



YULON NISSAN MOTOR CO., LTD.

2018 Annual General Shareholders' Meeting

Agenda

Time: Tuesday, June 21, 2018 9:00 a.m.

Location: No.3, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei
City, Taiwan, R.O.C

Total outstanding YNM shares : 300,000,000 shares

**Total shares represented by shareholders present in-person
or by proxy :** 284,956,963 shares

**Percentage of shares held by shareholders present in-person
or by proxy :** 94.99%

Directors Present : Kuo-Rong Chen, Chen-Hsiang Yao,
Leman C.C. Lee, Atsushi KUBO, Junichi Otori,
Kenji Shimoyama and Jin-Shun Wu.

Supervisor Present : Kwan-Tao Li

In Attendance : Wan-Yi Liao CPA
Deloitte & Touche Tohmatsu Limited

Chairman : Kuo-Rong Chen

Recorder : Chao-Yen Liang

1. Call to Order

2. Chairman's Address (omitted)

3. Report Items

(1) To report the Business Operations of 2017

(Please refer to the handbook of 2018 Annual General Shareholders' Meeting.)

(2) 2017 Supervisors' Review Report

(Please refer to the handbook of 2018 Annual General Shareholders' Meeting.)

(3) To report 2017 Compensation Distribution.

(Please refer to the handbook of 2018 Annual General Shareholders' Meeting.)

4. Approval Items

Proposal 1: Ratification of the 2017 Business Report and Financial Statements.

Please ratify.

(Proposed by the Board of Directors.)

Description:

(1)The compilation of the Company's Fiscal 2017 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 Robert Yu, CPA, of Deloitte & Touche. The Business Report and Financial Statements have been audited by the Supervisors, and are hereby submitted for adoption by this Annual General Shareholders' Meeting.

(2)Please refer to the handbook for the Fiscal 2017 Business Report, the CPA Audit Report issued by Deloitte & Touche and the Financial Statements, respectively.

(3)Adoption requested.

Resolution:

Shares represented of voting		Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0	0
e - voting	164,943,963	164,069,850	4,248	0	869,865
Total	284,956,963	284,082,850	4,248	0	869,865
%		99.69	0.00	0.00	0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

Proposal 2: Recognition of 2017 Earnings Distribution.
(Proposed by the Board of Directors.)

Description :

- (1) Based on the audited 2017 financial statement, YNM presents 2017 earnings distribution statement, please refer to the handbook of 2018 Annual General Shareholders' Meeting.
- (2) According to earnings distribution statement, YNM proposes to distribute NT\$ 20 per share and the target date for distributing cash dividend will be set on August 27, 2018. According to the Article 165 of Company Act, entries into register of shareholder shall not be allowed within 5 days prior to the target date of distributing cash dividend. Hence, entries into register of shareholder are not allowed from August 23, 2018 to August 27, 2018.

- (3) Request to resolve.

Resolution:

Shares represented of voting		Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0	0
e - voting	164,943,963	164,069,818	4,280	0	869,865
Total	284,956,963	284,082,818	4,280	0	869,865
%		99.69	0.00	0.00	0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

5. Discussions Items

Proposal 1: Approval of distribution by cash from legal reserve.
(Proposed by the Board of Directors.)

Explanation:

(1) In accordance with article 241 of the Company Act
“Where a company incurs no loss, it may, pursuant to
a resolution by the shareholders' meeting to
distribute the legal reserve to its shareholders by
cash”.

(2)The company propose to distribute legal reserve,
NT\$300 million by cash, which is NT\$1 per share and
the target date for distributing cash will be set on
August 27, 2018. According to the Article 165 of
Company Act, entries into register of shareholder
shall not be allowed within 5 days prior to the target
date of distributing cash dividend. Hence, entries
into register of shareholder are not allowed from
August 23, 2018 to August 27, 2018.

(3)Request to resolve.

Resolution:

Shares represented of voting	Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	0	0	0
e - voting	164,943,963	4,420	0	869,845
Total	284,956,963	284,082,698	4,420	869,845
%	99.69	0.00	0.00	0.31

Since the percentage of affirmative vote was compliant with the Law,
the proposal was acknowledged as submitted.

Proposal 2: Amendment to "Operational Procedures for Making of Endorsements and Guarantees".
Please proceed to discuss.
(Proposed by the Board of Directors.)

