Yulon Nissan Motor Company, Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2019 and 2018 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and subsidiaries (collectively referred to as the "Group") as of September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2019 and 2018, and its consolidated financial performance for the three months ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wan-Yi Liao and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 8, 2019

<u>*Notice to Readers*</u>

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 7,298,370	27	$ 7,043,180	27	$ 7,046,004	29
Financial assets at fair value through profit or loss (Notes 4 and 7)	100,962	-	325,129	1	114,859	1
Notes receivable(Notes 4 and 21)	3,658	-	-	-	-	-
Notes receivable - related parties (Notes 4, 21 and 28)	-	-	513	-	9,521	-
Trade receivables (Notes 4, 8 and 21)	29,779	-	31,340	-	51,814	-
Trade receivables - related parties (Notes 4, 21 and 28)	1,596,818	6	894,105	4	585,690	2
Other receivables (Notes 4 and 8)	6,395,135	23	57,570	-	13,143	-
Prepayments (Notes 11 and 28)	180,299	1	12,243	-	609,380	3
Total current assets	15,605,021	57	8,364,080	32	8,430,411	35
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	8,776,386	32	15,629,726	60	13,912,622	57
Property, plant and equipment (Notes 4, 5, 12 and 28)	1,924,128	7	1,793,200	7	1,582,231	7
Right-of-use assets (Notes 4, 13 and 28)	744,510	3	-	-	-	-
Computer software (Notes 4 and 14)	21,208	-	25,152	-	20,805	-
Deferred tax assets (Note 4)	105,501	-	116,324	-	129,362	-
Other non-current assets (Notes 15 and 28)	172,193	1	171,265	1	137,126	1
Total non-current assets	11,743,926	43	17,735,667	68	15,782,146	65
TOTAL	$ 27,348,947	100	$ 26,099,747	100	$ 24,212,557	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Notes 21 and 28)	$ 54,293	-	$ 50,553	-	$ 55,891	-
Notes payable - related parties (Note 28)	29	-	-	-	-	-
Trade payables	28,641	-	146,794	1	56,704	-
Trade payables - related parties (Note 28)	1,427,119	5	1,303,228	5	912,791	4
Lease liabilities (Notes 4, 13 and 28)	53,849	-	-	-	-	-
Other payables (Note 16)	2,300,084	9	981,106	4	1,060,643	5
Current tax liabilities (Note 4)	581,289	2	648,662	2	31,037	-
Provisions (Notes 4, 5 and 17)	189,519	1	188,149	1	197,947	1
Other current liabilities (Note 18)	4,465	-	4,679	-	6,313	-
Total current liabilities	4,639,288	17	3,323,171	13	2,321,326	10
NON-CURRENT LIABILITIES						
Contract liabilities (Notes 21 and 28)	16,928	-	22,487	-	27,810	-
Provisions (Notes 4, 5 and 17)	57,736	-	61,364	-	64,953	-
Lease liabilities (Notes 4, 13 and 28)	684,212	3	-	-	-	-
Net defined benefit liabilities (Note 4)	264,517	1	329,881	1	357,170	2
Deferred tax liabilities (Note 4)	1,883,572	7	1,905,810	8	2,703,698	11
Total non-current liabilities	2,906,965	11	2,319,542	9	3,153,631	13
Total liabilities	7,546,253	28	5,642,713	22	5,474,957	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock - NT$10 par value; authorized - 600,000 thousand stocks; issued and outstanding - 300,000 thousand stocks	3,000,000	11	3,000,000	12	3,000,000	13
Capital surplus	5,988,968	22	6,129,405	23	6,129,405	25
Retained earnings						
Legal reserve	5,473,169	20	4,884,164	19	4,884,164	20
Special reserve	1,163,895	4	1,163,895	4	1,163,895	5
Unappropriated earnings	4,996,076	18	6,011,725	23	4,455,575	18
Total retained earnings	11,633,140	42	12,059,784	46	10,503,634	43
Other equity	(819,414)	(3)	(732,155)	(3)	(895,439)	(4)
Total equity	19,802,694	72	20,457,034	78	18,737,600	77
TOTAL	$ 27,348,947	100	$ 26,099,747	100	$ 24,212,557	100

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

(With Deloitte & Touche review report dated November 8, 2019)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)								
Sales (Note 4)	$ 7,828,851	99	$ 6,454,249	100	$ 23,565,494	99	$ 22,818,196	100
Service revenue (Note 4)	78,419	1	13,890	-	180,063	1	49,989	-
Other operating revenue	12,096	-	22,557	-	49,737	-	63,525	-
Total operating revenue	7,919,366	100	6,490,696	100	23,795,294	100	22,931,710	100
OPERATING COSTS (Notes 9, 22 and 28)	6,789,214	86	5,397,505	83	20,225,423	85	18,716,537	81
GROSS PROFIT	1,130,152	14	1,093,191	17	3,569,871	15	4,215,173	19
OPERATING EXPENSES (Notes 22 and 28)								
Selling and marketing expenses	585,224	7	593,607	9	2,071,177	9	2,337,095	10
General and administrative expenses	79,766	1	93,243	2	292,611	1	291,884	1
Research and development expenses	162,425	2	191,121	3	401,001	1	526,599	3
Total operating expenses	827,415	10	877,971	14	2,764,789	11	3,155,578	14
OTHER OPERATING INCOME AND EXPENSES (Notes 22 and 28)	2,010	-	-	-	2,491	-	-	-
PROFIT FROM OPERATIONS	304,747	4	215,220	3	807,573	4	1,059,595	5
NON-OPERATING INCOME AND EXPENSES								
Shares of profit of associates	2,000,341	25	1,547,553	24	5,369,620	22	4,655,796	20
Gain on disposal of investments, net (Notes 11, 22 and 28)	410,914	5	6,502	-	407,916	2	2,450	-
Interest income (Note 4)	33,111	-	11,955	-	77,738	-	39,026	-
Gain (loss) on fair value changes of financial assets at fair value through profit or loss, net	(6,834)	-	(3,147)	-	10,962	-	4,856	-
Other revenue (Note 28)	404	-	456	-	1,645	-	3,956	-
Foreign exchange gain(loss), net (Note 22)	(265,518)	(3)	(19,615)	-	(321,151)	(1)	781	-
Interest expenses (Note 28)	(1,924)	-	(233)	-	(5,980)	-	(710)	-
Overseas business expenses (Note 28)	(1,768)	-	(2,488)	-	(6,008)	-	(7,244)	-
Other losses	(223)	-	(170)	-	(2,023)	-	(1,914)	-
Total non-operating income and expenses	2,168,503	27	1,540,813	24	5,532,719	23	4,696,997	20

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YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE TAX	$ 2,473,250	31	$ 1,756,033	27	$ 6,340,292	27	$ 5,756,592	25
INCOME TAX EXPENSE (Notes 4 and 23)	495,998	6	351,250	5	1,275,509	6	1,400,287	6
NET PROFIT FOR THE PERIOD	1,977,252	25	1,404,783	22	5,064,783	21	4,356,305	19
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Share of the other comprehensive income of associates accounted for using equity method (Note 11)	-	-	-	-	-	-	(22)	-
Remeasurement of defined benefit plans	(545)	-	(586)	-	6,919	-	4,977	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	109	-	118	-	(1,384)	-	2,137	-
	(436)	-	(468)	-	5,535	-	7,092	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(373,783)	(5)	(678,065)	(11)	(87,259)	-	(520,421)	(2)
Other comprehensive income for the period, net of income tax	(374,219)	(5)	(678,533)	(11)	(81,724)	-	(513,329)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,603,033	20	$ 726,250	11	$ 4,983,059	21	$ 3,842,976	17
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	$ 1,977,252	25	$ 1,404,783	22	$ 5,064,783	21	$ 4,356,305	19
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	$ 1,603,033	20	$ 726,250	11	$ 4,983,059	21	$ 3,842,976	17
EARNINGS PER SHARE (Note 24)								
Basic	$ 6.59		$ 4.68		$ 16.88		$ 14.52	
Diluted	$ 6.59		$ 4.68		$ 16.88		$ 14.52	

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

(With Deloitte & Touche review report dated November 8, 2019) (Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

