YULON NISSAN

YULON NISSAN MOTOR CO., LTD
ANNUAL REPORT 2013

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http://www.nissan.com.tw

INFINITI Q50

魅・力・無限

●**Name, Title, and Contact Number of the spokesperson of the Company:**

Name of Spokesman:Lee, Leman C.C.
Title: Vice President
Telephone: (037) 875881 Ext 1060
E-mail: leman.lee@yulon-nissan.com.tw
Acting Spokesman: Emma Lin
Title: Senior Manager
Telephone: (037) 875881 Ext 1130
E-mail: emma.lin@yulon-nissan.com.tw

●**Headquarter and Branch:**

Headquarter is located at No.39-2, Po Kung Keng, Shi Hu Tsuen, San Yi, Miao Li Hsien, Taiwan, R.O.C.
Telephone: (037) 875881
Website: http://www.nissan.com.tw
Taipei Branch is located at 7F, No.150, Sec.2, E. Nanking Road, Taipei City 104, Taiwan, R.O.C.
Telephone: (02) 25156421
Website: http://www.nissan.com.tw

●**Name, address, and telephone number of the Stock Title Transfer Agent:**

Name: YULON MOTOR COMPANY, LTD., Equity Management Dept.
Address: 7F, No.150, Sec.2, E. Nanking Road, Taipei City 104, Taiwan, R.O.C. (Hualiang Building)
Telephone: (02) 25156421
Website: http://www.yulon-motor.com.tw

●**The names, address, and telephone number of the independent auditor:**

2013 Certificated Accountant: Chien-Hsin Hsieh 、En-Ming Wu
Accountant Firm: Deloitte & Touche
Address: 12F, Hung-Tai Plaza 156 Min Sheng East Road, Sec.3, Taipei 105, Taiwan, R.O.C. (Hong Tai Century Building)
Telephone: (02) 25459988
Website: http://www.deloitte.com.tw

●**Listed in overseas stock exchange:** Nil

●**Company website ate:** http://www.nissan.com.tw

Contents

I. Letter to Shareholders

Dear Shareholders,

Taiwan's car industry boomed in 2013. New models launched by all carmakers successively, the benefit because of the devalued yen, and the wave of car replacement purchase once a decade, all of which boosted the overall market sales with the car sales totaling 370,000 vehicles, an almost 8-year high and a rise of 4.3% from 2012. Committed to the business philosophy "meet customer requirements" with flexible sales strategies, YULON-NISSAN introduced competitive products, such as NISSAN BIG TIIDA, JUKE, SUPER SENTRA, which were the latest and high cost-effective models and well received by customers. The successful launch of the three models resulted in YULON-NISSAN's new car sales of 44,010 vehicles and an 11.9% market share, which ranked second among peers in 2013. The results were splendid. The annual consolidated revenue reached NT$31.486 billion, an annual increase of 8.1%. Thanks to the profitable investment in mainland China, the revenue hit another high. In the future, all YULON-NISSAN staff will continue to move toward our goals without failing shareholders' expectation. I hereby express my gratitude to all shareholders for the care and support.

YULON-NISSAN is committed to continued innovation and improvement in two aspects: "product" and "service." Regarding new products introduction, the ALL NEW LIVINA is launched in 2014 under the NISSAN brand and new Q50 and QX60 Hybrid are first introduced under the INFINITI brand in an attempt to meet car owners' requirements in energy saving and driving pleasure. With respect to service innovation, YULON-NISSAN will continually improve service processes, enhance the ability to quickly solve customer's problems, upgrade service facilities and strengthen customer relationship management to promote customer satisfaction.

China's vehicle sales reached 21.984 million units in 2013, a rise of 13.9% from 2012. DONGFENG-NISSAN sold 926,000 passenger vehicles in 2013, a sales recovery from the decline caused by Diaoyu Islands incident. China Association of Automobile Manufacturers (CAAM) estimates China's car market to grow 10% at a maximum and the annual maximum sales of 24 million vehicles. The estimates will make the DONGFENG-NISSAN annual target of 1.1 million vehicles achievable.

YULON-NISSAN sells auto parts to various countries, including Thailand, Malaysia, Philippines, China, Korea, Japan, Egypt, Indonesia and Vietnam, etc. Auto parts exports in

2013 amounted to NT$370 million. More export items and destination countries will be explored by the Company in 2014 to create more growth momentum for revenue.

Benefited from the launch of new models and the profit on investment in China, the pre-tax income was NT$8.807 billion, an annual growth of 44.3%, and the after-tax earnings per share was NT$24.33.

Looking forward, Yulon Nissan will continuously enhance its revenue and profits by means of new products, new services and brand value growth, with the support of all the shareholders and the efforts of all our colleagues. Yulon Nissan is continue to create success in the market and make constant achievements to create maximum profits for our shareholders.

At last, on behalf of the entire colleagues of Yulon Nissan, I would like to thank all our shareholders for the support. I wish all of you health and success. Thank you!

Chairman Kenneth K. T. Yen

II. Company Brief Introduction

1. Establishing Date:

October 22, 2003.

2. Highlights of Development:

Oct. 2003:	To ehance competiveness, participate in international division of labor and carry out the professional management, Yulon Motor spun off R&D, sales and other businesses to set up this company in accordance with corporation merge and accquisition regulations. The capital was NT 3bn. Yulon Motor owned 100% of the shares of this company at the time of its establishment and has transferred 40% of the shares to Nissan Motor on Oct. 30 2003.
May 2004:	Established Philippines subsidiary - Yi-Sheng Co., Ltd.
Jun. 2004:	The company's stock processed a public issuance.
Sep. 2004:	A new selection of an upgraded large sedan, the NISSAN TEANA was superbly launched.
Nov. 2004:	NISSAN has been certified with ISO 9001 and ISO 14001.
Dec. 2004:	Yulon Nissan Motor Co., Ltd., went IPO officially.
Mar 2005:	The largest innovation contest "2005 Innovation Award of Yulon Nissan Motor" began.
Jun 2005:	Gorgeous INFINITI M35/G35 Coupe was launched.
Jul 2005:	Yulon Motor and Yulon Nissan Motor donated NTD 1 million to the Environment Protection Bureau for purchasing Group Accident Insurance for the entire part-time workers.
Jul 2005:	INFINITI flagshop opened in AUTOMALL Shindian.
Sep 2005:	Yulon Nissan Motor was awarded the most satisfied automaker of non-luxury cars in Taiwan by J.D.POWER.
Dec 2005:	The stylish and innovative NISSAN MURANO took the field in Taipei car fair.
Mar. 2006:	The INFINITI T.O.E. service system was formally launched.
Mar. 2006:	Infinite possibility of power and sexiness – the charming INFINITI FX45/35 was available in the market.
May 2006:	Yulon Nissan Motor was honored to receive the Model Award for CSR Award from GV magazine.
Jun. 2006:	The whole new NISSAN TIIDA featuring "Magical Big Space" made its stage debut.
Jul. 2006:	"Stay Rooted in Taiwan and Take a Broad View Internationally" – the construction of the new Yulon Nissan Design Center started.
Aug. 2006:	Yulon Nissan Motor was honored to receive the award as the automobile manufacturer with the highest proportion of export to Japan.
Oct. 2006:	Yulon Nissan Motor received the "National Standardization Award" from the Ministry of Economic Affairs, R.O.C.
Dec. 2006:	Satisfaction with NISSAN increased once again. The 3 year/100,000 km extended warranty was available in coming January.
Dec. 2006:	The brand new NISSAN BLUEBIRD was available in the market.
May 2007:	Yulon Nissan Motor received "the Third Anniversary of Great Vision Magazine Society Responsibility Award 2007"
Jun. 2007:	Yulon Nissan Motor received "Certification of NISSAN secure burglarproof code" from Ministry of the Interior.
Oct. 2007:	Yulon Nissan Motor launched X-level SUV of NISSAN LIVINA 1.6L and 1.8L.
Nov. 2008:	Launch of GT-R press conference
Dec. 2008:	Launch of Rogue press conference
Dec. 2008:	Yulon Nissan Green Program to sponsor pandas Tuantuan and Yuanyuan
Jan. 2009:	NISSAN was awarded the No. 1 Ideal Domestic Car Brand
Apr. 2009:	Launch of NISSAN ALL NEW TEANA of car craft revitalization
Jul. 2009:	Kick-off of the "NISSAN Green Power Camp"
Sep. 2009:	Some ten thousand drivers gathered in "an Adventurous NISSAN Day in Resort" for an

energy-saving, carbon-reducing and earth-loving ride

Nov. 2009: NISSAN ROUGE won Car of the Year Award of CarNews as the best imported Crossover of the year

Dec. 2009: ALL-New INFINITI M unveiled in Taipei Auto Show with the 2.5L model announced simultaneously

May 2010: NISSAN TIIDA has been awarded by the Environmental Protection Department the "Annual Green Car" for three consecutive years.

Aug. 2010: "NISSAN Green Program－Travel and Play with the Nature", jointly with the Forestry Bureau invited people in the north, middle and south of Taiwan in response to the green concept

Jan. 2011: INFINITI sponsored Cirque du Soleil's performance in Taiwan, and initiated "Little Sun – Dreams Come True Program."

May. 2011: Yulon-Nissan took the lead in cooperating with Taichung City Government in jointly implementing the Smart Electric Car Pilot Program initiated by the Ministry of Economic Affairs.

Sep. 2011: NISSAN was awarded the ninth "Excellent Service Award" by Global Views Magazine.

Jul. 2012: The brand new 7-seat INFINITI JX series were launched.

Dec. 2012: NISSAN BIG TIIDA hatchbacks and turbocharged cars was launched.

3. 2013 Operation Results:

Jan. 2013: Launch of NISSAN 370Z 2013 model with a passionate design.

Feb. 2013: Grand opening of INFINITI IREDI showroom in Xindian, New Taipei City, Taiwan.

Mar. 2013: Launch of the limited "FUN Edition" seven-seater ALL NEW LIVINA 1.8.

Mar. 2013: Launch of all new INFINITI FX '13 with an upgrade to VQ37 engine.

May 2013: Introduction of 2013 NISSAN All New TEANA in flagship edition.

May 2013: NISSAN BIG TIIDA Turbo hailed as the green car of the year 2013.

May 2013: INFINITI sponsoring Cirque du Soleil shows in Taiwan to increase visibility among top-level customers.

Jun. 2013: Introduction of the avant-garde crossover SUV NISSAN JUKE, limited and imported from UK

Jul. 2013: Launch of all new NISSAN ROGUE 2WD / 4WD.

Oct. 2013: Introduction of all new NISSAN SUPER SENTRA.

Oct. 2013: All INFINITI models renaming campaign; launch of 2014 model QX70 (formerly known as FX)

Nov. 2013: Launch of all new 2014 NISSAN 370Z.

Nov. 2013: Launch of all new 2014 NISSAN MURANO, a top-notch SUV.

Nov. 2013: Launch of all new 2014 QX60 (formerly known as JX) and 2014 QX50 (formerly known as EX).

Dec. 2013: Launch of all new 2015 NISSAN GT-R.

Dec. 2013: All new INFINITI Q50 made its debut at Taipei Auto Show.

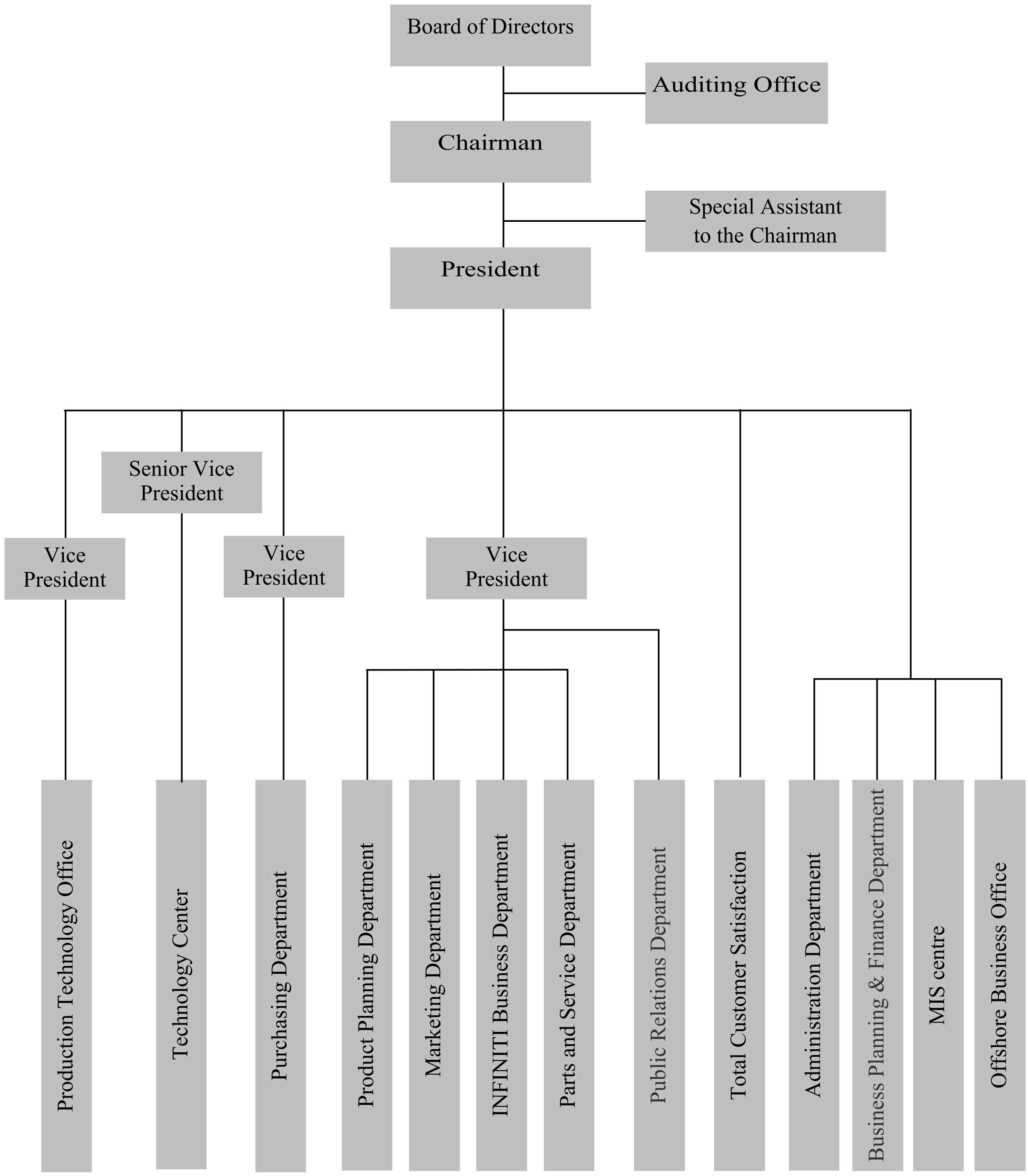
4. Others

1. Mergers & Acquisitions, invested companies and reconstructions in fiscal year 2013 and until the Annual Report published date: Nil
2. Large Transfer volume or Changes made by the Board Members, Supervisors or Big Shareholders holding more than 10% shares in fiscal year 2013 and until the Annual Report published date: Nil
3. Change of Business Operation Rights and other important matters that are enough to influence the shareholders equity in the fiscal year 2013 and until the Annual Report published dated: Nil

III. Company Management Report

1. Organizational System:

(1) Organization chart:



(2) Organization Functions

Department Title	Occupational Activities
Auditing Office	Establish a Strong, Reasonable and Effective Internal Control System
Product Planning Department	1. Planning and guiding a product that conforms to the market needs and with competitive strength 2. Plans IT product and strategy, enhance the product's added value 3. Conduct market survey and information gathering; get hold of consumer's requirements and evaluation on the product 4. Perform long term pricing management, institute accurate pricing strategy so as to ensure product competitive strength
Marketing Department	1. Brand Marketing Planning and Management 2. Strengthen the difference strategy buildup the brand value 3. Management and motivation of Dealers as well as management of car production, sales and distribution
INFINITI Business Department	1. Plans Brand Operation Strategy, and building up brand's value 2. Distribution channel development, planning and implementing operation management criteria 3. Actively utilize market information, to predict and guide the marketing direction 4. Regulation and implementation of service policy and management standards 5. Planning and implementation of educational training for Distributors
Parts and service Department	1. Regulation and implementation of service policy and standard management 2. Planning and deployment of educational training for the Dealers 3. Establish and deployment of customer satisfaction enhancement standard and management 4. Parts distribution and management 5. Parts procurement and inventory volume control
Total Customer Satisfaction Department	1. Planning and promotion of the QA strategies and the QA system 2. Quality supervision business 3. Product quality information feedback and improvement
Technology Center	1. Car model and parts development 2. Subcontracted parts component quality verification and engineering specification test confirmation 3. Vehicle's Regulation related verification/application and supervisory confirmation
Purchasing Department	1. Purchasing business planning and management, and parts subcontractors management 2. Car parts purchasing
Production Technology Office	1. Planning of new model 2. Deployment, production and sorting of the manufacturing plans 3. Equipment Investment Planning, applying, and management 4. Technology Information Authorization 5. Planning and Deployment of Factory Annual Plans 6. As a window between the NML, responsible for technology guidance and assigning, maintenance research
Business Planning & Finance Department	1. Operation Planning, monitoring and management of achieving goals 2. Management of fund utilization and Avoid foreign currency risk 3. Law, Stock Affair, Shareholders Meeting relevant business 4. Provide analysis data of Corporate Financial Meeting, Taxation relevant business and operation
Administration Department	1. Human Resources Management and Labor-Capital Relation Development and Benefits Planning 2. General miscellaneous affairs management 3. Law affairs and negotiations
MIS centre	System Maintenance and management
Public Relations Department	Planning and implementation of public relation image activities
Offshore Business Office	1. Stipulating the Offshore Business Strategy Plans and Target control 2. Management of Offshore Business 3. Investment Evaluation of Offshore Business

2 Information of Directors, Supervisors, President, Senior Vice President, Vice President, General Manager :

(1) Directors and Supervisors' Information:

Title	Name	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Current Shareholdings	
					Shares	Share Holding	Shares	Share Holding
Chairman	Yulon Motor Co., Ltd. Representative: Kenneth K. T. Yen	2012.7.1	3	2003.10.01	180,000,000 * 0	60.00 *0.00	143,500,000 * 0	47.83 *0.00
Director	Yulon Motor Co., Ltd. Representative: Kuo-Rong Chen	2012.7.1	3	2003.10.01	180,000,000 * 0	60.00 *0.00	143,500,00 * 5,000	47.83 *0.00

May 12, 2014

Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company Shares	Other competent Officer, Director or Supervisor who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relationship
0	0.00	0	0.00	Honorary Doctor of Commerce, University of Saint John, USA Honorary Doctor of Management, National Chiao Tung University	Chairman, Yulon Motor Co., Ltd. Chairman , China Motor Corporation. Chairman, Taiwan Acceptance Corporation Chairman, Carnival Industrial Corporation Chairman, Tai-Yuen Textile Co., Ltd. Chairman, Hualing Motor Co., Ltd. Chairman, Hwa-chuan Auto Technology Center Co., Ltd. Chairman, LUXGEN Motor Co., Ltd. Chairman, Hui-Fong Motor Co., Ltd. Director, Southeast (Fujian) Motor Co., Ltd. Chairman, Yen Tjing-Ling Industrial Development Foundation Director, Yen Tjing Ling Medical Foundation Chairman, Vivian Wu Journalism Award Foundation Chairman, Vivian Wu Industry and Commerce ECCC Foundation Please refer to the "Information on Affiliated Companies" for details.	Nil	Nil	Nil
0	0.00	0	0.00	Master of High Level Management, National Chiao Tung University	Vice Chairman, Yulon Motor Co., Ltd. Director, China Motor Corporation Director, Taiwan Acceptance Corporation Supervisor, Altek Corporation Director, Hwa-chuan Auto Technology Center Co., Ltd. Director, Newa (Tokyo) Insurance Co., Ltd. Director, Tai-Yuen Textile Co., Ltd. Vice Chairman, Luxgen Motor Co., Ltd. Director, Dongfeng Yulon Motor Co., Ltd. Vice Chairman, Shenzhen Fengshen Motor Sales Co., Ltd. Vice Chairman, Guangzhou Fengshen Motor Sales Co., Ltd. Director, Yen Tjing-Ling Industrial Development Foundation Director, Yen Tjing Ling Medical Foundation. Director, Vivian Wu Journalism Award Foundation Director, Vivian Wu Industry and Commerce ECCC Foundation Please refer to the "Information on Affiliated Companies" for details.	Nil	Nil	Nil

Title	Name	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Current Shareholdings	
					Shares	Share Holding	Shares	Share Holding
Director	Yulon Motor Co., Ltd. Representative: Wen -Rong Tsay	2012.7.1	3	2011.3.21	143,500,000 * 0	47.83 *0.00	143,500,000 * 0	47.83 *0.00
Director	Yulon Motor Co., Ltd. Representative: Zhen –Xiang Yao	2013.4.1	2.25	2013.4.1	143,500,000 * 0	47.83 *0.00	143,500,000 * 0	47.83 *0.00
Director	Nissan Motor Co., Ltd. Representative: Takashi Nishibayashi	2012.7. 1	3	2011.3.21	120,000,000 * 0	40.00 *0.00	120,000,000 * 0	40.00 *0.00

May 12, 2014

Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company	Other competent Officer, Director or Supervisor who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relationship
0	0.00	0	0.00	Master of High Level Management, National Chiao Tung University	President , Yulon Nissan Motor Co., Ltd. Director, Taiwan Acceptance Corporation Director, Jet Ford, Inc. Director, Guangzhou Aeolus Automobile Co., Ltd. Director, Aeolus Automobile Co., Ltd. Director, Aeolus Xiangyang Automobile Co., Ltd. Chairman, Shenzhen Lan You Technology Co., Ltd. Director, Dong Feng Yulon Used Cars Co., Ltd. Director, Tokio Marine Newa Insurance Co., Ltd Director, Yulon Management Co.,Ltd Director, Yu Shin Motor Co., Ltd. Director, Chen Long Co., Ltd. Director, Chi Ho Corporation. Supervisor, CARPLUS Auto Leasing Co., Ltd. Director, Huamao International Investment Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Department of Mechanical Engineering, National Taiwan University of Science and Technology Master of International Business Management, Curtin University of Technology	Director and President, Yulon Motor Co., Ltd. Director, Lexgen Motors Co., Ltd. Director, China Engine Corporation	Nil	Nil	Nil
0	0.00	0	0.00	Waseda University, Commercial Science	Director,Nissan Motor Co., Ltd. President, Nissan (China) Investment Co., Ltd. Director , Dongfeng Motor Co., Ltd.	Nil	Nil	Nil

Title	Name	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Curremt Shareholdings	
					Shares	Share Holding	Shares	Share Holding
Director	Nissan Motor Co., Ltd. Representative: Atsushi Kubo	2012.7. 1	3	2012.7.1	120,000,000 * 0	40.00 *0.00	120,000,000 * 0	40.00 *0.00
Director	Nissan Motor Co., Ltd. Representative: Junichi Ohori	2014.4. 1	1.17	2014.04.1	120,000,000 * 0	40.00 *0.00	120,000,000 * 0	40.00 *0.00
Director	Nissan Motor Co., Ltd. Moritami Matsumoto	2014.4. 1	1.17	2014.4.1	120,000,000 * 0	40.00 *0.00	120,000,000 * 0	40.00 *0.00
Independ ent Director	Tsung-Jen Huang	2012.7. 1	3	2003.10.01	0	0.00	0	0.00
Independ ent Director	Robert Mao	2012.7.1	3	2003.10.01	0	0.00	0	0.00

May 12, 2014

Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company	Other competent Officer, Director or Supervisor who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relation ship
0	0.00	0	0.00	Waseda University, FACULTY OF Political Science and Economics	GM, Nissan Motor Co., Ltd	Nil	Nil	Nil
0	0.00	0	0.00	Musashi University, Master, Faculty of Engineering	SVP, Yulon-Nissan Motor Co., Ltd	Nil	Nil	Nil
0	0.00	0	0.00	Tokai University	VP, Yulon-Nissan Motor Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Doctor of Computer Science, University of Wisconsin, U.S.A	Chairman, SYSTEX Corporation Independent Director, China Motor Corporation President, Hopax Co., Ltd. President, Yung Wei Finance Consultant Co., Ltd. (Legal Representative) Chairman, ChinPu Investment Co., Ltd. (Legal Representative) Director, Kimo.com (BVI) Corp. (Legal Representative) Director, Systex Capital Group Inc. (BVI) (Legal Representative) Director, Systex Solutions (HK) Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Master of Management, Massachusetts Institute of Technology, U.S.A Master of Engineering, Cornell University, U.S.A	Independent Director, China Motor Corporation Chairman, Hewlett-Packard Company in China	Nil	Nil	Nil

Title	Name	Elected (Sworn-in) Date	Term	First Elected Date	Shareholdings when Elected		Curremt Shareholdings	
					Shares	Share Holding	Shares	Share Holding
Supervisors	Wei Wen Investment Co., Ltd Representative: Kuan-Tao Lee	2012.7.1	3	2012.7.1	1,880,000 * 0	0.63 *0.00	1,878,000 * 0	0.63 *0.00
Supervisors	Wei Wen Investment Co., Ltd Representative: Tai-Ming Chen	2013.6.14	2.04	2013.6.14	1,878,000 * 0	0.63 *0.00	1,878,000 * 0	0.63 *0.00
Supervisors	Yosuke Sato	2013.6.14	2.04	2013.6.14	0	0.00	0	0.00

* which are personal owned

May 12, 2014

Current shareholding of spouse and minor children		Shareholdings in the names of others		Main Experience (Education)	Positions concurrently held in this company and other company	Other competent Officer, Director or Supervisor who is the Spouse or the second-degree relative		
Shares	Share Holding	Shares	Share Holding			Title	Name	Relationship
0	0.00	0	0.00	Member of New York Bar / Master of Business Management, J.L. Kellogg Graduate School of Management, Northwestern University, U.S.A/The Hongkong University of Science & Technology Master Degree, New York University Law Graduate School, U.S.A	Chief Senior Consultant, Lee & Li Attorneys Chairman, Lee & Li Foundation Director, Yen Tjing Ling Medical Foundation Director, Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation Director, Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation Director, Koo Foundation Sun Yat-Sen Cancer Center Director, Tai-Yuen Textile Co., Ltd. Director , Diamond Hosiery & Thread Co., Ltd Supervisor, Asia Cement Co., Ltd. Director, Far Eastern Textile, Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Member of New York Bar Adjunct Assistant Professor, National Chengchi University LL. B., National Taiwan University LL. M., Boston University	Partner, Jones Day Independent Supervisor, China Motor Corporation Director, Taiwan Acceptance Corporation Independent Director,Simplo Technology Co., Ltd.	Nil	Nil	Nil
0	0.00	0	0.00	Ritsumeikan University	Deputy General Manager, Nissan Motor Co., Ltd Supervisor,4R Energy Corporation	Nil	Nil	Nil

The Major Stockholders of Corporation Shareholders

May 12, 2014

Names of Major Stockholders	The Major Stockholders of Corporation Shareholders
Yulon Motor Company Ltd.	1. Tai Yuen Textile Co., Ltd., (18.11%) 2. China Motor Co., Ltd., (15.06%) 3. Kenneth K. T. Yen (10.18%) 4. Nanshian Life Insurance Co., Ltd. (3.68%) 5. Cathay Life Insurance Co., Ltd. (2.23%) 6. Shin Kong Life Insurance Co., Ltd. (1.69%) 7. Hua Li Investment Co., Ltd. (1.61%) 8. Fan De Investment Co., Ltd. (1.35%) 9.Management of Board Public Service Pension Fund (1.18%) 10. Labor Pension Fund (1.15%)
Nissan Motor Co., Ltd.	1.Renault(43.7%) 2.The Chase Manhattan Bank, N.A. London. Special Account No.1(3.14%) 3.The Master Trust Bank of Japan Ltd. (Trust)(2.51%) 4.Japan Trustee Services Bank Ltd.(Trust)(2.36%) 5.JP Morgan Chase Bank 380055(1.79%) 6.NT RE GOVT OF SPORE INVT CORP P. LTD(1.66%) 7.Nippon Life Insurance Company (1.46%) 8.The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account(1.23%) 9.Japan Trustee Services Bank Ltd.(Trust 9)(1.16%) 10.The Bank of New York, Treaty Jasdec Account(1.03%)
Wei Wen Investment Co., Ltd.	1.Kenneth K. T. Yen (99.4%) 2.Wei Tai Investment Co., Ltd.(0.1%) 3.Le Wen Investment Co., Ltd. (0.1%) 4.Fan De Investment Co., Ltd. (0.1%) 5.Jing Yu Investment Co., Ltd. (0.1%) 6. Yu Xin Investment Co., Ltd. (0.1%)) 7. Lilian Chen (0.1%)

If the Legal Persons are the Major Shareholders, their major Stockholders

May 12, 2014

Legal Person's Name	Shareholders of Natural persons
1.Tai-Yuen Textile Co., Ltd.	1. Yulon Motor Company Ltd. (20.85%) 2. Yen Tjing-Ling Industrial Development Foundation (14.24%) 3. Hoffman Brothers Investment Co., Ltd. (9.80%) 4. Evans Co., Ltd. (9.71%) 5. Westbridge Investment Co., Ltd. (9.13%) 6. Lee Yuan Investment Co., Ltd. (7.17%) 7. Yun Shueng Investment Corp. (6.82%) 8. Ly Pon Investment Corp. (5.61%) 9. Diamond Hosiery & Thread Co., Ltd. (3.91%) 10. Yuen Wei Investment Corp. (3.10%)

2.China Motor Co., Ltd.	1. Tai-Yuen Textile Co., Ltd. (25.18%) 2. Mitsubishi Motors Co., Ltd. (14.00%) 3. Yulon Motor Company Ltd. (8.05%) 4. Diamond Hosiery & Thread Co., Ltd. (6.76%) 5. Cathay Life Insurance Co., Ltd. (4.80%) 6. Mitsubishi Corp. (4.79%) 7. New Labor Pension Fund (1.47%) 8. Nanshian Life Insurance Co., Ltd. (1.33%) 9. Kenneth K. T. Yen (1.20%) 10.Management of Board Public Service Pension Fund (0.93%)
3. Nanshian Life Insurance Co., Ltd	1. First Bank by the Runcheng an investment holding company trust account (83.11%) 2.Runcheng the Investment Holding Co., Ltd.(7.55%)
4.Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
5. Shin Kong Life Insurance Co., Ltd..	Shin Kong Financial Holdings Co., Ltd. (100%)
6.Hua Li Investment Co., Ltd.	1. China Motor Co., Ltd.,(99.988%) 2. Le Wen Investment Co., Ltd. (0.002%) 3. Wei Wen Investment Co., Ltd. (0.002%) 4. Wei Tai Investment Co., Ltd. (0.002%) 5. Fan De Xin Investment Co., Ltd. (0.002%) 6. Jing Yu Investment Co., Ltd. (0.002%) 7. Yu Xin Investment Co., Ltd. (0.002%)
7.Fan De Xin Investment Co., Ltd.	1. Wei Wen Investment Co., Ltd. (33.30%) 2. Wei Tai Investment Co., Ltd. (33.36%) 3. Le Wen Investment Co., Ltd. (33.30%) 4. Jerry Chu (0.02%) 5. Wei-Kung Chi (0.02%)
8.Management of Board Public Service Pension Fund	Non-juristic person, not applicable
9. Labor Pension Fund	Non-juristic person, not applicable
10.Renault	1.French State(15.01%) 2.Nissan Finance Co., Ltd.(15%) 3.Daimler AG(3.10) 4.Other Shareholders: Subject to local restrictions, not available
11.The Chase Manhattan Bank, N.A. London. Special Account No.1	Subject to local restrictions, not available
12.The Master Trust Bank of Japan, Ltd. (Trust)	1.Mitsubishi UFJ Trust and Banking Co.,Ltd.(46.5%) 2.Nippon Life Insurance Co.,Ltd.(33.5%) 3.Meiji Yasuda Life Insurance Co.,Ltd.(10%) 4.The Norinchukin Trust & Banking Co.,Ltd.(10%)
13.Japan Trustee Services Bank Ltd. (Trust)	Subject to local restrictions, not available

14. JP Morgan Chase Bank 380055	Subject to local restrictions, not available
15. NT RE GOVT OF SPORE INVT CORP P. LTD	Subject to local restrictions, not available
16. Nippon Life Insurance Company	Subject to local restrictions, not available
17. The Chase Manhattan Bank, N.A. London SecsLending Omnibus.	Subject to local restrictions, not available
18. Japan Trustee Services Bank Ltd.(Trust 9)	Subject to local restrictions, not available
19. The Bank of New York, Treaty Jasdec Account	Subject to local restrictions, not available
20. Wei Tai Investment Co., Ltd.	1. Kenneth K. T. Yen (99.88%) 2. Wei Wen Investment Co., Ltd. (0.02%) 3. Fan De Investment Co., Ltd. (0.04%) 4. Lilian Chen (0.02%) 5. Jerry Chu (0.02%) 6. Wei-Kung Chi (0.02%)
21. Le Wen Investment Co., Ltd.	1. Kenneth K. T. Yen (99.88%) 2. Wei Wen Investment Co., Ltd. (0.04%) 3. Fan De Investment Co., Ltd. (0.04%) 4. Lilian Chen (0.02%) 5. Wei-Kung Chi (0.02%)
22. Jing Yu Investment Co., Ltd...	1. Evans Co., Ltd. (99.96%) 2. Wei Tai Investment Co., Ltd. (0.007%) 3. Fan De Investment Co., Ltd. (0.007%) 4. Wei-Kung Chi (0.007%) 5. Jack Huang (0.007%) 6. Henry Wang(0.006%) 7. Shu-Jun Chen (0.006%)
23. Yu Xin Investment Co., Ltd.	1. Evans Co., Ltd. (99.96%) 2. Wei Tai Investment Co., Ltd. (0.007%) 3. Fan De Investment Co., Ltd. (0.007%) 4. Wei-Kung Chi (0.007%) 5. Jack Huang (0.007%) 6. Henry Wang(0.006%) 7. Shu-Jun Chen (0.006%)

Professionalism and Independence of Directors and Supervisors

Conditions / Name	With over 5 years of work experience and the following professional qualifications			Conformed to the requirements of Independence（Note 1）										Number of director posts held concurrently for other publicly listed companies
	Lecturer (or above) of public/private colleges/universities for relevant subjects required for business, law, finance, accounting or company businesses	Specialized and technical personnel with national exam qualified ertificates required for judges, public procurators, lawyers, ccountants or other company businesses	Work experience required for business, law, finance, accounting or company businesses	1	2	3	4	5	6	7	8	9	10	
Yulon Motor Co., Ltd. Representative: Kenneth K. T. Yen			v			v	v				v	v		
Yulon Motor Co., Ltd. Representative: Kuo-Rong Chen			v			v	v				v	v		
Yulon Motor Co., Ltd. Representative:: Wen -Rong Tsay			v			v	v				v	v		
Yulon Motor Co., Ltd. Representative:: Zhen –Xiang Ya			v			v	v				v	v		
Nissan Motor Co., Ltd. Representative: Takashi Nishibayashi			v			v	v			v	v	v		
Nissan Motor Co., Ltd. Representative: Atsushi Kuboi			v			v	v			v	v	v		
Nissan Motor Co., Ltd. Representative: Junichi Ohori			v			v	v			v	v	v		
Nissan Motor Co., td. Representative: Moritami Matsumoto			v			v	v			v	v	v		
Tsung-Jen Huang			v	v	v	v	v	v	v	v	v	v	v	1
Robert Mao			v	v	v	v	v	v	v	v	v	v	v	1
Wei Wen Investment Co., Ltd. Representative: Kuan-Tao Lee			v	v	v	v	v	v	v	v	v	v		
Wei Wen Investment Co., Ltd. Representative: Tai-Ming Chen			v	v		v	v	v	v		v	v		1
Yosuke Sato			v			v	v				v	v	v	

Note: Directors and supervisors who meet the following conditions 2 years prior to the election and during the post, are marked "v" in each qualification columns.

