

YULON NISSAN MOTOR CO., LTD.

2017 Annual General Shareholders' Meeting

Table of Contents

I. Procedure	1
II. Agenda	2
1. Report Items	3
2. Ratification Items	11
3. Discussions Items	45
4. Election Items	58
5. Extraordinary Motions	60
III. Appendices	
1. Articles of Incorporation	61
2. Directors' Shareholdings & Minimum Shareholdings Required	70
3. Rules of Procedure for Shareholders' Meetings ...	71
4. Rules of Directors and Supervisors Election	75

YULON NISSAN MOTOR CO., LTD.

2017 Annual General Shareholders' Meeting

Meeting Procedure

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

YULON NISSAN MOTOR CO., LTD.

2017 Annual General Shareholders' Meeting

Agenda

Time: Monday, June 26, 2017 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 2016
- (2) 2016 supervisors' review financial report
- (3) To report 2016 compensation distribution.

4. Approval Items

- (1) Adoption of the 2016 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2016 Profits

5. Discussions Items

- (1) Amendment to Articles of Incorporation
- (2) Amendment to "Rules of Directors and Supervisors Election"
- (3) Amendment to the system of "Operational Procedures for Acquisition or Disposal of Assets"

6. Elections Items

By-election of the supervisor

7. Extraordinary Motions

8. Closure of the Meeting

Report Items

Item One:

The 2016 Business Report

Business Report

(I) Taiwan economic development

With the international economic recovery, the continuous stabilization of raw material prices, and other favorable factors, Taiwan economic environment with the support of three indexes, including private consumption, private investment, and government spending was improving quarterly in 2016 with 1.5% growth achieved.

A total of 430,000 vehicles were sold in 2016 as a result of the subsidy policy for trade-in promoted by the government and the new vehicles launched actively by all car makers, representing 4.8% growth over the year of 2015. The sale of made-in-Taiwan vehicle had grown by 1.5%, imported vehicle grown by 10.2%; passenger vehicle declined by 0.2%, RV vehicle grown by 9.5%, and commercial vehicle grown by 14.0%.

(II) The Company's business report

The Company sold 44,723 vehicles in 2016, representing 3% growth over the year of 2015 and with a marketing share of 10.4%; also, the operating income amounted to NT\$34.86 billion, the operating profit amounted to NT\$1.202 billion, the net income before tax amounted to NT\$5.586 billion, representing 11.7% growth over the year of 2015, and the earnings per share after tax was NT\$15.44, representing 11.2% growth over the year of

2015. The relevant business activities in 2016 are as follows:

1. New car models marketed

NISSAN brand was with the third generation “MURANO HYBRID” introduced to effectively enhance the competitive advantage of the product portfolio with the features of “highest standard full safety protection” and “luxury comfortable interior configuration.”

INFINITI brand was with the Q30 introduced as the first luxury metropolitan crossover sport utility vehicle of INFINITI by combining it with the streamline design of Coupe two-door race car and spacy small SUV; therefore, it has become the main driving force for the growth of brand sales.

2. Corporate Social Responsibility

The Company upholds the business philosophy of “pursuit of customer satisfaction,” “creation of business prosperity,” and “contribution to social well-being” to pursue a steady growth and make it the Company’s policy of corporate social responsibility. The Company is committed to have this business philosophy substantiated in every detail in daily operation by exercising the Company’s core competence and value. The effort of reducing the generation of waste in each stage of R&D, design, production, and sale is implemented, not only introducing the recyclable plastic material to all car series comprehensively but also responding to the EU “parts material engraved” norms in order to consume natural resources thriftily and to reduce the burden on the environment and pollution as well.

In response to global warming, the Company, in

addition to substantiating energy-saving and carbon emission reduction measures internally and in the overall distribution system, in terms of the supply chain, has exercised the charisma of the central plant to actively establish a sustainable relationship with suppliers, and to urge the supply chain manufacturers urged to care about the environmental protection, safety and health, labor human right, and other issues in order to create a green value system together. In addition, a fun outdoor event is held regularly to blend education in entertainment together in order to invite car-owners and their families to care for environmental protection and to make an effort for the environment. The “Yulon-Nissan Taiwan Innovation Award” design competition has been held for years to cultivate outstanding design and R&D talents for Taiwan auto industry and to promote industrial upgrading and development. The “Employer Liability Insurance” premium is donated to the part-time janitors of the Department of Environmental Protection, Taipei City Government so to give a peace of mine to this group of silent heroes who have worked hard to keep the city clean and tidy.

At the same time, the corporate social responsibility report is prepared annually to disclose the Company’s fulfilling corporate social responsibility comprehensively and to continuously focus on the development of the relevant system and the change in corporate environment in order to enhance the performance of corporate social responsibility.

3. Business operation in Mainland China

A total of 28.028 million vehicles were sold in

Mainland China in 2016, representing 13.9% growth over the year of 2015. Of which, a total of 24.377 million (increased by 15.3%) passenger cars and 3.651 million (increased by 5.8%) commercial vehicles were sold. For Dongfeng Nissan passenger cars, 1.144 million vehicles were sold in 2016, representing 11.5% growth over the year of 2015.

(III) The prospects

1. The business performance in 2017Q1

The Company sold 11,352 vehicles in the first quarter, representing 3.2% growth over the same period last year and with a market share of 10.7%, representing 0.2% growth over last year. The operating income amounted to NT\$9.857 billion, representing 3.7% growth over the same period last year; the operating profit amounted to NT\$703 million, representing 83.7% growth over the same period last year. The net income before tax amounted to NT\$1.738 billion, representing 31.8% growth over the same period last year and the earnings per share after tax was NT\$4.81/share, representing 32.0% growth over the same period last year.

2. Introduction of new products

NISSAN brand was with the “iTiIDA” car model launched in April; also, the new improved SUPER SENTRA will be launched in Q4 with a more stylish young look and a better competitive product portfolio. INFINITI brand was with the “Q60” introduced in April that was a streamline two-door race car with luxury appearance and sport performance offering more excellent product competitiveness. It is introduced with the promotion

of the 20th anniversary of branding to secure the domestic market share.

3. Sales and service satisfaction upgrade

NISSAN brand had been appreciated continuously by car owners in the 2016 J.D. Power “SSI new car sales satisfaction” and “CSI customer satisfaction” survey with the “No. 1 non-luxury car brand” awarded again. The sale and service quality will be upgraded continuously in 2017 with the hardware and software equipment improved and the customer satisfaction upgraded effectively with the innovative information technology used and the prompt service provided.