			Retained Earnings (Notes 11 and 20)			Other Equity	
	Capital Stock	Capital Surplus (Notes 11 and 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2018	$ 3,000,000	$ 6,129,405	$ 4,519,914	$ 788,877	$ 7,131,446	$ (375,018)	$ 21,194,624
Appropriation of 2017							
Legal reserve	-	-	664,250	-	(664,250)	-	-
Special reserve	-	-	-	375,018	(375,018)	-	-
Cash dividend distributed by the Company - $21 per share	-	-	(300,000)	-	(6,000,000)	-	(6,300,000)
	-	-	364,250	375,018	(7,039,268)	-	(6,300,000)
Net profit for the nine months ended September 30, 2018	-	-	-	-	4,356,305	-	4,356,305
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	7,092	(520,421)	(513,329)
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	4,363,397	(520,421)	3,842,976
BALANCE, SEPTEMBER 30, 2018	$ 3,000,000	$ 6,129,405	$ 4,884,164	$ 1,163,895	$ 4,455,575	$ (895,439)	$ 18,737,600
BALANCE, JANUARY 1, 2019	$ 3,000,000	$ 6,129,405	$ 4,884,164	$ 1,163,895	$ 6,011,725	$ (732,155)	$ 20,457,034
Appropriation of 2018 earnings							
Legal reserve	-	-	589,005	-	(589,005)	-	-
Cash dividend distributed by the Company - $17.67 per share	-	-	-	-	(5,301,000)	-	(5,301,000)
	-	-	589,005	-	(5,890,005)	-	(5,301,000)
Changes of the share of associated for using equity method	-	-	-	-	(195,962)	-	(195,962)
Net profit for the nine months ended September 30, 2019	-	-	-	-	5,064,783	-	5,064,783
Other comprehensive income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	5,535	(197,448)	(191,913)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	5,070,318	(197,448)	4,872,870
Disposal of investments accounted for using equity method	-	(140,437)	-	-	-	110,189	(30,248)
BALANCE, SEPTEMBER 30, 2019	$ 3,000,000	$ 5,988,968	$ 5,473,169	$ 1,163,895	$ 4,996,076	$ (819,414)	$ 19,802,694

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

(With Deloitte & Touche review report dated November 8, 2019)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 6,340,292	$ 5,756,592
Adjustments for:		
Depreciation expenses	369,553	304,680
Amortization expenses	7,492	5,580
Gain on fair value changes of financial assets at fair value through profit of loss, net	(10,962)	(4,856)
Interest expenses	5,980	710
Interest income	(77,738)	(39,026)
Share of profit of associates	(5,369,620)	(4,655,796)
Gain on disposal of property, plant and equipment, net	(2,491)	-
Gain on disposal of investment, net	(407,916)	(2,450)
Net foreign exchange gain (loss)	418,742	(18,692)
Recognition (reversal) of inventory purchase commitments	10,685	(2,522)
Warranty costs	92,363	130,541
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	245,522	766,499
Notes receivable	(3,658)	-
Notes receivable - related parties	513	(7,909)
Trade receivables	1,567	(12,589)
Trade receivables - related parties	(702,749)	312,327
Other receivables	31,682	111,761
Prepayments	(51,635)	(37,141)
Contract liabilities	(1,819)	(38,371)
Notes payable - related parties	29	-
Trade payables	(118,153)	1,319
Trade payables - related parties	415,381	47,809
Other payables	70,200	147,271
Provisions	(105,306)	(120,328)
Other current liabilities	(214)	(819)
Net defined benefit liabilities	(58,445)	(30,478)
Cash generated from operations	1,099,295	2,614,112
Interest paid	(5,980)	(710)
Income tax paid	(1,481,834)	(1,169,530)
Net cash generated from (used in) operating activities	(388,519)	1,443,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	82,895	39,875
Dividends received	6,870,638	5,466,869
Payment for property, plant and equipment (Note 25)	(752,898)	(443,709)
Proceeds from disposal of property, plant and equipment	5,571	8

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YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Payments for computer software	$ (3,548)	$ (5,503)
Decrease in refundable deposits	103	2,955
Net cash generated from investing activities	6,202,761	5,060,495
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of dividends	(5,301,000)	(6,300,000)
Repayment of the principal portion of lease liabilities	(39,901)	-
Cash used in financing activities	(5,340,901)	(6,300,000)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(218,151)	19,616
NET INCREASE IN CASH AND CASH EQUIVALENTS	255,190	223,983
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	7,043,180	6,822,021
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 7,298,370	$ 7,046,004

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

(With Deloitte & Touche review report dated November 8, 2019) (Concluded)

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 focused on the research and development of vehicles and the sale of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. ("Yulon") transferred its sales and 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 40% of its 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 consolidated financial statements were approved by the Company's board of directors on November 8, 2019.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     <u>Definition of a lease</u>

     The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedient (b) which is applied, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

3) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

4) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

5) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 0.91%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 11,556
Undiscounted amounts on January 1, 2019	$ 11,556
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 11,246
Add: Adjustment as a result of renewal of enforceable lease	758,747
Lease liabilities recognized on January 1, 2019	$ 769,993

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets and liabilities as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Prepayments for leases	$ 9,732	$ (9,732)	$ -
Right-of-use assets	-	779,725	779,725
Total effect on assets	$ 9,732	$ 769,993	$ 779,725
Lease liabilities - current	$ -	$ 51,595	$ 51,595
Lease liabilities - non-current	-	718,398	718,398
Total effect on liabilities	$ -	$ 769,993	$ 769,993

b. The "IFRSs" endorsed by the FSC for application starting from 2020

New IFRSs	**Effective Date Announced by IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

This interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liabilities which are measured at the present values of the defined benefit obligation less than fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Level 3 inputs are unobservable inputs for an asset or liability.

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 due to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

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

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

See Note 10 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

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 (i.e. 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured at historical cost in foreign currencies are not retranslated.

The foreign currency financial statements of foreign associates accounted for using the equity method prepared in their functional currencies are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - period-end rates; profit and loss - average rates for the period; equity - historical rate. Any arising exchange differences are recognized in 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. The 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 the 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 in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

When the Company subscribes for additional new shares of an 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 - changes in capital surplus from investments in associates accounted for using the equity method. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investments accounted for using 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 using the equity method have been impaired, the impairment losses are recognized in profit or loss.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

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

The Group depreciates molds and dies on the basis of the estimated units sold. Other property, plant and equipment are depreciated by using the straight-line method. The estimated sales volume, useful lives, residual values and depreciation methods of an asset are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Computer Software

Computer software is stated at cost less subsequent accumulated amortization. The amortization is recognized on a straight-line basis over 3 years. The estimated useful life, residual value and amortization method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Group expects to dispose of the asset before the end of its economic life.

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. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are 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 an acquisition or issuance 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 asset at FVTPL

         A financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

         Financial assets at FVTPL are subsequently measured 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 dividends or interest earned on such financial assets. Fair value is determined in the manner described in Note 27.

      b) Financial assets at amortized cost

         Financial assets that meet the following conditions are subsequently measured at amortized cost:

         i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

         Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

         i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring reflected in the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Group 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 Group 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 commitments

Where the Group has a commitment for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received, the present obligations arising from such commitments 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 by the management of the Group of the expenditure required to settle the Group's obligation.

Revenue Recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

a. Revenue from sale of goods

Revenue from the sale of goods comes from sales of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered and the title has passed.

b. Revenue from rendering of services

Revenue from the rendering of services comes from designing and performing the R&D of cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference.

Leases

<u>2019</u>

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

<u>The Group as lessee</u>

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments.

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income in full in the period in which the change in tax rate occurs.

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.

Income tax of the interim period is assessed based on one-year period. The income tax expense is calculated using income before tax of the interim period based on the applicable tax rate of the expected total earnings of the year.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain the earnings.

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 liabilities are settled or the assets are 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 taxes 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. Property, plant and equipment - molds and dies

   The Group depreciates molds and dies on the basis of a units of production method and examines the estimated units sold of each model according to the changes in the market semiannually as a basis to calculate amounts allocated to each mold and die.

b. Provisions for the expected cost of warranties

   The provisions for warranties are calculated on the basis of the estimate of quarterly warranty expenditure per car and the estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on the average of actual warranty expense in the past and the estimated number of units of cars subject to warranty at the end of every quarter. As of September 30, 2019, December 31, 2018 and September 30, 2018, the carrying amounts of provisions for warranties were $138,808 thousand, $151,751 thousand and $161,697 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Checking accounts and demand deposits	$ 530,794	$ 526,977	$ 763,324
Foreign currency demand deposits	1,869,493	344,320	418,108
Cash equivalents			
Foreign currency time deposits	4,891,093	5,684,374	5,602,583
Time deposits	6,990	106,900	6,900
Repurchase agreements collateralized by bonds	-	380,609	255,089
	$ 7,298,370	$ 7,043,180	$ 7,046,004

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, 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 demand deposits, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Demand deposits and time deposits	0.08%-3.10%	0.08%-3.75%	0.001%-3.85%
Repurchase agreements collateralized by bonds	-	3.10%	2.40%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	$ 100,962	$ 325,129	$ 114,859