(1) Not an employee of the company or its affiliates
(2) Not a director or a supervisor of the company or its affiliates (excluding the independent directors of the company's or the mother company's subsidiaries that directly or indirectly hold over 50% shares of the voting right)
(3) Not a natural person shareholder who or whose spouse, minor child, or who on behalf of other people, holds over 1% of the company's total issued shares or is one of the first 10 shareholders
(4) Not a spouse, or within a second-degree relative or a fifth-degree direct relative of the above 3 parties
(5) Not a director, supervisor or an employee who is a legal person shareholder directly holding 5% of the company's total issued shares, or a director, supervisor or an employee who is one of the first five legal person shareholders
(6) Not a director, supervisor, manager or a shareholder with over 5% shares who are from specific companies or organizations that have that have financial or business transactions with the company
(7) Not an enterprise owner, a partner, director, supervisor, manager or their spouse who is a professional or from an independent venture, a partner, a company or an organization providing business, legal, financial, accounting services or consultation for the company or its affiliates
(8) Neither a spouse nor within a second-degree relative of other directors
(9) Without any of the circumstances mentioned in the provisions of Article 30 of the Company Law
(10)Not a government, legal person or representative elected according to Article 27 of the Company Law

(2) Information of President, Senior Vice President, Vice President and General Manager

Title	Name	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the names of others	
			Shares	Share Holding	Shares	Share Holding	Shares	Share Holding
President	Wen -Rong Tsay	2010.09.01	0	0.00	–	–	–	–
Special Assistant to the Chairman	Kuo-Rong Chen	2003.11.1	5,000	0.01	–	–	–	–

May 12, 2014

Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relation ship
Master of High Level Management, Chiao Tung University	Director, Taiwan Acceptance Corporation Director, Jet Ford, Inc. Director, Guangzhou Aeolus Automobile Co., Ltd. Director, Aeolus Automobile Co., Ltd. Director, Aeolus Xiangyang Automobile Co., Ltd. Chairman, Shenzhen Lan You Technology Co., Ltd. Director, Dong Feng Yulon Used Cars Co., Ltd. Director, Tokio Marine Newa Insurance Co., Ltd Director, Yulon Management Co.,Ltd Director, Yu Shin Motor Co., Ltd. Director, Chen Long Co., Ltd. Director, Chi Ho Corporation. Supervisor, CARPLUS Auto Leasing Co., Ltd. Director, Huamao International Investment Co., Ltd.	–	–	–
Master of High Level Management, Chiao Tung University	Vice Chairman, Yulon Motor Co., Ltd. Director, China Motor Corporation Director, Taiwan Acceptance Corporation Supervisor, Altek Corporation Director, Hwa-chuan Auto Technology Center Co., Ltd. Director, Newa (Tokyo) Insurance Co., Ltd. Director, Tai-Yuen Textile Co., Ltd. Vice Chairman, Luxgen Motor Co., Ltd. Director, Dongfeng Yulon Motor Co., Ltd. Chairman, Shenzhen Fengshen Motor Sales Co., Ltd. Chairman, Guangzhou Fengshen Motor Sales Co., Ltd. Director, Yen Tjing-Ling Industrial Development Foundation Director, Yen Tjing Ling Medical Foundation. Director, Vivian Wu Journalism Award Foundation Director, Vivian Wu Industry and Commerce ECCC Foundation Please refer to the "Information on Affiliated Companies" for details.	–	–	–

tle	Name	Elected (Sworn-in) Date	Shares		Shareholding of spouse and minor children		Shareholdings in the name of others	
			Shares	Share Holding	Shares			
Senior Vice President	Junichi Ohori	2014.4.1	—	—	—	—	—	—
Vice President	Leman C.C. Lee	2007.3.16	—	—	—	—	—	—
Vice President	Moritami Matsumoto	2014.4.1	—	—	—	—	—	—
Vice President	Kenji Shimoyama	2014.4.1	—	—	—	—	—	—
General Manager	Jiang-Shan Lee	2003.10.1	—	—	—	—	—	—
General Manager	Shun-Chi Tsai	2007.1.1	—	—	—	—	—	—
General Manager	Dennis Chang	2012.10.1	—	—	—	—	—	—
General Manager	Can-Huang Lin	2009.02.15	—	—	—	—	—	—
General Manager	Yu-Jhuo Sie	2009.7.1	1,000	—	—	—	—	—
General Manager	Vincent Mao	2010.12.1	—	—	—	—	—	—
General Manager	Clock Chung	2010.12.1	—	—	—	—	—	—
General Manager	Wen-Qiang Hu	2011.05.18	—	—	—	—	—	—
General Manager	Jiong-Ming Zhou	2013.05.17	—	—	—	—	—	—
Financial Executive	Chao-Yen Liang	2010.12.01	—	—	—	—	—	—
Section Manager	Yan-Jung Kuan	2011.02.09	—	—	—	—	—	—

May 12, 2014

Main Experience (Education)	Concurrent positions at other companies	Any manager who is the spouse or blood relative within the second order to the principal		
		Title	Name	Relationship
Tokyo City University, Master, Faculty of Engineering	–	–	–	–
Department of Mechanical Engineering, National Taiwan University	Director, Yu Shin Motor Co., Ltd. Director, YuShin Motor Co., Ltd Director, YuChang Motor Co., Ltd Director, Yuan Long Motor Co. Ltd. Director, Empower Motor Co. Ltd. Director, Yuan Tang Motor Co. Ltd Director, Chen Long Motor Co. Ltd Director, Chi Ho Corporation Director , Kaihsin Insurance Agent Co.Ltd. Director, Singan Co. Ltd Director, Sinjang Co. Ltd Director, Tianwang Co. Ltd Director, Qun Min Corporation Director, Hui-Lian Motor Co., Ltd Supervisor, Taiwan Acceptance Corporation	–	–	–
Tokai University, Faculty of Engineering	–	–	–	–
Faculty of Engineering, Department of Mechanical Engineering, Kogakuin University	–	–	–	–
Master of Civil Engineering, University of Maryland	–	–	–	–
Department of Industrial System Engineering, Chung Yuan Christian University. Master of International Business Management, Curtin University of Technology	Director, Empower Motor Co. Ltd. Director, Yuan Long Motor Co. Ltd Director, Qun Min Corporation	–	–	–
Department of Business Administration , Tunghai University	Director, Yuan Long Motor Co., Ltd. Director, Yuan Tang Motor Co. Ltd Director, Yu Shin Motor Co., Ltd. Director, YuChang Motor Co., Ltd	–	–	–
Department of Aerospace Engineering, Tamkang University	–	–	–	–
Chung Cheng Institute of Technology Department of Vehicle Engineering	–	–	–	–
Master of Business Administration , National Cheng Kung University.	–	–	–	–
Department of Industrial Design National Cheng Kung University Master of International Business Management, Curtin University of Technology	–	–	–	–
Department of Navigation , National Taiwan Ocean University	Director of Kaihsin Insurance Agent Co. President, Hui-Lian Motor Co., Ltd	–	–	–
Department of Mechanical Engineering, National United University	–	–	–	–
Department of Mechanical Engineering, National Chung Hsing University Master of High Level Management, Chiao Tung University	–	–	–	–
Department of Accounting Administration, Feng Chia University	–	–	–	–

(3) Payment of Remuneration to Directors, Supervisors, President and Senior Vice President

1.Director's Compensation

Dec. 31, 2013

Unit: NTD Thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Director Compensation</th><th rowspan="2" colspan="2">% of Total Amount of A, B,C and D against Net Profit after Tax</th><th colspan="12">Compensation Received by Employees with Concurrent Posts</th><th rowspan="2" colspan="2">% of Total Amount of A, B, C, D ,E,F and G against Net Profit after Tax</th><th rowspan="4">Whether Reinvestment Business Compensation is Received from Companies other than Subsidiaries</th></tr>
<tr><th colspan="2">Compensation (A)</th><th colspan="2">Compensation of Surplus Distribution (B) (Note 2)</th><th colspan="2">Surplus Divided Payment(C)</th><th colspan="2">Business Execution Expense (D)</th><th colspan="2">Salary, Reward and Special Allowance (E) (Note 1)</th><th colspan="2">Compensation of Surplus Distribution(F) (Note 3)</th><th colspan="4">Surplus Divided Employee Bonus (G)</th><th colspan="2">Number of Stocks Allowed to be Subscribed for Employee Stock Options (H)</th><th colspan="2">Granted Employee Restricted Stock (I)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th colspan="2">The Company</th><th colspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th><th rowspan="2">The Company</th><th rowspan="2">All the companies included in this consolidated statement</th></tr>
<tr><th></th><th></th><th>Cash Bonus</th><th>Stock Bonus</th><th>Cash Bonus</th><th>Stock Bonus</th></tr>
<tr><td>Chairman</td><td>Kenneth K.T. Yen</td><td rowspan="11">12,000</td><td rowspan="11">12,000</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0.16%</td><td rowspan="11">0.16%</td><td rowspan="11">20,024
Rent 864
Car Rental 2,364
Driver 2,360</td><td rowspan="11">20,024
Rent 864
Car Rental 2,364
Driver 2,360</td><td rowspan="11">1,558</td><td rowspan="11">1,558</td><td rowspan="11">418</td><td rowspan="11">0</td><td rowspan="11">418</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0.51%</td><td rowspan="11">0.51%</td><td rowspan="11">Nil</td></tr>
<tr><td>Director</td><td>Kuo-Rong Chen</td></tr>
<tr><td>Director</td><td>Wen -Rong Tsay</td></tr>
<tr><td>Director</td><td>Yi-Cheng Liu(Note 4)</td></tr>
<tr><td>Director</td><td>Zhen –Xiang Ya(Note 4)</td></tr>
<tr><td>Director</td><td>Takashi Nishibayashi</td></tr>
<tr><td>Director</td><td>Atsushi Kuboi</td></tr>
<tr><td>Director</td><td>Hatanaka Keiji</td></tr>
<tr><td>Director</td><td>Isao Morimoto</td></tr>
<tr><td>Independent director</td><td>Tsung-Jen Huang</td></tr>
<tr><td>Independent director</td><td>Robert Mao</td></tr>
</table>

Note 1: The driver payment is disclosed for reference only but not regarded as part of the compensation.

Note 2: (1)Actual pensions account: 0 NTD Thousand (2)recognized pensions account:0 NTD Thousand

Note 3: (1)Actual pensions account: 0 NTD Thousand (2)recognized pensions account:1,558 NTD Thousand

Note4: Zhen –Xiang Ya succeeded Yi-Cheng Liu as Yulon Motor Co., Ltd. .Representative since April 1 2013.

Compensation Range Table

The Compensation Range for Directors of the Company	Number of Directors			
	Total Compensation Amount of A+B+C+D		Total Compensation Amount of A+B+C+D+E+F+G	
	The Company	The Company	The Company	The Company
Less than NT 2,000,000	Kenneth K.T. Yen、Kuo-Rong Chen、Yi-Cheng Liu、Wen -Rong Tsay 、Zhen –Xiang Ya、 Takashi Nishibayashi 、Atsushi Kubo 、Hatanaka Keiji 、Isao Morimoto 、Tsung-Jen Huang、Robert Mao	Kenneth K.T. Yen、Kuo-Rong Chen、Yi-Cheng Liu、Wen -Rong Tsay 、Zhen –Xiang Ya、 Takashi Nishibayashi 、Atsushi Kubo 、Hatanaka Keiji 、Isao Morimoto 、Tsung-Jen Huang、Robert Mao	Kuo-Rong Chen、Yi-Cheng Liu、Zhen –Xiang Ya、Takashi Nishibayashi 、Atsushi Kubo 、Tsung-Jen Huang、Robert Mao	Kuo-Rong Chen、Yi-Cheng Liu、Zhen –Xiang Ya、Takashi Nishibayashi 、Atsushi Kubo 、Tsung-Jen Huang、Robert Mao
NT2,000,000～NT5,000,000			Hatanaka Keiji、Isao Morimoto	Hatanaka Keiji、Isao Morimoto
NT5,000,000 ～ NT10,000,000			Kenneth K.T. Yen、Wen -Rong Tsay	Kenneth K.T. Yen、Wen -Rong Tsay
NT10,000,000 ～ NT15,000,000				
NT15,000,000 ～ NT30,000,000				
NT30,000,000 ～ NT50,000,000				
NT50,000,000 ～ NT100,000,000				
More than NT100,000,000				
Total	11	11	11	11

2.Compensation of supervisors

Dec. 31, 2013
Unit:NTD Thousand

Title	Name	Supervisor Compensation						% of Total Amount of A, B and C against Net Profit after Tax		Whether Reinvestment Business Compensation is Received from Companies other than Subsidiaries
		Remuneration (A)		Surplus Divided Remuneration (B)		Business Execution Expense (C)				
		The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	
Supervisor	Wei Wen Investment Co., Ltd Representive: Kuan-Tao Lee Tai-Ming Chen (Note 2)	3,200	3,200	0	0	0	0	0.04%	0.04%	Nil
Supervisor	Nagano Masaya(Note 1)									
Supervisor	Qing-Zhi Yen(Note 1)									
Supervisor	Yosuke Sato(Note 2)									

Note 1：Nagano Masaya and Qing-Zhi Yen are resigned on Mar 20, 2013.
Note 2：Tai-Ming Chen and Yosuke Sato are appointed on Jun 14, 2013.

Compensation Range Table

The Compensation Range for Supervisors of the Company	Number of Supervisors	
	Total Compensation Amount of A+B+C	
	The Company	All the companies included in this consolidated statement D
Less than NT2,000,000	Kuan-Tao Lee、Nagano Masaya、Qing-Zhi Yen、Tai-Ming Chen、Yosuke Sato	Kuan-Tao Lee、Nagano Masaya、Qing-Zhi Yen、Tai-Ming Chen、Yosuke Sato
NT2,000,000～NT5,000,000		
NT5,000,000～NT10,000,000		
NT10,000,000～NT15,000,000		
NT15,000,000～NT30,000,000		
NT30,000,000～NT50,000,000		
NT50,000,000～NT100,000,000		
More than NT100,000,000		
Total	5	5

3: Compensation of the President and Senior Vice President

Dec. 31, 2014 Unit: NT Thousand

Title	Name (Note 1)	Salary (A)				Reward and Special Allowance (B)		Surplus Divided Employee Bonus (C)				% of Total Amount of A, B and C against Net Profit after Tax		Number of Employee Stock Options Acquired		Whether Reinvestment Business Compensation is Received from Companies other than Subsidiaries
		The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	The Company		All the companies included in this consolidated statement		The Company	All the companies included in this consolidated statement	The Company	All the companies included in this consolidated statement	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
President	Wen-Rong Tsai	4,496	4,496	545	545	5,865 Rent 432 Car Rental 941 Driver 1,580	5,865 Rent 432 Car Rental 941 Driver 1,580	418	0	418	0	0.17%	0.17%	0	0	Nil
Special Assistant to the Chairman t	Kuo-Rong Chen															
Senior Vice President	Hatanaka Keiji															

Compensation Range Table

The Compensation Range for General Managers and Vice General Managers of the Company	Number of President and Senior Vice President	
	The Company	The Company
Less than NT2,000,000	Kuo-Rong Chen	Kuo-Rong Chen
NT2,000,000～NT5,000,000	Hatanaka Keiji	Hatanaka Keiji
NT5,000,000～NT10,000,000	Wen-Rong Tsai	Wen-Rong Tsai
NT10,000,000～NT15,000,000		
NT15,000,000～NT30,000,000		
NT30,000,000～NT50,000,000		
NT50,000,000～NT100,000,000		
More than NT100,000,000		
Total	3	3

Note (1)Actual pensions account: 0 NTD Thousand (2)recognized pensions account:545 NTD Thousand
Note 2: The driver payment is disclosed for reference only but not regarded as part of the compensation.

4.Manager’s Name of the allocated employee bonus and allocation situation

Dec. 31, 2013
Unit: NT Thousand

	Title	Name	Stock Bonus			Cash Bonus	Total	% of Total Amount against Net Profit After Tax
			Shares	Market Price	Amount	Amount		
nager	President	Wen -Rong Tsay	-	-	-	2,350 (Note)	2,350 (Note)	0.03 (Note)
	Special Assistant to the Chairman	Kuo-Rong Chen						
	Senior Vice President	Hatanaka Keiji(Note1)						
	Vice President	Isao Morimoto(Note1)						
	Vice President	Takeshi Fujiwara(Note1)						
	Vice President	Leman C.C. Lee						
	Manager	Jiang-Shan Lee						
	Manager	Jiong-Ming Zhou(Note2)						
	Manager	Shun-Chi Tsai						
	Manager	Bruce Cheng						
	Manager	Can-Huang Lin						
	Manager	Yu-Jhuo Xie						
	Manager	Clock Chung						
	Manager	Vincent Mao						
	Manager	Wen-Qiang Hu						
	Financial Supervisor	Chao-Yen Liang						
	Accounting Superviso r	Yan-Jung Kuan						

Note ：The individual name and title should be disclosed; however, the distribution may be disclosed in summary.

Note 1：Resigned on Mar 31, 2014.

Note 2：Appointed on May17, 2013.

(4)Analysis and Description of the Percentage of Total Remuneration Amount Paid to Directors, Supervisors, President and Senior Vice President against Net Profit after Tax

The percentages of the total remuneration amount paid to the company's directors, supervisors, general managers and vice general managers against the net profit after tax are respectively compared and analyzed, and the relationship among the policies, standards and combinations of compensation payment, the procedures of the compensation establishment and the operational performance is also described.

Unit: NTD Thousand

	2013 year			2012year		
Title	Total Compensation (Note)	Net Profit After Tax	% of Total Remuneration against Net Profit after Tax	Total Compensation (Note)	Net Profit After Tax	% of Total Remuneration against Net Profit after Tax
Director	12,000	7,299,997	0.16%	12,000	4,930,477	0.24%
Supervisor	3,200	7,299,997	0.04%	3,600	4,930,477	0.07%
President and Senior Vice President	12,697	7,299,997	0.17%	14,379	4,930,477	0.29%
Total	27,897	7,299,997	0.38%	29,979	4,930,477	0.60%

Note：Compensation includes the company and all consolidated companies

The company's directors and supervisors should receive a total of NTD 100,000 (including transportation allowances) per month. The chairman's remuneration should be paid according to the negotiation of the authorized Board of Directors in terms of his participation frequency in the company's operation and the contributions without exceeding the standard of the highest salary level established by the company.

The company's overall compensation combinations mainly include three parts: basic salaries, rewards and welfare. For the payment standards, basic salaries are appraised based on the employees' market quotations of their served posts; rewards are granted for the employees' and the departments' achievement of goals or the company's operation performance; as for the setting of welfare, welfare measures the employees can share are designed to conform to regulations as well as cater for the employees' needs.

3. Operation of Corporate Governance

(1) Operational Status of the Board of Directors

There have been 5 annual meetings held for the Board of Directors recently. The attendance of directors and supervisors is as follows:

Title	Name	Number of Times for Actual Attendance	Number of Times for Authorized Attendance	% of Actual Attendance	Note
Corporation Director	Yulon Motor Co., Ltd.				
Corporation Director Representative and Chairman	Kenneth K.T. Yen	4	1	80%	
Corporation Director Representative	Kuo-Rong Chen	5	0	100%	
Corporation Director Representative	Yi-Cheng Liu	1	0	100%	Resigned on April 1, 2013
Corporation Director Representative	Wen-Rong Tsay	5	0	100%	
Corporation Director Representative	Zhen –Xiang Ya	4	0	100%	Appointed on April 1, 2013
Corporation Director	Nissan Motor Co., Ltd.				
Corporation Director Representative	Takashi Nishibayashi	0	5	0%	
Corporation Director Representative	Atsushi Kubo	4	1	80%	
Corporation Director Representative	Hatanaka Keiji	5	0	100%	
Corporation Director Representative	Isao Morimoto	5	0	100%	
Independent Director	Tsung-Jen Huang	2	1	40%	
Independent Director	Robert Mao	2	1	40%	
Corporation Supervisor	Wei Wen Investment Co., Ltd.				
Corporation Supervisor Representive	Kuan-Tao Lee	5	0	100%	
Corporation Supervisor Representive	Tai-Ming Chen	3	0	100%	Appointed on Jun 14, 2013
Supervisor	Nagano Masaya	0	0	0%	Resigned on March 20, 2013
Superviso	Qing-Zhi Yen	0	0	0%	Resigned on March 20, 2013
Supervisor	Yosuke Sato	0	0	0%	Appointed on Jun 14, 2013

Other Notes:

1. The content listed in Article 14-3 of the Stock Exchange Law and other recorded or written resolutions of the meetings of the Board of Directors, which are objected or retained by independent directors, should specify the dates, terms, motion content, all of the independent directors' comments and the company's handling of these comments: Nil.
2. The directors' execution status of interest relationship motion avoidance should specify the directors' names, the motion content, the reasons of interest avoidance and the status of resolution participation: Nil.
3. The goals for strengthening the functions of the Board of Directors in the fiscal year and the recent fiscal year (e.g., establish an audit committee, increase information transparency, etc.) and the evaluation of the operation status: Nil.

(2) Operational Status of the Audit Committee: Nil

(3) The attendance of directors and supervisors and Operational Status of the Board of Directors

There have been 5 annual meetings held for the Board of Directors recently. The attendance is as follows:

Title	Name	Number of Times for Actual Attendance	% of Actual Attendance	Note
Corporation Person Supervisor	Wei Wen Investment Co., Ltd.			
Natural Person Supervisor Representive	Kuan-Tao Lee	5	100%	
Natural Person Supervisor Representive	Tai-Ming Chen	3	100%	Appointed on Jun 14, 2013
Supervisor	Nagano Masaya	0	0%	Resigned on March 20, 2013
Supervisor	Qing-Zhi Yen	0	0%	Resigned on March 20, 2013
Supervisor	Yosuke Sato	0	0%	Appointed on Jun 14, 2013

Other items that should be stated:
1. Composition and Duties of Supervisors:
   (1) Communication between the Supervisor(s) and the Company's employee(s) and/or shareholder(s) (e.g. communication channel and the way of communication): NIL
   (2) Communication between the Supervisor(s) and Superintendent of Internal Audit and Certified Public Accountant (e.g., communication items, method and results in respect to the Company's financial and business status): NIL
2. If a Supervisor attends the Board meeting and express his/her opinion, it is required to record the date and term of the Board meeting, content of the proposal discussed and resolution thereof and the action taken by the Company to reflect such Supervisor's opinion: NIL

(4) The difference in contrast to the operation of corporate governance and the listed / OTC company's corporate governance codes of practice and reasons

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
I. Ownership structure and shareholders' equity		
(1) The method of the company handling the Shareholders Suggestions or Disputes	With regard to the suggestions of the shareholders or doubts, aside from having established a spokesman, acting spokesman, the company has also entrusted the Yulon Motor Company, Ltd., stock exchange unit to process and handle the situation at any time.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
(2) Company has captured the major shareholders who are actually controlling the company and the name list of the last controller of the major shareholders	Always capture the major shareholders who are actually controlling the company and the last controller name list of the major shareholders, and report the movement data in accordance with the Regulations governing the Listed Company Information Reporting Process.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
(3) Company builds a mechanism to control the risk with its affiliates and a fire wall method	The company and its affiliates have instituted "Obtaining or disposing assets processing procedure", "Capital Loan and Others Processing Procedure" and "Endorsement Processing Procedure", the risk control mechanism and the fire wall between each other have already been established.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
II. Organizing of Board of Directors and Responsibilities (1) The situation of company setting up Independent Directors	There are 2 independent director among the total of 10 Directors in the company, each Director exercises the director's responsibilities in accordance with the Company's Act and the Company By-Laws, Board of Directors Meeting Rules and other regulations stipulated in the relevant laws.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
(2) The situation of company setting up Independent Directors	Periodical Evaluation.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
III.The situation of building up a communication channel with the relevant persons	If there is a demand, each relevant person can contact the relevant department and unit in the company at anytime, the communication channel is always smooth.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
IV. Information Disclosure (1) The compnay's website reveals the financial business and corporate governance information	This company has a website address at: http://www.nissan.com.tw, and has designated personnel to take charge of accumulating and revealing company's information. And reveal all the relevant information at the Disclosing Informaiton Obervation Site and at the company's website periodically or non-scheduled.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
(2) The company utilizes other information revealing methods (such as: building up English Website, designate personnel to take charge of accummulating and revealing company's informations, implement the spokesman system, and place the legal person briefing session on the company's website)	Aside from setting up a spokesman and acting spokesman and thoroughly implemented in accordance with regulations, a Legal Person Briefing Session sill also be held on non-scheduled and disclose the information in accordance with the regulations.	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.
V. The company has a Reviewing Committee functions and the operating situation of the committee	The Company established a Remuneration Committee in Dec, 16 2011, See (5)Remuneration Committee	Conformed to the regulations governed in the listed /OTC company's corporate governance codes of practice.

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
VI. If the company has instituted corporate governance codes of practice in accordance with the 'Listed / OTC Company's Corporate Governance Codes of Practice', please describe the difference of its operation with the company governance code of practice being instituted: Although the company has not instituted corporate governance codes of practice in accordance with the 'Listed / OTC Company's Corporate Governance Codes of Practice', but based on the described 'Difference in Contrast to the Operation of the Listed / OTC Company's Corporate Governance Codes of Practice and Reasons', this company is already operating in accordance with the corporate governance spirit and has implemented the corporate governance relevant scope. In the future, aside from continuing to strengthen the information transparency and the supervisor's functions, the company will also discuss and institute the 'Corporate Governance Codes of Practice'.		
VII. 1.Employee's Rights and Interests and Employee Care: Please refer to V. Highlights of Operation, Item 5 Labor-Capital Relation. 2. Investor Relations: Please refer to IV. Information Disclosure 3. Supplier Relationship: The third-party meeting is held every year. In the meeting, training and communication of spare parts supply are held. 4. Rights of Interested Party: If necessary, any interested party may contact the respective department and unit. The communication channel is smooth and easy. 5. The Status Regarding the Advanced Study of Directors and Supervisors: The Company's directors and supervisors are all equipped with relevant professional knowledge and also take training in accordance with the Sample of the Practical Key Points Governing the Advance Study of Directors and Supervisors of Listed or OTC Companies. The Company will enact the advance training system based on actual needs and arrange the directors and supervisors to take lessons in relation to the professional knowledge of the applicable law, finance and corporate governance. 6. Risk Management Policy and Implementation of Risk Evaluation Standard: N/A 7.The Status of the Company Buying Liability Insurance for Directors and Supervisors: Currently, the scope of insurance and its necessity are under evaluation. After understood and completion of the evaluation, such proposal will be submitted to the meeting of the Board of Directors for discussion and approval. 8. Our company has formulated the Internal Important Message Processing Procedures which have been informed to all employees, managers and directors to prevent insider trading.		
VIII. Company governance self-evaluation report or company governance evaluation report done by an authorized professional organization: Nil		

(5) Remuneration Committee:

(1) Data of Remuneration Committee Members

Name Title/Criteria	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Criteria (Note)								Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member in Taiwan
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	
Tsung-Jen Huang Independent Director			V	V	V	V	V	V	V	V	V	1
Robert Mao Independent Director			V	V	V	V	V	V	V	V	V	1
Yun-Hua Yang Other	V	V		V	V	V	V	V	V	V	V	3

Note:

Compensation Committee Members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the company or any of its affiliates;
2. Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares;
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as one of its top five shareholders;
6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof;
8. Not been a person of any conditions defined in Article 30 of the Company Law.

(2) Compensation Committee Meeting Status

1.There are 3 members in the Remuneration Committee.

2.Current Commission term:From Jul 1, 2012 to Jun 30, 2015.

The Compensation Committee convened two(A) regular meetings in 2013. The Committee members' attendance status is as follows:

TitTitle	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%)(B/A)	Notes
Chair	Tsung-Jen Huang	2	0	100%	
Member	Robert Mao	0	1	0%	
Member	Yun-Hua Yang	2	0	100%	
Annotation: 1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2013. 2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.					

(6) Implementing Corporate Social Responsibility:

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
1. Implementing the Promotion of Corporate Governance (1) Enacting the corporate social responsibility policy or system by the Company and review the implementation result (2) The operation status of the Corporate Social Responsibility Office established by the Company (3) The status of the corporate ethic training and promotional activities for directors, supervisors and employees Company held by the Company on a regular time schedule and integration such training and promotion into the employee performance appraisal system; setting up clear, definite and effective award and punishment system	Not prepared yet Not established yet Promoting the corporate ethic activities without a fixed time schedule	Compliance with the spirit of the Code of Practice for Corporate Social Responsibility by Listed and OTC Companies
2. Developing Sustainable Environment (1) The status of enhancing the using efficiency of various resources and using the recycled materials with low environmental impact (2) The status of suitable environment management system adopted by the Company in accordance with its industrial characteristics (3) The status of maintaining environment by setting up environment management responsible unit or person(s) (4) The Company keeps eyes on the weather impact on the business operation activities by the Company and adopts the energy saving, low-carbon and the greenhouse gas mitigation strategy	Actively developing electric vehicle market and fulfill the source separation and recycle Has obtained the ISO 14001 verification in November 2004 Has established environment safety team to fulfill the environment protection Actively developing electric vehicle products, market and build up charging stations for electric vehicles Negotiating with county/city governments to procure electric vehicles as official vehicles	Compliance with the Code of Practice for Corporate Social Responsibility by Listed and OTC Companies

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
3. Maintaining Social Welfare (1) The status of complying with the applicable labor regulations, protection of employees' legitimate rights and interests and setting up appropriate management method and procedure (2) The status of providing a safe and healthy working environment for employees and giving safety and health education to employees on a regular time schedule (3) The status of the enactment and announcement of the consumer rights and interests policy and providing transplant and effective consumer complaints handling system for its products and services (4) The status of the Company's cooperation with the suppliers to commonly endeavor to enhance its corporate social responsibility (5) The status of the Company's participation in the activities related to community development and charitable organizations through commercial activities, donation in kind, corporate volunteering and other free professional services	Holding labor-management meetings on a regular time schedule and setting up complaints handling system Setting up employee clinic and holding seminar for health and fire safety without a fixed time schedule Promising a new car with quality warranty of three years or 100,000 Km and setting up 24-hour service line Holding third-party meetings on a regular time schedule, promoting the social responsibility and energy saving and low-carbon concept Actively participating in social welfare activities; has donated the social welfare organizations $15,226,550.	Compliance with the Code of Practice for Corporate Social Responsibility by Listed and OTC Companies
4. Strengthening Information Disclosure (1) The method that the Company discloses the critical and reliable information related to the corporate social responsibility (2) The status of the Company's reparation of corporate social responsibility report disclosing the promotion of corporate social responsibility	The Company has disclosed relevant information via the Company's website at http://www.nissan.com.tw NIL	Compliance with the spirit of the Code of Practice for Corporate Social Responsibility by Listed and OTC Companies
5. If the Company has enacted its code of corporate social responsibility in accordance with the Code of Practice for Corporate Social Responsibility by Listed and OTC Companies, please describe its operation and the difference from the Code of Practice: NIL		
6. Other important information used to understand the operation status of the corporate social responsibility (e.g. the systems & measures and the implementations thereof in connection with environmental protection, participation in community, social contribution, social services, social welfare, consumer rights and interests, human rights, safety & health and other activities of social responsibility): NIL		
7. If the Company's products or corporate social responsibility report have passed the verification by the relevant verification organization, please describe: NIL		

(7) Status of Honest Operation Implemented by the Company and the Adopted Measures:

Implementation of Integrity Operation

Item	Operation	The difference in contrast to the listed / OTC company's corporate governance codes of practice and reasons
1. Adopt integrity operation policy and scheme (1) The company clarifies the integrity operation policy in its regulations and external documents and the commitment of board of directors and managers to active implementation. (2) The company works out scheme, operation procedures and guidelines of conducts for employee education and training to prevent dishonest behaviors (3) When working out a scheme to prevent dishonest behaviors, the company adopts measures to prevent bribery and illegal political contributions in business activities with high risks of dishonest behaviors	Integrity operation policy and scheme have not been adopted.	Integrity operation policy and scheme have not been adopted.
2. Put integrity operation into practice (1) The company should keep its commercial activities away from people with records of dishonest behaviors, and articles on honest behaviors shall be explicitly stated in commercial contracts. (2) The company sets up company sets up exclusively (or concurrently) dedicated units to be in charge of corporate integrity operation and supervision of the board of directors. (3) The company works out policies to prevent interest conflicts and provide proper statement channels. (4) The company shall establish effective accounting system, internal control system and auditing of internal auditors to put integrity operation into practice.	Integrity operation policy and scheme have not been adopted.	Integrity operation policy and scheme have not been adopted.
3. The company establishes reporting channels and punishments for violation against the regulations of integrity operation as well as the appeal system.	Integrity operation policy and scheme have not been adopted.	Integrity operation policy and scheme have not been adopted.

