# Yulon Motor Company Ltd. and Subsidiaries

**Consolidated Financial Statements for the Nine Months Ended September 30, 2014 and 2013 and Independent Auditors' Review Report**

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, ROC

Tel :+886 (2) 2545-9988
Fax:+886 (2) 2545-9966
www.deloitte.com.tw

**INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

We have reviewed the accompanying consolidated balance sheets of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2014 and 2013 and the related consolidated statements of comprehensive income for the three months ended September 30, 2014 and 2013 and for the nine months ended September 30, 2014 and 2013, as well as the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as described in the next paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 4 to the consolidated financial statements, the financial statements of some subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2014 and 2013, the unreviewed assets were NT$65,643,772 thousand and NT$57,245,867 thousand, respectively, representing 33% and 33%, respectively, of the consolidated total assets, and the unreviewed liabilities of these subsidiaries were NT$47,737,277 thousand and NT$39,028,337 thousand, respectively, representing 40% and 41%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2014 and 2013, and the nine months ended September 30, 2014 and 2013, the unreviewed comprehensive loss were NT$(156,724) thousand, NT$(373,724) thousand, NT$(100,455) thousand and NT$(569,839) thousand, respectively, representing (8%), (114%), (3%) and (14%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 16 to the consolidated financial statements, as of September 30, 2014 and 2013, the carrying amounts of long-term investments accounted for by the equity method were NT$17,148,522 thousand and NT$18,003,508 thousand, respectively; for the three months ended September 30, 2014 and 2013, and for the nine months ended September 30, 2014 and 2013, share of comprehensive income or loss of associates and joint venture were NT$(15,035) thousand, NT$(69,948) thousand, NT$(347,109) thousand and NT$393,269 thousand, respectively; were calculated and disclosed on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Company. Besides, the other information disclosed in Note 37 to the consolidated financial statements was on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Company, also.

Based on our reviews, except for the effects of adjustments, if any, as might have been determined to be necessary had the financial statements and of these non-significant subsidiaries as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

November 10, 2014

*Notice to Readers*

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

*For the convenience of readers, the independent auditors' 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 MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
**(In Thousands of New Taiwan Dollars)**

| | September 30, 2014 (Reviewed) | | December 31, 2013 (Audited) | | September 30, 2013 (Reviewed) | |
|---|---|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Notes 4 and 6) | $ 19,548,280 | 10 | $ 12,768,615 | 7 | $ 13,137,708 | 8 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 6,242,928 | 3 | 2,600,191 | 2 | 3,173,477 | 2 |
| Available-for-sale financial assets - current (Notes 4 and 8) | 427,913 | - | 606,346 | - | 664,258 | - |
| Derivative financial assets for hedging - current (Notes 4 and 10) | - | - | 41 | - | 250 | - |
| Financial assets measured at cost - current (Notes 4 and 11) | 52,652 | - | 7,562 | - | 8,147 | - |
| Debt investments with no active market - current (Notes 4, 12 and 34) | 2,506,473 | 1 | 2,570,526 | 2 | 1,138,738 | 1 |
| Notes receivable from unrelated parties (Notes 4, 13 and 34) | 18,283,731 | 9 | 15,972,591 | 9 | 16,330,216 | 9 |
| Notes receivable from related parties (Notes 4, 13 and 33) | 21,734 | - | 33,989 | - | 8,140 | - |
| Trade receivables from unrelated parties (Notes 4, 13 and 34) | 37,202,766 | 19 | 30,594,146 | 17 | 27,735,686 | 16 |
| Finance lease receivables (Notes 4 and 14) | 6,900,250 | 4 | 4,201,476 | 2 | 3,591,345 | 2 |
| Trade receivables from related parties (Notes 13 and 33) | 3,421,413 | 2 | 2,149,470 | 1 | 2,875,336 | 2 |
| Other receivables (Note 33) | 2,798,448 | 1 | 2,837,879 | 2 | 2,737,282 | 2 |
| Inventories (Notes 4 and 15) | 10,495,121 | 5 | 10,901,254 | 6 | 10,860,424 | 6 |
| Other current assets (Note 20) | 5,807,522 | 3 | 4,279,057 | 3 | 4,434,052 | 2 |
| Total current assets | 113,709,231 | 57 | 89,523,143 | 51 | 86,695,059 | 50 |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | - | - | - | - | 5 | - |
| Held-to-maturity financial assets - non-current (Notes 4 and 9) | 18,135 | - | 18,482 | - | 6,111 | - |
| Available-for-sale financial assets - non-current (Notes 4 and 8) | 753,456 | - | 753,449 | - | 729,111 | 1 |
| Financial assets measured at cost - non-current (Notes 4 and 11) | 611,441 | - | 846,758 | 1 | 1,045,632 | 1 |
| Debt investment with no active market - non-current (Notes 4, 12 and 34) | 50,588 | - | 20,186 | - | 33,562 | - |
| Investments accounted for using equity method (Notes 4 and 16) | 33,098,637 | 17 | 34,134,340 | 19 | 33,321,728 | 20 |
| Property, plant and equipment (Notes 4, 17 and 34) | 35,020,771 | 18 | 35,154,316 | 20 | 34,542,623 | 20 |
| Investment properties (Notes 4 and 18) | 9,942,564 | 5 | 9,725,906 | 6 | 10,028,497 | 6 |
| Goodwill (Note 4) | 882 | - | 882 | - | 882 | - |
| Vehicle model development cost (Note 19) | 2,892,464 | 1 | 3,054,592 | 2 | 2,362,367 | 1 |
| Other intangible assets (Note 19) | 267,364 | - | 352,964 | - | 479,658 | - |
| Deferred tax assets (Notes 4 and 28) | 1,057,845 | 1 | 1,077,928 | 1 | 1,050,361 | 1 |
| Long-term finance lease receivables (Notes 4 and 14) | 319,543 | - | 300,954 | - | 285,731 | - |
| Guarantee deposits | 356,334 | - | 403,022 | - | 303,518 | - |
| Long-term prepayments for lease (Note 20) | 599,154 | - | 464,183 | - | 252,536 | - |
| Other non-current assets (Note 35) | 1,141,235 | 1 | 183,061 | - | 635,985 | - |
| Total non-current assets | 86,130,413 | 43 | 86,491,023 | 49 | 85,078,307 | 50 |
| TOTAL | $ 199,839,644 | 100 | $ 176,014,166 | 100 | $ 171,773,366 | 100 |
| **LIABILITIES AND EQUITY** | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 21) | $ 30,462,989 | 15 | $ 24,043,327 | 14 | $ 24,534,699 | 14 |
| Short-term bills payable (Note 21) | 42,477,758 | 21 | 32,951,348 | 19 | 30,936,082 | 18 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | 2,396 | - | 3,753 | - | 6,658 | - |
| Derivative financial liabilities for hedging - current (Notes 4 and 10) | 59 | - | 114 | - | - | - |
| Notes payable to unrelated parties | 505,968 | - | 631,510 | - | 594,217 | - |
| Notes payables to related parties (Note 33) | 25,994 | - | 11,578 | - | 4,635 | - |
| Trade payables to unrelated parties | 5,642,998 | 3 | 4,374,076 | 2 | 4,707,719 | 3 |
| Trade payables to related parties (Note 33) | 7,546,177 | 4 | 4,882,825 | 3 | 4,117,961 | 3 |
| Other payables (Notes 19, 23 and 33) | 9,220,110 | 5 | 9,828,052 | 6 | 9,249,152 | 6 |
| Current tax liabilities (Notes 4 and 28) | 608,324 | - | 588,636 | - | 469,666 | - |
| Provisions - current (Notes 4 and 24) | 410,393 | - | 396,182 | - | 368,420 | - |
| Current portion of long-term borrowings (Note 21) | 1,713,020 | 1 | 80,917 | - | - | - |
| Current portion of bonds payable (Notes 4 and 22) | 3,289,197 | 2 | 3,454,400 | 2 | 4,046,041 | 2 |
| Other current liabilities (Note 23) | 10,454,518 | 5 | 8,636,587 | 5 | 7,987,056 | 5 |
| Total current liabilities | 112,359,901 | 56 | 89,883,305 | 51 | 87,022,306 | 51 |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Note 21) | 226,276 | - | 1,281,754 | 1 | 1,191,563 | 1 |
| Provisions - non-current (Notes 4 and 24) | 1,114,505 | 1 | 906,056 | 1 | 644,124 | - |
| Deferred tax liabilities (Notes 4 and 28) | 3,448,910 | 2 | 3,408,152 | 2 | 3,398,512 | 2 |
| Long-term trade payables to related parties (Notes 19, 23 and 33) | 285,843 | - | 550,536 | - | 665,948 | 1 |
| Deferred revenue - non-current (Note 23) | 77,464 | - | 98,707 | - | 55,611 | - |
| Accrued pension liabilities (Notes 4 and 25) | 2,015,789 | 1 | 2,044,071 | 1 | 1,984,741 | 1 |
| Other non-current liabilities (Notes 16 and 23) | 981,996 | - | 462,433 | - | 495,333 | - |
| Total non-current liabilities | 8,150,783 | 4 | 8,751,709 | 5 | 8,435,832 | 5 |
| Total liabilities | 120,510,684 | 60 | 98,635,014 | 56 | 95,458,138 | 56 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26) | | | | | | |
| Share capital | | | | | | |
| Ordinary shares | 15,729,199 | 8 | 15,729,199 | 9 | 15,729,199 | 9 |
| Capital surplus | 6,531,798 | 3 | 6,497,817 | 3 | 6,477,528 | 4 |
| Retain earnings | | | | | | |
| Legal reserve | 7,159,575 | 4 | 6,922,457 | 4 | 6,922,457 | 4 |
| Special reserve | 34,373,565 | 17 | 31,227,565 | 18 | 31,227,565 | 18 |
| Unappropriated earnings | 3,966,269 | 2 | 6,072,762 | 3 | 6,557,025 | 4 |
| Total retain earnings | 45,499,409 | 23 | 44,222,784 | 25 | 44,707,047 | 26 |
| Other equity | | | | | | |
| Exchange differences on translating foreign operations | 641,160 | - | 385,612 | - | (41,114) | - |
| Unrealized gain on available-for-sale financial assets | 1,291,043 | 1 | 1,253,734 | 1 | 1,170,398 | - |
| Cash flow hedges | (28) | - | (36) | - | 131 | - |
| Total other equity | 1,932,175 | 1 | 1,639,310 | 1 | 1,129,415 | - |
| Treasury shares | (376,304) | - | (376,304) | - | (376,304) | - |
| Total equity attributable to owners of the Company | 69,316,277 | 35 | 67,712,806 | 38 | 67,666,885 | 39 |
| NON-CONTROLLING INTERESTS (Note 26) | 10,012,683 | 5 | 9,666,346 | 6 | 8,648,343 | 5 |
| Total equity | 79,328,960 | 40 | 77,379,152 | 44 | 76,315,228 | 44 |
| TOTAL | $ 199,839,644 | 100 | $ 176,014,166 | 100 | $ 171,773,366 | 100 |

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

# YULON 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 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 27 and 33) | | | | | | | | |
| Sales | $ 28,896,688 | 87 | $ 20,240,964 | 85 | $ 75,502,406 | 86 | $ 54,392,749 | 84 |
| Investment revenue | 23,505 | - | 103,370 | - | 122,963 | - | 187,824 | - |
| Rental revenue | 1,918,394 | 6 | 1,859,435 | 8 | 5,650,027 | 7 | 5,466,387 | 8 |
| Service revenue | 591,271 | 2 | 498,863 | 2 | 1,669,385 | 2 | 1,433,266 | 2 |
| Other operating revenue | 1,628,109 | 5 | 1,138,380 | 5 | 4,662,596 | 5 | 3,639,307 | 6 |
| Total operating revenue | 33,057,967 | 100 | 23,841,012 | 100 | 87,607,377 | 100 | 65,119,533 | 100 |
| OPERATING COSTS (Notes 4, 15, 17, 19, 25, 27 and 33) | | | | | | | | |
| Cost of goods sold | 24,793,194 | 75 | 17,701,943 | 74 | 66,272,751 | 76 | 47,168,475 | 72 |
| Investment cost | 17,648 | - | - | - | 78,755 | - | 17,178 | - |
| Rental cost | 1,511,701 | 5 | 1,512,604 | 6 | 4,473,979 | 5 | 4,391,814 | 7 |
| Service cost | 382,613 | 1 | 306,683 | 1 | 1,007,967 | 1 | 867,146 | 1 |
| Other operating cost | 608,885 | 2 | 559,913 | 3 | 1,854,914 | 2 | 1,671,962 | 3 |
| Total operating costs | 27,314,041 | 83 | 20,081,143 | 84 | 73,688,366 | 84 | 54,116,575 | 83 |
| GROSS PROFIT | 5,743,926 | 17 | 3,759,869 | 16 | 13,919,011 | 16 | 11,002,958 | 17 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES | (3,286) | - | (28,716) | - | (4,225) | - | (11,037) | - |
| REALIZED GROSS PROFIT | 5,740,640 | 17 | 3,731,153 | 16 | 13,914,786 | 16 | 10,991,921 | 17 |
| OPERATING EXPENSES (Notes 25, 27 and 33) | | | | | | | | |
| Selling and marketing expenses | 2,651,422 | 8 | 2,273,431 | 10 | 6,314,751 | 7 | 4,971,582 | 8 |
| General and administrative expenses | 1,988,179 | 6 | 1,757,111 | 7 | 5,522,928 | 6 | 5,273,577 | 8 |
| Research and development expenses | 119,593 | - | 84,837 | - | 302,017 | 1 | 266,668 | - |
| Total operating expenses | 4,759,194 | 14 | 4,115,379 | 17 | 12,139,696 | 14 | 10,511,827 | 16 |
| PROFIT FROM OPERATIONS | 981,446 | 3 | (384,226) | (1) | 1,775,090 | 2 | 480,094 | 1 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Other income (Notes 27 and 33) | 206,209 | 1 | 125,303 | - | 508,173 | 1 | 393,768 | 1 |
| Other gains and losses (Note 27) | (105,952) | - | (34,477) | - | (228,459) | - | 13,282 | - |
| Finance costs (Note 27) | (96,504) | - | (74,627) | - | (301,406) | - | (268,151) | (1) |
| Share of profit or loss of associates and joint ventures | 702,509 | 2 | 930,049 | 4 | 1,783,783 | 2 | 2,726,365 | 4 |
| Interest income (Note 27) | 76,295 | - | 61,461 | - | 175,623 | - | 161,667 | - |
| Total non-operating income and expenses | 782,557 | 3 | 1,007,709 | 4 | 1,937,714 | 3 | 3,026,931 | 4 |
| PROFIT BEFORE INCOME TAX | 1,764,003 | 6 | 623,483 | 3 | 3,712,804 | 5 | 3,507,025 | 5 |
| INCOME TAX EXPENSE (Notes 4 and 28) | 246,687 | 1 | 214,404 | 1 | 705,075 | 1 | 811,257 | 1 |
| NET PROFIT FOR THE PERIOD | 1,517,316 | 5 | 409,079 | 2 | 3,007,729 | 4 | 2,695,768 | 4 |

(Continued)

# YULON 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 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | | | | | |
| Exchange differences on translating foreign operations (Note 26) | $ 209,442 | - | $ (61,568) | - | $ 164,787 | - | $ 555,520 | 1 |
| Unrealized gain on available-for-sale financial assets (Note 26) | (7,142) | - | 88,132 | - | (25,008) | - | 30,802 | - |
| Cash flow hedges (Notes 10 and 26) | 12 | - | (247) | - | 16 | - | (273) | - |
| Share of other comprehensive income of associates and joint ventures (Note 26) | 270,275 | 1 | (108,927) | (1) | 172,190 | - | 709,402 | 1 |
| Other comprehensive income for the year, net of income tax | 472,587 | 1 | (82,610) | (1) | 311,985 | - | 1,295,451 | 2 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | $ 1,989,903 | 6 | $ 326,469 | 1 | $ 3,319,714 | 4 | $ 3,991,219 | 6 |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | | | |
| Owner of the Company | $ 1,172,649 | 4 | $ 651,609 | 3 | $ 2,535,337 | 3 | $ 2,660,223 | 4 |
| Non-controlling interests | 344,667 | 1 | (242,530) | (1) | 472,392 | - | 35,545 | - |
| | $ 1,517,316 | 5 | $ 409,079 | 2 | $ 3,007,729 | 3 | $ 2,695,768 | 4 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | | | |
| Owner of the Company | $ 1,574,692 | 5 | $ 578,383 | 2 | $ 2,827,665 | 3 | $ 3,797,470 | 6 |
| Non-controlling interests | 415,211 | 1 | (251,914) | (1) | 492,049 | 1 | 193,749 | - |
| | $ 1,989,903 | 6 | $ 326,469 | 1 | $ 3,319,714 | 4 | $ 3,991,219 | 6 |
| EARNINGS PER SHARE (Note 29) | | | | | | | | |
| Basic | $ 0.80 | | $ 0.45 | | $ 1.73 | | $ 1.82 | |
| Diluted | $ 0.80 | | $ 0.45 | | $ 1.73 | | $ 1.82 | |

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

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**(In Thousands of New Taiwan Dollars)**
**(Reviewed, Not Audited)**

| | Equity Attributable to Owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings | | | Other Equity | | | | | | |
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unattributed Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Available-for-sale Financial Assets | Cash Flow Hedges | Treasury Shares | Total | Non-controlling Interests | Total Equity |
| BALANCE, JANUARY 1, 2013 | $ 15,729,199 | $ 6,477,268 | $ 6,626,935 | $ 21,016,268 | $ 15,701,499 | $ (819,419) | $ 811,308 | $ 279 | $ (376,304) | $ 65,167,033 | $ 8,248,129 | $ 73,415,162 |
| Special reserve under Rule No. 1010012865 issued by FSC | - | - | - | $ 8,911,297 | $ (8,911,297) | - | - | - | - | - | - | - |
| Appropriation of 2012 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 295,522 | - | (295,522) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,300,000 | (1,300,000) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company ($0.8 per share) | - | - | - | - | (1,258,336) | - | - | - | - | (1,258,336) | - | (1,258,336) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | (485,475) | (485,475) |
| Change in equity from investments in associates and joint venture accounted for by using equity method | - | 9,620 | - | - | 20,706 | - | - | - | - | 30,326 | (1,647) | 28,679 |
| Difference between consideration and carrying amounts of subsidiaries' net assets acquired or disposed | - | (9,360) | - | - | (60,248) | - | - | - | - | (69,608) | 69,608 | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | 623,979 | 623,979 |
| Net profit for the nine months ended September 30, 2013 | - | - | - | - | 2,660,223 | - | - | - | - | 2,660,223 | 35,545 | 2,695,768 |
| Other comprehensive income for the nine months ended September 30, 2013 | - | - | - | - | - | 778,305 | 359,090 | (148) | - | 1,137,247 | 158,204 | 1,295,451 |
| Total comprehensive income for the nine months ended September 30, 2013 | - | - | - | - | 2,660,223 | 778,305 | 359,090 | (148) | - | 3,797,470 | 193,749 | 3,991,219 |
| BALANCE, SEPTEMBER 30, 2013 | $ 15,729,199 | $ 6,477,528 | $ 6,922,457 | $ 31,227,565 | $ 6,557,025 | $ (41,114) | $ 1,170,398 | $ 131 | $ (376,304) | $ 67,666,885 | $ 8,648,343 | $ 76,315,228 |
| BALANCE, JANUARY 1, 2014 | $ 15,729,199 | $ 6,497,817 | $ 6,922,457 | $ 31,227,565 | $ 6,072,762 | $ 385,612 | $ 1,253,734 | $ (36) | $ (376,304) | $ 67,712,806 | $ 9,666,346 | $ 77,379,152 |
| Appropriation of 2013 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 237,118 | - | (237,118) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 3,146,000 | (3,146,000) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company ($0.7 per share) | - | - | - | - | (1,101,044) | - | - | - | - | (1,101,044) | - | (1,101,044) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | (877,312) | (877,312) |
| Change in equity from investments in associates and joint venture accounted for by using equity method | - | 9,704 | - | - | - | - | - | - | - | 9,704 | 573 | 10,277 |
| Difference between consideration and carrying amounts of subsidiaries' net assets acquired or disposed | - | 24,277 | - | - | (157,131) | - | - | - | - | (132,854) | 132,854 | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | 598,173 | 598,173 |
| Net profit for the nine months ended September 30, 2014 | - | - | - | - | 2,535,337 | - | - | - | - | 2,535,337 | 472,392 | 3,007,729 |
| Other comprehensive income for the nine months ended September 30, 2014 | - | - | - | - | (537) | 255,548 | 37,309 | 8 | - | 292,328 | 19,657 | 311,985 |
| Total comprehensive income for the nine months ended September 30, 2014 | - | - | - | - | 2,534,800 | 255,548 | 37,309 | 8 | - | 2,827,665 | 492,049 | 3,319,714 |
| BALANCE, SEPTEMBER 30, 2014 | $ 15,729,199 | $ 6,531,798 | $ 7,159,575 | $ 34,373,565 | $ 3,966,269 | $ 641,160 | $ 1,291,043 | $ (28) | $ (376,304) | $ 69,316,277 | $ 10,012,683 | $ 79,328,960 |

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

# YULON 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 | |
|---|---|---|
| | **2014** | **2013** |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 3,712,804 | $ 3,507,025 |
| Adjustments for: | | |
| Depreciation expenses | 4,887,663 | 4,651,975 |
| Interest income | (3,365,529) | (2,761,328) |
| Share of profit of associates and joint ventures | (1,778,460) | (2,738,537) |
| Finance costs | 843,112 | 724,372 |
| Impairment loss recognized on trade receivables | 486,219 | 382,879 |
| Recognition of provisions | 449,300 | 662,612 |
| Unrealized gain on foreign currency exchange | (443,761) | (388,361) |
| Impairment loss recognized on non-financial assets | 405,770 | 42,346 |
| Amortization expenses | 287,626 | 346,297 |
| (Gain) loss on disposal of property, plant and equipment | (234,472) | 20,083 |
| Gain on disposal of financial assets | (82,381) | (77,242) |
| Impairment loss recognized on financial assets | 59,234 | 329,693 |
| Dividend income | (53,807) | (78,299) |
| Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss and retirement | 13,612 | (151,298) |
| Unrealized gain on the transactions with associates and joint ventures | 7,734 | 5,897 |
| Changes in operating assets and liabilities | | |
| Increase in financial assets held for trading | (3,936,195) | (486,817) |
| Increase in notes receivables | (2,308,899) | (2,113,721) |
| Increase in trade receivables | (8,340,539) | (3,594,073) |
| Increase in other receivables | (115,850) | (533,818) |
| Decrease (increase) in inventories | 239,324 | (1,393,522) |
| Increase in prepayments | (1,360,701) | (958,642) |
| (Increase) decrease in other current assets | (315,040) | 200,742 |
| Increase in finance lease receivables | (2,879,387) | (1,500,469) |
| Increase in other operating assets | (958,928) | (303,904) |
| Decrease in notes payables | (108,415) | (31,091) |
| Increase in trade payables | 4,037,029 | 4,074,093 |
| (Decrease) increase in other payables | (838,892) | 4,053,889 |
| Decrease in provisions | (225,609) | (635,972) |
| Increase in other current liabilities | 1,466,861 | 46,305 |
| Decease in accrued pension liabilities | (28,282) | (20,230) |
| Increase (decrease) in deferred revenue | 8,426 | (103,960) |
| Decrease (increase) in other operating liabilities | (7,502) | 102,139 |
| Cash (used in) generated from operations | (10,477,935) | 1,279,063 |
| Interest received | 3,391,870 | 2,785,048 |

(Continued)

# YULON 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 | |
|---|---|---|
| | **2014** | **2013** |
| Interest paid | $ (830,311) | $ (742,391) |
| Income tax paid | (637,891) | (909,198) |
| Net cash (used in) generated from operating activities | (8,554,267) | 2,412,522 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (7,560,630) | (8,250,297) |
| Proceeds on sale of financial assets at fair value through profit or loss | 4,039,454 | 3,879,209 |
| Purchase of financial assets at fair value through profit or loss | (3,755,749) | (4,099,107) |
| Dividend received | 3,378,983 | 2,463,050 |
| Proceeds from disposal of property, plant and equipment | 2,897,536 | 2,482,107 |
| Proceeds on sale of available-for-sale financial assets | 535,288 | 874,686 |
| Purchase of available-for-sale financial assets | (288,000) | (1,393,862) |
| Increase in prepayments for lease obligations | (177,956) | (133,992) |
| Acquisition of associates investment accounted for using equity method | (120,787) | - |
| Payments for intangible assets | (102,115) | (242,930) |
| Decrease (increase) in refundable deposits | 44,036 | (377,969) |
| Proceeds on sale of financial assets measured at cost | 39,565 | 37,279 |
| Proceeds on sale of debt investments with no active market | 33,334 | 274,669 |
| Acquisition of financial assets measured at cost | (13,097) | - |
| Loss of proportionate consolidation | - | (4,066,702) |
| Proceeds from capital return from subsidiaries | - | 29,738 |
| Proceeds on sale of held-to-maturity financial assets | - | 8,600 |
| Increase in other financial assets | - | (4,767) |
| Net cash used in investing activities | (1,050,138) | (8,520,288) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term bills payable | 10,515,644 | 6,541,305 |
| Proceeds from short-term borrowings | 7,351,233 | 5,230,215 |
| Dividends paid to owners of the Company | (1,978,356) | (1,731,135) |
| Proceeds from bonds payable | 1,500,000 | - |
| Proceeds from guarantee deposits received | 1,017,269 | 587,920 |
| Repayments of bonds payable | (1,000,000) | - |
| Decrease in short-term bills payable | (974,101) | (2,889,458) |
| Proceeds from long-term borrowings | 968,289 | 49,287 |
| Repayment of short-term borrowings | (805,700) | (3,341,313) |
| Repayments of long-term borrowings | (391,422) | (1,430,533) |
| Change in non-controlling interest | 63,942 | 303,767 |
| Net cash generated from financing activities | 16,266,798 | 3,320,055 |

(Continued)

# YULON 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 | |
|---|---|---|
| | **2014** | **2013** |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | $ 117,272 | $ 267,747 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,779,665 | (2,519,964) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 12,768,615 | 15,657,672 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | $ 19,548,280 | $ 13,137,708 |

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

## 1. GENERAL INFORMATION

Yulon Motor Company Ltd. (the "Company") was incorporated in September 1953. It manufactures and markets automobiles and parts.

The Company's shares have been listed on the Taiwan Stock Exchange since July 1976.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

## 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on November 10, 2014.

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

a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC starting January 1, 2015.

| The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC | Effective Date Announced by IASB (Note 1) |
|---|---|
| Improvements to IFRSs (2009) - amendment to IAS 39 | January 1, 2009 and January 1, 2010, as appropriate |
| Amendment to IAS 39 "Embedded Derivatives" | Effective for annual periods ending on or after June 30, 2009 |
| Improvements to IFRSs (2010) | July 1, 2010 and January 1, 2011, as appropriate |
| Annual Improvements to IFRSs 2009-2011 Cycle | January 1, 2013 |
| Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" | July 1, 2010 |
| Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" | July 1, 2011 |

(Continued)

| The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendment to IFRS 1 "Government Loans" | January 1, 2013 |
| Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities" | January 1, 2013 |
| Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets" | July 1, 2011 |
| IFRS 10 "Consolidated Financial Statements" | January 1, 2013 |
| IFRS 11 "Joint Arrangements" | January 1, 2013 |
| IFRS 12 "Disclosure of Interests in Other Entities" | January 1, 2013 |
| Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" | January 1, 2013 |
| Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities" | January 1, 2014 |
| IFRS 13 "Fair Value Measurement" | January 1, 2013 |
| Amendment to IAS 1 "Presentation of Other Comprehensive Income" | July 1, 2012 |
| Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets" | January 1, 2012 |
| IAS 19 (Revised 2011) "Employee Benefits" | January 1, 2013 |
| IAS 27 (Revised 2011) "Separate Financial Statements" | January 1, 2013 |
| IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures" | January 1, 2013 |
| Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" | January 1, 2014 |
| IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine" | January 1, 2013 |

(Concluded)

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

Except for the following, the future initial application of the above New IFRSs is not expected to have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

   IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of associates/joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of associates and joint ventures accounted for using the equity method.

5) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continuingly to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

| The New IFRSs Not Included in the 2014 IFRSs Version | Effective Date Announced by IASB (Note 1) |
|---|---|
| Annual Improvements to IFRSs 2010-2012 Cycle | July 1, 2014 (Note 2) |
| Annual Improvements to IFRSs 2011-2013 Cycle | July 1, 2014 |
| Annual Improvements to IFRSs 2012-2014 Cycle | January 1, 2016 (Note 4) |
| IFRS 9 "Financial Instruments" | January 1, 2018 |
| Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures" | January 1, 2018 |
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | January 1, 2016 (Note 3) |
| Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations" | January 1, 2016 |
| IFRS 14 "Regulatory Deferral Accounts" | January 1, 2016 |
| IFRS 15 "Revenue from Contracts with Customers" | January 1, 2017 |
| Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization" | January 1, 2016 |
| Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants" | January 1, 2016 |
| Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" | July 1, 2014 |
| Amendment to IAS 27 "Equity Method in Separate Financial Statements" | January 1, 2016 |
| Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets" | January 1, 2014 |
| Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" | January 1, 2014 |
| IFRIC 21 "Levies" | January 1, 2014 |

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the future initial application of the above New IFRSs is not expected to have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) Amendment to IAS 19: Amendment in 2013

The amended IAS 19 states that if contributions from employees or third parties are not linked to service, these contributions affect the remeasurement of the net defined benefit liability (asset). If the contributions are linked solely to service, the employees' service rendered in that period in which they are paid, these contributions may be recognized as a reduction of service cost in the same period. If the contributions depend on the number of years of service, an entity is required to attribute these contributions to service periods as a reduction of service cost.

3) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

7) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Group includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of the above New IFRSs will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Statement of Compliance**

The 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 by the FSC. Disclosure information included in the consolidated financial statement is less than those required in a complete set of annual financial statements.

**Basis of Preparation**

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

**Current and Noncurrent Assets and Liabilities**

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve 12 after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities are classified as noncurrent.

Since the lengths of the operating cycles of TAC Co., Ltd; Sinshing Co., Ltd; TAC Financing Leasing Co., Ltd; Yu Yuen Co., Ltd; Yu Sing Co., Ltd; Yushin Co., Ltd are more than one year, the classifications of balance sheet accounts depend on their operating cycles.

**Basis of Consolidation**

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special purpose entities). Control signifies that the parent company has power to dominate an entity's financing and operating policies and gains profit from the entity's financing and operating activities.

