

Stock Code: 2227

YULON NISSAN MOTOR CO., LTD.

2016 Annual General Shareholders' Meeting
Meeting Handbook

June 30, 2016

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2016 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.

2016 Annual General Shareholders' Meeting

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YULON NISSAN MOTOR CO., LTD.
2016 Annual General Shareholders' Meeting

Meeting Procedure

1. Call to Order
2. Chairman's Address
3. Discussions Items (I)
4. Report Items
5. Ratification Items
6. Discussions Items (II)
7. Extraordinary Motions
8. Closure of the Meeting

YULON NISSAN MOTOR CO., LTD.

2016 Annual General Shareholders' Meeting

Agenda

Time: Tuesday, June 30, 2016 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. Discussions Items (I)
 - (1) Amendment to Articles of Incorporation.
4. Report Items
 - (1) To report the business operations of 2015
 - (2) 2015 supervisors' review financial report
 - (3) To report compensation distribution.
5. Approval Items
 - (1) Adoption of the 2015 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2015 Profits
6. Discussions Items (II)
 - (1) Amendment to the system of "Operational Procedures for Acquisition and Disposal of Assets"
7. Extraordinary Motions
8. Closure of the Meeting

Discussions Items (I)

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

(Proposed by the Board of Directors.)

Description:

(1)To comply with the article 235-1 of Company Law and related regulations, a fixed amount or ratio of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. However, the company's accumulated losses shall have been covered hereby proposes to amend the Corporate Charter. Please refer to page 4 to page 6 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
31	<p><u>If the Company has profits for the current year, it shall be distributed not less than 0.1% as employees' compensation. The employees' compensation to be resolved in the form of shares or in cash, is agreed upon by a resolution of the Board of Directors and shall be submitted to the shareholders' meeting. However, if the Company has the accumulated losses, the profits must be reserved in advance to offset such losses. Then according to the ratio mentioned in preceding paragraph, to be reserved for such employees' compensation.</u></p>		<p>The first paragraph is newly added and indicates a fixed ratio of profit of the current year distributable as employees' compensation in compliance with the amendment of Company Act.</p>
	<p>For the Company's net income at the end of each fiscal year, it shall cover the accumulated losses <u>first, then, appropriating 10% as legal reserve, and set aside or reverse special reserve in accordance with the law. The shareholders' dividend or bonuses out of remaining current profit and undistributed retained earnings shall be proposed first by the Board of Directors and to be resolved in the shareholders meeting.</u></p>	<p>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 reserve from the balance amount and other earnings surplus and/or reserve in accordance with the component authorities. If any surplus still remains, <u>it shall be distributed as follows:</u></p> <ol style="list-style-type: none"> <u>1.The amounts of bonus to employees shall be 0.1~5 %</u> <u>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.</u> 	<p>The original first paragraph was modified and moved to the second paragraph.</p>
	<p>The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change</p>	<p>The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change in industrial environment,</p>	<p>The original second paragraph was</p>

	<p>in industrial environment, shareholder's interest and <u>long term</u> financial planning shall be considered in planning the Company's dividend distribution scheme.</p> <p><u>The amount shall not exceed 90% of current net income as the principal, however, the final dividend distribution ratio shall be proposed first by the board of directors and to be resolved in the shareholders meeting, regardless of such principle.</u></p> <p>Distribution of dividend is in the form of cash or shares. Cash dividend each year shall not be less than 20% of the total amount of the appropriated dividend of current year.</p>	<p><u>balance of dividend, shareholder's interest and long term financial planning</u> shall be considered in planning the Company's dividend distribution scheme,</p> <p>the Company's dividend appropriation plan shall distribute dividend in cash or stocks. The amount of appropriation of dividend in cash each year shall not be less than twenty percents of the total amount of the appropriated dividend of current year in principle.</p>	<p>modified and moved to the third paragraph.</p>
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 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; the ninth amendment was made on June 14th, 2013 ; the tenth amendment was made on June 30th, 2015 ; and <u>the eleventh amendment is made on June 30th, 2016.</u></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 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; the ninth amendment was made on June 14th, 2013, and the tenth amendment was made on June 30th, 2015.</p>	<p>To add revision date</p>

Report Items

Item One:

2015 Business Operations Report

Business Operation Report

(1) Domestic Economic Environment

As an export-oriented country, Taiwan's economy faces with rigorous tests due to the impact of global recession and other adverse factors, affecting the domestic supplier intention to employ labor and invest, while the private-sector spending also becomes more conservative. The economic growth lags behind expectation and the 2015 economic growth rate was only up by 0.75%, hitting a new low record since 2009.