4. Enhance information disclosure (1) The company establishes a website to disclose relevant information on integrity operation. (2) Other information disclosure methods of the company (such as setting up an English website, appointing a dedicated person in charge of collecting and disclosing company information through the website etc.).	Integrity operation policy and scheme have not been adopted.	Integrity operation policy and scheme have not been adopted.
5. If the company makes its own integrity operation according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences. NIL		
6. Other important information for better understanding of the integrity operation (such as the company's determination on advocating the integrity operation and policy among manufacturers who have business dealings with the company, inviting them to participate in relevant trainings and review and revise the regulations on integrity operation). NIL.		

(8)The consulting method regarding the Company's code of corporate governance and the relevant rules, and other important information used to understand the operation status of the corporate governance: NIL

(9) Internal Control System Execution Status

1. Statement of Internal Control System

Yulon Nissan Motor Co., Ltd.
Statement of Internal Control System

Date: March 20, 2014

Yulon Nissan Motor Company (Yulon Nissan) has conducted a self-check of internal control for the period of January 1, 2013 to December 31, 2013. The results are as follows:

1. Yulon Nissan acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The said system has already been duly established at Yulon Nissan. The purposes of the Internal Control System is to provide a reasonable assurance for the Company’s efficient and effective operations (including profit, performance and safeguard of assets, and etc.), the reliability of financial reports, and the compliance with applicable laws and regulations.
2. Yulon Nissan also acknowledges that the Internal Control System possesses inherent constraints irrespective of the intended impeccability of the system design and therefore could only provide a reasonable assurance of the three aforementioned goal. Due to the changes in environment and circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recogniezed, the Company would enforce corrective measures immediately.
3. The company evaluates the effectiveness of the design and implementation of its Internal Control System in accordance with the Guidelines for the Establishment of Internal Control System by Public Companies (the “Guidelines”). The said Guidelines divide internal control into five components: (1) Control Environment. (2) Risk Assessments, (3) Control Operations, (4) Information and Communication, and (5) Monitoring. Each component comprises certain factors. More information regarding the said factors is available in the aforesaid Guidelines.
4. Yulon Nissan has assessed and evaluated the design and effectiveness in the design and performance of the aforementioned system.
5. Based upon the evaluation of the aforementioned system, Yulon Nissan considered the Internal Control System during the opening period (including supervision and management of subordinates), which included the Design and performance of the known operation effectiveness and the degree of reaching the efficiency goals, reliability of financial reporting and obeying the related internal control system of the relevant laws, are all effective, and it can ensure that the aforementioned goals can reasonably reached.
6. The Statement of Internal Control System will be a prominent feature of Yulon Nissan annual report and prospectus, and will be released to the public. Should any statement herein involve forgery, concealment or any other illegality, Articles 20, 32, 171 and 174 of the Security Exchange Law shall apply.
7. This Statement of Internal Control System has been approved by Yulon Nissan Board of Directors at the meeting of March 24, 2014 with 10 directors present at the meeting and none disagreeing with this Statement of Internal Control System.

Yulon Nissan Motor Co., Ltd.

Chairman: Kenneth K. T. Yen

President: Wen-Rong Tsai

2. Project Examination Report of Internal Accountant Control System: Nil

(10) Company or employees, who have been penalized by law, or employees received penalties from company for violating the regulations of Internal Control System, major shortcomings and status of improvements in fiscal year 2013 and prior to the publication date of the annual report: Nil

(11) Major resolutions made by the Shareholders Meeting and Board of Directors Meeting in fiscal year 2013 and prior to the printing date of annual report

Title of Meeting	Date of Meeting	Important Resolutions
Board of Directors	March 20, 2013	1. Passed 2012 Operating Report and Financial Statements. 2. Passes By-election of the5th supervisors. 3. Passed modification of 「Operating Procedures for Provisions of Endorsements and Guarantees」. 4. Passed modification of 「Operating Procedures for Provisions of Capital Loans to Others」. 5. Passed YNM's "2012 Declaration Statement of Internal Control". 6. Passed to convene the Company's Shareholders General Meeting 2013..
Board of Directors	April 26, 2013	1. Passed the Company's surplus distribution for fiscal year 2012 ; each stock is issued with a total of NTD 13.3 as a cash dividend. 2. Passed 2013 operational target and budget plan. 3. Passed fiscal report of the Q1 of FY13. 4. Passed modification of Incorporation articles.
Shareholders Meeting	June 14 2013	1. Passed to acknowledge the Company's final statement of fiscal year 2012 2. Passed the Company's surplus distribution list for fiscal year 2012 each stock is issued with a total of NTD 13.3 . 3. Passed the amendment to the Company's Articles of Incorporation. 4. Passed the amendment to the Company's "Operational Procedures for Loaning of Funds." 5. Passed the amendment to the Company's "Regulations Governing the Making of Endorsements/Guarantees." 6. Passed the by-election of the 5th supervisors.
Board of Directors	June 14, 2013	1. Passed ex-dividend date for 2012 cash dividend. 2. Passed the amendment to the Company's "Stocks Affair Internal Control System" and "Stocks Affair Internal Audit Implementation Rules".
Board of Directors	August 8, 2013	1. Passed fiscal report of the Q2 of FY13.
Board of Directors	Nov 8, 2013	1. Passed fiscal report of the Q3 of FY13. 2. Passed Company's Internal Control Statement of 2014.. 3. Passed of the related chapters of Modification of "Stocks affair Internal Control System" and "Stocks affair Internal Audit Implementation Rules".
Board of Directors	Mar 24, 2014	1. Passed 2013 Operating Report and Financial Statements. 2. Passed to convene the Company's Shareholders General Meeting 2014. 3. Passed modification of " Operating Procedures for Assets Acquisition and Disposal". 4. Passed YNM's "2013 Declaration Statement of Internal Control". 5. Passed of the managerial personnel's discharge and assignment.
Board of Directors	May 9, 2014	1. Passed the Company's surplus distribution for fiscal year 2013 ; each stock is issued with a total of NTD 19.47 as a cash dividend. 2. Passed 2014 operational target and budget plan. 3. Passed "Internal Control System" and "Internal Audit Implementation Rules" under "Operating Procedures for Assets Acquisition and Disposal". 4. Passed shareholder's proposal for 2014 Shareholders' Meeting..

(12)Major Issues on record or written statements made by any director or supervisor which specified his/her dissent to important resolutions passed by the Board of Directors Meeting during fiscal year 2013 and prior to the publication date of the annual report: Nil

(13)Personage Resignation and Post Removal Status Related to the Financial Report during Fiscal Year 2013 and Prior to the Publication Date of the Annual Report: Nil

4. Information on Accountant fees

(1) Audit fees information:

CPA firms	CPA's Name		Audit Period	Note
Deloitte & Touche CPA Firm	Chien-Hsin Hsieh	En-Ming Wu	2013.01.01-2013 .12.31	

Unit: NTD Thousand

	Fee Item / Compensation Range	Audit Fee	Non-Audit Fee	Total Amount
1	Less than NT2,000,000			
2	NT2,000,000～NT4,000,000			
3	NT4,000,000～NT6,000,000			
4	NT6,000,000～NT8,000,000			
5	NT8,000,000～NT10,000,000	v		
6	More than NT10,000,000			

(2) Amount of audit and non-audit fees and content of non-audit services: N/A.
(3) The change of CPA firms and the audit fees after change is lower than that before change, the reduced amount, proportion and reason: N/A.
(4) The audit fees after change is more than 15% lower than that before change, the reduced fee amount, proportion and reason: N/A.

5. Information on Change of CPAs

(1) Information of the Previous CPA: N/A.
(2) Information of the Successive CPA: N/A.
(3) Previous CPAs' reply of article 10-5-1 and 10-2-3 of Guidelines Governing the Preparation of Financial Reports by Securities Issuers: N/A.

6.Upon the Company's chairman, general manager or financial/ accounting manager employed by the Verifying CPA firm within one year, the name, the position, and time period in the CPA firm or its affiliates should be disclosed: N/A.

7.Changes of Share and Share Collateralizing for Directors, Supervisors, Managers and Shareholders with over 10% of shares held during the 2013 fiscal year and prior to the publication date of the annual report

(1) Changes of Share for Directors, Supervisors, Managers and Major shareholders

Unit:Thousand Share

Title	Name	Fiscal year 2013		Current Fiscal Year and before May 12, 2014	
		Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized	Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized
Corporation Chairman	Yulon Motor Co., Ltd.	-	-	-	-
Chairman	Yulon Motor Co., Ltd. Representative: Kenneth K.T. Yen	-	-	-	-
Director	Yulon Motor Co., Ltd. Representative:Kuo-Rong Chen	(11)	-	(2)	-
Director	Yulon Motor Co., Ltd. Representative: Wen-Rong Tsai	-	-	-	-
Director	Yulon Motor Co., Ltd. Representative: Zhen –Xiang Ya	-	-	-	-
Corporation Director	Nissan Motor Co., Ltd.	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Takashi Nishibayashi	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Atsushi Kubo	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Hatanaka Keiji (Note 1)	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Junichi Ohori (Note 2)	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Isao Morimoto (Note 1)	-	-	-	-
Director	Nissan Motor Co., Ltd. Representative: Moritami Matsumoto (Note 2)	-	-	-	-
Corporation Supervisor	Wei Wen Investment Co., Ltd	(2)	-	-	-
Supervisor	Wei Wen Investment Co., Ltd Representative: Kuan-Tao Lee	-	-	-	-
Supervisor	Wei Wen Investment Co., Ltd Representative: Tai-Ming Chen (Note 4)	-	-	-	-
Independent Director	Tsung-Jen Huang	-	-	-	-

Title	Name	Fiscal year 2013		Current Fiscal Year and before May 12, 2014	
		Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized	Number of holding Shares Increased (Decreased)	Increased (Decreased) Number of Shares Collateralized
Independent Director	Robert Mao	-	-	-	-
Independent Supervisor	Qing-Zhi Yen(Note 3)	-	-	-	-
Supervisor	Nagano Masaya(Note3)	-	-	-	-
Supervisor	Sato Yosuke(Note4)	-	-	-	-
President	Wen-Rong Tsai	-	-	-	-
Special Assistant to the Chairman	Kuo-Rong Chen	-	-	-	-
Senior Vice President	Hatanaka Keiji(Note1)	-	-	-	-
Senior Vice President	Junichi Ohori(Note5)	-	-	-	-
Vice President	Isao Morimoto (Note1)	-	-	-	-
Vice President	Moritami Matsumoto(Note5)	-	-	-	-
Vice President	Takeshi Fujiwara(Note1)	-	-	-	-
Vice President	Kenju Shimoyama (Note5)	-	-	-	-
Vice President	Leman C.C. Lee	-	-	-	-
Manager	Jiang-Shan Lee	-	-	-	-
Manager	Jiong-Ming Zhou(Note6)	-	-	-	-
Manager	Shun-Chi Tsai	-	-	-	-
Manager	Dennis Chang	-	-	-	-
Manager	Can-Huang Lin	-	-	-	-
Manager	Yu-Jhuo Sie	-	-	-	-
Manager	Chung Clock	-	-	-	-
Manager	Vincent Mao	-	-	-	-
Manager	Wen-Qiang Hu				
Financial Executive	Chao-Yen Liang	-	-	-	-
Aaccount supervisor	Yan-Jung Kuan	-	-	-	-

Note 1：Resigned on Mar 31, 2014.
Note 2：Appointed on Apr 1, 2014.
Note 3：Resigned on Mar 20, 2013.
Note 4：Appointed on Jun 14, 2013
Note 5：Appointed on Apr 1, 2014
Note 6：Appointed on May 17, 2013

(2)Information of Share Changes:Nil

(3)Information of Share Collateralizing:Nil

8. Information of Relationship among Shareholders with Shareholding Percentage as the Top 10, who are mutually related to the Regulations of Communique' No.6 of the Financial Accounting Criteria:

The Information of Shareholders with Shareholding Percentage as the Top 10, who are Mutually Related

Name	Shareholding of the Person		Shareholding of Spouse and Underage Children		Shareholdings in the Names of Others		Parties, their Names and Relationship for the Top 10 Shareholders who are Mutually Related to the Regulations of Communiqué No.6 of the financial Accounting Criteria		Note
	Number of Shares	Share holding Rate	Number of Shares	Share holding Rate	Number of Shares	Share holding Rate	Name	Relationship	
Yulon Motor Co., Ltd.	143,500,000	47.83	-	-	-	-	Yu Ching Business Co., Ltd. Sin Chi Co., Ltd.	Subsidiary Subsidiary	Director
Kenneth K.T.Yen	-	-	-	-	-	-	-	-	Representative OF Directo
Kuo-Rong Chen	5,000	-	-	-	-	-	-	-	
Wen-Rong Tsai	-	-	-	-	-	-	-	-	
Zhen –Xiang Yao	-	-	-	-	-	-	-	-	
Nissan Motor Corporation	120,000,000	40.00	-	-	-	-	-	-	Director
Takashi Nishibayashi	-	-	-	-	-	-	-	-	Representative OF Directo
Atsushi Kubo	-	-	-	-	-	-	-	-	
Junichi Ohori	-	-	-	-	-	-	-	-	
Moritami Matsumoto	-	-	-	-	-	-	-	-	
Yu Ching Business Co., Ltd.	3,500,000	1.17	-	-	-	-	Yulon Motor Co., td. Sin Chi Co., Ltd.	Mother Company Subsidiary of Nissan Motors	Person in Charge of the Company: Jhen-Hua Li,
Sin Chi Co., Ltd.	3,050,000	1.02	-	-	-	-	Yulon Motor Co., td. Yu Ching Business Co., Ltd.	Mother Company Subsidiary of Nissan Motors	Person in Charge of the Company: Kuo-Rong Chen
WEI-JIE HUANG	2,050,000	0.68	-	-	-	-	-	-	Non-juristic person, not applicable
YUE-SIA WANG	2,025,000	0.68	-	-	-	-	-	-	Non-juristic person, not applicable
HSBC was commissioned and management investor account of Morgan Stanley & Co. International Limited	1,903,000	0.63	-	-	-	-	-	-	Non-juristic person, not applicable
Wei Wen Investment Co., Ltd.	1,878,000	0.63	-	-	-	-	Yulon Motor Co., td.	The chairman is the large shareholder who has ability to control company.	supervisors
Kuan-Tao Lee	-	-	-	-	-	-	-	-	Representative OF supervisors
Tai-Ming Chen									Representative OF supervisors
Wei Tai Investment Co., Ltd.	1,776,000	0.60	-	-	-	-	Yulon Motor Co., td.	The chairman is the large shareholder who has ability to control company.	Person in Charge of the Company: JIan Lin Zhu
Lo-Wen Enterprises Co., Ltd	1,500,000	0.50					Yulon Motor Co., td	The chairman is the large shareholder who has ability to control company.	Person in Charge of the Company: Wei Gong Chi

9. The number of shares held by the company, the company's directors,supervisors, managers and its directly or indirectly controlled business toward the same reinvestment businesses, as well as the combined calculated shareholding percentage

Unit：number of shares:％

Reinvested Companies	Invested from Yulon Nissan Motor Co., Ltd.		Invested from directors, supervisors and managers, or companies that are directly or indirectly controlled by Yulon Nissan		Total investment	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Yi-Jan Overseas Investment Co., Ltd.	84,986,756	100%	-	-	84,986,756	100%

IV、Capital Raising Status

1. Capital and Shares

(1)Source of Share Capital

1.Source of Share Capital

Unit：Thousand Shares：NTD：Thousand Dollars

Year Month	Par Value	Authorized Capital		Paid-up Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Share Capital	Invested with Assets Other than Cash	Other
2003/10	10	600,000	6,000,000	300,000	3,000,000	Separately Established 3,000,000	-	Note

Note :Approved in the letter No. Shang-Zi-Di 09201296600, dated October 22,2003

2.Class of Shares

Unit：Thousand Shares

Class of Shares	Authorized Capital			Remark
	Issued	Unissued Capital	Total	
Common Stock	300,000(Listed)	300,000	600,000	-

3.Securities under the sum-up reporting method：N/A

(2)Structure of Shareholders

May 12, 2014

Structure of Shareholders / Quantity(Qty)	Governmental Institution	Financial Institution	Other Institution	Natural Person	Foreigh Institutional and Natural Person	Total
Number	1	12	79	2,381	71	2,544
Shares	1,218,000	1,339,304	159,598,654	11,918,251	125,925,791	300,000,000
Percentage	0.41	0.45	53.20	3.97	41.97	100.00

(3)Status of Ownership Dispersion

Par value per share: NTD 10.00 May 12, 2014

Shareholding class	No. of shareholders	Shares	Percentage
1～ 999	411	28,380	0.01%
1,000～ 5,000	1,797	2,945,371	0.98%
5,001～ 10,000	149	1,149,035	0.38%
10,001～ 15,000	37	493,434	0.17%
15,001～ 20,000	34	616,000	0.21%
20,001～ 30,000	24	629,633	0.21%
30,001～ 40,000	14	512,200	0.17%
40,001～ 50,000	11	511,280	0.17%
50,001～ 100,000	23	1,587,808	0.53%
100,001～ 200,000	17	2,304,419	0.77%
200,001～ 400,000	9	2,532,440	0.84%
400,001～ 600,000	6	3,154,000	1.05%
600,001～ 800,000	0	0	0.00%
800,001～ 1,000,000	0	0	0.00%
Make a self classification based on the actual situation when above 1,000,001	12	283,536,000	94.51%
Total	2,544	300,000,000	100.00%

(4) List of Major Shareholders

No. of shares Names of Major shareholders	Shares	Percentage %
Yulon Motor Co., Ltd.	143,500,000	47.83
Nissan Motor Co., Ltd.	120,000,000	40.00
Yu Ching Business Co., Ltd.	3, 500,000	1.17
Sin-Chi Co., Ltd	3,050,000	1.02
WEI-JIE HUANG	2,050,000	0.68
YUE-SIA WANG	2,025,000	0.68
HSBC was commissioned and management investor account of Morgan Stanley & Co. International Limited	1,903,000	0.63
Wei Wen Investment Co., Ltd.	1,878,000	0.63
Wei Tai Investment Co., Ltd	1,776,000	0.59
Lo-Wen Enterprises Co., Ltd.	1,500,000	0.50

(5) Information about Market Price per share, Net Value, Earnings, Dividends and Related Information in Recent 2 Years

Item	Fiscal Year		2012 year	2013 year	Current Fiscal Year and before May 12, 2014
Market value Per share	Highest		277.5	449	440
	Lowest		123.5	228.5	362
	Average		222.58	308.58	389.76
Nest Assets Per share	Before distribution		68.90	83.47	88.76
	After distribution		55.60	-	-
EPS(Earning Per Share)	Weighted average number of shares		300,000,000	300,000,000	300,000,000
	EPS(Earning Per Share)		16.43	24.33	3.99
Dividend Per share	Cash Dividend		13.3	-	-
	Stock Dividend	-	-	-	-
		-	-	-	-
	Cumulative un-paid dividend		-	-	-
Analysis on ROI(Return on Investment)	Price-Earnings(P/E) Ratio		13.55	12.68	-
	Price-Dividend Ratio		16.73	-	-
	Dividend Yield		6%	-	-

(6)Dividend Policy and Execution Status

1. Devidend Policy governed by this Compnay By-Laws

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

(1) 0.1% ~ 5% as Employee Bonus.

(2) The Board of Directors shall draft a distribution proposal of the remaining balance together with the accumulated undistributed earnings from the last fiscal year and present it to the Shareholders Meeting final resolution.

This company is in a mature and stable industry. While mapping out our dividend distribution program, we would take the profitability, capital requirement for future operation, possible change in the industry environment, shareholder equity and balance of dividend as well as long-term financial planning into consideration. Dividend would be distributed in cash and stock. Dividend in cash would be declared on profit made for specific fiscal period and shall not be less than 20% of the total dividend declared for the year.

2. The proposal to this Shareholders Meeting for dividend distribution as follows

The proposal to the Shareholders General Meeting for 2014 for the dividend distribution is cash dividend at NT$19.47 per share.

(7) The effect of the distribution of stock dividend as proposed by this Shareholders Meeting on operation performance and earning per share：Nil

(8) Employee Bonus and Remuneration to the Directors and Supervisors

1.The percentage or limit for employee bonus and remuneration to the directors and supervisors set forth in the Articles of Incorporation are

If there should have an earnings derived from the company's final reporting of each fiscal year, when distributing the earnings after tax payment, and covering the previous fiscal years losses, it should first allocate a 10% as legal reserved, and if there is remaining, it shall be distributed according to the following:

(1) 0.1% ~ 5% as Employee Bonus.

(2) The Board of Directors shall draft a distribution proposal of the remaining balance together with the accumulated undistributed earnings from the last fiscal year and present it to the Shareholders Meeting final resolution.

Directors and supervisors of the Company may be paid NTD 100,000 (including the transportation allowances) monthly.

2. Information about Proposed Distribution of Employee Bonus as Approved by the Board of Director: Proposed to distribute employee bonus of NTD31,500,000.

3. The employee's bonus and directors/supervisors' remuneration paid from last fiscal year's earnings are:

(1) The proposal to distribute employee bonus of NTD31,500,000, Stock bonus of NTD 0 and Supervisors of NTD0. There's no deviation from the estimated 2013annual budget.

(2) Employees' dividends that had been determined through 2013 board of directors' proposals were paid in cash.

(3) Employees' dividends and rewards for directors and supervisors this time were deemed as the expenditure of 2013. The basic earnings per share of this year was calculated as NT$ 24.33.

4. Approved from the 5th meeting of 5rd Board of Director held on April 26, 2013, the earnings in fiscal year 2012 allocated as employee bonus were NTD 30,251,000, and the remuneration to the directors/supervisors was zero, as same as the amount paid after Shareholders Meeting.

(9) This company repurchased Treasury Shares：Nil

2. Corporate Bonds issued：Nil

3. Preferred Stock issued：Nil

4. GDR(Global Depositary Receipt) issued：Nil

5. Employee Stock Options issued：Nil

6. Restricted Stock Dividends of Employee Issued：Nil

7. New shares issued for merger or acquistion：Nil

8. Recorded up to the previous one quarter of the Date of the Report is in Printing, previously issued or privately raised marketable securities that are still not completed or the completed and planned benefits but not shown over the recent 3 years：Nil

V、Hightlights Of Operations

1.Business Content

(1) Business Scope

1. Business Scope

(1) Business Content: The company's main operating items include the design, research, development, sales and spare parts of cars products:

A. Passenger Vehicles: Sedan, RV and its components

B. Commercial Vehicles: Diesel Truck, Diesel Chassis and its components

(2) Operating weight

Unit：NTD Thousand

Business Content	Fiscal year 2012		Fiscal year 2013	
	Amount	Percentage(%)	Amount	Percentage(%)
Finished cars	25,563,983	87.74	28,051,149	89.09
Parts	3,445,959	11.83	3,361,299	10.68
Other	124,588	0.43	73,602	0.23
Total	29,134,530	100.00	31,486,050	100.00

(3) Current main products

A. NISSAN brand:

Mew March series: 1.5L 4-speed automatic 5-door sedan

ALL NEW LIVINA series: 1.6L: featuring continuously variable transmission, 5-door RV

TIIDA series: 1.6/: 4-speed automatic transmission.

BIG TIIDA series: 1.6 L continuous variable speed hatchback

SUPER SENTRA series: 1.8L all-speed automatic transmission, 4-door sedan

TEANA series: 2.0/2.3/3.5L all-spee automatic transmission, 4-door sedan

370Z series: 3.7L imported 6-speed automatic/manual transmission sports car

MURANO series: 3.5L imported all-speed gear-change 4WD Sport Utility Vehicle

ROGUE series:2.5L imported all-speed gear-change 4WD Sport Utility Vehicle

JUKE series: Imported SUV featuring continuously variable transmission (CVT)

GTR series: 3.8L imported six-speed powershift sports car

B. INFINITI:

Q70 series: V6 3.7L 4-door, 7-speed automatic/manual transmission luxurious large sedan

Q70 series: V6 2.5L 4-door, 7-speed automatic/manual transmission luxurious large sedan

Q60 Coupe: V6 3.7L 2-door, 7-speed automatic/manual transmission sports car

Q50 series:V6 3.5L hybrid 4-door, 7-speed automatic/manual transmission luxurious middle sedan

Q50 series:V6 2.0L turbo 4-door, 7-speed automatic/manual transmission luxurious middle sedan

QX70 series: V6 3. 7L 5-door, 7-speed automatic transmissio luxurious SUV

QX60 series: V6 3.5L 5-door, CVT (Continuously Variable) transmission ,7 seater luxury sport utility

QX60 series: V6 2.5L 5-door, hybrid CVT (Continuously Variable) transmission ,7 seater luxury sport utility

QX50 series: V6 3.7L 5-door, 7-speed automatic transmissio sports car

(2) Industry Summary

1. Industry Current Status and Development

Influenced by the Cash for Clunker Program introduced by the government and the volatile yen early last year, the car market was so unstable. However, the gradually improving economy in the second half of the year and successive launches of new car models by all carmakers created a peak in sales in Q4 and resulted in the annual sales of 370,000 vehicles, an almost 8-year high. Domestic cars over 10 years old have exceeded 3.74 million and account for 52.3%, a record high of the total vehicles across Taiwan—7.14 million units. The replacement purchase orders are expected to arrive in succession this year and play a vital part in Taiwan car market. We will also launch facelift models to increase our competitiveness and meet the upcoming challenges.

2. Relationships of the industry's upper, middle and down streams.

Upper streams: partners of manufacturing car parts and components.
Middle streams: center of manufacturing, R&D, and marketing.
Down streams: dealers directly dealing with customers and being responsible for car sales and after-sale services.

3. Development trend and competition by each product line

(1) Small family car(1600cc below):
In 2013, 47,661 domestic small saloon cars under 1600cc were sold, indicating a decrease rate of 11% compared to 2012, accounting for 30.4% of the domestic passenger car market.

(2) 2.0L or below car models(1600~2000cc):
In 2013. The medium sedan market sales reached 92,462 cars, accounting for 58.9% of domestic passenger vehicle market with a increase of 10% from 2012.

(3) Decline of 2.0L or above car models
The sales volume in the large-sized car market in 2013 amounts to 16,620 , the sales volume fell by 25% from 2012. a 10.6% market share in the domestic vehicles market.

(4) RV
The sales volume in the RV car market is 118,260 vehicles, the sales volume with a increase of 20% from 2012.

(3) Technology, Research and Development (R&D)

1. As of the most recent years and Printing of the Annual Report, the total R&D expenditure invested

Unit：NTD Thousand

Fiscal Year / Item	Fical year 2012	Fiscal year 2013	Current Fiscal Year and before May 12,2014(Note)
R&D expenditure	607,468	617,309	173,927
Net Sales	29,134,530	31,486,050	12,314,167
Percentage of R&D expenditure over Net Sales	2.1%	2.0%	1.4%

Note：The figures are self-totaled number

2. The technology and product successfully developed

(1)June 2006: Completed the development of new TIIDA model.
(2)December 2006: Completed the development of SYLPHY new model.
(3)September 2007: Completed the development of LIVINA new model.
(4) November 2007: Completed the development of CABSTAR new model.
(5)February 2009: Completed the development of new TEANA 08 model.
(6) October 2011: Completed the development of new NEW MARCH model.
(7) October 2012: Completed the development of new BIG TIIDA model.

(8) October 2013: Completed the development of SUPER SENTRA model.
(9) December 2012: Completed the Taiwan emission phase 5 development.of TEANA/MARCH/TIIDA 4-door.

3.R&D Plan

(1) Products to Be Developed & Time

Product Name	Time
X-Trail Development of Successive Vehicle Types	2012-2015

(2) **Expected Development Costs**

2014	2015	2016
427,000	406,000	406,000

(4) Long, short term business development plan

In recent years, driven by the replacement orders and launches of new models by all carmakers, the growth momentum in the car market has gradually improved. The total annual sales rose to 370,000 units in 2013 from 319,000 units in 2010. Looking ahead, the economy of 2014 is under the influence of uncertain factors, such as U.S. withdrawal of quantitative easing and rising prices of crude oil. To meet the demand for continued growth, we will review and modify the second Five-Year Program planned in 2010 and ensure the achievement of the major indicators of mid-term business plans by implementing the following strategies.

The structured "Two-Five Program" includes three major goals, four major strategies, two "plus" future opportunities and two fundamental reforms. They are as follows:

1.Two major goals: to meet the set targets of specific market share and operating profit before 2016.

2. Four major strategies:

(1) Product strategy

Design the optimal combination of car models and boost market share via a complementary strategy with CKD and CBS car models incorporated.

Meanwhile, we also plan product lines close to the market trends , strive to produce the most attracting and needs-based products with an emphasized vehicle core value on better appearance, more durable usability, advanced technology and higher performance.

(2) Marketing strategy

A.Nissan:

(A).To strengthen the brand core value of "passionate driving, sensible design, and innovation with a human-touch".

(B).To advocate activities of "promoting brand image," "enhanced internal consensus," "promotion activities for all car models/CRM" and "promotion activities for car types" to increase the brand penetration for our goal as an established auto giant.

(C).To develop "SQC unified channel management", "elite sales representative program" and "Interactive experience platform" to build up the most powerful distribution channels and facilitate our contracting performance.

B.Infiniti:

(A).To stress the brand core value of "Inspired performance with unlimited glamour".

(B).To stress activities of "product experience marketing development," "well-defined brand orientation" and "increased promotion effectiveness" to raise brand awareness.

(C).To develop "IREDI hardware standards" and "continuous improvement of CSI & SSI" to enhance the channel strength.

(3) Customer satisfaction strategies

To gradually build up as a model enterprise for customer and to effectively increase car sales through a series of customer value increasing activities within 5 years, including NBS/IBS, VOC, SOS, No.1 QIP, high royalty CRM, etc.

(4) Profit increasing strategies

To achieve the best profit efficacy by enhancing car model combination management, and to effectively increase car model sales and profits by continuous implementation of VPCM car model profit and cost management.

3. Two "plus" future opportunities: The idea is to expand the operation and development structure and achieve extra economic benefits at the advantage of the cross-strait Economic Cooperation Framework Agreement (ECFA) as well as the global trend of energy saving and carbon reduction.

(1) To seize the economic and trading opportunity of cross-strait ECFA: We still have a chance in a later time, .to be committed to developing high-quality and differentiated commodities and actively grasp the export opportunities for finished automobiles and auto parts; as the cross-strait trading exchanges are becoming even more frequent with the ECFA to be signed in the future, we will review the cross-strait structure of the division of labor, come up with the best model for division of labor and actively expand the China market with a more flexible model for division of labor. We would also conduct the complementary strategy with our partners to expand business scope and create better operation performance.

(2) To develop energy-saving motor car in response to the global trend of energy saving and carbon reduction: Our company will be dedicated to the introduction of environmental-friendly and energy-saving motor car to create a green brand image, participating in the "Intelligent Motor Car Development and Action Program of the Executive Yuan" in cooperation with local governments, and actively promoted the pilot program of the pure battery-operated electric car LEAF in Taichung City to realize the zero-emission-zero-pollution green vision for the fulfillment of a harmonious co-existence of human, cars, and nature.

4. Two fundamental reforms:

(1) Reform on human resource system

In response to the Company's long-term development needs, Yulon NISSAN Motors will develop its human resource policy with a stress on quality instead of quantity. The future development program is as follows:

A. To enhance the marketing ability with extraordinary marketing team and programs.

B. To accelerate talent recognition and promotion with a reformed promotion system.

C. To effectively retain core talents in the Company by making the reformed performance assessment system more rational and transparent.

D. To best utilize talents with the construction of a two-way long-term development program for both professional & technological posts and management posts.

E. Excellent Manager Program to enhance management capability of management.

Moreover, Yulon NISSAN Motors will continue focusing on the construction of a strategy-oriented learning organization to increase the operating efficiency of the organization by business process reengineering, V-up and cost reduction activities. In the mean time, the Company will provide more opportunities for employees to constantly learn and grow with an environment and culture of a learning organization by continuously expanding the scope and application of the business knowledge database in "KM Platforms", allowing employees to possess endless innovation and the ability to challenge and conquer higher goals.

(2) Introduction of the next generation information system – Corporate smart decision support system (DSS)

The information system, which is developed to be extremely real-time and adjustable to changes, shall incorporate the existing systems and effectively simplify operating process to increase overall management performance. So, a great operating environment and comprehensive intelligence collection platform could be provided for all staff levels as a decision-making reference with such a constructed Smart DSS. In addition, the Company also keeps developing and improving Smart DMS, the distribution management system, to boost distributors' competitive advantage, advance distributors' selling strength, customer satisfaction and sales profits and elevate the company's overall operation performance.

In addition to the "Two-Five Program", Yulon NISSAN Motors will keep on introducing innovative products and services, and developing Yulon NISSAN's assertion on customer value with "innovation" as the main concept for its future core competitive edges. As a result, in respect to product innovation, we will strive to understand the potential consumer requirements, develop needs-based products with the introduction of VOC and Champion Model procedures in order to create the maximized value for customers and shareholders a like. In respect to service innovation, "Service Express" will be reinforced continually with professional and trustworthy after-sale services and efficient addressing customers' problems to effectively increase customer satisfaction.

2. Market, Production & Sales Review

(1) Market Analysis

1. Sales Area of company's Main Products

This company's products are designing, R&D, Sales of Sedan, RV vehicles and commercial vehicles, and sales of other components. Taiwan area is our main sales area, in 2013, the local sales weight is 99%, and Philippines and Egypt are the main export sales areas, the sales weight is 1%.

2. Market Share

In 2013, we sold 40,034 general cars with a market share of 15.5% and 3,976 import ones, with a market share of 3.6%. The total sales volume is 44,010 units and the market share is 11.9%. The total sales volume in 2013 is increase 7.6% than 2012.

3. Analysis and Description of 2013 Market Sales Status and Growth

In 2013, total sales volume of autos in Taiwan was 370,000, due to the fast change of global economy, the continuous rise of oil price, the worse-than-expected economic environment domestically and the ever-decreasing economic growth rate. However, driven by the public discussion of the launch of new cars by the end of the year and the Taipei auto show, a increase of 4.3% from 2012.