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Trade receivables			
At amortized cost	$ 29,779	$ 31,340	$ 51,814
Other receivables			
Dividends receivables	$ 5,178,100	$ -	$ -
Disposal of investment receivables (Note 11)	1,196,304	-	-
Interest receivables	2,558	7,715	3,969
Disposal of funds receivables	-	27,926	-
Others	18,173	21,929	9,174
	$ 6,395,135	$ 57,570	$ 13,143

a. Trade receivables

In order to minimize credit risk, the sales department traces payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Group did not recognized an expected losses provision for trade receivables due to the estimation performed by the Group at the end of the reporting period, which shows that there was not a significant change in the credit quality of the receivables and the amounts were still considered recoverable.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

September 30, 2019

	Not Past Due	Less than 60 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 29,032	$ 747	$ -	$ -	$ 29,779
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	$ 29,032	$ 747	$ -	$ -	$ 29,779

December 31, 2018

	Not Past Due	Less than 60 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 24,489	$ 6,617	$ 45	$ 189	$ 31,340
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	$ 24,489	$ 6,617	$ 45	$ 189	$ 31,340

September 30, 2018

	Not Past Due	Less than 60 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 51,814	$ -	$ -	$ -	$ 51,814
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	$ 51,814	$ -	$ -	$ -	$ 51,814

b. Other receivables

When there is objective evidence that other receivables were impaired, the Group assesses impairment loss on other receivables for impairment individually.

There were no past due other receivables balances at the end of the reporting period and the Group did not recognize an allowance for impairment loss.

As of September 30, 2019, December 31, 2018 and September 30, 2018, the other receivables were mainly dividend receivables from the investees:

	September 30, 2019	December 31, 2018	September 30, 2018
Guangzhou Aeolus Automobile Co., Ltd.	$ 4,019,730	$ -	$ -
Shenzhen Lan You Technology Co., Ltd.	746,599	-	-
Aeolus Xiangyang Automobile Co., Ltd.	333,825	-	-
Aeolus Automobile Co., Ltd.	77,946	-	-
	$ 5,178,100	$ -	$ -

9. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Vehicles	$ -	$ -	$ -

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2019 was $6,789,214 thousand, which included warranty costs of $28,234 thousand and losses on inventory purchase commitments of $3,284 thousand. The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2019 was $20,225,423 thousand, which included warranty costs of $92,363 thousand and losses on inventory purchase commitments of $10,685 thousand. The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2018 was $5,397,505 thousand, which included warranty cost of $36,436 thousand and reversal of loss on inventory purchase commitment of $2,446 thousand. The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2018 was $18,716,537 thousand, which included warranty costs of $130,541 thousand and reversal of losses on inventory purchase commitments of $2,522 thousand.

10. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

			% of Ownership		
Investor	Investee	Main Business	September 30, 2019	December 31, 2018	September 30, 2018
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

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Material associate			
Guangzhou Aeolus Automobile Co., Ltd.	$ 7,908,822	$ 12,088,780	$ 10,603,341
Associates that are not individually material			
Aeolus Xiangyang Automobile Co., Ltd.	867,564	2,016,228	1,836,076
Shenzhen Lan You Technology Co., Ltd.	-	790,455	749,212
Aeolus Automobile Co., Ltd.	-	732,038	723,781
Dong Feng Yulon Used Cars Co., Ltd.	-	2,225	212
	867,564	3,540,946	3,309,281
	$ 8,776,386	$ 15,629,726	$ 13,912,622

a. Material associate

Company Name	Main Business	Location	Proportion of Ownership and Voting Rights		
			September 30, 2019	December 31, 2018	September 30, 2018
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	Guangdong Province	42.69%	40%	40%

The Board of Directors of the Company approved to increase the shareholding in the indirect investment in Guangzhou Aeolus Automobile Co., Ltd. on January 28, 2019. Jetford Inc. approved to increase the shareholding for RMB272,565 thousand (NT$1,196,304 thousand) in the investment in Guangzhou Aeolus Automobile Co., Ltd., recorded in other payables on April 29, 2019. In August 31, 2019, the Company subscribes for additional new shares at a percentage different from its existing ownership percentage, increasing its interest from 40% to 42.69%, and debited to retained earnings by $195,962 thousand.

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs purposes.

Guangzhou Aeolus Automobile Co., Ltd.

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	$ 4,373,422	$ 8,936,868	$ 4,399,616
Non-current assets	36,725,529	33,304,304	32,959,285
Current liabilities	(18,793,517)	(8,195,550)	(7,019,209)
Non-current liabilities	(3,663,028)	(3,823,671)	(3,831,340)
Equity	$ 18,642,406	$ 30,221,951	$ 26,508,352
Equity attributable to the Group	$ 7,958,443	$ 12,088,780	$ 10,603,341
Deferred gain on disposal of investment	(49,621)	-	-
Carrying amount	$ 7,908,822	$ 12,088,780	$ 10,603,341

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue	$ 9,290,554	$ 7,954,465	$ 26,297,902	$ 24,436,257
Net profit for the period	$ 4,389,480	$ 3,191,295	$ 12,109,850	$ 10,315,044
Dividends received from Guangzhou Aeolus Automobile Co., Ltd.	$ 5,654,684	$ 5,466,869	$ 5,654,684	$ 5,466,869

b. Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Group's share of:				
Net profit for the period	$ 205,810	$ 271,035	$ 486,941	$ 529,778
Other comprehensive income	-	-	-	(22)
Total comprehensive income for the period	$ 205,810	$ 271,035	$ 486,941	$ 529,756

The Board of Directors of the Company approved to dispose of the shareholdings in the indirect investment in Aeolus Automobile Co., Ltd., Dong Feng Yulon Used Cars Co., Ltd. and Shenzhen Lan You Technology Co., Ltd. on January 28, 2019. Jetford Inc. approved to dispose of the shareholdings in the investment in Aeolus Automobile Co., Ltd., Dong Feng Yulon Used Cars Co., Ltd. and Shenzhen Lan You Technology Co., Ltd., and the price were RMB7,424 thousand, RMB156,177 thousand and RMB108,964 thousand, respectively, total of RMB272,565 thousand (NT$1,196,304 thousand), recorded in other payables on April 29, 2019. The dates for transaction are August 31, 2019, August 31, 2019 and September 30, 2019, respectively.

This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

	US$	NT$
Proceeds of disposal	$ 38,492	$ 1,196,304
Plus: Capital surplus transferred to profit or loss	4,813	140,437
Less: Carrying amount of investment on the date of loss of significant influence	(23,686)	(742,674)
Less: Share of other comprehensive income of the associate	(3,529)	(110,189)
Less: Tax expense in China from equity transaction	(1,690)	(52,566)
	14,400	431,312
Deferred gain on disposal of investment	(1,599)	(49,621)
Adjustment to exchange rate changes	-	15,832
Gain recognized	$ 12,801	$ 397,523

c. Other information

The amount of withholding tax from dividends revenue received from investee companies in China were $126,153 thousand and $552,170 thousand, recorded in prepayments on September 30, 2019 and 2018.

The investments accounted for using equity method and the share of profit of those investments for the three months and the nine months ended September 30, 2019 and 2018 was based on the associates' financial statements reviewed by the auditors for the same periods.

12. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
Cost									
Balance at January 1, 2018	$ 4,824,833	$ 900,435	$ 82,583	$ 177,639	$ 19,022	$ 6,662	$ 4,393	$ 5,694	$ 6,021,261
Additions	333,124	61,993	2,016	10,561	-	-	-	-	407,694
Disposals	(1,848,101)	(330,764)	(22)	-	-	-	-	-	(2,178,887)
Reclassification	(67)	-	-	67	-	-	-	-	-
Balance at September 30, 2018	$ 3,309,789	$ 631,664	$ 84,577	$ 188,267	$ 19,022	$ 6,662	$ 4,393	$ 5,694	$ 4,250,068
Accumulated depreciation and impairment									
Balance at January 1, 2018	$ (3,655,330)	$ (683,481)	$ (64,142)	$ (118,239)	$ (6,869)	$ (6,201)	$ (2,123)	$ (5,651)	$ (4,542,036)
Depreciation expense	(241,675)	(40,983)	(5,063)	(14,111)	(2,035)	(127)	(659)	(27)	(304,680)
Disposals	1,848,101	330,764	14	-	-	-	-	-	2,178,879
Balance at September 30, 2018	$ (2,048,904)	$ (393,700)	$ (69,191)	$ (132,350)	$ (8,904)	$ (6,328)	$ (2,782)	$ (5,678)	$ (2,667,837)
Carrying amount, net, September 30, 2018	$ 1,260,885	$ 237,964	$ 15,386	$ 55,917	$ 10,118	$ 334	$ 1,611	$ 16	$ 1,582,231
Cost									
Balance at January 1, 2019	$ 3,571,240	$ 676,081	$ 81,664	$ 181,753	$ 19,612	$ 4,350	$ 4,393	$ 6,662	$ 4,545,755
Additions	353,158	44,714	-	54,512	-	-	5,900	2,093	460,377
Disposals	-	-	(84)	-	(5,741)	-	-	-	(5,825)
Balance at September 30, 2019	$ 3,924,398	$ 720,795	$ 81,580	$ 236,265	$ 13,871	$ 4,350	$ 10,293	$ 8,755	$ 5,000,307
Accumulated depreciation and impairment									
Balance at January 1, 2019	$ (2,128,804)	$ (410,601)	$ (67,361)	$ (123,428)	$ (9,599)	$ (4,058)	$ (3,002)	$ (5,702)	$ (2,752,555)
Depreciation expenses	(260,179)	(46,518)	(4,405)	(11,762)	(1,930)	(115)	(1,249)	(211)	(326,369)
Disposals	-	-	84	-	2,661	-	-	-	2,745
Balance at September 30, 2019	$ (2,388,983)	$ (457,119)	$ (71,682)	$ (135,190)	$ (8,868)	$ (4,173)	$ (4,251)	$ (5,913)	$ (3,076,179)
Carrying amount, net, December 31, 2018 and January 1, 2019	$ 1,442,436	$ 265,480	$ 14,303	$ 58,325	$ 10,013	$ 292	$ 1,391	$ 960	$ 1,793,200
Carrying amount, net, September 30, 2019	$ 1,535,415	$ 263,676	$ 9,898	$ 101,075	$ 5,003	$ 177	$ 6,042	$ 2,842	$ 1,924,128

There were no signs of impairment losses of assets for the nine months ended September 30, 2019 and 2018; therefore, the Group did not assess for impairment.

Except molds and dies which are depreciated on an estimated units-sold basis, other property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are as follows:

Computer equipment	3 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 10 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvements	5 years
Tools	2 to 5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	September 30, 2019
Carrying amounts	
Buildings	$ 729,398
Transportation equipment	15,112
	$ 744,510

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Additions to right-of-use assets	$ -	$ 7,969
Depreciation charge for right-of-use assets		
Buildings	$ 13,428	$ 37,286
Transportation equipment	2,174	5,898
	$ 15,602	$ 43,184

b. Lease liabilities - 2019

	September 30, 2019
Carrying amounts	
Current	$ 53,849
Non-current	$ 684,212

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Buildings	0.91%
Transportation equipment	0.91%

c. Material lease-in activities and terms

The Group leases certain cars for the use of its executives with lease terms of 2 to 4 years. The Group does not have bargain purchase options to acquire the leasehold cars at the end of the lease terms.

The Group also leases buildings for the use of plants, offices and dormitory with lease terms of 5 to 18 years. If the lease term is not specified in the lease contract with the related party, lease term is based on the useful lives of the right-of-use assets, please refer to Note 28. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

2019

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases	$ 2,280	$ 9,111
Total cash outflow for leases	$ (15,946)	$ (49,012)

The Group leases certain transportation equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	December 31, 2018	September 30, 2018
Not later than 1 year	$ 2,311	$ 468
Later than 1 year and not later than 3 years	9,245	-
	$ 11,556	$ 468

14. COMPUTER SOFTWARE

	Amount
Cost	
Balance, January 1, 2018	$ 25,302
Additions	5,503
Disposals	(1,767)
Balance, September 30, 2018	$ 29,038
Accumulated amortization	
Balance, January 1, 2018	$ (4,420)
Amortization expenses	(5,580)
Disposals	1,767
Balance, September 30, 2018	$ (8,233)
Carrying amounts at September 30, 2018	$ 20,805

(Continued)

	Amount
Cost	
Balance, January 1, 2019	$ 35,256
Additions	3,548
Disposals	(1,736)
Balance, September 30, 2019	$ 37,068
Accumulated amortization	
Balance, January 1, 2019	$ (10,104)
Amortization expenses	(7,492)
Disposals	1,736
Balance, September 30, 2019	$ (15,860)
Carrying amounts at December 31, 2018 and January 1, 2019	$ 25,152
Carrying amounts at September 30, 2019	$ 21,208

(Concluded)

There were no signs of impairment losses of assets for the nine months ended September 30, 2019 and 2018; therefore, the Group did not assess for impairment.

15. OTHER NON CURRENT ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Refundable deposits (Note 28)	$ 96,314	$ 96,417	$ 95,620
Prepayments for equipment	46,966	45,935	41,506
Others	28,913	28,913	-
	$ 172,193	$ 171,265	$ 137,126

16. OTHER PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Investments (Note 11)	$ 1,196,304	$ -	$ -
Advertising and promotion fees	753,359	508,237	722,400
Salaries and bonuses	203,425	310,139	250,830
Taxes	63,525	-	14,276
Others	83,471	162,730	73,137
	$ 2,300,084	$ 981,106	$ 1,060,643

17. PROVISIONS

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Inventory purchase commitments	$ 108,447	$ 97,762	$ 101,203
Warranties	81,072	90,387	96,744
	$ 189,519	$ 188,149	$ 197,947
Non-current			
Warranties	$ 57,736	$ 61,364	$ 64,953

	Inventory Purchase Commitments	Warranties	Total
Balance at January 1, 2018	$ 103,725	$ 151,484	$ 255,209
Additional provisions recognized (reversed)	(2,522)	130,541	128,019
Paid	-	(120,328)	(120,328)
Balance at September 30, 2018	$ 101,203	$ 161,697	$ 262,900
Balance at January 1, 2019	$ 97,762	$ 151,751	$ 249,513
Additional provisions recognized	10,685	92,363	103,048
Paid	-	(105,306)	(105,306)
Balance at September 30, 2019	$ 108,447	$ 138,808	$ 247,255

The provisions for losses on inventory purchase commitments represent the present obligations of which the unavoidable costs for meeting the obligations under the commitments exceed the economic benefits expected to be received from the commitments.

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

18. OTHER LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
Withholding	$ 3,032	$ 3,087	$ 2,985
Others	1,433	1,592	3,328
	$ 4,465	$ 4,679	$ 6,313

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 three months ended September 30, 2019 and 2018, and the nine months ended September 30, 2019 and 2018 was $3,828 thousand, $3,673 thousand, $11,435 thousand, and $11,005 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

There were no regular employees for Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc. as of September 30, 2019; therefore, the subsidiaries had no pension plan for employees.

b. Defined benefit plan

Employee benefit expenses in respect of the Group's defined benefit retirement plans were $1,983 thousand, $2,435 thousand, $5,949 thousand and $7,306 thousand for the three months ended September 30, 2019 and 2018, and the nine months ended September 30, 2019 and 2018 respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017.

20. EQUITY

a. Capital surplus

	September 30, 2019	December 31, 2018	September 30, 2018
Excess from spin-off	$ 5,986,507	$ 5,986,507	$ 5,986,507
Generated from investments accounted for using equity method (Note 11)	2,461	142,898	142,898
	$ 5,988,968	$ 6,129,405	$ 6,129,405

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 and to once a year).

The capital surplus from investments accounted for using equity method may be used to offset a deficit only.

b. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on the distribution of employees' compensation after the amendment, refer to Note 22-e. on employees' compensation.

The Company operates in a mature and stable industry. In determining the distribution of 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. The amount of dividends, which can be cash dividends or stock dividends, is formulated to be less than 90% of net income, though the final issued ratios would be proposed and approved by the board of directors. Cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

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.

The appropriations of earnings for 2018 and 2017 that were approved in the shareholder's meetings on June 28, 2019 and June 21, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 589,005	$ 664,250		
Special reserve	-	375,018		
Cash dividends	5,301,000	6,000,000	$17.67	$20

The Company's shareholders also resolved in the shareholders' meeting on June 21, 2018 to issue cash dividends from legal reserve in the amount of $300,000 thousand.

21. REVENUE

a. Contact balances

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Notes receivable	$ 3,658	$ -	$ -	$ -
Notes receivable - related parties (Note 28)	$ -	$ 513	$ 9,521	$ 1,612
Trade receivables (Note 8)	$ 29,779	$ 31,340	$ 51,814	$ 39,135
Trade receivables - related parties	$ 1,353,467	$ 724,150	$ 449,898	$ 476,168
Contract liabilities				
Designing and performing R&D of cars (Note 28)	$ 54,293	$ 50,553	$ 53,136	$ 50,311
Sale of goods	-	-	-	476
Others	-	-	2,755	8,265
Contract liabilities - current	54,293	50,553	55,891	59,052
Designing and performing R&D of cars (Note 28)	16,928	22,487	27,810	63,020
Contract liabilities - non-current	16,928	22,487	27,810	63,020
	$ 71,221	$ 73,040	$ 83,701	$ 122,072

The changes in the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment.