In contrast with the economic predicament, the automobile market in Taiwan still managed to sell a total of 411,000 cars in 2015, driven by the release of multiple new car models from the automobile makers. The market which was only slightly declined by 0.9% compared with 2014: The sales for domestic cars decreased 7.9% and for imported cars, the sale increased 13.5%; in particular, for passenger cars, it went down by 5.2%, for RV cars, it went up by 5.5% and for commercial vehicles, it went up by 2.7 %.

(2) Report of Company's business operations

Yulon Nissan sold 43,416 cars in 2015, which grabbed the second place with 10.6% of market share. The sales revenue reached NT\$33,218 million with the annual growth up by 0.1% in. The operating profit was NT\$1,235 million and went up 57.1% in annual growth. Earnings before taxes were NT\$5 billion with Earnings Per Share (EPS) yielding NT\$13.89. The related operational activities for 2015 are described below:

1. Introducing new vehicle models

The new release of NISSAN X-TRAIL stirs a wave in the domestic SUV market, featuring product strengths in "comprehensive protection" and "flagship comfort" as well as the appeals in perfect SUV. The model is

avored and recognized by a wide range of consumer, which solidifies the first place in best-selling domestic SUVs immediately after the release, recording another sales record for X-TRAIL series.

2. Corporate Social Responsibility (CSR).

Yulon Nissan adheres to three major business philosophies, including “Pursuit of Customer Satisfaction,” “Creating Corporate Prosperity,” and “Contribution to Social Welfare.” In addition to sustaining stable growth, Yulon Nissan incorporates these three business philosophies into the corporate social responsibility policy of the Company. The Company resolves to implement the philosophies into all details of routine work using its core competency and value. The company attempts to reduce wastes at different stages, from R&D design, manufacturing production to sales. All car models are introduced with recyclable plastic materials while the Company responds to the EU regulations on “Component Etching/Engraving” in order to save use in natural resource and lower the burden and pollution on the environment.

In response to the global warming, the Company takes an active role in implementing energy saving and carbon reduction within the organization and to all distributor system. Moreover, with regards to supply chain, the Company brings the influence of headquarter factory into full play and takes initiative in establishing sustainable development relationship with suppliers. The Company urges suppliers on the supply chain to jointly draw attention to issues such as environmental protection, safety and health, and the human rights of workers, collaborating in the building of green value system. Additionally, the Company routinely holds educational and entertaining trips into the nature, where car owners and their families are invited to care for environment protection and contribute efforts to the sustainability of the environment. The Company has organized the “Yulon Nissan Design the Future” competition to cultivate outstanding design and R&D talents for the automobile industries of Taiwan, in addition to promoting industry upgrade and development. Moreover, the Company donates the insurance premium of “Employers' Liability Insurance” for the temporary janitors working with the Department of Environmental Protection, Taipei City Govern, to provide secured protection for these anonymous heroes who maintain the city cleanness

every day.

Meanwhile, the Company prepares Corporate Social Responsibility Report every year to fully disclose the Company's engagement in performing corporate social responsibilities, in addition to constantly draw attention to the domestic and international related system development and changes in corporate environment, thereby to fulfill the effectiveness of corporate social responsibilities.

3. Business operation in Mainland China

In 2015, the car sales in China were 24,597,600 vehicles, going up by 4.7% in annual growth compared with 2014. Notably, the sales of passenger cars were 21,146,300 (up by 7.3%) and commercial vehicles were 3,451,300 (down by 9.0%). The sales of Dongfeng Nissan passenger vehicles were 1,026,000 in 2015, going up by 7.5% compared with 2014.

