Cost of goods sold	<u>28,855,176</u>	<u>87</u>	<u>26,037,200</u>	<u>83</u>
GROSS PROFIT	<u>4,314,965</u>	<u>13</u>	<u>5,448,850</u>	<u>17</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,564,472	8	2,611,485	8
General and administrative expenses	363,535	1	363,395	1
Research and development expenses	<u>586,905</u>	<u>2</u>	<u>617,309</u>	<u>2</u>
Total operating expenses	<u>3,514,912</u>	<u>11</u>	<u>3,592,189</u>	<u>11</u>
OTHER INCOME AND EXPENSES	<u>1,131</u>	<u>-</u>	<u>(15)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>801,184</u>	<u>2</u>	<u>1,856,646</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of profit of subsidiary	6,677,910	20	6,902,444	22
Foreign currency exchange gain, net	410,960	1	51,675	-
Interest income	175,495	1	33,106	-
Gain from valuation of financial assets, net	14,032	-	1,741	-
Gain on disposal of investment, net	5,964	-	3,745	-
Other revenue	5,078	-	2,482	-
Interest expenses	(42,689)	-	(16,994)	-
Overseas business expenses	(18,712)	-	(26,132)	-
Other losses	<u>(2,545)</u>	<u>-</u>	<u>(1,823)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,225,493</u>	<u>22</u>	<u>6,950,244</u>	<u>22</u>
PROFIT BEFORE TAX	8,026,677	24	8,806,890	28
INCOME TAX EXPENSES	<u>1,502,918</u>	<u>4</u>	<u>1,506,893</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>6,523,759</u>	<u>20</u>	<u>7,299,997</u>	<u>23</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
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	982	-	823	-
Income tax relating to components of other comprehensive income	<u>(167)</u>	<u>-</u>	<u>(140)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,207,276</u>	<u>3</u>	<u>1,115,187</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u><u>\$ 7,731,035</u></u>	<u><u>23</u></u>	<u><u>\$ 8,415,184</u></u>	<u><u>27</u></u>
EARNINGS PER SHARE				
Basic	<u>\$21.75</u>		<u>\$24.33</u>	
Diluted	<u>\$21.74</u>		<u>\$24.32</u>	

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

**STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2014 AND 2013**

(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, 2013	<u>\$ 3,000,000</u>	<u>\$ 6,129,405</u>	<u>\$ 1,764,839</u>	<u>\$ 788,877</u>	<u>\$ 9,836,238</u>	<u>\$ (904,066)</u>	<u>\$ 20,615,293</u>
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)
	-	-	<u>493,048</u>	<u>439,912</u>	<u>(4,922,960)</u>	-	<u>(3,990,000)</u>
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	-	-	-	-	<u>7,300,680</u>	<u>1,114,504</u>	<u>8,415,184</u>
BALANCE, DECEMBER 31, 2013	<u>3,000,000</u>	<u>6,129,405</u>	<u>2,257,887</u>	<u>1,228,789</u>	<u>12,213,958</u>	<u>210,438</u>	<u>25,040,477</u>
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)
	-	-	<u>730,000</u>	<u>(439,912)</u>	<u>(6,131,088)</u>	-	<u>(5,841,000)</u>
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	-	-	-	-	<u>6,524,574</u>	<u>1,206,461</u>	<u>7,731,035</u>
BALANCE, DECEMBER 31, 2014	<u>\$ 3,000,000</u>	<u>\$ 6,129,405</u>	<u>\$ 2,987,887</u>	<u>\$ 788,877</u>	<u>\$ 12,607,444</u>	<u>\$ 1,416,899</u>	<u>\$ 26,930,512</u>