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	For the Nine Months Ended September 30	
	2019	2018
From the beginning contract liability		
Designing and performing R&D of cars	$ 35,171	$ 32,386

b. Disaggregation of revenue

Refer to Note 32 for information about disaggregation of revenue.

c. Partially completed contracts

The performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as below.

	September 30, 2019	December 31, 2018	September 30, 2018
Designing and performing R&D of cars			
In 2018	$ -	$ -	$ 14,030
In 2019	44,799	50,553	50,553
In 2020	26,422	22,487	16,363
	$ 71,221	$ 73,040	$ 80,946

The above information does not include contracts with expected duration equal to or less than one year.

22. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gain on disposal of property, plant and equipment	$ 2,010	$ -	$ 2,491	$ -

b. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Operating cost	$ 69,017	$ 54,949	$ 306,697	$ 282,660
Operating expenses	22,409	6,857	62,856	22,020
	$ 91,426	$ 61,806	$ 369,553	$ 304,680
An analysis of amortization by function				
Operating expenses	$ 2,622	$ 2,010	$ 7,492	$ 5,580

c. Technical cooperation agreement

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs	$ 110,939	$ 100,964	$ 419,288	$ 385,872

The Company has a technical cooperation agreement (the "TCA") with Nissan and Autech Japan, Inc. The TCA with Nissan is based on purchase costs less commodity tax. The TCA with Autech Japan, Inc. is based on development expenses together with royalty expenses.

d. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Post-employment benefits (Note 19)				
Defined contribution plans	$ 3,828	$ 3,673	$ 11,435	$ 11,005
Defined benefit plans	1,983	2,435	5,949	7,306
	5,811	6,108	17,384	18,311
Labor and health insurance	9,743	9,359	31,158	30,884
Salary	104,593	138,755	363,601	426,576
Other employee benefits	13,078	14,987	38,414	38,313
	127,414	163,101	433,173	495,773
Total employee benefit expenses	$ 133,225	$ 169,209	$ 450,557	$ 514,084
An analysis of employee benefits expense by function				
Operating expenses	$ 133,186	$ 169,097	$ 450,364	$ 513,733
Non-operating expenses	$ 39	$ 112	$ 193	$ 351

e. Employees' compensation

The Company accrued employees' compensation at the rates no less than 0.1% of net profit before income tax, and employees' compensation. The employees' compensation for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018, were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2019	2018
Employees' compensation	0.10%	0.10%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	$ 2,476	$ 1,476	$ 6,347	$ 5,454

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation for 2018 and 2017 that were resolved by the board of directors on March 22, 2019, and March 26, 2018, respectively, are as shown below.

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 7,684	$ 8,011

There was no difference between the actual amounts of the employees' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Foreign exchange gains	$ 34,877	$ (22,131)	$ 231,113	$ 123,341
Foreign exchange losses	(300,395)	2,516	(552,264)	(122,560)
Net profit (loss)	$ (265,518)	$ (19,615)	$ (321,151)	$ 781

g. Gain or loss on disposal of investments, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gain on disposal of investments	$ 410,914	$ 13,412	$ 410,914	$ 13,412
Loss on disposal of investments	-	(6,910)	(2,998)	(10,962)
Net profit	$ 410,914	$ 6,502	$ 407,916	$ 2,450

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current year	$ 1,142,771	$ 35,130	$ 1,278,282	$ 207,965
Income tax on unappropriated earnings	-	-	1,477	-
Adjustments for prior periods	2,440	-	8,549	604
Deferred tax				
In respect of the current year	(649,213)	316,120	(12,799)	944,222
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	-	247,496
Income tax expense recognized in profit or loss	$ 495,998	$ 351,250	$ 1,275,509	$ 1,400,287

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20%. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Deferred tax				
Effect of change in tax rate	$ -	$ -	$ -	$ 3,128
In respect of the current year				
Share of other comprehensive income of associates	-	-	-	4
Remeasurement of defined benefit plan	109	118	(1,384)	(995)
Recognized in other comprehensive income (loss)	$ 109	$ 118	$ (1,384)	$ 2,137

c. Income tax assessment

The Company's tax returns through 2017, have been assessed by the tax authorities.

24. 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 Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Earnings used in the computation of basic and diluted earnings per share	$ 1,977,252	$ 1,404,783	$ 5,064,783	$ 4,356,305

Weighted-average Number of Common Stock Outstanding (In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted-average number of common stock in computation of basic earnings per share	300,000	300,000	300,000	300,000
Effect of potential dilutive common stock:				
Employees' compensation	13	12	22	19
Weighted average number of common stock used in the computation of diluted earnings per share	300,013	300,012	300,022	300,019

If the Group offered to settle compensation paid to employees in cash or stocks, the Group assumed the entire amount of the compensation would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential stocks was included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

25. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2019 and 2018, the Group entered into the following non-cash investing activities:

	For the Nine Months Ended September 30	
	2019	**2018**
Investing activities affecting both cash and non-cash transactions		
Increase in property, plant and equipment	$ 460,377	$ 407,694
Net changes of prepayment for equipment	1,031	25,533
Net changes of trade payables	291,490	10,482
Cash paid for acquisition of property, plant and equipment	$ 752,898	$ 443,709

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 that are not measured at fair value

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approximately equal to their fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2019

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Mutual funds	$ 100,962	$ -	$ -	$ 100,962
Trade receivables - related parties	-	-	30,497	30,497
	$ 100,962	$ -	$ 30,497	$ 131,459

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 325,129	$ -	$ -	$ 325,129
Trade receivables - related parties	-	-	31,282	31,282
	$ 325,129	$ -	$ 31,282	$ 356,411

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 114,859	$ -	$ -	$ 114,859
Trade receivables - related parties	-	-	46,880	46,880
	$ 114,859	$ -	$ 46,880	$ 161,739

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

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

The fair value of mutual funds traded on an active market is the net asset value on the 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.

For trade receivables - related parties that are measured at FVTPL and have a 4-day credit period, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
Fair value through profit or loss			
Mandatorily at FVTPL	$ 131,459	$ 356,411	$ 161,739
Financial assets at amortized cost (Note 1)	15,293,263	7,995,426	7,659,292
Financial liabilities			
Financial liabilities at amortized cost (Note 2)	3,552,448	2,120,989	1,779,308

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, trade payables, and lease liabilities. The Group's Corporate Treasury function coordinates access to domestic and international financial markets, and 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 Renminbi, U.S. dollar and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in 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 the functional currency strengthen 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Renminbi For the Nine Months Ended September 30		**U.S. Dollar For the Nine Months Ended September 30**		**Japanese Yen For the Nine Months Ended September 30**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Gain (loss)	$ (583,230)	$ (280,328)	$ (12,515)	$ (32,694)	$ (634)	$ (1,550)

These were mainly attributable to the exposure outstanding on RMB, U.S. dollars and Japanese yen denominated cash in bank, repurchase agreement collateralized by bonds, 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:

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial assets	$ 4,894,574	$ 6,066,522	$ 5,860,739
Financial liabilities	738,061	-	-
Cash flows interest rate risk			
Financial assets	2,403,796	976,658	1,185,265
Financial liabilities	-	-	-

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 nine months ended September 30, 2019 would increase/decrease by $4,507 thousand which were mainly attributable to the Group's exposure to interest rates on its demand deposits and time 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 nine months ended September 30, 2018 would increase/decrease by $2,222 thousand which were mainly attributable to the Group's exposure to interest rates on its demand deposits and time deposits.

2) Credit risk

The Group's concentration of credit risk of 78%, 76% and 59% in total trade receivables as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively, were 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 September 30, 2019, December 31, 2018 and September 30, 2018, the available unutilized borrowings facilities were $3,200,000 thousand, $5,700,000 thousand and $5,700,000 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.