4. Market Sales Forecast for This Year (2014)

In the beginning of 2014, autos remained hot products, the same situation as that in the end of 2013. Motivated by the public discussion of the launch of new car models and special offers provided by car manufacturers, the domestic auto market seemed very brisk which led to a total sales volume of

63,851 in January and February, a year-on-year growth of 3.4%. In 2014, Nissan will try to improve its brand image of passionate driving and favorability through both the launch events of NISSAN ALL NEW LIVINA、BIG TIIDA、SUPER SENTRA and INFINITI Q50、QX60 HYBRID. NISSAN will carry out test-drive activities after the lunar new year to further expose NISSAN lines of products to the public, thus increasing its sales volume in the long run. Furthermore, in line with the idea of green energy technology and environmental protection advocated by NISSAN Zero Emission, the brand new ALL NEW LIVINA series will be introduced here equipped with CVT. They not only boast fashionable appearances and the highest power output and largest space among cars of the same segment, but also are the most fuel-efficient (1.6L 18.5Km/L). Together with SUPER SENTRA, SUPER SENTRA was awarded the title of Grade I Oil Consumption car model, holding a leading position in the auto market. NEW NEW MARCH/ALL NEW LIVINA/SUPER SENTRA series are all equipped with "Energy-saving auxiliary information display", which shows average and real-time fuel consumption to remind car owners of driving in the most energy-efficient way. NISSAN will take concrete actions to show its care for the earth by conserving energy in joint efforts with car owners and fulfill its corporate social responsibility.The Company will continue the focus on SUPER SENTRA /BIG TIID/ALL NEW LIVINA and meet sales targets and exceed the "12.3%" market share to move toward the mid- and long-term goals of an over 15% market share by carrying out aforementioned marketing strategies.

5. Competitive Niche

(1) Advantageous Operation and Management Ability

A. Expand combined operational effects across the strait and of the group.

B. Leverage Nissan's global resources to reduce part costs.

C. Strengthen our financial management ability and investment performance.

(2) A Superior and Complete Product Line

A. Introduce products that meet market and customer needs to create customers' value.

B. Innovate IT to strengthen product variation and competitive advantages.

C. Increase brand name celebrity of our imported cars to continuously grow our sales volume.

D. To develop a green brand image and increase product value and brand awareness

(3) Chinese Style of Design Ability

A. Play an important role in Nissan's global R&D centers and dominate the design of some of our car models.

B. Create profits through our technical output.

C. Cater to the tastes of the Chinese market and design/develop products that can better meet customers' needs.

(4) A Comprehensive Service System

A. Provide real-time and comprehensive value-added services through our e-platform.

B. Increase our dealers' overall operating and management ability.

C. To promote “Service Express” to effectively increase customer satisfaction

(5) A Learning Organization

A. Increase our employees’ core, management and professional competency.

B. Mold a knowledge sharing culture and create a new operating pattern.

C. Increase the use of Nissan’s V-UP (DECIDE, V-FAST) system problem solving approach and gradually accumulate our acquired successful experience to form an innovative learning organization and establish long-term competitive advantages.

6. Advantageous and Disadvantageous Factors of Perspective Development and Strategies to Address

(1) Advantageous Factors

Our company will continue to use “innovation” as the core of our entire development, and center on our consumers’ value to increase our “product power” and “service quality” to create a higher competitive edge. For our “product power”, we will successively introduce Nissan’s quality car designs (NISSAN and INFINITI brands) and combine the personalized IT interface with our products to provide our consumers with a more convenient and mobile life.

For our “service quality”, new RVI will be established in the end of this year and we will continue to provide our consumers with “genial”, “speedy”, “professional”, and “reliable” service with our thoughtful service ideal.

In respect to INFINITI service, IREDI location environment design standards will be constructed will keep be constructed. we will continue to provide five-star service, T.O.E. (Total Ownership Experience), as the main frame to make the car owners experience the best service quality. We hope that through our overall product and service innovation, we are able to create higher additional values and customer satisfaction for our consumers.

(2) Disadvantageous Factors and Countermeasures

In recent years, affected by the European debt crisis and the price hike of raw materials, car owners are less inclined to buy new cars. As a result, the competition of car companies becomes rampant, and profitability is seriously influenced.

To strengthen our competitiveness, Yulon Nissan Motors will continue to implement better products and services with our spirit of “innovation” to adhere to our “customer-oriented” management ideal, create higher values for our consumers and continue our steady growth in hardships.

(2) The major usage and production processes of main products: The company’s main business is design, research, develop, sale and components sales of car products, and there are no production processes, therefore it’s not applicable.

(3) Supplies of main raw materials: The company is not a production manufacturing industry; therefore it’s not applicable.

(4) List of Major Suppliers and Clients Over the Recent 2 Fiscal Years

1. Data of suppliers accounting for more than 10% of total purchases over the recent 2 fiscal years

Unit：NTD Thousand

Rank	Fiscal year 2012				Fiscal year 2013				First season in 2014			
	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor	Supplier's Name	Amount	% to Net Purchase	Relationship with Yulon-Motor
1	Yulon Motor Co., Ltd.	23,643,252	98	Relative Party	Yulon Motor Co., Ltd.	24,923,064	99	Relative Party	Yulon Motor Co., Ltd.	6,899,251	99	Related Party
2	Others	503,655	2		Others	140,473	1		Others	74,618	1	
	Net Purchase amoust	24,146,907	100		Net Purchase amoust	25,063,537	100		Net Purchase amoust	6,973,899	100	

2. Data of clients accounting for more than 10% of total sales over the recent 2 fiscal years

Unit：NTD Thousand

Rank	Supplier's Name	Fiscal year 2012			Fiscal year 2013			First season in 2014		
		Amount	% to Net Purchase	Relationship with Yulon-Motor	Amount	% to Net Purchase	Relationship with Yulon-Motor	Amount	% to Net Purchase	Relationship with Yulon-Motor
1	Taiwan Acceptance Corporation	25,104,177	86	Related Party	27,903,555	89	Relative Party	7,193,433	88	Related Party
2	Others	4,030,353	14		3,582,495	11		978,803	12	
	Net Purchase amoust	29,134,530	100		31,486,050	100		8,172,236	100	

(5) Production Volume over the recent 2 years: This company is not a production manufacturer industry; therefore it's not applicable.

(6) Sales Volume of Recent 2 Fiscal Years

Unit：Taiwan \ NTD Thousand

Fiscal Year / Sales Volume	Fiscal year 2012				Fiscal year 2013			
	Local Sales		Export Sales		Local Sales		Export Sales	
Main Produces (or by Department)	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Vehicle	42,162	25,563,007	2	976	44,627	28,051,149	-	-
Parts	-	3,033,842	-	412,117	-	2,991,312	-	369,987
Other	-	124,588	-	-	-	73,602	-	-
Total	-	28,721,437	-	413,093	-	31,116,063	-	369,987

3. Employees

Fiscal Year		Fiscal year 2012	Fiscal year 2013	Current Fiscal Year and before May 12,2014
No. of Employee	Marketing	203	202	201
	Management	78	78	81
	Reserch & Development	144	140	141
	Total	425	420	423
Average age		39.1	39.5	39.8
Average seniority		11.20	11.62	11.84
Academy Ratio	Doctor	0	0	0
	Master	211	216	215
	College	182	174	178
	Senior High School	30	28	28
	Below Senior High School	2	2	2

4. Expenditures on Environment Protection

(1) Losses and Disposal caused by environmental pollution over the recent 2 years: Nil

(2) Probable environmental expenditures:

The Company has passed the ISO 14001 certification in Nov. 2004 and will continue to support the environment protection in the future. No major probable environmental expenditures are expected in the future.

5. Labor-Capital Relation

(1) Current Prominent Labor-Capital Agreements, Employee Benefits and Their Implementation

1. Status of Labor-Capital Agreements
   (1) This company holds a monthly meeting with the labor representatives for proper communication of problems and improvements between the proprietor and the laborers.
   (2) Understand and pay more attention the needs and voice of the employee to promote the Labor-Capital harmony.
   (3) Ask for the opinions from the officials of the labor authorities, scholars or lawyers on relevant issues and hold seminars of relevant topics regularly.
   (4) Continue to strengthen our effort in educating the employees to enhance convergence.

2. Employee Benefits
   (1) Provide commuter's transportation and scheduled home-returning transportation free of charge.
   (2) Provides safe, convenient, quiet dormitory environment.
   (3) Establish employee welfares zone, which includes tennis court, indoor and outdoor basketball court, golf drivingrange, leisure garden, KTV, warm water swimming pool, sauna facilities, video/audio center, western-style food restaurant, gymnasium, etc.
   (4) Organize annual celebration event company-wide, year-end lucky draw and banquet.
   (5) Set up Worker's Complaint Handling System to assist colleagues to solve working problems and to maintain their rights and privileges.

(6) Institutionalize regulations on the prevention of sexual harassment to provide a harassment-free environment for the employees and employee-to-be. Necessary actions would be taken to prevent, correct, punish and handle acts of harassment, and to ensure the protection of the privacy of the victims as well as the rights of all employees.

3. Retirement System

(1) This company complies with the requirements set forth in the Labor Standards Law and institutionalized relevant regulations on retirement and pecuniary aid in case of death.

(2) For enhancing the quality of human resources and proper mechanism for replacing the old with the young employees, we have institutionalized a flexible retirement and resignation program.

(2) Labor Dispute

This company has always treats our employees as its most valuable assets, and very serious about employees future development. Therefore, harmonized Labor-Capital has been maintained since the very beginning, and labor dispute that had caused company loss has never happened.

6. Prominent Contracts

Contract	Counter party	Contract Period	Highlights of Provisions	Restrictive Terms
Technical cooperation agreement	Nissan Motor Co., Ltd.	2003.11.1~ 2008.10.31 Note(1)	Technical cooperation to develop and manufacture a variety of vehicles	1. Restriction on sub-licensing to a third party 2. Restriction on sales beyond licensed territories
Dealing agreement on import cars	Nissan Motor Co., Ltd.	2003.11.1~ 2008.10.31 Note(1)	Dealing matters with import cars	1. Restriction on sales beyond licensed territories 2. Confidential responsibility on third party business
OEM, Substitute Materials Contract	Yulon Motor Co., Ltd.	2003.11.1~ 2008.10.31 Note(1)	Aseembly for variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Restriction on sales beyond licensed territories
Sales Contract	Taiwan Acceptance Corporation	Note(2)	Provide Car Financing to Dealers	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Chang Motor Co., Ltd.	2014.3.1~ 2019.2.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Hsin Motor Co., Ltd.	2011.3.1~ 2015.2.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Chi Ho Corporation	2014.3.1~ 2017.2.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Tang Motor Co., Ltd. and other 2 companies	2012.3.1~ 2017.2.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yu Sing Motor Co., Ltd. and other 2 companies	2013.3.1~ 2018.2.28 t	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Yuan Long Motor Co., Ltd. and other 3 companies	2013.3.1~ 2017.2.28	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business
Distribution agreement	Chen Long Motor Co., Ltd. and other 2 companie	2013.3.1~ 2016.2.29	Sales of Nissan a variety of vehicles and auto parts	1. Restriction on sub-licensing to a third party 2. Confidential responsibility on third party business

Note(1): If no action is taken to renew or non renew the contract at least 6 months prior to its expiration, the contract will automatically be renewed for 1 years.

Note(2): Yulon Nissan Motor Co., Ltd., and Taiwan Acceptance Corporation are affiliates, and Dealers collections are made through Taiwan Acceptance Corp.; therefore contract duration was not specifically instituted.

VI、Financial Information

1. Condensed Financial Statements for the recent 5 fiscal year

(1) Condensed Balance Sheet and Comprehensive Income Statement
Individual Condensed Balance Sheets-IFRS

Unit：In NTD Thousand

Item \ Fiscal Year		Financial Data in recent 5 years					The financial data as of March 31, 2014 of that fiscal year
					2012	2013	
Current Assets					1,442,669	4,939,631	9,493,660
Property, plant and equipment					1,677,365	1,748,604	1,834,146
Intangible assets					11,369	7,887	6,564
Other assets					24,198,766	28,622,496	24,971,906
Total Assets					27,330,169	35,318,618	36,306,276
Current Liabilities	Before distribution				3,149,879	5,172,176	5,284,331
	After distribution				7,139,879	(NOTE2)	-
Non-current liabilities					3,564,997	5,105,965	4,392,620
Total Liabilities	Before distribution				6,714,876	10,278,141	9,676,951
	After distribution				10,704,876	(NOTE2)	-
Equity attributable to owners of the company					20,615,293	25,040,479	26,629,325
Share Capital					3,000,000	3,000,000	3,000,000
Capital Reserves					6,129,405	6,129,405	6,129,405
Retained Earnings	Before distribution				12,389,954	15,700,634	16,896,233
	After distribution				8,399,954	(NOTE2)	-
Other equity					(904,066)	210,438	603,687
Treasury stock					—	—	—
Noncontrolling interest (NCI)					—	—	—
Total equity	Before distribution				20,615,293	25,040,477	26,629,325
	After distribution				16,625,293	(NOTE2)	—

Note 1: Quarterly Statement of the First Quarter of 2013 has not been reviewed by CPAs.
Note 2: Earnings distribution proposal will be confirmed by 2014 general meeting of shareholders.

Consolidated Condensed Balance Sheets-IFRS

Unit：In NTD Thousand

Item \ Fiscal Year		Financial Data in recent 5 years					The financial data as of March 31, 2014 of that fiscal year(NOTE1)
					2012	2013	
Current Assets					14,954,714	18,135,802	19,795,124
Property, plant and equipment					1,677,365	1,748,604	1,834,146
Intangible assets					11,369	7,887	6,564
Other assets					10,686,931	15,426,672	14,670,573
Total Assets					27,330,379	35,318,965	36,306,407
Current Liabilities	Before distribution				3,150,089	5,172,523	5,284,462
	After distribution				7,140,089	(NOTE2)	–
Non-current liabilities					3,564,997	5,105,965	4,392,620
Total Liabilities	Before distribution				6,715,086	10,278,488	9,677,082
	After distribution				10,705,086	(NOTE2)	–
Equity attributable to owners of the company					20,615,293	25,040,477	26,629,325
Share Capital					3,000,000	3,000,000	3,000,000
Capital Reserves					6,129,405	6,129,405	6,129,405
Retained Earnings	Before distribution				12,389,954	15,700,634	16,896,233
	After distribution				8,399,954	(NOTE2)	–
Other equity					(904,066)	210,438	603,687
Treasury stock					–	–	–
Noncontrolling interest (NCI)					–	–	–
Total equity	Before distribution				20,615,293	25,040,477	26,629,325
	After distribution				16,625,293	(NOTE2)	–

Note 1: Financial data of Q1 are reviewed by the CPA with the adoption of IFRS.

Note 2: Earnings distribution proposal will be confirmed by 2014 general meeting of shareholders.

Individual Condensed Income Statement-IFRS

Unit：NTD Thousand

Item \ Fiscal Year	Financial Data in recent 5 years					The financial data (Note) as of March 31 2014of that fiscal year
				2012	2013	
Operating Revenue				29,134,530	31,486,050	8,179,598
Gross Profit				3,670,937	5,448,850	949,796
Operating profit or loss				542,072	1,856,646	59,815
Non-operating Income and Expenses				5,559,055	6,950,244	1,376,531
Profit before tax				6,101,127	8,806,890	1,436,346
Net income (loss)				4,939,070	7,299,997	1,195,559
Other comprehensive profit and loss (net)				(912,581)	1,115,187	393,289
Total current comprehensive profit and loss				4,026,489	8,415,184	1,588,848
Net income attributable to parent company's shareholders				4,939,270	7,299,997	1,195,559
Net income attributable to unrestrictive equity				–	–	–
Total comprehensive profit and loss attributable to parent company's shareholders				4,026,489	8,415,184	1,588,848
Total comprehensive profit and loss attributable to unrestrictive equity				–	–	–
EPS (Earning Per Share)				16.46	24.33	3.99

Note : Quarterly Statement of the First Quarter of 2014 has not been reviewed by CPAs.

Consolidated Condensed Income Statement-IFRSs

Unit：NTD Thousand

Item \ Fiscal Year	Financial Data in recent 5 years					The financial data (Note) as of March 31 2014of that fiscal year
				2012	2013	
Operating Revenue				29,134,530	31,486,050	8,179,598
Gross Profit				3,670,937	5,448,850	949,796
Operating profit or loss				512,388	1,832,179	54,257
Non-operating Income and Expenses				5,588,746	6,974,711	1,382,089
Profit before tax				6,101,134	8,806,890	1,436,346
Net income (loss)				4,939,070	7,299,997	1,195,559
Other comprehensive profit and loss (net)				(912,581)	1,115,187	393,289
Total current comprehensive profit and loss				4,026,489	8,415,184	1,588,848
Net income attributable to parent company’s shareholders				4,939,070	7,299,997	1,195,559
Net income attributable to unrestrictive equity				–	–	–
Total comprehensive profit and loss attributable to parent company’s shareholders				4,026,489	8,415,184	1,588,848
Total comprehensive profit and loss attributable to unrestrictive equity				–	–	–
EPS (Earning Per Share)				16.46	24.33	3.99

Note : Quarterly Statement of the First Quarter of 2014 has been reviewed by CPAs.

2. Condensed Balance Sheet and Income Statement – the R.O.C. Financial Accounting Standards

(1)Individual Condensed Balance Sheet – the R.O.C. Financial Accounting Standards

Unit：In NTD Thousand

Item \ Fiscal Year		Financial Data in recent 5 years				
			2009	2010	2011	2012
Current Assets			2,349,837	3,855,526	4,089,045	1,476,958
Fund and Investment			13,536,847	15,402,999	19,069,822	23,891,801
Fixed assets			49,540	40,840	37,166	45,236
Intangible assets			–	–	–	–
Other assets			1,782,312	1,443,347	1,459,623	1,729,328
Total Assets			17,718,536	20,742,712	24,655,656	27,143,323
Current Liabilities	Before distribution		1,286,319	1,790,241	2,698,572	3,147,752
	After distribution		1,286,319	3,470,241	5,758,572	7,137,750
Long term liabilities			–	–	–	–
Other liabilities			1,162,077	1,787,127	2,393,600	3,325,239
Total Liabilities	Before distribution		2,448,396	3,577,368	5,092,172	6,472,991
	After distribution		2,448,396	5,257,368	8,152,172	10,462,991
Share Capital			3,000,000	3,000,000	3,000,000	3,000,000
Capital Reserves			5,988,968	5,988,968	5,988,968	6,129,405
Retained Earnings	Before distribution		5,074,899	7,958,797	10,110,362	11,980,839
	After distribution		5,074,899	6,278,797	7,050,362	7,990,839
Unrealized gains/losses On financial products			–	–	–	–
Cumulative Translation Adjustment			1,206,273	217,579	464,154	-439,912
Net loss not recognized as pension cost			–	–	–	–
Total shareholder equity	Before distribution		15,270,140	17,165,344	19,563,484	20,670,332
	After distribution		15,270,140	15,485,344	16,503,484	16,680,332

Consolidated Condensed Balance Sheet – the R.O.C. Financial Accounting Standards

Unit：In NTD Thousand

Item \ Fiscal Year		Financial Data in recent 5 years				
			2009	2010	2011	2012
Current Assets			2,393,711	4,382,762	13,848,011	14,989,003
Fund and Investment			13,495,986	14,876,477	9,310,797	10,379,966
Fixed assets			49,540	40,840	37,166	45,236
Intangible assets			–	–	–	–
Other assets			1,782,368	1,443,401	1,459,680	1,729,328
Total Assets			17,721,605	20,743,480	24,655,654	27,143,533
Current Liabilities	Before distribution		1,289,388	1,791,009	2,698,570	3,147,962
	After distribution		1,289,388	3,471,009	5,758,570	7,137,962
Long term liabilities			–	–	–	–
Other liabilities			1,162,077	1,787,127	2,393,600	3,325,239
Total Liabilities	Before distribution		2,451,465	3,578,136	5,092,170	6,473,201
	After distribution		2,451,465	5,258,136	8,152,170	10,463,201
Share Capital			3,000,000	3,000,000	3,000,000	3,000,000
Capital Reserves			5,988,968	5,988,968	5,988,968	6,129,405
Retained Earnings	Before distribution		5,074,899	7,958,797	10,110,362	11,980,839
	After distribution		5,074,899	6,278,797	7,050,362	7,990,839
Unrealized gains/losses On financial products			–	–	–	–
Cumulative Translation Adjustment			1,206,273	217,579	464,154	(439,912)
Net loss not recognized as pension cost			–	–	–	–
Total shareholder equity	Before distribution		15,270,140	17,165,344	19,563,484	20,670,332
	After distribution		15,270,140	15,485,344	16,503,484	16,680,332

(2)Individual Condensed income statement – the R.O.C. Financial Accounting Standards

Unit：NTD Thousand

Fiscal Year / Item	Financial Data in recent 5 years				
		2009	2010	2011	2012
Operating Revenue		21,674,728	27,455,696	32,115,351	29,134,530
Gross Profit		1,867,525	3,784,639	4,735,148	4,028,900
Operating Income		(811,608)	505,309	1,049,039	889,502
Non-Operating Revenue and Gain		2,478,079	2,935,557	3,644,374	5,608,459
Non-Operating Expenses and losses		1,085,358	96,662	95,506	407,187
Gain (loss) before tax from continuing operation		581,113	3,344,204	4,597,907	6,090,774
Gain (loss) from continuing operation		652,878	2,883,898	3,831,565	4,930,477
Gain (loss) from discontinued operating		–	–	–	–
Nonrecurring gain or loss		–	–	–	–
Cumulative effect of changes in accounting principles		–	–	–	–
Net Income (Loss)		652,878	2,883,898	3,831,565	4,930,477
EPS (Earning Per Share)		2.18	9.61	12.77	16.43

Consolidated Condensed income statement – the R.O.C. Financial Accounting Standards

Unit：NTD Thousand

Item \ Fiscal Year	Financial Data in recent 5 years				
		2009	2010	2011	2012
Operating Revenue		21,674,728	27,455,696	32,115,351	29,134,530
Gross Profit		1,867,525	3,784,639	4,735,148	4,028,900
Operating Income		(812,384)	504,554	1,048,713	859,818
Non-Operating Revenue and Gain		2,450,859	2,923,153	3,606,612	5,633,431
Non-Operating Expenses and losses		1,057,765	83,460	57,418	402,468
Gain (loss) before tax from continuing operation		580,710	3,344,247	4,597,907	6,090,781
Gain (loss) from continuing operation		652,878	2,883,898	3,831,565	4,930,477
Gain (loss) from discontinued operating		–	–	–	–
Nonrecurring gain or loss		–	–	–	–
Cumulative effect of changes in accounting principles		–	–	–	–
Net Income (Loss)		652,878	2,883,898	3,831,565	4,930,477
EPS (Earning Per Share)		2.18	9.61	12.77	16.43

(3) Name of Verifying Accountant and Auditor opinions

Fiscal Year	2009	2010	2011	2012	2013
CPA (Certified public accountant)	En Min Wu Sandra Chen	En Min Wu Chien-Hsin Hsieh	En Min Wu Chien-Hsin Hsieh	Chien-Hsin Hsieh En Min Wu	Chien-Hsin Hsieh En Min Wu
Auditors' opinions	Modified unqualified comment	Modified unqualified comment	No retained comment	No retained comment	No retained comment

2. Financial analysis in recent 5 years

(1)Financial Ratio Analysis complying with IFRS - individual

Analysis items \ Fiscal Year		Financial analysis in recent 5 years					The financial data(Note 1) as of March 31 2014 of that fiscal year
		years	years	years	2012 years	2013 years	
Finance Structure%	Debt to assets ratio				25	29	27
	Long term funds to Property, plant and equipment ratio				1,442	1,724	1,691
Liquidity %	Current Ratio				46	96	180
	Quick Ratio				46	95	179
	Interest coverage ratio				3,139	519	135
Operating Performance	Receivables turnover（times）				49	66	52
	Average number days receivables outstanding				7	5	7
	Inventory turnover（times）				15,248	14,489	8,191
	Payable turnover（times）				13	16	25
	Average inventory turnover days				-	-	-
	Property, plant and equipment turnover（times）				19	18	18
	Total asset turnover（times）				1	1	1
Profitability	Return on assets（%）				19	23	3
	Return on equity（%）				25	32	5
	Pre-tax Income to Paid-in Capital Ratio (%)				203	294	48
	Profit margin（%）				17	23	15
	Earning Per Share（NT dollar）				16.46	24.33	3.99
Cash Flow	Cash flow from operations ratio（%）				120	27	(Note 2)
	Cash flow adequacy ratio（%）				91	64	56
	Cash Flow Re-investment Ratio（%）				3	(Note 3)	(Note 2)
Leverage	Operating leverage				2	1	3
	Financial leverage				1	1	1

Explanation of the changes in each financial ratio in recent two years:

1. The increasing of Long term funds to Property, plant and equipment ratio is mainly caused by long-term investment profit that increasing equity.
2. The increasing of Current Ratio and Quick Ratio is mainly due to the dividend from the Subsidiaries.
3. The decrease of Interest coverage ratio is mainly due to the increase of interest expense.
4. The increase of Receivables turnover ratio is mainly caused by the increase in sales.
5. The increasing of return on assets, return on equity, income before tax on paid-in capital ratio , profit margin and EPS is mainly caused by long-term investment profit.
6. The decrease of Cash flow is mainly caused by the increase of loan.
7. The decrease of Cash flow adequacy ratio is mainly caused by more dividends paid.

Note1 : Quarterly Statement of the First Quarter of 2014 has not been reviewed by CPAs.
Note2 : The first quarter of 2014 was a net cash outflow from operating activities, therefore it is not counted.
Note3 : There is a negative value after subtracting the cash dividends from the net cash inflow of operational activities; therefore it is not counted.
Note4: The formula is as follows:

1.Finance structure

(1)Debt to assets ratio = total liabilities/total assets.

(2)Long term funds to property, plant and equipment ratio = (net shareholders' equity + Long term liabilities)/net fixed assets.

2.Liquidity

(1)Current ratio = current assets/current liabilities.

(2)Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3)Interest coverage ratio = before income tax expenses and interest expense/current interest expense.

3.Operating Performance

(1)Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).

(2)Average number days receivables outstanding = 365 days/average receivable turnover.

(3)Inventory turnover (times) = cost of goods sold/average inventory.

(4)Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).

(5)Average inventory turnover days = 365 days/average inventory turnover.

(6)Property, plant and equipment turnover (times) = net sales/net fixed assets.

(7)Total asset turnover = net sales/total assets.

4.Profitability

(1)Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.

(2)Return on equity = shareholders' equity/net income after tax.

(3)Profit margin = net income after tax/net sales.

(4)Earning Per Share = (net income after tax - preferred dividend)/weighted average number of shares.

5.Cash flow

(1)Cash flow from operations ratio = cash flow from operations/current liabilities.

(2)Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).

(3)Cash flow re-investment ratio= (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).

6.Leverage:

(1)Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.

(2)Financial leverage = operating revenue/(operating revenue - interest expense).

Financial Ratio Analysis complying with IFRS - Consolidated

Analysis items \ Fiscal Year		Financial analysis in recent 5 years					The financial data(Note 1) as of March 31 2014 of that fiscal year
		years	years	years	2012 years	2013 years	
Finance Structure%	Debt to assets ratio				24	29	27
	Long term funds to Property, plant and equipment ratio				1,441	1,724	1,691
Liquidity %	Current Ratio				474	350	375
	Quick Ratio				452	334	368
	Interest coverage ratio				3,139	519	137
Operating Performance	Receivables turnover（times）				50	66	53
	Average number days receivables outstanding				7	5	7
	Inventory turnover（times）				15,247	14,489	8,191
	Payable turnover（times）				14	16	25
	Average inventory turnover days				-	-	-
	Property, plant and equipment turnover（times）				19	18	18
	Total asset turnover（times）				1	1	1
Profitability	Return on assets（%）				19	23	3
	Return on equity（%）				25	32	5
	Pre-tax Income to Paid-in Capital Ratio (%)				203	294	48
	Profit margin（%）				17	23	15
	Earning Per Share（NT dollar）				16.46	24.33	3.99
Cash Flow	Cash flow from operations ratio（%）				120	27	(Note 2)
	Cash flow adequacy ratio（%）				163	108	109
	Cash Flow Re-investment Ratio（%）				3	(Note 3)	(Note 2)
Leverage	Operating leverage				1	1	3
	Financial leverage				1	1	1

Explanation of the changes in each financial ratio in recent two years:

1. The increasing of Long term funds to Property, plant and equipment ratio is mainly caused by long-term investment profit that increasing equity.
2. The increasing of Current Ratio and Quick Ratio is mainly due to the dividend from the Subsidiaries.
3. The decrease of Interest coverage ratio is mainly due to the increase of interest expense.
4. The increase of Receivables turnover ratio is mainly caused by the increase in sales.
5. The increasing of return on assets, return on equity, income before tax on paid-in capital ratio , profit margin and EPS is mainly caused by long-term investment profit.
6. The decrease of Cash flow is mainly caused by the increase of loan.
7. The decrease of Cash flow adequacy ratio is mainly caused by more dividends paid.

Note1 : Quarterly Statement of the First Quarter of 2014 has been reviewed by CPAs.
Note2 : The first quarter of 2014 was a net cash outflow from operating activities, therefore it is not counted.

Note3 : There is a negative value after subtracting the cash dividends from the net cash inflow of operational activities; therefore it is not counted.

Note4: The formula is as follows:

1.Finance structure

(1)Debt to assets ratio = total liabilities/total assets.

(2)Long term funds to property, plant and equipment ratio = (net shareholders' equity + Long term liabilities)/net fixed assets.

2.Liquidity

(1)Current ratio = current assets/current liabilities.

(2)Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3)Interest coverage ratio = before income tax expenses and interest expense/current interest expense.

3.Operating Performance

(1)Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).

(2)Average number days receivables outstanding = 365 days/average receivable turnover.

(3)Inventory turnover (times) = cost of goods sold/average inventory.

(4)Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).

(5)Average inventory turnover days = 365 days/average inventory turnover.

(6)Property, plant and equipment turnover (times) = net sales/net fixed assets.

(7)Total asset turnover = net sales/total assets.

4.Profitability

(1)Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.

(2)Return on equity = shareholders' equity/net income after tax.

(3)Profit margin = net income after tax/net sales.

(4)Earning Per Share = (net income after tax - preferred dividend)/weighted average number of shares.

5.Cash flow

(1)Cash flow from operations ratio = cash flow from operations/current liabilities.

(2)Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).

(3)Cash flow re-investment ratio= (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).

6.Leverage:

(1)Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.

(2)Financial leverage = operating revenue/(operating revenue - interest expense).

(2) Financial analysis -ROC GAPP- Individual

Analysis items		Fiscal Year	Financial analysis in recent 5 years				
				2009	2010	2011	2012
Finance Structure%	Debt to assets ratio			14	17	21	24
	Long term funds to fixed assets ratio			30,824	42,031	52,638	45,694
Liquidity %	Current Ratio			183	215	152	47
	Quick Ratio			179	215	149	45
	Interest coverage ratio			196	2,651	3,871	3,134
Operating Performance	Receivables turnover（times）			42	71	71	49
	Average number days receivables outstanding			9	5	5	7
	Inventory turnover（times）			44,311	24,786	19,494	15,033
	Payable turnover（times）			38	24	27	13
	Average inventory turnover days			-	-	-	-
	Fixed asset turnover（times）			438	672	864	644
	Total asset turnover（times）			1	1	1	1
Profitability	Return on assets（%）			4	15	17	19
	Return on equity（%）			4	18	21	25
	Percentage to paid-in capital%	Operation income		(Note1)	17	35	30
		Income before Tax		19	111	153	203
	Profit margin（%）			3	11	12	17
	Earning Per Share（NT dollar）			2.18	9.61	12.77	16.43
Cash Flow	Cash flow from operations ratio（%）			2	13	83	120
	Cash flow adequacy ratio（%）			90	54	105	127
	Cash Flow Re-investment Ratio（%）			-	1	3	3
Leverage	Operating leverage			(Note1)	6	1	2
	Financial leverage			1	1	1	1

Explanation of the changes in each financial ratio in 2011 and 2012:

1. The decreasing of current ratio and quick ratio is mainly caused by redemption fund in 2012
2. The decreasing of receivables turnover, inventory turnover, fixed asset turnover,operation income on paid-in capital ratio is mainly caused by the decrease in sales.
3. The increasing of return on assets, return on equity, income before tax on paid-in capital ratio, profit margin and EPS is mainly caused by the increasing of mainland investment profit.
4. The increasing of cash flow from operations ratio and cash flow adequacy ratio is mainly caused by redemption fund in 2012 and then current cash debt coverage ratio increased.

Note 1: Operating profit is negative and therefore not counted.

Note 2: The formula is as follows:

1. Finance structure
   (1) Debt to assets ratio = total liabilities/total assets.
   (2) Long term funds to fixed assets ratio = (net shareholders' equity + Long term liabilities)/net fixed assets.
2. Liquidity
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
   (3) Interest coverage ratio = before income tax expenses and interest expense/current interest expense.
3. Operating Performance
   (1) Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).
   (2) Average number days receivables outstanding = 365 days/average receivable turnover.
   (3) Inventory turnover (times) = cost of goods sold/average inventory.
   (4) Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).
   (5) Average inventory turnover days = 365 days/average inventory turnover.
   (6) Fixed asset turnover (times) = net sales/net fixed assets.
   (7) Total asset turnover = net sales/total assets.
4. Profitability
   (1) Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.
   (2) Return on equity = shareholders' equity/net income after tax.
   (3) Profit margin = net income after tax/net sales.
   (4) Earning Per Share = (net income after tax - preferred dividend)/weighted average number of shares.
5. Cash flow
   (1) Cash flow from operations ratio = cash flow from operations/current liabilities.
   (2) Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).
   (3) Cash flow re-investment ratio= (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.
   (2) Financial leverage = operating revenue/(operating revenue - interest expense).

Financial analysis -ROC GAPP- Consolidated

Analysis items		Fiscal Year	Financial analysis in recent 5 years				
				2009	2010	2011	2012
Finance Structure%	Debt to assets ratio			14	17	21	24
	Long term funds to fixed assets ratio			30,824	42,031	52,638	45,694
Liquidity %	Current Ratio			186	245	513	476
	Quick Ratio			185	239	497	452
	Interest coverage ratio			196	2,651	3,871	3,134
Operating Performance	Receivables turnover（times）			41	71	72	51
	Average number days receivables outstanding			9	5	5	7
	Inventory turnover（times）			44,311	24,786	19,495	15,033
	Payable turnover（times）			41	37	26	16
	Average inventory turnover days			-	-	-	-
	Fixed asset turnover（times）			438	672	864	644
	Total asset turnover（times）			1	1	1	1
Profitability	Return on assets（%）			4	15	17	19
	Return on equity（%）			4	18	21	25
	Percentage to paid-in capital%	Operation income		(Note1)	17	35	29
		Income before Tax		19	111	153	203
	Profit margin（%）			3	11	12	17
	Earning Per Share（NT dollar）			2.18	9.61	12.77	16.43
Cash Flow	Cash flow from operations ratio（%）			2	43	259	270
	Cash flow adequacy ratio（%）			46	28	131	203
	Cash Flow Re-investment Ratio（%）			-	4	24	23
Leverage	Operating leverage			(Note1)	2	1	2
	Financial leverage			1	1	1	1

Explanation of the changes in each financial ratio in 2011 and 2012:

1. The decreasing of receivables turnover, inventory turnover, fixed asset turnover,operation income on paid-in capital ratio is mainly caused by the decrease in sales.
2. The increasing of return on assets, return on equity, income before tax on paid-in capital ratio, profit margin and EPS is mainly caused by the increasing of mainland investment profit.
3. The increasing of cash flow from operations ratio and cash flow adequacy ratio is mainly caused by redemption fund in 2012 and then current cash debt coverage ratio increased.