Explanation:

(1) In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The "Operational Procedures for Making of Endorsements and Guarantees" of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as attached hereto (from page 7 to page 9).

(2) Request to resolve.

Resolution:

Shares represented of voting	Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0
e - voting	164,943,963	164,068,818	4,300	0
Total	284,956,963	284,081,818	4,300	0
%		99.69	0.00	0.00
				0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

Comparison Table for the “Operational Procedures for Making of Endorsements and Guarantees”

After the revision	Before the revision	Description
	<u>Established date of the Procedures: March 30, 2004</u>	Delete the established date which in the 1 ST page of the Procedures.
<p>Article 4.4 Where the Company needs to exceed the limits set out in the procedures to satisfy its business requirements, and where the conditions set out in the procedures are complied with, it shall obtain approval from the <u>Audit Committee, after that obtain resolution from the</u> Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement and guarantee. It shall also amend the procedures accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p>	<p>Article 4.4 Where the Company needs to exceed the limits set out in the procedures to satisfy its business requirements, and where the conditions set out in the procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement and guarantee. It shall also amend the procedures accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p>	Collaborate to establish the Audit Committee and replace Supervisors.

After the revision	Before the revision	Description
<p>Article 4.5 If there is a change of circumstances and the object of the third parties guarantee does not conform to the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or the amount exceeds the limit, the improvement plan should be developed and submitted to the <u>Audit Committee</u> for improvement completion within specified schedule.</p>	<p>Article 4.5 If there is a change of circumstances and the object of the third parties guarantee does not conform to the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or the amount exceeds the limit, the improvement plan should be developed and submitted to the <u>supervisors</u> for improvement completion within specified schedule.</p>	<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>Article 4.8 The Company’s Internal Audit Office shall conduct quarterly audits on making of endorsements and guarantees to third parties, and produce written reports to the <u>Audit Committee</u>. Any major violations discovered must be escalated immediately in writing to the <u>Audit Committee</u>.</p>	<p>Article 4.8 The Company’s Internal Audit Office shall conduct quarterly audits on making of endorsements and guarantees to third parties, and produce written reports to the <u>supervisors</u>. Any major violations discovered must be escalated immediately in writing to the <u>supervisors</u>.</p>	<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>Article 4.12 <u>The major endorsements and guarantees of the Company shall be agreed by the Audit Committee according to relevant regulations with submission to the Board of Directors for resolution.</u></p>		<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>

After the revision	Before the revision	Description
<p>Article 10.1 The Procedures shall obtain approval by <u>the Audit Committee for the majority of the members, after that obtain resolution from</u> the Board of Directors and report to the shareholders' meeting for agreement. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>Audit Committee</u> and shareholders' meeting, the same procedures apply to revision. Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in shareholders' meeting.</p>	<p>Article 10 The Procedures shall obtain approval by the Board of Directors, <u>after that forward to the supervisors</u> and report to the shareholders' meeting for agreement. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>supervisors</u> and shareholders' meeting, the same procedures apply to revision. Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in shareholders' meeting.</p>	<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>Article 10.2 <u>If the proposal in paragraph 1 has not been approved by the majority of Audit Committee members, it can be resolved with the approval of more than two thirds of all directors; also, the resolution of the Audit Committee should be documented in the minutes of Board meeting.</u></p>		
<p>Article 10.3 <u>The so-called "all Audit Committee members" and "all directors" in the preceding paragraph refer to all the incumbents.</u></p>		
<p>Article 11 The Procedures were established on March 30, 2004; 1st revised on June 22, 2007; 2nd revised on June 22, 2009; 3rd revised on June 23, 2011 <u>and 4th revised on June 21, 2018.</u></p>	<p>Article 11 The Procedures were established on March 30, 2004; 1st revised on June 22, 2007; 2nd revised on June 22, 2009 <u>and 3rd revised on June 23, 2011.</u></p>	<p>Add revision date</p>

Proposal 3: Amendment to " Operational Procedures for Acquisition and Disposal of Assets".

Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

(1) In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The "Operational Procedures for Acquisition and Disposal of Assets" of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as attached hereto (from page 11 to page 14).

(2) Request to resolve.