(3) Future Outlook

1. Operation overview of the first quarter of 2016

The Company's Q1 sales were 10,997 cars with a market share of 10.5%. The sales revenue was NT\$ 9,503 million, going up by 5.1% compared with the same period last year while the operating profit was NT\$383 million, going up by 16.1% compared with the same period last year.

2. New product introduction

The NISSAN brands will introduce the third-generation MURANO HYBRID with main appeals including "ultra-power and speeding performance," "Sports-car grade of drag coefficient," "highest standards of comprehensive safety protection," and "luxurious and comfortable configurations and accessories," which will be incorporated with existing car models to effectively upgrade the competitive advantage of the product portfolio.

Meanwhile, INFINITI will introduce Q30, the first luxurious metropolitan RV sports car under INFINITI line, which integrates the streamline style of Coupe and the spatial configuration of compact RV. It is expected to become the new growth momentum in sales.

3. Sales and service satisfaction upgrade

NISSAN brand was awarded with the “1st place in non-luxurious automobile brands” in SSI and CSI by J.D. Power in 2015. The Company will continue to enhance sales and service quality in 2016, improve software and hardware equipment and effectively improve customer satisfaction 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.” Moreover, the focus on the P.C.E. (Premium customer Experience), five-star service, will provide customers with a wonderful experience like being at home.

4. Export expansion

Automobile parts were exported for NT\$ 282 million in 2015, including Thailand, Malaysia, the Philippines, China, South Korea, Japan, Egypt, Indonesia, and Vietnam. The export of automobile parts will be expanded continuously in 2016, which will be the driving force for the growth of the Company’s sales revenue.

5. Business operation in Mainland China

According to China Association of Automobile Manufactures, under the incentives of policy on purchase tax by half, the mainland Chinese automobile market is anticipated to grow between 5%~7% in 2016. Dongfeng Nissan now projects at a sales target of 1,080,000 vehicles, representing over 5% growth from last year.

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:

2015 supervisors' review financial report

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

The Board of Directors submits the 2015 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:

2016 Regular Shareholders' Meeting of the Company

Supervisors:

Wei Wen Investment Co., Ltd.



Representative: Kuan-Tao Lee



Representative: Tai-Ming Chen



Supervisors: Toru Nakano



May 13 , 2016

Item Three:

- I According to the amendmant of article 31 of incorporation, the Compamy' s profits of current year shall be distributed not less than 0.1% as the employees' compensation after offseting the accumulated losses.
- II The employees' compensation shall be distributed in cash with the amount of NT\$11,500,000 by review of Salary and Compensation Committee and a resolution of the Board of Directors.

Ratification Items

Proposal 1: Ratification of the 2015 Business Report and Financial Statements. Please ratify.

(Proposed by the Board of Directors.)

Description:

- (1) The compilation of the Company's Fiscal 2015 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 Chien-Hsin Hsieh, 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 6 to page 9 and page 13 to page 27 of this handbook for the Fiscal 2015 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, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. 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, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Deloitte & Touche