September 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 3,410,234	$ 103,954	$ 38,260	$ -	$ -
Lease liabilities	5,110	10,220	45,051	172,205	586,296
	$ 3,415,344	$ 114,174	$ 83,311	$ 172,205	$ 586,296

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 60,381	$ 172,205	$ 166,275	$ 156,843	$ 126,279	$ 136,899

December 31, 2018

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
Non-derivative financial liabilities			
Non-interest bearing	$ 1,829,604	$ 196,192	$ 95,193

September 30, 2018

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
Non-derivative financial liabilities			
Non-interest bearing	$ 1,630,876	$ 105,695	$ 42,737

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")	Parent company
Yulon Motor Co., Ltd. ("Yulon")	Equity-method investor of the Company
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Trading Europe Ltd.	Same as above
Nissan Trading (Thailand) Co., Ltd.	Same as above
Nissan Trading China Co., Ltd.	Same as above
Nissan Motor Egypt S.A.E.	Same as above
Nissan Import Egypt, Ltd.	Same as above
PT. Nissan Motor Indonesia ("NMI")	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distributor Indonesia	Same as above
Nissan North America, Inc.	Same as above
Nissan International SA	Same as above
Nissan Creative Service Co., Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Philippines Inc.	Same as above
INFINITI Motor Co., Ltd.	Same as above
Renault Nissan Automotive India Private Ltd.	Same as above
Autech Japan, Inc.	Same as above
Dongfeng Motor Co., Ltd.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Shenzhen DFS Industrial Group Co., Ltd.	Same as above
Zhenzhou Nissan Automobile Co., Ltd.	Same as above
Allied Engineering 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
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Ka-Plus Automobile Leasing 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
Singan Co., Ltd.	Same as above
Y-teks 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

(Continued)

Related Party	Relationship with the Group
Yulon Energy Service Co., Ltd.	Subsidiary of Yulon
Univation Motor Philippines, Inc.	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
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 Co., 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., Ltd.	Same as above
Le-Wen Co., Ltd.	Same as above
Visionary International Consulting Co., Ltd.	Same as above
Tai Yuen Textile Co., Ltd.	Same as above
San Long Industrial Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Subsidiary of Hua-Chuang Automobile Information Technical Center Co., Ltd.
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Subsidiary of Singan Co., Ltd.
Shinshin Credit Corporation	Subsidiary of Taiwan Acceptance Corporation
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.	Sub-subsidiary of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
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.
Carnival Textile Industrial Corporation	Substantial related party of the Company
Y.M. Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation
DFS Industrial Group Co., Ltd.	Substantial related party of Dongfeng Nissan Passenger Vehicle Co.
Luxgen Taoyuan Motor Co., Ltd.	Subsidiary of Luxgen Motor Co., Ltd.
Luxgen Taichung Motor Co., Ltd.	Same as above
Luxgen Kaohsiung Motor Co., Ltd.	Same as above
ROC-Keeper Industrial Ltd.	Subsidiary of ROC Spicer Co., Ltd.
Kuen You Trading Co., Ltd.	Investrc of Yu Sing Motor Co., Ltd.
Fengye Leasing Co., Ltd.	Subsidiary of CL Skylite Trading Co., Ltd.
Associates	
Guangzhou Aeolus Automobile Co., Ltd.	Associates of the Group

(Concluded)

b. Related party transaction details

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) Operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Sales				
Taiwan Acceptance Corporation	$ 6,855,376	$ 5,531,920	$ 20,641,846	$ 19,918,988
Investors that have significant influence	1,635	3,291	8,258	10,337
Other parties	873,567	786,841	2,589,181	2,551,157
	$ 7,730,578	$ 6,322,052	$ 23,239,285	$ 22,480,482
Service revenue				
Autech Japan, Inc.	$ 3,232	$ 5,005	$ 35,171	$ 30,977
Nissan	75,187	8,885	144,892	19,012
	$ 78,419	$ 13,890	$ 180,063	$ 49,989

The Company designs and performs R&D of cars mainly for Autech Japan, Inc. and Nissan. Service revenue is recognized according to the related contracts.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Other operating revenue				
Yulon	$ 6,569	$ 7,655	$ 20,773	$ 16,715
Yu Chang Motor Co., Ltd.	205	1,685	3,879	6,023
Other parties	4,700	8,557	21,980	31,774
	$ 11,474	$ 17,897	$ 46,632	$ 54,512

Other operating revenue mainly arose from selling steel plates, steel and aluminum parts, and extending warranty services.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs - purchases				
Yulon	$ 6,503,169	$ 5,139,921	$ 19,124,507	$ 17,638,892
Investors that have significant influence	6,566	5,261	19,137	46,326
Other parties	5,015	3,984	25,762	12,934
	$ 6,514,750	$ 5,149,166	$ 19,169,406	$ 17,698,152
Operating costs - TCA				
Nissan	$ 103,935	$ 87,441	$ 350,925	$ 319,249
Autech Japan, Inc.	7,004	13,523	68,363	66,623
	$ 110,939	$ 100,964	$ 419,288	$ 385,872

The Company's TCA is the payment for technical cooperation agreements.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Selling and marketing expenses				
Yu Ming Motor Co., Ltd.	$ 65,701	$ 85,305	$ 190,204	$ 223,365
Investors that have significant influence	4,047	3,513	14,396	8,714
Other parties	355,153	384,434	996,091	1,165,974
	$ 424,901	$ 473,252	$ 1,200,691	$ 1,398,053

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
General and administrative expenses				
Yulon Management Co., Ltd.	$ 43,764	$ 43,689	$ 131,097	$ 130,989
Investors that have significant influence	3,989	3,010	8,936	9,684
Other parties	200	1,353	5,440	5,682
	$ 47,953	$ 48,052	$ 145,473	$ 146,355

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Research and development expenses				
Yulon	$ 16,199	$ 38,980	$ 19,989	$ 69,201
Investors that have significant influence	1,651	20,404	3,643	24,731
Other parties	4,367	1,968	6,498	12,788
	$ 22,217	$ 61,352	$ 30,130	$ 106,720

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

General and administrative expenses are payment to Yulon Management Co., Ltd. for consulting, labor dispatch and IT services.

Research and development expenses are payment for sample products, trial fee and system.

Purchases of property, plant and equipment from related parties are detailed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Nissan	$ 5,447	$ -	$ 5,447	$ -
Other parties	2,575	14,753	3,005	20,397
	$ 8,022	$ 14,753	$ 8,452	$ 20,397

The Group sold property, plant and equipment to related parties are detailed as follows:

	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2019	2018	2019	2018
Yu Sing Motor Co., Ltd.	$ 4,095	$ -	$ 2,010	$ -

	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Yu Sing Motor Co., Ltd.	$ 5,238	$ -	$ 2,275	$ -

2) Non-operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Other revenue				
Tokio Marine Newa Insurance Co., Ltd.	$ 402	$ 456	$ 1,017	$ 1,420
Overseas business expense				
Yulon Management Co., Ltd.	$ 1,269	$ 1,032	$ 3,581	$ 2,809

3) Receivables from related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable			
Yuan Lon Motor Co., Ltd.	$ -	$ 460	$ 8,717
Yushin Motor Co., Ltd.	-	53	804
	$ -	$ 513	$ 9,521
Trade receivables			
Taiwan Acceptance Corporation	$ 1,204,900	$ 615,806	$ 313,627
Yulon	211,617	88,288	146,774
Investors that have significant influence	34,453	10,630	11,798
Other parties	145,848	179,381	113,491
	$ 1,596,818	$ 894,105	$ 585,690

Trade receivables from Yulon are mainly purchase discount and commodity tax paid by the Company on behalf of Yulon.

Trade receivables from related parties are unsecured. For the nine months ended September 30, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

As of September 30, 2019, the balance of trade receivables from related parties includes $30,497 thousand, which is sold to Taiwan Acceptance Corporation without recourse. It is measured at FVTPL. Refer to Note 27.

4) Payables to related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Notes payables			
Yulon	$ 29	$ -	$ -
Trade payables			
Yulon	$ 1,141,860	$ 811,332	$ 532,717
Nissan	107,535	120,917	122,553
Other parties	177,724	370,979	257,521
	$ 1,427,119	$ 1,303,228	$ 912,791

Trade payables from related parties are unsecured.

5) Refundable deposits

	September 30, 2019	December 31, 2018	September 30, 2018
Yulon	$ 94,617	$ 94,617	$ 94,617
Yu Sin Motor Co., Ltd.	800	800	-
	$ 95,417	$ 95,417	$ 94,617

Refundable deposits are mainly for materials the Company paid to Yulon.

6) Prepayments

	September 30, 2019	December 31, 2018	September 30, 2018
Yulon Management Co., Ltd.	$ 43,650	$ -	$ 43,650
Yulon	-	9,732	9,981
	$ 43,650	$ 9,732	$ 53,631

Prepayments are mainly to Yulon Management Co., Ltd. for consulting, labor dispatch and IT services.

7) Contract liabilities

	September 30, 2019	December 31, 2018	September 30, 2018
Autech Japan, Inc.	$ 37,869	$ 73,040	$ 80,946
Nissan	33,352	-	-
	$ 71,221	$ 73,040	$ 80,946

The Company designs and develops car models for Autech Japan, Inc. and, according to the related contracts, receives payments before satisfying performance obligations. Those contract liabilities are recognized as current and non-current liabilities according to the timing of revenue recognition.