Resolution:

Shares represented of voting	Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0
e - voting	164,943,963	164,069,818	4,300	0
Total	284,956,963	284,082,818	4,300	0
%		99.69	0.00	0.00
				0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

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

After the revision	Before the revision	Description
<p>Article 13 .1 When intends to acquire or dispose of real property from or to a related party, or intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by <u>the Audit Committee for the majority of the members and obtain resolution from the Board of Directors :</u> (Omit)</p>	<p>Article 13 .1 When intends to acquire or dispose of real property from or to a related party, or intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors <u>and recognized by the supervisors:</u> (Omit)</p>	Collaborate to establish the Audit Committee and replace Supervisors.
<p>Article 13 .2 The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the Audit Committee for the majority</u></p>	<p>Article 13 .2 The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of</p>	Collaborate to establish the Audit Committee and replace Supervisors.

of the members and obtain After the revision	Directors and recognized by the Before the revision	Description
<u>resolution from</u> the Board of Directors need not be counted toward the transaction amount.	<u>supervisors</u> need not be counted toward the transaction amount.	
Article 13 .3 According the paragraph <u>1</u> , the opinions of the independent directors should be considered comprehensively when the Procedures are presented in the Board meeting for discussion. If the independent directors have expressed objections, these objections must be on record or in writing.	Article 13 .3 According the <u>pervious</u> paragraph, the opinions of the independent directors should be considered comprehensively when the Procedures are presented in the Board meeting for discussion. If the independent directors have expressed objections, these objections must be on record or in writing.	Change the description of the wordings.
<u>Article 13 .4</u> <u>If the proposal in paragraph 1 has not been approved by the majority of Audit Committee members, it can be resolved with the approval of more than two thirds of all directors; also, the resolution of the Audit Committee should be documented in the minutes of Board meeting.</u>		Collaborate to establish the Audit Committee and replace Supervisors.
<u>Article 13 .5</u> <u>The so-called “all Audit Committee members” and “all directors” in the preceding paragraph refer to all the incumbents.</u>		Collaborate to establish the Audit Committee and replace Supervisors.

After the revision	Before the revision	Description
<p>Article 16.1.2 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 2. The <u>Audit Committee</u> shall comply with Article 218 of the Company Act.</p>	<p>Article 16.1.2 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 2. The <u>supervisors</u> shall comply with Article 218 of the Company Act.</p>	<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>Article 29 .1 The procedures shall obtain approval <u>by the Audit Committee for the majority of the members, after that obtain resolution from</u> by the Board of Directors and report to the Shareholder’s Meeting for agreement, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>Audit Committee</u> .</p>	<p>Article 29 .1 The procedures shall obtain approval by the Board of Directors, <u>after that forward to the supervisors</u> and report to the Shareholder’s Meeting for agreement, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>supervisors</u>.</p>	<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>

<p>Article 29 .3 <u>If the proposal in paragraph 1 has not been approved by the majority of Audit Committee members, it can be resolved with the approval of more than two thirds of all Directors; also, the resolution of the Audit Committee should be documented in the minutes of Board meeting.</u></p>		<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>After the revision</p>	<p>Before the revision</p>	<p>Description</p>
<p>Article 29 .4 <u>The so-called “all Audit Committee members” and “all directors” in the preceding paragraph refer to all the incumbents.</u></p>		<p>Collaborate to establish the Audit Committee and replace Supervisors.</p>
<p>Article 30 The procedures were established on March 30, 2004; 1st revised on June 16, 2006 (Omit)....; 7th revised on June 26, 2017 <u>and 8th revised on June 21, 2018.</u></p>	<p>Article 30 The procedures were established on March 30, 2004; 1st revised on June 16, 2006 (Omit)....<u>and</u> 7th revised on June 26, 2017.</p>	<p>Added revision date</p>

Proposal 4: Amendment to “Operational Procedures for Derivatives Trading “.

Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

(1) In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Derivatives Trading” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as attached hereto (from page 16 to page 18).

(2) Request to resolve.