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

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

All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this attribution results in the noncontrolling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Subsidiaries included in consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

| | | | % of Ownership | | | |
|---|---|---|---|---|---|---|
| **Investor** | **Investee** | **Main Businesses** | **September 30, 2014** | **December 31, 2013** | **September 30, 2013** | **Remark** |
| The Company | Taiwan Acceptance Corporation ("TAC Corporation") | Sale and lease of cars and parts | 48.18 | 50.25 | 52.21 | For the nine months ended September 30, 2014, the issuance by TAC Corporation of common shares for the conversion of convertible resulted in the decrease in Group's percentages of ownership of the investee to 48.18%. |
| | Yu Sing Motor Co., Ltd. ("Yu Sing") | Sale, maintenance and repair of cars and parts | 90.33 | 90.33 | 90.33 | - |
| | Qinton Motor Co., Ltd. ("Qinton") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Yushin Motor Co., Ltd. ("Yushin") | Sale, maintenance and repair of cars and parts | 80.00 | 80.00 | 80.00 | - |
| | Yu Chang Motor Co., Ltd. ("Yu Chang") | Sale and maintenance of cars and parts | 65.00 | 65.00 | 65.00 | - |
| | Sin Chi Co., Ltd. ("Sin Chi") | General advertising planning services | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Yulon GM Motors Co., Ltd. (“Yulon GM”) | Wholesale of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Yu Ching Business Co., Ltd. (“Yu Ching”) | Import and export and sale of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Leader Investment Co., Ltd. (“Leader”) | Investments | 99.90 | 99.90 | 99.90 | The Group owned 99.93% of Leader in the three reporting periods. |
| | Yung Hong Investment Co., Ltd. (“Yung Hong”) | Investments | 99.99 | 99.99 | 99.99 | - |
| | Yu Hong Investment Co., Ltd. (“Yu Hong”) | Investments | 86.11 | 86.11 | 86.11 | - |
| | Yu Pong Business Co., Ltd. (“Yu Pong”) | Yulon basketball team management and related services | 99.99 | 99.99 | 99.99 | - |
| | Singan Co., Ltd. (“Singan”) | Wholesale and retail of information software | 35.62 | 35.62 | 35.62 | The Group’s percentages of ownership in the investee were 45.18% in the three reporting periods. |
| | Tai Yuen Venture Capital Co., Ltd. (“Tai Yuen”) | Investments | 49.50 | 49.50 | 49.50 | The Group’s percentages of ownership in the investee were 49.52% in the three reporting periods. |
| | Chan Yun Technology Co., Ltd. (“Chan Yun”) | Wholesale and retail of information software | 43.85 | 43.85 | 43.85 | - |
| | Yulon Overseas Investment Co., Ltd. (“Yulon Overseas”) | Investments | 100.00 | 100.00 | 100.00 | - |
| | Y-Teks Co., Ltd. (“Y-Teks”) | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 22.04 | 22.04 | 22.04 | The Group owned 34.04% of Y-Teks in the three reporting periods. |
| | Union & NKH Auto Parts Co., Ltd. (“Union & NKH”) | Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles | 25.01 | 25.01 | 25.01 | - |
| | Yueki Industrial Co., Ltd. (“Yueki”) | Manufacturing and sale of car components | 50.58 | 50.58 | 50.58 | The Group owned 50.66% of Yueki in the three reporting periods. |
| | Yue Sheng Industrial Co., Ltd. (“Yue Sheng”) | Car manufacture and furnishing; manufacture, installation and sale of car parts | 50.98 | 50.98 | 50.98 | - |
| | China Cast Iron Pipe Co., Ltd. (“China Cast Iron”) | Metal casting and related business | 77.66 | 77.66 | 77.66 | - |
| | Car-plus Auto Leasing Corporation (“Car-plus Auto”) | Car lease and trade | 3.46 | 3.46 | 3.46 | The Group owned 72.03% of Car-plus in the three reporting periods. |
| | Yu Ming Motor Co., Ltd. (“Yu Ming”) | Sale, maintenance and repair of cars and parts | 20.00 | 20.00 | 20.00 | The Group owned 47% of Yu Ming in the three report periods. |
| | Luxgen Motor Co., Ltd. (“Luxgen”) | Sale of cars and parts | 80.00 | 80.00 | 80.00 | - |
| | Yulon TOBE Motor Co., Ltd. (“Yulon TOBE”) | Sale of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Peidu TOBE Motor Co., Ltd. (“Peidu Tobe”) | Sale of cars and parts | 60.00 | 60.00 | 60.00 | - |
| | Yulon Energy Co., Ltd. (“Yulon Energy”) | Wholesale and retail sale of batteries | 100.00 | 100.00 | 100.00 | - |
| | Sin Jang Enterprises (“Sin Jang”) | Sale and brokerage of secondhand vehicles | 20.01 | 20.01 | 20.01 | The Group owned 80% of Sin Jang in the three reporting periods. |
| TAC Corporation | Shin Shin Credit Corporation (“SCC”) | Installment-related financing services for car and truck purchases | 100.00 | 100.00 | 100.00 | - |
| | Car-plus Auto | Car lease and trade | 68.57 | 68.57 | 68.57 | The Group owned 72.03% of Car-plus in the three reporting periods. |
| | TAC Global Investment (Samoa) Co., Ltd. (“TAC Global”) | Shareholding company | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Yu Ming | Sale, maintenance and repair of cars and parts | 27.00 | 27.00 | 27.00 | The Group owned 47% of Yu Ming in the three reporting periods. |
| | Sin Jang Co., Ltd (Sin Jang) | Sales and brokerage of secondhand vehicles | 40.00 | 40.00 | 40.00 | The Group owned 80% of Sin Jang in the three reporting periods. |
| Car-plus Auto | Diamond Leasing Service Corporation ("Diamond Leasing") | Car sale and lease | 100.00 | 100.00 | 100.00 | - |
| | Car-Plus Global Investment (Samoa) Co., Ltd. ("Car-Plus Samoa") | Shareholding company | 100.00 | 100.00 | 100.00 | - |
| | Sin Jang | Sales and brokerage of secondhand vehicles | 19.99 | 19.99 | 19.99 | The Group owned 80% of Sin Jang in the three reporting periods. |
| Diamond Leasing | H.K. Manpower Service Co., Ltd. ("H.K. Manpower") | Temporary labor services | 100.00 | 100.00 | 100.00 | - |
| Sin Jang | Sinjang International Investment (Samoa) Co., Ltd. ("Sinjang Samoa) | Holding company | 60.00 | - | - | Established in 1st quarter of 2014. The Group owned 100% of Sinjang (Samoa) as of September 30, 2014 |
| Car-Plus Samoa | Car-Plus China Investment (Samoa) Co., Ltd. ("Car-Plus China") | Holding company | 60.00 | 60.00 | 60.00 | The Group wholly owned Car-Plus China in the three reporting periods. |
| | Car-Plus Shanghai Investment (Samoa) Co., Ltd. ("Car-Plus Shanghai") | Holding company | 60.00 | 60.00 | 60.00 | The Group wholly owned Car-Plus Shanghai in the three reporting periods. |
| TAC Global | Car-Plus China | Holding company | 40.00 | 40.00 | 40.00 | The Group wholly owned Car-Plus China in the three reporting periods. |
| | Car-Plus Shanghai | Holding company | 40.00 | 40.00 | 40.00 | The Group wholly owned Car-Plus Shanghai in the three reporting periods. |
| | Yu Rong International Investment (Samoa) Co., Ltd. ("Yu Rong International") | Holding company | 100.00 | 100.00 | 100.00 | - |
| | Sinjang Samoa | Holding company | 40.00 | - | - | Established in 1st quarter of 2014. The Group owned 100% of Sinjang (Samoa) as of September 30, 2014 |
| Car-Plus China | CAR-PLUS (Suzhou) Auto Leasing Co., Ltd (Car-Plus (Suzhou)) | Lease of cars and related services | 100.00 | 100.00 | 100.00 | - |
| Car-Plus Shanghai | Car-Plus Leasing (Shanghai) Co., Ltd. ("Car-Plus Leasing (Shanghai)") | Car lease and trading | 100.00 | 100.00 | 100.00 | - |
| Yu Rong International | TAC Leasing (Suzhou) Co., Ltd. ("TAC Leasing (Suzhou)") | Financial lease of equipment | 100.00 | 100.00 | 100.00 | - |
| | TAC Financial Leasing Co., Ltd. | Financial lease of equipment | 80.00 | - | - | Established in 1st quarter of 2014. The Group wholly owned TAC Financial as of September 30, 2014 |
| Yu Sing Company | Yu-Jan Co., Ltd. ("Yu-Jan") | Sale, maintenance and repair of car and parts | 100.00 | 100.00 | 100.00 | - |
| | Luxgen MotorTaipei Co., Ltd. ("Luxgen Taipei") | Sale of cars and parts | 1.29 | 1.29 | 1.29 | The Group owned 75% of Luxgen Taipei in the three reporting periods. |
| Yushin Company | Yu Pool Co., Ltd. ("Yu Pool") | Supply of and providing services on information software and retail trade of spare parts of vehicles | 100.00 | 100.00 | 100.00 | - |
| | Luxgen Motor Taoyuan Co., Ltd. ("Luxgen Taoyuan") | Sale, maintenance and repair of cars and related products | 20.00 | 20.00 | 20.00 | The Group owned 80% of Luxgen Taoyuan in the three reporting periods. |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Zhu Miao Tobe Motor Co. ("Zhu Miao Tobe") | Sale, maintenance and repair of cars and related products | - | - | 100.00 | Yushin Company and Zhu Miao Tobe merged in the 4th quarter of 2013, with Yushin Company as the survivor entity. |
| | Yu Shin Investment ("Yu Shin Investment") | Investments | 100.00 | 100.00 | 100.00 | - |
| Sin Chi Company | Yu Chia Motor Co., Ltd. ("Yu Chia") | Sale, maintenance and repair of heavy vehicles and parts | 100.00 | 100.00 | 100.00 | - |
| | Chanchen Inter Consulting ("Chanchen") | Management consulting, lease of real estate, general advertising, etc. | 100.00 | 100.00 | 100.00 | - |
| Leader | Prosperity Capital Holdings Company ("Prosperity Capital") | Investments in various production, service and financial industries | 100.00 | 100.00 | 100.00 | - |
| | Tai Yuen | Investments | 0.01 | 0.01 | 0.01 | The Group owned 49.52% of Tai Yuen in the three reporting periods. |
| Yung Hong | Blue Water Ventures International Co., Ltd. ("Blue Water") | Investments in the manufacturing, service and financial industries | 100.00 | 100.00 | 100.00 | - |
| | Tai Yuen | Investments | 0.01 | 0.01 | 0.01 | The Group owned 49.52% of Tai Yuen in the three reporting periods. |
| | Leader | Investments | 0.02 | 0.02 | 0.02 | The Group owned 99.93% of Leader in the three reporting periods. |
| Yu Ching | Chinh-Ling RTC Co., Ltd. ("Chinh-Ling") | Product design | 100.00 | 100.00 | 100.00 | - |
| | Yu Yuen Development Company ("Yu Yuen") | Construction | 33.30 | 33.30 | 33.30 | The Group owned 98.6% of Yu Yuen in the three reporting periods. |
| | Singan | Wholesale and retail of information software | 9.56 | 9.56 | 9.56 | The Group's percentages of ownership in the investee were 45.18% in the three reporting periods. |
| Yu Pong | Yu Yuen | Construction | 32.65 | 32.65 | 32.65 | The Group owned 98.6% of Yu Yuen in the three reporting periods. |
| Yu Hong | Yu Yuen | Construction | 32.65 | 32.65 | 32.65 | The owned 98.6% of Yu Yuen in the three reporting periods. |
| | Leader | Investments | 0.02 | 0.02 | 0.02 | The Group owned 99.93% of Leader in the three reporting periods. |
| Singan | Singgual Travel Service Co., Ltd. ("Singgual Travel") | Sale of information software, telecommunications equipment and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Hsiang Shou Enterprise Co., Ltd. ("Hsiang Shou") | Towing | 100.00 | 100.00 | 100.00 | - |
| | Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture") | Publication | 100.00 | 100.00 | 100.00 | - |
| Singgual Travel | Shang Hai Jing-Huei Investment Co., Ltd. ("Shang Hai Jing-Huei") | Sale of car equipment and parts | 100.00 | 100.00 | 100.00 | - |
| Yulon Overseas | Yulon China Investment Co., Ltd. ("Yulon China") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Yulon Philippine Investment Co., Ltd. ("Yulon Philippine") | Investments | 100.00 | 100.00 | 100.00 | - |
| Yulon China | Qing Yi Investment Co., Ltd. ("Qing Yi") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Wen Yang Investment Co., Ltd. ("Wen Yang") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Tai Xin Investment Co., Ltd. ("Tai Xin") | Investments | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Yulon China (Hong Kong) Investment Co., Ltd. ("Yulon China HK") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Qing Yi (Hong Kong) Investment Co., Ltd. ("Qing Yi HK") | Investments | - | 100.00 | 100.00 | Had been extinguished by dissolution |
| | Wen Yang (Hong Kong) Investment Co., Ltd. ("Wen Yang HK") | Investments | - | 100.00 | 100.00 | Had been extinguished by dissolution |
| | Tai Xin (Hong Kong) Investment Co., Ltd. ("Tai Xin HK") | Investments | - | 100.00 | 100.00 | Had been extinguished by dissolution |
| | Mega Elegant Investment Limited ("Mega Elegant") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Feng Hua Investment Co., Ltd. ("Feng Hua") | Investments | 40.00 | 40.00 | 40.00 | - |
| | Yulon China Holding Co., Ltd. ("Yulon China Holding") | Investments | 100.00 | 100.00 | 100.00 | - |
| Yulon China Holding | Yulon China (HK) Holding Limited ("Yulon China (HK) Holding") | Investments | 100.00 | 100.00 | 100.00 | - |
| Yulon China (HK) Holding | Yulon China Motor Investment Limited ("Yulon China Motor Investment") | Investments | 100.00 | 100.00 | 100.00 | - |
| Yulon China Motor Investment | Dong Feng Yulon Motor Sales Co., Ltd. ("Dong Feng Yulon Sales Company") | Sale of cars and parts | 50.00 | 50.00 | 50.00 | - |
| | TAC Financial Leasing Co., Ltd. | Financial lease f equipment | 20.00 | - | - | Established in 1st quarter of 2014. The Group wholly owned TAC Finance as September 30, 2014 |
| Mega Elegant | Xiamen Young Chang Investment Co., Ltd. ("Xiamen Young Chang") | Renders consulting services on cars, electronics, textiles and related products | 100.00 | 100.00 | 100.00 | - |
| Xiamen Young Chang | Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing") | Investments | 95.00 | 95.00 | 95.00 | Xiamen Young Chang Co., Ltd. performed debt for equity swaps in the 3rd quarter of 2013. The Group wholly owned Xiamen Young Chang in three reporting period. |
| Feng Hua | Su Zhou Chen Long Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Long") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Qing Yi | Qing Tai (Nan Jing) Technology Co., Ltd. ("Qing Tai") | Computer software maintenance and computer system integration | 100.00 | 100.00 | 100.00 | - |
| Wen Yang | Tai Feng (Nan Jing) Software Technology Co., Ltd. ("Tai Feng") | Computer software maintenance and computer system integration | 100.00 | 100.00 | 100.00 | - |
| Tai Xin | Ke Yu (Nan Jing) Information Technology Co., Ltd. ("Ke Yu") | Computer software maintenance and computer system integration | 100.00 | 100.00 | 100.00 | - |
| Qing Tai | Jin Ce (Zhang Zhou) Software Technology Co., Ltd. ("Jin Ce") | Computer software maintenance and computer system integration | 70.00 | 70.00 | 70.00 | The Group wholly owned Jin Ce in the three reporting periods. |
| | Shi Cheng (Zhang Zhou) Technology Develop Co., Ltd. ("Shi Cheng") | Computer software maintenance and computer system integration | 90.00 | 90.00 | 90.00 | The Group wholly owned Shi Cheng in the three reporting periods. |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Mei De (Zhang Zhou) Software Technology Co., Ltd. ("Mei De") | Computer software maintenance and computer system integration | 10.00 | 10.00 | 10.00 | The Group wholly owned Mei De in the three reporting periods. |
| Tai Feng | Jin Ce | Computer software maintenance and computer system integration | 30.00 | 30.00 | 30.00 | The Group wholly owned Jin Ce in the three reporting periods. |
| | Mei De | Computer software maintenance and computer system integration | 90.00 | 90.00 | 90.00 | The Group wholly owned Mei De in the three reporting periods. |
| | Yi Ding (Zhang Zhou) Information Technology Co., Ltd. ("Yi Ding") | Computer software maintenance and computer system integration | 10.00 | 10.00 | 10.00 | The Group wholly owned Yi Ding in the three reporting periods. |
| Ke Yu | Shi Cheng | Computer software maintenance and computer system integration | 10.00 | 10.00 | 10.00 | The Group wholly owned Shi Cheng in the three reporting periods. |
| | Yi Ding | Computer software maintenance and computer system integration | 90.00 | 90.00 | 90.00 | The Group wholly owned Yi Ding in the three reporting periods. |
| Jin Ce | Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai") | Investments | 10.00 | 10.00 | 10.00 | The Group wholly owned Dong Tai in the three reporting periods. |
| | Sheng Qing | Investments | 0.50 | 0.50 | 0.50 | The Group wholly owned Sheng Qing in the three reporting periods. |
| | Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te") | Investments | 10.00 | 10.00 | 10.00 | The Group wholly owned Gao Te in the three reporting periods. |
| Shi Cheng | Dong Tai | Investments | 90.00 | 90.00 | 90.00 | The Group wholly owned Dong Tai in the three reporting periods. |
| Mei De | Sheng Qing | Investments | 4.50 | 4.50 | 4.50 | The Group wholly owned Sheng Qing in the three periods. |
| Yi Ding | Gao Te | Investments | 90.00 | 90.00 | 90.00 | The Group wholly owned Gao Te in the three reporting periods. |
| Dong Tai | Hang Zhou Tang Yu Investment Co., Ltd. ("Hang Zhou Tang Yu") | Investments | 100.00 | 100.00 | 100.00 | - |
| Sheng Qing | Zhu Hai Fu Te En Industry & Trade Co, Ltd. ("Zhu Hai Fu Te En") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Guang Zhou Yuan Du Auto Sale & Service Co, Ltd. ("Guang Zhou Yuan Du") | Sale and maintenance of cars and parts | 51.00 | 51.00 | 51.00 | - |
| | Su Zhou Feng Shen Auto Sale & Service Co, Ltd. ("Su Zhou Feng Shen") | Sale and maintenance of cars and parts | 40.00 | 40.00 | 40.00 | - |
| Sheng Qing | Shen Jun Yu Peng Auto Sale & Service Co, Ltd. ("Shen Jen Yu Peng") | Sale and maintenance of cars and parts | 65.00 | 65.00 | 65.00 | - |
| | Nanjing Hanhong Motor Trading Co., Ltd. ("Nanjing Hanhong") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Wuhan Yu Hsin Auto Sale & Service Co., Ltd. ("Wuhan Yu Hsin") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Shanghai Yuexing Auto Sale & Service Co., Ltd. ("Shanghai Yuexing") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Jiangmen Junxing Auto Sale & Service Co., Ltd. ("Jiangmen Junxing") | Sale and maintenance of c and parts | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Shanghai Yuming Auto Sale & Service Co., Ltd. (“Shanghai Yuming”) | Sale and maintenance of cars and parts | 51.00 | 51.00 | 51.00 | The Group wholly owned Shanghai Yuming in three reporting period. |
| | Qingdao Yuanhuang Auto Sale & Service Co., Ltd. (“Qingdao Yuanhuang”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Hang Zhou Yu Zhong Trading Co., Ltd. (“Hang Zhou Yu Zhong”) | Trading | 100.00 | 100.00 | 100.00 | - |
| | Guang Zhou Yuan Zhi Auto Sales & Services Co, Ltd. (“Guang Zhou Yuan Zhi”) | Sale, maintenance and repair of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Ning Bo Yu Cheng Auto Sales & Services Co, Ltd. (“Ning Bo Yu Cheng”) | Sale, maintenance and repair of cars and parts | 51.00 | 100.00 | 100.00 | The Group wholly owned Ning Bo Yu Cheng in three reporting period. |
| | Fu Jian Yu Xin Auto Sales & Services Co, Ltd. (“Fu Jian”) | Sale, maintenance and repair of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Hang Zhou Hua Zhi Auto Sales & Services Co, Ltd. (“Huang Zhou Hua Zhi”) | Sale, maintenance and repair of cars and parts | 60.00 | 60.00 | 60.00 | - |
| | Changsha Yu Lu Auto Sale & Service Co, Ltd. (“Changsha Yu Lu”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Gao Te | HangZhou Qien Yu Investment Co., Ltd. (“Hang Zhou Qien Yu”) | Investments | 100.00 | 100.00 | 100.00 | - |
| Su Zhou Cheng Logn | Su Zhou Cheng Guo Auto Sale & Service Co., Ltd. (“Su Zhou Cheng Co., Ltd.”) | Sale and maintenance of cars and parts | 100.00 | - | - | Established in the 3rd quarter of 2014. |
| | Su Zhou Cheng Hang Auto Sale & Service Co., Ltd. (“Su Zhou Cheng Hung”) | Sale and maintenance of cars and parts | 100.00 | - | - | Established in the 3rd quarter of 2014. |
| Su Zhou Feng Shen | Su Zhou Feng Shun Auto Sale & Service Co, Ltd. (“Su Zhou Feng Shun”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Su Zhou Yueshun Auto Sale & Service Co., Ltd. (“Su Zhou Yueshun”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Su Zhou Cheng Pin Auto Sale & Service Co., Ltd. (“Su Zhou Cheng Pin”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Su Zhou Cheng Pang Auto Sale & Service Co., Ltd. (“Su Zhou Cheng Pang”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | - | Established in the 4th quarter of 2013. |
| | Tai Chang Cheng Mau Auto Sale & Service Co. Ltd. (“Tai Chang Cheng Mau”) | Sale and maintenance of cars and parts | 100.00 | - | - | Established in the 3th quarter of 2014. |
| Su Zhou Feng Shun | Wu Jiang Lian Cheng Auto Sale & Service Co., Ltd. (“Wu Jiang Lian”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Su Zhou Cheng Li Auto Sale & Service Co., Ltd. (“Su Zhou Cheng Li”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Zhu Hai Fu Te En Industry & Trade Co, Ltd. | Zhuhai Yuhsin Auto Sales & Parts Co, Ltd. (“Zhuhai Yuhsin”) | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| | Shenzhen Yu Zhi Auto Sales & Services Co, Ltd. (Shenzhen Yu Zhi") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Jiang Men Junxing Auto Sale & Service Co., Ltd. ("Jiang Men Junxing") | Jiang Men Yuli Auto Sale & Service Co., Ltd. ("Jiang Men Yuli") | Sale and maintenance of cars and parts | 100.00 | - | - | Established in the 2nd quarter of 2014 |
| Wuhan Yu Hsin Auto Sale & Service Company | Xiao Gan Yu Feng Auto Sale & Service Co., Ltd. ("Xiao Gan Yu Feng") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Hang Zhou Hua Zhi | Hang Zhou Hua You Auto Sales & Services Co, Ltd. ("Hang Zhou Hua You") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Nanjing Hanhong Trading Company | Nan Jing Yu Shang Auto Sale & Service Co., Ltd. ("Nan Jing Yu Shang") | Sale and maintenance of cars and parts | 100.00 | 100.00 | 100.00 | - |
| | Nan Jing Yu Hua Auto Sale & Service Co., Ltd. ("Nan Jing Yu Hua") | Sales and maintenance of cars and parts | 100.00 | 100.00 | - | Established in the 4th quarter of 2013. |
| ShangHai Yuming | Ka Shin Yu Da Auto Sale & Service Co., Ltd. ("Ka Shing Yu Da") | Sale and maintenance of cars and parts | 100.00 | - | - | Established in the 3rd quarter of 2014. |
| HangZhou Qien Yu Investment Company | Hang Zhou Hsiao Yu Business Co., Ltd. ("Hang Zhou Hsiao Yu") | Investments | 90.00 | 90.00 | 90.00 | The Group owned 99% of Hang Zhou Hsiao Yu in the three reporting periods. |
| Hang Zhou | Hang Zhou Hsiao Yu | Investments | 9.00 | 9.00 | 9.00 | The Group owned 99% of Hang Zhou Hsiao Yu in the three reporting periods. |
| Yulon Philippine | Univation Motor Philippines, Inc. (UMPI) | Car manufacturing | 86.54 | 86.54 | 86.54 | Had Changed the Company name from NMPI to UMPI since. The 3rd quarter of 2014. |
| | Sta. Cruz Island Corporation (SCIC) | Plant lease | 86.54 | 86.54 | 86.54 | - |
| NMPI | Nissan Auto Parts Manufacturing Corp. (NAPMC) | Manufacturing of cars and parts | 100.00 | 100.00 | 100.00 | - |
| Y-Teks | Yu-Hsin Intl Investment Co., Ltd. ("Yu-Hsin Intl") | Investments | 66.67 | 66.67 | 66.67 | - |
| Yu-Hsin Intl | Yu-Hsin Intl (H.K) Investment Co., Ltd. ("Yu-Hsin Intl HK) | Investments | 100.00 | 100.00 | 100.00 | - |
| Yu-Hsin IIntl HK | Hangchow Y-Teks Automotive Trim Parts ("Hangchow Y-Teks") | Manufacturing and sale of car interior furnishing and related business | 100.00 | 100.00 | 100.00 | - |
| | Changzhou Y-Teks Automotive Trim Parts (Changzhou Y-Teks") | Manufacturing and sale of car interior furnishing and related business | 51.00 | 51.00 | 51.00 | - |
| Union & NKH Auto Parts Company | Uni Investment Co., Ltd. ("Uni Investment") | Investments | 100.00 | 100.00 | 100.00 | - |
| Uni Investment | Fuzhou Lianghong Motor Parts Co., Ltd. ("Fuzhou Lianghong") | Manufacturing of car seats and developing the related market | 66.67 | 66.67 | 66.67 | - |
| | Hangchow Liangrun Motor Parts Co., Ltd. (Hangchow Liangrun") | Manufacturing of car seats and developing the related market | 100.00 | 100.00 | 100.00 | - |

(Continued)

| Investor | Investee | Main Businesses | % of Ownership | | | Remark |
|---|---|---|---|---|---|---|
| | | | September 30, 2014 | December 31, 2013 | September 30, 2013 | |
| Yueki | Yue Ki Industrial (Samoa) Co., Ltd. ("Yue Ki Samoa") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Yue Ki Investment (HK) Co., Ltd. ("Yue Ki HK") | Investments | 100.00 | 100.00 | 100.00 | - |
| Yue Ki | Hang Zhow Yue Wan Motor Parts Co., Ltd. ("Hang Zhow Yue Wan") | Manufacturing of key car components, electric cars and related parts | 100.00 | 100.00 | 100.00 | - |
| Yue Sheng | Y-Teks | Manufacturing and decorating and import and export of car parts; serving as car parts sales agent | 12.00 | 12.00 | 12.00 | The Group owned 34.04% of Y-Teks in the three reporting periods. |
| | Yueki | Manufacturing and sale of car components | 0.08 | 0.08 | 0.08 | The Group owned 50.66% of Yueki three reporting periods. |
| Yu Chang Company | Tian Wang Co., Ltd. | Sale of secondhand cars and related products | 100.00 | 100.00 | 100.00 | - |
| | Luxgen Kaohsiung Co., Ltd. ("Luxgen Kaohsiung") | Sale, maintenance and repair of cars and related products | 20.00 | 20.00 | 20.00 | The Group owned 80% of Luxgen Kaohsiung Co., Ltd. in the three reporting periods. |
| | KaoPing Tobe Co., Ltd | Sale of cars and parts | - | - | 100.00 | - |
| | Yu Chang China Investment Co., Ltd | Investments | 100.00 | 100.00 | 100.00 | - |
| Yu Chang China Investment Co., Ltd. | Ning Bo Yu Cheng Auto Sales & Service Co., Ltd. (Ning Bo Yu Cheng") | Sales, maintenance and repair of cars and parts | 49.00 | - | - | The Group wholly owned Ning Bo Yu Cheng in three reporting period. |
| Yu Ming | Chunmin Enterprise Co., Ltd. ("Chunmin") | Comprehensive retail of car parts | 100.00 | 100.00 | 100.00 | - |
| | Luxgen Motor Taichung Co., Ltd. ("Luxgen Taichung") | Sale, maintenance and repair of cars and related products | 20.00 | 20.00 | 20.00 | The Group owned 80% of Luxgen Taichung in the three reporting periods. |
| | Hong Yen Motor Ltd. ("Hong Yen") | Investments | 100.00 | 100.00 | 100.00 | - |
| | Yu Ming Insurance Co., Ltd | Property insurance | 100.00 | 100.00 | - | Established in the 4th quarter of 2013. |
| Hong Yen | Shanghai Yuming | Sale and maintenance of cars and parts | 49.00 | 49.00 | 49.00 | The Group wholly owned Shanghai Yuming in the three reporting periods. |
| Luxgen | Luxgen Taipei | Sale of cars and parts | 73.71 | 73.71 | 73.71 | The Group owned 75% of Luxgen Taipei in the three reporting periods. |
| | Luxgen Taoyuan | Sale, maintenance and repair of cars and parts | 60.00 | 60.00 | 60.00 | The Group owned 80% of Luxgen Taoyuan in the three reporting periods. |
| | Luxgen Taichung | Sale, maintenance and repair of cars and parts | 60.00 | 60.00 | 60.00 | The Group owned 80% of Luxgen Taichung in the three reporting periods. |
| | Luxgen Tainan | Sale, maintenance and repair of cars and parts | 60.00 | 60.00 | 60.00 | - |
| | Luxgen Kaohsiung | Sale, maintenance and repair of cars and parts | 60.00 | 60.00 | 60.00 | The Group owned 80% of Luxgen Kaohsuing in the three reporting periods. |
| | Luxgen Overseas Holdings Private Limited ("Luxgen Overseas Holdings") | Investments | 100.00 | 100.00 | 100.00 | - |
| Luxgen Overseas Holdings | Luxgen Motor Limited Liability Company ("Luxgen Limited Liability") | Sale of cars and parts | 99.99 | 99.99 | 99.99 | - |
| Qinton | Nandu TOBE Motor Co., Ltd. ("Nandu TOBE") | Sale, maintenance and repair of cars and parts | - | - | 100.00 | Nandu TOBE has been extinguished from combination with Qinton in the 4th quarter of 2013. |
| Yulon Energy Company | Power Engineering Co., Ltd. | Wholesale and retail of batteries | 100.00 | 100.00 | 100.00 | - |

(Concluded)

As of September 30, 2012 and January 1, 2012, the joint ventures that were accounted for using proportionate consolidation and included in the Group's consolidated financial statements were as follows:

| Investor | Investee | Main Businesses | % of Ownership September 30, 2013 | Remark |
|---|---|---|---|---|
| Yulon China (Hong Kong) Investment Co., Ltd | Dongfeng Yulon Motor Co., Ltd. | Manufacturing of key components of nonelectric and electric cars and related business | 50.00 | Note |
| Dongfeng Yulon Co., Ltd | Hang Zhou Xiaoshan Luxgen Automobile Parts Co., Ltd. | Manufacturing of key components of nonelectric and electric cars and related business | 100.00 | - |
| | Hang Zhou Dong Feng Motor Co., Ltd. | Manufacturing of trucks, cars, special vehicles and related parts | 100.00 | - |
| | Hang Zhou Hua Zhi Auto Sales & Services Co, Ltd. | Sale, maintenance and repair of cars and d parts | 40.00 | - |
| | Luxgen Hang Zhou Real Estate Co., Ltd. | Real estate management | 100.00 | - |

Note: Yulon China (Hong Kong) Investment Co., Ltd. discontinued the use of proportionate consolidation in recognizing its interests in Dongfeng Yulon Motor Co., when it ceased to have joint control of the investee on April 1, 2013. (Please refer to Note 16)

c. No subsidiaries were excluded from the consolidated financial statements.

**Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any noncontrolling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire, the excess is recognized immediately in profit or loss as a bargain purchase gain.

**Foreign Currencies**

In preparing the financial statements of each group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Nonmonetary items that are measured at historical cost in a foreign currency are recognized at the rates of exchange prevailing on the dates of the transactions and are not retranslated.

Exchange differences resulting from the settlement or translation of monetary items are recognized in profit and loss in the period when these differences arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income and are attributed to owner's equity or non-controlling interests.

In relation to a partial disposal of a subsidiary that does not result in the Group's losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to noncontrolling interests of the subsidiary, and no gain or loss is recognized. If a partial disposal results in the Group's loss of control over a subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

**Inventories**

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

Taiwan Acceptance Corporation (TAC) provides retailers with cars for the purpose of displays and sales, and charges display fees till the cars are sold. Before the ownership of cars is transferred to retailers, the cars are treated as TAC's inventories.

**Investments in Associates and Jointly Controlled Entities**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in making decisions on an investee's financial and operating policies but is not control or joint control over these policies. Joint venture arrangement that involved the establishment of a separate entity in which ventures have joint control over the economic activity of the entity are referred to as jointly control entities.