8) Lease arrangements - group is lessee

Acquisition of right-of-use assets

The Company's rental expenses paid monthly are primarily comprised of building property, car testing expenses, cars for its executives for the nine months ended September 30, 2019. The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars for its executives for the nine months ended September 30, 2018.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Acquisitions of right-of-use assets				
Yulon	$ -	$ -	$ 766,683	$ -
Other parties	-	-	21,011	-
	$ -	$ -	$ 787,694	$ -

The right-of-use assets acquired from January 1 to September 30, 2019 include the initial application of IFRS 16 adjustment $779,725 thousand. Refer to Note 3.

If the lease term is not specified in the lease contract with Yulon, the lease term is to the date on which both parties agree to terminate.

	September 30, 2019	December 31, 2018	September 30, 2018
Lease liabilities			
Yulon	$ 722,910	$ -	$ -
Other parties	15,151	-	-
	$ 738,061	$ -	$ -

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest expense				
Yulon	$ 1,644	$ -	$ 5,099	$ -
Other parties	24	-	100	-
	$ 1,668	$ -	$ 5,199	$ -

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Lease expense				
Yulon	$ 1,696	$ -	$ 6,674	$ -
Ka-Plus Automobile Leasing Co., Ltd.	389	-	1,530	-
Other parties	195	-	907	-
	$ 2,280	$ -	$ 9,111	$ -

Future lease payment receivables was as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
No later than 1 year	$ 152	$ 2,311	$ 468
Later than 1 year and not later than 3 years	-	9,245	-
	$ 152	$ 11,556	$ 468

9) Disposal of financial assets

For the nine months ended September 30, 2019

Related Party Category/Name	Line Item	Underlying Assets	Proceeds	Gain on Disposal
Shenzhen DFS Industrial Group Co., Ltd.	Investments accounted for using equity method	Shenzhen Lan You Technology Co., Ltd.	$ 478,250	$ 310,712
Guangzhou Aeolus Automobile Co., Ltd.	Investments accounted for using equity method	Aeolus Automobile Co., Ltd.	685,471	57,778
Dongfeng Motor Co., Ltd.	Investments accounted for using equity method	Dongfeng Yulon Used Cars Co., Ltd.	32,583	29,033
			$ 1,196,304	$ 397,523

c. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	$ 7,552	$ 10,194	$ 26,244	$ 33,431
Post-employment benefits	523	635	1,567	1,876
	$ 8,075	$ 10,829	$ 27,811	$ 35,307

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 trade receivables to Taiwan Acceptance Corporation

The Company sold to Taiwan Acceptance Corporation trade receivables which amounted to \$1,450,389 thousand and \$1,422,761 thousand for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019 and 2018, the Company had received \$1,419,892 thousand and \$1,375,881 thousand, respectively. Based on the related contract, the amount of receivables sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The Company's interest rates for trade receivables sold to Taiwan Acceptance Corporation for the nine months ended September 30, 2019 and 2018 were 2.39%-2.41% and 2.32%, respectively; and the Company's interest expenses recognized were \$781 thousand and \$710 thousand, respectively.

As of September 30, 2019, the abovementioned unreceived amount of receivables sold is \$30,497 thousand. The Company sold trade receivables to Taiwan Acceptance Corporation without recourse. The sale will result in derecognizing these trade receivables because the Company will transfer the significant risks and rewards relating to them. These trade receivables are classified as at FVTPL under IFRS 9, because the objective of the Company's business model is achieved by selling financial assets.

2) The Company signed a molds contract with Diamond Leasing Service Co., Ltd.

The molds contract is valid from the date of the contract to the end of production of the car model. The Company re-signed the molds contract in June 2016. The revised contract amount is \$1,021,491 thousand (excluding of tax), which was originally \$1,080,206 thousand (excluding of tax). The total newly-signed contract amount in November 2016 and December 2016 was \$262,139 thousand (excluding of tax), and the installment payments will be disbursed according to the progress under the contract schedule. The total newly-signed contract amount in December 2018 was \$27,744 thousand (excluding of tax), and the installment payments will be disbursed according to the progress under the contract schedule. The total newly-signed contract amount in April and June 2019 was \$89,360 thousand (excluding of tax), and the installment payments will be disbursed according to the progress under the contract schedule. As of September 30, 2019, the Company had already paid the contract amount in full (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 of every year, the amount of \$2.6 for every ten thousand dollars of the accumulated amounts paid for molds in the prior year.

3) The Company signed a molds contract with Shinshin Credit Corporation

The molds contract is valid from the date of the contract to the end of production of the car model. The contract amount is \$56,828 thousand (excluding of tax). The total newly-signed contract amount in August and October 2018 was \$142,071 thousand (excluding of tax), and the installment payments will be disbursed according to the progress under the contract schedule. The total newly-signed contract amount in April and June 2019 was \$126,059 thousand (excluding of tax). As of September 30, 2019, the Company had already paid the contract amount in full (recognized as property, plant and equipment). Besides, within the contract period, the Company should pay to Shinshin Credit Corporation, before the end of January of every year, the amount of \$2.6 for every ten thousand dollars of the accumulated amounts paid for molds in the prior year.

4) The Company signed a molds contract with Sinjang Co., Ltd.

The molds contract is valid from the date of the contract to the end of production of the car model. The contract amount is $56,176 thousand (excluding of tax). The total newly-signed contract amount in August and October 2018 was $140,440 thousand (excluding of tax), and the installment payments will be disbursed according to the progress under the contract schedule. The total newly-signed contract amount in April and June 2019 was $125,149 thousand (excluding of tax). As of September 30, 2019, the Company had already paid the contract amount in full (recognized as property, plant and equipment). Besides, within the contract period, the Company should pay to Sinjang Co., Ltd., before the end of January of every year, the amount of $2.6 for every ten thousand dollars of the accumulated amounts paid for molds in the prior year.

5) The Company signed a molds contract with Chan Yun Technology Co., Ltd.

The molds contract is valid from the date of the contract to the end of production of the car model. The contract amount is $27,744 thousand (excluding of tax). The total newly-signed contract amount in August 2018 was $41,616 thousand (excluding of tax). As of September 30, 2019, the Company had already paid the contract amount in full (recognized as property, plant and equipment). Besides, within the contract period, the Company should pay to Chan Yun Technology Co., Ltd., before the end of January of every year, the amount of $2.6 for every ten thousand dollars of the accumulated amounts paid for molds in the 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 September 30, 2019 were as follows:

a. The Company re-signed a manufacturing contract with Yulon, effective on or after May 1, 2015, for 5 years. This contract, for which the first expiry date was on April 30, 2020, 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.

   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 September 30, 2019, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	September 30, 2019	December 31, 2018	September 30, 2018
Acquisition of property, plant and equipment	$ 194,345	$ 41,891	$ 148,706

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

September 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,831,940	0.1414 (RMB:USD)	$ 8,040,491
USD	8,064	31.040 (USD:NTD)	250,294
JPY	44,109	0.2878 (JPY:NTD)	12,695
RMB	1,120,203	4.3500 (RMB:NTD)	4,872,884
			$ 13,176,364
Financial liabilities			
Monetary items			
RMB	284,521	0.1414 (RMB:USD)	$ 1,248,778
JPY	23	0.2878 (JPY:NTD)	7
			$ 1,248,785

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,145,797	4.4720 (RMB:NTD)	$ 5,124,004
USD	23,129	30.715 (USD:NTD)	710,407
RMB	125,886	0.1457 (RMB:USD)	563,365
JPY	75,652	0.2782 (JPY:NTD)	21,046
			$ 6,418,822
Financial liabilities			
Monetary items			
JPY	101	0.2782 (JPY:NTD)	$ 28

September 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,262,520	0.1454 (RMB:USD)	$ 5,603,443
USD	21,421	30.525 (USD:NTD)	653,876
JPY	115,198	0.2692 (JPY:NTD)	31,011
RMB	704	4.4360 (RMB:NTD)	3,123
			$ 6,291,453
Financial liabilities			
Monetary items			
JPY	59	0.2692 (JPY:NTD)	$ 16

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Three Months Ended September 30			
	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.4410 (RMB:NTD)	$ 22,136	4.5010 (RMB:NTD)	$ (110)
RMB	0.1430 (RMB:USD)	(290,727)	0.1471 (RMB:USD)	(26,153)
USD	31.197 (USD:NTD)	3,520	30.672 (USD:NTD)	7,884
JPY	0.2908 (JPY:NTD)	(447)	0.2752 (JPY:NTD)	(1,236)
		$ (265,518)		$ (19,615)

	For the Nine Months Ended September 30			
	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.5200 (RMB:NTD)	$ 120,761	4.5940 (RMB:NTD)	$ (3,253)
RMB	0.1460 (RMB:USD)	(453,776)	0.1536 (RMB:USD)	(35,260)
USD	31.054 (USD:NTD)	11,868	29.915 (USD:NTD)	38,497
JPY	0.2847 (JPY:NTD)	(4)	0.2728 (JPY:NTD)	797
		$ (321,151)		$ 781

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 and associates): Table 1 (attached)

4) Marketable securities acquired and disposed of at cost or prices of at least NT$300 million or 20% of the paid-in capital: Table 2 (attached)

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 individual real 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 3 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached)

9) Trading in derivative instruments: None

10) Information on investees: Table 5 (attached)

11) Intercompany relationships and significant intercompany transactions: Table 6 (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, net income or loss, 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 7 (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 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 continuing operations by reportable segments.