March 28, 2016

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, 2015 AND 2014

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

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,363,612	27	\$ 9,493,958	26
Financial assets at fair value through profit or loss	1,491,543	5	331,032	1
Notes receivable	-	-	2,000	-
Notes receivable - related parties	6,139	-	905	-
Trade receivables	70,932	-	70,137	-
Trade receivables - related parties	483,892	2	224,495	1
Other receivables	38,469	-	39,606	-
Inventories	3,020	-	2,739	-
Prepayments	15,906	-	9,893	-
Total current assets	<u>10,473,513</u>	<u>34</u>	<u>10,174,765</u>	<u>28</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method	18,175,364	58	23,800,390	65
Property, plant and equipment	1,936,231	6	1,758,753	5
Computer software	14,330	-	12,346	-
Deferred tax assets	152,728	1	164,709	-
Other non-current assets	408,397	1	573,443	2
Total non-current assets	<u>20,687,050</u>	<u>66</u>	<u>26,309,641</u>	<u>72</u>
TOTAL	<u>\$ 31,160,563</u>	<u>100</u>	<u>\$ 36,484,406</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,630,000	12	\$ 3,630,000	10
Notes payable	243,000	1	-	-
Trade payables	53,973	-	122,244	-
Trade payables - related parties	1,178,190	4	565,471	2
Other payables	901,930	3	882,601	2
Current tax liabilities	747,255	2	977,135	3
Provisions	202,844	1	172,054	-
Other current liabilities	31,432	-	19,698	-
Total current liabilities	<u>6,988,624</u>	<u>23</u>	<u>6,369,203</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Provisions	43,706	-	86,282	-
Net defined benefit liabilities	573,363	2	546,327	2
Deferred tax liabilities	1,599,692	5	2,552,082	7
Total non-current liabilities	<u>2,216,761</u>	<u>7</u>	<u>3,184,691</u>	<u>9</u>
Total liabilities	<u>9,205,385</u>	<u>30</u>	<u>9,553,894</u>	<u>26</u>
EQUITY				
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	8
Capital surplus	6,129,405	20	6,129,405	17
Retained earnings				
Legal reserve	3,640,263	12	2,987,887	8
Special reserve	788,877	2	788,877	2
Unappropriated earnings	7,094,172	23	12,607,444	35
Total retained earnings	<u>11,523,312</u>	<u>37</u>	<u>16,384,208</u>	<u>45</u>
Other equity	1,302,461	4	1,416,899	4
Total equity	<u>21,955,178</u>	<u>70</u>	<u>26,930,512</u>	<u>74</u>
TOTAL	<u>\$ 31,160,563</u>	<u>100</u>	<u>\$ 36,484,406</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 33,155,124	100	\$ 33,126,357	100
Service revenue	11,646	-	1,382	-
Other operating revenue	<u>51,624</u>	<u>-</u>	<u>42,402</u>	<u>-</u>
Total operating revenue	33,218,394	100	33,170,141	100
OPERATING COSTS				
Cost of goods sold	<u>27,913,181</u>	<u>84</u>	<u>28,855,176</u>	<u>87</u>
GROSS PROFIT	<u>5,305,213</u>	<u>16</u>	<u>4,314,965</u>	<u>13</u>
OPERATING EXPENSES)				
Selling and marketing expenses	3,130,745	9	2,564,472	8
General and administrative expenses	399,943	1	363,535	1
Research and development expenses	<u>516,723</u>	<u>2</u>	<u>586,905</u>	<u>2</u>
Total operating expenses	<u>4,047,411</u>	<u>12</u>	<u>3,514,912</u>	<u>11</u>
OTHER INCOME AND EXPENSES	<u>(1,486)</u>	<u>-</u>	<u>1,131</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,256,316</u>	<u>4</u>	<u>801,184</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of profit of subsidiaries	3,866,456	11	6,677,910	20
Interest income	219,540	1	175,495	1
Gain from valuation of financial assets, net	11,333	-	14,032	-
Gain on disposal of investment, net)	1,866	-	5,964	-
Other revenue	1,871	-	5,078	-
Foreign exchange (loss) gain, net	(301,141)	(1)	410,960	1
Interest expenses	(36,636)	-	(42,689)	-
Overseas business expenses	(14,710)	-	(18,712)	-
Other losses	<u>(5,208)</u>	<u>-</u>	<u>(2,545)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,743,371</u>	<u>11</u>	<u>7,225,493</u>	<u>22</u>
PROFIT BEFORE TAX	4,999,687	15	8,026,677	24
INCOME TAX EXPENSES	<u>833,786</u>	<u>3</u>	<u>1,502,918</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>4,165,901</u>	<u>12</u>	<u>6,523,759</u>	<u>20</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (31,951)	-	\$ 982	-
Share of the other comprehensive income of subsidiaries accounted for using equity method	(334)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss)	<u>5,488</u>	<u>-</u>	<u>(167)</u>	<u>-</u>
	<u>(26,797)</u>	<u>-</u>	<u>815</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(114,438)</u>	<u>-</u>	<u>1,206,461</u>	<u>3</u>
Other comprehensive income for the year, net of income tax	<u>(141,235)</u>	<u>-</u>	<u>1,207,276</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,024,666</u>	<u>12</u>	<u>\$ 7,731,035</u>	<u>23</u>
EARNINGS PER SHARE				
Basic	<u>\$13.89</u>		<u>\$21.75</u>	
Diluted	<u>\$13.88</u>		<u>\$21.74</u>	