The results and assets and liabilities of associates (and jointly controlled entities) are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate (and jointly controlled entity) 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 (and jointly controlled entity). The Group also recognizes the changes in the Group's share of equity of associates (and jointly controlled entity) attributable to the Group.

When the Group subscribes for additional new shares of the associate (and jointly controlled entity) 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 (and jointly controlled entity). The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate (and jointly controlled entity), the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate (and jointly controlled entity) is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate (and jointly controlled entity) equals or exceeds its interest in that associate (and jointly controlled entity), 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 (and jointly controlled entity).

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate (and jointly controlled entity) recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent of the increase in the recoverable amount of the investment.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence and joint control. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate (and the jointly controlled entity) attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate (and the jointly controlled entity). The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate (and the jointly controlled entity) on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses from upstream, downstream and side stream transactions with an associate (and jointly controlled entity) are recognized in the Group's consolidated financial statements only to the extent of interests in the associate (and jointly controlled entity) that are not related to the Group.

**Joint Ventures**

Joint venture arrangements that involve the establishment of a separate entity in which ventures have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognizes its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

If the acquisition cost exceeds the Group's share of the net fair value of the identifiable assets and liabilities of a jointly controlled entity recognized at the date of acquisition, this excess is recognized as goodwill and is not amortized. If the Group's share of the net fair value of the identifiable assets and liabilities exceeds the cost of acquisition, this excess is recognized immediately in profit or loss.

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity 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.

Properties under construction are carried at cost less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 "Borrowing Costs." These properties are placed in the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets is similar to those of other property assets and starts when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each part of an item of property, plant and equipment with a cost that significant in relation to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

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

**Investment Properties**

Investment properties are properties held for earning rentals and/or for capital appreciation (including property under construction for these purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less accumulated depreciation and accumulated impairment loss. Cost includes professional fees and, borrowing costs eligible for capitalization. Depreciation of these assets starts when the assets are ready for their intended use.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

**Goodwill**

Goodwill arising from the acquisition of a business is carried at cost as established at the acquisition date less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units (CGUs), or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. But if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated, first to reduce the carrying amount of any goodwill allocated to the unit (group of units) and then to the other assets of the unit (group of units) pro rata based on the basis of the carrying amount of each asset in the unit (group of units). Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

**Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible assets before the end of their economic lives. A change in accounting estimate is treated prospectively.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**Impairment of Tangible and Intangible Assets Other Than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs. If a portion of the carrying amount of the asset can be allocated on a reasonable and consistent basis to the CGU, the Group compares the carrying amount of the CGU, including the portion of the asset carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied instead to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication of asset impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

On impairment loss reversal, the carrying amounts of the assets or CGUs are increased to the revised estimate of their recoverable amounts, but only to the extent of the carrying amounts that would have been determined had no impairment loss been recognized for the assets or cash-generating units in prior years. Reversals of impairment losses are 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 measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to 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. Categories

Financial assets are classified as follows:

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when they are either held for trading or designated as at fair value through profit or loss (FVTPL).

Financial assets may be designated as at FVTPL upon initial recognition if:

a) This designation eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring financial assets or financial liabilities on different bases; or

b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed in accordance with the Group's documented risk management or investment strategy and its performance is evaluated on a fair value basis, and information about the Company is provided internally on that basis to key management personnel; or

c) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of these unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

2) Held-to-maturity investments

Held-to-maturity investments are nonderivative financial assets with fixed or determinable payments and fixed maturity on which the Group has the positive intent and ability to hold to maturity. Furthermore, they are not designated as at fair value through profit or loss and are not classified as available-for-sale financial assets nor can they be considered loans and receivables. The central government bond, which the Group has the positive intent and ability to hold to maturity is classified as held-to maturity investments.

After initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

3) Available-for-sale financial assets (AFS financial assets)

Available-for-sale financial assets are nonderivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by the delivery of these unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

4) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

5) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment collectively even if they have been assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on trade receivables.

For financial assets carried at amortized cost, the impairment losses recognized are the differences between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

For financial assets measured at amortized cost, if the impairment losses decrease and the decreases can be related objectively to events occurring after impairment recognition, the previously recognized impairment losses are reversed through profit or loss to the extent that the carrying amounts of the investments at the date the impairments do not exceed what the amortized costs would have been had the impairments not been recognized.

When an available-for-sale (AFS) financial asset is considered impaired, cumulative loss previously recognized in other comprehensive income is reclassified to profit or loss in the impairment period. However, impairment loss on AFS equity securities previously recognized in profit or loss cannot be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. On available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

The carrying amounts of the financial assets are reduced by the impairment loss directly for all financial assets with the exception of trade receivables, of which the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited against the allowance accounts. Changes in the carrying amounts of the allowance accounts are recognized in profit or loss, except for uncollectible accounts receivable that are written off against the allowance account.

6) Derecognition of financial assets

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

On the full derecognition of a financial asset, the differences between the assets' carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Equity instruments

Debt and equity instruments issued by a Group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except in the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 32.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or on bond maturity. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The conversion option is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity, and when the conversion option is exercised, the balance recognized in equity will be transferred to capital surplus - conversion of convertible bonds. When the conversion option remains unexercised on bond maturity, the balance recognized in equity will be transferred to capital surplus - share premium. No gain or loss is recognized in profit or loss upon conversion or upon expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

e. Derivative financial instruments

The Group uses derivative financial instruments, such as forward exchange contracts, foreign currency option contracts and interest rate swaps, to manage its exposure to interest rate risks and exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, but if the derivative is designated and effective as a hedging instrument, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

**Hedge Accounting**

The Group designates certain hedging instruments as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss on the ineffective portion is recognized immediately in profit or loss.

**Provisions**

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Group's provision is for contracts with guarantees. For car loan contracts signed by the Group's customers with financial institutions, the Group provides payment guarantees as well as account management services. Under the contracts, the Group is responsible for the collection of loan repayments or will assume the risk of loss on uncollectable loans in the event of default. The provision is subsequently measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets".

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

**Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances. Sales returns are recognized at the time of sale if the Group can reliably estimate future returns and a liability for returns is recognized on the basis of previous experience and relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

1) The Group has transferred the significant risks and rewards of ownership of the goods to the buyer;

2) The Group retains neither continuing managerial involvement nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The transaction costs incurred or to be incurred can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Income from properties developed for sale is recognized when construction is complete, rewards of ownership of the properties are transferred to buyers, and collectability of the related receivables is reasonably assured. Deposits received on the sale of properties and installment payments are presented in the consolidated balance sheets under current liabilities.

Under the Group's reward scheme, sales of goods that result in reward credits for customers are accounted for as multiple-element revenue transactions, and the amount of the consideration received or receivable is recognized as deferred revenue at the time of sale and is allocated between the goods sold and the reward credits granted. When the reward credits are redeemed and the Group's related obligations are fulfilled, revenue is recognized and is calculated separately at the fair value of the sold goods and the fair value of the reward credits.

b. Rental income

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding on the leases.

c. Investment income

For security transactions by Leader Investment Company, Yung Hong Investment Company, Tai Yuen Venture Capital Company and Yu Hong Investment Company, the difference between a security carrying amount and the actual selling price is recognized in profit or loss when these Group entities transfer substantially all the risks and rewards of security ownership to another party.

d. Rendering of services

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

e. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and if it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

**Construction Contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract at the end of the reporting period and are measured on the basis of the percentage of contract costs incurred to date to the estimated total contract costs, except this measurement is not representative of actual substance. Variations in contract work, claims and incentive payments are included in revenue and cost calculation if their amounts can be measured reliably and if the receipt of these amounts is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the excess is shown as construction contracts receivable. When progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as construction contracts payable.

**Leasing**

Leases are classified as finance leases whenever the lease terms provide for the transfer of substantially all the risks and rewards of ownership to the lessee. Otherwise, the leases are classified as operating leases.

a. The Group as lessor

Rental income from an operating lease is recognized on a straight-line basis over the term of the lease.

b. The Group as lessee

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

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets until the time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their being spent on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Government Grants**

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should buy, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

**Retirement Benefit Costs**

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 curtailments, settlements, or other significant one-time events.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 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.

a. Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Impairment of property, plant and equipment

The impairment of property, plant and equipment was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

d. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

## 6. CASH AND CASH EQUIVALENTS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Cash on hand | $ 32,576 | $ 35,029 | $ 38,868 |
| Checking accounts and demand deposits | 17,619,138 | 10,827,328 | 10,195,620 |
| Cash equivalent | | | |
| Commercial paper | 25,227 | 18,876 | 18,692 |
| Time deposits with original maturities within 3 months | 1,676,566 | 1,682,559 | 2,113,721 |
| Repurchase agreements collateralized by bonds | 194,773 | 204,823 | 770,806 |
| | $ 19,548,280 | $ 12,768,615 | $ 13,137,708 |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Financial assets at fair value through profit or loss - current | | | |
| Financial assets at fair value through profit or loss | | | |
| Credit-linked instruments | $ 456,876 | $ 403,471 | $ 282,456 |
| Convertible bond asset swap | - | 120,208 | 120,211 |
| Principle guaranteed financial assets | 54,383 | 258,115 | 269,343 |
| Convertible bonds redemption rights and put provisions (Note 22) | 168 | - | - |
| | 511,427 | 781,794 | 672,010 |
| Financial assets held for trading | | | |
| Derivative financial assets (not under hedge accounting) | | | |
| Interest rate swap contracts (a) | 80 | - | - |
| Foreign exchange forward contracts (b) | 2,476 | - | 1,070 |
| Non-derivative financial assets | | | |
| Quoted stocks | 112,795 | 264,418 | 355,101 |
| Beneficial certificates - mutual funds | 5,616,150 | 1,553,979 | 2,145,296 |
| | 5,731,501 | 1,818,397 | 2,501,467 |
| | $ 6,242,928 | $ 2,600,191 | $ 3,173,477 |
| Financial assets at fair value through profit or loss - noncurrent | | | |
| Convertible preferred stock | $ - | $ - | $ 4 |
| Convertible bonds | - | - | 1 |
| | $ - | $ - | $ 5 |
| Financial liabilities at FVTPL - current | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities (not under hedge accounting) | | | |
| Interest rate swap contracts (a) | $ 22 | $ 3,607 | $ 4,241 |
| Foreign exchange forward contracts (b) | 2,374 | - | 915 |
| Convertible bond redemption rights and put provisions | - | 146 | 1,502 |
| | $ 2,396 | $ 3,753 | $ 6,658 |

a. The Group entered into interest rate swap contracts to hedge against exposures due to interest rate fluctuations of assets and liabilities. Interest rate swap contracts in the Company's possession did not qualify for hedge accounting; thus, the Group did not apply hedge accounting.

At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

| Notional Amounts (In Thousands) | Maturity Date | Range of Interest Rates Paid | Range of Interest Rates Received |
|---|---|---|---|
| September 30, 2014 | | | |
| $ 500,000 | 2015.01.26 | 0.88% | Note 1 |
| 500,000 | 2015.01.26 | 0.88% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| December 31, 2013 | | | |
| $ 600,000 | 2014.07.14 | 1.15% | Note 1 |
| 500,000 | 2014.07.01 | 1.18% | Note 1 |
| 300,000 | 2014.06.23 | 1.15% | Note 1 |
| 300,000 | 2014.08.04 | 1.14% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| 300,000 | 2014.12.30 | 0.90% | Note 1 |
| 100,000 | 2014.06.21 | 1.15% | Note 1 |
| September 30, 2013 | | | |
| $ 600,000 | 2014.07.14 | 1.15% | Note 1 |
| 500,000 | 2013.07.01 | 1.18% | Note 1 |
| 400,000 | 2013.12.20 | 1.18% | Note 1 |
| 300,000 | 2014.06.23 | 1.15% | Note 1 |
| 300,000 | 2014.08.04 | 1.14% | Note 1 |
| 100,000 | 2014.06.21 | 1.15% | Note 1 |

Note 1: Based on 90 day Reuters-6165 interest rate 2 operating days before issue date.

b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|---|---|---|---|
| September 30, 2014 | NTD/USD | 2014.11.21 | NTD149,575/USD5,000 |
| | USD/NTD | 2014.11.21 | USD5,000/NTD149,675 |
| September 30, 2013 | NTD/USD | 2013.12.03 | NTD89,574/USD3,000 |
| | USD/NTD | 2013.12.03 | USD3,000/NTD89,694 |

The Group entered into forward exchange contracts to hedge against exposures due to exchange rate fluctuations of assets and liabilities in foreign currency. Forward exchange contracts in the Group's possession did not qualify for hedge accounting; thus, the Group did not apply hedge accounting.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current | | | |
| Quoted stocks | $ 358,247 | $ 475,785 | $ 533,898 |
| Beneficial certificates - mutual funds | 69,666 | 130,561 | 130,360 |
| | $ 427,913 | $ 606,346 | $ 664,258 |
| Noncurrent | | | |
| Quoted stocks | $ 749,219 | $ 749,255 | $ 628,304 |
| Principle guaranteed financial assets | - | - | 96,536 |
| Others | 4,237 | 4,194 | 4,271 |
| | $ 753,456 | $ 753,449 | $ 729,111 |

## 9. HELD-TO-MATURITY FINANCIAL ASSETS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Noncurrent | | | |
| Bond investment - Applied Vacuum Coating Technology | $ - | $ - | $ 1 |
| Bond investment - Central Government Development Bonds | 18,135 | 18,482 | 6,110 |
| | $ 18,135 | $ 18,482 | $ 6,111 |

TAC and SCC have invested in Central Government Development Bonds with the yearly payment coupon rates of 3.75% and 1.42% and maturity dates of August 16, 2022 and February 13, 2021.

As of September 30, 2014, December 31, 2013 and September 30, 2013, Taiwan Acceptance Corporation (TAC) and Shin Shin Credit Corporation (SCC) pledged Central Government Development Bonds with the face value of $5,000 thousand, $5,400 thousand and $4,000 thousand respectively as guaranteed deposits for evidence of claims from the courthouse.

Yung Hong Investment Co. began to dispose bond investments of Applied Vacuum Coating Technology entirely since November 2013 and recognized disposal loss of $28,380 thousand.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Derivative financial assets under hedge accounting | | | |
| Cash flow hedges - interest rate swaps | $ - | $ 41 | $ 250 |
| Derivative financial liabilities under hedge accounting | | | |
| Cash flow hedges - interest rate swaps | $ 59 | $ 114 | $ - |

The Group entered into interest rate swap (IRS) contracts to mitigate the risk of adverse changes in interest rates on the cash flow exposure related to outstanding floating-rate debts. The terms of IRS contracts are identical to those for debts under hedging; thus, the Group's management considered these contracts a highly effective tool for hedging. The outstanding IRS contracts at the end of the reporting period were as follows:

| Notional Amounts (In Thousands) | Maturity Date | Interest Rates - Receipt | Interest Rates - Payment |
|---|---|---|---|
| September 30, 2014 | | | |
| $ 200,000 | 2015.02.20 | Note | 0.94% |
| 100,000 | 2016.09.29 | Note | 1.06% |
| December 31, 2013 | | | |
| $ 300,000 | 2014.01.16 | Note | 0.87% |
| 300,000 | 2014.01.13 | Note | 0.87% |
| 200,000 | 2015.02.20 | Note | 0.94% |
| September 30, 2013 | | | |
| $ 500,000 | 2013.12.27 | Note | 0.84% |
| 300,000 | 2014.01.16 | Note | 0.87% |
| 300,000 | 2014.01.13 | Note | 0.87% |
| 200,000 | 2015.02.20 | Note | 0.94% |

Note: Based on the 90 day Reuters-6165 fixed interest rate prevailing on two operating days before the IRS contract issue date.

## 11. FINANCIAL ASSETS MEASURED AT COST

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current | | | |
| Domestic unlisted common shares | $ 52,652 | $ 7,562 | $ 8,147 |

(Continued)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Noncurrent | | | |
| Domestic unlisted common shares | $ 609,519 | $ 844,838 | $ 1,043,711 |
| Others | 1,922 | 1,920 | 1,921 |
| | $ 611,441 | $ 846,758 | $ 1,045,632 |
| Classified according to financial asset measurement categories | | | |
| Available-for-sale financial assets | $ 664,093 | $ 854,320 | $ 1,053,779 |

(Concluded)

## 12. DEBT INVESTMENTS WITH NO ACTIVE MARKET

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current | | | |
| Reserve account | $ 296,662 | $ 375,714 | $ 400,602 |
| Pledged time deposits | 10,897 | 11,481 | 41,118 |
| Time deposits with original maturity more than 3 months | 2,198,914 | 2,183,331 | 697,018 |
| | $ 2,506,473 | $ 2,570,526 | $ 1,138,738 |
| Noncurrent | | | |
| Reserve account | $ 34,135 | $ 12 | $ 21,644 |
| Pledged time deposits | 11,741 | 14,035 | 11,918 |
| Time deposits with original maturity more than 3 months | 4,712 | 6,139 | - |
| | $ 50,588 | $ 20,186 | $ 33,562 |

Refer to Note 34 for information relating to debt investments with no active market pledged as security.

## 13. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Notes receivable | | | |
| Notes receivable - operating | $ 19,969,378 | $ 17,513,805 | $ 17,818,615 |
| Less: Allowance for impairment loss | (454,411) | (445,138) | (425,915) |
| Unrealized interest income | (1,209,502) | (1,062,087) | (1,054,344) |
| | $ 18,305,465 | $ 16,006,580 | $ 16,338,356 |

(Continued)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Trade receivables | | | |
| Trade receivables - operating | $ 45,937,221 | $ 36,757,850 | $ 34,176,766 |
| Less: Allowance for impairment loss | (971,571) | (925,505) | (868,187) |
| Unrealized interest income | (4,341,471) | (3,088,729) | (2,697,557) |
| | $ 40,624,179 | $ 32,743,616 | $ 30,611,022 |

(Concluded)

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Less than 90 days | $ 19,697 | $ 98,714 | $ 451,024 |
| 91-120 days | 4,128 | 174,196 | 11,315 |
| Over 120 days | 8 | 2,157 | 211 |
| | $ 23,833 | $ 275,067 | $ 462,550 |

The above aging schedule was based on the invoice date.

a. Trade and notes receivable

The average credit period for the sale of goods for "Brand segments" was 45 to 180 days. In assessing recoverability of its trade and notes receivables, the Group's management considers any changes in the counterparties' credit quality as of the balance sheet dates, including the financial and economic status of the counterparties, since the major counterparties were related parties.

The trade receivables for "Horizontal Segments" within the Group are composed of receivable acquisitions from external parties, receivables on the promotion of car loans and receivables on cars on display at auto shows. Principal and interests are collected monthly. For delayed payments, interests are accrued on the basis of the number of days that payments are outstanding. Based on past experience and macroeconomic factors, the receivable settlement period is 180 days, after which receivable amounts could be considered uncollectible or default could occur. However, collection periods exceeding 180 days are extremely unlikely. If receivables remain unsettled after 180 days, the amounts are written off.

The average credit period for the sale of goods by other "Supporting Segments" is 45 to 65 days. In assessing recoverability of its trade and notes receivables, the Group's management considers any changes in the counterparties' credit quality as of the balance sheet dates, including the financial and economic status of the counterparties, since the major counterparties were related parties.

For Taiwan and China-based retailers, overdue payments are reported to the Group's internal legal department for confirmation and collection.

The clients of the Group are widely spread and unrelated; thus, credit risk is limited.

b. Other financial assets - noncurrent

Movements in the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

| | Assessed Impairment Individually | Assessed Impairment by Group | Total |
|---|---|---|---|
| Balance at January 1, 2013 | $ 15,204 | $ 1,378,629 | $ 1,393,833 |
| Add: Impairment losses recognized on receivables | - | 339,270 | 339,270 |
| Less: Amounts written off as uncollectible | (720) | (240,841) | (241,561) |
| Loss of proportionate consolidation | - | (205,439) | (205,439) |
| Effect of exchange rate changes | - | 7,999 | 7,999 |
| Balance at September 30, 2013 | $ 14,484 | $ 1,279,618 | $ 1,294,102 |
| Balance at January 1, 2014 | $ 16,026 | $ 1,354,617 | $ 1,370,643 |
| Add: Impairment losses recognized on receivables | 16 | 406,182 | 406,198 |
| Less: Amounts written off as uncollectible | (2,055) | (349,144) | (351,199) |
| Effect of exchange rate changes | 9 | 331 | 340 |
| Balance at September 30, 2014 | $ 13,996 | $ 1,411,986 | $ 1,425,982 |

As of September 30, 2014, December 31, 2013 and September 30, 2013, included in the allowance for impairment loss were individually impaired trade receivables in related to customers that were in liquidation or in serve financial difficulties amounting to $13,996 thousand, $16,026 thousand and $14,484 thousand, respectively. The Group did not hold any collateral over these balances.

## 14. FINANCE LEASE RECEIVABLES

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Gross investment in leases | | | |
| Up to one year | $ 6,078,262 | $ 3,971,070 | $ 2,960,820 |
| More than one year and up to five years | 2,542,730 | 1,369,912 | 1,546,184 |
| | 8,620,992 | 5,340,982 | 4,507,004 |
| Less: Unearned finance income | (1,129,861) | (650,028) | (507,064) |
| Less: Allowance for uncollectible lease payments | (271,338) | (188,524) | (122,864) |
| Present value of minimum lease payments | $ 7,219,793 | $ 4,502,430 | $ 3,877,076 |

(Continued)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Finance lease receivables | | | |
| Up to one year | $ 5,152,646 | $ 3,443,861 | $ 2,562,496 |
| More than one year and up to five years | 2,338,485 | 1,247,093 | 1,437,444 |
| | 7,491,131 | 4,690,954 | 3,999,940 |
| Less: Allowance for uncollectible lease payments | (271,338) | (188,524) | (122,864) |
| Finance lease receivables | $ 7,219,793 | $ 4,502,430 | $ 3,877,076 |
| Current | $ 6,900,250 | $ 4,201,476 | $ 3,591,345 |
| Noncurrent | 319,543 | 300,954 | 285,731 |
| | $ 7,219,793 | $ 4,502,430 | $ 3,877,076 |

(Concluded)

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.23 years.

The implicit interest rates for the finance lease term were determined at the contract date. These interest rates for the nine months ended September 30, 2014 and 2013 were between 6.03% to 14.86% and 6.09% to 14.90%, respectively.

Movements in the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | 2014 | 2013 |
| Balance at January 1 | $ 188,524 | $ 75,840 |
| Add: Impairment losses recognized on receivables | 80,021 | 43,609 |
| Foreign exchange translation gains and losses | 2,793 | 3,415 |
| Balance at September 30 | $ 271,338 | $ 122,864 |

## 15. INVENTORIES

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Finished goods | $ 6,680,804 | $ 6,390,618 | $ 5,648,813 |
| Work in progress | 260,465 | 467,819 | 139,470 |
| Raw materials | 3,474,163 | 3,949,040 | 4,978,363 |
| | 10,415,432 | 10,807,477 | 10,766,646 |

(Continued)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Properties for sale | | | |
| Tai Yuen Hi-Tech Industrial Park | $ - | $ 10,950 | $ 10,951 |
| Tai Yuen Hi-Tech Industrial Park-second phase | - | 3,138 | 3,138 |
| Yu-Wen Garden | 2,584 | 2,584 | 2,584 |
| Hsin-Dian Da Feng section | 1,757 | 1,757 | 1,757 |
| | 4,341 | 18,429 | 18,430 |
| Construction land | | | |
| Zhong-Li Fushin Section | 75,348 | 75,348 | 75,348 |
| | $ 10,495,121 | $ 10,901,254 | $ 10,860,424 |

(Concluded)

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2014 and 2013 was $66,115,094 thousand and $47,220,345 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2014 and 2013 included inventory write-downs of $157,657 thousand and reversal of inventory write-downs of $51,870 thousand, respectively.

Refer to Note 34 for information relating to inventories pledged as security.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Investments in associates | $ 33,057,402 | $ 34,134,340 | $ 33,321,728 |
| Investments in jointly controlled entity | $ 41,235 | $ - | $ - |

a. Investments in associates

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Listed companies | | | |
| Yulon Nissan Motor Co., Ltd. | $ 11,524,728 | $ 12,352,617 | $ 11,056,159 |
| China Motor Company | 4,425,387 | 4,364,668 | 4,262,061 |
| Unlisted companies | | | |
| Tai-Yuen Textiles Co., Ltd. | 6,985,997 | 6,932,376 | 7,073,333 |
| DFYL (Note 1) | 4,267,153 | 4,698,053 | 5,526,306 |
| Tokio Marine Newa Insurance Co., Ltd. | 1,329,267 | 1,262,493 | 1,208,994 |
| Nhk-Uni Spring (Guangzhou) Co, Ltd | 1,022,513 | 920,989 | 846,559 |
| ROC-Spicer Ltd. | 647,741 | 660,580 | 611,960 |
| Dong Feng Yi Jin Industrial Co., Ltd | 571,393 | 589,269 | 571,231 |
| Haitec Co., Ltd. | - | 264,027 | 166,882 |
| Others | 2,283,223 | 2,089,268 | 1,998,243 |
| | $ 33,057,402 | $ 34,134,340 | $ 33,321,728 |

As of the end of the reporting period, the percentage of ownership and voting rights in the Group's associates were as follows:

| Associate | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Yulon Nissan Motor Co., Ltd. | 50.02% | 50.02% | 50.02% |
| China Motor Company | 8.87% | 8.87% | 8.87% |
| Tai-Yuen Textiles Co., Ltd. | 20.85% | 20.85% | 20.85% |
| DFYL (Note 1) | 50.00% | 50.00% | 50.00% |
| Tokio Marine Newa Insurance Co., Ltd. | 20.50% | 20.50% | 20.50% |
| Nhk-Uni Spring (Guangzhou) Co., Ltd | 40.00% | 40.00% | 40.00% |
| ROC-Spicer Ltd. | 20.48% | 20.48% | 20.48% |
| Dong Feng Yi Jin Industrial Co., Ltd | 34.00% | 34.00% | 34.00% |
| Haitec Co., Ltd. | 42.24% | 42.24% | 42.24% |
| Ding Lung Motor Co., Ltd. | 45.00% | 45.00% | 45.00% |
| Guang Zhou Ho Xi Co., Ltd | 22.70% | 22.70% | 22.70% |
| Liou Zhou Yu-Hsin Co., Ltd. | 20.00% | 20.00% | 20.00% |
| Chi Ho Company | 20.00% | 20.00% | 20.00% |
| Yuan Lon Motor Co., | 20.00% | 20.00% | 20.00% |
| Uni Calsonic Company | 17.68% | 17.68% | 17.68% |
| China Ogihara Company | 37.76% | 37.76% | 37.76% |
| China Engine Company | 18.95% | 18.95% | 18.95% |
| Hui-Lian Motor Co., Ltd. | 20.35% | 20.35% | 20.35% |
| Yu-Tang Motor Co., Ltd. | 21.25% | 21.25% | 21.25% |
| Cheng Long Co., Ltd. | 27.00% | 27.00% | 27.00% |
| Yulon Management Co., Ltd. | 33.00% | 33.00% | 33.00% |
| Dxmedia Co., Ltd. | 20.00% | 20.00% | 20.00% |
| Shin-Sheng Three Venture Capital Investment Co., Ltd | 20.58% | 20.58% | 20.58% |
| Hang Zhou Haitec Co., Ltd. | 22.00% | 22.00% | - |
| Nissan Philppines Inc. | 24.50% | - | - |

Note: Yulon China (Hong Kong) Investment Co., Ltd ceased the use of the proportionate consolidation accounting since it lost joint control of Hang Zhou Dong Feng Yulon Motor Co., Ltd. (DFYL) (April 2013).

As the end of the reporting period, since the Group's shares of net equity of Haitec and Hang Zhou Haitec were negative, the investments in those entities were reclassified to credit balance of investments accounted for by using equity method.

The Group controlled over 50% of the shares of Yulon Nissan Motor Co., Ltd. ("Yulon Nissan"). However, an assessment of core technologies and the supply of major materials showed that the Group did not exercise control over Yulon Nissan. Thus, Yulon Nissan was not considered a subsidiary within the Group.

The investments in China Motor Company, Uni-Calsonic Company and China Engine Company were accounted for by the equity method because despite the individual investments being less than 20%, the Group exercised significant influence on the investees' operating and financial policy decisions.

Equity in the earnings of China Motor Company and Tai-Yuen Textiles Co., Ltd. on their holdings of the Company's shares was accounted for by the treasury stock method.

A subsidiary of the Company, Yulon China (Hong Kong) Investment Co., Ltd, exercised joint control over DFYL, Luxgen Automobile Parts, Dong Feng Motors Co., Ltd. and Hang Zhou Luxgen Property Development Co., Ltd. After a board election in April 2013, the Group lost its joint control to an external joint venture shareholder. Thus the Group ceased to apply the proportionate consolidation method to these companies and used the equity method instead.

For the purpose of enhancing competitiveness and putting the specialization of manufacture and sales into practice, besides for coordination of integration of sales resources in Philippine required by Nissan Motors Company, the Group invested in Nissan Philippines, Inc., the joint venture which was established by Nissan Motor Co., Ltd., UMC Group and Yulon Nissan Philippine.

Fair values of investments in associates with shares for which there are published quoted prices are summarized as follows, based on the closing price of those investments at the balance sheet date:

| Associate | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Yulon Nissan Motor Company Ltd. | $ 45,840,275 | $ 63,321,100 | $ 50,341,775 |
| China Motor Company | 3,326,796 | 3,541,626 | 3,277,719 |

Except for Yulon Nissan Motor Company Ltd. and China Motor Company, investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been reviewed. The others were calculated based on the financial statements that have not been reviewed.

b. Investments in jointly controlled entities

The Group had interests in the following jointly controlled entity:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Unlisted company | | | |
| Zhe Jiang Cheng Yi Company | $ 41,235 | $ - | $ - |

At the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entity held by the Group were as follows:

| Jointly Controlled Entity | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Zhe Jiang Cheng Yi Company | 50.00% | - | - |

The Group exercises joint control over Zhe Jiang Cheng Yi Company with 50% of the ownership which is invested through Yulon China Motor Investment and Sinjiang Samoa. The main business of Zhe Jiang Cheng Yi is sale and brokerage of secondhand vehicles.

## 17. PROPERTY, PLANT AND EQUIPMENT

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Freehold land | $ 7,046,637 | $ 7,218,336 | $ 6,923,217 |
| Buildings | 4,434,648 | 4,555,681 | 4,450,342 |
| Equipment | 5,269,511 | 5,318,811 | 5,378,154 |
| Vehicles | 725,690 | 706,624 | 765,642 |
| Miscellaneous equipment | 2,022,897 | 2,214,341 | 1,665,729 |
| Assets leased to others | 15,135,017 | 14,833,102 | 14,897,642 |
| Property in construction | 386,371 | 307,421 | 461,897 |
| | $ 35,020,771 | $ 35,154,316 | $ 34,542,623 |

For the nine months ended September 30, 2014 and 2013, since the declining sale of one of the car models in the market, the estimated future cash flows expected to arise from the related model was decrease. Besides, one of the "Brand Segments" evaluated the recoverable amount of its buildings and determined the carrying amount exceeded the recoverable amount. As the result, the amount recognized of an impairment loss was $157,563 thousand and $94,216 thousand, respectively.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

| | |
|---|---|
| Buildings | 3-60 years |
| Equipment | 2-20 years or unit-of-production method |
| Vehicles | 4-5 years |
| Miscellaneous equipment | 1-15 years |
| Leased assets | 3 years or according to terms of lease |

Refer to Note 34 for the carrying amount of property, plant and equipment pledged by the Group as security for borrowings.

## 18. INVESTMENT PROPERTIES

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Investment properties | $ 9,942,564 | $ 9,725,906 | $ 10,028,497 |

The investment properties held by the Group were depreciated over their estimated useful lives, which were between 30 to 60 years, using the straight-line method.