For INFINITI brand, the Company will continue to have the show room upgraded in accordance with the internationally renowned “IREDI (INFINITI Retail Environment Design Initiative) global display site design specifications” and have a spacy, bright, and full of gallery atmosphere exhibition space created. At the same time, bases on the “P.C.E (Premium Customer Experience)” five-star service to give customers a “home coming” experience.

4. Export expansion

The auto parts exporting revenue amounted to NT\$216 million in 2016, including Thailand, Malaysia, the Philippines, Mainland China, South Korea, Japan, Egypt, Indonesia, and Vietnam. The Company will continue to expand auto parts export business in order to create greater revenue growth momentum for the Company.

5. Business operation in Mainland China

According to the forecast of the China Association of

Automobile Manufacturers, due to the policy stimulus effect, 29.4 million vehicles will be sold in 2017 in China, representing 5% growth over last year. We are cautiously optimistic about the car sales of Dongfeng Nissan and the trend of total market growth.

With the support of all our shareholders and the concerted efforts of all our colleagues, Yulon-Nissan Taiwan is confident in creating the greatest benefits in a competitive market.

Chairman:



President:



Chief Accountant:



Item Two:

2016 supervisors' review financial report

Yulon Nissan Motor Co., Ltd.

Supervisors' Review Report

The Board of Directors submits the 2016 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:

2017 Regular Shareholders' Meeting of the Company

Supervisors:

Wei Wen Investment Co., Ltd.

Representative: Kuan-Tao Lee

Representative: Tai-Ming Chen

Supervisors: Toru Nakano



May 12, 2017

Item Three:

The 2016 Distribution of Employees' Remuneration

I According to the article 31 of incorporation, the Company's profits of current year shall be distributed not less than 0.1% as the employee compensation after offset the accumulated losses.

II The employee compensation shall be distributed in cash with the amount of NT\$5,772,860.

Ratification Items

Proposal 1: Ratification of the 2016 Business Report and Financial Statements. Please ratify.

(Proposed by the Board of Directors.)

Description:

- (1) The compilation of the Company's Fiscal 2016 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 3 to page 8 and page 12 to page 42 of this handbook for the Fiscal 2016 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.

Opinion

We have audited the accompanying financial statements of Yulon Nissan Motor Company, Ltd. (the Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Depreciation of Molds and Dies

In the application of IAS 16 “Property, Plant and Equipment”, the depreciable amount of an asset should be allocated on a systematic basis over its useful life. The Company depreciates molds and dies on the basis of unit of production method and examines the estimated units sold of each model according to the changes of market semiannually for a basis to calculate amounts allocated to each mold and die. Depreciation of molds and dies in 2016 was \$412,271 thousand. The amount of depreciation of molds and dies is significant and estimates of units sold are highly dependent on management’s judgment. Therefore, the depreciation of molds and dies is considered to be a key audit matter.

The related accounting policy and critical accounting judgements are disclosed in Notes 4 and 5 to the financial statements, respectively; the related amounts are disclosed in Note 11 to the financial statements.

We obtained the information and documents regarding the estimated number of units of future sales by each model from management, and assessed the rationality and reliability of the supporting information. In addition, we sampled the transactions of molds and dies to verify original documents and cash flows and performed procedures such as field inventory and confirmation. Besides, we recalculated the amount of depreciation of molds and

dies on the basis of estimated production volume in order to assess rationality of calculated depreciation and accuracy of carrying amount.

Moreover, we compared whether there was a significant difference between the amended estimated number of units of future sales used in the financial statement last year and the actual sales units, so as to evaluate the appropriateness of the management's estimation.

Provision for Warranty

According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the end of the reporting date. The provision for warranty is calculated on the basis of estimate of quarterly warranty expenditure per car and estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on average of actual warranty expense in the past and estimated number of units of cars subject to warranty at the end of every quarter. As of December 31, 2016, the carrying amount of provision for warranty was \$136,731 thousand. Due to the management's use of judgments in estimating the number of units of cars subject to warranty, warranty provision recognized is considered to be a key audit matter.

The related accounting policy and critical accounting judgements are disclosed in Notes 4 and 5 to the financial statements, respectively; the related amounts are disclosed in Note 16 to the financial statements.

We obtained from management the information and documents regarding the estimated number of units of cars subject to warranty during warranty period from management, and assessed the rationality and reliability of the supporting information. In addition,

we sampled the ledgers of actual warranty expenditure this year to verify original documents and cash flows and we recalculated the amount that should be of provision for warranty according to the warranty policy.

Moreover, we compared whether there was a significant difference between the estimated number of units of cars subject to warranty used in the financial statements last year and the actual units of cars subject to warranty, so as to evaluate the appropriateness of the management's estimation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including independent directors and supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wan-I Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2017

YULON NISSAN MOTOR COMPANY, LTD.

BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

ASSET	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,268,414	31	\$ 8,363,612	27
Financial assets at fair value through profit or loss	2,275,103	8	1,491,543	5
Notes receivable - related parties	4,174	-	6,139	-
Trade receivables	40,532	-	70,932	-
Trade receivables - related parties	545,098	2	483,892	2
Other receivables	57,311	-	38,469	-
Inventories	2,509	-	3,020	-
Prepayments	<u>15,853</u>	-	<u>15,906</u>	-
Total current assets	<u>12,208,994</u>	<u>41</u>	<u>10,473,513</u>	<u>34</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method	15,281,346	51	18,175,364	58
Property, plant and equipment	1,703,040	6	1,936,231	6
Computer software	17,407	-	14,330	-
Deferred tax assets	128,364	1	152,728	1
Other non-current assets	<u>387,771</u>	<u>1</u>	<u>408,397</u>	<u>1</u>
Total non-current assets	<u>17,517,928</u>	<u>59</u>	<u>20,687,050</u>	<u>66</u>
TOTAL	<u>\$29,726,922</u>	<u>100</u>	<u>\$31,160,563</u>	<u>100</u>

Chairman:



President:



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

LIABILITIES AND EQUITY	2016		2015	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$3,630,000	12	\$3,630,000	12
Notes payable	-	-	243,000	1
Notes payable - related parties	1536	-	-	-
Trade payables	33,967	-	53,973	-
Trade payables - related parties	1,083,176	4	1,178,190	4
Other payables	886,241	3	901,930	3
Current tax liabilities	452,079	1	747,255	2
Provisions	196,036	1	202,844	1
Other current liabilities	<u>27,730</u>	-	<u>31,432</u>	-
Total current liabilities	<u>6,310,765</u>	<u>21</u>	<u>6,988,624</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Provisions	65,387	-	43,706	-
Net defined benefit liabilities	441,009	2	573,363	2
Deferred tax liabilities	1,315,478	4	1,599,692	5
Other non-current liabilities	<u>39,940</u>	-	-	-
Total non-current liabilities	<u>1,861,814</u>	<u>6</u>	<u>2,216,761</u>	<u>7</u>
Total liabilities	<u>8,172,579</u>	<u>27</u>	<u>9,205,385</u>	<u>30</u>
EQUITY				
Capital stock - NT\$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>10</u>	<u>3,000,000</u>	<u>9</u>
Capital surplus	<u>6,129,405</u>	<u>21</u>	<u>6,129,405</u>	<u>20</u>
Retained earnings				
Legal reserve	4,056,853	14	3,640,263	12
Special reserve	788,877	3	788,877	2
Unappropriated earnings	<u>7,541,356</u>	<u>25</u>	<u>7,094,172</u>	<u>23</u>
Total retained earnings	<u>12,387,086</u>	<u>42</u>	<u>11,523,312</u>	<u>37</u>
Other equity	37,852	-	<u>1,302,461</u>	<u>4</u>
Total equity	<u>21,554,343</u>	<u>73</u>	<u>21,955,178</u>	<u>70</u>
TOTAL	<u>\$29,726,922</u>	<u>100</u>	<u>\$31,160,563</u>	<u>100</u>

Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$34,792,566	100	\$33,155,124	100
Service revenue	6,173	-	11,646	-
Other operating revenue	<u>61,707</u>	-	<u>51,624</u>	-
Total operating revenue	34,860,446	100	33,218,394	100
 OPERATING COSTS				
Cost of goods sold	<u>29,813,797</u>	<u>86</u>	<u>27,913,181</u>	<u>84</u>
 GROSS PROFIT	<u>5,046,649</u>	<u>14</u>	<u>5,305,213</u>	<u>16</u>
 OPERATING EXPENSES				
Selling and marketing expenses	2,938,452	8	3,130,745	9
General and administrative expenses	372,841	1	399,943	1
Research and development expenses	<u>525,674</u>	<u>2</u>	<u>516,723</u>	<u>2</u>
Total operating expenses	<u>3,836,967</u>	<u>11</u>	<u>4,047,411</u>	<u>12</u>
 OTHER OPERATING INCOME AND EXPENSES	<u>14,581</u>	-	(<u>1,486</u>)	-
 PROFIT FROM OPERATIONS	<u>1,224,263</u>	<u>3</u>	<u>1,256,316</u>	<u>4</u>
 NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiary	4,536,994	13	3,866,456	11
Interest income	65,702	-	219,540	1
Gain on financial assets at fair value through profit or loss, net	10,103	-	11,333	-
Other revenue	1,521	-	1,866	-
Net foreign exchange loss	(180,828)	-	(301,141)	(1)
Interest expenses	(34,726)	-	(36,636)	-

	2016		2015	
	Amount	%	Amount	%
(Loss) gain on disposal of investment, net	(\$ 19,444)	-	\$ 1,866	-
Overseas business expenses	(13,259)	-	(14,710)	-
Other losses	(4,222)	-	(5,208)	-
Total non-operating income and expenses	<u>4,361,841</u>	<u>13</u>	<u>3,743,371</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	5,586,104	16	4,999,687	15
INCOME TAX EXPENSES	<u>955,489</u>	<u>3</u>	<u>833,786</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>4,630,615</u>	<u>13</u>	<u>4,165,901</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be Reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(20,226)	-	(31,951)	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using equity method	(64)	-	(334)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>3,449</u>	-	<u>5,488</u>	-
	<u>(16,841)</u>	-	<u>(26,797)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,264,609)	(3)-	(114,438)	-
Other comprehensive income for the year, net of income tax	(1,281,450)	(3)-	(141,235)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,349,165</u>	<u>10</u>	<u>\$ 4,024,666</u>	<u>12</u>
EARNINGS PER SHARE				
Basic	<u>\$ 15.44</u>		<u>\$ 13.89</u>	
Diluted	<u>\$ 15.43</u>		<u>\$ 13.88</u>	

Chairman:



President:



Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2016 AND 2015

	<u>Capital Stock</u>	<u>Capital Surplus</u>
BALANCE AT JANUARY 1, 2015	\$ 3,000,000	\$ 6,129,405
Appropriation of 2014 earnings		
Legal reserve	-	-
Cash dividend distributed by the Company - \$30 per share	-	-
	-	-
Net profit for the year ended December 31, 2015	-	-
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2015	-	-
BALANCE AT DECEMBER 31, 2015	3,000,000	6,129,405
Appropriation of 2015 earnings		
Legal reserve	-	-
Cash dividend distributed by the Company - \$12.5 per share	-	-
	-	-
Net profit for the year ended December 31, 2016	-	-
Legal reserve	-	-
Cash dividend distributed by the Company - \$12.5 per share	-	-
Total comprehensive income for the year ended December 31, 2016	-	-
BALANCE AT DECEMBER 31, 2016	\$ 3,000,000	\$ 6,129,405

Chairman:



President:



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

Retained Earnings			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
<u>\$ 2,987,887</u>	<u>\$ 788,877</u>	<u>\$ 12,607,444</u>	<u>\$ 1,416,899</u>	<u>\$ 26,930,512</u>
652,376		(652,376)	-	-
-		(9,000,000)	-	(9,000,000)
<u>652,376</u>		<u>(9,652,376)</u>	-	<u>(9,000,000)</u>
-	-	4,165,901	-	4,165,901
-	-	(26,797)	(114,438)	(141,253)
-	-	4,139,104	(114,438)	4,024,666
<u>3,640,026</u>	<u>788,877</u>	<u>7,094,172</u>	<u>1,302,461</u>	<u>21,955,178</u>
416,590	-	(416,590)	-	-
-	-	(3,750,000)	-	(3,750,000)
<u>416,590</u>	-	<u>(4,166,590)</u>	-	<u>(3,750,000)</u>
-	-	4,630,615	-	4,630,615
-	-	(16,841)	(1,264,609)	(1,281,450)
-	-	4,613,774	(1,264,609)	3,349,165
<u>\$ 4,056,853</u>	<u>\$ 788,877</u>	<u>\$ 7,541,356</u>	<u>\$ 37,852</u>	<u>\$ 21,554,343</u>

Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
STATEMENTS OF CASH FLOW
DECEMBER 31, 2016 AND 2015