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS 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
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	(175,495)	(33,106)
Share of profit of subsidiary	(6,677,910)	(6,902,444)
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	(350,658)	(45,263)
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	(28,635)	(5,192)
Trade receivables - related parties	67,734	291,332
Other receivables	2,764	14,003
Inventories	(692)	(500)
Prepayments	1,164	(4,181)
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	(1,374)	(4,930)
Deferred revenue	(1,643)	(11,225)
Provisions	14,399	13,671
Accrued pension liabilities	(7,780)	(1,253)
Cash generated from operations	<u>1,222,401</u>	<u>1,999,150</u>
Interest paid	(42,794)	(15,553)
Income tax paid	<u>(985,114)</u>	<u>(227,419)</u>
Net cash generated from operating activities	<u>194,493</u>	<u>1,756,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	11,399,888	3,351,292
Interest received	155,783	27,579
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)
Decrease (increase) in other financial assets	991,154	(977,222)
Increase in other non-current assets	<u>(344,753)</u>	<u>(181,563)</u>
Net cash generated from investing activities	<u>11,710,417</u>	<u>1,132,767</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS 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	<u>(5,841,000)</u>	<u>(3,990,000)</u>
Net cash used in financing activities	<u>(5,841,000)</u>	<u>(560,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>288,144</u>	<u>31,331</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,352,054	2,360,276
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,141,904</u>	<u>781,628</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,493,958</u>	<u>\$ 3,141,904</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, 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.

March 23, 2015

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

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

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	<u>42,402</u>	-	<u>56,730</u>	-
Total operating revenue	33,176,837	100	31,486,050	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 21 and 28)	<u>28,855,176</u>	<u>87</u>	<u>26,037,200</u>	<u>83</u>
GROSS PROFIT	<u>4,321,661</u>	<u>13</u>	<u>5,448,850</u>	<u>17</u>
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	<u>586,905</u>	<u>2</u>	<u>617,309</u>	<u>2</u>
Total operating expenses	<u>3,536,563</u>	<u>11</u>	<u>3,616,656</u>	<u>11</u>
OTHER INCOME AND EXPENSES (Notes 21 and 28)	<u>1,131</u>	-	<u>(15)</u>	-
PROFIT FROM OPERATIONS	<u>786,229</u>	<u>2</u>	<u>1,832,179</u>	<u>6</u>
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)	<u>(2,687)</u>	-	<u>(1,823)</u>	-
Total non-operating income and expenses	<u>7,240,448</u>	<u>22</u>	<u>6,974,711</u>	<u>22</u>
PROFIT BEFORE TAX	8,026,677	24	8,806,890	28
INCOME TAX EXPENSES (Notes 4 and 22)	<u>1,502,918</u>	<u>4</u>	<u>1,506,893</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>6,523,759</u>	<u>20</u>	<u>7,299,997</u>	<u>23</u>

(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)	<u>(167)</u>	<u>-</u>	<u>(140)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,207,276</u>	<u>3</u>	<u>1,115,187</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,731,035</u>	<u>23</u>	<u>\$ 8,415,184</u>	<u>27</u>
NET INCOME ATTRIBUTED TO				
Stockholders of the company	<u>\$ 6,523,759</u>	<u>20</u>	<u>\$ 7,299,997</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO				
Stockholders of the company	<u>\$ 7,731,035</u>	<u>23</u>	<u>\$ 8,415,184</u>	<u>27</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$21.75</u>		<u>\$24.33</u>	
Diluted	<u>\$21.74</u>		<u>\$24.32</u>	

(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)

	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, 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

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	<u>(5,841,000)</u>	<u>(3,990,000)</u>
Net cash used in financing activities	<u>(5,841,000)</u>	<u>(560,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>356,793</u>	<u>694,621</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,263,966	3,739,444
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,567,899</u>	<u>4,828,455</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,831,865</u>	<u>\$ 8,567,899</u>

(Concluded)

Proposal 2: Ratification of 2014 earnings distribution.

Please ratify.

(Proposed by the Board of Directors.)

Description:

(1)Based on the audited 2014 financial statement, we present earnings distribution sheet of 2014 as below:

Yulon Nissan Motor Co., Ltd.
FY14 Annual Distribution of Earnings

Unit: NT dollar

Item	Sub-total	Total
FY13 Undistributed earnings		6,082,870,749
Add: Actuarial profit		814,926
FY14 Adjusted undistributed earnings (excluded net income)		6,083,685,675
FY14 Net income after tax	6,523,758,867	
Less : Legal reserves	(652,375,887)	
Less : Distribution to shareholders bonus (Cash dividend \$30/share)	(9,000,000,000)	(3,128,617,020)
Ending Undistributed Earnings		2,955,068,655

Note: Based on company article , propose to distribute cash bonus NT\$ 32,722,800 to employees.

(2) According to earnings distribution sheet, we propose to distribute cash dividend of NT\$30 per share. After this proposal resolved by the shareholders' meeting, cash dividend pay date will be determined in coming B.O.D. meeting.