As of December 31, 2013 and January 1, 2013, the fair values of the Group's investment property were $36,483,458 thousand and $23,467,804 thousand, respectively. While the fair value on December 31, 2013 which was appraised by an independent qualified professional appraiser, the fair value on January 1, 2013 was assessed by the Company's management using the estimation model usually used by the market. This valuation was achieved by considering transactions of similar properties as market evidences.

The Group's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties during the nine months ended September 30, 2014 and 2013.

## 19. INTANGIBLE ASSETS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Motor design and research and development outputs | $ 2,892,464 | $ 3,054,592 | $ 2,362,367 |
| Others | 267,364 | 352,964 | 479,658 |
| | $ 3,159,828 | $ 3,407,556 | $ 2,842,025 |

Luxgen ceased the technology licensing agreement of SUV model with Haitec in December 2010, and acquired vehicle model development cost of SUV model with DFYL from Haitec, simultaneously. In addition, the three parties amended the original agreement of acquisition in October 2011. According to the amended terms of agreement, remaining payments will be made in future years. Also under the agreement, the total payments obligated by Luxgen and DFYL were modified annually according to the proportion of quantities of SUV model sold and the quantities expected to be sold in the remaining life cycle by each side. After the adjustment for 2013, the total payments obligated by Luxgen and DFYL were $1,590,462 thousand and $6,256,538 thousand, respectively.

Luxgen ceased the technology licensing agreement of MPV model with Haitec in October 2011, and entrusted Haitec to design, research and develop MPV model with DFYL, simultaneously. According to the agreement of the trust, the total payment obligated by Luxgen was $1,384,800 thousand, and the remaining payments will be made in future years. The total payment of the trust obligated by DFYL was $5,539,200 thousand which was settled in 2012, and resulted in recognition of other intangible assets.

Luxgen and DFYL entrusted Haitec to develop GPS model in December 2012. According to the agreement of the trust, the total payment was $4,657,000 which was obligated by Luxgen amounting $612,861 thousand, and obligated by DFYL $4,044,139, respectively. In addition, due to the development of GPS model was accomplished and had been transferred to Luxgen which was recognized as intangible asset, the remaining payments will be made in future years.

Luxgen and DFYL entrusted Haitec to develop GPK model with DFYL. According to the agreement of the trust, the total payment was $2,855,000 thousand which included a subcontract amounting to $280,553 thousand that Hang Zhou Haitec was entrusted by DFYL. The other payment of the agreement was obligated by Luxgen amounting to $415,403 thousand and DFYL amounting to $2,159,044 thousand. In addition, due to the development output of GPK model was accomplished and had been transferred to Luxgen which was recognized as intangible asset, the remaining payments will be made in future years.

Except the amortization expense, the reduction of intangible asset was resulting from loss of proportionate consolidation since April 2013 amounting to $6,003,880 thousand.

For the three months and the nine months ended September 30, 2014, the amounts of impairment loss on intangible assets was $0 thousand and $90,550 thousand, respectively, since the estimated future cash flows of the intangible assets were reduced and resulted the recoverable amounts were lower than the carrying amounts.

Luxgen Company acquired intangible asset with installment payments. The future payments are made as follows:

| | |
|---|---|
| After 3rd quarter of 2014 | $ 350,859 |
| 2015 | 352,926 |
| 2016 | 102,336 |
| 2017 | 95,275 |
| | 901,396 |
| Less: Recognized as other payables (Note 23) | 615,553 |
| Recognized as long-term trade payables (Note 23) | $ 285,843 |

The above items of other intangible assets were depreciated on a straight-line basis over the estimated useful life of the asset:

| | |
|---|---|
| Computer software | 2-3 years |
| Vehicle model development cost | Units of production method |
| Others | 1-10 years |

## 20. PREPAYMENTS FOR LEASE OBLIGATIONS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current assets (included in other current assets) | $ 66,148 | $ 25,956 | $ 34,021 |
| Noncurrent assets | 599,154 | 464,183 | 252,536 |
| | $ 665,302 | $ 490,139 | $ 286,557 |

Prepaid lease payments include land use rights and prepaid lease payments for properties located in Taiwan and land use rights in Mainland China.

## 21. BORROWINGS

a. Short-term borrowings

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Secured borrowings (Note 34) | | | |
| Bank loans | $ 11,983,247 | $ 9,486,142 | $ 10,878,419 |
| Unsecured borrowings | | | |
| Line of credit borrowings | 18,479,742 | 14,557,185 | 13,656,280 |
| | $ 30,462,989 | $ 24,043,327 | $ 24,534,699 |

The range of interest rate on bank loans was 0.79%-8.95%, 0.78%-9.72%, and 0.78%-9.50% per annum as of September 30, 2014, December 31, 2013 and September 30, 2013, respectively.

b. Short-term bills payable

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Commercial paper | $ 42,561,167 | $ 33,002,546 | $ 30,984,211 |
| Less: Unamortized discount on bills payable | 83,409 | 51,198 | 48,129 |
| | $ 42,477,758 | $ 32,951,348 | $ 30,936,082 |

The range of interest rate on short-term bills payable was 0.96%-3.04%, 0.968%-2.230%, and 0.97%-1.69% per annum as of September 30, 2014, December 31, 2013 and September 30, 2013, respectively.

c. Long-term borrowings

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Secured borrowings | | | |
| Bank loans | $ 137,071 | $ 144,223 | $ 106,789 |
| Unsecured borrowings | | | |
| Commercial paper (recurring) | 1,597,020 | 998,573 | 798,115 |
| Line of credit borrowings | 205,205 | 219,875 | 286,659 |
| | 1,802,225 | 1,218,448 | 1,084,774 |
| Less: Current portion | 1,713,020 | 80,917 | - |
| Long-term borrowings | $ 226,276 | $ 1,281,754 | $ 1,191,563 |
| Interest rates | 1.088%-2.11% | 1.088%-2.66% | 1.69%-2.65% |
| Maturity date | 2019.09.19 | 2019.09.19 | 2019.09.19 |

## 22. BONDS PAYABLE

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Unsecured domestic bonds | $ 2,500,000 | $ 2,000,000 | $ 2,000,000 |
| Unsecured domestic convertible bonds | 821,400 | 1,530,500 | 2,161,100 |
| Less: Discounts on bonds payable | (32,203) | (76,100) | (115,059) |
| | 789,197 | 1,454,400 | 2,046,041 |
| | $ 3,289,197 | $ 3,454,400 | $ 4,046,041 |

a. Unsecured domestic bonds

Taiwan Acceptance Corporation (TAC) issued unsecured corporate bonds on June 10, 2011, December 26, 2011 and June 20, 2014 with issuance amounting to NT$1 billion, NT$1 billion and NT$1.5 billion, respectively, and the bonds have three-year maturities and simple interest rates of 1.27%, 1.24% and 1.12%, respectively, payable annually. The principal amounts of those bonds are repayable on the maturity date. Thus, the principal of the bond issued on June 10, 2011 had been repaid on June 10, 2014.

b. Unsecured domestic convertible bonds

On June 20, 2012, TAC issued its first five-year unsecured domestic convertible bonds, with a face value of $100 thousand and a total amount of NT$2.5 billion at a price of 100.5% and coupon rate of 0%. These bonds began to be traded on the GreTai Securities Market on the issue date also. During the issuance period between July 21, 2012 and June 10, 2017, except for the book closure period, bondholders are entitled to convert bonds into TAC's common shares at a conversion price of NT$72.15 per TAC share. In their meetings in 2014 and 2013, TAC's shareholders approved the issuance of per-share cash dividends of NT$4.98 and NT$3, respectively; thus, the bond conversion prices were adjusted to NT$63.32 and NT$67.24, respectively. In the period between 1 month after issuance and 40 days before the maturity date, if the closing price of TAC's stock listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive days or the total amount outstanding is below 10% of the amount of initial issuance, TAC has the right to redeem all the bonds outstanding at face value.

Thirty days before the end of the three years from bond issuance, bondholders have the right to exercise their put option and can thus request TAC to redeem the convertible bonds at face value.

The convertible bond has two components: The liability component and the equity component accounted for as "capital surplus - options." This capital surplus was initially recognized at $179,204 thousand. Transaction costs are apportioned between the liability and equity component of the convertible bonds on the basis of the allocation of proceeds to the liability and equity component when the bonds are initially recognized. Derivative and nonderivative components recognized amounted to $6,489 thousand and $2,322,657 thousand, respectively. The estimated fair value of derivative instruments as of September 30, 2014 was $168 thousand.

| | |
|---|---|
| Proceeds of the issue (less transaction costs $5,000 thousand) | $ 2,507,500 |
| Equity component | (179,204) |
| Deferred tax assets | 850 |
| Derivative financial liability component | (6,489) |
| Liability component at the date of issue | 2,322,657 |
| Interest charged at an effective interest rate of 1.471606585% | 61,650 |
| Convertible bonds converted into common shares | (1,595,110) |
| Liability component as of September 30, 2014 | $ 789,197 |

## 23. OTHER LIABILITIES

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current | | | |
| Other payables | | | |
| Equipment payables | $ 394,745 | $ 1,019,428 | $ 881,061 |
| Payables on vehicle model development cost | 615,553 | 1,331,297 | 1,077,733 |
| Accrued expense payable | 5,209,745 | 4,267,750 | 2,868,027 |
| Dividends payable | 95,841 | 92,423 | 101,120 |
| Entrusted loan payable | 1,631,590 | 1,613,222 | 1,587,535 |
| Others | 1,272,636 | 1,503,932 | 2,733,676 |
| | $ 9,220,110 | $ 9,828,052 | $ 9,249,152 |

(Continued)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Other liabilities | | | |
| Guarantee deposits received | $ 7,047,734 | $ 6,447,672 | $ 6,251,931 |
| Deferred revenue - customer loyalty plan | 87,594 | 63,905 | 72,588 |
| Others | 3,319,190 | 2,125,010 | 1,662,537 |
| | $ 10,454,518 | $ 8,636,587 | $ 7,987,056 |
| Noncurrent | | | |
| Other payables | | | |
| Payables on vehicle model development cost | $ 285,843 | $ 550,536 | $ 665,948 |
| Deferred revenue | | | |
| Subsidies from the government (Note) | $ 22,728 | $ 44,158 | $ 15,085 |
| Others | 54,736 | 54,549 | 40,526 |
| | $ 77,464 | $ 98,707 | $ 55,611 |
| Other liabilities | | | |
| Guarantee deposits received | $ 821,146 | $ 429,000 | $ 278,675 |
| Credit balance of investments accounted for by using equity method (Note 16) | 135,440 | - | - |
| Others | 25,410 | 33,433 | 216,658 |
| | $ 981,996 | $ 462,433 | $ 495,333 |

(Concluded)

Note: Under the Group's policy of promoting electric vehicles, Car-Plus Auto Leasing Corporation and other Group entities applied for subsidies under the government's "Intelligent Electric Vehicle Pioneering Program." The subsidies are intended to cover the expenses for equipment procurement and other components of the Group's electric vehicle production. As of September 30, 2014, subsidies received had amounted to $213,216 thousand (for the procurement of equipment for $127,164 thousand and related expense of $86,052 thousand). Based on the contract, subsidies for equipment are recognized over their useful lives. The amounts recognized as "Government subsidy revenue" for the three months ended September 30, 2014 and 2013 and for the nine months ended September 30, 2014 and 2013 were $8,285 thousand, $24,226 thousand, $24,078 thousand and $82,222 thousand, respectively. (Recognized as other operating revenue)

## 24. PROVISIONS

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current | | | |
| Financial guarantee provisions | $ 409,449 | $ 396,182 | $ 368,420 |
| Warranties | 944 | - | - |
| | $ 410,393 | $ 396,182 | $ 368,420 |
| Noncurrent | | | |
| Warranties | $ 1,114,505 | $ 906,056 | $ 644,124 |

The customers of TAC and SSC signed car loan contracts with banks, with TAC and SSC acting as car loan agents and providing customers with account management services. Under the contracts, TAC and SSC are responsible for repaying any uncollectable loans arising from customer default. TAC and Shinshin have estimated their potential financial guarantee loss on any default on the basis of past experience.

Sin Jang recognized provision cost based on the estimated amount of service costs during the terms of service warranties of the products.

The validity of warranties provided by Yulon Nissan Motor Co., Ltd. and Luxgen cars are limited to 3 years of purchase or mileage of under 10,000 kilometers. For Yulon General Motors and Renault cars, the limits are 2 years of purchase or mileage of under 10,000 kilometers. For Tobe cars, the limits are 3 years of purchase but with unlimited mileage. Provisions have been estimated for possible maintenance costs.

## 25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Operating cost | $ 7,981 | $ 13,966 | $ 37,625 | $ 56,212 |
| Marketing expenses | 963 | 2,904 | 2,287 | 4,632 |
| Administration expenses | 3,309 | 2,345 | 9,596 | 12,860 |
| Research and development expenses | 711 | 493 | 2,417 | 2,444 |
| | $ 12,964 | $ 19,708 | $ 51,925 | $ 76,148 |

## 26. EQUITY

a. Share capital

Ordinary shares

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Numbers of shares authorized (in thousands) | 2,000,000 | 2,000,000 | 2,000,000 |
| Shares authorized | $ 20,000,000 | $ 20,000,000 | $ 20,000,000 |
| Number of shares issued and fully paid (in thousands) | 1,572,920 | 1,572,920 | 1,572,920 |
| Shares capital | $ 15,729,199 | $ 15,729,199 | $ 15,729,199 |
| Capital surplus | 4,508,131 | 4,508,131 | 4,508,131 |
| | $ 20,237,330 | $ 20,237,330 | $ 20,237,330 |

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| May be used to offset a deficit, distribution as cash dividends, or transfer to share capital (Note) | | | |
| Capital surplus | $ 4,508,131 | $ 4,508,131 | $ 4,508,131 |
| Treasury stock | 1,977,684 | 1,969,397 | 1,969,397 |
| May not be used for any purpose | | | |
| Arising from change in investments in associates or joint ventures accounted for by using the equity method | 45,983 | 20,289 | - |
| | $ 6,531,798 | $ 6,497,817 | $ 6,477,528 |

Note: Such capital surplus 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 capital surplus and once a year).

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that legal reserve should be set aside at 10% of annual net income, less any accumulated deficit. The remainder of this income, less special reserve based on relevant laws and regulation, should be appropriated as follows:

1) 0.5% as remuneration to directors and supervisors;

2) 0.1%-5% as bonus to employees;

3) Dividends - in determining the ratio of cash dividends to stock dividends, the Company, as part of a mature and stable industry, takes into account the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the shareholders and the effect on the Company's financial ratios; dividend distribution is proposed by the Board of Directors and approved by the shareholders;

4) Additional special reserve may be appropriated for specific business purposes.

For the nine months ended September 30, 2014 and 2013, the estimated bonuses to employees were $17,798 thousand and $28,952 thousand, respectively, which were calculated as 0.7% and 1% of net income (net of the bonus and remuneration), net respectively; the estimated remunerations to directors and supervisors were $13,799 thousand and $13,389 thousand, respectively, which were calculated as 0.5% and 0.5% of net income, respectively, of net income (net of the bonus and remuneration), respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the financial statements are authorized for issue, the differences are recorded as a change in accounting estimate, recognized in the following year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. The fair value of the shares refer to the closing price (after considering the effect of cash and share dividends) of the shares on the day immediately preceding the shareholders' meeting.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC on April 6, 2012 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items. The Company also appropriates and reverses a special reserve in accordance with Rule No. 1030006415 issued by the FSC.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriation of earnings, including bonus to employees, and the remuneration to directors for 2013 and 2012, have been approved in the shareholders' meetings on June 19, 2014 and June 11, 2013, respectively. The appropriations and dividends per share were as follows:

| | Appropriation of Earnings | | Dividend Per Share (N.T. Dollars) | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Legal reserve | $ 237,118 | $ 295,522 | $- | $- |
| Special reserve | 3,146,000 | 1,300,000 | - | - |
| Cash dividend | 1,101,044 | 1,258,336 | 0.70 | 0.80 |

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Cash Dividends | Share Dividends | Cash Dividends | Share Dividends |
| Bonus to employees | $ 2,134 | $ - | $ 18,935 | $ - |
| Remuneration of directors and supervisors | 9,614 | - | 13,298 | - |

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisor approved in the shareholders' meetings on June 19, 2014 and June 11, 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012, respectively.

Information on the bonus to employees, directors and supervisors can be accessed on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserve

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | 2014 | 2013 |
| Balance at January 1 | $ 31,227,565 | $ 21,016,268 |
| Special reserve | | |
| Appropriation of earning | 3,146,000 | 1,300,000 |
| First time adoption of IFRSs | - | 8,911,297 |
| Balance at September 30 | $ 34,373,565 | $ 31,227,565 |

The Group appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were $8,255,468 thousand and $655,829 thousand, respectively.

If the special reserve appropriated on the first-time adoption of IFRSs relates to property, plant and equipment and investment property other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed.

e. Others equity items

1) Exchange differences on translating foreign operations

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | **2014** | **2013** |
| Balance at January 1 | $ 385,612 | $ (819,419) |
| Exchange differences arising on translating the foreign operations | 135,056 | 415,687 |
| Share of exchange differences of associates and jointly ventures accounted for using the equity method | 120,492 | 362,618 |
| Balance at September 30 | $ 641,160 | $ (41,114) |

2) Unrealized gains (losses) on available-for-sale financial assets

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | **2014** | **2013** |
| Balance at January 1 | $ 1,253,734 | $ 811,308 |
| Unrealized gains arising on revaluation of available-for-sale financial assets | (200) | 22,594 |
| Share of unrealized gains on available-for-sale financial assets of associates and jointly ventures accounted for using the equity method | 37,509 | 336,496 |
| Balance at September 30 | $ 1,291,043 | $ 1,170,398 |

3) Cash flow hedge

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | **2014** | **2013** |
| Balance at January 1 | $ (36) | $ 279 |
| Gain (loss) arising on changes in the fair value of hedging instruments | 8 | (148) |
| Balance at September 30 | $ (28) | $ 131 |

f. Noncontrolling interests

| | For the Nine Months Ended September 30 | |
|---|---|---|
| | **2014** | **2013** |
| Balance at January 1 | $ 9,666,346 | $ 8,248,129 |
| Attributable to noncontrolling interests: | | |
| Share of profit for the year | 472,392 | 35,545 |
| Exchange difference arising on translation of foreign entities | 29,731 | 139,833 |
| Unrealized gains on available-for-sale financial assets | (24,808) | 8,208 |
| Loss (gain) on fair value changes of cash flow hedges | 8 | (125) |
| Adjustment relating to changes in capital surplus of associates/jointly controlled entities accounted for using the equity method | 573 | (1,647) |
| Share of other comprehensive income of associates/jointly controlled entities accounted for using the equity method | 14,726 | 10,288 |
| Noncontrolling interest arising from acquisition of subsidiaries | - | 118,940 |
| Acquisition of noncontrolling interests in subsidiaries | - | (5,843) |
| Partial disposal of subsidiaries | 752,589 | 508,568 |
| Noncontrolling interest relating to differences between the consideration and carrying amount of the subsidiaries' net assets during disposal or acquisition | 132,854 | 69,608 |
| Cash dividends from subsidiaries | (877,312) | (485,475) |
| Capital return from subsidiaries | (154,416) | - |
| Others (loss of proportionate consolidation) | - | 2,314 |
| Balance at September 30 | $ 10,012,683 | $ 8,648,343 |

g. Treasury shares

| **Reasons for Redemption** | **Number of Shares, Beginning of Year** | **Addition During the Year** | **Reduction During the Year** | **Number of Shares, End of Year** |
|---|---|---|---|---|
| Nine months ended September 30, 2014 | | | | |
| Long-term investment of subsidiary transferred to treasury stock | 11,839 | - | - | 11,839 |
| Nine months ended September 30, 2013 | | | | |
| Long-term investment of subsidiary transferred to treasury stock | 11,839 | - | - | 11,839 |

The Company's shares held by subsidiaries as of September 30, 2014 and 2013 were as follows:

| Subsidiaries | Shares (In Thousands) | Amount (In Thousands) | Market Value (In Thousands) |
|---|---|---|---|
| September 30, 2014 | | | |
| Yu Ching Business Co., Ltd. | 11,838 | $ 538,650 | $ 538,650 |
| Yu Pong Business Co., Ltd. | 1 | 6 | 6 |
| | | $ 538,656 | $ 538,656 |
| December 31, 2013 | | | |
| Yu Ching Business Co., Ltd. | 11,838 | $ 639,277 | $ 639,277 |
| Yu Pong Business Co., Ltd. | 1 | 7 | 7 |
| | | $ 639,284 | $ 639,284 |
| September 30, 2013 | | | |
| Yu Ching Business Co., Ltd. | 11,838 | $ 586,004 | $ 586,004 |
| Yu Pong Business Co., Ltd. | 1 | 6 | 6 |
| | | $ 586,010 | $ 586,010 |

The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 27. NET PROFIT

Net profit contained the following components:

a. Other operating revenue

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Rental revenue | $ 15,461 | $ 10,854 | $ 42,923 | $ 25,075 |
| Commission revenue | 52,890 | 56,173 | 147,738 | 142,056 |
| Subsidy revenue | 1,126 | 15,008 | 2,104 | 25,998 |
| Others | 136,732 | 43,268 | 315,408 | 200,639 |
| | $ 206,209 | $ 125,303 | $ 508,173 | $ 393,768 |

b. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Gain on disposal of property, plant and equipment/ investment properties/ intangible asset | $ 3,879 | $ (16,881) | $ 21,348 | $ (24,615) |
| Gain on disposal of financial assets | 4,838 | (7,072) | 30,102 | 33,486 |
| Net foreign exchange gains (loss) | (108,189) | (46,512) | (172,650) | (33,487) |
| Net gain (loss) arising on financial assets designated as at FVTPL | 222 | 967 | 390 | (82) |
| Net loss arising on financial assets classified as held for trading | 14,502 | 47,108 | 10,637 | 35,836 |
| Net loss arising on financial liabilities designated as at FVTPL | (398) | 5,161 | (398) | 5,161 |
| Net gain arising on financial liabilities classified as held for trading | (822) | (1,543) | 1,610 | 47,792 |
| Others | (19,984) | (15,705) | (119,498) | (50,809) |
| | $ (105,952) | $ (34,477) | $ (228,459) | $ 13,282 |

c. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Interest on bank overdrafts and loans | $ 264,184 | $ 201,269 | $ 761,551 | $ 630,884 |
| Interest on corporate bonds | 11,294 | 14,143 | 32,179 | 42,616 |
| Other interest expense | 16,701 | 16,771 | 49,382 | 50,872 |
| | 292,179 | 232,183 | 843,112 | 724,372 |
| Less: Interest accounted for as operating cost | 195,675 | 157,556 | 541,706 | 456,221 |
| | $ 96,504 | $ 74,627 | $ 301,406 | $ 268,151 |

d. Interest revenue

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Interest revenue from acquired account receivables | $ 695,709 | $ 510,699 | $ 1,941,501 | $ 1,514,568 |
| Interest revenue from installment sales | 178,733 | 241,398 | 517,800 | 572,548 |
| Agency revenue | 236,860 | 137,625 | 724,484 | 506,754 |
| Others | 79,202 | 58,990 | 181,744 | 167,458 |
| | 1,190,504 | 948,712 | 3,365,529 | 2,761,328 |
| Less: Interest revenue accounted for as operating revenue | 1,114,209 | 887,251 | 3,189,906 | 2,599,661 |
| | $ 76,295 | $ 61,461 | $ 175,623 | $ 161,667 |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| An analysis of deprecation by function | | | | |
| Operating costs | $ 1,412,727 | $ 1,405,504 | $ 4,269,978 | $ 4,144,943 |
| Operating expenses | 213,258 | 162,576 | 617,685 | 507,032 |
| | $ 1,625,985 | $ 1,568,080 | $ 4,887,663 | $ 4,651,975 |
| An analysis of amortization by function | | | | |
| Operating costs | $ 65,745 | $ 67,653 | $ 223,712 | $ 283,245 |
| Operating expenses | 20,648 | 25,799 | 63,914 | 63,052 |
| | $ 86,393 | $ 93,452 | $ 287,626 | $ 346,297 |

f. Employee benefits expense

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Post-employment benefits | | | | |
| Defined contribution plans | $ 36,578 | $ 30,686 | $ 101,129 | $ 116,006 |
| Defined benefit plans | 12,964 | 19,708 | 51,925 | 76,148 |
| | 49,542 | 50,394 | 153,054 | 192,154 |
| Other employee benefits | 1,809,725 | 1,236,319 | 5,152,808 | 4,249,407 |
| | $ 1,859,267 | $ 1,286,713 | $ 5,305,862 | $ 4,441,561 |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | $ 874,449 | $ 596,189 | $ 2,379,683 | $ 1,910,431 |
| Operating expenses | 984,818 | 690,524 | 2,926,179 | 2,531,130 |
| | $ 1,859,267 | $ 1,286,713 | $ 5,305,862 | $ 4,441,561 |

g. Impairment losses/(reversed) on non-financial assets

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Property, plant and equipment | $ 17,319 | $ 37,800 | $ 157,563 | $ 94,216 |
| Inventories (recognized under operating cost) | 49,826 | 650 | 157,657 | (51,870) |
| Other intangible asset | - | - | 90,550 | - |
| | $ 67,145 | $ 38,450 | $ 405,770 | $ 42,346 |

## 28. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Current tax | | | | |
| In respect of the current year | $ 232,830 | $ 186,760 | $ 811,724 | $ 783,636 |
| In respect of prior periods | 15,185 | (1,593) | (135,254) | (7,188) |
| | 248,015 | 185,167 | 676,470 | 776,448 |
| Deferred tax | | | | |
| In respect of the current year | (1,328) | 29,237 | 28,605 | 34,809 |
| Income tax expense recognized in profit or loss | $ 246,687 | $ 214,404 | $ 705,075 | $ 811,257 |

b. Information on integrated income tax was as follows:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Unappropriated earnings | | | |
| Unappropriated earnings generated before January 1, 1998 | $ - | $ - | $ 132,112 |
| Unappropriated earnings generated on and after January 1, 1998 | 3,966,269 | 6,072,762 | 6,424,913 |
| | $ 3,966,269 | $ 6,072,762 | $ 6,557,025 |
| Imputation credits accounts (ICA) | $ 386,567 | $ 670,914 | $ 754,841 |

The creditable ratios for the distribution of earnings of 2013 and 2012 were 16.50% (expected ratio) and 15.15%, respectively.

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

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

c. Income tax cleared

The tax returns through 2012, have been cleared by the tax authorities.

## 29. EARNINGS PER SHARE

**Unit: NT$ Per Share**

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Basic earnings per share | $ 0.80 | $ 0.45 | $ 1.73 | $ 1.82 |
| Diluted earnings per share | $ 0.80 | $ 0.45 | $ 1.73 | $ 1.82 |

The weighted average number of shares outstanding used for the earnings per share computation was as follow:

**Net Profit for the Year**

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Earnings used in the computation of basic earnings per share | $ 1,172,649 | $ 651,609 | $ 2,535,337 | $ 2,660,223 |
| Earnings used in the computation of diluted earnings per share from continuing operations | $ 1,172,649 | $ 651,609 | $ 2,535,337 | $ 2,660,223 |

**Shares**

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Weighted average number of ordinary shares in computation of basic earnings per share | 1,462,807 | 1,462,807 | 1,462,807 | 1,462,807 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Bonus issue to employees | 397 | 585 | 425 | 815 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 1,463,204 | 1,463,392 | 1,463,232 | 1,463,622 |

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

## 30. OPERATING LEASE ARRANGEMENTS

Offices were pleased with monthly rental payments by the Group. The future minimum lease payments of non-cancellable operating lease commitments were as follows:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Not later than 1 year | $ 688,764 | $ 705,530 | $ 662,053 |
| Later than 1 year and not later than 5 years | 1,662,384 | 1,690,364 | 1,811,453 |
| Later than 5 years | 428,569 | 494,433 | 444,870 |
| | $ 2,779,717 | $ 2,890,327 | $ 2,918,376 |

## 31. CAPITAL MANAGEMENT

The Group manages its capital to ensure it will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to any externally imposed capital requirements.

The Group's management reviews the capital structure whenever necessary. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the management's recommendations, the Group expects to balance its capital structure by paying dividends, borrowing new loans or repaying original loans.

## 32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

| | September 30, 2014 | | December 31, 2013 | | September 30, 2013 | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | | |
| Held-to-maturity investments | $ 18,135 | $ 17,970 | $ 18,482 | $ 18,152 | $ 6,111 | $ 5,843 |
| Financial liabilities | | | | | | |
| Convertible bonds | 789,197 | 1,006,215 | 1,454,400 | 1,760,075 | 2,046,041 | 2,413,949 |
| Corporate bonds | 2,500,000 | 2,498,457 | 2,000,000 | 2,000,970 | 2,000,000 | 2,001,194 |

2) Fair value measurements recognized in the balance sheets

The financial instruments that are measured subsequent to initial recognition at fair value by the Group, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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

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

September 30, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 2,556 | $ - | $ 2,556 |
| Non-derivative financial assets held for trading | 5,728,945 | - | - | 5,728,945 |
| Others | - | 168 | 511,259 | 511,427 |
| | $ 5,728,945 | $ 2,724 | $ 511,259 | $ 6,242,928 |
| Available-for-sale financial assets | $ 1,107,466 | $ - | $ - | $ 1,107,466 |
| Domestic listed common shares | 69,666 | 4,237 | - | 73,903 |
| Others | | | | |
| | $ 1,177,132 | $ 4,237 | $ - | $ 1,181,369 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 2,455 | $ - | $ 2,455 |

December 31, 2013

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 41 | $ - | $ 41 |
| Non-derivative financial assets held for trading | 1,818,397 | - | - | 1,818,397 |
| Others | - | 120,208 | 661,586 | 781,794 |
| | $ 1,818,397 | $ 120,249 | $ 661,586 | $ 2,600,232 |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Available-for-sale financial assets | | | | |
| Domestic listed common shares | $ 1,225,040 | $ - | $ - | $ 1,225,040 |
| Others | 130,561 | 4,194 | - | 134,755 |
| | $ 1,355,601 | $ 4,194 | $ - | $ 1,359,795 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 3,721 | $ 146 | $ 3,867 |

(Concluded)

September 30, 2013

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 1,320 | $ - | $ 1,320 |
| Non-derivative financial assets held for trading | 2,500,397 | - | - | 2,500,397 |
| Others | - | 120,216 | 551,799 | 672,015 |
| | $ 2,500,397 | $ 121,536 | $ 551,799 | $ 3,173,732 |
| Available-for-sale financial assets | | | | |
| Domestic listed common shares | $ 1,162,202 | $ - | $ - | $ 1,162,202 |
| Principle guaranteed financial assets | - | - | 96,536 | 96,536 |
| Others | 130,360 | 4,271 | - | 134,631 |
| | $ 1,292,562 | $ 4,271 | $ 96,536 | $ 1,393,369 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 5,156 | $ 1,502 | $ 6,658 |

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

3) Reconciliation of Level 3 fair value measurements of financial assets

For the nine months ended September 30, 2014

| | Financial Assets at Fair Value Through Profit or Loss Held for Trading | Available-for-sale Financial Assets | | Total |
|---|---|---|---|---|
| | | Equity Instruments | Others (Describe) | |
| Balance at January 1, 2014 | $ 661,586 | $ - | $ - | $ 661,586 |
| Total gains or losses | | | | |
| In profit or loss | 6,351 | - | - | 6,351 |
| Purchases | 3,755,749 | - | - | 3,755,749 |
| Disposals/settlements | (3,915,351) | - | - | (3,915,351) |
| Effect of foreign currency exchange differences | 2,924 | - | - | 2,924 |
| Balance at September 30, 2014 | $ 511,259 | $ - | $ - | $ 511,259 |

For the nine months ended September 30, 2013

| | Financial Assets at Fair Value Through Profit or Loss Held for Trading | Available-for-sale Financial Assets | | Total |
|---|---|---|---|---|
| | | Equity Instruments | Others (Describe) | |
| Balance at January 1, 2013 | $ 188,775 | $ 680,541 | $ - | $ 869,316 |
| Total gains or losses | | | | |
| In profit or loss | 263 | 12,484 | - | 12,747 |
| Purchases | 1,047,107 | 1,136,012 | - | 2,183,119 |
| Disposals/settlements | (684,346) | (699,369) | - | (1,383,715) |
| Effect of foreign currency exchange differences | - | 20,413 | - | 20,413 |
| Loss of proportionate consolidation | - | (1,053,545) | - | (1,053,545) |
| Balance at September 30, 2013 | $ 551,799 | $ 96,536 | $ - | $ 648,335 |

b. Categories of financial instruments

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Financial assets | | | |
| Fair value through profit or loss (FVTPL) | | | |
| Held for trading | $ 5,731,501 | $ 1,818,397 | $ 2,501,467 |
| Designated as at FVTPL | 511,427 | 781,794 | 672,015 |
| Derivative instruments in designated hedge accounting relationships | - | 41 | 250 |
| Held-to-maturity investments | 18,135 | 18,482 | 6,111 |
| Loans and receivables (Note 1) | 90,683,095 | 71,128,692 | 67,554,451 |
| Available-for-sale financial assets (Note 2) | 1,845,462 | 2,214,115 | 2,447,148 |
| Financial liabilities | | | |
| Fair value through profit or loss (FVTPL) | | | |
| Held for trading | 2,396 | 3,753 | 6,658 |
| Derivative instruments in designated hedge accounting relationships | 59 | 114 | - |
| Amortized cost (Note 3) | 109,265,210 | 88,966,995 | 86,578,623 |
| Financial guaranteed contracts | 409,449 | 396,182 | 368,420 |

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, and notes and trade receivables, finance lease receivables and other receivables.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term loans and bills payables, notes payable, trade and other payables, corporate bond payables, long-term loans and other payables, guarantee deposits received and current portion of long-term borrowings.

c. The purpose and strategy of financial risk management

In order to develop a clear direction and system for the Group to analyze, execute and respond to financial risk, it is of great importance to clarify the definition and the purpose of financial risk management prior to the establishment of related critical issues and policies. Through the process of financial risk management, the Group manages the financial risks relevant to the daily operation, including market risk (foreign exchange rate risk, interest rate risk, other price risk), credit risk, and liquidity risk. The Group strives to identify, evaluate and decrease market uncertainty to mitigate influence of the market fluctuation towards its financial performance.