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Capital Stock	Capital Surplus (Note 19)	Retained Earnings (Notes 19 and 21)			Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2014	<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>
Appropriation of 2014 earnings							
Legal reserve	-	-	652,376	-	(652,376)	-	-
Cash dividend distributed by the Company - \$30 per share	-	-	-	-	(9,000,000)	-	(9,000,000)
	-	-	<u>652,376</u>	-	<u>(9,652,376)</u>	-	<u>(9,000,000)</u>
Net profit for the year ended December 31, 2015	-	-	-	-	4,165,901	-	4,165,901
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	(26,797)	(114,438)	(141,235)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	<u>4,139,104</u>	<u>(114,438)</u>	<u>4,024,666</u>
BALANCE, DECEMBER 31, 2015	<u>\$ 3,000,000</u>	<u>\$ 6,129,405</u>	<u>\$ 3,640,263</u>	<u>\$ 788,877</u>	<u>\$ 7,094,172</u>	<u>\$ 1,302,461</u>	<u>\$ 21,955,178</u>

YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,999,687	\$ 8,026,677
Adjustments for:		
Depreciation expenses	431,998	446,629
Amortization expenses	5,557	5,454
Gain on financial assets at fair value through profit or loss, net	(11,333)	(14,032)
Interest expense	36,636	42,689
Interest income	(219,540)	(175,495)
Shares of the profit of associates	(3,866,456)	(6,677,910)
Loss (gain) on disposal of property, plant and equipment, net	1,486	(1,131)
Gain on disposal of investment, net	(1,866)	(5,964)
Foreign exchange loss (gain), net	359,367	(350,658)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,147,312)	123,705
Notes receivable	2,000	(1,973)
Notes receivable - related parties	(5,234)	1,407
Trade receivables	(795)	(28,635)
Trade receivables - related parties	(259,397)	67,734
Other receivables	(22,265)	2,764
Inventories	(281)	(692)
Prepayments	(6,013)	1,164
Notes payable	243,000	-
Notes payable - related parties	-	(1,536)
Trade payables	(68,271)	(5,250)
Trade payables - related parties	469,293	(461,174)
Other payables	19,507	225,026
Other current liabilities	11,734	(1,374)
Deferred revenue	-	(1,643)
Provisions	(11,786)	14,399
Net defined benefit liabilities	(4,915)	(7,780)
Cash generated from operations	<u>954,801</u>	<u>1,222,401</u>
Interest paid	(36,814)	(42,794)
Income tax paid	<u>(1,193,953)</u>	<u>(985,114)</u>
Net cash generated from (used in) operating activities	<u>(275,966)</u>	<u>194,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	8,439,039	11,399,888
Interest received	242,942	155,783
Payment for property, plant and equipment (Note 23)	(441,433)	(486,380)
Proceeds from disposal of property, plant, and equipment	6,329	4,638
Payments for computer software	(7,541)	(9,913)
Decrease in other financial assets	-	991,154
Decrease (increase) in other non-current assets	<u>132,614</u>	<u>(344,753)</u>
Net cash generated from investing activities	<u>8,371,950</u>	<u>11,710,417</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 1,000,000
Repayment of long-term borrowings	-	(1,000,000)
Payments of dividends	<u>(9,000,000)</u>	<u>(5,841,000)</u>
Net cash used in financing activities	<u>(9,000,000)</u>	<u>(5,841,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(226,330)</u>	<u>288,144</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,130,346)	6,352,054
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,493,958</u>	<u>3,141,904</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,363,612</u>	<u>\$ 9,493,958</u>

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, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. 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, 2015 and 2014 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, 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, 2015 and 2014 on which we have issued an unqualified report.