(3) Please ratify.

Resolution:

Discussions and Election Items

Proposal 1: Amendment to “Articles of Incorporation”. Please proceed to discuss.

(Proposed by the Board of Directors.)

Description:

(1) In order to strengthen corporate governance system, candidates nomination system will be adopted for election of the directors and supervisors. We propose to amend Incorporation articles. Please refer to page 25 for details.

(2) Request to resolve

Resolution:

YULON NISSAN MOTOR CO., LTD.

Comparison of Amendments to the “Articles of Incorporation”

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explain
20	<p>The Company is with five to ten (5~10) directors and one to three (1~3) supervisors, <u>candidates nomination system is adopted for election of the directors and supervisors,-the shareholders shall elect the directors and supervisors from among the nominees listed in the roster of director and supervisor candidates</u> in the shareholders’ meeting, for a 3-year term and may be re-elected. The proportion of total shares owned 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.</p>	<p>The Company is with five to ten (5~10) directors and one to three (1~3) supervisors <u>who are elected from capable individuals</u> 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.</p>	To strengthen corporate governance system
35	<p>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</p>	<p>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</p>	To add revision date

	<p>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.the tenth amendment was made on June 30th, 2015.</p>	<p>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.</p>	
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Proposal 2: Amendment to” Rules of Procedure for Shareholders’ Meeting”. Please proceed to discuss.

(Proposed by the Board of Directors.)

Description:

(1)In order to strengthen corporate governance system, hereby proposes to amend the voting power at a shareholders' meeting may be exercised by way of electronic transmission We propose to amend Rules of Procedure for Shareholders Meeting. Please refer to page 28 for details.

(2)Request to resolve

Resolution:

YULON NISSAN MOTOR CO., LTD.

Comparison of Amendments to the Rules of Procedure for Shareholders Meeting

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explain
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 <u>plus the number of shares whose voting rights are exercised by correspondence or electronically . Attendance at shareholders meetings shall be calculated based on numbers of shares.</u>	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	To strengthen corporate governance system
21	The Procedures was regulated on March 30, 2004 ; <u>the first amendment was made on June 30th, 2015.</u>		To add revision date

**Proposal 3: Approval of an Election of the sixth Directors and Supervisors.
Please elect.**

(Proposed by the Board of Directors.)

Description:

- (1) The term of office of the fifth term of directors and Supervisors shall expire on June 30, 2015. According to article 195 of the company law an election of the sixth term of ten directors and three supervisors shall be conducted, whose term of office shall be effective from June 30,2015 to June 29, 2015.
- (2) Based on article No.20 of Incorporation, we adopt Nomination Mechanism for Independent Director Candidates. Two Independent Directors among the nominees shall be elected on the shareholders' meeting. The candidate roster has been approved on the Board meeting of May 11, 2015. the name, education background and past work experience of the director candidates are as follows:

	Independent Director Candidate	
Name	Jinshun Wu	Robert Y.L., Mao
Educati on	Master of Professional Accounting, National Chengchi University	Master of Management, Massachusetts Institute of Technology, U.S.A Master of Engineering, Cornell University, U.S.A
Current Position	Independent Director and Remuneration Committee member, Evergreen Marine Corporation	Chairman, Hewlett-Packard Company in China
Stocks	0 unit	0 unit

- (3) According to article 4 of the Rules for the Election of Directors and Supervisors, the chairman shall nominate the teller and the scrutineer for the election.
- (4) Request to elect.

Election results :

Proposal 4: The lift of non-competition restriction on directors.

Please proceed to discuss.

(Proposed by the Board of Directors.)

Description:

- (1) According to the first paragraph of article 209 of the ROC company law, 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) The director of the sixth term assumes a director and/or a manager for himself or on behalf of another person that is within the scope of the company's business or for a company of partnership with the Company during the term of office of director, We propose the lift of such non-competition restriction on the directors for the approval from the shareholders' meeting.
- (3) Request to resolve.

Resolution:

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.

Nissan Taiwan Co., Ltd.