	Revenue		Profit Before Tax	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Vehicle segment	$ 20,679,509	$ 20,005,109	$ 442,730	$ 908,467
Part segment	2,885,985	2,813,087	531,284	517,222
Investment segment	-	-	5,761,135	4,648,552
Other segment	229,800	113,514	(159,360)	(352,802)
	$ 23,795,294	$ 22,931,710	6,575,789	5,721,439
Gain on disposal of property, plant and equipment			2,491	-
Interest income			77,738	39,026
Gain on fair value changes of financial assets at fair value through profit or loss, net			10,962	4,856
Foreign exchange gain (loss), net			(321,151)	781
Gain on disposal of investments, net			10,393	2,450
Interest expense			(5,980)	(710)
Central administration costs and directors' compensation			(9,950)	(11,250)
Profit before tax			$ 6,340,292	$ 5,756,592

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the nine months ended September 30, 2019 and 2018.

Segment profit represents the profit earned by each segment, excluding the allocation of gain on disposal of property, plant and equipment, interest income, gain on fair value changes of financial assets at fair value through profit or loss, net, foreign exchange gain (loss), net, gain on disposal of investments, net, interest expense, central administration costs 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

	September 30, 2019	December 31, 2018	September 30, 2018
Vehicle segment	$ 1,802,496	$ 1,712,832	$ 1,504,103
Part segment	26,869	17,941	20,048
Investment segment	15,150,790	15,629,726	13,912,622
Other segment	94,763	62,427	58,080
	17,074,918	17,422,926	15,494,853
Unallocated assets	10,274,029	8,676,821	8,717,704
Consolidated total assets	$ 27,348,947	$ 26,099,747	$ 24,212,557

TABLE 1

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2019				Note
				Stocks (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value (Note)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Cathay Senior Secured High Yield Bond Fund	-	Financial assets at fair value through profit or loss	4,718	$ 55,525	-	$ 52,525	
	PineBridge Emerging Market Asia-Pacific Strategic Bond	-	Financial assets at fair value through profit or loss	2,713	33,029	-	33,029	
	Nomura Global Equity Fund TWD	-	Financial assets at fair value through profit or loss	800	15,408	-	15,408	

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value as of September 30, 2019.

TABLE 2

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Stocks (Thousands)	Amount	Stocks (Thousands)	Amount	Stocks (Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Stocks (Thousands)	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates													
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	1,844	$ 30,000	18,397	$ 300,000	20,241	$ 330,831	$ 330,000	$ 831	-	$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	20,255	300,000	20,255	300,834	300,000	834	-	-
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss	-	-	-	-	19,613	300,000	19,613	300,830	300,000	830	-	-
	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	29,028	300,000	29,028	300,795	300,000	795	-	-
	Shin Kong Chi-Shin Money-Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	19,376	300,000	19,376	300,718	300,000	718	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss	-	-	-	-	1,682	300,000	1,682	300,804	300,000	804	-	-
	Allianz Global Investors Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	1,448	18,112	23,948	300,000	25,396	318,980	318,112	868	-	-
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	23,887	300,000	23,887	300,258	300,000	258	-	-

Note: Shown at their original investment amount.

TABLE 3

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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 2)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	$ 19,124,507	99	4 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (1,141,860)	(78)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	20,641,846	88	Same as above	-	-	1,204,900	74	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	344,053	1	14 days after sales for parts Immediate payment for vehicles	-	-	17,980	1	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	327,775	1	14 days after sales for parts	-	-	18,574	1	-
	Yu Ming Motor Co., Ltd.	Subsidiary of Yulon	Sale	273,835	1	14 days after sales for parts Immediate payment for vehicles	-	-	15,711	1	-
	Yu Shin Motor Co., Ltd.	Subsidiary of Yulon	Sale	266,598	1	14 days after sales for parts	-	-	12,832	1	-
	Huilian Motor Co., Ltd.	Substantial related party of Yulon	Sale	263,828	1	Same as above	-	-	3,963	-	-
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	234,772	1	Same as above	-	-	7,991	-	-
	Cheng Long Motor Co., Ltd.	Substantial related party of Yulon	Sale	219,956	1	14 days after sales for parts Immediate payment for vehicles	-	-	6,597	-	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	203,793	1	14 days after sales for parts	-	-	6,954	-	-

Note 1: Transaction terms are based on agreements.

Note 2: 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
SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate (Note 1)	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 receivables $ 1,204,900	30.23	$ -	-	$ 1,196,836	$ -
	Yulon	Equity-method investor of the Company	Trade receivables 211,617	Note 2	-	-	58,988	-

Note 1: Balances shown here are based on the carrying amount of the Company.

Note 2: Trade receivables from Yulon are mainly commodity tax paid by the Company on behalf of Yulon, not arose from sales; therefore, turnover rate is not calculated.

TABLE 5

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income of the Investee	Share of Profit	Note
				September 30, 2019	December 31, 2018	Stocks (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	$ 15,767,267	$ 5,340,025	$ 5,340,025	Notes 1 and 2
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	British Virgin Islands	Investment	US$ 57,171	US$ 57,171	71,772	100	US$ 507,774	US$ 171,959	US$ 171,959	Notes 1 and 2

Note 1: The carrying amount and related shares of profit of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 2: Eliminated.

TABLE 6

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

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.	Jetford Inc.	a	Trade receivables - related parties	$ 4,878	-	-
				Reduction of general and administrative expenses	15,634	-	-

Note 1: Intercompany relationships are numbered as follows:

a. The Company is numbered as 0.
b. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

a. The Company to subsidiaries is numbered as 1.
b. Subsidiaries to the Company is numbered as 2.
c. 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.

TABLE 7

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

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, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019
					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	$ 2,531,032 (US$ 81,504)	$ 418,886 (US$ 13,489)	$ 867,564 (US$ 27,950)	$ 4,026,529 (US$ 128,117)
Aeolus Automobile Co., Ltd. (Note 4)	Consulting	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	-	54,795 (US$ 1,765)	18,148 (US$ 585)	-	7,478,304 (US$ 237,559)
Guangzhou Aeolus Automobile Co., Ltd. (Note 5)	Developing and manufacturing of parts and vehicles and related services	9,486,201 (RMB2,303,250)	Note 1	537,199 (US$ 16,941)	-	-	537,199 (US$ 16,941)	42.69	12,109,850 (US$ 389,961)	4,882,679 (US$ 157,232)	7,908,822 (US$ 254,795)	33,422,686 (US$ 1,073,785)
Shenzhen Lan You Technology Co., Ltd. (Note 4)	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)	-	105,555 (US$ 3,399)	47,500 (US$ 1,530)	-	-
Dong Feng Yulon Used Cars Co., Ltd. (Note 4)	Valuation, purchase, renovation, rental, selling of used cars and training.	38,300 (RMB 10,000)	Note 1	18,804 (US$ 593)	-	-	18,804 (US$ 593)	-	4,911 (US$ 158)	2,407 (US$ 78)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2019	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)	$ 3,279,922 (US$ 103,622)	$ 11,881,616

Note 1: The Company indirectly owns these investees through Jetford 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 reviewed 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.

Note 4: The Board of Directors of the Company approved to dispose of the shareholdings in the investment in Aeolus Automobile Co., Ltd., Shenzhen Lan You Technology Co., Ltd. and Dong Feng Yulon Used Cars Co., Ltd. on January 28, 2019. The dates for transaction are August 31, 2019, September 30, 2019 and August 31, 2019.

Note 5: The Board of Directors of the Company approved to increase the shareholding in the investment in Guangzhou Aeolus Automobile Co., Ltd. on January 28, 2019. The date for transaction is August 31, 2019.