Deloitte & Touche

March 28, 2016

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, 2015 AND 2014

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

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,136,832	32	\$ 12,831,865	35
Financial assets at fair value through profit or loss	1,491,543	5	331,032	1
Notes receivable	-	-	2,000	-
Notes receivable - related parties)	6,139	-	905	-
Trade receivables	71,154	-	70,218	-
Trade receivables - related parties	478,985	2	220,133	1
Other receivables	38,978	-	96,152	-
Inventories	3,020	-	2,739	-
Prepayments	87,080	-	509,050	2
Other financial assets	-	-	2,198,866	6
Total current assets	<u>12,313,731</u>	<u>39</u>	<u>16,262,960</u>	<u>45</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method	16,353,618	53	17,734,336	49
Property, plant and equipment	1,936,231	6	1,758,753	5
Computer software	14,330	-	12,346	-
Deferred tax assets	152,728	1	164,709	-
Other non-current assets	408,397	1	573,443	1
Total non-current assets	<u>18,865,304</u>	<u>61</u>	<u>20,243,587</u>	<u>55</u>
TOTAL	<u>\$ 31,179,035</u>	<u>100</u>	<u>\$ 36,506,547</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,630,000	12	\$ 3,630,000	10
Notes payable	243,000	1	-	-
Trade payables	53,973	-	122,244	-
Trade payables - related parties	1,178,190	4	565,471	2
Other payables	901,930	3	882,601	2
Current tax liabilities	747,255	2	977,135	3
Provisions)	202,844	1	172,054	-
Other current liabilities	32,507	-	19,698	-
Total current liabilities	<u>6,989,699</u>	<u>23</u>	<u>6,369,203</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Provisions	43,706	-	86,282	-
Credit balance of investments accounted for using equity method	17,397	-	22,141	-
Net defined benefit liabilities	573,363	2	546,327	2
Deferred tax liabilities	1,599,692	5	2,552,082	7
Total non-current liabilities	<u>2,234,158</u>	<u>7</u>	<u>3,206,832</u>	<u>9</u>
Total liabilities	<u>9,223,857</u>	<u>30</u>	<u>9,576,035</u>	<u>26</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	8
Capital surplus	6,129,405	20	6,129,405	17
Retained earnings				
Legal reserve	3,640,263	12	2,987,887	8
Special reserve	788,877	2	788,877	2
Unappropriated earnings	7,094,172	23	12,607,444	35
Total retained earnings	<u>11,523,312</u>	<u>37</u>	<u>16,384,208</u>	<u>45</u>
Other equity	1,302,461	4	1,416,899	4
Total equity	<u>21,955,178</u>	<u>70</u>	<u>26,930,512</u>	<u>74</u>
TOTAL	<u>\$ 31,179,035</u>	<u>100</u>	<u>\$ 36,506,547</u>	<u>100</u>