1) Financial risk management is defined by the Group as: To achieve various methods to control and handle risks by assessing direct and indirect potential risks affecting Group's financial status. By minimizing "cost of risk", the Group ensures operation security and continue as going concern.

2) The critical issues of financial risk management: The Group emphasizes precautions in advance as well as controls during the ongoing process. In the event, with precautions and controls in place, of inevitable loss or discrepancies with Group's operational goal, post-event measures are to be taken to deter or ease the unfavorable factors and retain the Group's ongoing development. The source of financial risk includes external and internal factors. The key points of management, control mechanisms, and management tools of precautions, controls during the ongoing process and post-event measures are as follows:

a) Precautions

Key points of management

i. Business Planning: The goal is for the Group to launch its business basing on key performance indicators that are clearly defined. The future operating guidelines and programs, from short term to long term, are also explicitly stated. In addition, goals and ways of achieving it for financial functions will also be specifically described within business planning.

ii. Identification of risk and establishment of indicator: This is based on the previous phase of key points of management, to identify potential risks and its monitoring indicators.

Control mechanisms

i. Business Planning and adjustment: This is achieved by mid-term operating prospectus.

ii. Macro-economic and study of laws and regulation: The Group invites external professional and scholars for workshops regarding current economic status and updates on laws and regulations nonscheduled.

Management tools

i. Research reports on micro and macro-economics: This includes reports on foreign exchange rates, interest rates and economic growths around the world.

ii. Operating prospectus: This is the Group's mid-term operating prospectus.

iii. Articles of incorporation: Clearly states in the Group's article of incorporation the management measures and the standard of risk indicator.

b) Controls during the ongoing process

Key points of management

i. Assessment and monitor of risk: Carry out instant or periodical monitoring towards defined critical risk indicator and related financial process.

ii. Risk feedbacks: The information system automatically sends reports regarding financial operation and indicator statistics simultaneously or periodically to the management of the Group. Internal audit teams are assigned, according to yearly or quarterly audit plans, to conduct audits relating to financial risk management of the Group and its subsidiaries. Internal audit teams are also assigned to conduct audits regarding financial risk management indicators and execution results.

Control mechanisms

i. Internal audit: Each financial sub-unit within the Group manages, controls and conducts independent internal audits after audit plans are proposed to the management.

ii. Financial management system and procedures: The Group establishes financial management system and monitors daily operations and specifically designated risks.

Management tools

i. BIS (Business Intelligent System) reports and alerts: The Group utilizes BIS to provide feedbacks for important operation related financial indicators monthly, at least.

ii. Monthly reports on profits of the Group and its subsidiaries: Operating profit and loss reports are summarized monthly, particularly including analytical summaries and reviews of items not meeting standards set by the management.

iii. Internal audit report: Internal audit reports are issued by the internal audit team including the execution and result of financial risk management.

iv. Reports on capital financing and balance of endorsement: The Group issues a summary report of capital financing and balance of endorsement monthly for the prior month.

v. ERP, DMS and SAP system verifications: Operating management systems from external parties assist in verification, and strengthens the Group's financial risk management.

c) Post-event measures

Key points of management

i. Reasons and strategies for statistical deviations: Internal and external comprehension should be assembled, when abnormal outcomes arise for critical financial management indicators, to determine a corresponding strategy.

ii. Execution and follow-ups on strategy: The Group keeps track of the execution of the corresponding strategy mentioned in the previous phase, determined for the statistics to improve.

Control mechanisms

i. Analysis and feedbacks for unattainable indicators: The Group reviews the cause of unattainable financial management indicators in periodical reports and management meetings. In addition, improvement plans and schedules are also considered in management meetings.

ii. Board and financial meetings: The Group summons board meetings and review of financial management meetings on a timely basis, to ensure that the related financial risk management matters be resolved promptly, if not simultaneously.

Management tools

i. Reports on unfavorable factors and impacts: The Group lists the impacts of unattainable indicators and its actual status within its internal financial reports.

ii. Board meeting reports: The execution of financial risk management is summarized in the board meeting reports.

iii. Endorsement valuation report: Balance of endorsement is assessed and evaluated on a timely basis whether it conforms to local regulations and corporate rules.

iv. Periodic review meetings according to corporate classifications: The Group holds comprehensive review meetings periodically for different corporate classifications, which is in accordance to their different industry attributes.

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Group was mainly exposed to the fluctuations in foreign exchange rates of USD, RMB and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies 1% 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 foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

| | **USD Impact** | | **RMB Impact** | |
|---|---|---|---|---|
| | **For the Nine Months Ended September 30** | | **For the Nine Months Ended September 30** | |
| | **2014** | **2013** | **2014** | **2013** |
| Profit or loss | $ 55,792 | $ 23,891 | $ (66,645) | $ (14,880) |

| | **JPY Impact** | | **EUR Impact** | |
|---|---|---|---|---|
| | **For the Nine Months Ended September 30** | | **For the Nine Months Ended September 30** | |
| | **2014** | **2013** | **2014** | **2013** |
| Profit or loss | $ 664 | $ 390 | $ (484) | $ (452) |

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Fair value interest rate risk | | | |
| Financial assets | $ 55,716,435 | $ 45,983,227 | $ 44,368,290 |
| Financial liabilities | 45,766,955 | 36,405,748 | 34,982,123 |
| Cash flow interest rate risk | | | |
| Financial assets | 17,818,523 | 11,026,827 | 10,442,078 |
| Financial liabilities | 33,303,681 | 27,043,021 | 27,714,292 |

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2014 and 2013 would decrease by $116,139 thousand and $129,542 thousand, respectively,

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The Group assesses equity price risk using sensitivity analysis.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, as of September 30, 2014 and 2013, fair values of available-for-sale investments and held-for-trading investments for the nine months ended September 30, 2014 and 2013 would have decreased by $69,061 thousand and $37,930 thousand, respectively.

4) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

It is the Group's policy that transactions only be dealt with credit worthy counter parties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms be renewed after careful reexamination to ensure credit risk of counter parties are within the scope of the Group.

The Group analyzes its numerous trade receivable clients' financial status continuously.

5) 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.

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, 2014, December 31, 2013 and September 30, 2013, the Group had available unutilized short-term bank loan facilities of $50,315,397 thousand, $43,887,999 thousand and $41,686,634 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. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2014

| | Less than 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|
| Non-derivative financial liabilities | | | |
| Variable interest rate liabilities | $ 32,791,562 | $ 512,119 | $ - |
| Fixed interest rate liabilities | 42,477,758 | 3,289,197 | - |
| Financial guarantee contracts | 10,713,091 | - | - |
| | $ 85,982,411 | $ 3,801,316 | $ - |

December 31, 2013

| | Less than 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|
| Non-derivative financial liabilities | | | |
| Variable interest rate liabilities | $ 25,210,732 | $ 1,832,289 | $ - |
| Fixed interest rate liabilities | 32,951,348 | 3,454,400 | - |
| Financial guarantee contracts | 10,279,141 | - | - |
| | $ 68,441,221 | $ 5,286,689 | $ - |

September 30, 2013

| | Less than 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|
| Non-derivative financial liabilities | | | |
| Variable interest rate liabilities | $ 25,612,431 | $ 2,101,861 | $ - |
| Fixed interest rate liabilities | 30,936,082 | 4,046,041 | - |
| Financial guarantee contracts | 9,569,258 | - | - |
| | $ 66,117,771 | $ 6,147,902 | $ - |

The amount of variable interest rate liabilities included above varies as to the different floating rates estimated at the balance sheet date.

As of September 30, 2014, December 31, 2013 and September 30, 2013, the amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. The Group has estimated the probabilities of default and recognized related provisions. (See Note 24)

## 33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Operating revenue

1) Sales of goods

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| **Related Parties Types** | **2014** | **2013** | **2014** | **2013** |
| Associates | $ 8,016,226 | $ 7,872,909 | $ 25,215,049 | $ 20,785,355 |
| Other related parties | 346,175 | 963 | 1,225,370 | 1,421,240 |
| Joint ventures | - | - | - | 477,855 |
| | $ 8,362,401 | $ 7,873,872 | $ 26,440,419 | $ 22,684,450 |

2) Other operating revenue

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| **Related Parties Types** | **2014** | **2013** | **2014** | **2013** |
| Associates | $ 371,789 | $ 203,286 | $ 1,018,141 | $ 729,010 |
| Other related parties | 18,715 | 16,611 | 62,891 | 62,063 |
| Joint ventures | - | - | - | 12,411 |
| | $ 390,504 | $ 219,897 | $ 1,081,032 | $ 803,484 |

3) Installment sales interest subsidies revenue

| Related Parties Types | For the Three Months Ended September 30 2014 | 2013 | For the Nine Months Ended September 30 2014 | 2013 |
|---|---|---|---|---|
| Associates | $ 103,197 | $ 123,933 | $ 351,362 | $ 364,151 |
| Other related parties | 406 | 510 | 1,298 | 2,569 |
| | $ 103,603 | $ 124,443 | $ 352,660 | $ 366,720 |

4) Acquisition of receivables

| Related Parties Types | For the Three Months Ended September 30 2014 | 2013 | For the Nine Months Ended September 30 2014 | 2013 |
|---|---|---|---|---|
| Associates | $ 1,360,969 | $ 1,552,862 | $ 4,562,898 | $ 4,578,655 |
| Other related parties | 80,361 | 88,220 | 225,690 | 302,181 |
| | $ 1,441,330 | $ 1,641,082 | $ 4,788,588 | $ 4,880,836 |

b. Purchases of goods

| Related Parties Types | For the Three Months Ended September 30 2014 | 2013 | For the Nine Months Ended September 30 2014 | 2013 |
|---|---|---|---|---|
| Associates | $ 15,850,717 | $ 9,978,921 | $ 37,203,639 | $ 22,979,701 |
| Other related parties | 2,010,779 | 2,175,176 | 8,093,513 | 6,123,040 |
| Joint ventures | - | - | - | 445,880 |
| | $ 17,861,496 | $ 12,154,097 | $ 45,297,152 | $ 29,548,621 |

c. Operating cost

| Related Parties Types | For the Three Months Ended September 30 2014 | 2013 | For the Nine Months Ended September 30 2014 | 2013 |
|---|---|---|---|---|
| Associates | $ 98,872 | $ 94,746 | $ 239,498 | $ 236,443 |
| Other related parties | 5,476 | - | 19,498 | 24,124 |
| | $ 104,348 | $ 94,746 | $ 258,996 | $ 260,567 |

d. Acquisition of assets for lease

| Related Parties Types | For the Three Months Ended September 30 2014 | 2013 | For the Nine Months Ended September 30 2014 | 2013 |
|---|---|---|---|---|
| Associates | $ 51,267 | $ 46,406 | $ 139,954 | $ 104,443 |
| Other related parties | 162,930 | 98,343 | 507,551 | 367,667 |
| | $ 214,197 | $ 144,749 | $ 647,505 | $ 472,110 |

e. Commissions paid

| Related Parties Types | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Associates | $ 53,653 | $ 17,392 | $ 148,958 | $ 119,171 |
| Other related parties | - | 14 | 31 | 14 |
| | $ 53,653 | $ 17,406 | $ 148,989 | $ 119,185 |

f. On the balance sheet dates, the amounts receivable from related parties were as follow:

1) Notes and trade receivable

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 3,301,306 | $ 1,844,564 | $ 2,724,128 |
| Other related parties | 141,841 | 338,895 | 159,348 |
| | $ 3,443,147 | $ 2,183,459 | $ 2,883,476 |

2) Other financial assets

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 546,977 | $ 596,610 | $ 432,621 |
| Other related parties | 23,417 | 77,552 | 51,246 |
| | $ 570,394 | $ 674,162 | $ 483,867 |

g. On the balance sheet dates, the amounts payable to related parties were as follow:

1) Notes and trade payables

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 6,962,745 | $ 3,992,796 | $ 3,499,813 |
| Other related parties | 609,426 | 901,607 | 622,783 |
| | $ 7,572,171 | $ 4,894,403 | $ 4,122,596 |

2) Other payables

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 2,411,975 | $ 3,620,489 | $ 2,993,807 |
| Other related parties | 11,788 | 23,598 | 3,428 |
| | $ 2,423,763 | $ 3,644,087 | $ 2,997,235 |

3) Long-term payables

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 285,843 | $ 550,536 | $ 665,948 |

h. Endorsement/guarantee provided

Information about endorsement/guarantee provided please see Table 2.

i. Compensation of key management personnel

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Short-term employee benefits | $ 17,380 | $ 15,080 | $ 50,596 | $ 46,526 |
| Post-employment benefits | 418 | 944 | 1,707 | 2,981 |
| | $ 17,798 | $ 16,024 | $ 52,303 | $ 49,507 |

The compensation of the board members and the Group's management is determined by the remuneration committee based on personal performances and market conditions.

## 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or the tariff of imported raw materials guarantees:

| Related Parties Types | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Notes and trade receivables | $ 3,690,987 | $ 2,898,857 | $ 4,554,139 |
| Property, plant and equipment | 922,282 | 945,019 | 933,716 |
| Vehicle certificates | 1,409,343 | 1,389,168 | 810,587 |
| Reserve account and pledged time deposits (classified as debt investments with no active market) | 353,435 | 401,242 | 475,283 |
| Others | 93,066 | 193,874 | 190,285 |
| | $ 6,469,113 | $ 5,828,160 | $ 6,964,010 |

## 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other Notes, information on significant contingent liabilities and unrecognized commitments on the balance sheet date is as follows:

a. The Company has a manufacturing contract with Yulon Nissan Motor Co., Ltd. (YNM) the original validity of five years from November 1, 2003 to October 31, 2008. Since then, this contract has been automatically renewed; this contract will be terminated on either party's issuance of a notice of discontinuance within three months before the end of the contract. The contract states that YNM has authorized the Company to manufacture Nissan automobiles and parts, and YNM is responsible for the subsequent development of new automobile parts. The volume of the Company's manufacturing

should be based on YNM's sales projection for the year. In addition, YNM has entrusted to the Company the provision of warranty services.

YNM is responsible for developing new car models, refining designs, and providing the Company with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

b. Luxgen Motor Co., Ltd. ("Luxgen") entrusted to the Company the assembly of cars, the manufacturing and selling license for which had been given by Haitec Co., Ltd. ("Haitec") to Luxgen. This car assembly is based on a five-year contract valid from April 1, 2009 to March 31, 2014. (The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry.) The contract states that Luxgen authorizes the Company to manufacture Luxgen automobiles and parts. The volume of the Company's manufacturing should be based on Luxgen's sales projection for the year. In addition, the Company manufactures other service parts for Luxgen upon Luxgen's request.

Luxgen is responsible for contracting out the manufacture of new-car model parts, refining designs, registering products, and providing the Group with sales projections. The Company is responsible for transforming the sales projections into manufacturing plans and making the related materials orders and purchases, providing product quality assurance, delivering cars, and providing warranty-related services.

For the purpose of enhancing investment benefit on the developing project, the Group acquired right of building bulk arising from three parcels of land located in "Fuzhong" section with parcel Number 1686, 1697 and 1701, respectively, from a nonrelated party - "Ben-Yuan Lin Ancestor Worship Guild" at July 2014. According to the contract of acquisition that total amount was $3,300,000 thousand, the terms of payments are made for three stages, $400,000 thousand advanced payment paid upon contract signed and sealed by both parties, and the balance payment is $2,500,000 thousand. As of September 30, 2014, the payments had been made by the first and second stages which total amounts was $800,000 thousand. In addition, the payment of the third stage will be made less than five work days after the Group acquire the permission of transfer of building bulk arising from the transaction mentioned above, issued by the regulating authorities.

The transaction is simple acquisition of right of building bulk. Both sides agree to rescind the contract unconditionally supposing the transaction can not be completed due to the policy changes or regulation amendment. The proceeds (net of business tax) received by the selling party will be returned without interest.

Supposing that regulating authorities does not ratify the right of building bulk to be used in Xindian district of New Taipei City, both sides agree to rescind the contract unconditionally. The proceeds (net of business tax) received by the selling party will be returned without interest.

Supposing that the regulating authorities ratify the right of building bulk can be partially used in Xindian district of New Taipei City, the contract will remain valid and the selling party will agree the Group has the right to use the remaining right of building bulk in other developing projects.

c. Endorsements and guarantees provided by the Company for related parties

| | |
|---|---|
| Luxgen Motor Co., Ltd. | $ 7,400,000 |
| UMPI (Originally named NMPI) | 1,582,672 |
| Luxgen Motor Limited Liability Company | 760,900 |
| Yu Yuen Co., Ltd. | 250,000 |
| Yu Sing Motor Co., Ltd. | 240,000 |
| Yu Chang Motor Co., Ltd. | 200,000 |
| Yushin Motor Co., Ltd. | 150,000 |
| Pei-Tu Tobe Motor Co., Ltd. | 70,000 |
| | $ 10,653,572 |

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

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

September 30, 2014

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 14,360 | 30.420 (USD:NTD) | $ 436,834 |
| USD | 1,180 | 6.153 (USD:RMB) | 35,893 |
| RMB | 1,349,328 | 4.944 (RMB:NTD) | 6,670,981 |
| EUR | 1,291 | 38.590 (EUR:NTD) | 49,832 |
| JPY | 389,637 | 0.278 (JPY:NTD) | 108,319 |
| SGD | 19 | 23.900 (SGD:NTD) | 452 |
| | | | $ 7,302,311 |
| Nonmonetary items | | | |
| USD | 3,000 | 30.420 (USD:NTD) | $ 91,263 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 22,545 | 30.420 (USD:NTD) | $ 685,806 |
| USD | 157,000 | 6.153 (USD:RMB) | 4,775,940 |
| USD | 19,400 | 35.144 (USD:RUB) | 590,148 |
| RMB | 1,311 | 4.944 (RMB:NTD) | 6,481 |
| EUR | 37 | 38.590 (EUR:NTD) | 1,426 |
| JPY | 628,619 | 0.278 (JPY:NTD) | 174,756 |
| | | | $ 6,234,557 |

December 31, 2013

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 32,211 | 29.805 (USD:NTD) | $ 960,037 |
| USD | 559 | 6.097 (USD:RMB) | 16,653 |
| JPY | 696,005 | 0.284 (JPY:NTD) | 197,665 |
| RMB | 363,855 | 4.889 (RMB:NTD) | 1,778,722 |
| | | | $ 2,953,077 |
| Nonmonetary items | | | |
| USD | 3,265 | 29.805 (USD:NTD) | $ 97,305 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 31,008 | 29.805 (USD:NTD) | $ 924,193 |
| USD | 118,000 | 6.097 (USD:RMB) | 3,516,990 |
| USD | 15,000 | 32.917 (USD:RUB) | 447,075 |
| JPY | 574,484 | 0.284 (JPY:NTD) | 163,153 |
| RMB | 4,432 | 4.889 (RMB:NTD) | 21,666 |
| EUR | 48 | 41.090 (EUR:NTD) | 1,972 |
| | | | $ 5,075,049 |

September 30, 2013

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 42,553 | 29.570 (USD:NTD) | $ 1,258,285 |
| USD | 1,115 | 6.148 (USD:RMB) | 32,971 |
| JPY | 591,276 | 0.302 (JPY:NTD) | 178,624 |
| RMB | 309,370 | 4.810 (RMB:NTD) | 1,487,978 |
| SGD | 2 | 23.540 (SGD:NTD) | 47 |
| EUR | 1,188 | 39.920 (EUR:NTD) | 47,411 |
| | | | $ 3,005,316 |
| Nonmonetary items | | | |
| USD | 4,166 | 29.570 (USD:NTD) | $ 123,177 |
| JPY | 1,361 | 0.302 (JPY:NTD) | 411 |
| | | | $ 123,588 |

(Continued)

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 15,462 | 29.570 (USD:NTD) | $ 457,223 |
| USD | 109,000 | 6.148 (USD:RMB) | 3,223,130 |
| JPY | 720,486 | 0.302 (JPY:NTD) | 217,659 |
| EUR | 55 | 39.920 (EUR:NTD) | 2,210 |
| | | | $ 3,900,222 |

(Concluded)

## 37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities). (Table 3)

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

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital. (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (Table 6)

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

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

9) Information on investees. (Table 9)

10) Trading in derivative instruments. (Notes 7, 10 and 32)

11) Others: Intercompany relationships and significant intercompany transactions. (Table 11)

b. Information on investments in mainland China

There was no information on investments in mainland China should be disclosed excluding in Table 10.

## 38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were "Brand segments", "Supporting segments", "Horizontal segments", "Taiwan retail segments", "China retail segments" and "Others".

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

| | Brand Segments | Supporting Segments | Horizontal Segments | Taiwan Retail Segments | China Retail Segments | Others | Adjustment and Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| For the nine months ended September 30, 2014 | | | | | | | | |
| Revenues from external customers | $ 33,983,675 | $ 3,876,469 | $ 12,561,275 | $ 23,432,867 | $ 13,201,332 | $ 551,759 | $ - | $ 87,607,377 |
| Intersegment revenues | 34,431,831 | 2,705,771 | 713,990 | 2,604,404 | 1,629,604 | 142,247 | (42,227,847) | - |
| Segment revenues | $ 68,415,506 | $ 6,582,240 | $ 13,275,265 | $ 26,037,271 | $ 14,830,936 | $ 694,006 | $ (42,227,847) | 87,607,377 |
| Segment income | | | | | | | | $ 3,712,804 |
| For the nine months ended September 30, 2013 | | | | | | | | |
| Revenues from external customers | $ 25,469,727 | $ 3,209,929 | $ 11,557,367 | $ 14,648,531 | $ 9,702,348 | $ 531,631 | $ - | $ 65,119,533 |
| Intersegment revenues | 21,612,563 | 2,421,569 | 578,193 | 2,552,149 | 1,616,633 | 107,743 | (28,888,850) | - |
| Segment revenues | $ 47,082,290 | $ 5,631,498 | $ 12,135,560 | $ 17,200,680 | $ 11,318,981 | $ 639,374 | $ (28,888,850) | 65,119,533 |
| Segment income | | | | | | | | $ 3,507,025 |

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Luxgen Overseas Holdings | Luxgen Limited Liability | Other receivables | Y | $ 289,619 | $ 252869 | $ 252,869 | 5% | Operating capital | $ - | Operating capital | $ - | - | $ - | $ 500,000 | $ 500,000 | Note 1 |
| 2 | Hong Shou Culture | Singan | Other receivables | Y | 20,000 | 20,000 | 15,000 | 2% | Operating capital | - | Operating capital | - | - | - | 20,652 | 20,652 | Note 2 |
| 3 | Hsiang Shou | Singan | Other receivables | Y | 70,000 | 70,000 | 60,000 | 2% | Operating capital | - | Operating capital | - | - | - | 71,411 | 71,411 | Note 3 |
| 4 | Singgual Travel | Singan | Other receivables | Y | 80,000 | 80,000 | 30,000 | 2% | Operating capital | - | Operating capital | - | - | - | 85,054 | 85,054 | Note 4 |
| 5 | Yulon Motor Investment | Fu Jian Yu Xin | Other receivables | Y | 49,574 | 49,574 | 9,915 | 5% | Operating capital | - | Operating capital | - | - | - | 743,610 | 2,052,364 | Note 5 |
| | | Sheng Qing | Other receivables | Y | 743,610 | 743,610 | 49,429 | 5% | Operating capital | - | Operating capital | - | - | - | 743,610 | 2,052,364 | Note 5 |
| 6 | Sheng Qing | Shanghai Yuming | Other receivables | Y | 49,574 | 49,574 | 49,574 | 6% | Operating capital | - | Operating capital | - | - | - | 262,838 | 262,838 | Note 6 |
| 7 | Zhu Hai Fu Te En | Wuhan Yu Hsin | Other receivables | Y | 4,957 | 4,957 | 4,957 | 6% | Operating capital | - | Operating capital | - | - | - | 197,750 | 395,500 | Note 7 |
| | | Nanjing Hanhong | Other receivables | Y | 7,932 | 7,932 | 7,932 | 6% | Operating capital | - | Operating capital | - | - | - | 197,750 | 395,500 | Note 7 |
| | | Zhuhai Yuhsin | Other receivables | Y | 99,148 | 99,148 | 99,148 | 6% | Operating capital | - | Operating capital | - | - | - | 197,750 | 395,500 | Note 7 |
| 8 | Nanjing Hanhong | Wuhan Yu Hsin | Other receivables | Y | 24,787 | 24,787 | 24,787 | 6% | Operating capital | - | Operating capital | - | - | - | 408,477 | 816,954 | Note 8 |
| | | Sheng Qing | Other receivables | Y | 29,744 | 29,744 | 29,744 | 6% | Operating capital | - | Operating capital | - | - | - | 408,477 | 816,954 | Note 8 |
| | | Nan Jing Yu Shang | Other receivables | Y | 54,531 | 54,531 | 54,531 | 6% | Operating capital | - | Operating capital | - | - | - | 408,477 | 816,954 | Note 8 |

Note 1: Luxgen Overseas Holdings Private Limited: It is allowed to provide financing to 100% held oversea subsidiaries only. Credit financing limit for each borrower and aggregate financing limits were NT$500 million.

Note 2: Hong Shou Culture: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Note 3: Hsiang Shou: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Note 4: Singgual Travel: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Note 5: Yulon Motor Investment: While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150 million and aggregate financing limits was $414 million.

Note 6: Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Note 7: Zhu Hai Fu Te En: While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Note 8: Nanjing Hanhong: While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship (Note 12) | | | | | | | | | | | |
| 0 | The Company | Peidu TOBE | b | $ 9,704,279 | $ 70,000 | $ 70,000 | $ 51,450 | $ - | 0.11 | $ 27,726,511 | Y | N | N | Note 1 |
| | | Yushin | b | 9,704,279 | 150,000 | 150,000 | 30,000 | - | 0.23 | 27,726,511 | Y | N | N | Note 1 |
| | | Yu Chang | b | 9,704,279 | 200,000 | 200,000 | - | - | 0.30 | 27,726,511 | Y | N | N | Note 1 |
| | | Yu Sing | b | 9,704,279 | 240,000 | 240,000 | 240,000 | - | 0.36 | 27,726,511 | Y | N | N | Note 1 |
| | | Yu Yuen | b | 9,704,279 | 250,000 | 250,000 | - | - | 0.37 | 27,726,511 | Y | N | N | Note 1 |
| | | Luxgen Limited Liability | c | 9,704,279 | 762,750 | 760,900 | 590,458 | - | 1.13 | 27,726,511 | Y | N | N | Note 1 |
| | | UMPI | c | 9,704,279 | 1,586,520 | 1,582,672 | 699,115 | - | 2.34 | 27,726,511 | Y | N | N | Note 1 |
| | | Luxgen | b | 9,704,279 | 7,400,000 | 7,400,000 | 4,100,000 | - | 10.93 | 27,726,511 | Y | N | N | Note 1 |
| 1 | Union & NKH Auto Parts | Hangchow Liangrun | b | 295,567 | 269,898 | 269,243 | 81,943 | - | 12.75 | 844,478 | Y | N | N | Note 1 |
| 2 | Car-plus Corporation | Diamond Leasing | c | 4,224,770 | 170,000 | 170,000 | - | - | 10.06 | 8,449,540 | Y | N | N | Note 3 |
| | | Car-Plus Leasing (Shanghai) | c | 4,224,770 | 480,000 | 480,000 | 322,847 | - | 28.40 | 8,449,540 | Y | N | N | Note 3 |
| | | Car-Plus (Suzhou) | c | 4,224,770 | 960,000 | 960,000 | - | - | 56.81 | 8,449,540 | Y | N | N | Note 3 |
| 3 | TAC | Car-Plus (Suzhou) | b | 20,937,480 | 640,000 | 640,000 | - | - | 7.64 | 41,874,960 | Y | N | N | Note 4 |
| | | Car-Plus Leasing (Shanghai) | b | 20,937,480 | 320,000 | 320,000 | 215,231 | - | 3.82 | 41,874,960 | Y | N | N | Note 4 |
| 4 | Y-Teks | Hangchow Y-Teks | b | 210,054 | 76,275 | 76,090 | 34,784 | - | 10.87 | 350,090 | Y | N | N | Note 5 |
| 5 | Yueki | Yue Ki HK | b | 469,259 | 91,530 | 91,308 | 91,308 | - | 9.73 | 469,259 | Y | N | N | Note 2 |
| 6 | Sheng Qing | Zhuhai Yuhsin | b | 3,285,472 | 85,196 | 84,276 | 84,276 | - | 12.84 | 16,427,359 | Y | N | N | Note 6 |
| | | Guang Zhou Yuan Zhi | b | 3,285,472 | 100,230 | 99,148 | 99,148 | - | 15.10 | 16,427,359 | Y | N | N | Note 6 |
| | | Chang Sha Yu Lu | b | 3,285,472 | 180,414 | 99,148 | 99,148 | - | 15.10 | 16,427,359 | Y | N | N | Note 6 |
| | | Shenzhen Yu Zhi | b | 3,285,472 | 160,368 | 128,892 | 128,892 | - | 19.63 | 16,427,359 | Y | N | N | Note 6 |
| | | Wuhan Yu Hsin | b | 3,285,472 | 501,150 | 148,722 | 148,722 | - | 22.64 | 16,427,359 | Y | N | N | Note 6 |
| | | Fu Jian Yu Xin | b | 3,285,472 | 168,552 | 168,552 | 168,552 | - | 25.66 | 16,427,359 | Y | N | N | Note 6 |
| | | Guang Zhou Yuan Du | b | 3,285,472 | 400,920 | 396,592 | 396,592 | - | 60.37 | 16,427,359 | Y | N | N | Note 6 |
| | | Qingdao Yuanhuang | b | 3,285,472 | 414,606 | 396,592 | 396,592 | - | 60.37 | 16,427,359 | Y | N | N | Note 6 |
| | | HangZhou Yu Zhong | b | 3,285,472 | 501,150 | 495,740 | 495,740 | - | 75.45 | 16,427,359 | Y | N | N | Note 6 |
| | | Shen Jun Yu Peng | b | 3,285,472 | 325,748 | - | - | - | - | 16,427,359 | Y | N | N | Note 6 |
| 7 | Nanjing Hanhong | Shanghai Yuexing | c | 544,636 | 9,915 | 9,915 | 9,915 | - | 3.64 | 680,795 | Y | N | N | Note 7 |
| | | Zhu Hai Fu Te En | c | 544,636 | 178,466 | 178,466 | 178,466 | - | 65.54 | 680,795 | Y | N | N | Note 7 |
| 8 | Zhu Hai Fu Te En | Wuhan Yu Hsin | c | 396,592 | 99,148 | 99,148 | 99,148 | - | 50.14 | 594,888 | Y | N | N | Note 8 |
| | | Nanjing Hanhong | c | 396,592 | 272,657 | 272,657 | 272,657 | - | 137.88 | 594,888 | Y | N | N | Note 8 |
| 9 | Qingdao Yuanhuang | Sheng Qing | d | 515,556 | 74,361 | 74,361 | 74,361 | - | 115.39 | 966,667 | Y | N | N | Note 9 |
| 10 | Su Zhou Feng Shen | Su Zhou Feng Shun | b | 512,291 | 347,018 | 347,018 | 74,361 | - | 67.74 | 1,536,872 | Y | N | N | Note 10 |
| 11 | Wu Jiang Lian Cheng | Su Zhou Feng Shun | d | 591,679 | 272,657 | 272,657 | 213,599 | - | 230.41 | 1,183,357 | Y | N | N | Note 11 |
| | | Su Zhou Feng Shen | d | 591,679 | 322,231 | 322,231 | 74,361 | - | 272.30 | 1,183,357 | Y | N | N | Note 11 |

(Continued)

Note 1: The aggregate endorsement/guarantee limit was calculated for 40% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 35% of the aggregate endorsement/guarantee amounts.

