

**Supplementary Information  
For 2016 Yulon Nissan Motor Co., Ltd.  
Shareholders' Meeting**

The 2016 Annual Shareholders' Meeting will be convened at 9:00 a.m., Thursday, June 30, 2016 at No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C

## **Discussions Items (I)**

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

Description:

(1)To comply with the article 235-1 of Company Law and related regulations, a fixed amount or ratio of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. However, the company's accumulated losses shall have been covered hereby proposes to amend the Corporate Charter. Please refer to page 2 to page 3 for details.

(2)Request to resolve

**YULON NISSAN MOTOR CO., LTD.**  
**Comparison of Amendments to the “Articles of Incorporation”**

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explain
31	<p><u>If the Company has profits for the current year, it shall be distributed not less than 0.1% as employees' compensation. The employees' compensation to be resolved in the form of shares or in cash, is agreed upon by a resolution of the Board of Directors and shall be submitted to the shareholders' meeting. However, if the Company has the accumulated losses, the profits must be reserved in advance to offset such losses. Then according to the ratio mentioned in preceding paragraph, to be reserved for such employees' compensation.</u></p>		<p>The first paragraph is newly added and indicates a fixed ratio of profit of the current year distributable as employees' compensation in compliance with the amendment of Company Act.</p>
	<p>For the Company's net income at the end of each fiscal year, it shall cover the accumulated losses <u>first, then, appropriating</u> 10% as legal reserve, and set aside or reverse special reserve in accordance with the law. <u>The shareholders' dividend or bonuses</u> out of remaining current profit and undistributed retained earnings shall be proposed first by the Board of Directors and to be resolved in the shareholders meeting.</p>	<p>For the Company's net income at the end of each fiscal year, in addition to the income tax withheld by law, the loss appropriation for prior years must be processed first, then, appropriating 10% legal reserve from the balance amount and other earnings surplus and/or reserve in accordance with the component authorities. If any surplus still remains, <u>it shall be distributed as follows:</u></p> <ol style="list-style-type: none"> <li><u>1. The amounts of bonus to employees shall be 0.1~5 %</u></li> <li><u>2. The remaining, combined with the accumulated surplus from prior years</u> which have not been appropriated, shall be appropriated in accordance with the proposal prepared by the Board of Directors and submitted to the shareholders' meetings for resolution.</li> </ol>	<p>The original first paragraph was modified and moved to the second paragraph.</p>
	<p>The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change in industrial environment, shareholder's interest and <u>long term</u> financial planning shall be considered in planning the Company's dividend distribution scheme.  <u>The amount shall not exceed 90% of current net income as the</u></p>	<p>The Company is in a stable and mature industry. Factors such as Company's profitability, funding of future operation and change in industrial environment, <u>balance of dividend, shareholder's interest and long term financial planning</u> shall be considered in planning the Company's dividend distribution scheme, the Company's dividend appropriation plan shall distribute dividend in cash or stocks. The amount of appropriation of dividend in cash each year shall not be</p>	<p>The original second paragraph was modified and moved to the third paragraph.</p>

	<p><u>principal, however, the final dividend distribution ratio shall be proposed first by the board of directors and to be resolved in the shareholders meeting, regardless of such principle.</u></p> <p>Distribution of dividend is in the form of cash or shares. Cash dividend each year shall not be less than 20% of the total amount of the appropriated dividend of current year.</p>	<p>less than twenty percents of the total amount of the appropriated dividend of current year in principle.</p>	
35	<p>The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th, 2004; the second amendment was made on June 18th, 2004; the third amendment was made on November 11th, 2004; the fourth amendment was made on June 17th, 2005; the fifth amendment will be made on June 16th, 2006; the sixth amendment was made on June 22nd, 2007; the seventh amendment was made on June 21st, 2010; the eighth amendment was made on June 13th, 2012; the ninth amendment was made on June 14th, 2013 ; the tenth amendment was made on June 30th, 2015 ; and <u>the eleventh amendment is made on June 30th, 2016.</u></p>	<p>The Articles were formulated on June 30th, 2003; the first amendment was made on March 30th, 2004; the second amendment was made on June 18th, 2004; the third amendment was made on November 11th, 2004; the fourth amendment was made on June 17th, 2005; the fifth amendment will be made on June 16th, 2006; the sixth amendment was made on June 22nd, 2007; the seventh amendment was made on June 21st, 2010; the eighth amendment was made on June 13th, 2012; the ninth amendment was made on June 14th, 2013, and the tenth amendment was made on June 30th, 2015.</p>	<p>To add revision date</p>

## **Ratification Items**

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

Description:

- (3)The compilation of the Company's Fiscal 2015 Business Report and Financial Statements are completed and has been approved by the Board of Directors. The Financial Statements have been audited and certified by Wan-Yi Liao, CPA, and Chien-Hsin Hsieh, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Supervisors, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.
- (4)Please refer to shareholders' meeting handbook for the Fiscal 2015 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.
- (5)Adoption requested.

Proposal 2: Ratification of 2015 earnings distribution. Please ratify.

Description:

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

Yulon Nissan Motor Co., Ltd.  
2015 Earnings Distribution Statement

Unit: NT dollar

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

- (2) According to earnings distribution sheet, we propose to distribute cash dividend of NT\$12.5 per share. After this proposal resolved by the shareholders' meeting, cash dividend pay date will be determined in coming B.O.D. meeting.
- (3) Please ratify.

## **Discussions Items (II)**

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

Description:

(1) In order to comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the company hereby proposes to amend the “Operational Procedures for Acquisition and Disposal of Assets”. Please refer to page 7 for details.

(2) Request to resolve

**YULON NISSAN MOTOR CO., LTD.**  
**Table Comparing Original and Amended Articles of “Operational Procedures  
for Acquisition and Disposal of Assets”**

Article No	Amended Article (or portion thereof)	Original Article (or portion thereof)	Explain
25	Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: <u>  </u> : (Omit)	Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: <u>  ; the company shall input the relevant information to the designated website before the beginning of the trading hours on the trading day following the date of occurrence of the event  </u> : (Omit)	To strengthen corporate governance system. Amendment fitting in with Regulations governing the acquisition and disposal of assets by public companies.
30	The procedure was formulated on March 30 <sup>th</sup> , 2004; The first amendment was made on June 16 <sup>th</sup> , 2006; The second amendment was made on June 22 <sup>nd</sup> , 2007; The third amendment was made on June 23 <sup>rd</sup> , 2011; The fourth amendment was made on June 13th, 2012; The fifth amendment was made on June 23rd, 2014. <u>The sixth amendment is made on June 30th, 2016.</u>	The procedure was formulated on March 30 <sup>th</sup> , 2004; The first amendment was made on June 16 <sup>th</sup> , 2006; The second amendment was made on June 22 <sup>nd</sup> , 2007; The third amendment was made on June 23 <sup>rd</sup> , 2011; The fourth amendment was made on June 13th, 2012; The fifth amendment was made on June 23rd, 2014.	To add revision date.