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 33,155,124	100	\$ 33,126,357	100
Service revenue	11,646	-	8,078	-
Other operating revenue	<u>51,624</u>	<u>-</u>	<u>42,402</u>	<u>-</u>
Total operating revenue	33,218,394	100	33,176,837	100
OPERATING COSTS				
Cost of goods sold	<u>27,913,181</u>	<u>84</u>	<u>28,855,176</u>	<u>87</u>
GROSS PROFIT	<u>5,305,213</u>	<u>16</u>	<u>4,321,661</u>	<u>13</u>
OPERATING EXPENSES				
Selling and marketing expenses	3,130,745	9	2,564,472	8
General and administrative expenses	421,443	1	385,186	1
Research and development expenses	<u>516,723</u>	<u>2</u>	<u>586,905</u>	<u>2</u>
Total operating expenses	<u>4,068,911</u>	<u>12</u>	<u>3,536,563</u>	<u>11</u>
OTHER INCOME AND EXPENSES	<u>(1,486)</u>	<u>-</u>	<u>1,131</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,234,816</u>	<u>4</u>	<u>786,229</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of profit of associates	4,263,739	13	6,593,641	20
Interest income	344,492	1	398,147	1
Gain from valuation of financial assets, net	11,333	-	14,032	-
Gain on disposal of investment, net	1,866	-	5,964	-
Other revenue	1,871	-	5,078	-
Foreign exchange gain (loss), net	(801,876)	(3)	287,674	1
Interest expenses	(36,636)	-	(42,689)	-
Overseas business expenses	(14,710)	-	(18,712)	-
Other losses	<u>(5,208)</u>	<u>-</u>	<u>(2,687)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,764,871</u>	<u>11</u>	<u>7,240,448</u>	<u>22</u>
PROFIT BEFORE TAX	4,999,687	15	8,026,677	24
INCOME TAX EXPENSES	<u>833,786</u>	<u>3</u>	<u>1,502,918</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>4,165,901</u>	<u>12</u>	<u>6,523,759</u>	<u>20</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (31,951)	-	\$ 982	-
Share of the other comprehensive income of associates accounted for using equity method	(334)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,488	-	(167)	-
	<u>(26,797)</u>	<u>-</u>	<u>815</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(114,438)</u>	<u>-</u>	<u>1,206,461</u>	<u>3</u>
Other comprehensive income for the year, net of income tax	<u>(141,235)</u>	<u>-</u>	<u>1,207,276</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,024,666</u>	<u>12</u>	<u>\$ 7,731,035</u>	<u>23</u>
NET PROFIT ATTRIBUTED TO				
Owner of the company	<u>\$ 4,165,901</u>	<u>13</u>	<u>\$ 6,523,759</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO				
Owner of the company	<u>\$ 4,024,666</u>	<u>12</u>	<u>\$ 7,731,035</u>	<u>23</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$13.89</u>		<u>\$21.75</u>	
Diluted	<u>\$13.88</u>		<u>\$21.74</u>	

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Capital Stock	Capital Surplus (Note 21)	Retained Earnings (Notes 21 and 23)			Other Equity	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	
BALANCE, JANUARY 1, 2014	<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>
Appropriation of 2014 earnings							
Legal reserve	-	-	652,376	-	(652,376)	-	-
Cash dividend distributed by the Company - \$30 per share	-	-	-	-	(9,000,000)	-	(9,000,000)
	-	-	<u>652,376</u>	-	<u>(9,652,376)</u>	-	<u>(9,000,000)</u>
Net profit for the year ended December 31, 2015	-	-	-	-	4,165,901	-	4,165,901
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	(26,797)	(114,438)	(141,235)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	<u>4,139,104</u>	<u>(114,438)</u>	<u>4,024,666</u>
BALANCE, DECEMBER 31, 2015	<u>\$ 3,000,000</u>	<u>\$ 6,129,405</u>	<u>\$ 3,640,263</u>	<u>\$ 788,877</u>	<u>\$ 7,094,172</u>	<u>\$ 1,302,461</u>	<u>\$ 21,955,178</u>

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,999,687	\$ 8,026,677
Adjustments for:		
Depreciation expenses	431,998	446,629
Amortization expenses	5,557	5,454
Gain on financial assets at fair value through profit or loss, net	(11,333)	(14,032)
Interest expense	36,636	42,689
Interest income	(344,492)	(398,147)
Share of profit of associates	(4,263,739)	(6,593,641)
Loss (gain) on disposal of property, plant and equipment, net	1,486	(1,131)
Gain on disposal of investment, net	(1,866)	(5,964)
Foreign exchange loss (gain), net	519,993	(460,335)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,147,312)	123,705
Notes receivable	2,000	(1,973)
Notes receivable - related parties	(5,234)	1,407
Trade receivables	(936)	(28,512)
Trade receivables - related parties	(258,852)	66,063
Other receivables	(22,265)	2,765
Inventories	(281)	(692)
Prepayments	(6,013)	(1,743)
Notes payable	243,000	-
Notes payable - related parties	-	(1,536)
Trade payables	(68,271)	(5,250)
Trade payables - related parties	469,293	(461,174)
Other payables	19,507	225,026
Other current liabilities	12,809	(1,721)
Deferred revenue	-	(1,643)
Provisions	(11,786)	14,399
Net defined benefit liabilities	(4,915)	(7,780)
Cash generated from operations	594,671	969,540
Interest paid	(36,814)	(42,794)
Income tax paid	(1,713,142)	(1,484,271)
Net cash used in operating activities	<u>(1,155,285)</u>	<u>(557,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	5,284,851	5,057,835
Interest received	423,931	650,394
Payment for property, plant and equipment	(441,433)	(527,655)
Proceeds from disposal of property, plant and equipment	6,329	4,638
Payments for computer software	(7,541)	(9,913)
Decrease in other financial assets	2,198,866	5,433,877
Decrease (increase) in refundable deposits	132,614	(303,478)
Net cash generated from investing activities	<u>7,597,617</u>	<u>10,305,698</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 1,000,000
Repayment of long-term borrowings	-	(1,000,000)
Payments of dividends	<u>(9,000,000)</u>	<u>(5,841,000)</u>
Net cash used in financing activities	<u>(9,000,000)</u>	<u>(5,841,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(137,365)</u>	<u>356,793</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,695,033)	4,263,966
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,831,865</u>	<u>8,567,899</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,136,832</u>	<u>\$ 12,831,865</u>