Note 1: Operating profit is negative and therefore not counted.

Note 2: The formula is as follows:

1. Finance structure
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   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
   (3) Interest coverage ratio = before income tax expenses and interest expense/current interest expense.
3. Operating Performance
   (1) Receivables (including Account Receivable and Note Receivable from operating) turnover = cost of goods sold/average accounts Receivable (including Account Receivable and Note Receivable from operating).
   (2) Average number days receivables outstanding = 365 days/average receivable turnover.
   (3) Inventory turnover (times) = cost of goods sold/average inventory.
   (4) Payable (including Account Payable and Note Payable from operating) turnover = cost of goods sold/average accounts payable (including Account Payable and Note Payable from operating).
   (5) Average inventory turnover days = 365 days/average inventory turnover.
   (6) Fixed asset turnover (times) = net sales/net fixed assets.
   (7) Total asset turnover = net sales/total assets.
4. Profitability
   (1) Return on assets = [net income after tax + interest expense x (1-tax ratio)]/average total assets.
   (2) Return on equity = shareholders' equity/net income after tax.
   (3) Profit margin = net income after tax/net sales.
   (4) Earning Per Share = (net income after tax - preferred dividend)/weighted average number of shares.
5. Cash flow
   (1) Cash flow from operations ratio = cash flow from operations/current liabilities.
   (2) Net Cash flow adequacy ratio = cash flow from operations of recent five fiscal years/recent five fiscal years' (capital expenditure + increase in inventory + cash dividend).
   (3) Cash flow re-investment ratio= (cash flow from operations - cash dividend)/(gross fixed assets + long-term investment + other asset + operation capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating cost and expense)/operating net income.
   (2) Financial leverage = operating revenue/(operating revenue - interest expense).

3. Supervisor Audit Report

Yulon Nissan Motor Co., Ltd.

Supervisors Audit Written Report

The Board of Directors has prepared and submitted to us the Company's operations report, financial statements and earnings distribution proposal of fiscal year 2013 together with auditors' report prepared and certified by 2 authorized CPAs: Mr. Chien-Hsin Hsieh and Mr. En Min Wu from Deloitte Touche Tohmatsu. The documents mentioned above have been further audited as being correct and accurate by the undersigned, the supervisors of Yulon Nissan Motor Company Limited. According to Article 219 of Company Law, we hereby submit this report.

Yours truly

2014 Shareholders' Meeting

Supervisors:

Wei Wen Investment Co., Ltd.

Representative: Kuan-Tao Lee

Representative: Tai-Ming Chen

Supervisors:

Yosuke Sato

May 12, 2014

4. Financial statement in the most recent year

Independent Auditors' Report

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

We have audited the accompanying balance sheets of Yulon Nissan Motor Company, Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

March 24, 2014

Notice to Readers

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

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

YULON NISSAN MOTOR COMPANY, LTD.

BALANCE SHEETS

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$3,141,904	9	$ 781,628	3	$ 743,912	3
Financial assets at fair value through profit or loss (Notes 4 and 7)	434,741	1	-	-	2,262,001	9
Notes receivable (Notes 4 and 8)	27	-	-	-	430	-
Notes receivable - related parties (Notes 4 and 28)	2,312	-	1,614	-	27,073	-
Trade receivables (Notes 4 and 8)	41,502	-	36,310	-	21,987	-
Trade receivables - related parties (Notes 4 and 28)	292,229	1	583,561	2	511,034	2
Other receivables (Notes 4 and 8)	22,658	-	31,134	-	452,645	2
Inventories (Notes 4 and 9)	2,047	-	1,547	-	1,793	-
Prepayments	11,057	-	6,875	-	34,050	-
Other financial assets (Note 10)	991,154	3	-	-	-	-
Total current assets	4,939,631	14	1,442,669	5	4,054,925	16
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	28,185,091	80	23,891,801	88	19,069,822	77
Property, plant and equipment (Notes 4, 12 and 28)	1,748,604	5	1,677,365	6	1,464,208	6
Computer software (Notes 4 and 13)	7,887	-	11,369	-	12,740	-
Deferred tax assets (Notes 4 and 22)	188,363	-	221,135	1	186,549	1
Other non-current assets (Notes 14 and 28)	249,042	1	85,830	-	19,841	-
Total non-current assets	30,378,987	86	25,887,500	95	20,753,160	84
TOTAL	$35,318,618	100	$27,330,169	100	$24,808,085	100

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

LIABILITIES AND EQUITY	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	$ 2,630,000	8	$ 200,000	1	$ -	-
Notes payable - related parties (Note 28)	1,536	-	-	-	-	-
Trade payables	127,494	-	147,796	-	144,530	1
Trade payables - related parties (Note 28)	1,073,092	3	1,899,807	7	1,570,613	6
Other payables (Note 16)	657,680	2	548,851	2	560,949	2
Current tax liabilities (Notes 4 and 22)	490,530	1	164,607	1	213,238	1
Provisions (Notes 4 and 18)	169,129	1	149,948	1	177,594	1
Deferred revenue (Note 17)	1,643	-	12,868	-	8,823	-
Other current liabilities	21,072	-	26,002	-	23,846	-
Total current liabilities	5,172,176	15	3,149,879	12	2,699,593	11
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	1,000,000	3	-	-	-	-
Provisions (Notes 4 and 18)	74,808	-	80,318	-	87,599	-
Accrued pension liabilities (Notes 4 and 19)	555,089	1	557,165	2	534,565	2
Deferred tax liabilities (Notes 4 and 22)	3,476,068	10	2,927,514	11	1,977,961	8
Total non-current liabilities	5,105,965	14	3,564,997	13	2,600,125	10
Total liabilities	10,278,141	29	6,714,876	25	5,299,718	21
EQUITY						
Capital stock - $10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	9	3,000,000	11	3,000,000	12
Capital surplus	6,129,405	17	6,129,405	22	5,988,968	24
Retained earnings						
Legal reserve	2,257,887	6	1,764,839	6	1,381,683	6
Special reserve	1,228,789	3	788,877	3	788,877	3
Unappropriated earnings	12,213,958	35	9,836,238	36	8,348,839	34
Total retained earnings	15,700,634	44	12,389,954	45	10,519,399	43
Other equity	210,438	1	(904,066)	(3)	-	-
Total equity	25,040,477	71	20,615,293	75	19,508,367	79
TOTAL	$ 35,318,618	100	$ 27,330,169	100	$ 24,808,085	100

The accompanying notes are an integral part of the financial statements.

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

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

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

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

The accompanying notes are an integral part of the financial statements. (Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 20)	Capital Surplus (Note 20)
BALANCE, JANUARY 1, 2012	$ 3,000,000	$ 5,988,968
Appropriation of 2011 earnings		
Legal reserve	-	-
Cash dividend distributed by the Company - $10.2 per share	-	-
	-	-
Change in capital surplus from investments in associates accounted for by using equity method	-	140,437
Net profit for the year ended December 31, 2012	-	-
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2012	-	-
BALANCE, DECEMBER 31, 2012	3,000,000	6,129,405
Appropriation of 2012 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividend distributed by the Company - $13.3 per share	-	-
	-	-
Net profit for the year ended December 31, 2013	-	-
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2013	-	-
BALANCE, DECEMBER 31, 2013	$ 3,000,000	$ 6,129,405

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

Retained Earnings (Note 20)			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
$ 1,381,683	$ 788,877	$ 8,348,839	$ -	$ 19,508,367
383,156	-	(383,156)	-	-
-	-	(3,060,000)	-	(3,060,000)
383,156	-	(3,443,156)	-	(3,060,000)
-	-	-	-	140,437
-	-	4,939,070	-	4,939,070
-	-	(8,515)	(904,066)	(912,581)
-	-	4,930,555	(904,066)	4,026,489
1,764,839	788,877	9,836,238	(904,066)	20,615,293
493,048	-	(493,048)	-	-
-	439,912	(439,912)	-	-
-	-	(3,990,000)	-	(3,990,000)
493,048	439,912	(4,922,960)	-	(3,990,000)
-	-	7,299,997	-	7,299,997
-	-	683	1,114,504	1,115,187
-	-	7,300,680	1,114,504	8,415,184
$ 2,257,887	$ 1,228,789	$ 12,213,958	$ 210,438	$ 25,040,477

The accompanying notes are an integral part of the financial statements.

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 8,806,890	$ 6,101,127
Adjustments for:		
Depreciation expenses	462,132	508,799
Amortization expenses	6,713	6,717
Gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,741)	-
Interest expense	16,994	1,944
Interest income	(33,106)	(3,292)
Share of the profit of subsidiary	(6,902,444)	(5,585,608)
Loss (gain) on disposal of property, plant and equipment, net	15	(180)
Gain on disposal of investment, net	(3,745)	(18,910)
Impairment loss	-	357,963
Loss (gain) on foreign exchange, net	(45,263)	33,196
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(429,255)	2,280,911
Notes receivable	(27)	430
Notes receivable - related parties	(698)	25,459
Trade receivables	(5,192)	(14,323)
Trade receivables - related parties	291,332	(72,527)
Other receivables	14,003	421,483
Inventories	(500)	246
Prepayments	(4,181)	27,175
Notes payable - related parties	1,536	-
Trade payables	(9,825)	(24,675)
Trade payables - related parties	(268,139)	86,424
Other payables	107,388	(12,123)
Other current liabilities	(4,930)	2,156
Deferred revenue	(11,225)	4,045
Provisions	13,671	(34,927)
Accrued pension liabilities	(1,253)	12,341
Cash generated from operations	1,999,150	4,103,851
Interest paid	(15,553)	(1,919)
Income tax paid	(599,785)	(293,940)
Net cash generated from operating activities	1,383,812	3,807,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	3,723,658	-
Interest received	27,579	3,320
Payment for property, plant and equipment	(1,084,114)	(794,174)
Proceeds from disposal of property, plant, and equipment	26	500
Payments for computer software	(3,231)	(5,346)

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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

The accompanying notes are an integral part of the financial statements.

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the "Company") is a business on research and development of vehicles and sales of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. ("Yulon") transferred its sales, research and development businesses to the Company in October 2003 through a spin-off. The Company's spin-off from Yulon intended to increase Yulon's competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred its 40% equity to Nissan Motor Co., Ltd. ("Nissan"), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the board of directors on March 24, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the financial statements were approved, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009

(Continued)

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Effective date not determined
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Effective date not determined
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

The impending initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are the first annual financial statements prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Financial Statements"). The date of transition to Accounting Standards Used in Preparation of the Financial Statements was January 1, 2012. Refer to Note 32 for the impact on the Company's financial statements of the conversion into Accounting Standards Used in Preparation of the Financial Statements.

Statement of Compliance

The accompanying financial statements have been prepared in conformity with the Regulations.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

When preparing its financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries, as appropriate, in the financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash, cash equivalents, assets held for trading purposes and assets that are expected to be converted into cash or consumed within one year from the balance sheet date; assets other than current assets are non-current assets. Current liabilities include liabilities incurred for trading purposes and obligations that are expected to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Foreign Currencies

The functional currency of Company and presentation currency of the financial statements are both New Taiwan dollars (NT$). Functional currency is the currency of the primary economic environment in which the Company operates.

In preparing the financial statements, transactions in currencies other than the New Taiwan dollars are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

The financial statements of foreign subsidiaries prepared in foreign currencies are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - year-end rates; profit and loss - average rates during the year; stockholders' equity - historical rates. The resulting differences are recorded as other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments Accounted for Using Equity Method

Investments in subsidiaries are accounted for by the equity method. Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The Company depreciates the costs of molds and development costs for new model and dies on the basis of production volume. Other property, plant and equipment are depreciated by using straight-line method. The production volume, estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Computer Software

Amortization is recognized on a straight-line basis over 3 years.

Impairment of Assets

When the carrying amount of property, plant and equipment and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest (included dividend or interest received in the investment year) earned on the financial asset. Method to determine the fair value please refer to Note 27.

b) Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provision

a. Inventory purchase commitment

Where the Company has a commitment under which the unavoidable costs of meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment, the present obligations arising under such commitment (e.g. inventory purchase commitment) are recognized and measured as provisions.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation by the management of the Company.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

b. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The accrued pension liabilities recognized in the balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Current taxable payable depends on current tax income. Taxable income is different from the net income before tax on the statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Company's current tax liabilities are calculated by the legislated tax rate on balance sheet date.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings as the status of appropriations of earnings is uncertain.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Estimated impairment of trade receivables

   When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of trade receivables was $358,728 thousand, $652,619 thousand, and $1,013,169 thousand, respectively.

b. Property, plant and equipment - molds and dies

   The Company depreciates molds and dies using unit-of-output method. The Company examines the estimated production units of each model according to the market every 6 months and calculates the amount allocated for each mold and die, which is also the basis of depreciation of molds and dies.

c. Provisions for the expected cost of warranty

   The Company calculates the provisions for the expected cost of warranty quarterly based on the numbers of units sold and the weighted average of actual warranty expense in the past. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of provisions for warranty was $134,125 thousand, $148,885 thousand, and $141,354 thousand, respectively.

d. Provisions for loss on inventory purchase commitment

   The Company assesses provisions for loss on inventory purchase commitment of parts and vehicles to Yulon regularly. As of December 31, 2013, December 31, 2012, and January 1, 2012, the carrying amount of provisions for loss on inventory purchase commitment was $109,812 thousand, $81,381 thousand, and $123,839 thousand, respectively.

e. Recognition and measurement of defined benefit plans

   The Company uses judgments and estimations in determining the actuarial assumptions for calculation of the present value of defined benefit obligation at the end of each reporting period. Actuarial assumptions comprise the discount rate and the expected return rate on plan assets. Changes in the assumptions may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 20	$ 20	$ 20
Checking accounts and demand deposits	801,971	774,708	589,892
Cash equivalents			
Time deposits	2,339,913	6,900	154,000
	$ 3,141,904	$ 781,628	$ 743,912

Cash equivalent includes time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rates intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Demand deposits and time deposits	0.01%-3.25%	0.01%-0.94%	0.02%-0.94%

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL - current			
Non-derivative financial assets			
Mutual funds	$ 434,741	$ -	$ 2,262,001

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$ 27	$ -	$ 430
Trade receivables	$ 41,502	$ 36,310	$ 21,987
Other receivables			
Disposal of investment receivables	$ 5,297	$ 10,483	$ 437,949
Income tax refund receivable	-	-	2,088
Others	17,361	20,651	12,608
	$ 22,658	$ 31,134	$ 452,645

a. Notes receivable

For the notes receivable, there were no past due balances at the end of the reporting period and the Company did not recognize an allowance for impairment loss.

b. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements for these balances.

The aging of receivables that were past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 180 days	$ 13,833	$ 7,585	$ 7,855
181 days to 360 days	-	-	15
	$ 13,833	$ 7,585	$ 7,870

9. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Parts	$ 2,047	$ 1,547	$ 1,793

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2013 was $26,037,200 thousand, which included warranty cost of $38,088 thousand and loss on inventory purchase commitment of $28,431 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2012 was $25,463,593 thousand, which included warranty cost of $57,835 thousand and reversal of loss on inventory purchase commitment of $42,458 thousand.

10. OTHER FINANCIAL ASSETS

Other financial assets are time deposits with original maturity of more than three months. The ranges of the market interest rates of these time deposits were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposit with original maturity of more than three months	3.35%	-	-

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in subsidiary			
Yi-Jan Overseas Investment Co., Ltd.	$ 28,185,091	$ 23,891,801	$ 19,069,822

As the end of the reporting period, the proportion of ownership and voting rights in subsidiary was as follow:

	December 31, 2013	December 31, 2012	January 1, 2012
Yi-Jan Overseas Investment Co., Ltd.	100%	100%	100%

Through Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc. (subsidiary of Yi-Jan Overseas Investment Co., Ltd.), the Company's indirect proportion of voting rights in associates were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%	40.00%
Aeolus Automobile Co., Ltd.	33.12%	33.12%	25.00%
Aeolus Xiangyang Automobile Co., Ltd.	16.55%	16.55%	16.55%
Shenzhen Lan You Technology Co., Ltd.	45.00%	45.00%	45.00%
Dong Feng Yulon Used Cars Co., Ltd.	49.00%	49.00%	49.00%

The amounts recognized as share of the profit or loss of subsidiary on equity method for the years ended December 31, 2013 and 2012 were based on the financial statements for the same periods, which were audited by independent auditors.

Jetford Inc. originally acquired 25 percent of shares of Aeolus Automobile Co., Ltd. in the investment amount of US$10,890 thousand. Jetford Inc. further acquired 8.12 percent of shares of Aeolus Automobile Co., Ltd. in May 2012 in the investment amount of US$7,820 thousand. As of December 31, 2013, the accumulated investment amount was US$18,710 thousand.

The Company invested US$200 thousand in Yi Hsing Corporation through Yi-Jan Overseas Investment Co., Ltd. Yi Hsing Corporation engaged in making inquiries about selling prices of motor parts and engages in commission-based businesses. The operating activities of Yi Hsing Corporation had been terminated in February 2011; its liquidation had been completed on February 8, 2012.

12. PROPERTY, PLANT, AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance at January 1, 2012	$ 4,018,714	$ 741,778	$ 83,468	$ 83,639	$ 4,290	$ 21,135	$ 5,763	$ 5,694	$ 4,964,481
Additions	841,800	223,085	9,095	5,691	-	-	568	-	1,080,239
Disposals	-	-	(7,499)	(7,075)	-	(2,082)	(2,890)	-	(19,546)
Balance at December 31, 2012	$ 4,860,514	$ 964,863	$ 85,064	$ 82,255	$ 4,290	$ 19,053	$ 3,441	$ 5,694	$ 6,025,174
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ (2,840,298)	$ (492,961)	$ (70,098)	$ (67,650)	$ (3,983)	$ (17,282)	$ (3,566)	$ (4,435)	$(3,500,273)
Depreciation expense	(393,043)	(100,929)	(6,430)	(5,788)	(117)	(689)	(1,303)	(500)	(508,799)
Impairment losses recognized in profit or loss	(357,963)	-	-	-	-	-	-	-	(357,963)
Disposals	-	-	7,497	6,820	-	2,019	2,890	-	19,226
Balance at December 31, 2012	$ (3,591,304)	$ (593,890)	($ 69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$(4,347,809)
Carrying value, net, January 1, 2012	$ 1,178,416	$ 248,817	$ 13,370	$ 15,989	$ 307	$ 3,853	$ 2,197	$ 1,259	$ 1,464,208
Carrying value, net, December 31, 2012	$ 1,269,210	$ 370,973	$ 16,033	$ 15,637	$ 190	$ 3,101	$ 1,462	$ 759	$ 1,677,365
Cost									
Balance at January 1, 2013	$ 4,860,514	$ 964,863	$ 85,064	$ 82,255	$ 4,290	$ 19,053	$ 3,441	$ 5,694	$ 6,025,174
Additions	426,764	88,297	5,750	4,354	4,305	-	3,942	-	533,412
Disposals	(1,668,369)	(330,008)	(8,921)	(11,076)	-	(524)	(1,118)	-	(2,020,016)
Balance at December 31, 2013	$ 3,618,909	$ 723,152	$ 81,893	$ 75,533	$ 8,595	$ 18,529	$ 6,265	$ 5,694	$ 4,538,570
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ (3,591,304)	$ (593,890)	$ (69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$(4,347,809)
Depreciation expense	(361,039)	(85,563)	(6,773)	(6,202)	(680)	(649)	(878)	(348)	(462,132)
Disposals	1,668,369	330,008	8,921	11,040	-	519	1,118	-	2,019,975
Balance at December 31, 2013	$ (2,283,974)	$ (349,445)	$ (66,883)	$ (61,780)	$ (4,780)	$ (16,082)	$ (1,739)	$ (5,283)	$(2,789,966)
Carrying value, net, January 1, 2013	$ 1,269,210	$ 370,973	$ 16,033	$ 15,637	$ 190	$ 3,101	$ 1,462	$ 759	$ 1,677,365
Carrying value, net, December 31, 2013	$ 1,334,935	$ 373,707	$ 15,010	$ 13,753	$ 3,815	$ 2,447	$ 4,526	$ 411	$ 1,748,604

There were no signs of impairment losses of assets for the year ended December 31, 2013; therefore, the Company did not assess for impairment.

The Company recognized an impairment loss of $357,963 thousand for the year ended December 31, 2012 due to the decline in sales of certain vehicles, which caused a decrease in cash inflows from the use of the related molds and dies and resulted in the recoverable amount of the molds and dies being lower than carrying amount. The recoverable amount of the molds and dies was based on value in use, determined using a discount rate of 15.28%.

Except molds and dies are depreciated on an estimated production volume basis, other property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful life.

The estimated useful lives are as follows:

Computer equipment	2 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 8 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years

13. COMPUTER SOFTWARE

	Computer Software
Cost	
Balance, January 1, 2012	$ 20,608
Additions	5,346
Disposals	(5,744)
Balance, December 31, 2012	$ 20,210
Accumulated amortization	
Balance, January 1, 2012	$ (7,868)
Amortization expense	(6,717)
Disposals	5,744
Balance, December 31, 2012	$ (8,841)
Carrying amounts at January 1, 2012	$ 12,740
Carrying amounts at December 31, 2012	$ 11,369
Cost	
Balance, January 1, 2013	$ 20,210
Additions	3,231
Disposals	(990)
Balance, December 31, 2013	$ 22,451
Accumulated amortization	
Balance, January 1, 2013	$ (8,841)
Amortization expense	(6,713)

(Continued)

	Computer Software
Disposals	990
Balance, December 31, 2013	$ (14,564)
Carrying amounts at January 1, 2013	$ 11,369
Carrying amounts at December 31, 2013	$ 7,887

14. OTHER NON-CURRENT ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	$ 234,653	$ 77,775	$ 19,650
Prepayment for equipment	14,389	8,055	191
	$ 249,042	$ 85,830	$ 19,841

15. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank loans	$ 2,630,000	$ 200,000	$ -
Ranges of weighted average effective interest rate	0.96%-1.05%	1.15%	-

b. Long-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank loans	$ 1,000,000	$ -	$ -
Interest rate	1.35%	-	-

The interest payments of the long-term borrowing are made monthly. The repayment of the principal is made when the long-term borrowing reaches to its maturity, which is in August 2015.

16. OTHER PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Salaries and bonus	$ 357,082	$ 273,206	$ 270,500
Advertising and promotion fees	113,701	110,068	165,257
Others	186,897	165,577	125,192
	$ 657,680	$ 548,851	$ 560,949

17. DEFERRED REVENUE

	December 31, 2013	December 31, 2012	January 1, 2012
Arising from government grants	$ 1,643	$ 12,868	$ 8,823

The deferred revenue arose in respect of government grant for electric vehicles since 2011.

18. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Inventory purchase commitment	$ 109,812	$ 81,381	$ 123,839
Warranties	59,317	68,567	53,755
	$ 169,129	$ 149,948	$ 177,594
Non-current			
Warranties	$ 74,808	$ 80,318	$ 87,599

	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2012	$ 123,839	$ 141,354	$ 265,193
Additional provisions recognized	-	57,835	57,835
Reversal	(42,458)	-	(42,458)
Paid	-	(50,304)	(50,304)
Balance at December 31, 2012	$ 81,381	$ 148,885	$ 230,266
Balance at January 1, 2013	$ 81,381	$ 148,885	$ 230,266
Additional provisions recognized	28,431	38,088	66,519
Paid	-	(52,848)	(52,848)
Balance at December 31, 2013	$ 109,812	$ 134,125	$ 243,937

The provision for loss on inventory purchase commitment represents the present obligations of which the unavoidable costs meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranty under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2013 and 2012 was $12,548 thousand and $12,335 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

Employee benefit expenses in respect of defined contribution plan were included in the following line items:

	For the Year Ended December 31	
	2013	2012
Selling and marketing expenses	$ 4,018	$ 3,796
General and administrative expenses	$ 4,005	$ 4,010
Research and development expenses	$ 4,525	$ 4,529

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	1.750%	1.625%	1.750%
Expected return on plan assets	2.000%	1.875%	2.000%
Expected rate of salary increase	2.500%	2.500%	2.500%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 6,112	$ 6,271
Interest cost	9,476	9,799
Expected return on plan assets	(219)	(168)
Past service cost	2,504	2,504
	$ 17,873	$ 18,406
An analysis by functions		
Selling and marketing expenses	$ 4,666	$ 4,818
General and administrative expenses	8,145	8,017
Research and development expenses	5,062	5,571
	$ 17,873	$ 18,406

Actuarial losses and (gains) recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $(823) thousand and $10,259 thousand, respectively. The cumulative amount of actuarial losses and (gains) recognized in other comprehensive income as of December 31, 2013 and 2012 was $9,436 thousand and $10,259 thousand, respectively.

The amounts included in the balance sheet arising from the Company's obligation in respect of its defined benefit plan were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Defined benefit obligation	$ 573,593	$ 583,133	$ 559,935
Fair value of plan assets	(3,601)	(8,561)	(5,458)
Deficit	569,992	574,572	554,477
Past service cost not yet recognized	(14,903)	(17,407)	(19,912)
Net liability arising from defined benefit obligation	$ 555,089	$ 557,165	$ 534,565

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 583,133	$ 559,935
Current service cost	6,112	6,271
Interest cost	9,476	9,799
Actuarial losses/(gains)	(967)	10,147
Benefits paid- from Bank of Taiwan	(11,169)	(3,019)
Benefits paid- from book-reserve	(12,992)	-
Closing defined benefit obligation	$ 573,593	$ 583,133

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 8,561	$ 5,458
Expected return on plan assets	219	168
Actuarial losses	(144)	(111)
Contributions from the employer	6,134	6,065
Benefits paid	(11,169)	(3,019)
Closing fair value of plan assets	$ 3,601	$ 8,561

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Labor Pension Fund Supervisory Committee:

	December 31, 2013	December 31, 2012	January 1, 2012
Equity instruments	44.77	37.43	40.75
Cash and cash equivalents	22.86	24.51	23.87
Fixed income instruments	18.11	16.28	16.19
Debt instruments	9.37	10.45	11.45
Others	4.89	11.33	7.74
	100.00	100.00	100.00

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' 2 year time deposits.

The Company chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to Accounting Standards Used in Preparation of the Financial Statements (please refer to Note 32):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (573,593)	$ (583,133)	$ (559,935)
Fair value of the plan assets	$ 3,601	$ 8,561	$ 5,458
Deficit	$ (569,992)	$ (574,572)	$ (554,477)
Experience adjustments on plan liabilities	$ (13,778)	$ (10,147)	$ -
Experience adjustments on plan assets	$ (144)	$ (111)	$ -

The Company expects to make a contribution of $6,674 thousand to the defined benefit plans during the annual period beginning after 2013.

20. EQUITY

a. Capital surplus

	December 31, 2013	December 31, 2012	January 1, 2012
Excess from spin-off	$ 5,986,507	$ 5,986,507	$ 5,986,507
Generated from long-term investment	142,898	142,898	2,461
	$ 6,129,405	$ 6,129,405	$ 5,988,968

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

The capital surplus from long-term investment may not be used for any purpose.

b. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the legal reserve should be set aside at 10% of annual net income, less any accumulated deficit, and appropriate special reserve. The remainder of the income should be appropriated as follows:

1) 0.1% to 5% as bonus to employees.

2) The remainder and the undistributed retained earnings as dividends. The distribution is proposed by the board of directors and approved by the stockholders.

The Company operates in a mature and stable industry. In determining the ratio of cash dividends to stock dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. Thus, cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2012	2011	2012	2011
Legal reserve	$ 493,048	$ 383,156		
Special reserve	439,912	-		
Cash dividend	3,990,000	3,060,000	$ 13.3	$ 10.2

Bonus to employees for 2012 and 2011 approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively, were as follows:

	For the Year Ended December 31	
	2012	2011
	Cash Dividend	Cash Dividend
Bonus to employees	$ 30,251	$ 41,500

There was no difference between the amounts of the bonus to employees in the shareholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Rules Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Rules Governing the Preparation of Financial Reports by Securities Issuers (revised) and Rules Governing the Preparation of Financial Reports.

The estimated amount of accrued employee bonus for the year ended December 31, 2013 was $31,500 thousand. The bonuses to the Company's employees for the year ended December 31, 2013 were calculated at 0.43% of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the year ended December 31, 2012 was $30,251 thousand. The bonuses to the Company's employees for the year ended December 31, 2012 were calculated at 0.76% of net income net of the 10% deduction for legal reserve.

After the end of the year, if the actual amounts subsequently resolved by the board of directors have significant difference from the proposed amounts, the adjustments to expenses are recorded in the year of recognition. At the date of stockholders' resolution, if the amount differs from the amount resolved by the board of directors, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

An amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

As of March 24, 2014, the date of the accompanying independent auditors' report, the appropriations and distribution of the 2013 earnings of the Company had not been approved by the board of directors and stockholders. Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market

Observation Post System website of the Taiwan Stock Exchange.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

c. Special reserves appropriated under Rule No. 1010012865 issued by the FSC

The Company's special reserves appropriated following Rule No. 1010042865 issued by the FSC were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Special reserve	$ 409,037	$ 409,037	$ 409,037

The increase in retained earnings that resulted from Accounting Standards Used in Preparation of the Financial Statements adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of $409,037 thousand.

21. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
An analysis of depreciation by function		
Operating cost	$ 446,602	$ 493,971
Operating expenses	15,530	14,828
	$ 462,132	$ 508,799
An analysis of amortization by function		
Operating expenses	$ 6,713	$ 6,717

b. Technical cooperation agreement

	For the Year Ended December 31	
	2013	2012
Operating cost	$ 460,376	$ 449,129

The Company has a technical cooperation agreement (the "TCA") with Nissan. The TCA requires the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax.

c. Employee benefit expenses

	For the Year Ended December 31	
	2013	2012
Post-employment benefit (Note 19)		
Defined contribution plans	$ 12,548	$ 12,335
Defined benefit plans	17,873	18,406
	30,421	30,741
Termination benefit	3,900	3,900
Labor and health insurance	34,648	29,914
Other employee benefit	596,424	553,364
	634,972	587,178
Total employee benefit expenses	$ 665,393	$ 617,919
An analysis of employee benefits expense by function		
Operating cost	$ 881	$ 945
Operating expenses	$ 663,487	$ 616,043
Non-operating expenses	$ 1,025	$ 931

d. Non-operating income and expenses

	For the Year Ended December 31	
	2013	2012
Net gain or (loss) on disposal of property, plant and equipment	$ (15)	$ 180

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2013	2012
Gain on foreign exchange	$ 55,580	$ 7,389
Loss on foreign exchange	(3,905)	(12,108)
Net (loss) gain	$ 51,675	$ (4,719)

f. Gain or loss on sale of investment

	For the Year Ended December 31	
	2013	2012
Gain on sale of investment	$ 5,211	$ 35,215
Loss on sale of investment	(1,466)	(16,305)
Net gain	$ 3,745	$ 18,910

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31 2013	2012
Current tax		
In respect of the current year	$ 921,450	$ 248,543
In respect of prior periods	4,257	(3,197)
Deferred tax		
In respect of the current year	581,186	916,711
Income tax expense recognized in profit or loss	$ 1,506,893	$ 1,162,057

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31 2013	2012
Profit before tax	$ 8,806,890	$ 6,101,127
Income tax expense calculated at the tax rate (17%)	$ 1,497,171	$ 1,037,191
Nondeductible expenses in determining taxable income	5,646	10,768
Tax-exempt income	(933)	(5,546)
Additional income tax on unappropriated earnings	752	122,841
Adjustments for prior years' tax	4,257	(3,197)
Income tax expense recognized in profit or loss	$ 1,506,893	$ 1,162,057

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31 2013	2012
Deferred tax		
Recognized in other comprehensive income		
Actuarial gains and losses on defined benefit plan	$ (140)	$ 1,744

c. Current tax liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax liabilities			
Income tax payable	$ 490,530	$ 164,607	$ 213,238

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follow:

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 91,157	$ 2,098	$ 1,744	$ 94,999
Impairment losses	43,954	34,239	-	78,193
Provisions for warranty	24,030	1,280	-	25,310
Provisions for loss on inventory purchase commitment	21,053	(7,218)	-	13,835
Unrealized exchange loss, net	3,928	1,057	-	4,985
Deferred revenue	-	3,813	-	3,813
Investment credit	2,427	(2,427)	-	-
	$ 186,549	$ 32,842	$ 1,744	$ 221,135
Deferred tax liabilities				
Temporarily difference				
Shares of the profit of subsidiary	$ 1,977,961	$ 949,553	$ -	$ 2,927,514

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 94,999	$ (212)	$ (140)	$ 94,647
Impairment losses	78,193	(25,946)	-	52,247
Provisions for warranty	25,310	(2,509)	-	22,801
Provisions for loss on inventory purchase commitment	13,835	4,833	-	18,668
Unrealized exchange loss, net	4,985	(4,985)	-	-
Deferred revenue	3,813	(3,813)	-	-
	$ 221,135	$ (32,632)	$ (140)	$ 188,363

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporarily difference				
Shares of the profit of subsidiary	$ 2,927,514	$ 543,104	$ -	$ 3,470,618
Unrealized exchange gain, net	-	5,450	-	5,450
	$ 2,927,514	$ 545,845	$ -	$ 3,476,068

e. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 12,213,958	$ 9,836,238	$ 8,348,839
Imputation credit account ("ICA")	$ 813,731	$ 344,571	$ 219,689

The creditable ratio for distribution of earnings of 2013 and 2012 were 6.66% (expected ratio) and 5.00%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of ICA as of the date of dividends distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of Accounting Standards Used in Preparation of the Financial Statements, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of Accounting Standards Used in Preparation of the Financial Statements.

f. Income tax assessment

The tax returns through 2011 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2013	**2012**
Earnings used in the computation of basic and diluted earnings per share	$ 7,299,997	$ 4,939,070

Weighted-average Number of Ordinary Shares Outstanding (In Thousand Shares):

	For the Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	300,000	300,000
Effect of potential dilutive ordinary shares:		
Bonus issue to employees	126	245
Weighted average number of ordinary shares used in the computation of diluted earnings per share	300,126	300,245

The Company may settle bonuses paid to employees in cash or shares; thus, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. NON-CASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2013	**2012**
Investing activities affecting both cash and non-cash transactions		
Increase in property, plant and equipment	$ 515,061	$ 1,064,885
Decrease/(increase) in payable	569,053	(270,711)
Cash paid for acquisition of property, plant and equipment	$ 1,084,114	$ 794,174

25. OPERATING LEASE AGREEMENTS

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
No later than 1 year	$ 2,508	$ 2,508	$ 2,508
Later than 1 year and not later than 5 years	6,479	8,987	10,032
Later than 5 years	-	-	1,463
	$ 8,987	$ 11,495	$ 14,003

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company, will be able to continue as going concerns, while maximizing the return to stockholders through optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management believes the carrying value of the financial assets and financial liabilities not carried at fair value is approximately equal to the fair value.