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,586,104	\$ 4,999,687
Adjustments for:		
Depreciation expenses	442,764	431,998
Amortization expenses	4,941	5,557
Gain on financial assets at fair value through profit or loss, net	(10,103)	(11,333)
Interest expense	34,726	36,636
Interest income	(65,702)	(219,540)
Share of the profit of subsidiary	(4,536,994)	(3,866,456)
Loss (gain) on disposal of property, plant and equipment, net	(14,581)	1,486
Loss (gain) on disposal of investment, net	19,444	(1,866)
Net foreign exchange loss	69,364	359,367
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(792,901)	(1,147,312)
Notes receivable	-	2,000
Notes receivable - related parties	1,965	(5,234)
Trade receivables	30,400	(795)
Trade receivables - related parties	(43,370)	(259,397)
Other receivables	(2,545)	(22,265)
Inventories	511	(281)
Prepayments	53	(6,013)
Notes payable	(243,000)	243,000
Notes payable - related parties	1,536	-
Trade payables	(20,006)	(68,271)
Trade payables - related parties	(57,363)	469,293
Other payables	(15,701)	19,507
Other current liabilities	(3,702)	11,734
Provisions	14,873	(11,786)
Other non-current liabilities	39,940	-
Net defined benefit liabilities	(152,580)	(4,915)
Cash generated from operations	288,073	954,801

	<u>2016</u>	<u>2015</u>
Interest paid	(\$ 34,714)	(\$ 36,814)
Income tax paid	(<u>867,376</u>)	(<u>1,193,953</u>)
Net cash used in operating activities	(<u>614,017</u>)	(<u>275,966</u>)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	5,549,705	8,439,039
Interest received	49,405	242,942
Payments for property, plant and equipment (Note 23)	(281,772)	(441,433)
Proceeds from disposal of property, plant, and equipment	22,478	6,329
Payments for computer software	(8,018)	(7,541)
Decrease in refundable deposits	<u>29,410</u>	<u>132,614</u>
Net cash generated from investing activities	<u>5,361,208</u>	<u>8,371,950</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(<u>3,750,000</u>)	(<u>9,000,000</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(<u>92,389</u>)	(<u>226,330</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	904,802	(1,130,346)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,363,612</u>	<u>9,493,958</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,268,414</u>	<u>\$ 8,363,612</u>

Chairman:



President:



Chief Accountant:



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Yulon Nissan Motor Company, Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by

Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Depreciation of Molds and Dies

In the application of IAS 16 "Property, Plant and Equipment", the depreciable amount of an asset should be allocated on a systematic basis over its useful life. The Group depreciates molds and dies on the basis of unit production method and examines the estimated units sold of each model according to the changes of market semiannually for a basis to calculate amounts allocated to each mold and die. Depreciation of molds and dies in 2016 was \$412,271 thousand. The amount of depreciation of molds and dies is

significant and estimates of units sold are highly dependent on management's judgment. Therefore, the depreciation of molds and dies is considered to be a key audit matter.

The related accounting policy and critical accounting judgements are disclosed in Notes 4 and 5 to the consolidated financial statements, respectively; the related amounts are disclosed in Notes 11 to the consolidated financial statements.

We obtained the information and documents regarding the estimated number of units of future sales by each model from management, and assessed the rationality and reliability of the supporting information. In addition, we sampled the transactions of molds and dies to verify original documents and cash flows and performed procedures such as field inventory and confirmation. Besides, we recalculated the amount of depreciation of molds and dies on the basis of estimated production volume in order to assess rationality of calculated depreciation and accuracy of carrying amount.

Moreover, we compared whether there was a significant difference between the amended estimated number of units of future sales used in the consolidated financial statements last year and the actual sales units, so as to evaluate the appropriateness of the management's estimation.

Provision for Warranty

According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the end of the reporting date. The provision for warranty is calculated on

the basis of estimate of quarterly warranty expenditure per car and estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on average of actual warranty expense in the past and estimated number of units of cars subject to warranty at the end of every quarter. As of December 31, 2016, the carrying amount of provision for warranty was \$136,731 thousand. Due to the management's use of judgements in estimating the number of units of cars subject to warranty, warranty provision recognized is considered to be a key audit matter.

The related accounting policy and critical accounting judgements are disclosed in Notes 4 and 5 to the consolidated financial statements, respectively; the related amounts are disclosed in Note 16 to the consolidated financial statements.

We obtained from management the information and documents regarding the estimated number of units of cars subject to warranty during warranty period from management, and assessed the rationality and reliability of the supporting information. In addition, we sampled the ledgers of actual warranty expenditure this year to verify original documents and cash flows and we recalculated the amount that should be of provision for warranty according to the warranty policy.

Moreover, we compared whether there was a significant difference between the estimated number of units of cars subject to warranty used in the consolidated financial statements last year and the actual units of cars subject to warranty, so as to evaluate the appropriateness of the management's estimation.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including independent directors and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wan-I Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 201

YULON NISSAN MOTOR COMPANY, LTD.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSET	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,909,754	33	\$10,136,832	32
Financial assets at fair value through profit or loss	2,275,103	8	1,491,543	5
Notes receivable - related parties	4,174	-	6,139	-
Trade receivables	40,532	-	71,154	-
Trade receivables - related parties	538,408	2	478,985	2
Other receivables	57,622	-	38,978	-
Inventories	2,509	-	3,020	-
Prepayments	<u>15,853</u>	-	<u>87,080</u>	-
Total current assets	<u>12,843,955</u>	<u>43</u>	<u>12,313,731</u>	<u>39</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method	14,659,211	49	16,353,618	53
Property, plant and equipment	1,703,040	6	1,936,231	6
Computer software	17,407	-	14,330	-
Deferred tax assets	128,364	1	152,728	1
Other non-current assets	<u>387,771</u>	<u>1</u>	<u>408,397</u>	<u>1</u>
Total non-current assets	<u>16,895,793</u>	<u>57</u>	<u>18,865,304</u>	<u>61</u>
Total	<u>\$29,739,748</u>	<u>100</u>	<u>\$31,179,035</u>	<u>100</u>

Chairman:



President:



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

LIABILITIES AND EQUITY	2016		2015	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$ 3,630,000	12	\$ 3,630,000	12
Notes payable	-	-	243,000	1
Notes payable - related parties	1,536	-	-	-
Trade payables	33,967	-	53,973	-
Trade payables - related parties	1,083,176	4	1,178,190	4
Other payables	886,241	3	901,930	3
Current tax liabilities	452,079	1	747,255	2
Provisions	196,036	1	202,844	1
Other current liabilities	<u>27,730</u>	-	<u>32,507</u>	-
Total current liabilities	<u>6,310,765</u>	<u>21</u>	<u>6,989,699</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Provisions	65,387	-	43,706	-
Credit balance of investments accounted for using equity method	12,826	-	17,397	-
Net defined benefit liabilities	441,009	2	573,363	2
Deferred tax liabilities	1,315,478	5	1,599,692	5
Other non-current liabilities	<u>39,940</u>	-	<u>-</u>	-
Total non-current liabilities	<u>1,874,640</u>	<u>7</u>	<u>2,234,158</u>	<u>7</u>
Total liabilities	<u>8,185,405</u>	<u>28</u>	<u>9,223,857</u>	<u>30</u>
EQUITY				
Capital stock - NT\$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>10</u>	<u>3,000,000</u>	<u>9</u>
Capital surplus	<u>6,129,405</u>	<u>20</u>	<u>6,129,405</u>	<u>20</u>
Retained earnings				
Legal reserve	4,056,853	14	3,640,263	12
Special reserve	788,877	3	788,877	2
Unappropriated earnings	<u>7,541,356</u>	<u>25</u>	<u>7,094,172</u>	<u>23</u>
Total retained earnings	<u>12,387,086</u>	<u>42</u>	<u>11,523,312</u>	<u>37</u>
Other equity	<u>37,852</u>	-	<u>1,302,461</u>	<u>4</u>
Total equity	<u>21,554,343</u>	<u>72</u>	<u>21,955,178</u>	<u>70</u>
EQUITY	<u>21,554,343</u>	<u>72</u>	<u>21,955,178</u>	<u>70</u>
Total	<u>\$29,739,748</u>	<u>100</u>	<u>\$31,179,035</u>	<u>100</u>

Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales	\$ 34,792,566	100	\$ 33,155,124	100
Service revenue	6,173	-	11,646	-
Other operating revenue	<u>61,707</u>	-	<u>51,624</u>	-
Total operating revenue	34,860,446	100	33,218,394	100
OPERATING COSTS				
Cost of goods sold	<u>29,813,797</u>	<u>84</u>	<u>27,913,181</u>	<u>84</u>
GROSS PROFIT	<u>5,046,649</u>	<u>14</u>	<u>5,305,213</u>	<u>16</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,938,452	8	3,130,745	9
General and administrative expenses	395,067	1	421,443	1
Research and development expenses	<u>525,674</u>	<u>2</u>	<u>516,723</u>	<u>2</u>
Total operating expenses	<u>3,859,193</u>	<u>11</u>	<u>4,068,911</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES	<u>14,581</u>	-	<u>(1,486)</u>	-
PROFIT FROM OPERATIONS	<u>1,202,037</u>	<u>3</u>	<u>1,234,816</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates	4,904,037	14	4,263,739	13
Interest income	140,726	1	344,492	1
Gain on financial assets at fair value through profit or loss, net	10,103	-	11,333	-
Other revenue	1,541	-	1,871	-
Net foreign exchange loss	(600,689)	(2)	(801,876)	(3)
Interest expenses	(34,726)	-	(36,636)	-
(Loss) gain on disposal of investment, net	(19,444)		1,866	
Overseas business expenses	(13,259)	-	(14,710)	-
Other losses	<u>(4,222)</u>	-	<u>(5,208)</u>	-
Total non-operating income and expenses	<u>4,384,067</u>	<u>13</u>	<u>3,764,871</u>	<u>11</u>

	2016		2015	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 5,586,104	16	\$ 4,999,687	15
INCOME TAX EXPENSES	<u>955,489</u>	<u>3</u>	<u>833,786</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>4,630,615</u>	<u>13</u>	<u>4,165,901</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be Reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(20,226)	-	(31,951)	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using equity method	(64)	-	(334)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>3,449</u>	<u>-</u>	<u>5,488</u>	<u>-</u>
	<u>(16,841)</u>	<u>-</u>	<u>(26,797)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,264,609)	(3)	(114,438)	-
Other comprehensive income for the year, net of income tax	(1,281,450)	(3)	(141,235)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,349,165</u>	<u>10</u>	<u>\$ 4,024,666</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO Owner of the Company	<u>\$ 4,630,615</u>	<u>13</u>	<u>\$ 4,165,901</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO Owner of the Company	<u>\$ 3,349,165</u>	<u>10</u>	<u>\$ 4,024,666</u>	<u>12</u>
EARNINGS PER SHARE				
Basic	<u>\$ 15.44</u>		<u>\$ 13.89</u>	
Diluted	<u>\$ 15.43</u>		<u>\$ 13.88</u>	

Chairman:



President:



Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2016 AND 2015

	<u>Capital Stock</u>	<u>Capital Surplus</u>
BALANCE AT JANUARY 1, 2015	\$ 3,000,000	\$ 6,129,405
Appropriation of 2014 earnings		
Legal reserve	-	-
Cash dividend distributed by the Company - \$30 per share	-	-
	-	-
Net profit for the year ended December 31, 2015	-	-
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2015	-	-
BALANCE AT DECEMBER 31, 2015	<u>3,000,000</u>	<u>6,129,405</u>
Net profit for the year ended December 31, 2016		
Legal reserve	-	-
Cash dividend distributed by the Company - \$12.5 per share	-	-
	-	-
Net profit for the year ended December 31, 2016	-	-
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2016.	-	-
BALANCE AT DECEMBER 31, 2016	<u>\$ 3,000,000</u>	<u>\$ 6,129,405</u>

Chairman:



President:



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

Retained Earnings			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences	Total Equity
<u>\$ 2,987,887</u>	<u>\$ 788,877</u>	<u>\$ 12,607,444</u>	<u>\$ 1,416,899</u>	<u>\$ 26,930,512</u>
652,376	-	(652,376)	-	-
<u>-</u>	<u>-</u>	<u>(9,000,000)</u>	<u>-</u>	<u>(9,000,000)</u>
<u>652,376</u>	<u>-</u>	<u>(9,652,376)</u>	<u>-</u>	<u>(9,000,000)</u>
-	-	4,165,901	-	4,165,901
<u>-</u>	<u>-</u>	<u>(26,797)</u>	<u>(114,438)</u>	<u>(141,235)</u>
-	-	4,139,104	(114,438)	4,024,666
<u>3,640,263</u>	<u>788,877</u>	<u>7,094,172</u>	<u>1,302,461</u>	<u>21,955,178</u>
416,590	-	(416,590)	-	-
<u>-</u>	<u>-</u>	<u>(3,750,000)</u>	<u>-</u>	<u>(3,750,000)</u>
<u>416,590</u>	<u>-</u>	<u>(4,166,590)</u>	<u>-</u>	<u>(3,750,000)</u>
-	-	4,630,615	-	4,630,615
<u>-</u>	<u>-</u>	<u>(16,841)</u>	<u>(1,264,609)</u>	<u>(1,281,450)</u>
-	-	4,613,774	(1,264,609)	3,349,165
<u>\$ 4,056,853</u>	<u>\$ 788,877</u>	<u>\$ 7,541,356</u>	<u>\$ 37,852</u>	<u>\$ 21,554,343</u>