Note 2: The aggregate endorsement/guarantee limit was calculated for 50% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 50% of the endorser's/guarantor's net equity.

Note 3: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 250% of the endorser's/guarantor's net equity.

Note 4: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 50% of the endorser's/guarantor's net equity.

Note 5: The aggregate endorsement/guarantee limit was calculated for 50% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 30% of the endorser's/guarantor's net equity.

Note 6: The aggregate endorsement/guarantee limit was calculated for 2500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Note 7: The aggregate endorsement/guarantee limit was calculated for 250% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 200% of the endorser's/guarantor's net equity.

Note 8: The aggregate endorsement/guarantee limit was RMB120 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

Note 9: The aggregate endorsement/guarantee limit was calculated for 1500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 800% of the endorser's/guarantor's net equity.

Note 10: The aggregate endorsement/guarantee limit was calculated for 300% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 100% of the endorser's/guarantor's net equity.

Note 11: The aggregate endorsement/guarantee limit was calculated for 1000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party was calculated for 500% of the endorser's/guarantor's net equity.

Note 12: The relationship between guarantor and guarantee are as follows:

a. Business contacts.
b. Subsidiaries' common stocks which were directly owned by parent company over 50%.
c. Investees' common stocks which were both owned by parent company and subsidiary over 50%.
d. Parent company which holds the investees' common stocks directly or indirectly through it's other subsidiaries over 50%.

(Concluded)

# YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | Beneficiary certificates | | | | | | | |
| | The RSIT Felong | - | Financial assets at fair value through profit or loss - current | 18,515 | $ 319,568 | - | $ 319,568 | - |
| | Spectra SPC Powerfund | - | Financial assets at fair value through profit or loss - current | 1,597 | 96,585 | - | 96,585 | - |
| | Fubon China Money Market | - | Financial assets at fair value through profit or loss - current | 49,870 | 507,207 | - | 507,207 | - |
| | Yuanta Wan Tai Money Market | - | Financial assets at fair value through profit or loss - current | 10,089 | 150,013 | - | 150,013 | - |
| | Yuanta RMB Money Market CNY | - | Financial assets at fair value through profit or loss - current | 49,318 | 507,780 | - | 507,780 | - |
| | Jih Sun Money Market | - | Financial assets at fair value through profit or loss - current | 28,973 | 420,661 | - | 420,661 | - |
| | Capital Money Market | - | Financial assets at fair value through profit or loss - current | 10,110 | 160,019 | - | 160,019 | - |
| | CTBC Hwa-win Money Market Fund | - | Financial assets at fair value through profit or loss - current | 12,970 | 140,196 | - | 140,196 | - |
| | Taishin 1699 Money Market | - | Financial assets at fair value through profit or loss - current | 12,826 | 170,159 | - | 170,159 | - |
| | Allianz Glbl Investors Taiwan Money Mkt | - | Financial assets at fair value through profit or loss - current | 40,768 | 500,709 | - | 500,709 | - |
| | Mirae Asset Solomon Money Market Fund | - | Financial assets at fair value through profit or loss - current | 11,312 | 140,023 | - | 140,023 | - |
| | Mega Diamond Money Market | - | Financial assets at fair value through profit or loss - current | 40,734 | 500,566 | - | 500,566 | - |
| | Paradigm Pion Money Market | - | Financial assets at fair value through profit or loss - current | 44,146 | 500,675 | - | 500,675 | - |
| | Franklin Templeton Sinoam Money Market | - | Financial assets at fair value through profit or loss - current | 49,460 | 500,699 | - | 500,699 | - |
| | Manulife Glb Dym Ast Allt FoF TWD A ACC | - | Financial assets at fair value through profit or loss - current | 2,000 | 19,640 | - | 19,640 | - |
| | Hua Nan RMB High Yield Bond Fund | - | Financial assets at fair value through profit or loss - current | 768 | 7,991 | - | 7,991 | - |
| | CTBC Multiple Income Fund | - | Financial assets at fair value through profit or loss - current | 3,000 | 30,086 | - | 30,086 | - |
| | Cathay Global Fortune Money Market Fund | - | Financial assets at fair value through profit or loss - current | 4,000 | 39,680 | - | 39,680 | - |
| | PineBridge Glbl Emerging Mkt Hi Yld Bd A | - | Financial assets at fair value through profit or loss - current | 1,561 | 19,899 | - | 19,899 | - |
| | PineBridge Emerg Mkt AsiaPac Strat Bd | - | Financial assets at fair value through profit or loss - current | 1,984 | 20,496 | - | 20,496 | - |
| | Allianz Global Invst All Ssns Gr FOF | - | Financial assets at fair value through profit or loss - current | 5,000 | 49,150 | - | 49,150 | - |
| | Union Golden Balanced Fund | - | Financial assets at fair value through profit or loss - current | 679 | 9,936 | - | 9,936 | - |
| | Union APEC Balanced | - | Financial assets at fair value through profit or loss - current | 4,000 | 39,687 | - | 39,687 | - |
| | Union Emerg Res-rich countries HY Bd | - | Financial assets at fair value through profit or loss - current | 954 | 9,800 | - | 9,800 | - |
| | Fuh Hwa Small Capital | - | Financial assets at fair value through profit or loss - current | 248 | 9,543 | - | 9,543 | - |
| | Jih Sun High Tech | - | Financial assets at fair value through profit or loss - current | 887 | 9,486 | - | 9,486 | - |
| | Capital China New Opportunities | - | Financial assets at fair value through profit or loss - current | 2,000 | 19,800 | - | 19,800 | - |
| | FSITC Global Multi-Asset Income Balance Fund | - | Financial assets at fair value through profit or loss - current | 1,000 | 9,932 | - | 9,932 | - |
| | CTBC Taiwan Small-cap Fund | - | Financial assets at fair value through profit or loss - current | 1,125 | 9,618 | - | 9,618 | - |
| | Taishin CSI Leading Cons and Serv Index | - | Financial assets at fair value through profit or loss - current | 2,473 | 26,247 | - | 26,247 | - |
| | PineBridge Asia ex Japan Focus Equity | - | Financial assets at fair value through profit or loss - current | 4,000 | 39,720 | - | 39,720 | - |
| | Mirae Asset Asia New Wealth | - | Financial assets at fair value through profit or loss - current | 1,324 | 19,828 | - | 19,828 | - |
| | JPMorgan (Taiwan) China A Share Fund | - | Financial assets at fair value through profit or loss - current | 1,963 | 19,725 | - | 19,725 | - |
| | JPMorgan (Taiwan) Global Dynamic | - | Financial assets at fair value through profit or loss - current | 1,327 | 20,385 | - | 20,385 | - |
| | JPMorgan (Taiwan) Asia Equity Mthly Inc$ | - | Financial assets at fair value through profit or loss - current | 2,000 | 20,220 | - | 20,220 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Franklin Templeton SinoAm China A Shr Eq | - | Financial assets at fair value through profit or loss - current | 3,461 | $ 35,955 | - | $ 35,955 | - |
| | KGI Asia Pacific High Dividend | - | Financial assets at fair value through profit or loss - current | 1,500 | 14,910 | - | 14,910 | - |
| | KGI Economic Moat | - | Financial assets at fair value through profit or loss - current | 3,000 | 30,120 | - | 30,120 | - |
| | Hua Nan Yung Chong Fund | - | Financial assets at fair value through profit or loss - current | 2,000 | 19,200 | - | 19,200 | - |
| | Structured finance products | | | | | | | |
| | SinoPac Securities CLNT0012 - Jin Ke 1st | - | Financial assets at fair value through profit or loss - current | 150 | 15,078 | - | 15,078 | - |
| | SinoPac Securities CLNT0015 - Cheng ye 1st | - | Financial assets at fair value through profit or loss - current | 1,000 | 100,510 | - | 100,510 | - |
| | SinoPac Securities CLNT0016 - Xing Nung 1st | - | Financial assets at fair value through profit or loss - current | 500 | 50,129 | - | 50,129 | - |
| | SinoPac Securities CLNT0023 - Jing Li 1st | - | Financial assets at fair value through profit or loss - current | 200 | 20,061 | - | 20,061 | - |
| | KGI Securities CLN -Fu Ciao 4th | - | Financial assets at fair value through profit or loss - current | 100 | 10,087 | - | 10,087 | - |
| | Yuanta Securities CLN - Hong Chi 2nd | - | Financial assets at fair value through profit or loss - current | 400 | 40,145 | - | 40,145 | - |
| | Yuanta Securities CLNT0569 - Tsan Yuan 4th | - | Financial assets at fair value through profit or loss - current | 30 | 3,019 | - | 3,019 | - |
| | KGI Securities CLN -Tsan Yuan 4th | - | Financial assets at fair value through profit or loss - current | 230 | 23,116 | - | 23,116 | - |
| | KGI Securities CLN -FRMSL 2nd | - | Financial assets at fair value through profit or loss - current | 264 | 26,498 | - | 26,498 | - |
| | Fubon Security | - | Financial assets at fair value through profit or loss - current | 50 | 5,016 | - | 5,016 | - |
| | Fubon Security-CLN- YFC-BonEagle 7th | - | Financial assets at fair value through profit or loss - current | 50 | 5,015 | - | 5,015 | - |
| | SinoPac Securities CLN - Orise tech 1st | - | Financial assets at fair value through profit or loss - current | 250 | 25,019 | - | 25,019 | - |
| | SinoPac Securities CLN - Lextar 2nd | - | Financial assets at fair value through profit or loss - current | 300 | 30,033 | - | 30,033 | - |
| | Fubon Security-CLN- Lextar 2nd | - | Financial assets at fair value through profit or loss - current | 50 | 5,005 | - | 5,005 | - |
| | KGI Securities CLN -YFC-BonEagle 7th | - | Financial assets at fair value through profit or loss - current | 200 | 20,016 | - | 20,016 | - |
| | Yuanta Securities CLNT0569 - Union 1st | - | Financial assets at fair value through profit or loss - current | 200 | 20,011 | - | 20,011 | - |
| | Common stocks | | | | | | | |
| | Photronics DNP Mask Company | Related party in substance | Available-for-sale financial assets - non-current | 856 | 8,275 | 0.33 | 8,275 | - |
| | First Financial Holding Company | - | Available-for-sale financial assets - non-current | 822 | 15,083 | 0.01 | 15,083 | - |
| | Mison - Century Technology, Ltd | - | Available-for-sale financial assets - non-current | 5,025 | 48,739 | 8.37 | 48,739 | - |
| | Taiwin Company | The same chairman | Financial assets measured at cost - non-current | 6,692 | 26,240 | 5.09 | Not applicable | - |
| | Shin Bus Company | Related party in substance | Financial assets measured at cost - non-current | 11,607 | 37,763 | 24.69 | Not applicable | - |
| | Taiwan Stock Exchange | - | Financial assets measured at cost - non-current | 6,442 | 1,206 | 1 | Not applicable | - |
| | Da Nan Bus Company | - | Financial assets measured at cost - non-current | 667 | 3,708 | 2.78 | Not applicable | - |
| | Chung Yang Venture Capital Investment Co. | The same chairman | Financial assets measured at cost - non-current | 19,817 | 39,305 | 14.11 | Not applicable | - |
| | Taiwan Aerospace Company | - | Financial assets measured at cost - non-current | 811 | - | 0.6 | Not applicable | - |
| | Oculon Optoelectronics Company | - | Financial assets measured at cost - non-current | 383 | 481 | 2.31 | Not applicable | - |
| | Shin Sheng 2 Company | Related party in substance | Financial assets measured at cost - non-current | 8,550 | 71,659 | 9.68 | Not applicable | - |
| TAC | Bonds | | | | | | | |
| | Government bonds | - | Held-to-maturity financial assists - non-current | - | 5,985 | - | 5,777 | - |
| SCC | Bonds | | | | | | | |
| | Government bonds | - | Held-to-maturity financial assists - non-current | - | 12,150 | - | 12,193 | - |
| Diamond Leasing | Beneficiary certificates | | | | | | | |
| | Mirae Asset Solomon Money Market Fund | - | Financial assets at fair value through profit or loss - current | 485 | 6,000 | - | 6,000 | - |
| | Paradigm Pion Money Market | - | Financial assets at fair value through profit or loss - current | 441 | 5,002 | - | 5,002 | - |
| | Jih Sun Money Market | - | Financial assets at fair value through profit or loss - current | 207 | 3,005 | - | 3,005 | - |
| | Yuanta De-Li Money Market Fund | - | Financial assets at fair value through profit or loss - current | 125 | 2,002 | - | 2,002 | - |
| | Shin Kong Chi-Shin Money-Market | - | Financial assets at fair value through profit or loss - current | 132 | 2,001 | - | 2,001 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| H.K. Manpower | Beneficiary certificates | | | | | | | |
| | Jih Sun Money Market | - | Financial assets at fair value through profit or loss - current | 211 | $ 3,059 | - | $ 3,059 | - |
| | Union Money Market | - | Financial assets at fair value through profit or loss - current | 235 | 3,042 | - | 3,042 | - |
| | CAPITAL Money Market Fund | - | Financial assets at fair value through profit or loss - current | 129 | 2,036 | - | 2,036 | - |
| | Fuh Hwa Money Market | - | Financial assets at fair value through profit or loss - current | 143 | 2,036 | - | 2,036 | - |
| Yue Sheng | Common stocks | | | | | | | |
| | Yueki Company | The same parent company | Financial assets measured at cost - non-current | 10 | 100 | 0.08 | Not applicable | - |
| Fuzhou Lianghong | Financial products | | | | | | | |
| | SPD Bank | - | Financial assets at fair value through profit or loss - current | - | 54,383 | - | 54,383 | - |
| China Cast Iron Pipe | Beneficiary certificates | | | | | | | |
| | The RSIT Felong ING Privately Offered Fund | - | Financial assets at fair value through profit or loss - current | 625 | 10,794 | - | 10,794 | - |
| Sin Chi | Beneficiary certificates | | | | | | | |
| | The RSIT Enhanced | - | Financial assets at fair value through profit or loss - current | 2,457 | 28,908 | - | 28,908 | - |
| | Franklin Money Fund | - | Financial assets at fair value through profit or loss - current | 991 | 10,032 | - | 10,032 | - |
| Singgual Travel | Beneficiary certificates | | | | | | | |
| | PineBridge Glbl Emerging Mkt Hi Yld | - | Financial assets at fair value through profit or loss - current | 399 | 4,826 | - | 4,826 | - |
| Hsiang Shou | Beneficiary certificates | | | | | | | |
| | Fuh Hwa Money Market Bd A | - | Financial assets at fair value through profit or loss - current | 452 | 4,525 | - | 4,525 | - |
| Yu Yuen | Common stocks | | | | | | | |
| | CARNIVAL Company | - | Financial assets at fair value through profit or loss - current | 118 | 1,027 | - | 1,027 | - |
| | RECTRON Company | - | Financial assets at fair value through profit or loss - current | 16 | 79 | - | 79 | - |
| | YangMing Marine Transport Corp. | - | Financial assets at fair value through profit or loss - current | 12 | 166 | - | 166 | - |
| | Taiwan Shin Kong Security Co., Ltd. | - | Financial assets at fair value through profit or loss - current | 50 | 1,877 | - | 1,877 | - |
| | Compal Electronics Company | - | Financial assets at fair value through profit or loss - current | 14 | 322 | - | 322 | - |
| | Beneficiary certificates | | | | | | | |
| | FSITC Taiwan Money Market | - | Financial assets at fair value through profit or loss - current | 3,507 | 52,376 | - | 52,376 | - |
| | Common stocks | | | | | | | |
| | Yue Sheng Company | The same parent company | Financial assets measured at cost - non-current | 2 | 33 | - | Not applicable | - |
| Yu Ching | Beneficiary certificates | | | | | | | |
| | CCIB - SPCFX Fund | - | Financial assets at fair value through profit or loss - current | 698 | 38,021 | - | 38,021 | - |
| | The RSIT Felong | - | Financial assets at fair value through profit or loss - current | 1,251 | 21,588 | - | 21,588 | - |
| | Taishin Asia-America Short Duration Bd | - | Financial assets at fair value through profit or loss - current | 3,033 | 30,962 | - | 30,962 | - |
| | Taishin Lucky Money Market | - | Financial assets at fair value through profit or loss - current | 7,402 | 80,848 | - | 80,848 | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Common stocks | | | | | | | |
| | Lucky Group Company | - | Financial assets at fair value through profit or loss - current | 5 | $ 42 | - | $ 42 | - |
| | Gongin Company | - | Financial assets measured at cost -current | 147 | 1,911 | - | Not applicable | - |
| | Yulon Motor Company | Parent company | Available-for-sale financial assets - non-current | 11,838 | 538,650 | - | 538,650 | - |
| | Fubon Financial Company | - | Available-for-sale financial assets - non-current | 7,342 | 342,878 | - | 342,878 | - |
| | TrueLight Company | - | Available-for-sale financial assets - non-current | 398 | 10,247 | - | 10,247 | - |
| | Shin Sheng Company | - | Financial assets measured at cost - non-current | 2,452 | 10,764 | - | Not applicable | - |
| | Xiang Wei Investment Company | Related party in substance | Financial assets measured at cost - non-current | 3 | 2 | - | Not applicable | - |
| | Yung Hong Company | The same parent company | Financial assets measured at cost - non-current | 3 | 6 | - | Not applicable | - |
| | Sheng Yan Company | Related party in substance | Financial assets measured at cost - non-current | 8,300 | 45,380 | - | Not applicable | - |
| Yu Pong | Beneficiary certificates | | | | | | | |
| | The RSIT Felong Private Placement Equity Fund | - | Financial assets at fair value through profit or loss - current | 2,089 | 36,064 | - | 36,064 | - |
| | KGI Asia Pacific High Dividend | - | Financial assets at fair value through profit or loss - current | 500 | 4,970 | - | 4,970 | - |
| | Union Emerg Res-rich countries HY Bd A | - | Financial assets at fair value through profit or loss - current | 1,008 | 10,356 | - | 10,356 | - |
| | KGI Economic Moat | - | Financial assets at fair value through profit or loss - current | 700 | 7,028 | - | 7,028 | - |
| | Structured Finance Products | | | | | | | |
| | CLN20130617902 Tsan Yuan 4th | - | Financial assets at fair value through profit or loss - current | - | 7,033 | - | 7,033 | - |
| | CLN20121024901 Jing Yi 4th | - | Financial assets at fair value through profit or loss - current | - | 10,055 | - | 10,055 | - |
| | CLNF20130923002 Fu Ciao 4th | - | Financial assets at fair value through profit or loss - current | - | 30,237 | - | 30,237 | - |
| | Common stocks | | | | | | | |
| | Yulon Motor Company | Parent company | Available-for-sale financial assets - current | - | 6 | - | 6 | - |
| | Fubon Financial Company | - | Available-for-sale financial assets - current | 2,419 | 112,956 | 0.02 | 112,956 | - |
| | Yung Hong Company | The same parent company | Financial assets measured at cost - non-current | 2 | 8 | - | Not applicable | - |
| | Xiang Wei Investment Company | Related party in substance | Financial assets measured at cost - non-current | 1 | 4 | - | Not applicable | - |
| Yu Hong | Common stocks | | | | | | | |
| | Asia Plastic | - | Financial assets at fair value through profit or loss - current | 475 | 20,021 | 0.19 | 20,021 | - |
| | USHER Company | - | Financial assets at fair value through profit or loss - current | 7 | - | - | - | - |
| | TAC Corporation | The same parent company | Financial assets at fair value through profit or loss - current | 4 | 339 | - | 339 | - |
| | Beneficiary certificates | | | | | | | |
| | Capital Money Market Fund | - | Available-for-sale financial assets - current | 4,400 | 69,664 | - | 69,664 | - |
| | Common stocks | | | | | | | |
| | Gongin Company | - | Financial assets measured at cost -current | 148 | 1,099 | - | Not applicable | - |
| | Leader Company | The same parent company | Financial assets measured at cost - non-current | 8 | 12 | - | Not applicable | - |
| | Yung Hong Company | The same parent company | Financial assets measured at cost - non-current | 3 | 8 | - | Not applicable | - |
| | ADTO Company | - | Financial assets measured at cost - non-current | 1 | 10 | - | Not applicable | - |
| | Xiang Wei Investment Company | Related party in substance | Financial assets measured at cost - non-current | 3 | 4 | - | Not applicable | - |
| | Sheng Yan Company | Related party in substance | Financial assets measured at cost - non-current | 1,660 | 8,976 | - | Not applicable | - |
| | Shin Sheng 2 Company | Related party in substance | Financial assets measured at cost - non-current | 4,750 | 25,000 | - | Not applicable | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Leader | Common stocks | | | | | | | |
| | CARNIVAL Company | - | Financial assets at fair value through profit or loss - current | 95 | $ 768 | 0.03 | $ 768 | - |
| | Kian-shen Company | - | Financial assets at fair value through profit or loss - current | 28 | 1,870 | 0.04 | 1,870 | - |
| | Asia Plastic | - | Financial assets at fair value through profit or loss - current | 582 | 24,548 | 0.28 | 24,548 | - |
| | Asia Plastic | - | Available-for-sale financial assets - current | 695 | 29,291 | 0.33 | 29,291 | - |
| | Altek Corporation | - | Available-for-sale financial assets - current | 2,829 | 72,843 | - | 72,843 | - |
| | Shin Yang Company | The same chairman | Financial assets measured at cost - non-current | 2 | 7 | - | Not applicable | - |
| | Xiang Wei Investment Company | Related party in substance | Financial assets measured at cost - non-current | 3 | 2 | - | Not applicable | - |
| | Yung Hong Company | The same parent company | Financial assets measured at cost - non-current | 3 | 6 | - | Not applicable | - |
| | Tai Yuen Company | The same parent company | Financial assets measured at cost - non-current | 11 | 100 | - | Not applicable | - |
| | Zhao Bang Company | - | Financial assets measured at cost - non-current | 685 | 1 | - | Not applicable | - |
| | Beneficiary certificates | | | | | | | |
| | GOLDMANSACHS | - | Financial assets measured at cost - non-current | - | 1,921 | - | Not applicable | - |
| Yung Hong | Common stocks | | | | | | | |
| | Uni-President Company | - | Financial assets at fair value through profit or loss - current | - | - | - | - | - |
| | Carnival Company | - | Financial assets at fair value through profit or loss - current | 188 | 1,519 | - | 1,519 | - |
| | Kian-shen Company | - | Financial assets at fair value through profit or loss - current | 48 | 3,226 | - | 3,226 | - |
| | Asia Plastic | - | Financial assets at fair value through profit or loss - current | 1,064 | 44,838 | 0.42 | 44,838 | - |
| | Asia Plastic | - | Available-for-sale financial assets - current | 1,064 | 44,838 | 0.42 | 44,838 | - |
| | Altek Corporation | - | Available-for-sale financial assets - current | 3,483 | 89,689 | - | 89,689 | - |
| | Fubon Momo Company | - | Financial assets measured at cost -current | 385 | 49,642 | 0.3 | Not applicable | - |
| | Zhi Mei Company | - | Available-for-sale financial assets - non-current | 15,433 | 300,518 | 0.96 | 300,518 | - |
| | The Risk on Rock | - | Financial assets measured at cost - non-current | 330 | 9,900 | - | Not applicable | - |
| | Shin Yang Company | The same chairman | Financial assets measured at cost - non-current | 2 | 7 | - | Not applicable | - |
| | Tai Yuen Company | The same parent company | Financial assets measured at cost - non-current | 11 | 100 | 0.01 | Not applicable | - |
| | Leader Company | The same parent company | Financial assets measured at cost - non-current | 8 | 41 | 0.02 | Not applicable | - |
| | Jian Bong Venture Company | - | Financial assets measured at cost - non-current | 948 | 655 | 3.33 | Not applicable | - |
| | Sheng Yan Company | - | Financial assets measured at cost - non-current | 1,428 | 10,276 | 2 | Not applicable | - |
| | Mosa Industrial Company | - | Financial assets measured at cost - non-current | 160 | 3,566 | 0.12 | Not applicable | - |
| | Shin Sheng 2 Company | Related party in substance | Financial assets measured at cost - non-current | 2,850 | 28,500 | 0.32 | Not applicable | - |
| | Zhao Bang Company | - | Financial assets measured at cost - non-current | 827 | 1 | - | Not applicable | - |
| | Orgchem Technology Company | - | Financial assets measured at cost - non-current | 291 | 5,298 | 0.05 | Not applicable | - |
| | Longdiann Company | - | Financial assets measured at cost - non-current | 700 | 14,000 | 2.4 | Not applicable | - |
| Tai Yuen Venture Capital | Beneficiary certificates | | | | | | | |
| | Cathay Taiwan Money Market | - | Financial assets at fair value through profit or loss - current | 770 | 12,491 | - | 12,491 | - |
| | Common stocks | | | | | | | |
| | Hiroca Holdings Company | - | Financial assets at fair value through profit or loss - current | 117 | 9,420 | 0.14 | 9,420 | - |
| | Asia Plastic | - | Available-for-sale financial assets - non-current | 557 | 23,485 | 0.22 | 23,485 | - |
| | JOYIN Company | - | Financial assets measured at cost - non-current | 1,880 | 7,543 | 2.77 | Not applicable | - |
| | Subtron Technology Company | - | Financial assets measured at cost - non-current | 2,039 | 9,061 | 0.62 | Not applicable | - |
| | MosArt Semiconductor Company | - | Financial assets measured at cost - non-current | 735 | 10,909 | 2.84 | Not applicable | - |
| | AMPAK Technology Company | - | Financial assets measured at cost - non-current | 171 | 6,660 | 0.26 | Not applicable | - |
| | Orgchem Technology Company | - | Financial assets measured at cost - non-current | 242 | 4,387 | 0.41 | Not applicable | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Gongin Company | - | Financial assets measured at cost - non-current | 578 | $ 8,434 | 1.26 | Not applicable | - |
| | Phalanx Biotech Group | - | Financial assets measured at cost - non-current | 1,340 | 24,329 | 3.57 | Not applicable | - |
| | Tennrich International Company | - | Financial assets measured at cost - non-current | 227 | 2,474 | 0.79 | Not applicable | - |
| | Mosa Industrial Company | - | Financial assets measured at cost - non-current | 772 | 11,753 | 0.58 | Not applicable | - |
| | UOG Industrial Company | - | Financial assets measured at cost - non-current | 229 | 4,814 | 0.01 | Not applicable | - |
| | Solidlite Company | - | Financial assets measured at cost - non-current | 344 | 3,809 | 0.02 | Not applicable | - |
| | Jouge Company | - | Financial assets measured at cost - non-current | 740 | 3,567 | 0.03 | Not applicable | - |
| | GRI - Jie Shen Chang Jie | - | Financial assets measured at cost - non-current | 60 | 19,163 | 0.02 | Not applicable | - |
| | ANZ - Sunnergy | - | Financial assets measured at cost - non-current | 4,557 | 46 | 0.07 | Not applicable | - |
| | Oculon Optoelectronics Company | - | Financial assets measured at cost - non-current | 1,000 | 2,000 | 0.06 | Not applicable | - |
| | E-One Moli Energy Company | - | Financial assets measured at cost - non-current | 1,204 | 12,042 | - | Not applicable | - |
| | Nitring | - | Financial assets measured at cost - non-current | 3,800 | 45,608 | 0.19 | Not applicable | - |
| | Fituvision Technology Company | - | Financial assets measured at cost - non-current | 420 | 4,200 | 0.04 | Not applicable | - |
| | The LMedia | - | Financial assets measured at cost - non-current | 469 | 2,639 | - | Not applicable | - |
| | Paragon Semiconductor Lighting Technology Company | - | Financial assets measured at cost - non-current | 1,500 | 22,500 | 0.05 | Not applicable | - |
| | Neutron | - | Financial assets measured at cost - non-current | 2,929 | 28,964 | 0.13 | Not applicable | - |
| | Itoys Company | - | Financial assets measured at cost - non-current | 2,200 | 2,200 | 0.17 | Not applicable | - |
| | Hero Cinema Company | - | Financial assets measured at cost - non-current | 152 | 253 | - | Not applicable | - |
| | Apexigen | - | Financial assets measured at cost - non-current | 117 | 640 | - | Not applicable | - |
| | Ecrowd Media | - | Financial assets measured at cost - non-current | 1,000 | 10,000 | 0.1 | Not applicable | - |
| Yulon Overseas | Beneficiary certificates | | | | | | | |
| | Powerfund - Class A | - | Financial assets at fair value through profit or loss - current | 280 | 15,209 | - | $ 15,209 | - |
| Yulon China | Beneficiary certificates | | | | | | | |
| | Seychelles Chien - Tai Limited | - | Financial assets measured at cost - non-current | - | 3,042 | - | Not applicable | - |
| | Ratify Development | - | Financial assets measured at cost - non-current | - | 3,042 | - | Not applicable | - |
| | Historic Enterprise Limited | - | Financial assets measured at cost - non-current | - | 3,042 | - | Not applicable | - |
| | Yung Jen Industrial | - | Financial assets measured at cost - non-current | - | 2,282 | - | Not applicable | - |
| | Auto King | - | Financial assets measured at cost - non-current | - | 3,042 | - | Not applicable | - |
| Qing Yi | Beneficiary certificates | | | | | | | |
| | Powerfund - Class A | - | Financial assets at fair value through profit or loss - current | 224 | 40,825 | - | 40,825 | - |
| Wen Yang | Beneficiary certificates | | | | | | | |
| | CCIBSPC - Diversified FX Trading Segregated Portfolio A | - | Financial assets at fair value through profit or loss - current | 679 | 12,691 | - | 12,691 | - |
| Yu Sing | Common stocks | | | | | | | |
| | Kai Xing Insurance Agency | - | Financial assets measured at cost - non-current | 42 | 777 | 6.67 | Not applicable | - |
| Yushin | Common stocks | | | | | | | |
| | Kai Xing Insurance Agency | - | Financial assets measured at cost - non-current | 42 | 715 | 6.67 | Not applicable | - |
| Yu Pool | Common stocks | | | | | | | |
| | Yu Pool Company | - | Financial assets measured at cost - non-current | 150 | 1,500 | 4.69 | Not applicable | - |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2014 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Yu Ming | Common stocks<br>Kai Xing Insurance Agency | - | Financial assets measured at cost - non-current | 42 | $ 782 | 6.67 | Not applicable | - |
| Yu Chang | Common stocks<br>Kai Xing Insurance Agency | - | Financial assets measured at cost - non-current | 42 | 661 | 6.67 | Not applicable | - |
| Yulon GM | Beneficiary certificates<br>Taishin 1699 Money Market | - | Financial assets at fair value through profit or loss - current | 763 | 10,127 | - | $ 10,127 | - |
| Qinton | Beneficiary certificates<br>Taishin 1699 Money Market | - | Financial assets at fair value through profit or loss - current | 247 | 3,275 | - | 3,275 | - |