Resolution:

Shares represented of voting	Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0
e - voting	164,943,963	164,068,818	5,300	869,845
Total	284,956,963	284,081,818	5,300	869,845
%		99.69	0.00	0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

Comparison Table for the” Operational Procedures for Derivatives Trading”

After the revision	Before the revision	Description
	<u>Established date of the Procedures: March 30, 2004</u>	Delete the established date which in the 1 ST page of the Procedures.
<p>Article 4.5.4.5 The Company shall report to the <u>soonest</u> Board of Directors Meeting when it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures</p>	<p>Article 4.5.4.5 The Company shall report to the Board of Directors Meeting when it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures</p>	To comply with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”
<p><u>Article 4.5.4.6</u> <u>The Company shall obtain approval by the Audit Committee for the majority of the members, after that report to the Board of Directors Meeting when it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures or other laws or regulations.</u></p>		Collaborate to establish the Audit Committee and replace supervisors.
<p>Article 4.6 Internal Audit System The internal auditors of the Company shall routinely understand the adequacy of the internal control of derivative transaction. Internal auditors shall audit the compliance of transaction department with the Procedures monthly and analyze the trading cycles to prepare into audit report. In the event of major violation, notify the <u>Audit Committee</u> in written. <u>The company should submit the audit report with its previous year's annual audit plan to the</u></p>	<p>Article 4.6 Internal Audit System The internal auditors of the Company shall routinely understand the adequacy of the internal control of derivative transaction. Internal auditors shall audit the compliance of transaction department with the Procedures monthly and analyze the trading cycles to prepare into audit report. In the event of major violation, notify the <u>supervisors</u> in written.</p>	Collaborate to establish the Audit Committee and replace supervisors.

After the revision	Before the revision	Description
<p><u>Financial Supervisory Commission, R.O.C. before the end of February each year.</u></p>		
<p>Article 4.8.1 The Procedures shall obtain approval by <u>the Audit Committee for the majority of the members, after that obtain resolution from</u> the Board of Directors and report to the shareholders' meeting for agreement, the same procedures apply to revision. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>Audit Committee.</u> Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in shareholders' meeting.</p>	<p>Article 4.8.1 The Procedures shall obtain approval by the Board of Directors, <u>after that forward to the supervisors</u> and report to the shareholders' meeting for agreement, the same procedures apply to revision. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>the supervisors.</u> Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in shareholders' meeting.</p>	<p>Collaborate to establish the Audit Committee and replace supervisors.</p>
<p>Article 4.8.3 <u>If the proposal in Paragraph I has not been approved by the majority of Audit Committee members, it can be resolved with the approval of more than two thirds of all directors; also, the resolution of the Audit Committee should be documented in the minutes of Board meeting.</u></p>		<p>Collaborate to establish the Audit Committee and replace supervisors.</p>
<p>Article 4.8.4 <u>The so-called "all Audit Committee members" and "all directors" in the preceding paragraph refer to all the incumbents.</u></p>		<p>Collaborate to establish the Audit Committee and replace supervisors.</p>

After the revision	Before The revision	Description
<p>Article 5 The Procedures were established on March 30, 2004 ; 1st revised on June 22, 2007 <u>and 2rd revised on June 21, 2018.</u></p>	<p>Article 5 The Procedures were established on March 30, 2004 <u>and 1st revised on June 22, 2007.</u></p>	<p>Added revision date</p>

Proposal 5: Amendment to “Operational Procedures for Loaning of Funds to Other Parties “.

Please proceed to discuss.

(Proposed by the Board of Directors.)

Explanation:

(1) In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 7th Board of Directors in replacement of the previous supervisor system. The “Operational Procedures for Loaning of Funds to Other Parties” of the Company shall be amended accordingly to conform to the relevant business operations. Please refer to the comparison table as attached hereto (from page 20 to page 22).

(2) Request to resolve.

Resolution:

Shares represented of voting		Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0	0
e - voting	164,943,963	164,067,818	5,300	0	870,845
Total	284,956,963	284,080,818	5,300	0	870,845
%		99.69	0.00	0.00	0.31

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

Comparison Table for the” Operational Procedures for Loaning of Funds to Other Parties”