Chief Accountant:



YULON NISSAN MOTOR COMPANY, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW
DECEMBER 31, 2016 AND 2015

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,586,104	\$ 4,999,687
Adjustments for:		
Depreciation expenses	442,764	431,998
Amortization expenses	4,941	5,557
Gain on financial assets at fair value through profit or loss, net	(10,103)	(11,333)
Interest expense	34,726	36,636
Interest income	(140,726)	(344,492)
Share of the profit of subsidiary	(4,904,037)	(4,263,739)
Loss (gain) on disposal of property, plant and equipment, net	(14,581)	1,486
Loss (gain) on disposal of investment, net	19,444	(1,866)
Net foreign exchange loss	522,564	519,993
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(792,901)	(1,147,312)
Notes receivable	-	2,000
Notes receivable - related parties	1,965	(5,234)
Trade receivables	30,622	(936)
Trade receivables - related parties	(41,556)	(258,852)
Other receivables	(2,545)	(22,265)
Inventories	511	(281)
Prepayments	53	(6,013)
Notes payable	(243,000)	243,000
Notes payable - related parties	1,536	-
Trade payables	(20,006)	(68,271)
Trade payables - related parties	(57,363)	469,293
Other payables	(15,701)	19,507
Other current liabilities	(4,777)	12,809
Provisions	14,873	(11,786)

	<u>2016</u>	<u>2015</u>
Other non-current liabilities	39,940	-
Net defined benefit liabilities	(<u>152,580</u>)	(<u>4,915</u>)
Cash generated from operations	300,167	594,671
Interest paid	(<u>34,714</u>)	(<u>36,814</u>)
Income tax paid	(<u>1,379,706</u>)	(<u>1,713,142</u>)
Net cash used in operating activities	(<u>1,114,253</u>)	(<u>1,155,285</u>)
CASH FLOWS FROM INVESTING		
ACTIVITIES		
Dividends received	5,123,304	5,284,851
Interest received	124,627	423,931
Payments for property, plant and equipment (Note 23)	(<u>281,772</u>)	(<u>441,433</u>)
Proceeds from disposal of property, plant, and equipment	22,478	6,329
Payments for computer software	(<u>8,018</u>)	(<u>7,541</u>)
Decrease in other financial assets	-	2,198,866
Decrease in refundable deposits	<u>29,410</u>	<u>132,614</u>
Net cash generated from investing activities	<u>5,010,029</u>	<u>7,597,617</u>
CASH FLOWS FROM FINANCING		
ACTIVITIES		
Cash dividends	(<u>3,750,000</u>)	(<u>9,000,000</u>)
EFFECTS OF EXCHANGE RATE CHANGES		
ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(<u>372,854</u>)	(<u>137,365</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(<u>227,078</u>)	(<u>2,695,033</u>)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>10,136,832</u>	<u>12,831,865</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,909,754</u>	<u>\$ 10,136,832</u>

Chairman:



President:



Chief Accountant:



Proposal 2: Recognition of 2016 Earnings Distribution.

(Proposed by the Board of Directors.)

Description :

1. Based on the audited 2016 financial statement, YNM presents 2016 earnings distribution statement as page 44 .
2. According to earnings distribution statement, YNM proposes to distribute cash dividend of NT\$22 per share.
3. Request to resolve.

Resolved:

YULON NISSAN MOTOR CO., LTD.



2016 Earnings Distribution Statement

Unit: NT dollar

Item	Sub-total	Total
Beginning retained earnings		2,927,582,300
Less: Adjustment arising from investments accounted for using equity method		(53,061)
Less: Remeasurement of defined benefit plans		(16,787,756)
2016 Adjusted undistributed earnings (excluded net income)		2,910,741,483
2016 Net income after tax	4,630,614,452	
Less : Legal reserves	(463,061,445)	
Less : Distribution of shareholders dividends (Cash dividends \$22 per share)	(6,600,000,000)	(2,432,446,993)
Ending Undistributed Earnings		478,294,490

Chairman:



President:



Chief Accountant:



Discussions Items

Proposal 1: Amendment to Articles of Incorporation.

Please discuss.

(Proposed by the Board of Directors.)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act and an order by the Financial Supervisory Commission (R.O.C.) Taiwan concerning establishment of an audit committee, the Company proposes to amend the Article of Incorporation therefore. Please refer to the comparison table as attached hereto (from page 46 to page 49).
2. Request to resolve.

Resolution:

Comparison Table for the “Articles of Incorporation”

After the revision	Before The revision	Description
<p>Article 13</p> <p>The duties and power of shareholders’ meetings are as follows:</p> <ol style="list-style-type: none"> 1.To modify the articles of incorporation. 2.To elect and discharge directors. 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. 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. 	<p>Article 13</p> <p>The duties and power of shareholders’ meetings are as follows:</p> <ol style="list-style-type: none"> 1.To modify the articles of incorporation. 2.To elect and discharge Directors <u>and supervisors.</u> 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 <u>and supervisors.</u> 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. 	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee in lieu of supervisors.</p>
<p>Chapter 4</p> <p>Directors, <u>Functional Committee</u>, and Managers</p>	<p>Chapter 4</p> <p>Directors, <u>Supervisors</u>, and Managers</p>	<p>To amend the heading of this chapter to be in line with the establishment of Audit Committee.</p>
<p>Article 20</p> <p>The Company is with five to <u>eleven (5~11)</u> directors, candidates nomination system is adopted for election of the directors, the shareholders shall elect the directors from among the nominees listed in the roster of director candidates in the shareholders’ meeting, for a 3-year term and may be</p>	<p>Article 20</p> <p>The Company is with five to <u>ten (5~10)</u> directors <u>and one to three (1~3) supervisors</u>, candidates nomination system is adopted for election of the directors <u>and supervisors</u>, the shareholders shall elect the directors <u>and supervisors</u> from among the nominees listed in the roster</p>	<p>To delete the requirement about supervisors and amend the seats of the independent directors to be in line with the establishment of Audit Committee in lieu of supervisors.</p>