(Concluded)

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares/Units | Amount (Note 1) | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount (Note 1) |
| | Beneficiary certificates | | | | | | | | | | | | | |
| The Company | Eastspring Inv Well Pool Money Market | Financial assets at fair value through profit or loss - current | - | - | - | $ - | 97,752 | $ 1,300,000 | 97,752 | $ 1,300,697 | $ 1,300,000 | $ 697 | - | $ - |
| | Yuanta De- Bao Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 123,141 | 1,450,000 | 123,141 | 1,450,574 | 1,450,000 | 574 | - | - |
| | The RSIT Enhanced Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 58,066 | 680,000 | 58,066 | 680,521 | 680,000 | 521 | - | - |
| | Fuh Hwa You Li Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 22,710 | 300,000 | 22,710 | 300,064 | 300,000 | 64 | - | - |
| | Fubon China Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 49,870 | 500,000 | - | - | - | - | 49,870 | 507,207 |
| | Shin Kong Chi-Shin Money-Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 26,313 | 400,000 | 26,313 | 400,139 | 400,000 | 139 | - | - |
| | Yuanta Wan Tai Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 70,782 | 1,050,000 | 60,693 | 900,629 | 900,000 | 629 | 10,089 | 150,013 |
| | Yuanta RMB Money Market CNY | Financial assets at fair value through profit or loss - current | - | - | - | - | 75,045 | 798,160 | 25,728 | 299,868 | 298,274 | 1,273 | 49,318 | 507,780 |
| | Jih Sun Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 95,298 | 1,380,000 | 66,326 | 961,186 | 959,912 | 1,274 | 28,973 | 420,661 |
| | Capital Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 127,248 | 2,010,000 | 117,138 | 1,850,699 | 1,850,000 | 699 | 10,110 | 160,019 |
| | FSITC Taiwan Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 59,464 | 890,000 | 59,464 | 890,118 | 890,000 | 118 | - | - |
| | Hua Nan Phoenix Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 31,322 | 500,000 | 31,322 | 500,260 | 500,000 | 260 | - | - |
| | Union Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 183,293 | 2,370,000 | 183,293 | 2,370,715 | 2,370,000 | 715 | - | - |
| | CTBC Hwa-win Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | - | - | 67,677 | 730,000 | 54,708 | 590,198 | 589,981 | 217 | 12,970 | 140,196 |
| | Taishin 1699 Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 128,523 | 1,700,000 | 115,697 | 1,530,639 | 1,529,986 | 654 | 12,826 | 170,159 |
| | Taishin Ta-Chong Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 93,516 | 1,300,000 | 93,516 | 1,300,686 | 1,300,000 | 686 | - | - |
| | Taishin Lucky Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 67,878 | 740,000 | 67,878 | 740,075 | 740,000 | 75 | - | - |
| | Allianz Glbl Investors Taiwan Money Mkt | | - | - | - | - | 122,473 | 1,500,000 | 81,705 | 1,001,113 | 1,000,000 | 1,113 | 40,768 | 500,709 |
| | Nomura Taiwan Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 18,769 | 300,000 | 18,769 | 300,043 | 300,000 | 43 | - | - |
| | Mega Diamond Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 65,183 | 800,000 | 24,449 | 300,027 | 300,000 | 27 | 40,734 | 500,566 |
| | SinoPac TWD Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 33,007 | 450,000 | 33,007 | 450,304 | 450,000 | 304 | - | - |
| | Paradigm Pion Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 88,313 | 1,000,000 | 44,167 | 500,208 | 500,000 | 208 | 44,146 | 500,675 |
| | Franklin Templeton Sinoam Money Market | Financial assets at fair value through profit or loss - current | - | - | - | - | 57,387 | 580,000 | 7,927 | 80,013 | 80,000 | 13 | 49,460 | 500,699 |
| Yu Hong | Capital Money Market | Available-for-sale financial assets - current | - | - | 8,283 | 130,561 | 18,233 | 288,000 | 22,116 | 350,000 | 348,627 | 1,373 | 4,400 | 69,664 |
| | Common stocks | | | | | | | | | | | | | |
| TAC | TAC Global Investment (Samoa) Co., Ltd. | Investments accounted for using equity method | Cash to increase the capital | Subsidiary | 25,000 | 1,085,808 | 21,537 | 654,720 | - | - | - | - | 46,537 | 1,896,328 |
| TAC Global | Yu Rong International Investment (Samoa) Co., Ltd. | Investments accounted for using equity method | Cash to increase the capital | Subsidiary | 20,000 | 865,537 | 18,000 | 547,540 | - | - | - | - | 38,000 | 1,545,257 |

Note 1: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets and investments accounted for using equity method.

**TABLE 5**

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type of Property | Transaction Date | Transaction Amount | Payment Term | Counterparty | Nature of Relationship | Prior Transaction of Related Counterparty | | | | Price Reference | Purpose of Acquisition | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship | Transfer Date | Amount | | | |
| | | | | | | None | | | | | | | |

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Seller | Property | Event Date | Original Acquisition Date | Carrying Amount | Transaction Amount | Collection | Gain (Loss) on Disposal | Counterparty | Relationship | Purpose of Disposal | Price Reference | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | None | | | | | | |

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/(Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | Yulon Nissan | An associate accounted for using equity method by the Company | Sales | $(21,769,864) | 68 | Within 180 days | Same as non-related parties | 60 days to 180 days | $ 378,036 | 38 | - |
| | Luxgen | The Company's subsidiary | Same as above | (9,292,867) | 29 | Within 90 days | Same as above | Same as above | 316,164 | 32 | - |
| | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (854,412) | 3 | Within 60 days | Same as above | Same as above | 222,034 | 22 | - |
| TAC | Yu Chang | The Company's subsidiary | Same as above | (3,826,481) | 11 | Receipt of payment on the day | Same as normal transactions | Same as normal transactions | 41,441 | - | - |
| | Yu Sing | The Company's subsidiary | Same as above | (2,722,835) | 8 | Same as above | Same as above | Same as above | 14,674 | - | - |
| | Yuan Lon | An associate accounted for using equity method by the Company | Same as above | (2,818,170) | 8 | Same as above | Same as above | Same as above | 41,216 | - | - |
| | Hui-Lian | An associate accounted for using equity method by the Company | Same as above | (2,518,226) | 7 | Same as above | Same as above | Same as above | 8,732 | - | - |
| | Yushin | The Company's subsidiary | Same as above | (2,120,184) | 6 | Same as above | Same as above | Same as above | 25,818 | - | - |
| | Luxgen Taipei | Luxgen Company's subsidiary | Same as above | (3,803,232) | 11 | Same as above | Same as above | Same as above | 12,649 | - | - |
| | Yu Ming | The Company's subsidiary | Same as above | (2,082,139) | 6 | Same as above | Same as above | Same as above | 11,892 | - | - |
| | Chi Ho | An associate accounted for using equity method by the Company | Same as above | (1,128,133) | 3 | Same as above | Same as above | Same as above | - | - | - |
| | Cheng Long | An associate accounted for using equity method by the Company | Same as above | (1,781,898) | 5 | Same as above | Same as above | Same as above | 13,758 | - | - |
| | Yu Tang | An associate accounted for using equity method by the Company | Same as above | (1,609,194) | 5 | Same as above | Same as above | Same as above | 28,737 | - | - |
| | Luxgen Taoyuan | Luxgen Company's subsidiary | Same as above | (2,029,903) | 6 | Same as above | Same as above | Same as above | 5,590 | - | - |
| | Luxgen Taichung | Luxgen Company's subsidiary | Same as above | (1,914,798) | 6 | Same as above | Same as above | Same as above | 3,063 | - | - |
| | Luxgen Kaohsiung | Luxgen Company's subsidiary | Same as above | (1,459,177) | 4 | Same as above | Same as above | Same as above | 5,579 | - | - |
| | Ding Long | Cheng Long Company's subsidiary | Same as above | (524,137) | 2 | Same as above | Same as above | Same as above | 3,143 | - | - |
| | Luxgen Tainan | Luxgen Company's subsidiary | Same as above | (1,183,864) | 4 | Same as above | Same as above | Same as above | 20,105 | - | - |
| | Yuan Zhi | Yuan Lon Company's subsidiary | Same as above | (351,764) | 1 | Same as above | Same as above | Same as above | 1,616 | - | - |
| | Lian Cheng | Cheng Long Company's subsidiary | Same as above | (309,080) | 1 | Same as above | Same as above | Same as above | 800 | - | - |
| Diamond Leasing | Car-plus Corporation | TAC Corporation's subsidiary | Same as above | (258,571) | 79 | Same as above | Same as above | Same as above | - | - | - |
| Yu Sing | Car-plus Corporation | TAC Corporation's subsidiary | Sales | (282,261) | 6 | 30 days | Same as normal transactions | Same as normal transactions | 61,256 | 8 | - |
| Yu-Jan | Yu Sing | The Company's subsidiary | Same as above | (103,284) | 86 | At sight or a month | Same as above | Same as above | 3,332 | 38 | - |
| Luxgen | TAC | The Company's subsidiary | Same as above | (11,074,116) | 92 | Within 3 days | Same as above | Same as above | 212,259 | 63 | - |
| | Car-plus Corporation | TAC Corporation's subsidiary | Same as above | (141,059) | 1 | Receipt of payment on the day | Same as above | Same as above | 5,803 | 2 | - |
| | Hui-Fong | The equity-method investee of China Motor Company | Same as above | (134,256) | 1 | At sight | Same as above | Same as above | 4,297 | 1 | - |
| | Luxgen Taipei | Luxgen Company's subsidiary | Same as above | (143,118) | 1 | Same as above | Same as above | Same as above | 4,580 | 1 | - |
| Luxgen Taipei | Car-plus Corporation | TAC Corporation's subsidiary | Same as above | (265,972) | 6 | Receipt of payment on the day | Same as above | Same as above | 12,207 | 12 | - |
| Singan | The Company | The Parent company | Same as above | (131,555) | 67 | At sight or a month | Bargaining | At sight or a month | 28,689 | 73 | - |
| Singgual Travel | The Company | The Parent company | Same as above | (147,706) | 30 | Same as above | Same as above | Same as above | 28,654 | 27 | - |
| | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (161,167) | 95 | 60 days to 90 days | Same as above | Same as normal transactions | 68,466 | 100 | - |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/(Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| Y-Teks | The Company | The Parent company | Same as above | $ (267,842) | 73 | 45 days | Same as normal transactions | Same as above | $ 56,718 | 77 | - |
| Hangchow Y-Teks | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (280,456) | 87 | 60 days | Bargaining | 60 days | 54,342 | 98 | - |
| Union & NKH Auto Parts | The Company | The Parent company | Same as above | (947,540) | 52 | Same as above | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | 184,194 | 37 | - |
| | China Motor | An associate accounted for using equity method by the Company | Same as above | (451,344) | 25 | Same as above | Same as above | Same as above | 70,048 | 14 | - |
| | Hangchow Liangrun | Uni Investment's subsidiary | Same as above | (115,171) | 6 | Same as above | Same as above | Same as above | 145,890 | 29 | - |
| Fuzhou Lianghong | Southeast Bus | A related party in substance | Same as above | (307,838) | 40 | 45 days | Same as normal transactions | Same as normal transactions | 69,293 | 29 | - |
| Hangchow Liangrun | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (777,974) | 95 | 65 days | Note 1 | Note 1 | 690,821 | 97 | - |
| Yueki | The Company | The Parent company | Same as above | (917,791) | 68 | 45 days | Bargaining | 45 days | 281,941 | 47 | - |
| Hangchow Yue Wan | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (302,309) | 93 | 65 days | Same as above | 65 days | 286,635 | 96 | - |
| Yue Sheng | The Company | The Parent company | Same as above | (226,224) | 1 | At sight or a month | Same as above | At sight or a month | 50,839 | 54 | - |
| Dong Feng Yulon Sales Company | Suzhou Yueshun | Su Zhou Feng Shen Company's subsidiary | Same as above | (151,873) | 1 | Sales revenue received in advance | Same as normal transactions | Same as normal transactions | - | - | - |
| | Zhuhai Yuhsin | Zhu Hai Fu Te En Company's subsidiary | Same as above | (211,681) | 1 | Same as above | Same as above | Same as above | - | - | - |
| Dong Feng Yulon Sales Company | Shanghai Yuming | Sheng Qing Company's subsidiary | Same as above | (356,388) | 1 | Sales revenue received in advance | Same as normal transactions | Same as normal transactions | - | - | - |
| | Ning Bo Yu Cheng | Sheng Qing Company's subsidiary | Same as above | (208,673) | 1 | Same as above | Same as above | Same as above | - | - | - |
| | Fu Jian Yu Xin | Sheng Qing Company's subsidiary | Same as above | (296,883) | 1 | Same as above | Same as above | Same as above | - | - | - |
| | Hang Zhou Hua Zhi | Sheng Qing Company's subsidiary | Same as above | (165,872) | 1 | Same as above | Same as above | Same as above | 41,160 | 2 | - |
| | Guang Zhou Yuan Zhi | Sheng Qing Company's subsidiary | Same as above | (236,131) | 1 | Same as above | Same as above | Same as above | - | - | - |
| | Hang Zhou Hua You | Hang Zhou Hua Zhi Company's subsidiary | Same as above | (194,388) | 1 | Same as above | Same as above | Same as above | 79,091 | 4 | - |
| | Shenzhen Yu Zhi | Zhu Hai Fu Te En Company's subsidiary | Same as above | (420,157) | 2 | Same as above | Same as above | Same as above | - | - | - |
| | Chang Sha Yu Lu | Sheng Qing Company's subsidiary | Same as above | (194,345) | 1 | Same as above | Same as above | Same as above | - | - | - |
| | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | (388,025) | 2 | Same as above | Same as above | Same as above | 1,028,950 | 57 | - |
| The Company | Singgual Travel | Singan Company's subsidiary | Purchase | 147,706 | 1 | At sight or a month | Bargaining | Same as above | (28,654) | 1 | - |
| | Singan | The Company's subsidiary | Same as above | 131,555 | 1 | Same as above | Same as above | Same as normal transactions | (28,689) | 1 | - |
| | Y-Teks | The Company's subsidiary | Same as above | 267,842 | 2 | 45 days | Same as normal transactions | Same as normal transactions | (56,718) | 2 | - |
| | Union & NKH Auto Parts | The Company's subsidiary | Same as above | 947,540 | 7 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | (184,194) | 5 | - |
| | Yueki | The Company's subsidiary | Same as above | 917,791 | 7 | 45 days | Bargaining | 45 days | (281,941) | 8 | - |
| | Yue Sheng | The Company's subsidiary | Same as above | 226,224 | 2 | At sight or a month | Same as above | At sight or a month | (50,839) | 1 | - |
| | China Ogihara | China Motor Company's subsidiary | Same as above | 388,433 | 3 | 45 days after monthly closing | Same as above | 45 days after monthly closing | (23,916) | 1 | - |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/(Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| | China Engine | China Motor Company's subsidiary | Same as above | $ 210,776 | 2 | Same as above | Same as above | Same as above | $ (52,970) | 1 | - |
| | Uni-calsonic | An associate accounted for using equity method by the Company | Same as above | 131,623 | 1 | Same as above | Same as above | Same as above | (28,252) | 1 | - |
| | Yuen-jin | China Ogihara Company's subsidiary | Same as above | 115,175 | 1 | Same as above | Same as above | Same as above | - | - | - |
| | Taiway | The main shareholder is the equity-method investee of the Company | Same as above | 134,637 | 1 | Same as above | Same as above | Same as above | (31,334) | 1 | - |
| | Lowin | A related party in substance | Same as above | 101,332 | 1 | 12 days after bill of lading | Same as normal transactions | 12 days after bill of lading | (22,049) | 1 | - |
| | Nissan Motor Co., Ltd. | A related party in substance | Same as above | 7,507,588 | 57 | Same as above | Same as above | Same as above | (420,592) | 11 | - |
| | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | 1,609,527 | 12 | 60 days after monthly closing | Same as non-related parties | 60 days after monthly closing | (268,103) | 7 | - |
| TAC | Yulon Nissan | An associate accounted for using equity method by the Company | Purchase | 23,757,870 | 68 | Within 3 days | Same as normal transactions | Same as normal transactions | (408,483) | 52 | - |
| | Luxgen | The Company's subsidiary | Same as above | 11,074,116 | 32 | Same as above | Same as above | Same as above | (212,259) | 27 | - |
| Car-plus Corporation | Hui-Fong | The equity-method investee of China Motor Company | Same as above | 393,257 | 7 | 10 days | Same as above | Same as above | (21,387) | 5 | - |
| | Yu Sing | The Company's subsidiary | Same as above | 282,261 | 5 | 30 days | Same as above | Same as above | (61,256) | 15 | - |
| | Diamond Leasing | Car-plus Corporation's subsidiary | Same as above | 258,571 | 5 | Receipt of payment on the day | Same as above | Same as above | - | - | - |
| | Luxgen Taipei | Luxgen Company's subsidiary | Same as above | 265,972 | 5 | Same as above | Same as above | Same as above | (12,207) | 3 | - |
| | Luxgen | The Company's subsidiary | Same as above | 141,059 | 3 | Same as above | Same as above | Same as above | (5,803) | 1 | - |
| Yu Sing | TAC | The Company's subsidiary | Same as above | 2,722,835 | 85 | Same as above | Same as above | Same as above | (14,674) | 27 | - |
| | Yu-Jan | Yu Sing Company's subsidiary | Same as above | 103,284 | 3 | At sight or a month | Same as above | Same as above | (3,332) | 6 | - |
| | Yulon Nissan | An associate accounted for using equity method by the Company | Same as above | 249,209 | 8 | At sight | Same as above | Same as normal transactions | (3,332) | 6 | - |
| Yushin | TAC | The Company's subsidiary | Same as above | 2,120,184 | 84 | Receipt of payment on the day | Same as above | Same as normal transactions | (25,818) | 44 | - |
| Yu Chang | TAC | The Company's subsidiary | Same as above | 3,826,481 | 90 | Same as above | Same as above | Same as above | (41,441) | 47 | - |
| | Yulon Nissan | An associate accounted for using equity method by the Company | Same as above | 273,031 | 6 | At sight | Same as above | Same as above | (10,482) | 12 | - |
| Yu Ming | TAC | The Company's subsidiary | Same as above | 2,082,139 | 94 | Receipt of payment on the day | Same as above | Same as above | (11,892) | 11 | - |
| Hangchow Liangrun | Union & NKH Auto Parts | The Company's subsidiary | Same as above | 115,171 | 100 | 60 days | Because the standard and characteristic of products are different, there is no base to compare. | Same as general customer | (145,890) | 18 | - |
| Luxgen | The Company | The Parent company | Same as above | 9,292,867 | 97 | Within 90 days | Same as non-related parties | 60 days to 180 days | (316,164) | 62 | - |
| Luxgen Taipei | TAC | The Company's subsidiary | Same as above | 3,803,232 | 94 | Receipt of payment on the day | Same as normal transactions | Same as normal transactions | (12,649) | 40 | - |
| | Luxgen | The Company's subsidiary | Same as above | 143,118 | 4 | At sight | Same as above | Same as above | (4,580) | 15 | - |
| Luxgen Taoyuan | TAC | The Company's subsidiary | Same as above | 2,029,903 | 97 | Receipt of payment on the day | Same as above | Same as above | (5,590) | 42 | - |
| Luxgen Taichung | TAC | The Company's subsidiary | Same as above | 1,914,798 | 95 | Same as above | Same as above | Same as above | (3,063) | 32 | - |
| Luxgen Tainan | TAC | The Company's subsidiary | Same as above | 1,183,864 | 95 | Same as above | Same as above | Same as above | (20,105) | 97 | - |
| Luxgen Kaohsiung | TAC | The Company's subsidiary | Same as above | 1,459,177 | 96 | Same as above | Same as above | Same as above | (5,579) | 26 | - |
| Shanghai Yuming | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 356,388 | 89 | Payment in advance | Same as above | Same as above | - | - | - |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/(Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| Zhuhai Yuhsin | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | $ 211,681 | 100 | Same as above | Same as above | Same as above | $ - | - | - |
| Ning Bo Yu Cheng | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Purchase | 208,673 | 100 | Payment in advance | Same as normal transactions | Same as normal transactions | - | - | - |
| Fu Jian Yu Xin | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 296,883 | 90 | Same as above | Same as above | Same as above | - | - | - |
| Hang Zhou Hua Zhi | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 165,872 | 79 | Same as above | Same as above | Same as above | (41,160) | 54 | - |
| Hang Zhou Hua You | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 194,388 | 100 | Same as above | Same as above | Same as above | (79,091) | 100 | - |
| Shenzhen Yu Zhi | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 420,157 | 100 | Same as above | Same as above | Same as above | - | - | - |
| Chang Sha Yu Lu | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 194,345 | 100 | Same as above | Same as above | Same as above | - | - | - |
| Guang Zhou Yuan Zhi | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 236,131 | 100 | Same as above | Same as above | Same as above | - | - | - |
| Suzhou Yueshun | Dong Feng Yulon Sales Company | Yulon Motor Investment Limited's subsidiary | Same as above | 151,873 | 100 | Same as above | Same as above | Same as above | - | - | - |
| Dong Feng Yulon Sales Company | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | Same as above | 19,756,664 | 95 | Same as above | Same as above | Same as above | (6,076,264) | 91 | - |

Note: Till the end of balance sheet date, no other transaction parties were available for comparison, since Hangchow Liangrun Parts Company had traded with Dong Feng Yulon Motors and Union & NKH Auto Parts Company only.

(Concluded)

# YULON 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, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action Taken | | |
| The Company | Yulon Nissan Company | An associate accounted for using equity method by the Company | $ 587,420 (Note 1) | 49.85 | $ - | - | $ 474,439 | $ - |
| | Luxgen | The Company's subsidiary | 381,197 (Note 2) | 44.75 | - | - | 301,528 | - |
| | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | 222,034 | 4.27 | - | - | 101,314 | - |
| Union & NKH Auto Parts | The Company | The Parent company | 184,194 | 6.97 | - | - | 119,129 | - |
| Hangchow Liangrun | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | 690820 | 2.26 | - | - | 53,190 | - |
| Luxgen Overseas Holdings | Luxgen Limited Liability | Luxgen Overseas Hondings Private Limited's subsidiary | 302,827 (Note 3) | - | - | - | - | - |
| Luxgen | TAC | The Company's subsidiary | 212,333 (Note 4) | 130.03 | - | - | 210,737 | - |
| Yueki | The Company | The Parent company | 281,941 | 5.37 | 3,121 | Actively demand for settlement | 109,692 | - |
| | Hangchow Yue Wan | Yuki Company's subsidiary | 302,470 (Note 5) | 0.18 | 131,379 | Actively demand for settlement | - | - |
| Hangchow Yue Wan | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | 286,635 | 2.18 | 10,348 | Actively demand for settlement | 8,525 | - |
| Dong Feng Yulon Sales Company | Dong Feng Yulon Motors | An associate accounted for using equity method by Yulon China (Hong Kong) Investment Company | 1,028,950 | 2.04 | - | - | - | - |

Note 1: The receivables comprised notes receivables of $378,036 thousand and other receivables of $209,384 thousand.

Note 2: The receivables comprises notes receivables of $316,164 thousand and other receivables of $65,034 thousand.

Note 3: The receivables are recognized as other receivables of $302,827 thousand.

Note 4: The receivables comprises notes receivables of $210,737 thousand and other receivables of $1,596 thousand.

Note 5: The receivables comprises notes receivables of $156,233 thousand and other receivables of $146,237 thousand.