After the revision	Before the revision	Description
	<u>Established date of the Procedures: March 30, 2004</u>	Delete the established date which in the 1 ST page of the Procedures.
<p>Article 6.1 Prior to loaning funds to other parties, the Company shall deliberately evaluate if the loaning complies with the regulations of the Procedures, which shall be consolidated with the valuation results and submitted to the Board of Directors for adoption and implementation. Such decision may not be authorized to others. <u>Major fund loaning shall comply with relevant regulations and with the consensus from the Audit Committee, in addition to submission to the Board of Directors for adoption.</u></p>	<p>Article 6.1 Prior to loaning funds to other parties, the Company shall deliberately evaluate if the loaning complies with the regulations of the Procedures, which shall be consolidated with the valuation results and submitted to the Board of Directors for adoption and implementation. Such decision may not be authorized to others.</p>	
<p>Article 6.4 If, as a result of a change in circumstances, an entity for which a counterparty is made does not meet the requirements of the” Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies “or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the <u>Audit Committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>Article 6.4 If, as a result of a change in circumstances, an entity for which a counterparty is made does not meet the requirements of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the <u>supervisors</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	Collaborate to establish the Audit Committee and replace supervisors.

After the revision	Before the revision	Description
<p>Article 6.5 The internal auditors shall audit the operational procedures for Loaning Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the <u>Audit Committee</u> in writing of any material violation found.</p>	<p>Article 6.5 The internal auditors shall audit the operational procedures for Loaning Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the <u>supervisors</u> in writing of any material violation found</p>	<p>Collaborate to establish the Audit Committee and replace supervisors.</p>
<p>Article 13.1 The Procedures shall obtain approval by the <u>Audit Committee for the majority of the members, after that obtain resolution from the Board of Directors</u> and report to the Shareholders' Meeting for agreement. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>Audit Committee</u> and Shareholders' Meeting, the same procedures apply to revision. Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in Shareholder Meeting.</p>	<p>Article 13.1 The Procedures shall obtain approval by the Board of Directors, <u>after that forward to the supervisors</u> and report to the Shareholders' Meeting for agreement. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the <u>supervisors</u> and Shareholders' Meeting, the same procedures apply to revision. Where independent directors have expressed objections on record or in writing, these objections must be raised for discussion in Shareholder Meeting.</p>	<p>Collaborate to establish the Audit Committee and replace supervisors.</p>
<p>Article 13.2 <u>If the proposal in Paragraph I has not been approved by the majority of Audit Committee members, it can be resolved with the approval of more than two thirds of all directors; also, the resolution of the Audit Committee should be documented in the minutes of Board meeting.</u></p>		

After the revision	Before the revision	Description
<p>Article 13.3 <u>The so-called “all Audit Committee members” and “all directors” in the preceding paragraph refer to all the incumbents.</u></p>		
<p>Article 14 The Procedures were established on March 30,2004 ;1st revised on June 22, 2007(omit).....4th revised on June 14, 2013; <u>and 5th revised on June 21, 2018.</u></p>	<p>Article 14 The Procedures were established on March 30,2004 ;1st revised on June 22, 2007(omit).....<u>and 4th revised on June 14, 2013.</u></p>	Added revision date

6. Elections Items

Election of the 7th directors

(Proposed by the Board of Directors.)

Explanation:

(1)The term of office of the 6th term of Directors and Supervisors shall expire on June 29, 2018.

According to article 195 of the company law an election of the 7th term of eleven Directors shall be conducted, whose term of office shall be effective from June 21, 2018 to June 20, 2021.

(2)According to Article 20 of the Articles of Incorporation, the election of the Directors shall adopt candidate nomination system. The candidate nomination list has been reviewed by the Board of Directors with qualification on May 11, 2018, which education, experience and other information can be referred to from page 24 to 25.

(3)Please proceed with the election.

Director Candidates List:

Shareholder No. or ID card No.	Name of corporate entity and number of shares held	Name of representative and No. of shares held		Representative's education /career background
000000001	Yulon Motor Co., Ltd. Shares held: 143,500,000 shares	Director	Kenneth K.T. Yen Shares held: 0 shares	Honorary Doctor of Commerce, University of Saint John, USA Chairman, Yulon Motor Co., Ltd. (Current position) Chairman, China Motor Co., Ltd. (Current position)
			Kuo-Rong Chen Shares held: 5,000 shares	NCTU Executive Master of Business Administration President, Yulon Motor Co., Ltd. Director, China Motor Co., Ltd. (Current position) Voice Chairman, Yulon Motor Co., Ltd. (Current position)
			Chen-Hsiang Yao Shares held: 0 shares	Master of International Business Management, Curtin University of Technology. Voice President, Yulon Motor Co., Ltd. Director and President, Yulon Motor Co., Ltd. (Current position)
			Leman C.C. Lee Shares held: 0 shares	National Taiwan University of Science and Technology Voice President, Yulon-Nissan Motor Co., Ltd. President, Yulon-Nissan Motor Co., Ltd. (Current position)
		Independent Director	Yun-Hua Yang Shares held: 0 shares	Doctor of Laws, University of Tubingen, Germany Associate Professor, College of Law, National Chengchi University Commissioner of Judicial Yuan Revising Committee Commissioner of Executive Yuan Ministry Justice Independent Doctor and Remuneration Committee member, China Motor Co., Ltd. (Current position) Professor, College of Law, National Chengchi University(Current position)
			Hung-Wen Chang Shares held: 0 shares	Doctor of Business Administration, National Taipei University Director, UltraChip Inc. Supervisor, Asia IC MIC-PROCESS, INC. Director, Chongsheng Investment company. Independent Doctor and Remuneration Committee member, Carnival Co., Ltd. (Current position) Assistant Professor , Corporate Financial and Corporate Management Department, National Taipei University(Current position)

000000002	Nissan Motor Co., Ltd. Shares held: 120,000,000 shares	Director	Takashi NISHIBAYASHI Shares held: 0 shares	Bachelor of Commerce, Commercial Science, Waseda University, Japan President, Nissan (China) Investment Co., Ltd. (Current position)
			Atsushi KUBO Shares held: 0 shares	Bachelor of Political Science and Economics, Waseda University, Japan General Manager of China Department, Nissan Motor Co., Ltd. (Current position)
			Junichi OHORI Shares held: 0 shares	Master of Engineering, Faculty of Engineering, Musashi Institute of Technology SVP, Yulon-Nissan Motor Co., Ltd. (Current position)
			Kenji SHIMOYAMA Shares held: 0 shares	Bachelor of Engineering, Department of Mechanical Engineering, Kogakuin University, Japan VP, Yulon Nissan Motor Co., Ltd. (Current position)
		Independent Director	Jung-Fang Kuo Shares held: 0 shares	Master of EMBA, National Taiwan University CPA and President, Zhongzhi United Accounting Firm Senior CPA, Deloitte&Touche Tohmatsu Limited Independent Doctor and Remuneration Committee Member, Carnival Co., Ltd. (Current position) President, Zhongli Accounting Firm (Current position)

Election results:

Number	Title	Name	Number of votes
0000001	Director	Kenneth K. T. Yen	281,686,969
0000001	Director	Kuo-Rong Chen	280,796,457
0000001	Director	Chen-Hsiang Yao	280,585,009
0000001	Director	Leman C.C. Lee	280,685,572
0000002	Director	Takashi NISHIBAYASHI	280,523,165
0000002	Director	Atsushi KUBO	280,498,376
0000002	Director	Junichi OHORI	280,467,374
0000002	Director	Kenji SHIMOYAMA	280,409,206
F121845710	Independent Director	Yun-Hua Yang	279,710,478
A110406293	Independent Director	Hung-Wen Chang	279,709,157
D101404695	Independent Director	Jung-Fang Kuo	279,691,719

7. Others Items

Proposal 1: The Lift on the Prohibition on 7th Directors from “Concurrently Act as a Director and/or Manager of another company”. Please proceed to discuss.

(Proposed by the Board of Directors.)

(1)According to regulation of R.O.C. Company Law No.209, first paragraph, A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2)Please approve to lift the prohibition that directors shall not act as a director and/or manager of another company in response to the need of the company’s business operations.

(3)Request to resolve.

Resolution:

Resolution:

Shares represented of voting		Votes in favor	Votes against	Votes invalid	Votes abstained
Attendance	120,013,000	120,013,000	0	0	0
e - voting	164,943,963	160,302,126	1,392,626	0	3,249,211
Total	284,956,963	280,315,126	1,392,626	0	3,249,211
	%	98.37	0.49	0.00	1.14

Since the percentage of affirmative vote was compliant with the Law, the proposal was acknowledged as submitted.

8. Extraordinary Motions

9. Closure of the Meeting

10. Time of Closure of the Meeting: AM 09:35

Chairman : Kuo-Rong Chen



Recorder : Chao-Yen Liang