Proposal 2: Ratification of 2015 earnings distribution.

Please ratify.

(Proposed by the Board of Directors.)

Description:

(1)Based on the audited 2015 financial statement, we present earnings distribution statement of 2015 as below:

Yulon Nissan Motor Co., Ltd.
2015 Earings Distributon Statement

Unit: NT dollar

Item	Sub-total	Total
Beginning retained earnings		2,955,068,655
Add:Adjustment arising from investments accounted for using equity method		(277,800)
Add:Remeasurement of defined benefit plans		(26,519,159)
FY15 Adjusted undistributed earnings (excluded net income)		2,928,271,696
FY15 Net income after tax	4,165,900,671	
Less : Legal reserves	(416,590,067)	
Less : Distribution of shareholders dividends (Cash dividends \$12.5 per share)	(3,750,000,000)	(689,396)
Ending Undistributed Earnings		2,927,582,300

(2) According to earnings distribution sheet, we propose to distribute cash dividend of NT\$12.5 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 Items (II)

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

(Proposed by the Board of Directors.)

Description:

(1) In order to comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the company hereby proposes to amend the “Operational Procedures for Acquisition and Disposal of Assets”. Please refer to page 29 for details.

(2) Request to resolve

Resolution:

YULON NISSAN MOTOR CO., LTD.

Table Comparing Original and Amended Articles of “Operational Procedures for Acquisition and Disposal of Assets”

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explain
25	Under any of the following 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: <u> </u> : (Omit)	Under any of the following 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: <u> ; the company shall input the relevant information to the designated website before the beginning of the trading hours on the trading day following the date of occurrence of the event : </u> (Omit)	To strengthen corporate governance system. Amendment fitting in with Regulations governing the acquisition and disposal of assets by public companies.
30	The procedure was formulated on March 30 th , 2004; The first amendment was made on June 16 th , 2006; The second amendment was made on June 22 nd , 2007; The third amendment was made on June 23 rd , 2011; The fourth amendment was made on June 13 th , 2012; The fifth amendment was made on June 23 rd , 2014. <u>The sixth amendment is made on June 30th, 2016.</u>	The procedure was formulated on March 30 th , 2004; The first amendment was made on June 16 th , 2006; The second amendment was made on June 22 nd , 2007; The third amendment was made on June 23 rd , 2011; The fourth amendment was made on June 13 th , 2012; The fifth amendment was made on June 23 rd , 2014.	To add revision date.

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, 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 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.

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; the ninth amendment was made on June 14th, 2013 ; and the eleventh amendment is made on June 30th, 2016..

Appendix2

Shareholdings of Directors and Supervisors

1. As of 05/02/2016, 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 05/02/2016, 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 : Kenji Shimoyama	
Independent Director	Robert Ma	0
Independent Director	Jin-Shun Wu	0
Supervisor	Wei Wen Investment Co., Ltd Representative : Kuan-Tao Lee	1,878,000
Supervisor	Wei Wen Investment Co., Ltd Representative : Tai-Ming Chen	
Supervisor	Toru Nakano	

Appendix3

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 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..
- 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.

Article 21: The Procedures was regulated on March 30, 2004 ; the first amendment was made on June 30th, 2015.