2) Fair value measurements recognized in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 434,741	$ -	$ -	$ 434,741

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ -	$ -	$ -	$ -

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 2,201,855	$ -	$ 60,146	$ 2,262,001

There were no transfers between Levels 1 and 2 in the current and prior periods.

3) Reconciliation of Lever 3 fair value measurements of financial instruments

	Financial Assets at Fair Value through Profit or Loss
Balance, January 1, 2012	$ 60,146
Total gain - in profit or loss	22
Disposals	(60,168)
Balance, December 31, 2012	$ -

4) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair value of fund beneficiary certificate traded on active market is the net asset value on balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Company were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss			
Held for trading	$ 434,741	$ -	$ 2,262,001
Loans and receivables (Note 1)	4,491,786	1,434,247	1,757,081
Financial liabilities			
Amortized cost (Note 2)	5,106,211	2,496,640	2,005,592

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, and part of other payables.

c. Financial risk management objectives and policies

The Company's major financial instruments include trade receivable, trade payables, and borrowings. The Company's Corporate Treasury function coordinates access to domestic and international financial markets, manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company is mainly exposed to the RMB, U.S. dollars and Japanese yen.

The following table details the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact For the Year Ended December 31		**U.S. Dollar Impact For the Year Ended December 31**		**Japan Yen Impact For the Year Ended December 31**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Gain (loss)	$ (165,708)	$ -	$ (3,450)	$ (6,319)	$ (749)	$ (3,218)

This was mainly attributable to the exposure outstanding on RMB, U.S. dollars, and Japanese Yen cash in bank, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rate at the end of the reporting period were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Fair value interest rate risk			
Financial assets	$ 3,336,817	$ 12,953	$ 160,916
Financial liabilities	3,630,000	200,000	-
Cash flows interest rate risk			
Financial assets	796,221	768,656	582,976

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2013 would decrease/increase by $1,991 thousand, which was mainly attributable to the Company's exposure to interest rates on its demand deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2012 would decrease/increase by $1,922 thousand, which was mainly attributable to the Company's exposure to interest rates on its demand deposits.

2) Credit risk

The Company's concentration of credit risk of 49%, 60% and 44% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, was related to the Company's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the available unutilized short-term borrowings facilities were $370,000 thousand, $800,000 thousand and $1,000,000 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2013

	Weighted-average Effective Interest Rate (%)	**Within One Month**	**1 to 3 Months**	**4 to 12 Months**	**13 to 24 Months**
Non-derivative financial liabilities					
Non-interest bearing	-	$ 972,197	$ 292,470	$ 211,544	$ -
Fixed interest rate instrument	1.08	-	2,636,287	10,125	1,008,544
		$ 972,197	$ 2,928,757	$ 221,669	$ 1,008,544

December 31, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	4 to 12 Months	13 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$1,420,270	$ 389,424	$ 486,946	$ -
Fixed interest rate instrument	1.15	200,192	-	-	-
		$1,620,462	$ 389,424	$ 486,946	$ -

January 1, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	4 to 12 Months	13 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$ 1,552,925	$ 160,940	$ 291,727	$ -

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Company had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Company
Investors that have significant influence over the Company	
Nissan Motor Corporation (“Nissan”)	Equity-method investor of the Company
Yulon Motor Co., Ltd. (“Yulon”)	Same as above
Subsidiaries	
Yi-Jan Overseas Investment Co., Ltd.	Subsidiary
Jetford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Motor Egypt S.A.E.	Same as above
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Motor India Private Limited	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distribution Indonesia	Same as above
Ashok Leyland Nissan Vehicles Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Allied Engineering Co., Ltd.	Same as above
Zhengzhou Nissan Automobile Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Nissan Motor Philippines, Inc. (NMPI)	Same as above
Uni Calsonic Corporation	Substantial related party of Yulon

(Continued)

Related Party	Relationship with the Company
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co.	Same as above
Yu Chia Motor Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Visionary International Consulting Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Substantial related party of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Tsung Ho Enterprise Co., Ltd.	Subsidiary of Chi Ho Corporation
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
San Long Industrial Co., Ltd.	Substantial related party of Y-teks, Co.

b. Transactions between the Company and related parties are based on agreements. Details of transactions between the Company and related parties were disclosed below:

1) Trading transactions

	For the Year Ended December 31	
	2013	2012
Sales		
Investors that have significant influence	$ 10,309	$ 13,488
Others	30,844,618	28,211,096
	$ 30,854,927	$ 28,224,584

	For the Year Ended December 31	
	2013	2012
Service revenue		
Investors that have significant influence	$ 16,872	$ 16,271
Others	-	50,824
	$ 16,872	$ 67,095
Other operating revenue		
Investors that have significant influence	$ 21,286	$ 21,176
Others	18,413	20,219
	$ 39,699	$ 41,395

The Company designs and performs R&D of cars for Dongfeng Nissan Passenger Vehicle Co. and Nissan, and service revenue is recognized according to the related contracts.

Other operating revenue of the Company arose from selling steel plates, steel and aluminum parts, and engaging in vehicles identification and testing.

	For the Year Ended December 31	
	2013	2012
Operating cost - purchase		
Investors that have significant influence	$ 24,825,735	$ 23,772,933
Others	40,724	62,905
	$ 24,866,459	$ 23,835,838
Operating cost - TCA		
Investors that have significant influence	$ 460,376	$ 449,129
Operating cost - rental		
Investors that have significant influence	$ 12,323	$ 37,889
Others	16,713	13,893
	$ 29,036	$ 51,782

The Company's TCA is the payment to investors with significant influence, with whom the Company has technical cooperation agreements.

The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars and driving service for its executives.

	For the Year Ended December 31	
	2013	2012
Selling and marketing expenses		
Investors that have significant influence	$ 42,443	$ 17,484
Others	1,750,092	1,377,889
	$ 1,792,525	$ 1,395,373
General and administrative expenses		
Investors that have significant influence	$ 20,486	$ 1,274
Others	186,468	184,867
	$ 206,954	$ 186,141
Research and development expenses		
Investors that have significant influence	$ 89,939	$ 54,115
Others	26,324	25,440
	$ 116,263	$ 79,555

Selling and marketing expenses are payment to other parties for advertisement and promotion.

General and administrative expenses are payment to other parties for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence for sample products, trial fee, and TOBE System.

The Company bought molds from related parties (molds purchased were recorded under property, plant and equipment) as follows:

	For the Year Ended December 31	
	2013	2012
Investors that have significant influence	$ -	$ 35,878
Others	167,103	278,003
	$ 167,103	$ 313,881

2) Non-operating transactions

	For the Year Ended December 31	
	2013	2012
Other revenue		
Investors that have significant influence	$ 581	$ 1,226
Others	399	-
	$ 980	$ 1,226

	For the Year Ended December 31	
	2013	2012
Overseas business expenses		
Others	$ 15,486	$ 28,376
Other losses		
Investors that have significant influence	$ 32	$ 28
Others	-	326
	$ 32	$ 354

3) Receivables from related parties

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Others	$ 2,312	$ 1,614	$ 27,073
Trade receivables			
Subsidiaries	$ 10,100	$ 4,815	$ 26,984
Investors that have significant influence	40,837	21,970	10,743
Others	241,292	556,776	473,307
	$ 292,229	$ 583,561	$ 511,034

4) Payables to related parties

	December 31, 2013	December 31, 2012	January 1, 2012
Notes payable			
Investors that have significant influence	$ 1,536	$ -	$ -
Trade payables			
Investors that have significant influence	$ 659,922	$ 1,199,777	$ 1,205,704
Others	413,170	700,030	364,909
	$ 1,073,092	$ 1,899,807	$ 1,570,613

5) Refundable deposits

	December 31, 2013	December 31, 2012	January 1, 2012
Investors that have significant influence	$ 174,432	$ 17,600	$ 17,600
Others	59,284	58,560	-
	$ 233,716	$ 76,160	$ 17,600

c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31 2013	2012
Short-term employee benefit	$ 42,279	$ 37,515
Post-employment benefit	1,585	1,886
	$ 43,864	$ 39,401

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related-parties

1) The Company sold to Taiwan Acceptance Corporation trade receivable which amounted to $2,017,040 thousand and $2,079,532 thousand for the years ended December 31, 2013 and 2012, respectively. Based on the related contract, the amount of receivable sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The Company's interest expenses recognized on the trade receivable sold to Taiwan Acceptance Corporation were $1,185 thousand and $1,270 thousand for the years ended December 31, 2013 and 2012, respectively.

2) The Company bought other equipment for $769 thousand from Singgual Technology Co., Ltd. for the year ended December 31, 2013. The Company bought other equipment for $440 thousand and $298 thousand from Singgual Technology Co., Ltd. and Yulon Motor Co., Ltd. for the year ended December 31, 2012, respectively. All of them were recorded under property, plant and equipment.

3) The Company had sold property, plant and equipment to related-party; the related party and amounts for the year ended December 31, 2012 are summarized as follows:

	Amount	Carrying Value	Gain on Disposal
Hua-Chuang Automobile Information Technical Center Co., Ltd.	$ 500	$ 55	$ 445

4) The Company signed molds contracts with Diamond Leasing Service Co., Ltd.

The molds contracts are valid from the date of the contract to the end of production of the car model. The contract amount is $829,663 thousand and the installment payments will be disbursed according to the progress under the contract schedule. The types of car parts have not been produced until the end of December 2013. The Company had already paid $610,478 thousand (recognized as property, plant, and equipment). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year with the amount of $2.6 for every ten thousand of the accumulated amounts paid for molds in prior year.

29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2013 were as follows:

a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company’s sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer (“OEM”) of automobile parts and after-sales service. As of December 31, 2013, both parties did not receive a termination notice, so the contract automatically extended.

   The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to December 31, 2013, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	December 31, 2013	December 31, 2012	January 1, 2012
Acquisition of property, plant, and equipment	$ 289,990	$ 407,866	$ 408,645
Acquisition of other intangible assets	1,331	-	580
	$ 291,321	$ 407,866	$ 409,225

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 675,808	4.9040 (RMB:NTD)	$ 3,314,162
USD	2,315	29.805 (USD:NTD)	68,999
JPY	53,715	0.2839 (JPY:NTD)	15,250
Financial liabilities			
Monetary items			
JPY	919	0.2839 (JPY:NTD)	261

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,352	29.04 (USD:NTD)	$ 126,382
JPY	193,397	0.3364 (JPY:NTD)	65,059
Financial liabilities			
Monetary item			
JPY	2,092	0.3364 (JPY:NTD)	704

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,268	30.275(USD:NTD)	$ 68,664
JPY	238,705	0.3906 (JPY:NTD)	93,238
Financial liabilities			
Monetary items			
JPY	29,158	0.3906 (JPY:NTD)	11,389

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None

2) Endorsements guarantees provided: None

3) Market securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 1 (attached)

4) Marketable securities acquired and disposed at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of real individual estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

9) Trading in derivative instruments: None

10) Information on investees: Table 4 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area: Table 5 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

32. FIRST-TIME ADOPTION OF FINANCIAL STATEMENTS ACCOUNTING STANDARDS

The transition to Accounting Standards Used in Preparation of the Financial Statements was on January 1, 2012 (the transition date). The effects on the Company's financial statements were as follows:

a. Except for optional exemptions and mandatory exceptions, the Company retrospectively applied Accounting Standards Used in Preparation of the Financial Statements in its opening balance sheet at the date of transition, January 1, 2012.

Investment in subsidiaries

For the investment in subsidiaries acquired before transition date, the Company elected to state the amount in the balance sheet on January 1, 2012 in accordance with the amount recognized in the balance sheet on December 31, 2011 under ROC GAAP.

Employee benefits

The Company elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Company elected to apply the exemption disclosure requirement provided by Accounting Standards Used in Preparation of the Financial Statements, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Company elected to reset the cumulative translation differences to zero at the date of transition and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition.

Deemed cost of property, plant, equipment and other intangible assets

The Company measured property, plant and equipment and other intangible assets on translation date under cost model according to Accounting Standards Used in Preparation of the Financial Statements, and retroactively applied the relevant regulations.

b. Differences in accounting policies

The material differences between the existing accounting policies and the accounting policies to be adopted under Accounting Standards Used in Preparation of the Financial Statements and their effects were as follows:

Accounting Issues	Description of Differences
Classification of deferred tax assets/liabilities	Under ROC GAAP, classification as current and noncurrent is based on the classification of the underlying asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent on the basis of expected length of time before it is realized or settled. After converting to Accounting Standards Used in Preparation of the Financial Statements, the classification of deferred income tax is always noncurrent. If an enterprise does not have a legally recognized right to offset the tax assets and tax liabilities, the amounts recognized in deferred tax assets should not offset with deferred tax liabilities under Accounting Standards Used in Preparation of the Financial Statements.
Reclassification of deferred charges	Under ROC GAAP, deferred charges are listed under other assets. After converting to Accounting Standards Used in Preparation of the Financial Statements, an enterprise should reclassify deferred charges to property, plant and equipment and intangible assets based on their nature.
Actuarial gains and losses of defined benefit plans	Under ROC GAAP, an entity's actuarial gains and losses are amortized over the employees' average remaining service period to the income statement under the corridor approach. After converting to Accounting Standards Used in Preparation of the Financial Statements, actuarial gains and losses should be recognized immediately in other comprehensive income and retained earnings in statement of changes in equity.
Unrecognized net transition obligation	Under ROC GAAP, unrecognized net transition obligation that resulted from the adoption of Statement of Financial Accounting Standards (SFAS) No. 18 "Accounting for Pensions" should be amortized using the straight-line method over the average remaining service years of employees, and be accounted for as pension costs.

(Continued)

Accounting Issues	Description of Differences
	After converting to Accounting Standards Used in Preparation of the Financial Statements, due to non-adoption of the transitional arrangements under IAS 19 "Employee Benefits," the unrecognized net transition obligation is accounted and adjusted in retained earnings.
Impairment losses of assets	Under ROC GAAP, impairment losses of assets are usually recognized as part of non-operating expenditure.
	After converting to Accounting Standards Used in Preparation of the Financial Statements, an entity presents expenses and losses by function. Recognized impairment loss of assets based on IAS 36 should be attributed to related functional expense.
Prepayment for equipment	Under ROC GAAP, prepayment for equipment is usually recognized as part of property, plant and equipment.
	After converting to Accounting Standards Used in Preparation of the Financial Statements, prepayment for equipment is usually classified as prepayment under noncurrent assets.
Gain/loss on disposal of property, plant and equipment	Under ROC GAAP, gain/loss on disposal of property, plant and equipment is usually recognized as part of non-operating expenses.
	After converting to Accounting Standards Used in Preparation of the Financial Statements, an entity presents expenses and losses by function. Gain/loss on disposal of property, plant and equipment should be attributed to related functional expense.

c. After converting to Accounting Standards Used in Preparation of the Financial Statements, the reconciliation of the balance sheets, the statements of comprehensive income and statements of cash flows are as follows:

1) Reconciliation of January 1, 2012 balance sheet items

	ROC GAAP	Difference	Accounting Standards Used in Preparation of the Financial Statements	Note
Current assets	$ 4,089,045	$ (34,120)	$ 4,054,925	a)
Long-term investments	19,069,822	-	19,069,822	
Property, plant and equipment	37,166	1,427,042	1,464,208	e), f)
Intangible assets	-	12,740	12,740	e)
Other assets	1,459,623	(1,253,233)	206,390	a), b), c), e), f)
Total assets	$ 24,655,656	$ 152,429	$ 24,808,085	
Current liabilities	$ 2,699,593	$ -	$ 2,699,593	
Other liabilities	2,392,579	207,546	2,600,125	b), c)
Total liabilities	$ 5,092,172	$ 207,546	$ 5,299,718	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	5,988,968	-	5,988,968	
Retained earnings	10,110,362	409,037	10,519,399	c), d)
Cumulative translation adjustments	464,154	(464,154)	-	d)
Stockholders' equity	$ 19,563,484	$ (55,117)	$ 19,508,367	

a) Deferred tax assets - current of $34,120 thousand were reclassified to deferred tax assets - noncurrent after converting to Accounting Standards Used in Preparation of the Financial Statements.

b) After converting to Accounting Standards Used in Preparation of the Financial Statements, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under Accounting Standards Used in Preparation of the Financial Statements. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $141,140 thousand at the same time.

c) i. Retirement benefit obligation under Accounting Standards Used in Preparation of the Financial Statements increased by $66,406 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,406 thousand and decreased retained earnings by $66,406 thousand.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,289 thousand and retained earnings increased by $11,289 thousand, accordingly.

d) The Company elected the exemption under Accounting Standards Used in Preparation of the Financial Statements and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand and retained earnings increased by $464,154 thousand on the date of transition to Accounting Standards Used in Preparation of the Financial Statements.

e) Molds and dies of $1,427,233 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $12,740 thousand was reclassified as intangible assets.

f) After converting to Accounting Standards Used in Preparation of the Financial Statements, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $191 thousand.

2) Reconciliation of the December 31, 2012 balance sheet items

	ROC GAAP	**Difference**	**Accounting Standards Used in Preparation of the Financial Statements**	**Note**
Current assets	$ 1,476,958	$ (34,289)	$ 1,442,669	a)
Long-term investments	23,891,801	-	23,891,801	
Property, plant and equipment	45,236	1,632,129	1,677,365	e), f)
Intangible assets	-	11,369	11,369	e)
Other assets	1,729,328	(1,422,363)	306,965	a), b), c), e), f)
Total assets	$ 27,143,323	$ 186,846	$27,330,169	
Current liabilities	$ 3,149,879	$ -	$ 3,149,879	
Other liabilities	3,323,112	241,885	3,564,997	b), c)
Total liabilities	$ 6,472,991	$ 241,885	$ 6,714,876	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	6,129,405	-	6,129,405	
Retained earnings	11,980,839	409,115	12,389,954	c), d)
Cumulative translation adjustments	(439,912	(464,154)	(904,066)	d)
Stockholders' equity	$ 20,670,332	$ (55,039)	$20,615,293	

a) Deferred tax assets - current of $34,289 thousand were reclassified to deferred tax assets - noncurrent after converting to Accounting Standards Used in Preparation of the Financial Statements.

b) After converting to Accounting Standards Used in Preparation of the Financial Statements, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under Accounting Standards Used in Preparation of the Financial Statements. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $175,573 thousand at the same time.

c) i. Retirement benefit obligation under Accounting Standards Used in Preparation of the Financial Statements increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,273 thousand and retained earnings increased by $11,273 thousand, accordingly.

d) The Company elected the exemption under Accounting Standards Used in Preparation of the Financial Statements and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand and retained earnings increased by $464,154 thousand on the date of transition to Accounting Standards Used in Preparation of the Financial Statements. As of December 31, 2012, the difference from conversion of financial statements of all business abroad of $(904,066) thousand was recognized under other comprehensive income.

e) Molds and dies of $1,640,184 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $11,369 thousand was reclassified as intangible assets.

f) After converting to Accounting Standards Used in Preparation of the Financial Statements, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $8,055 thousand.

3) Reconciliation for the year ended December 31, 2012 comprehensive income statement items

	ROC GAAP	Difference	Accounting Standards Used in Preparation of the Financial Statements	Note
Operating revenues	$ 29,134,530	$ -	$ 29,134,530	
Operating cost	(25,105,630)	(357,963)	(25,463,593)	d)
Gross profit	4,028,900	(357,963)	3,670,937	
Operating expenses	(3,139,398)	10,353	(3,129,045)	a)
Other gains and losses	-	180	180	f)
Operating income	889,502	(347,430)	542,072	
Non-operating gains and losses	5,201,272	357,783	5,559,055	d), f)
Income before income tax	6,090,774	10,353	6,101,127	
Income tax expense	(1,160,297)	(1,760)	(1,162,057)	b)
Net income	$ 4,930,477	$ 8,593	4,939,070	
Other comprehensive income				
Difference from translation of financial statements of foreign business			(904,066)	e)
Actuarial losses of defined benefit plan			(10,259)	c)
Income tax gains to other comprehensive income			1,744	c)
Comprehensive income			$ 4,026,489	

a) Retirement benefit obligation of $10,353 thousand recognized according to Accounting Standards Used in Preparation of the Financial Statements decreased employee benefit expenses by the same amount.

b) Decrease of employee benefit expenses resulted in increase of related tax expense of $1,760 thousand.

c) Retirement benefit obligation under Accounting Standards Used in Preparation of the Financial Statements increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses in 2012 and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

d) According to Accounting Standards Used in Preparation of the Financial Statements, an entity should present expenses and losses by function. Recognized impairment losses of assets based on IAS 36 should be attributed to related functional expense. Therefore, the Company reclassified impairment losses of $357,963 thousand to cost of sales.

e) The Company elected the exemption under Accounting Standards Used in Preparation of the Financial Statements and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to Accounting Standards Used in Preparation of the Financial Statements. As of December 31, 2012, the difference from conversion of financial statements of all business abroad of $(904,066) thousand was recognized under other comprehensive income.

f) After converting to Accounting Standards Used in Preparation of the Financial Statements, gain on disposal of property, plant and equipment of $180 thousand was reclassified from non-operating income and expenses to other gains and losses.

d. Adjustments to the statement of cash flows under Accounting Standards Used in Preparation of the Financial Statements

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Company of $3,320 thousand for the year ended December 31, 2012 were presented separately at the date of transition.

Except for the above differences, there are no other significant differences between ROC GAAP and Accounting Standards Used in Preparation of the Financial Statements in the consolidated statement of cash flows.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

TABLE 1

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	December 31, 2013				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership %	Market Value or Net Asset Value (Note 2)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	7,964	$ 80,000	-	$ 80,269	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	6,819	80,000	-	80,096	
	Cathay Taiwan Money Market	-	Financial assets at fair value through profit or loss	4,104	50,000	-	50,048	
	ING Taiwan Money Market	-	Financial assets at fair value through profit or loss	3,138	50,000	-	50,024	
	PineBridge Global Multi-Strat Hi Yld A	-	Financial assets at fair value through profit or loss	3,277	40,000	-	40,618	
	Capital Money Market	-	Financial assets at fair value through profit or loss	2,546	40,000	-	40,128	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	2,769	40,000	-	40,027	
	FSITC Global High Yield Bond A	-	Financial assets at fair value through profit or loss	2,137	30,000	-	30,114	
	Eastspring Inv Global High Yield Bond A	-	Financial assets at fair value through profit or loss	1,651	20,000	-	20,251	
	Franklin Templeton SinoAm Convnt Ind	-	Financial assets at fair value through profit or loss	243	3,000	-	3,166	

Note 1: Shown at their original investment amounts.

Note 2: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset’s net value and the redemption price as of December 31, 2013.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 2

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	$ 24,923,064	99	180 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (500,584)	(69)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	27,903,555	89	4 days after sales for parts 3 days after sales for vehicles	-	-	118,741	40	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon	Sale	339,491	1	15 days after sales for parts	-	-	9,818	3	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	336,365	1	Same as above	-	-	4,338	1	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	315,194	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon	Sale	255,509	1	15 days after sales for parts	-	-	-	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon	Sale	240,161	1	Same as above	-	-	13	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	234,690	1	15 days after sales for parts Immediate payment for vehicles	-	-	2,543	1	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	228,560	1	Same as above	-	-	648	-	-
	Chen Long Co., Ltd.	Equity-method investee of Yulon	Sale	207,616	1	15 days after sales for parts	-	-	-	-	-
	Chi Ho Corporation	Equity-method investee of Yulon	Sale	180,351	1	15 days after sales for parts Immediate payment for vehicles	-	-	556	-	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are notes and trade receivable from sales and notes and trade payable for purchases.

Note 3: Balances shown here are based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 3

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	Trade receivable $ 118,741	116.56	$ -	-	$ 118,741	$ -
			Other receivable $ 22,877		-	-	-	-

Note: The turnover rate was based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

TABLE 4

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2013			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	%	Carrying Amount			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	$ 1,847,983 (US$ 57,371)	$1,847,983 (US$57,371)	84,987	100.00	$28,185,091	$ 6,902,444	$ 6,902,444	Notes 2
Yi-Jan Overseas Investment Co., Ltd.	JetFord, Inc.	British Virgin Islands	Investment	US$ 57,171	US$57,171	71,772	100.00	US$945,433	US$232,497	US$232,497	Notes 2
Jet Ford, Inc.	Aeolus Xiangyang Automobile Co., Ltd.	Hubei (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 21,700	US$21,700	-	16.55	US$ 75,867	US$131,907	US$ 21,388	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US$ 18,710	US$18,710	-	33.12	US$119,814	US$272,380	US$ 90,212	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 16,941	US$16,941	-	40.00	US$290,858	US$240,196	US$ 96,901	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Guangdong (Mainland China)	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	US$ 1,125	US$1,125	-	45.00	US$ 15,223	US$ 5,585	US$ 2,513	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars	US$ 593	US$ 593	-	49.00	US$ 1,148	(US$ 302)	US$ 148	Note 2

Note 1: Shares of Profit include the amortization of investment premium or discount.

Note 2: The carrying amount and related shares of profit of the equity investment were calculated based on the audited financial statements and percentage of ownership.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB, Unless Stated Otherwise)

TABLE 5

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	$ 3,581,037 (RMB 826,000)	Note 1	$ 716,856 (US$ 21,700)	$ -	$ -	$ 716,856 (US$ 21,700)	16.55	$ 3,916,198 (US$ 131,907)	$ 634,994 (US$ 21,388)	$ 2,261,228 (US$ 75,867)	$ -
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	33.12	8,086,693 (US$ 272,380)	2,678,313 (US$ 90,212)	3,571,067 (US$ 119,814)	-
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB2,200,000)	Note 1	537,199 (US$ 16,941)	-	-	537,199 (US$ 16,941)	40.00	7,131,177 (US$ 240,196)	2,876,883 (US$ 96,901)	8,669,017 (US$ 290,858)	4,993,230 (US$ 163,077)
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US$ 1,125)	-	-	35,674 (US$ 1,125)	45.00	165,807 (US$ 5,585)	74,613 (US$ 2,513)	453,724 (US$ 15,223)	-
Dong Feng Yulon Used Cars Co., Ltd.	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US$ 593)	-	-	18,804 (US$ 593)	49.00	8,955 (US$ 302)	4,388 (US$ 148)	34,231 (US$ 1,148)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$1,841,642 (US$57,171)	$1,917,100 (US$59,660)	$15,024,286

Note 1: The Company indirectly owns these investees through Jet Ford, Inc., an investment company registered in a third region.

Note 2: The carrying amount and related investment income of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the “Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

5. Mother/subordinates combined financial report of the most recent year audited and verified by accountants

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Yulon Nissan Motor Company, Ltd. as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 24, 2014

Notice to Readers

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

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 8,567,899	24	$ 4,828,455	18	$ 1,655,722	7
Financial assets at fair value through profit or loss (Notes 4 and 7)	434,741	1	-	-	2,262,001	9
Notes receivable (Notes 4 and 8)	27	-	-	-	430	-
Notes receivable - related parties (Notes 4 and 28)	2,312	-	1,614	-	27,073	-
Trade receivables (Notes 4 and 8)	41,706	-	36,554	-	21,987	-
Trade receivables - related parties (Notes 4 and 28)	286,196	1	579,338	2	498,670	2
Other receivables (Notes 4 and 8)	351,164	1	3,222,291	12	4,368,193	18
Inventories (Notes 4 and 9)	2,047	-	1,547	-	1,793	-
Prepayments	877,335	3	705,249	3	385,149	2
Other financial assets (Note 10)	7,572,375	21	5,579,666	20	4,592,825	18
Total current assets	18,135,802	51	14,954,714	55	13,813,843	56
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	14,989,267	42	10,379,966	38	9,310,797	37
Property, plant and equipment (Notes 4, 12 and 28)	1,748,604	5	1,677,365	6	1,464,208	6
Computer software (Notes 4 and 13)	7,887	-	11,369	-	12,740	-
Deferred tax assets (Notes 4 and 22)	188,363	1	221,135	1	186,597	1
Other non-current assets (Notes 14 and 28)	249,042	1	85,830	-	19,898	-
Total non-current assets	17,183,163	49	12,375,665	45	10,994,240	44
TOTAL	$35,318,965	100	$27,330,379	100	$24,808,083	100

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

LIABILITIES AND EQUITY	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	$ 2,630,000	8	$ 200,000	1	$ -	-
Notes payable - related parties (Note 28)	1,536	-	-	-	-	-
Trade payables	127,494	-	147,796	-	144,530	1
Trade payables - related parties (Note 28)	1,073,092	3	1,899,807	7	1,570,472	6
Other payables (Note 16)	657,680	2	548,851	2	561,078	2
Current tax liabilities (Notes 4 and 22)	490,530	1	164,607	1	213,240	1
Provisions (Notes 4 and 18)	169,129	1	149,948	1	177,594	1
Deferred revenue (Note 17)	1,643	-	12,868	-	8,823	-
Other current liabilities	21,419	-	26,212	-	23,854	-
Total current liabilities	5,172,523	15	3,150,089	12	2,699,591	11
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	1,000,000	3	-	-	-	-
Provisions (Notes 4 and 18)	74,808	-	80,318	-	87,599	-
Accrued pension liabilities (Notes 4 and 19)	555,089	1	557,165	2	534,565	2
Deferred tax liabilities (Notes 4 and 22)	3,476,068	10	2,927,514	11	1,977,961	8
Total non-current liabilities	5,105,965	14	3,564,997	13	2,600,125	10
Total liabilities	10,278,488	29	6,715,086	25	5,299,716	21
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock - NT$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	9	3,000,000	11	3,000,000	12
Capital surplus	6,129,405	17	6,129,405	22	5,988,968	24
Retained earnings						
Legal reserve	2,257,887	6	1,764,839	6	1,381,683	6
Special reserve	1,228,789	3	788,877	3	788,877	3
Unappropriated earnings	12,213,958	35	9,836,238	36	8,348,839	34
Total retained earnings	15,700,634	44	12,389,954	45	10,519,399	43
Other equity	210,438	1	(904,066)	(3)	-	-
Total equity	25,040,477	71	20,615,293	75	19,508,367	79
TOTAL	$35,318,965	100	$27,330,379	100	$24,808,083	100

The accompanying notes are an integral part of the consolidated financial statements.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 20)	Capital Surplus (Note 20)
BALANCE, JANUARY 1, 2012	$ 3,000,000	$ 5,988,968
Appropriation of 2011 earnings		
Legal reserve	-	-
Cash dividend distributed by the Company - $10.2 per share	-	-
	-	-
Change in capital surplus from investments in associates accounted for by using equity method	-	140,437
Net profit for the year ended December 31, 2012	-	-
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2012	-	-
BALANCE, DECEMBER 31, 2012	3,000,000	6,129,405
Appropriation of 2012 earnings		
Legal reserve	-	-
Special reserve	-	-
Cash dividend distributed by the Company - $13.3 per share	-	-
	-	-
Net profit for the year ended December 31, 2013	-	-
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-
Total comprehensive income for the year ended December 31, 2013	-	-
BALANCE, DECEMBER 31, 2013	$ 3,000,000	$ 6,129,405

(In Thousands of New Taiwan Dollars)

Retained Earnings (Note 20)			Other Equity	
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Stockholders' Equity
$ 1,381,683	$ 788,877	$ 8,348,839	$ -	$ 19,508,367
383,156	-	(383,156)	-	-
-	-	(3,060,000)	-	(3,060,000)
383,156	-	(3,443,156)	-	(3,060,000)
-	-	-	-	140,437
-	-	4,939,070	-	4,939,070
-	-	(8,515)	(904,066)	(912,581)
-	-	4,930,555	(904,066)	4,026,489
1,764,839	788,877	9,836,238	(904,066)	20,615,293
493,048	-	(493,048)	-	-
-	439,912	(439,912)	-	-
-	-	(3,990,000)	-	(3,990,000)
493,048	439,912	(4,922,960)	-	(3,990,000)
-	-	7,299,997	-	7,299,997
-	-	683	1,114,504	1,115,187
-	-	7,300,680	1,114,504	8,415,184
$ 2,257,887	$ 1,228,789	$ 12,213,958	$ 210,438	$ 25,040,477

The accompanying notes are an integral part of the consolidated financial statements.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the “Company,” the Company and its subsidiaries are collectively referred to as the “Group”) is a business on research and development of vehicles and sales of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. (“Yulon”) transferred its sales, research and development businesses to the Company in October 2003 through a spin-off. The Company’s spin-off from Yulon intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred its 40% equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the board of directors on March 24, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (the “IFRSs”) endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were approved, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the “New IFRSs”) included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009

(Continued)

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Effective date not determined
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Effective date not determined
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

The impending initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS endorsed by the FSC.

The accompanying consolidated financial statements are the first annual consolidated financial statements prepared in IFRSs. The date of transition to IFRSs was January 1, 2012. Refer to Note 33 for the impact of IFRS conversion on the Group's consolidated financial statements.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 33.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash, cash equivalents, assets held for trading purposes and assets that are expected to be converted into cash or consumed within one year from the balance sheet date; assets other than current assets are non-current assets. Current liabilities include liabilities incurred for trading purposes and obligations that are expected to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Subsidiary included in consolidated financial statements

			% of Ownership		
Investor	**Investee**	**Main Business**	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Yulon Nissan Motor Company, Ltd	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	Investment	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Yi-Hsing Corporation	Vehicle parts inquiry and agency	-	-	100.00

The Company invested US$200 thousand in Yi Hsing Corporation through Yi-Jan Overseas Investment Co., Ltd. Yi Hsing Corporation engaged in making inquiries about selling prices of motor parts and engages in commission-based businesses. The operating activities of Yi Hsing Corporation had been terminated in February 2011; its liquidation had been completed on February 8, 2012.