After the revision	Before The revision	Description
<p>re-elected. The proportion of total shares owned by all directors shall be in accordance with the regulations specified by the security authority. Among the Company's aforementioned directors, <u>at least three</u> 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>of director <u>and supervisor</u> candidates in the shareholders' meeting, for a 3-year term and may be re-elected. The proportion of total shares owned by all directors <u>and supervisors</u> shall be in accordance with the regulations specified by the security authority. Among the Company's aforementioned directors, <u>two</u> 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>Article 24 Meetings of the Board of Directors shall be convened with a notice to all Directors, 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. <u>The notice of convention of board meetings may be delivered to the directors in writing or by e-mail or fax.</u></p>	<p>Article 24 Meetings of the Board of Directors shall be convened with a notice to all Directors <u>and Supervisors</u>, 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.</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee in lieu of supervisors; supplement the notification method of convention of a board meeting.</p>

After the revision	Before The revision	Description
<p>Article 26 <u>The Board of Directors may establish various functional committees. The functional committees shall define their own articles of association and enforce the same upon approval of the Board of Directors.</u></p>	<p>Article 26 <u>The job responsibilities of the supervisors are as follows:</u> <u>1.To review the financial statement reports submitted by the Board of Directors to the shareholders’ meetings.</u> <u>2.To review budget and financial status.</u> <u>3.To supervise and investigate the Company’s business operations.</u> <u>4.Other Job responsibilities according to the Company Act.</u></p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee in lieu of supervisors; add the establishment of the functional committees.</p>
<p>Article 27 <u>The Company establishes the Audit Committee consisting of the whole independent directors pursuant to the Securities and Exchange Act. The functions and other compliance affairs of the Audit Committee shall be in accordance with the Securities and Exchange Act and other related laws and regulations.</u></p>	<p>Article 27 <u>The supervisor shall attend the meetings of the Board of Directors to express opinions without voting right.</u></p>	<p>To delete the original provision and add the requirement about Audit Committee in lieu of supervisors.</p>
<p>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 submit to the shareholders’ meetings for acceptance:</p>	<p>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 <u>supervisors for review thirty (30) days prior to the shareholders’</u></p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee in lieu of supervisors;</p>

After the revision	Before The revision	Description
<p>1.Business reports 2.Financial statements 3.Proposals of earnings distribution or loss appropriation</p>	<p><u>meeting; the supervisors shall</u> 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</p>	
<p>Article 32 The Company's directors 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.</p>	<p>Article 32 The Company's directors <u>and supervisors</u> 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.</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee in lieu of supervisors.</p>
<p>Article 35 The Articles were formulated on June 30th, 2003;....; and the eleventh amendment <u>was</u> made on June 30th, 2016; <u>the twelfth amendment is made on June 26th, 2017 and shall be applicable as of the director election of 7th term.</u></p>	<p>Article 35 The Articles were formulated on June 30th, 2003;....; <u>and</u> the eleventh amendment <u>is</u> made on June 30th, 2016..</p>	<p>Specify the dates of amendments and expressly define the date when the amendment shall be enforced.</p>

Proposal 2: Amendment to” Rules of Directors and Supervisors Election”. Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act and related regulations, the Company is planning to establish the Audit Committee starting from 2018 in replacement of the previous supervisor system. The “Election of Directors and Supervisors Procedures” shall be amended accordingly to conform to the compliance of relevant business operations. Please refer to the comparison table as attached hereto (from page 51 to page 53).
2. Request to resolve.

Resolution:

Comparison Table for the “ Rules of Directors and Supervisors Election”

After the revision	Before The revision	Description
<p>Name Yulon Nissan Motor Co., Ltd. Rules for the Election of Directors</p>	<p>Name Yulon Nissan Motor Co., Ltd. Rules for the Election of Directors <u>and Supervisors</u></p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>
<p>Article 1 The election of the Company’s directors, 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.”</p>	<p>Article 1 The election of the Company’s directors <u>and supervisors</u>, 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 <u>and Supervisors.</u>”</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>
<p>Article 2 For the Company’s election of directors is handled in accordance with the ballot cumulative suffrage system and each stock share contains the suffrage equivalent to the number of directors to be elected, which can be casted to one or more than one candidate.</p>	<p>Article 2 For the Company’s election of directors <u>and supervisors</u> is handled in accordance with the ballot cumulative suffrage system and each stock share contains the suffrage equivalent to the number of directors <u>and supervisors</u> to be elected, which can be casted to one or more than one candidate.</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>
<p>Article 3 The board of directors is to have the ballots printed, which should be equivalent to the number of directors. The ballots should be prepared with the votes of suffrage noted before distributing to the shareholders at the meeting.</p>	<p>Article 3 The board of directors is to have the ballots printed, which should be equivalent to the number of directors <u>and supervisors</u>. The ballots should be prepared with the votes of suffrage noted before distributing to the shareholders at the meeting.</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>

After the revision	Before The revision	Description
<p>Article 5 The board of directors is to have the ballot boxes prepared for the election of directors ; also, the ballot boxes should be inspected publicly by the ballot inspectors.</p>	<p>Article 5 The board of directors is to have the ballot boxes prepared for the election of directors <u>and supervisors</u>; also, the ballot boxes should be inspected publicly by the ballot inspectors..</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>
<p>Article 8 The Company’s directors 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.</p> <p>The elected director who is found with false personal information presented or non-complying with the</p>	<p>Article 8 The Company’s directors <u>and supervisors</u> 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.</p> <p><u>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.</u></p> <p>The elected director <u>or supervisor</u> who is found with false personal information presented or non-complying with the governing law and regulations will be dismissed</p>	<p>To delete the requirement about supervisors to be in line with the establishment of Audit Committee</p>

After the revision	Before The revision	Description
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.	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 publicly.	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 <u>and supervisors</u> publicly.	To delete the requirement about supervisors to be in line with the establishment of Audit Committee
Article 10 The Company is to issue a certificate of election to each elected director _	Article 10 The Company is to issue a certificate of election to each elected director <u>and supervisor</u> .	To delete the requirement about supervisors to be in line with the establishment of Audit Committee
Article 11: The matters that are not addressed in the “Rules for the Election of Directors ” should be processed in accordance with the Company Law, Articles of Incorporation, and the related regulations.	Article 11: The matters that are not addressed in the “Rules for the Election of Directors <u>and Supervisors</u> ” should be processed in accordance with the Company Law, Articles of Incorporation, and the related regulations.	To delete the requirement about supervisors to be in line with the establishment of Audit Committee
Article 12 The “Rules for the Election of Directors” is in effect after it is passed in the shareholders’ meeting, same for the amendments made. <u>The Rules were developed on March 30, 2004, 1st revised on June 22, 2007, 2nd revised on June 26, 2017 and shall be applicable as of the director election of 7th term.</u>	Article 12 The “Rules for the Election of Directors <u>and Supervisors</u> ” is in effect after it is passed in the shareholders’ meeting, same for the amendments made.	To delete the requirement about supervisors to be in line with the establishment of Audit Committee: and add the date of revision.