Rules for the Election of Directors and Supervisors

Stipulated on March 30, 2004

Amended on June 22, 2007

- Article 1 : The election of the Company's directors and supervisors, unless otherwise provided by the law and regulations and the Company's Article of Incorporation, is to be processed in accordance with the "Rules for the Election of Directors and Supervisors."
- Article 2: For the Company's election of directors and supervisors is handled in accordance with the ballot cumulative suffrage system and each stock share contains the suffrage equivalent to the number of directors and supervisors to be elected, which can be casted to one or more than one candidate.
- Article 3: The board of directors is to have the ballots printed, which should be equivalent to the number of directors and supervisors. The ballots should be prepared with the votes of suffrage noted before distributing to the shareholders at the meeting.
- Article 4: The Chairman is to have several ballot inspectors and tellers who are also shareholders designated before the beginning of the election to perform the
- Article 5: The board of directors is to have the ballot boxes prepared for the election of directors and supervisors; also, the ballot boxes should be inspected publicly by the ballot inspectors.
- Article 6: If the candidates are shareholders, the voters must have the account number and name of the candidates noted in the "candidate" column of each ballot. If the candidates are not shareholders, the "candidate" column on the ballot must be detailed with the name and identity document number of the candidates. However, if the candidates are institutional shareholders, the name of the juristic person must be detailed in the "candidate" column on each ballot, or the name of the juristic person and its representative. If there is more than one representative appointed, the name of all the representatives must be listed separately.
- Article 6.1: The election of directors and independent directors is held at the same time with the votes counted and candidates elected separately.
- Article 7: Ballots are invalid in any of the following circumstances:
1. Ballot that is not prepared by the board of directors;
 2. Blank ballot that is casted in the ballot box;
 3. Unidentifiable ballot due to illegible or incomplete corrections;
 4. The account name and shareholder's account number of the candidate who is a shareholder differs from the Shareholder Registry, or, the name and ID Card number of the candidate who is not a shareholder is found with nonconformity.
 5. Ballot contains not only the candidate's account name (name), shareholder account number (ID card number), and the votes of suffrage, but also other unauthorized information.
 6. Ballot without the information of the candidate's account name (Name) or shareholder's account number (ID Card Number);

7. Ballot contains the name of two or more than two candidates.
8. The name of the voted candidate is same as other shareholder but failed to state the candidate's shareholder account number or ID card number for identification.

Article 8: The Company's directors and supervisors are elected from the competent individuals in the shareholder's meeting as independent directors and non-independent directors in that order in accordance with the number of chairs designated in the Articles of Incorporation and the electoral votes from top down. If there are two or more candidates received the same votes of suffrage, resulting more candidates elected than the number of chairs designated, the candidates who received the same votes of suffrage are to take a draw for a solution; also, the Chairman is to take a draw on behalf of the absentees. The individual who has been elected as a director and supervisor at the same time may determine discretionally to assume either one of the positions but not both.

The elected director or supervisor who is found with false personal information presented or non-complying with the governing law and regulations will be dismissed and with the vacancy filled by the un-elected candidate who has received the highest votes in the original election.

Article 9: Ballot inspectors are to monitor the count of the votes casted upon the completion of the voting process and then the Chairman is to announce the name of the elected directors and supervisors publicly.

Article 10: The Company is to issue a certificate of election to each elected director and supervisor.

Article 11: The matters that are not addressed in the "Rules for the Election of Directors and Supervisors" should be processed in accordance with the Company Law, Articles of Incorporation, and the related regulations.

Article 12: The "Rules for the Election of Directors and Supervisors" is in effect after it is passed in the shareholders' meeting, same for the amendments made.

Appendix3

Shareholdings of Directors and Supervisors

- As of 05/02/2015, 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

- As of 05/02/2015, 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	
Director	Yulon Motor Co., Ltd. Representative : Wen-Rong Tsay	
Director	Yulon Motor Co., Ltd. Representative : Zhen-Xiang Yao	
Director	Nissan Motor Co., Ltd. Representative : Takashi Nishibayashi	120,000,000
Director	Nissan Motor Co., Ltd. Representative : Atsushi Kubo	
Director	Nissan Motor Co., Ltd. Representative : Junichi Ohori	
Director	Nissan Motor Co., Ltd. Representative : Moritami Matsumoto	
Independent Director	Robert Ma	0
Independent Director	Tsung-Jen Huang	0
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 4

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 5

Employee Bonus and Remuneration to the Directors and Supervisors

I

1. The proposal to distribute employee bonus of NTD32,722,800.
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 2014 annual budget.