Foreign Currencies

The financial statements of each individual group entity are presented in its functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars (NT$). Upon preparing the consolidated financial statements, the operations and financial positions of each individual entity are translated into New Taiwan Dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

The financial statements of the foreign associates prepared in foreign currencies translated into New Taiwan Dollars at the following exchange rates: Assets and liabilities - year-end rates; profit and loss - average rates during the year; stockholders' equity - historical rate. The resulting differences are recorded as other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations subsidiaries are translated into New Taiwan Dollars at year-end rates; profit and loss are translated at the average rates during the year; stockholders' equity - historical rate. The resulting differences are recoded as other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Besides, the Group also recognizes the Group's share of the change in other equity of associates.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

Investments accounted for by the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for by the equity method has been impaired, the impairment losses are recognized in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The Group depreciates the costs of molds and development costs for new model and dies on the basis of production volume. Other property, plant and equipment are depreciated by using straight-line method. The production volume, estimated useful lives, residual values and depreciation method of an asset are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Computer Software

Amortization is recognized on a straight-line basis over 3 years.

Impairment of Assets

When the carrying amount of property, plant and equipment and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Financial Instruments

Financial assets and financial liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

   1) Measurement category

      a) Financial assets at fair value through profit or loss

         Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest (included dividend or interest received in the investment year) earned on the financial asset. Method to determine the fair value please refer to Note 27.

      b) Loans and receivables

         Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

a. Inventory purchase commitment

Where the Company has a commitment under which the unavoidable costs of meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment, the present obligations arising under such commitment (e.g. inventory purchase commitment) are recognized and measured as provisions.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation by the management of the Company.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

b. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The accrued pension liabilities recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Current taxable payable depends on current tax income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Group's current tax liabilities are calculated by the legislated tax rate on balance sheet date.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings as the status of appropriations of earnings is uncertain.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying values of trade receivables were $681,405 thousand, $3,839,797 thousand and $4,916,353 thousand, respectively.

b. Property, plant and equipment - molds and dies

The Group depreciates molds and dies using unit-of-output method. The Group examines the estimated production units of each model according to the market every 6 months and calculates the amount allocated for each mold and die, which is also the basis of depreciation of molds and dies.

c. Provisions for the expected cost of warranty

The Group calculates the provisions for the expected cost of warranty quarterly based on the numbers of units sold and the weighted average of actual warranty expense in the past. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of provisions for warranty was $134,125 thousand, $148,885 thousand and $141,354 thousand, respectively.

d. Provisions for loss on inventory purchase commitment

The Group assesses provisions for loss on inventory purchase commitment of purchasing parts and vehicles to Yulon regularly. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of provisions for loss on inventory purchase commitment was $109,812 thousand, $81,381 thousand and $123,839 thousand, respectively.

e. Recognition and measurement of defined benefit plans

The Group uses judgments and estimations in determining the actuarial assumptions for calculation of the present value of defined benefit obligation at the end of each reporting period. Actuarial assumptions comprise the discount rate and the expected return rate on plan assets. Changes in the assumptions may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 20	$ 20	$ 20
Checking accounts and demand deposits	754,979	673,992	430,283
Foreign currency demand deposit	2,648,035	3,142,304	726,338
Cash equivalents			
Foreign currency time deposits	5,157,965	1,005,239	345,081
Time deposits	6,900	6,900	154,000
	$ 8,567,899	$ 4,828,455	$ 1,655,722

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rates intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Demand deposits and time deposits	0.01%-3.25%	0.01%-2.85%	0.02%-0.94%

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL - current			
Non-derivative financial assets			
Mutual fund	$ 434,741	$ -	$ 2,262,001

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$ 27	$ -	$ 430
Trade receivables	$ 41,706	$ 36,554	$ 21,987
Other receivables			
Interest receivables	$ 334,035	$ 202,558	$ 50,789
Disposal of investment receivables	5,297	234,398	671,387
Dividend receivables	-	2,774,644	3,631,352
Income tax refund receivable	-	-	2,088
Others	11,832	10,691	12,577
	$ 351,164	$ 3,222,291	$ 4,368,193

a. Notes receivable

For the notes receivable, there were no past due balances at the end of the reporting period and the Group did not recognize an allowance for impairment loss

b. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables that were past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 180 days	$ 13,833	$ 7,585	$ 7,855
181 days to 360 days	-	-	15
	$ 13,833	$ 7,585	$ 7,870

c. Other receivables

As of December 31, 2012 and January 1, 2012, the other receivables were mainly dividend receivables from the investees:

	December 31, 2012	January 1, 2012
Guangzhou Aeolus Automobile Co., Ltd.	$ 1,165,506	$ 1,658,222
Aeolus Automobile Co., Ltd.	1,609,138	1,973,130

$ 2,774,644	$ 3,631,352

9. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Parts	$ 2,047	$ 1,547	$ 1,793

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2013 was $26,037,200 thousand, which included warranty cost of $38,088 thousand and loss on inventory purchase commitment of $28,431 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2012 was $25,463,593 thousand, which included warranty cost of 57,835 thousand and reversal of loss on inventory purchase commitment of $42,458 thousand.

10. OTHER FINANCIAL ASSETS

Other financial assets are RMB time deposits with original maturities more than three months. The ranges of the market interest rates of these time deposits were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposit with original maturity more than three months	2.35%-5.00%	1.95%-5.00%	3.10%-5.00%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in associates			
Guangzhou Aeolus Automobile Co., Ltd.	$ 8,669,017	$ 6,597,339	$ 5,958,828
Aeolus Automobile Co., Ltd.	3,571,067	1,864,086	699,457
Aeolus Xiangyang Automobile Co., Ltd.	2,261,228	1,524,037	2,299,325
Shenzhen Lan You Technology Co., Ltd.	453,724	356,640	318,985
Dong Feng Yulon Used Cars Co., Ltd.	34,231	37,864	34,202
	$ 14,989,267	$ 10,379,966	$ 9,310,797

As the end of the reporting periods, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%	40.00%
Aeolus Automobile Co., Ltd.	33.12%	33.12%	25.00%
Aeolus Xiangyang Automobile Co., Ltd.	16.55%	16.55%	16.55%
Shenzhen Lan You Technology Co., Ltd.	45.00%	45.00%	45.00%

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Dong Feng Yulon Used Cars Co., Ltd.	49.00%	49.00%	49.00%

The summarized financial information in respect of the Group's associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 73,126,807	$ 115,143,697	$ 120,289,677
Total liabilities	$ 26,221,061	$ 83,234,455	$ 88,389,883

	For the Year Ended December 31	
	2013	2012
Revenue for the period	$ 60,026,176	$ 48,023,325
Profit for the period	$ 19,308,831	$ 15,945,892

The amounts recognized as share of the profit or loss of associates on equity method for the years ended December 31, 2013 and 2012 were based on the financial statements for the same periods, which were audited by independent auditors.

Jetford Inc. originally acquired 25 percent of shares of Aeolus Automobile Co., Ltd. in the investment amount of US$10,890 thousand. Jetford Inc. further acquired 8.12 percent of shares of Aeolus Automobile Co., Ltd. in May 2012 in the investment amount of US$7,820 thousand. As of December 31, 2013, the accumulated investment amount was US$18,710 thousand.

Guangzhou Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB256,000 thousand (NT$1,231,626 thousand) to Jetford Inc. in May 2013. Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB232,171 thousand (NT$1,116,985 thousand) to Jetford Inc. in May 2013. As of December 31, 2013, the cash dividends above were received.

12. PROPERTY, PLANT AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance at January 1, 2012	$ 4,018,714	$ 741,778	$ 83,468	$ 83,639	$ 4,290	$ 21,135	$ 5,763	$ 5,694	$ 4,964,481
Additions	841,800	223,085	9,095	5,691	-	-	568	-	1,080,239
Disposals	-	-	(7,499)	(7,075)	-	(2,082)	(2,890)	-	(19,546)
Balance at December 31, 2012	$ 4,860,514	$ 964,863	$ 85,064	$ 82,255	$ 4,290	$ 19,053	$ 3,441	$ 5,694	$ 6,025,174
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ (2,840,298)	$ (492,961)	$ (70,098)	$ (67,650)	$ (3,983)	$ (17,282)	$ (3,566)	$ (4,435)	$ (3,500,273)
Depreciation expense	(393,043)	(100,929)	(6,430)	(5,788)	(117)	(689)	(1,303)	(500)	(508,799)
Impairment losses recognized in profit or loss	(357,963)	-	-	-	-	-	-	-	(357,963)
Disposals	-	-	7,497	6,820	-	2,019	2,890	-	19,226
Balance at December 31, 2012	$ (3,591,304)	$ (593,890)	$ (69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$ (4,347,809)

Carrying value, net, January 1, 2012	$ 1,178,416	$ 248,817	$ 13,370	$ 15,989	$ 307	$ 3,853	$ 2,197	$ 1,259	$ 1,464,208
Carrying value, net, December 31, 2012	$ 1,269,210	$ 370,973	$ 16,033	$ 15,637	$ 190	$ 3,101	$ 1,462	$ 759	$ 1,677,365

(Continued)

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance at January 1, 2013	$ 4,860,514	$ 964,863	$ 85,064	$ 82,255	$ 4,290	$ 19,053	$ 3,441	$ 5,694	$ 6,025,174
Additions	426,764	88,297	5,750	4,354	4,305	-	3,942	-	533,412
Disposals	(1,668,369)	(330,008)	(8,921)	(11,076)	-	(524)	(1,118)	-	(2,020,016)
Balance at December 31, 2013	$ 3,618,909	$ 723,152	$ 81,893	$ 75,533	$ 8,595	$ 18,529	$ 6,265	$ 5,694	$ 4,538,570
Accumulated depreciation and impairment									
Balance at January 1, 2013	$(3,591,304)	$ (593,890)	$ (69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$(4,347,809)
Depreciation expense	(361,039)	(85,563)	(6,773)	(6,202)	(680)	(649)	(878)	(348)	(462,132)
Disposals	1,668,369	330,008	8,921	11,040	-	519	1,118	-	2,019,975
Balance at December 31, 2013	$(2,283,974)	$ (349,445)	$ (66,883)	$ (61,780)	$ (4,780)	$ (16,082)	$ (1,739)	$ (5,283)	$(2,789,966)
Carrying value, net, January 1, 2013	$ 1,269,210	$ 370,973	$ 16,033	$ 15,637	$ 190	$ 3,101	$ 1,462	$ 759	$ 1,677,365
Carrying value, net, December 31, 2013	$ 1,334,935	$ 373,707	$ 15,010	$ 13,753	$ 3,815	$ 2,447	$ 4,526	$ 411	$ 1,748,604

There were no signs of impairment losses of assets for the year ended December 31, 2013; therefore, the Group did not assess for impairment.

The Group recognized an impairment loss of $357,963 thousand for the year ended December 31, 2012 due to the decline in sales of certain vehicles, which caused a decrease in cash inflows from the use of the related molds and dies and resulted in the recoverable amount of the molds and dies being lower than carrying amount. The recoverable amount of the molds and dies was based on value in use, determined using a discount rate of 15.28%.

Except molds and dies are depreciated on an estimated production volume basis, other property, plant and equipment are depreciated on a straight-line method over the assets' estimated useful life of the assets. The estimated useful lives are as follows:

Computer equipment	2 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 8 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years

13. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance, January 1, 2012	$ 20,608
Additions	5,346
Disposals	(5,744)
Balance, December 31, 2012	$ 20,210
Accumulated amortization	
Balance, January 1, 2012	$ (7,868)
Amortization expense	(6,717)
Disposals	5,744
Balance, December 31, 2012	$ (8,841)
Carrying amounts at January 1, 2012	$ 12,740
Carrying amounts at December 31, 2012	$ 11,369
Cost	
Balance, January 1, 2013	$ 20,210
Additions	3,231
Disposals	(990)
Balance, December 31, 2013	$ 22,451
Accumulated amortization	
Balance, January 1, 2013	$ (8,841)
Amortization expense	(6,713)
Disposals	990
Balance, December 31, 2013	$ (14,564)
Carrying amounts at January 1, 2013	$ 11,369
Carrying amounts at December 31, 2013	$ 7,887

14. OTHER NON CURRENT ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	$ 234,653	$ 77,775	$ 19,707
Prepayment for equipment	14,389	8,055	191
	$ 249,042	$ 85,830	$ 19,898

15. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank loans	$ 2,630,000	$ 200,000	$ -
Ranges of weighted average effective interest rate	0.96-1.05%	1.15%	-

b. Long-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank loans	$ 1,000,000	$ -	$ -
Interest rate	1.35%	-	-

The interest payments of the long-term borrowing are made monthly. The repayment of the principal is made when the long-term borrowing reaches to its maturity, which is August 2015.

16. OTHER PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Salaries and bonus	$ 357,082	$ 273,206	$ 270,506
Payable for advertising and promotion fees payable	113,701	110,068	165,257
Others	186,897	165,577	125,315
	$ 657,680	$ 548,851	$ 561,078

17. DEFERRED REVENUE

	December 31, 2013	December 31, 2012	January 1, 2012
Arising from government grants	$ 1,643	$ 12,868	$ 8,823

The deferred revenue arose in respect of government grant for electric vehicles since 2011.

18. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Inventory purchase commitment	$ 109,812	$ 81,381	$ 123,839
Warranties	59,317	68,567	53,755
	$ 169,129	$ 149,948	$ 177,594
Non-current			
Warranties	$ 74,808	$ 80,318	$ 87,599

	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2012	$ 123,839	$ 141,354	$ 265,193
Additional provisions recognized	-	57,835	57,835
Reversal	(42,458)	-	(42,458)
Paid	-	(50,304)	(50,304)
Balance at December 31, 2012	$ 81,381	$ 148,885	$ 230,266
Balance at January 1, 2013	$ 81,381	$ 148,885	$ 230,266
Additional provisions recognized	28,431	38,088	66,519
Paid	-	(52,848)	(52,848)
Balance at December 31, 2013	$ 109,812	$ 134,125	$ 243,937

The provision for loss on inventory purchase commitment represents the present obligations of which the unavoidable costs meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranty under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2013 and 2012 was $12,548 thousand and $12,335 thousand, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Employee benefit expenses in respect of defined contribution plan were included in the following line items:

	2013	2012
Selling and marketing expenses	$ 4,018	$ 3,796
General and administrative expenses	$ 4,005	$ 4,010
Research and development expenses	$ 4,525	$ 4,529

There were no regular employees for Yi-Jan Overseas Investment Co., Ltd. and Jet Ford, Inc. as of December 31, 2013; therefore, the subsidiaries had no pension plan for employees.

b. Defined benefit plan

The Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	1.750%	1.625%	1.750%
Expected return on plan assets	2.000%	1.875%	2.000%
Expected rate of salary increase	2.500%	2.500%	2.500%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 6,112	$ 6,271
Interest cost	9,476	9,799
Expected return on plan assets	(219)	(168)
Past service cost	2,504	2,504
	$ 17,873	$ 18,406
An analysis by functions		
Selling and marketing expenses	$ 4,666	$ 4,818
General and administrative expenses	8,145	8,017
Research and development expenses	5,062	5,571
	$ 17,873	$ 18,406

Actuarial losses and (gains) recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $(823) thousand and $10,259 thousand, respectively. The cumulative amount of actuarial losses and (gains) recognized in other comprehensive income as of December 31, 2013 and 2012 was $9,436 thousand and $10,259 thousand, respectively.

The amounts included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plan were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Defined benefit obligation	$ 573,593	$ 583,133	$ 559,935
Fair value of plan assets	(3,601)	(8,561)	(5,458)
Deficit	569,992	574,572	554,477
Past service cost not yet recognized	(14,903)	(17,407)	(19,912)
Net liability arising from defined benefit obligation	$ 555,089	$ 557,165	$ 534,565

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31 2013	2012
Opening defined benefit obligation	$ 583,133	$ 559,935
Current service cost	6,112	6,271
Interest cost	9,476	9,799
Actuarial (gains)/losses	(967)	10,147
Benefits paid - from Bank of Taiwan	(11,169)	(3,019)
Benefits paid - from book-reserve	(12,992)	-
Closing defined benefit obligation	$ 573,593	$ 583,133

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31 2013	2012
Opening fair value of plan assets	$ 8,561	$ 5,458
Expected return on plan assets	219	168
Actuarial losses	(144)	(111)
Contributions from the employer	6,134	6,065
Benefits paid	(11,169)	(3,019)
Closing fair value of plan assets	$ 3,601	$ 8,561

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Labor Pension Fund Supervisory Committee:

	December 31, 2013	December 31, 2012	January 1, 2012
Equity instruments	44.77	37.43	40.75
Cash and cash equivalents	22.86	24.51	23.87
Fixed income instruments	18.11	16.28	16.19
Debt instruments	9.37	10.45	11.45
Others	4.89	11.33	7.74
	100.00	100.00	100.00

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (please refer to Note 33):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (573,593)	$ (583,133)	$ (559,935)
Fair value of the plan assets	$ 3,601	$ 8,561	$ 5,458
Deficit	$ (569,992)	$ (574,572)	$ (554,477)
Experience adjustments on plan liabilities	$ (13,778)	$ (10,147)	$ -
Experience adjustments on plan assets	$ (144)	$ (111)	$ -

The Group expects to make a contribution of $6,674 thousand to the defined benefit plans during the annual period beginning after 2013.

20. EQUITY

a. Capital surplus

	December 31, 2013	December 31, 2012	January 1, 2012
Excess from spin-off	$ 5,986,507	$ 5,986,507	$ 5,986,507
Generated from long-term investment	142,898	142,898	2,461
	$ 6,129,405	$ 6,129,405	$ 5,988,968

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

The capital surplus from long-term investment may not be used for any purpose.

b. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the legal reserve should be set aside at 10% of annual net income, less any accumulated deficit, and appropriate special reserve. The remainder of the income should be appropriated as follows:

1) 0.1% to 5% as bonus to employees.

2) The remainder and the undistributed retained earnings as dividends. The distribution is proposed by the board of directors and approved by the stockholders.

The Company operates in a mature and stable industry. In determining the ratio of cash dividends to stock dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. Thus, cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 493,048	$ 383,156		
Special reserve	439,912	-		
Cash dividend	3,990,000	3,060,000	$13.3	$10.2

Bonus to employees for 2012 and 2011 approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively, were as follows:

	For the Year Ended December 31	
	2012	**2011**
	Cash Dividend	**Cash Dividend**
Bonus to employees	$ 30,251	$ 41,500

There was no difference between the amounts of the bonus to employees in the shareholders' meetings in 2013 and 2012 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2012 and 2011.

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guideline Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

The estimated amount of accrued employee bonus for the year ended December 31, 2013 was $31,500 thousand. The bonuses to the Company's employees for the year ended December 31, 2013 were calculated at 0.43% of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the year ended December 31, 2012 was $30,251 thousand. The bonuses to the Company's employees for the year ended December 31, 2012 were calculated at 0.76% of net income net of the 10% deduction for legal reserve.

After the end of the year, if the actual amounts subsequently resolved by the board of directors have significant difference from the proposed amounts, the adjustments to expenses are recorded in the year of recognition. At the date of stockholders' resolution, if the amount differs from the amount resolved by the board of directors, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

An amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

As of March 24, 2014, the date of the accompanying independent auditors' report, the appropriations and distribution of the 2013 earnings of the Company had not been approved by the board of directors and stockholders. Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

c. Special reserves appropriated following first-time adoption of IFRSs

The Company's special reserves appropriated following Rule No. 1010012865 issued by the FSC were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Special reserve	$ 409,037	$ 409,037	$ 409,037

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of $409,037 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

21. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
An analysis of depreciation by function		
Operating cost	$ 446,602	$ 493,971
Operating expenses	15,530	14,828
	$ 462,132	$ 508,799
An analysis of depreciation by function		
Operating expenses	$ 6,713	$ 6,717

b. Technical cooperation agreement

	For the Year Ended December 31	
	2013	2012
Operating cost	$ 460,376	$ 449,129

The Company has a technical cooperation agreement (the "TCA") with Nissan. The TCA requires the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax.

c. Employee benefit expenses

	For the Year Ended December 31	
	2013	2012
Post-employment benefit (Note 19)		
Defined contribution plans	$ 12,548	$ 12,335
Defined benefit plans	17,873	18,406
	30,421	30,741
Termination benefit	3,900	3,900
Labor and health insurance	34,648	29,914
Other employee benefit	596,424	553,364
	634,972	587,178
Total employee benefit expenses	$ 665,393	$ 617,919
An analysis of employee benefits expense by function		
Operating cost	$ 881	$ 945
Operating expenses	$ 663,487	$ 616,043
Non-operating expenses	$ 1,025	$ 931

d. Non-operating income and expenses

	For the Year Ended December 31	
	2013	2012
Net gain or (loss) on disposal of property, plant and equipment	$ (15)	$ 180

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2013	2012
Foreign exchange gain	$ 409,972	$ 103,560
Foreign exchange loss	(18,443)	(5,346)
Net gain	$ 391,529	$ 98,214

f. Gain or loss on sale of investment

	For the Year Ended December 31	
	2013	2012
Gain on sale of investment	$ 5,211	$ 18,910
Loss on sale of investment	(1,466)	(321)
Net gain	$ 3,745	$ 18,589

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 921,450	$ 248,502
In respect of prior periods	4,257	(3,197)
Deferred tax		
In respect of the current year	581,186	916,759
Income tax expense recognized in profit or loss	$ 1,506,893	$ 1,162,064

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2013	2012
Profit before tax	$ 8,806,890	$ 6,101,134
Income tax expense calculated at the tax rate	$ 1,497,171	$ 1,037,191
Nondeductible expenses in determining taxable income	5,646	10,775
Tax-exempt income	(933)	(5,546)
Additional income tax on unappropriated earnings	752	122,841
Adjustments for prior years' tax	4,257	(3,197)
Income tax expense recognized in profit or loss	$ 1,506,893	$ 1,162,064

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc., respectively, is tax-exempt.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	2012
Deferred tax		
Recognized in other comprehensive income		
Actuarial gains and losses on defined benefit plan	$ (140)	$ 1,744

c. Current tax liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax liabilities			
Income tax payable	$ 490,530	$ 164,607	$ 213,240

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follow:

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 91,157	$ 2,098	$ 1,744	$ 94,999
Impairment losses	43,954	34,239	-	78,193

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Provisions for warranty	24,030	1,280	-	25,310
Provisions for loss on inventory purchase commitment	21,053	(7,218)	-	13,835
Unrealized exchange loss, net	3,976	1,009	-	4,985
Deferred revenue	-	3,813	-	3,813
Investment credit	2,427	(2,427)	-	-
	$ 186,597	$ 32,794	$ 1,744	$ 221,135
Deferred tax liabilities				
Temporarily difference				
Shares of the profit of subsidiary	$ 1,977,961	$ 949,553	$ -	$ 2,927,514

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporarily difference				
Defined benefit obligation	$ 94,999	$ (212)	$ (140)	$ 94,647
Impairment losses	78,193	(25,946)	-	52,247
Provisions for warranty	25,310	(2,509)	-	22,801
Provisions for loss on inventory purchase commitment	13,835	4,833	-	18,668
Unrealized exchange loss, net	4,985	(4,985)	-	-
Deferred revenue	3,813	(3,813)	-	-
	$ 221,135	$ (32,632)	$ (140)	$ 188,363
Deferred tax liabilities				
Temporarily difference				
Shares of the profit of subsidiary	$ 2,927,514	$ 543,104	$ -	$ 3,470,618
Unrealized exchange gain, net	-	5,450	-	5,450
	$ 2,927,514	$ 545,845	$ -	$ 3,476,068

e. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 12,213,958	$ 9,836,238	$ 8,348,839
Imputation credit account ("ICA")	$ 813,731	$ 344,571	$ 219,689

The creditable ratio for distribution of earnings of 2013 and 2012 were 6.66% (expected ratio) and 5.00%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of ICA as of the date of dividends distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

f. Income tax assessment

The tax returns through 2011 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted-average number of common stock outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2013	2012
Earnings used in the computation of basic and diluted earnings per share	$ 7,299,997	$ 4,939,070

Weighted-average number of common stock outstanding (in thousand shares):

	For the Year Ended December 31	
	2013	2012
Weighted average number of common stock in computation of basic earnings per share	300,000	300,000
Effect of potential dilutive common stock:		
Bonus issue to employees	126	245
Weighted average number of common stock used in the computation of diluted earnings per share	300,126	300,245

The Group may settle bonuses paid to employees in cash or shares; thus, the Group assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. NON-CASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2013	**2012**
Investing activities affecting both cash and non-cash transactions		
Increase in property, plant and equipment	$ 515,061	$ 1,064,885
Decrease/(increase) in trade payable	569,053	(270,711)
Cash paid for acquisition of property, plant and equipment	$ 1,084,114	$ 794,174

25. OPERATING LEASE AGREEMENTS

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
No later than 1 year	$ 2,508	$ 2,508	$ 2,508
Later than 1 year and not later than 5 years	6,479	8,987	10,032
Later than 5 years	-	-	1,463
	$ 8,987	$ 11,495	$ 14,003

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management believes the carrying value of the financial assets and financial liabilities not carried at fair value is approximately equal to the fair value.

2) Fair value measurements recognized in the consolidated balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 434,741	$ -	$ -	$ 434,741

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ -	$ -	$ -	$ -

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 2,201,855	$ -	$ 60,146	$ 2,262,001

There were no transfers between Levels 1 and 2 in the current and prior periods.

3) Reconciliation of Lever 3 fair value measurements of financial instruments

For the year ended December 31, 2012

	Financial Assets at Fair Value through Profit or Loss
Balance, January 1, 2012	$ 60,146
Total gain - in profit or loss	22
Disposals	(60,168)
Balance, December 31, 2012	$ -

4) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair value of fund beneficiary certificate traded on active market is the net asset value on balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss			
Held for trading	$ 434,741	$ -	$ 2,262,001
Loans and receivables (Note 1)	16,821,679	14,247,918	11,164,900
Financial liabilities			
Amortized cost (Note 2)	5,106,211	2,496,640	2,005,574

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, and part of other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivable, trade payables, and borrowings. The Group's Corporate Treasury function coordinates access to domestic and international financial markets, manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the RMB, U.S. dollars and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact For the Year Ended December 31		U.S. Dollar Impact For the Year Ended December 31		Japan Yen Impact For the Year Ended December 31	
	2013	2012	2013	2012	2013	2012
Gain (loss)	$ (758,298)	$ (612,225)	$ (27,582)	$ (6,319)	$ (749)	$ (3,218)

This was mainly attributable to the exposure outstanding on RMB, U.S. dollars and Japanese Yen cash in bank, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rate at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value interest rate risk			
Financial assets	$ 12,742,990	$ 6,597,858	$ 5,098,822
Financial liabilities	3,630,000	200,000	-
Cash flows interest rate risk			
Financial assets	3,397,264	3,810,243	1,149,705

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2013 would decrease/increase by $8,493 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2012 would decrease/increase by $9,526 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

2) Credit risk

The Group's concentration of credit risk of 50%, 60% and 44% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, was related to the Group's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the available unutilized short-term borrowing facilities were $370,000 thousand, $800,000 thousand and $1,000,000 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2013

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	4 to 12 Months	13 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$ 972,197	$ 292,470	$ 211,544	$ -
Fixed interest rate instrument	1.08	-	2,636,287	10,125	1,008,544
		$ 972,197	$2,928,757	$ 221,669	$1,008,544

December 31, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	4 to 12 Months	13 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$1,420,270	$ 389,424	$ 486,946	$ -
Fixed interest rate instrument	1.15	200,192	-	-	-
		$1,620,462	$ 389,424	$ 486,946	$ -

January 1, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	4 to 12 Months	13 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$1,552,913	$ 160,940	$ 291,727	$ -

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Investors that have significant influence over the Group	
Nissan Motor Corporation ("Nissan")	Equity-method investor of the Company
Yulon Motor Co., Ltd. ("Yulon")	Same as above
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Motor Egypt S.A.E.	Same as above
PT. Nissan Motor Indonesia ("NMI")	Same as above
Nissan Motor India Private Limited	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distribution Indonesia	Same as above
Ashok Leyland Nissan Vehicles Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Allied Engineering Co., Ltd.	Same as above
Zhengzhou Nissan Automobile Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above

(Continued)

Related Party	Relationship with the Group
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Nissan Motor Philippines, Inc. (NMPI)	Same as above
Uni Calsonic Corporation	Substantial related party of Yulon
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co.	Same as above
Yu Chia Motor Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Visionary International Consulting Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Sinboum Travel Service Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Substantial related party of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
CL Skylite Trading Co., Ltd.	Substantial related party of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Tsung Ho Enterprise Co., Ltd.	Subsidiary of Chi Ho Corporation
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
San Long Industrial Co., Ltd.	Substantial related party of Y-teks, Co.

b. Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and parties were disclosed below:

1) Trading transactions

	For the Year Ended December 31	
	2013	2012
Sales		
Investors that have significant influence over the Group	$ 10,309	$ 13,488
Others	30,844,618	28,211,096
	$ 30,854,927	$ 28,224,584
Service revenue		
Investors that have significant influence over the Group	$ 16,872	$ 16,271
Others	-	50,824
	$ 16,872	$ 67,095
Other operating revenue		
Investors that have significant influence over the Group	$ 21,286	$ 21,176
Others	18,413	20,219
	$ 39,699	$ 41,395

The Company designs and performs R&D of cars for Dongfeng Nissan Passenger Vehicle Co. and Nissan, and service revenue is recognized according to the related contracts.

Other operating revenue of the Company arose from selling steel plates, steel and aluminum parts, and engaging in vehicles identification and testing.

	For the Year Ended December 31	
	2013	2012
Operating cost - purchase		
Investors that have significant influence over the Group	$ 24,825,735	$ 23,772,933
Others	40,724	62,905
	$ 24,866,459	$ 23,835,838

(Continued)

	For the Year Ended December 31	
	2013	2012
Operating cost - TCA		
Investors that have significant influence over the Group	$ 460,376	$ 449,129
Operating cost - rental		
Investors that have significant influence over the Group	$ 12,323	$ 37,889
Others	16,713	13,893
	$ 29,036	$ 51,782

The Company's TCA is the payment to investors with significant influence over the Group, with whom the Company has technical cooperation agreements.

The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars and driving service for its executives.

	For the Year Ended December 31	
	2013	2012
Selling and marketing expenses		
Investors that have significant influence over the Group	$ 42,433	$ 17,484
Others	1,750,092	1,377,889
	$ 1,792,525	$ 1,395,373
General and administrative expenses		
Investors that have significant influence over the Group	$ 20,486	$ 1,274
Others	186,468	184,867
	$ 206,954	$ 186,141
Research and development expenses		
Investors that have significant influence over the Group	$ 89,939	$ 54,115
Others	26,324	25,440
	$ 116,263	$ 79,555

Selling and marketing expenses are payment to other parties for advertisement and promotion.

General and administrative expenses are payment to other parties for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence over the Group for sample products, trial fee and TOBE System.

The Company bought molds from related parties (molds purchased were recorded under property, plant and equipment) as follows:

	For the Year Ended December 31	
	2013	2012
Investors that have significant influence over the Group	$ -	$ 35,878
Others	167,103	278,003
	$ 167,103	$ 313,881

2) Non-operating transactions

	For the Year Ended December 31	
	2013	2012
Other revenue		
Investors that have significant influence over the Group	$ 581	$ 1,226
Others	399	-
	$ 980	$ 1,226
Overseas business expense		
Others	$ 15,486	$ 28,376
Other losses		
Investors that have significant influence over the Group	$ 32	$ 28
Others	-	326
	$ 32	$ 354

3) Receivables from related parties

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Others	$ 2,312	$ 1,614	$ 27,073
Trade receivables			
Investors that have significant influence over the Group	$ 40,837	$ 21,970	$ 10,743
Others	245,359	557,368	487,927
	$ 286,196	$ 579,338	$ 498,670

4) Payables to related parties

	December 31, 2013	December 31, 2012	January 1, 2012
Notes payable			
Investors that have significant influence over the Group	$ 1,536	$ -	$ -
Trade payables			
Investors that have significant influence over the Group	$ 659,922	$ 1,199,777	$ 1,205,704
Others	413,170	700,030	364,768
	$ 1,073,092	$ 1,899,807	$ 1,570,472

5) Refundable deposits

	December 31, 2013	December 31, 2012	January 1, 2012
Investors that have significant influence over the Group	$ 174,432	$ 17,600	$ 17,600
Others	59,284	58,560	-
	$ 233,716	$ 76,160	$ 17,600

c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2013	2012
Short-term employee benefit	$ 42,279	$ 37,515
Post-employment benefit	1,585	1,886
	$ 43,864	$ 39,401

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related-parties

1) The Company sold to Taiwan Acceptance Corporation trade receivable which amounted to $2,017,040 thousand and $2,079,532 thousand for the years ended December 31, 2013 and 2012, respectively. Based on the related contract, the amount of receivable sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance

Corporation. The Company's interest expenses recognized on the trade receivable sold to Taiwan Acceptance Corporation were $1,185 thousand and $1,270 thousand for the years ended December 31, 2013 and 2012, respectively.

2) The Company bought other equipment for $769 thousand from Singgual Technology Co., Ltd. for the year ended December 31, 2013. The Company bought other equipment for $440 thousand and $298 thousand from Singgual Technology Co., Ltd. and Yulon Motor Co., Ltd. for the year ended December 31, 2012, respectively. All of them were recorded under property, plant and equipment.

3) The Company had sold property, plant and equipment to related-party; the related-party and amounts for the year ended December 31, 2012 are summarized as follows:

	Amount	Carrying Value	Gain on Disposal
Hua-Chuang Automobile Information Technical Center Co., Ltd.	$ 500	$ 55	$ 445

4) The Company signed molds contracts with Diamond Leasing Service Co., Ltd.

The molds contracts are valid from the date of the contract to the end of production of the car model. The contract amount is $829,663 thousand and the installment payments will be disbursed according to the progress under the contract schedule. The types of car parts have not been produced until the end of September 2013. The Company had already paid $610,478 thousand (recognized as property, plant and equipment). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year with the amount of $2.6 for every ten thousand of the accumulated amounts paid for molds in prior year.

29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2013 were as follows:

a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer ("OEM") of automobile parts and after-sales service. As of December 31, 2013, both parties did not receive a termination notice, so the contract automatically extended.