Proposal 3: Amendment to “ Operational Procedures for Acquisition and Disposal of Assets “. Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

1. For complying with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company proposes to amend “ Operational Procedures for Acquisition and Disposal of Assets “. Please refer to the comparison table as attached hereto (from page 55 to page 57).
2. Request to resolve.

Resolution:

Comparison Table for the” Operational Procedures for Acquisition and Disposal of Assets”

After the revision	Before The revision	Description
<p>Article 8</p> <p>The company, unless transacting with a government <u>organization</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, (Omit)</p>	<p>Article 8</p> <p>The company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, (Omit)</p>	<p>According the Act. change to amend wordings</p>
<p>Article 10</p> <p>The company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>organization</u>, (Omit)</p>	<p>Article 10</p> <p>The company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u>, (Omit)</p>	<p>According the Act. change to amend wordings</p>
<p>Article 13</p> <p>The company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>buy</u> of domestic money market funds <u>which issue by securities investment trust enterprises</u>, (Omit)</p>	<p>Article 13</p> <p>The company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, (Omit)</p>	<p>According securities investment trust and consulting Act, money market funds means issue by securities investment trust enterprises and have the permission by Financial Supervisory Commission ROC.</p>

After the revision	Before The revision	Description
<p>Article 17 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>The company do not need to engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the merger when merger its directly or indirectly holding total share equity subordinate company, or when its directly or indirectly holding total share equity subordinate companies merger each other.</u></p>	<p>Article 17 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>	<p>The situation which like exchange shares or distribute dividends will not suppose to happen when company group holding total share with each other.</p>
<p>Article 25, Paragraph 1, Subparagraph 1&4 Subparagraph 1: The company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>buy</u> of</p>	<p>Article 25, Paragraph 1, Subparagraph 1&4 Subparagraph 1: The company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u></p>	<p>According securities investment trust and consulting Act, money market funds means issue by securities investment trust enterprises and have the permission by Financial Supervisory Commission ROC.</p>

After the revision	Before The revision	Description
<p>domestic money market funds <u>which issue by securities investment trust enterprises.</u></p> <p>Subparagraph 4: Where an asset transaction other than any of those referred to in the preceding three items,...(omit) , this shall not apply to the following circumstances: (1)Trading of government bonds. (2) Government bonds or bonds under repurchase and resale agreements, or subscription or <u>buy</u> of domestic money market funds <u>which issue by securities investment trust enterprises.</u> (Omit)</p>	<p>of domestic money market funds.</p> <p>Subparagraph 4: Where an asset transaction other than any of those referred to in the preceding three items,...(omit) , this shall not apply to the following circumstances: (1)Trading of government bonds. (2) Government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds. (Omit)</p>	
<p>Article 25 Should there be any mistake or missing in the Company’s required public announcements, the Company needs to repeat its public announcement on all items <u>within 2 days</u> . (Omit)</p>	<p>Article 25 Should there be any mistake or missing in the Company’s required public announcements, the Company needs to repeat its public announcement on all items. (Omit)</p>	<p>To make the deadline of the mistake or missing announcement.</p>
<p>Article 30 The Articles were formulated on March 30, 2004;....; the six amendment was made on June 30 , 2016; and <u>the seven amendment is made on June 26 , 2017.</u></p>	<p>Article 30 The Articles were formulated on March 30, 2004;....; and the six amendment was made on June 30 , 2016</p>	<p>Specify the dates of amendments.</p>

Elections Items

By-Election of the Supervisor

(Proposed by the Board of Directors.)

Explanation:

1. Mr. Toru Nakano resigned from his supervisors' duty and it become effective on 25th of June. So the company hold a by-election of the supervisor. The term of tenure will be effective from the election date until June 29th, 2018.
2. According to Article 20 of the Articles of Incorporation, the by-election of the supervisor shall adopt candidate nomination system. The candidate nomination list has been reviewed by the Board of Directors with qualification on May 12, 2017, which education, experience and other information can be referred to from page 59.
3. Please proceed with the election.

Election results:

Director Candidates List:

Supervisor Candidate	
Name	Takahiko Ikushima
Education	Rikkyo University, Faculty of economics
Current Position	Budget and Accounting Department, Financial Management Group, Nissan Motor Co. Ltd., General Manager
Stocks	0 unit

Extraordinary Motions

Closure of the Meeting

Appendix 1:

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

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.

For the Company's net income at the end of each fiscal year, it shall cover the accumulated losses 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.

The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change in industrial environment, shareholder's interest and long term financial planning shall be considered in planning the Company's dividend distribution scheme. 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. 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.

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, the tenth amendment was made on June 30th, 2015, and the tenth amendment was made on June 30th, 2016.

Appendix 2:

Shareholdings of Directors and Supervisors

1. As of 04/28/2017, all directors and supervisors minimum shareholding number and actually registered holding shares.

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

2. As of 04/28/2017, 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 : Zhen-Xiang Yao	
Director	Yulon Motor Co., Ltd. Representative : Leman C.C. Lee	
Director	Yulon Motor Co., Ltd. Representative : Takashi Nishibayashi	120,000,000
Director	Yulon Motor Co., Ltd. Representative : Atsushi Kubo	
Director	Yulon Motor Co., Ltd. Representative : Junichi Ohori	
Director	Kenji Shimoyama	
Independent Director	Robert Ma	-
Independent Director	Jin-Shun Wu	-
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	-

Appendix 3:

Yulon Nissan Motor Co., Ltd.

Rules of Procedure for Shareholders Meeting

Formulated date: March 30th, 2004

- Article 1: The Company has shareholders meeting arranged in accordance with this "Rules of Procedure for Shareholders Meeting."
- Article 2: Shareholders (representatives) present at the shareholders' meeting shall submit the Attendance Card instead of signing in. The shareholding of the present shareholders is based on the Attendance Cards 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 - 40 - 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 - 41 -

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.

Appendix4:

Yulon Nissan Motor 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 election.
- 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 supervisors.

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.