The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to December 31, 2013, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	December 31, 2013	December 31, 2012	January 1, 2012
Acquisition of property, plant and equipment	$ 289,990	$ 407,866	$ 408,645
Acquisition of other intangible assets	1,331	-	580
	$ 291,321	$ 407,866	$ 409,225

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 2,424,662	0.1640 (RMB:USD)	$ 11,851,796
RMB	675,808	4.9040 (RMB:NTD)	3,314,163
USD	18,508	29.805 (USD:NTD)	551,636
JPY	53,715	0.2839 (JPY:NTD)	15,250
Financial liabilities			
Monetary items			
JPY	919	0.2839 (JPY:NTD)	261

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 2,651,840	0.1590 (RMB:USD)	$ 12,244,500
USD	4,352	29.04 (USD:NTD)	126,382
JPY	193,397	0.3364 (JPY:NTD)	65,059
Financial liabilities			
Monetary item			
JPY	2,092	0.3364 (JPY:NTD)	704

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,890,679	0.1587 (RMB:USD)	$ 9,084,037
USD	2,268	30.275 (USD:NTD)	68,664
JPY	238,980	0.3906 (JPY:NTD)	93,346
Financial liabilities			
Monetary items			
USD	27	30.275 (USD:NTD)	817
JPY	29,158	0.3906 (JPY:NTD)	11,389

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 1 (attached)

4) Marketable securities acquired and disposed at cost or prices at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

9) Trading in derivative instruments: None

10) Information on investees: Table 4 (attached)

11) Intercompany relationships and significant intercompany transactions: Table 5 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area: Table 6 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

32. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 “Operating Segments” were as follows:

Vehicle segment: Vehicle sales
Part segment: Parts sales
Investment segment: Overseas business activities
Other segment: Other operating activities other than the above segments

a. Segment revenues and results

The following was an analysis of the Group’s revenue and results from operations by reportable segment

	Revenue		Profit Before Tax	
	For the Year Ended December 31		For the Year Ended December 31	
	2013	2012	2013	2012
Vehicle segment	$ 28,051,149	$25,563,983	$ 1,625,085	$ 465,627
Part segment	3,361,299	3,445,959	585,791	609,754
Investment segment	-	-	6,243,058	5,244,440
Other segment	73,602	124,588	(360,751)	(552,140)
	$ 31,486,050	$29,134,530	8,093,183	5,767,681
Gain (loss) on disposal of property, plant and equipment			$ (15)	$ 180
Interest income			348,901	234,014
Foreign exchange gain (loss), net			391,529	98,214
Gain on disposal of investment			3,745	18,589
Gain from valuation of financial assets			1,741	-
Interest expense			(16,994)	(1,944)
Central administration cost and directors’ compensation			(15,200)	(15,600)
Profit before tax			$ 8,806,890	$ 6,101,134

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2013 and 2012.

Segment profit represents the profit earned by each segment, excluding the allocation of gain (loss) on disposal of property, plant and equipment, interest income, foreign exchange gain (loss), net, gain on disposal of investment, gain from valuation of financial assets, interest expense, central administration cost and directors’ compensation, and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segment total assets

	December 31, 2013	December 31, 2012	January 1, 2012
Vehicle segment	$ 1,710,369	$ 1,580,201	$ 1,429,851
Part segment	2,532	2,678	2,727
Investment segment	14,989,267	10,379,966	9,310,797
Other segment	35,703	32,022	31,630
	16,737,871	11,994,867	10,775,005
Unallocated assets	18,581,094	15,335,512	14,033,078
Consolidated total assets	$ 35,318,965	$ 27,330,379	$ 24,808,083

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2013	2012
Vehicles	$ 28,051,149	$ 25,563,983
Parts	3,361,299	3,445,959
Others	73,602	124,588
	$ 31,486,050	$ 29,134,530

d. Geographical information

The Group's revenues from external customers by location of operations are detailed below.

	For the Year Ended December 31	
	2013	2012
Domestic	$ 31,099,191	$ 28,654,342
Overseas	386,859	480,188
	$ 31,486,050	$ 29,134,530

The Group's non-current assets by location of assets are detailed below.

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic	$ 2,002,533	$ 1,774,564	$ 1,496,789
Overseas	-	-	57
	$ 2,002,533	$ 1,774,564	$ 1,496,846

e. Information about major customers

The Group's revenue from major customers is detailed below.

	For the Year Ended December 31	
	2013	2012
Certain customer from the vehicle segment	$ 27,903,555	$ 25,104,177

No other single customers contributed 10% or more to the Group's revenue for both 2013 and 2012.

33. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

1) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

The effect of the abovementioned optional exemptions elected by the Group was stated in the following Note 2) - Explanations of significant reconciling items in the transition to IFRSs.

Deemed cost of property, plant, equipment and other intangible assets

The Group measured property, plant and equipment and other intangible assets on translation date under cost model according to IFRSs, and retroactively applied the relevant regulations.

2) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

Accounting Issues	Description of Differences
Classification of deferred tax assets/liabilities	Under ROC GAAP, classification as current and noncurrent is based on the classification of the underlying asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent on the basis of expected length of time before it is realized or settled. After converting to IFRSs, the classification of deferred income tax is always noncurrent. If an enterprise does not have a legally recognized right to offset the tax assets and tax liabilities, the amounts recognized in deferred tax assets should not offset with deferred tax liabilities under IFRSs.
Reclassification of deferred charges	Under ROC GAAP, deferred charges are listed under other assets. After converting to IFRSs, an enterprise should reclassify deferred charges to property, plant and equipment and intangible assets based on their nature.
Actuarial gains and losses of defined benefit plans	Under ROC GAAP, an entity’s actuarial gains and losses are amortized over the employees’ average remaining service period to the income statement under the corridor approach. After converting to IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and retained earnings in the statement of changes in equity.

(Continued)

Accounting Issues	Description of Differences
Unrecognized net transition obligation	Under ROC GAAP, unrecognized net transition obligation that resulted from the adoption of Statement of Financial Accounting Standards (SFAS) No. 18 "Accounting for Pensions" should be amortized using the straight-line method over the average remaining service years of employees, and be accounted for as pension costs. After converting to IFRSs, due to non-adoption of the transitional arrangements under IAS 19 "Employee Benefits," the unrecognized net transition obligation is accounted and adjusted in retained earnings.
Time deposits with periods of over three months	Under ROC GAAP, time deposits that can be readily terminated and withdrawn without adverse effect on the principal are accounted for as cash and cash equivalents. After converting to IFRSs, time deposits with periods of over three months are not usually recognized as cash and cash equivalents. Those deposits with fixed or determinable payments that are not quoted in an active market and with deposit period of over three months should be classified as other financial assets.
Impairment losses of assets	Under ROC GAAP, impairment losses of assets are usually recognized as part of non-operating expenditure. After converting to IFRSs, an entity presents expenses and losses by function. Recognized impairment loss of assets based on IAS 36 should be attributed to related functional expense.
Prepayment for equipment	Under ROC GAAP, prepayment for equipment is usually recognized as part of property, plant and equipment. After converting to IFRSs, prepayment for equipment is usually classified as prepayment under noncurrent assets.

(Continued)

Accounting Issues	Description of Differences
Gain/loss on disposal of property, plant and equipment	Under ROC GAAP, gain/loss on disposal of property, plant and equipment is usually recognized as part of non-operating expenses. After converting to IFRSs, an entity presents expenses and losses by function. Gain/Loss on disposal of property, plant and equipment should be attributed to related functional expense.

c. After converting to IFRSs, the reconciliations of the consolidated balance sheets, the consolidated statements of comprehensive income and consolidated statements of cash flows are as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

	ROC GAAP	Difference	IFRSs	Note
Current assets	$ 13,848,011	$ (34,168)	$13,813,843	a), f)
Long-term investments	9,310,797	-	9,310,797	
Property, plant and equipment	37,166	1,427,042	1,464,208	e), g)
Intangible assets	-	12,740	12,740	e)
Other assets	1,459,680	(1,253,185)	206,495	a), b), c), e), g)
Total assets	$ 24,655,654	$ 152,429	$24,808,083	
Current liabilities	$ 2,699,591	$ -	$ 2,699,591	
Other liabilities	2,392,579	207,546	2,600,125	b), c)
Total liabilities	$ 5,092,170	$ 207,546	$ 5,299,716	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	5,988,968	-	5,988,968	
Retained earnings	10,110,362	409,037	10,519,399	c), d)
Cumulative translation adjustments	464,154	(464,154)	-	d)
Stockholders' equity	$ 19,563,484	$ (55,117)	$19,508,367	

a) Deferred tax assets - current with the amount of $34,168 thousand was reclassified to deferred tax assets - noncurrent after converting to IFRSs.

b) After converting to IFRSs, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under IFRS. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $141,140 thousand at the same time.

c) i. Retirement benefit obligation under IFRSs increased by $66,406 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,406 thousand and decreased retained earnings by $66,406 thousand.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,289 thousand and retained earnings increased by $11,289 thousand, accordingly.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRSs.

e) Molds and dies of $1,427,233 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $12,740 thousand was reclassified as intangible assets.

f) As of January 1, 2012, to comply with the presentation of financial statements under IFRSs, the Group's time deposits of $4,592,825 thousand with periods of over three months were reclassified from bank deposits under current assets to other financial assets under current assets because there is fixed or determinable payments that are not quoted in an active market.

g) After converting to IFRSs, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $191 thousand.

2) Reconciliation of consolidated balance sheet as of December 31, 2012

	ROC GAAP	Difference	IFRSs	Note
Current assets	$ 14,989,003	$ (34,289)	$14,954,714	a), f)
Long-term investments	10,379,966	-	10,379,966	
Property, plant and equipment	45,236	1,632,129	1,677,365	e), f)
Intangible assets	-	11,369	11,369	e)
Other assets	1,729,328	(1,422,363)	306,965	a), b), c), e), f)
Total assets	$ 27,143,533	$ 186,846	$27,330,379	
Current liabilities	$ 3,150,089	$ -	$ 3,150,089	
Other liabilities	3,323,112	241,885	3,564,997	b), c)
Total liabilities	$ 6,473,201	$ 241,885	$ 6,715,086	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	6,129,405	-	6,129,405	
Retained earnings	11,980,839	409,115	12,389,954	c), d)
Cumulative translation adjustments	(439,912	(464,154)	(904,066)	d)
Stockholders' equity	$ 20,670,332	$ (55,039)	$20,615,293	

a) Deferred tax assets - current with the amount of $34,289 thousand was reclassified to deferred tax assets - noncurrent after converting to IFRSs.

b) After converting to IFRSs, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under IFRS. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $175,573 thousand at the same time.

c) i. Retirement benefit obligation under IFRSs increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses for the year ended December 31, 2012 and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,273 thousand and retained earnings increased by $11,273 thousand, accordingly.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRSs. For the year end December 31, 2012, the exchange differences on translating foreign operations of $904,066 thousand were recognized under other comprehensive income.

e) Molds and dies of $1,632,129 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $11,369 thousand was reclassified as intangible assets.

f) As of December 31, 2012, to comply with the presentation of financial statements under IFRSs, the Group’s time deposits of $5,579,666 thousand with periods of over three months were reclassified from bank deposits under current assets to other financial assets under current assets because there is fixed or determinable payments that are not quoted in an active market.

g) After converting to IFRSs, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $8,055 thousand.

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

	ROC GAAP	Difference	IFRSs	Note
Operating revenues	$29,134,530	$ -	$29,134,530	
Operating cost	(25,105,630)	(357,963)	(25,463,593)	d)
Gross profit	4,028,900	(357,963)	3,670,937	
Operating expenses	(3,169,082)	10,353	(3,158,729)	a)
Other gains and losses	-	180	180	f)

(Continued)

	ROC GAAP	Difference	IFRSs	Note
Operating income	859,818	(347,430)	512,388	
Non-operating gains and losses	5,230,963	357,783	5,588,746	d), f)
Income before income tax	6,090,781	10,353	6,101,134	
Income tax expense	(1,160,304)	(1,760)	(1,162,064)	b)
Net income	$ 4,930,477	$ 8,593	4,939,070	
Other comprehensive income				
Actuarial losses of defined benefit plan			(10,259)	c)
Difference from translation of financial statements of foreign business			(904,066)	e)
Income tax gains to other comprehensive income			1,744	c)
Comprehensive income			$ 4,026,489	

a) Retirement benefit obligation of $10,353 thousand recognized according to IFRSs decreased employee benefit expenses by the same amount.

b) Decrease of employee benefit expenses resulted in increase of related tax expense of $1,760 thousand.

c) Retirement benefit obligation under IFRSs increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses for the year ended December 31, 2012 and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

d) According to IFRS, an entity should present expenses and losses by function. Recognized impairment losses of assets based on IAS 36 should be attributed to related functional expense. Therefore, the Company reclassified impairment losses $357,963 thousand to cost of sales.

e) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRSs. For the year end December 31, 2012, the exchange differences on translating foreign operations of $(904,066) thousand were recognized under other comprehensive income.

f) After converting to Rules Governing the Preparation of Financial Reports, gain on disposal of property, plant and equipment of $180 thousand was reclassified from non-operating income and expenses to other gains and losses.

d. Explanation of material adjustments to the statement of cash flows.

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7" Statement of Cash Flow", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of $5,579,666 thousand and $4,592,825 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Group was for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $82,245 thousand and $4,626,267 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

TABLE 1

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	December 31, 2013				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	7,964	$ 80,000	-	$ 80,269	
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss	6,819	80,000	-	80,096	
	Cathay Taiwan Money Market	-	Financial assets at fair value through profit or loss	4,104	50,000	-	50,048	
	ING Taiwan Money Market	-	Financial assets at fair value through profit or loss	3,138	50,000	-	50,024	
	PineBridge Global Multi-Strat Hi Yld A	-	Financial assets at fair value through profit or loss	3,277	40,000	-	40,618	
	Capital Money Market	-	Financial assets at fair value through profit or loss	2,546	40,000	-	40,128	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	2,769	40,000	-	40,027	
	FSITC Global High Yield Bond A	-	Financial assets at fair value through profit or loss	2,137	30,000	-	30,114	
	Eastspring Inv Global High Yield Bond A	-	Financial assets at fair value through profit or loss	1,651	20,000	-	20,251	
	Franklin Templeton SinoAm Convnt Ind	-	Financial assets at fair value through profit or loss	243	3,000	-	3,166	

Note 1: Shown at their original investment amounts.

Note 2: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value and the redemption price as of December 31, 2013.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise

TABLE 2

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	$ 24,923,064	99	180 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (500,584)	(69)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	27,903,555	89	4 days after sales for parts 3 days after sales for vehicles	-	-	118,741	40	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon	Sale	339,491	1	15 days after sales for parts	-	-	9,818	3	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	336,365	1	Same as above	-	-	4,338	1	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	315,194	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon	Sale	255,509	1	15 days after sales for parts	-	-	-	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon	Sale	240,161	1	Same as above	-	-	13	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	234,690	1	15 days after sales for parts Immediate payment for vehicles	-	-	2,543	1	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	228,560	1	Same as above	-	-	648	-	-
	Chen Long Co., Ltd.	Equity-method investee of Yulon	Sale	207,616	1	15 days after sales for parts	-	-	-	-	-
	Chi Ho Corporation	Equity-method investee of Yulon	Sale	180,351	1	15 days after sales for parts Immediate payment for vehicles	-	-	556	-	-

Note 1: Transaction terms are based on agreements.
Note 2: Balances shown here are notes and trade receivable from sales and notes and trade payable for purchases.
Note 3: Balances shown here are based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 3

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	Trade receivable Other receivable	$ 118,741 22,877	116.56	$ -	-	$ 118,741	$ -

Note: The turnover rate was based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

TABLE 4

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2013			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	%	Carrying Amount			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	$ 1,847,983 (US$ 57,371)	$ 1,847,983 (US$ 57,371)	84,987	100.00	$28,185,091	$ 6,902,444	$ 6,902,444	Notes 2 and 3
Yi-Jan Overseas Investment Co., Ltd.	Jetford, Inc.	British Virgin Islands	Investment	US$ 57,171	US$ 57,171	71,772	100.00	US$945,433	US$232,497	US$232,497	Notes 2 and 3
Jet Ford, Inc.	Aeolus Xiangyang Automobile Co., Ltd.	Hubei (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 21,700	US$ 21,700	-	16.55	US$ 75,867	US$131,907	US$ 21,388	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US$ 18,710	US$ 18,710	-	33.12	US$119,814	US$272,380	US$ 90,212	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 16,941	US$ 16,941	-	40.00	US$290,858	US$240,196	US$ 96,901	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Guangdong (Mainland China)	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	US$ 1,125	US$ 1,125	-	45.00	US$ 15,223	US$ 5,585	US$ 2,513	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars	US$ 593	US$ 593	-	49.00	US$ 1,148	US$ 302	US$ 148	Note 2

Note 1: Shares of Profit include the amortization of investment premium or discount.
Note 2: The carrying amount and related shares of profit of the equity investment were calculated based on the audited financial statements and percentage of ownership.
Note 3: Eliminated.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

TABLE 5

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Total Sales or Assets (Note 5)
0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	1	Notes and trade receivables - related parties	$ 10,100	-	-

Note 1: Intercompany relationships are numbered as follows:
1. The Company is numbered as 0.
2. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:
1. The Company to subsidiaries is numbered as 1.
2. Subsidiaries to the Company is numbered as 2.
3. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB, Unless Stated Otherwise)

TABLE 6

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	$ 3,581,037 (RMB 826,000)	Note 1	$ 716,856 (US$ 21,700)	$ -	$ -	$ 716,856 (US$ 21,700)	16.55	$ 3,916,198 (US$ 131,907)	$ 634,994 (US$ 21,388)	$ 2,261,228 (US$ 75,867)	$ -
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	33.12	8,086,693 (US$ 272,380)	2,678,313 (US$ 90,212)	3,571,067 (US$ 119,814)	-
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB 2,200,000)	Note 1	537,199 (US$ 16,941)	-	-	537,199 (US$ 16,941)	40.00	7,131,177 (US$ 240,196)	2,876,883 (US$ 96,901)	8,669,017 (US$ 290,858)	4,993,230 (US$ 163,077)
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US$ 1,125)	-	-	35,674 (US$ 1,125)	45.00	165,807 (US$ 5,585)	74,613 (US$ 2,513)	453,724 (US$ 15,223)	-
Dong Feng Yulon Used Cars Co., Ltd.	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US$ 593)	-	-	18,804 (US$ 593)	49.00	8,955 (US$ 302)	4,388 (US$ 148)	34,231 (US$ 1,148)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$1,841,642 (US$57,171)	$1,917,100 (US$59,660)	$15,024,286

Note 1: The Company indirectly owns these investees through Jet Ford, Inc., an investment company registered in a third region.

Note 2: The carrying amount and related investment income of the equity investment were calculated based on the audited financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the “Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

6. The company and its affiliates have not encountered any financial difficulties over the last years and as of the the publication date of the annual report:

No applicable. This company and its affiliates have not encountered any financial difficulties.

VII、Review and Analysis of Financial Conditions and Operation Performance and Rist Management

1. Financial Conditions

Unit：In NTD thousand

Item \ Fiscal Year	Fiscal year 2013	Fiscal year 2012	Difference	
			Amount	%
Current Assets	$ 18,135,802	$ 14,954,714	$ 3,181,088	21
Long-Term Equity Investments	14,989,267	10,379,966	4,609,301	44
Fixed Assets	1,748,604	1,677,365	71,239	4
Other Assets	445,292	318,334	126,958	40
Total Assets	35,318,965	27,330,379	7,988,586	29
Current Liabilities	5,172,523	3,150,089	2,022,434	64
Other Liabilities	5,105,965	3,564,997	1,540,968	43
Total Liabilities	10,278,488	6,715,086	3,563,402	53
Share Capital	3,000,000	3,000,000	0	0
Capital Reserves	6,129,405	6,129,405	0	0
Retained Earnings	15,700,634	12,389,954	3,310,680	27
other adjustment items shareholders' equity	210,438	(904,066)	1,114,504	(123)
Total share holder equity	25,040,477	20,615,293	4,425,184	21

Variance Analysis (For those with percentage of difference up to more than 20%, and with the amount up to NTD 10 million in the recent two fiscal years)

(1)The increase of Current Assets is mainly caused by the dividends paid by the invested companies.

(2) The increase of long-term equity investments is caused by the increase in mainland investment and earning.

(3) The increase of other Assets by the increase refundable deposits for business in 2013

(4) The increase of total Assets is mainly due to the receiving dividends in 2013 and investment income recognized under equity method in 2013.

(5) The increase of Current Liabilities was mainly caused by adjustment of tax payables due to borrowing short term funds and receiving dividends in 2013.

(6) The increase of Other Liabilities is mainly caused by the increase from long-term loan and investment income recognized under equity method in 2013.

(7) The increase of Total Liabilities is mainly caused by the increase of long-term and short-term loans in 2013.

(8)The increase of Retained Earnings is mainly caused by the increase of net income in 2013.

(9) The increase in other adjustment items under shareholders' equity is mainly caused by the increased accumulative translation adjustments. (The US dollar rose against the Taiwan dollars. On December 31, 2012, the exchange rate was 29.040, while it was 29.805 on the same day the following year.)

2. Financial Performance

(1) Comparison and Analysis of Financial Performance

Unit：In NTD thousand

Item \ Fiscal Year	Fiscal year 2013	Fiscal year 2012	Increase (Decrease) Amount	Changes(%)
Gross Revenue	$ 31,500,781	$ 29,140,783	2,359,998	8
Less:Sales Returns Sales Allowances	14,731	6,253	8,478	136
Net Operating Revenue	31,486,050	29,134,530	2,351,520	8
Operating Cost	26,037,200	25,463,593	573,607	2
Operating margin	5,448,850	3,670,937	1,777,913	48
Operating Expenses	3,616,671	3,158,549	458,122	15
Operating Profit	1,832,179	512,388	1,319,791	258
Non-Operating Revenue and Gain	7,019,66	5,632,986	1,386,674	25
Non-Operating Expense and Loss	44,949	44,240	709	2
Income Before Income Tax	8,806,890	6,101,134	2,705, 756	44
Income Tax Expense	1,506,893	1,162,064	344,829	30
Net Income	$ 7,299,997	$ 4,939,070	2,360,927	48

Variance Analysis (For those with percentage of difference up to more than 20%, and with the amount up to NTD 10 million in the recent two fiscal years)

(1) The increase of gross profit and operating income is mainly caused by the depreciation of yen, and resulted in the decrease of purchasing cost. (The Japanese Yen rose against the Taiwan dollars. On December 31, 2012, the exchange rate was 0.3711, while it was 0.3047 on the same day the following year.)

(2) The increase of Non-operating Revenue is caused by the increase in mainland investment and earning.

(3) The increase of pre-tax income is mainly caused by the increase of sales of cars and Mainland investment income.

(4) The increase of tax expense is mainly caused the increase of deferred tax from investment income under equity method.

(5) The increase of net income is mainly caused he increase of sales of cars and Mainland investment income.

(2)Gross profit analysis：

Unit：In NTD thousand

Item	Variance between two periods	Difference sources			
		Selling Price Difference	Cost Price Difference	Combined Sales Difference	Volume difference
Gross Profit	1,777,913	(1,537,734)	2,730,501	135,247	148,582
Content	1. Unfavorable sale prices variance occurred mainly because that the cars prices were decreased in fiscal year 2013. 2. Favorable cost prices variance occurred mainly by that the purchase prices of cars were decreased in 2013. 3.Favorable sales mix variance occurred mainly because that the sales volume of the high-gross-profit vehicle series was raised in fiscal year 2013.. 4. Favorable volume difference occurred mainly because of increase in sales volume of cars in 2013. 5. Service revenue decreased NT$ 50,223,000 in 2013 due to the decrease of revenue of outsourcing and R&D from Nissan and DFAC. 6. Revenue from sale of steel flats , certificating and testing decreased NT$,763,000 in 2013.				

3. Cash Flow Analysis

(1) Cash Flow Analysis for the Rencent 2 years

Fiscal Year / Item	Fiscal year 2013	Fiscal year 2012	Increase (Decrease) Ratio (%)
Cash Flow Ratio (%)	27	120	-78
Cash Flow Adequacy Ratio (%)	108	151	-43
Cash Reinvestment Ratio (%)	-8	3	-367
Difference Analysis and Description of Changes in Increase and Decrease Ratio: The decrease of Cash Flow is mainly caused by the increase of current liability from short-term loan in 2013.			

(2) Cash Flow Analysis for the Next Year

Unit: In NTD thousand

Cash balance at the beginning of the year	Expected annual net cash flow from operating activities	Expected annual net cash flow from investment and accommodation activities	Expected cash balance	Expected contingency plan for insufficient cash	
				Investment plan	Financial plan
8,567,899	-986,793	1,729,620	9,310,726	-	-

4. Influence on Financial Condition caused by Prominent Capital Expenditures in fiscal year 2013

(1) The Use and Capital Source of Prominent Capital Expenditure

Unit：In NTD thousand

Program items	Actual and estimated source of capital	Actual or estimated date of completion	Total fund needed	Actual or estimated use of capital					
				Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016
Model Clamp Lifting Tool	Self-owned fund	2016.12.31	3,237,064	465,949	1,064,885	515,061	673,205	484,164	33,800
Other equipment	Self-owned fund	2016.12.31	84,124	681	0	24,685	24,700	33,758	300
MIS equipment	Self-owned fund	2016.12.31	49,977	3,140	5,346	3,231	15,233	12,771	10,256

(2) Anticipated benefits

1. Invested in new model mold, increase production line to raise market shares.
2. The investment in information system related hardware and software, updating management information system will increase the managerial efficiency and strengthen market competition capabilities.
3. Increase the degree of automation, reduce the labor costs.

5. Reinvestment Policy in Fiscal Year 2013, Major Reasons for Profit and Loss, Its Improvement Plan and Next Year’s Investment Plan

Investor Company	Investee Company	Percentage of Ownership on December 31,2011	Investment Gain (Loss)	Cause of Gain(Loss)	Improvement plan	Investment plan in the currently year
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	100	$ 6,902,444	Growing Status of China Car Market	Nil	Nil
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford, Inc.	100	USD232,497	Growing Status of China Car Market	Nil	Nil
Jet Ford, Inc.	Aeolus Xiangfan Automobile Co., Ltd.	16.55	USD 21 ,388	Growing Status of China Car Market	Nil	Nil
	Guangzhou Aeolus Automobile Co., Ltd.	40	USD 96,901	Growing Status of China Car Market		
	Aeolus Automobile Co., Ltd.	33.12	USD90,212	Growing Status of China Car Market	Nil	Nil
	Shenzhen Lan You Technology Co., Ltd.	45	USD 2,513	Growing Status of China Car Market	Nil	Nil
	Dong Feng Yulon Used Cars Co., Ltd.	49	USD 148	Growing Status of China Car Market	Nil	Nil

6. Risk Management and Evaluation

(1) Influence of the interest rate, foreign exchange rate and rate of inflation on company's profit/loss and plans to encounter these risks in the future:

1. Influence of interest rate fluctuation on the company's profit/loss and future coping strategies:

   The market interest rate is quite low in recent years, so the affect of fluctuation on the company's profit/loss is limited.

2. Influence of foreign exchange rate fluctuation on the company's profit/loss and future coping strategies

   To avoid potential risks, the company has not specially manipulated the foreign exchange rate; the exchange rate difference is utilizing the sharing method agreed with Nissan.

3. Influence of inflation on the company's profit/loss and future coping strategies: Nil.

(2) Policy on High Risk, High Leverage Investment, Capital Loans to Others, Endorsement and Trade on Derivatives, Major Reason for Profit/Loss and plans to encounter these risks in the future:

1. This company has not involved in High Risk, High Leverage Investment.

2. As to the Capital Loans to Others, Endorsement and Trade on Derivatives, these activities are governed by company's 'Procedure of Capital Loans to Others', 'Procedure of Endorsement' and 'Procedure of Trade on Derivatives'. There was no related activity in 2012.

(3) Future research/development plans and estimated investing R&D expenditure:

1. Future research/development plans: Detail Operation Summary (1) Business Scope, 1, Business Scope (4) Development plan for new product.
2. Estimated investing R&D expenditure: The estimated research and development for the fiscal year 2013 is 584,532 Thousand NTD.

(4) Important Changes of Local and Foreign Government Policies and Regulations and Their Influence Over Company's Financial Condition and Plans to Encounter these Risks in the Future:

After entering the WTO, the company has not enjoyed the favorable tax exemption/deduction of goods since the fiscal year 2005, but the company has reduced the purchasing cost and expenses, therefore the influence on the company's profit/loss is limited.

(5) Changes on technology and industrial change influence toward the company's finance business and coping strategies:

The company has the best car research/development team and personnel in the country, to quickly handle the technology changes and industrial change.

(6) Changes on Corporate Image that influence Company's Risk Management and Contingency Plans:

The company has a good corporate reputation, and there has been no negative report in connection with the corporation.

(7) Benefit forecast and possible risks of merge and acquisition:

It's not applicable, because the company was not involved in any merge and acquisition.

(8) Benefit forecast and possible risks of plant site expansion: N/A.

(9) Risks of having purchase or sales centralization

1. Purchase: The company incoming shipment is Yulon Motor Company, Ltd., it's a listed company that has an outstanding credibility, excellent production technology and strong finance, so the company has no need of worrying about the interruption of incoming shipment.
2. Sales: Local market is the main selling of the company, selling cars and parts to the consumers through each location dealer. The company has an exclusive department responsible for supervising the sales development of each dealer, after a long period, the dealers' sales are pretty stable, so there is no risk of having sales centralization

(10)The impact and the risk of having a big Volume of transferring or changes of Shareholders equity of the Directors, Supervisors or holding more than10% shares shareholders, Except for the releasing of shares : Nil.

(11)The impact and risk of changing operating rights of the company: Nil.

(12)Litigation/Non-Litigation Events:

1. The company: Nil.
2. The proportion of shares that the owned by big shareholders like the Company's Board Members, Supervisors, General Manager, Real Owner that exceeds 10% and the belonging company: Nil.

(13)Other Important Risks and actions to be taken: Nil.

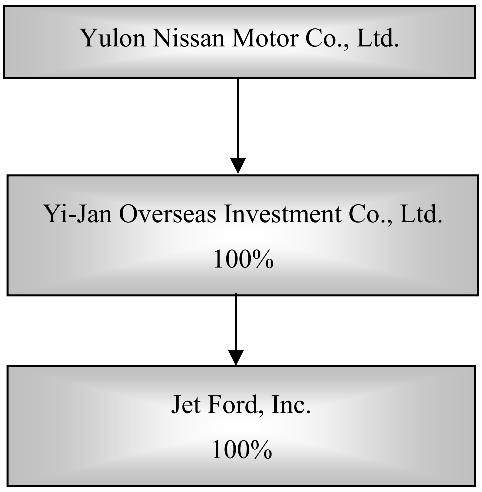
7. Other Important Items: Nil

VIII、Special Noted Items

1. Affiliates information

(1) Affiliates Combined Operation Statement

1. Organization Chart of Yulon Motor's Affiliated Companies



2. Basic information of affiliates

Dec. 31, 2013

Unit：Thousand Dollars Foreign Currency

Name	Establishing Date	Address	Actually accrued capital amount	Main Business Items
Yi-Jan Overseas Investment Co., Ltd.	1999.11.17	2F,Cayside,Harbour Drive P.O.Box 30592 S.M.B. George Town Grand Cayman Island B.W.I.	USD 84,987	Investments
Jet Ford, Inc.	1994.01.12	P.O.Box 3151 Road Town, Tortola British Virgin Islands	USD 71,772	Investments

3. Shareholders representing both holding companies and subordinates: Nil

4. Information of the directors, supervisors, and general managers of the affiliates

Dec. 31, 2013

Name	Title	Name or representative	Shares	
			Shares	Percentage
Yi-Jan Overseas Investment Co., Ltd.	Director	Yulon Nissan Motor Co., Ltd. Representative: Kenneth K. T. Yen	84,986,756	100%
Jet Ford, Inc.	Director Director Director	Yi-Jan Overseas Investment Co., Ltd. Representative：Kenneth K. T. Yen Kuo-Rong Chen Wen-Rong Tsay	71,771,793	100%

5. Affiliates' Operating Results

Dec. 31, 2013
Unit：In NTD thousand

Affiliate Code Number	Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating net income	Net Income / Loss (after-tax)	Earning Per Share (NT dollar) (after-tax)
22270001	Yi-Jan Overseas Investment Co., Ltd.	2,740,770	28,185,091	0	28,185,091	6,902,592	6,902,444	6,902,444	81.82
22270002	Jet Ford, Inc.	2,347,251	28,189,070	10,448	28,178,622	6,269,191	6,244,873	6,902,592	96.17

(2) Affiliates Combined Financial Report:

Statement

The company and its subordinates in fiscal year 2013 (from Jan 1 2013 to December 31 2013) should, in accordance with the "Regulations of Preparing the Affiliates Combined Operation Report Combined Financial Report and Relevant Reports", include and prepare the Affiliates Combined Financial Report of the company, and according to regulations of Communique' No.7 of the financial Accounting Criteria, which is "Combined Financial Report", include and prepare the mother/subordinates combined financial report of the company are the same, and the Affiliates Combined Financial Report relevant information that was exposed In the above said mother/subordinates combined financial report were already exposed, and shall not make another affiliates combined financial report.

Very truly yours

Company Name: Yulon Nissan Motor Co., Ltd.

Responsible person: Kenneth K. T. Yen

March 24, 2014

(3) Combined report of public companies and their affiliates: Nil

2. Fiscal Year 2013 and prior to the publication date of the annual report, The Status of Issuing Private Placement Securities: Nil

3. Fiscal Year 2013 and prior to the publication date of the annual report, Acquisition or Disposal of Yulon Shares by Subsidiaries: Nil

4. Other necessary supplementary notes: Nil

5. Any events that had significant impacts on shareholders' right or securities prices as stated in Section 2 Paragraph 2 in Article 36 of the Securities Transaction Law for fiscal year 2013 and prior to the publication date of the annual report: Nil

Yulon Nissan Motor Co., Ltd.

Chairman   Kenneth K. T. Yen

主要車系 *Product Information*

INFINITI 車系

Q50 Sedan
3.5 hybrid/2.0 turbo

QX50 3.7

Q60 Coupe 3.7

QX60
3.5/2.5 hybrid

Q70 Sedan 3.7/2.5

QX70 3.7

NISSAN 車系

370Z 3.7

GT-R 3.8

ROGUE 2.5

MURANO 3.5

TEANA 2.5 2.0

JUKE 1.6

SUPER SENTRA 1.8

BIG TIIDA 1.6

LIVINA 1.6

TIIDA 1.6

MARCH 1.5

Corporate Vision

Becoming the Benchmark Company of "Product Innovation"
and "Service Innovation" in the Cross Strait Auto Industry

YULON NISSAN MOTOR CO., LTD

39-2Po Kung Keng, Shi Hu Tsuen,Yi Miao Li Hsien, Taiwan, R.O.C
24Hour Service hot-line 0800-088-888
http://www.nissan.com.tw