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of September 30, 2014 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2014 | December 31, 2013 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Company | Yulon Nissan | Miaoli, Taiwan | Sales of cars | $ 7,062,225 | $ 7,062,225 | 143,500 | 47.83 | $ 11,016,260 | $ 3,862,065 | $ 1,852,498 | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 810,409 | 810,409 | 111,480 | 8.05 | 4,292,157 | 2,242,379 | 171,267 | - |
| | TAC | Taipei, Taiwan | Sale and lease of cars and parts | 512,150 | 512,150 | 125,657 | 48.18 | 3,044,515 | 1,223,162 | 605,643 | - |
| | Tai-Yuen Textiles | Taipei, Taiwan | Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products | 44,956 | 44,956 | 170,685 | 20.85 | 6,985,997 | 590,513 | 45,509 | - |
| | Yueki | Hsinchu, Taiwan | Manufacturing and sale of car components | 60,700 | 60,700 | 9,847 | 50.58 | 426,199 | 5,418 | 1,085 | - |
| | Yue Sheng | Miaoli, Taiwan | Car manufacture and furnishing; manufacture, installation and sale of car parts | 106,965 | 106,965 | 14,681 | 50.98 | 213,056 | 10,331 | 5,499 | - |
| | China Cast Iron Pipe | Taipei, Taiwan | Metal casting and related business | 24,850 | 24,850 | 25 | 77.66 | 56,307 | 298 | 232 | - |
| | Union & NKH Auto Parts | Taipei, Taiwan | Manufacturing and sale of springs for various motor vehicles and sale of nonnotarized vehicles | 183,723 | 183,723 | 19,754 | 25.01 | 528,420 | 91,669 | 23,046 | - |
| | Uni-calsonic | Miaoli, Taiwan | Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts | 39,372 | 39,372 | 3,448 | 17.68 | 74,465 | 16,752 | 2,922 | - |
| | Leader | Taipei, Taiwan | Investments | 62,375 | 149,850 | 19,980 | 99.90 | 229,851 | (9,976) | (9,966) | - |
| | Yu Chang | Kaohsiung, Taiwan | Sale, maintenance and repair of cars and parts | 114,107 | 114,107 | 14,000 | 65.00 | 84,179 | 29,384 | 19,966 | - |
| | China Ogihara | Taoyuan, Taiwan | Design, manufacturing and sales of cars and various kinds of molds, fixtures, stamping parts and inspection implements | 280,071 | 280,071 | 21,359 | 37.76 | 406,447 | 179,889 | 67,445 | - |
| | Yuan Lon | Taoyuan, Taiwan | Sale, maintenance and repair of cars and parts | 84,420 | 84,420 | 8,000 | 20.00 | 101,212 | 14,283 | 2,735 | - |
| | Yu Ching | Taipei, Taiwan | Import and export and sale of cars and parts | 1,749,940 | 1,749,940 | 175,000 | 100.00 | 1,880,104 | 100,655 | 93,154 | - |
| | Yu Hong | Taipei, Taiwan | Investments | 173,532 | 449,940 | 76,111 | 86.11 | 770,670 | 4,807 | 4,428 | - |
| | Yu Pong | Taipei, Taiwan | Yulon basketball team management and related services | 449,940 | 449,940 | 65,721 | 99.99 | 876,937 | 15,242 | 13,427 | - |
| | Yung Hong | Taipei, Taiwan | Investments | 333,967 | 599,940 | 124,288 | 99.99 | 1,324,358 | 25,381 | 22,333 | - |
| | Yushin | Hsinchu, Taiwan | Sale, maintenance and repair of cars and parts | 133,000 | 133,000 | 16,000 | 80.00 | 198,855 | 28,935 | 21,281 | - |
| | China Engine | Taoyuan, Taiwan | Manufacturing of car engines and parts | 320,000 | 320,000 | 32,000 | 18.95 | 181,650 | (5,442) | (1,828) | - |
| | Cheng Long | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 51,696 | 51,696 | 8,127 | 27.00 | 139,926 | 43,793 | 9,809 | - |
| | Tai Yuen Venture Capital | Taipei, Taiwan | Investments | 495,000 | 495,000 | 52,470 | 49.50 | 408,402 | (6,598) | (3,266) | - |
| | Chi Ho | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 59,940 | 59,940 | 3,600 | 20.00 | 81,435 | (69,216) | (15,524) | - |
| | Yu Tang | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 42,500 | 42,500 | 4,250 | 21.25 | 63,328 | 27,185 | 4,330 | - |
| | ROC-Spicer | Taoyuan, Taiwan | Manufacturing and sales of cars and parts | 567,589 | 567,589 | 1,005 | 20.48 | 647,741 | 213,429 | 43,902 | - |
| | Car-plus Corporation | Taipei, Taiwan | Sales and lease of cars | 106,372 | 106,372 | 2,595 | 3.46 | 58,043 | 296,298 | 10,239 | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 99,935 | 171,177 | 10,213 | 35.62 | 141,590 | 89,962 | 32,036 | - |
| | Yu Ming | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 30,000 | 30,000 | 4,200 | 20.00 | 48,244 | 30,268 | 7,913 | - |
| | Chan Yun | Taipei, Taiwan | Wholesale and retail of information software | 40,680 | 40,680 | 8,332 | 43.85 | 22,366 | 757 | 332 | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 85,895 | 85,895 | 8,568 | 20.01 | 92,860 | 12,364 | 2,474 | - |
| | Sin Chi | Taipei, Taiwan | General advertising planning services | 871,157 | 871,157 | 87,000 | 100.00 | 1,158,626 | 61,164 | 50,766 | - |
| | Yu Sing | Taipei, Taiwan | Sale, maintenance and repair of cars and parts | 325,199 | 325,200 | 32,519 | 90.33 | (29,896) | (2,516) | (12,756) | - |
| | Y-Teks | Taoyuan, Taiwan | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 29,014 | 29,014 | 225 | 22.04 | 172,771 | 112,231 | 24,643 | - |
| | Yulon Overseas | B.V.I. | Investments | 9,623,812 | 9,623,812 | 312,640 | 100.00 | 5,766,950 | (1,331,165) | (1,351,454) | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 796,956 | 796,956 | 52,010 | 17.39 | 1,135,316 | 706,843 | 122,935 | - |
| | Yulon GM | Miaoli, Taiwan | Wholesale of cars and parts | 99,000 | 99,000 | 9,900 | 100.00 | 107,632 | 5,461 | 6,076 | - |
| | Qinton | Tainan, Taiwan | Sales maintenance and repair of cars and parts | 67,459 | 67,459 | 6,746 | 100.00 | 81,708 | 8,600 | 8,500 | - |
| | Haitec | New Taipei City, Taiwan | Product design | 2,007,456 | 2,007,456 | 200,000 | 40.00 | -217,714 | (1,069,192) | (348,130) | - |
| | Hui-Lian | Changhua, Taiwan | Sale, maintenance and repair of cars and parts | 74,375 | 74,375 | 6,117 | 20.35 | 46,886 | 17,260 | 2,786 | - |
| | DXMEDIA | Taipei, Taiwan | Publication | 10,000 | 10,000 | 400 | 20.00 | 651 | (1,823) | (365) | - |
| | Luxgen | Miaoli, Taiwan | Sales and producing of cars and related parts | 2,740,000 | 2,740,000 | 144,000 | 80.00 | 169,816 | (147,518) | (221,634) | - |
| | Yulon TOBE | New Taipei City, Taiwan | Sale, maintenance and repair of cars and parts | 500,000 | 500,000 | 30,000 | 100.00 | 23,400 | (2,218) | (1,106) | - |
| | Peidu TOBE | New Taipei City, Taiwan | Sale, maintenance and repair of cars and parts | 18,000 | 18,000 | 1,800 | 60.00 | -35344 | (514) | (148) | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 32,991 | 33,000 | 3,299 | 32.99 | 23,650 | (11,880) | (3,920) | - |
| | Yulon Energy | New Taipei City, Taiwan | Wholesale and retail sale of batteries | 300,000 | 300,000 | 30,000 | 100.00 | 156,722 | (39,640) | (36,339) | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of September 30, 2014 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2014 | December 31, 2013 | Shares | Percentage of Ownership | Carrying Value | | | |
| TAC | Car-plus Corporation | Taipei, Taiwan | Sales and lease of cars | $ 757,288 | $ 757,288 | 51,492 | 68.57 | $ 1,158,836 | $ 296,298 | $ - | - |
| | SCC | Taipei, Taiwan | Installment financing services for cars and trucks | 419,808 | 419,808 | 71,720 | 100.00 | 1,728,725 | 238,933 | - | - |
| | TAC Global | Samoa | Shareholding company | 1,433,452 | 778,732 | 46,537 | 100.00 | 1,896,328 | 144,430 | - | - |
| | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 58,070 | 58,070 | 5,807 | 1.94 | 125,403 | 706,843 | - | - |
| | Yu Ming | Taichung, Taiwan | Sale, maintenance and repair of cars and parts | 48,843 | 48,843 | 5,670 | 27.00 | 65,214 | 30,268 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 181,731 | 181,731 | 17,128 | 40.00 | 185,611 | 12,364 | - | - |
| Car-plus Corporation | Diamond Leasing | Taipei, Taiwan | Sales and lease of cars | 85,000 | 85,000 | 8,500 | 100.00 | 94,896 | (6,794) | - | - |
| | Car-Plus Samoa | Samoa | Shareholding company | 378,187 | 241,747 | 12,000 | 100.00 | 506,268 | 35,767 | - | - |
| | Sin Jiang | Taipei, Taiwan | Sale and brokerage of secondhand vehicles | 90,811 | 90,822 | 8,559 | 19.99 | 92,750 | 12,364 | - | - |
| Diamond Leasing | H.K. Manpower | Taipei, Taiwan | Temporary labor services | 10,000 | 10,000 | 1,000 | 100.00 | 15,510 | 1,664 | - | - |
| Sin Jiang | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 24,184 | - | 810 | 60.00 | 20,354 | (6,562) | - | - |
| Car-Plus Samoa | Car-Plus China | Samoa | Shareholding company | 193,004 | 193,004 | 6,000 | 60.00 | 317,601 | 49,503 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 185,183 | 48,743 | 6,000 | 60.00 | 188,651 | 10,108 | - | - |
| TAC Global | Car-Plus China | Samoa | Shareholding company | 128,647 | 128,647 | 4,000 | 40.00 | 211,734 | 49,503 | - | - |
| | Car-Plus Shanghai | Samoa | Shareholding company | 123,455 | 32,495 | 4,000 | 40.00 | 125,767 | 10,108 | - | - |
| | Yu Rong International | Samoa | Shareholding company | 1,165,130 | 617,590 | 38,000 | 100.00 | 1,545,257 | 123,210 | - | - |
| | Sinjang International Investment (Samoa) Co., Ltd. | Samoa | Shareholding company | 16,220 | - | 540 | 40.00 | 13,569 | (6,562) | - | - |
| Yueki | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 408 | 408 | 27 | - | 747 | 2,242,379 | - | - |
| | Uni-calsonic | Miaoli, Taiwan | Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts | 17,328 | 17,328 | 800 | 4.10 | 17,328 | 16,752 | - | - |
| | Yue Ki Samoa | Samoa | Investments | 123,058 | 123,058 | 4,126 | 100.00 | 586,845 | (7,682) | - | - |
| | Yue Ki HK | Hong Kong | Investments | 120,016 | 120,016 | - | 100.00 | 85,138 | (2,937) | - | - |
| Yue Ki Samoa | Hui Zhou Deng Feng Yi Jing | Guangdong | Manufacturing of car parts | 4,116 | 4,116 | 4,116 | 34.00 | 571,393 | (22,593) | - | - |
| Yue Ki HK | Hangchow Yue Wan | Zhejiang | Maufaturing of car parts | 4,500 | 4,500 | 4,500 | 100.00 | 99,150 | (3,245) | - | - |
| Yue Sheng | Y-Teks | Taoyuan, Taiwan | Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts | 15,550 | 15,550 | 122 | 12.00 | 98,380 | 112,231 | - | - |
| Y-Teks | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 435 | 435 | 28 | - | 766 | 2,242,379 | - | - |
| | Yu-Hsin Intl | B.V.I. | Investments | 65,854 | 65,854 | 2,208 | 66.67 | 851,961 | 168,160 | - | - |
| Yu-Hsin Intl HK | Hangchow Y-Teks | Zhejiang | Manufacturing and sales of car interior furnishing and related business | 9,000 | 9,000 | 9,000 | 100.00 | 297,480 | 20,807 | - | - |
| | Changzhou Y-TEKS | Jiangsu | Manufacturing and sales of car interior furnishing and related business | 714 | 714 | 714 | 51.00 | 82,345 | 15,683 | - | - |
| | Liu Zhou Yu Xin Fang Sheng | Guangxi | Manufacturing and sales of car interior furnishing and related business | 1,000 | 1,000 | 1,000 | 20.00 | 124,972 | 149,806 | - | - |
| Yu-Hsin Intl | Yu-Hsin Intl HK | Hong Kong | Investments | 311,194 | 311,194 | 10,274 | 100.00 | 507,825 | 57,971 | - | - |
| | Guang Zhou He Xi | Guangdong | Manufacturing and sales of car interior furnishing and related business | 1,500 | 1,500 | 1,498 | 22.70 | 726,445 | 610,824 | - | - |
| Union & NKH Auto Parts | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 640 | 640 | 64 | - | 1,734 | 2,242,379 | - | - |
| | Uni Investment | B.V.I. | Investments | 289,287 | 289,287 | 8,403 | 100.00 | 1,803,351 | 71,447 | - | - |
| Uni Investment | Fuzhou Lianghong | Fuzhou | Car seats | 546,486 | 546,486 | 9,320 | 66.67 | 513,232 | 20,857 | - | - |
| | Hangchow Liangrun | Hangzhou | Car seats | 267,725 | 267,725 | 7,500 | 100.00 | 258,543 | (18,172) | - | - |
| | Guang Zhou Ri Zheng Spring | Guangzhou | Cars and industrial vibration | 920,989 | 920,989 | 6,700 | 40.00 | 1,022,513 | 259,645 | - | - |
| Sin Chi | Yulon Nissan | Miaoli, Taiwan | Sales of cars | 311,853 | 311,853 | 3,050 | 1.02 | 235,804 | 3,862,065 | - | - |
| | Yu Chia | Taipei, Taiwan | Sales, maintenance and repair of heavy vehicles and related products | 50,100.00 | 50,100.00 | 5,010 | 100.00 | 26,807 | (10,880) | - | - |
| | Chanchen | Taipei, Taiwan | Management consulting, leases of real estate and general advertising | 10,000 | 10,000 | 1,000 | 100.00 | 14,879 | 2,927 | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of September 30, 2014 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2014 | December 31, 2013 | Shares | Percentage of Ownership | Carrying Value | | | |
| Singan | Singgual Travel | New Taipei City, Taiwan | Sales of car parts | $ 130,591 | $ 130,591 | 13,000 | 100.00 | $ 210,844 | $ 29,085 | $ - | - |
| | Hsiang Shou | New Taipei City, Taiwan | Towing | 128,400 | 128,400 | 10,000 | 100.00 | 168,975 | 43,324 | - | - |
| | Hong Shou Culture | New Taipei City, Taiwan | Publication | 64,100.00 | 64,100.00 | 5,000 | 100.00 | 51760 | 675 | - | - |
| Singgual Travel | Shang Hai Jing-Huei | Shanghai | Sales of car parts | 50,149 | 50,149 | - | 100.00 | 62,001 | 26,147 | - | - |
| Yu Yuen | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 1,690 | 1,690 | 32 | - | 930 | 2,242,379 | - | - |
| Yu Ching | Tokio Marine Newa Insurance | Taipei, Taiwan | Property insurance | 55,467 | 55,467 | 3,500 | 1.17 | 68,547 | 706,843 | - | - |
| | Yulon Nissan | Miaoli, Taiwan | Sales of cars | 336,923 | 336,923 | 3,500 | 1.17 | 272,664 | 3,862,065 | - | - |
| | Yu Yuen | Taipei, Taiwan | Construction | 358,514 | 358,514 | 38,626 | 33.30 | 717,067 | 52,797 | - | - |
| | Singan | Taipei, Taiwan | Wholesale and retail of information software | 19,914 | 39,042 | 2,677 | 9.56 | 38,197 | 89,962 | - | - |
| | Chinh-Ling | Taipei, Taiwan | Product design | 36,098 | 36,098 | 5,000 | 100.00 | 18453 | 62 | - | - |
| | ID Solution Co., Ltd | Cayman | Wireless communications, machinery related bussiness and manufacturing industries | 99,908 | 99,908 | 10,000 | 27.20 | - | - | - | - |
| | Yulon Management | New Taipei City, Taiwan | Investment advisor and temporary labor services | 9 | - | 1 | 0.01 | 9 | (11,880) | - | - |
| Yu Pong | Yu Yuen | Taipei, Taiwan | Construction | 89,058 | 89,058 | 39,543 | 32.65 | 704,467 | 52,797 | - | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 42,080 | 42,080 | 1,135 | 0.08 | 30,762 | 2,242,379 | - | - |
| Yu Hong | Yu Yuen | Taipei, Taiwan | Construction | 745,292 | 745,292 | 39,543 | 32.65 | 704,558 | 52,797 | - | - |
| | Shin Sheng 3 | Taipei, Taiwan | Investments | 80,000 | 80,000 | 4,800 | 5.88 | 55,085 | (1,956) | - | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 855 | 855 | 30 | - | 813 | 2,242,379 | - | - |
| Leader | Prosperity | B.V.I. | Investments in the manufacturing, service and financial industries | 38,012 | 38,012 | 1,500 | 100.00 | 20094 | 30 | - | - |
| | Shin Sheng 3 | Taipei, Taiwan | Investments | 80,000 | 80,000 | 4,800 | 5.88 | 55,085 | (1,956) | - | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 14,444 | 14,444 | 564 | 0.04 | 15,284 | 2,242,379 | - | - |
| Yung Hong | Blue Water | B.V.I. | Investments in the manufacturing, service and financial industries | 208,252 | 208,252 | 10 | 100.00 | 175531 | 355 | - | - |
| | Shin Sheng 3 | Taipei, Taiwan | Investments | 120,000 | 120,000 | 7,200 | 8.82 | 81,438 | (1,956) | - | - |
| | China Motor | Taoyuan, Taiwan | Manufacturing and sales of cars | 238,535 | 238,535 | 9,400 | 0.68 | 254,735 | 2,242,379 | - | - |
| Tai Yuen Venture Capital | Haitec | New Taipei City, Taiwan | Product design | 112,418 | 112,418 | 11,200 | 2.24 | 109,132 | (1,069,192) | - | - |
| Yu Sing | Ding Long | Taipei, Taiwan | Sales, maintenance and repair of cars and parts | 37,800 | 37,800 | 3,780 | 45.00 | 29,801 | 4,934 | - | - |
| | Luxgen Taipei | New Taipei City, Taiwan | Sales, maintenance and repair of cars and related products | 22,050 | 22,050 | 239 | 1.29 | - | 32,197 | - | - |
| | Yu-Jan | Taipei, Taiwan | Sales and arrangement of cars and related products | 5,000 | 5,000 | 500 | 100.00 | 20,024 | 12,208 | - | - |
| Yushin | Yu Pool | Miaoli, Taiwan | Supply of and providing services on information software and retail trade of spare parts of vehicles | 7,000 | 7,000 | 1,000 | 100.00 | 27,643 | 1,924 | - | - |
| | Luxgen Taoyuan | Taoyuan, Taiwan | Sales, maintenance and repair of cars and related products | 12,250 | 12,250 | 2,100.00 | 20.00 | 15,907 | 19,228 | - | - |
| | Yu Shin Investment | Samoa | Investments | 46,331 | 46,331 | - | 100.00 | 48669 | - | - | - |
| Yu Ming | Chunmin | Taichung, Taiwan | Comprehensive retail of car parts | 8,000 | 8,000 | 800 | 100.00 | 9,676 | (350) | - | - |
| | Hong Yen | Samoa | Investments | 47,082 | 47,082 | 45,995 | 100.00 | 38,533 | (3,800) | - | - |
| | Luxgen Taichung | Taichung, Taiwan | Sales, maintenance and repair of cars and related products | 27,446 | 27,446 | 2,120 | 20.00 | 10,658 | 10,641 | - | - |
| | Yu Ming Insurance | Taichung, Taiwan | Property insurance | 3,000 | 3,000 | 300 | 100.00 | 3115 | 115 | - | - |
| Hong Yen | Shanghai Yuming | Shanghai | Sales of cars | 42,333 | 42,333 | 45,995 | 49.00 | 38,391 | (4,084) | - | - |
| Yu Chang | Tian Wang | Kaohsiung, Taiwan | Secondhand cars and car related products | 17,000 | 17,000 | 1,700 | 100.00 | 29,883 | 10,139 | - | - |
| | Yu Chang China | Samoa | Investments | 47,422 | 47,422 | 1,564 | 100.00 | 24447 | (106) | - | - |
| | Luxgen Kaohsiung | Kaohsiung, Taiwan | Sales, maintenance and repair of cars and related products | 26,450 | 26,450 | 1,420 | 20.00 | 6,593 | 10,416 | - | - |
| Luxgen | Luxgen Taipei | New Taipei City, Taiwan | Sales, maintenance and repair of cars and related products | 157,632 | 157,632 | 13,636 | 73.71 | 76,826 | 32,197 | - | - |
| | Luxgen Taoyuan | Taoyuan, Taiwan | Sales, maintenance and repair of cars and related products | 64,892 | 64,892 | 6,300 | 60.00 | 45,641 | 19,228 | - | - |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of September 30, 2014 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2014 | December 31, 2013 | Shares | Percentage of Ownership | Carrying Value | | | |
| | Luxgen Taichung | Taichung, Taiwan | Sales, maintenance and repair of cars and related products | $ 71,630 | $ 71,630 | 6,360 | 60.00 | $ 27,933 | $ 10,641 | $ - | - |
| | Luxgen Tainan | Tainan, Taiwan | Sales, maintenance and repair of cars and related products | 101,400 | 101,400 | 6,240 | 60.00 | 21614 | 164 | - | - |
| | Luxgen Kaohsiung | Kaohsiung, Taiwan | Sales, maintenance and repair of cars and related products | 58,350 | 58,350 | 4,260 | 60.00 | 19,387 | 10,416 | - | - |
| | Luxgen Overseas Holdings | Singapore | Investments | 421,525 | 148,031 | 30,342 | 100.00 | 251,910 | (208,086) | - | - |
| Luxgen Overseas Holdings | Luxgen Limited Liability | Russia | Sale, maintenance and repair of cars and parts | 270,821 | 95,384 | 300,190 | 99.99 | (118,608) | (200,148) | - | - |
| Yulon Energy | Power Engineering | New Taipei City, Taiwan | Construction project contracting | 2,000 | 2,000 | 200 | 100.00 | 1,458 | (191) | - | - |
| Yulon Overseas | Yulon Philippine | Cayman | Investments | 1,087,052 | 997,502 | 32,791 | 100.00 | (231,874) | (104,312) | - | - |
| | Yulon China | B.V.I. | Investments | 8,881,545 | 8,838,957 | 290,564 | 100.00 | 6,069,883 | (1,225,308) | - | - |
| Yulon Philippine | UMPI & SCIC | Philippine | Manufacturing of cars and factory lease | 888,081 | 888,081 | - | 86.54 | (327,403) | (122,766) | - | - |
| | NPI | Philippine | Sale, maintenance and repair of cars and parts | 71,553 | - | 12 | 24.50 | 73,535 | 18,003 | - | - |
| Yulon China | Qing Yi | Samoa | Investments | 482,157 | 482,157 | 15,850 | 100.00 | 551,457 | (4,007) | - | - |
| | Wen Yang | Samoa | Investments | 489,762 | 489,762 | 16,100.00 | 100.00 | 540,352 | (6,792) | - | - |
| | Tai Xin | Samoa | Investments | 596,232 | 596,232 | 19,600 | 100.00 | 755,062 | (3,491) | - | - |
| | Tai Xin HK | Hong Kong | Investments | - | 30 | - | - | - | - | - | - |
| | Weu Yang (Hong Kong) Investment Co., Ltd. | Hong Kong | Investments | - | 30 | - | - | - | - | - | - |
| | Qing Yi (Hong Kong) Investment Co., Ltd. | Hong Kong | Investments | - | 30 | - | - | - | - | - | - |
| | Yulon China (Hong Kong) Investment Limited | Hong Kong | Investments | 6,421,662 | 6,421,662 | - | 100.00 | 4,270,731 | (480,197) | - | - |
| | Mega Elegant | Hong Kong | Investments | 56,581 | 56,581 | - | 100.00 | 277,814 | (162,044) | - | - |
| | Yulon China Holding | Cayman | Investments | 684,450 | 684,450 | 22,500 | 100.00 | (447,879) | (568,497) | - | - |
| | Feng Hua | Hong Kong | Investments | 85,176 | 42,588 | - | 40.00 | 90,626 | 1,084 | - | - |
| Yulon China Holding | Yulon Motor Investment | Hong Kong | Investments | 684,450 | 684,450 | - | 100.00 | (447,879) | (568,497) | - | - |

(Concluded)

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**INVESTMENT IN MAINLAND CHINA**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of September 30, 2014 | Accumulated Repatriation of Investment Income as of September 30, 2014 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | | |
| Xiamen Young Chang | Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting | $ 76,500 | b. | $ 56,581 | $ - | $ - | $ 56,581 | $ (162,046) | 100.00 | $ (162,046) | $ 278,150 | $ - | 2. c. |
| Ke Yu | Computer software maintenance and computer system integration | 761,853 | b. | 593,190 | - | - | 593,190 | (3,452) | 100.00 | (3,452) | 752,318 | - | 2. c. |
| Tai Feng | Computer software maintenance and computer system integration | 564,665 | b. | 451,737 | - | - | 451,737 | (6,752) | 100.00 | (6,752) | 493,100 | - | 2. c. |
| Qing Tai | Computer software maintenance and computer system integration | 594,583 | b. | 466,947 | - | - | 466,947 | (4,006) | 100.00 | (4,006) | 535,940 | - | 2. c. |
| Dong Feng Yulon Motors | Manufacturing of key car components, electric cars and related parts | 13,595,807 | b. | 6,355,775 | - | - | 6,355,775 | (960,188) | 50.00 | (480,094) | 4,267,153 | - | 2. c. |
| Su Zhou Chen Long | Sale, maintenance and repair of cars and parts | 218,363 | b. | 42,588 | 42,588 | - | 85,176 | 1,084 | 40.00 | 433 | 226,565 | - | 2. c. |
| Yulon Motor Investment | Investment, shareholding and related business | 699,434 | b. | 684,450 | - | - | 684,450 | (568,494) | 100.00 | (568,494) | (447,876) | - | 2. b. |
| Hang Zhou Haitec Company | Product design | 70,606 | b. | 15,210 | - | - | 15,210 | (194,430) | 22.00 | (42,267) | (26,853) | - | 2. c. |
| Hang Zhou Jian Tai | Tailpipe, catalyzer assembling, chastises, connection arms, cross rails of engines and other stamping and welding parts | 158,169 | b. | 3,042 | - | - | 3,042 | 19,430 | 2.00 | - | 3,042 | - | - |
| Hang Zhou Chun Yu | Tire monitors, blue tooth communication device, keyless entry system | 67,565 | b. | 3,042 | - | - | 3,042 | 5,298 | 5.00 | - | 3,042 | - | - |
| Hang Zhou Xian Bo | Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing | 84,970 | b. | 3,042 | - | - | 3,042 | (2,329) | 4.00 | - | 3,042 | - | - |
| Hang Zhou Yong Ren | Manufacturing of machinery, car accessory and seat parts | 93,289 | b. | 2,282 | - | - | 2,282 | 9,314 | 3.00 | - | 2,282 | - | - |
| Hang Zhou Yo Zhan | Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products | 392,050 | b. | 3,042 | - | - | 3,042 | 3,372 | 1.00 | - | 3,042 | - | - |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of September 30, 2014 | Accumulated Repatriation of Investment Income as of September 30, 2014 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | | |
| Hui Zhou Deng Feng Yi Jing | Manufacturing of car parts | $ 741,589 | b. | $ - | $ - | $ - | $ - | $ (22,593) | 17.00 | $ (3,841) | $ 571,393 | $ - | 2. c. |
| Hangchow Yue Wan | Manufacturing of car parts | 150,510 | b. | - | - | - | - | (3,245) | 51.00 | (1,655) | 99,150 | - | 2. c. |
| Hangchow Y-Teks | Manufacturing and sales of car interior furnishing and related business | 295,201 | b. | - | - | - | - | 20,807 | 19.00 | 3,953 | 297,480 | - | 2. c. |
| Changzhou Y-TEKS | Manufacturing and sales of car interior furnishing and related business | 57,569 | b. | - | - | - | - | 15,683 | 10.00 | 1,568 | 82,345 | - | 2. c. |
| Liu Zhou Yu Xin Fang Sheng | Manufacturing and sales of car interior furnishing and related business | 152,100 | b. | - | - | - | - | 149,806 | 4.00 | 5,992 | 124,972 | - | 2. c. |
| Guang Zhou He Xi | Manufacturing and sales of car interior furnishing and related business | 200,772 | b. | - | - | - | - | 610,824 | 4.00 | 24,433 | 726,445 | - | 2. c. |
| Fuzhou Lianghong | Manufacturing of car seats | 513,991 | b. | - | - | - | - | 20,857 | 17.00 | 3,546 | 513,232 | - | 2. c. |
| Hangchow Liangrun | Manufacturing of car seats | 482,721 | b. | - | - | - | - | (18,172) | 25.00 | (4,543) | 258,543 | - | 2. c. |
| Guang Zhou Ri Zheng Spring | Manufacturing of vibration damper springs | 813,735 | b. | - | - | - | - | 259,645 | 10.00 | 25,965 | 1,022,513 | - | 2. c. |
| Shang Hai Jing-Huei | Sales of car parts | 55,763 | a. | - | - | - | - | 26,147 | 45.00 | 11,766 | 62,001 | - | 2. c. |
| Car-Plus (Suzhou) | Lease of cars and related services | 304,200 | b. | - | - | - | - | 49,503 | 41.17 | 20,380 | 528,196 | - | 2. c. |
| Car-Plus Leasing (Shanghai) | Lease of cars and related services | 304,200 | b. | - | - | - | - | 10,108 | 41.17 | 4,161 | 314,398 | - | 2. c. |
| TAC Leasing (Suzhou) | Equipments and cars leasing business | 912,600 | b. | - | - | - | - | 127,385 | 48.18 | 61,374 | 1,306,445 | - | 2. c. |
| TAC Finance Company | Equipments and cars leasing business | 304,200 | b. | - | - | - | - | (5,218) | 58.54 | (3,055) | 298,489 | - | 2. c. |
| Zhe Jiang Cheng Yi Company | Sale and brokerage of secondhand vehicles | 99,626 | b. | - | - | - | - | (16,275) | 29.29 | (4,767) | 41,235 | - | 2. c. |
| Dong Feng Yulon Sales Company | Sales of cars and car parts | 240,322 | b. | - | - | - | - | (995,234) | 50.00 | (497,617) | (981,662) | - | 2. a. |
| Sheng Qing | Investments | 961,287 | b. | - | - | - | - | (170,843) | 100.00 | (170,843) | 276,954 | - | 2. b. |
| Mei De | Computer software maintenance and computer system integration | 382,111 | b. | - | - | - | - | (6,919) | 100.00 | (6,919) | 365,579 | - | 2. c. |
| Shi Cheng | Computer software maintenance and computer system integration | 203,456 | b. | - | - | - | - | (3,035) | 100.00 | (3,035) | 182,476 | - | 2. c. |
| Jin Ce | Computer software maintenance and computer system integration | 94,543 | b. | - | - | - | - | (829) | 100.00 | (829) | 91,468 | - | 2. c. |
| Yi Ding | Computer software maintenance and computer system integration | 265,316 | b. | - | - | - | - | (2,349) | 100.00 | (2,349) | 258,162 | - | 2. c. |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of September 30, 2014 | Accumulated Repatriation of Investment Income as of September 30, 2014 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | | |
| Dong Tai | Investments | $ 210,042 | b. | $ - | $ - | $ - | $ - | $ (4,183) | 100.00 | $ (4,183) | $ 181,591 | $ - | 2. c. |
| Gao Te | Investments | 278,773 | b. | - | - | - | - | (3,374) | 100.00 | (3,374) | 265,306 | - | 2. c. |
| Shen Jun Yu Peng | Sales of cars | 57,678 | b. | - | - | - | - | (13,147) | 65.00 | (8,545) | (15,216) | - | 2. c. |
| Su Zhou Feng Shen | Sales of cars | 230,709 | b. | - | - | - | - | 36,150 | 40.00 | 14,460 | 247,294 | - | 2. c. |
| Guang Zhou Yuan Du | Sales of cars | 168,225 | b. | - | - | - | - | 15,540 | 67.00 | 10,412 | 109,656 | - | 2. c. |
| Zhu Hai Fu Te En | Sales of cars | 24,032 | b. | - | - | - | - | (245) | 100.00 | (245) | 78,119 | - | 2. c. |
| Nanjing Hanhong | Sales of cars | 276,370 | b. | - | - | - | - | (10,656) | 100.00 | (10,656) | 259,621 | - | 2. c. |
| Wuhan Yu Hsin | Sales of cars | 134,580 | b. | - | - | - | - | (22,194) | 100.00 | (22,194) | (80,532) | - | 2. c. |
| HangZhou Yu Zhong | Trading | 48,064 | b. | - | - | - | - | (22,728) | 100.00 | (22,728) | 24,027 | - | 2. c. |
| Shanghai Yuexing | Sales of cars | 125,939 | b. | - | - | - | - | (24,087) | 100.00 | (24,087) | 5,720 | - | 2. c. |
| Jiangmen Junxing | Sales of cars | 97,100 | b. | - | - | - | - | (7,645) | 100.00 | (7,645) | 36,531 | - | 2. c. |
| Jiangmen Yuli | Sales of cars | 49,036 | b. | - | - | - | - | (2,766) | 100.00 | (2,766) | 46,651 | - | 2. c. |
| Qingdao Yuanhuang | Sales of cars | 144,193 | b. | - | - | - | - | (39,710) | 100.00 | (39,710) | 16,058 | - | 2. c. |
| Shanghai Yuming | Sales of cars | 184,589 | b. | - | - | - | - | (8,008) | 100.00 | (8,008) | 139,572 | - | 2. c. |
| Guang Zhou Yuan Zhi | Sales of cars | 48,064 | b. | - | - | - | - | (4,247) | 100.00 | (4,247) | 27,894 | - | 2. c. |
| Ning Bo Yu Cheng | Sales of cars | 96,129 | b. | - | - | - | - | (6,586) | 100.00 | (6,586) | 47,862 | - | 2. c. |
| Fu Jian Yu Xin | Sales of cars | 96,129 | b. | - | - | - | - | (5,845) | 100.00 | (5,845) | 67,129 | - | 2. c. |
| Hang Zhou Hua Zhi | Sales of cars | 96,129 | b. | - | - | - | - | (7,924) | 80.00 | (6,339) | (15,710) | - | 2. c. |
| Chang Sha Yu Lu | Sales of cars | 96,129 | b. | - | - | - | - | (15) | 100.00 | (15) | 79,464 | - | 2. c. |
| Hang Zhou Tang Yu | Investments | 48,064 | b. | - | - | - | - | (137) | 100.00 | (137) | 49,390 | - | 2. c. |
| HangZhou Qien Yu | Investments | 48,064 | b. | - | - | - | - | (569) | 100.00 | (569) | 45,425 | - | 2. c. |
| Zhuhai Yuhsin | Sales of cars | 24,032 | b. | - | - | - | - | 6,399 | 100.00 | 6,399 | (34,667) | - | 2. c. |
| Shenzhen Yu Zhi | Sales of cars | 48,064 | b. | - | - | - | - | (10) | 100.00 | (10) | (2,655) | - | 2. c. |
| Xiao Gan Yu Feng | Sales of cars | 76,903 | b. | - | - | - | - | (8,498) | 100.00 | (8,498) | 42,706 | - | 2. c. |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of September 30, 2014 | Accumulated Repatriation of Investment Income as of September 30, 2014 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | | |
| Su Zhou Feng Shun | Sales of cars | $ 86,516 | b. | $ - | $ - | $ - | $ - | $ 14,608 | 40.00 | $ 5,843 | $ 141,451 | $ - | 2. c. |
| Suzhou Yueshun | Sales of cars | 48,064 | b. | - | - | - | - | 382 | 40.00 | 153 | 54,759 | - | 2. c. |
| Su Chou Cheng Pin | Sales of cars | 96,129 | b. | - | - | - | - | - | 40.00 | - | 98,879 | - | 2. c. |
| Wu Jiang Lian Cheng | Sales of cars | 48,064 | b. | - | - | - | - | 5,119 | 40.00 | 2,048 | 69,175 | - | 2. c. |
| Su Zhou Cheng Li | Sales of cars | 48,064 | b. | - | - | - | - | (333) | 40.00 | (133) | 31,458 | - | 2. c. |
| Hang Zhou Hsiao Yu | Investments | 48,064 | b. | - | - | - | - | (515) | 99.00 | (510) | 45,064 | - | 2. c. |
| Nan Jing Yu Shang | Sales of cars | 38,451 | b. | - | - | - | - | (9,484) | 100.00 | (9,484) | (4,094) | - | 2. c. |
| Hang Zhou Hua You | Sales of cars | 38,451 | b. | - | - | - | - | (510) | 80.00 | (408) | (34,835) | - | 2. c. |
| Su Zhou Cheng Pang | Sales of cars | 48,064 | b. | - | - | - | - | (5,605) | 40.00 | (2,242) | 42,439 | - | 2. c. |
| Nan Jing Yu Hua | Sales of cars | 144,193 | b. | - | - | - | - | 10 | 100.00 | 10 | 148,318 | - | 2. c. |
| Ka Shing Yu Da | Sales of cars | 58,844 | b. | - | - | - | - | - | 100.00 | - | 59,327 | - | 2. c. |
| Su Zhou Cheng Guo | Sales of cars | 49,036 | b. | - | - | - | - | (5) | 40.00 | (2) | 49,434 | - | 2. c. |
| Su Zhou Cheng Hung | Sales of cars | 49,036 | b. | - | - | - | - | - | 40.00 | - | 49,439 | - | 2. c. |
| Tai Chang Cheng Mau | Sales of cars | 49,036 | b. | - | - | - | - | - | 40.00 | - | 49,439 | - | 2. c. |

| Accumulated Investment in Mainland China as of September 30, 2014 | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|---|
| Yulon Motor Company Ltd. | $8,723,516 | $13,867,539 | $47,597,377 |

Note 1: Method of investment have following type:

a. Direct investment in Mainland China.
b. Indirect investment in the Company of Mainland China through a third place.
c. Other.

Note 2: The amounts of investment gain (loss) was recognized on following bases:

a. Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
b. Based on the financial statements audited by the auditor of parent company.
c. Other.

Note 3: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(Concluded)

## YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 0 | The Company | The Company | 1 | Long term investment | $ 53,139 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 53,139 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 15,796 | Based on regular terms | - |
| | | The Company | 1 | Long term investment | 11,306 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 11,306 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 14,716 | Based on regular terms | - |
| | | The Company | 1 | Long term investment | 11,415 | Based on regular terms | - |
| | | The Company | 1 | Unrealized gain on transactions with associates | 11,415 | Based on regular terms | - |
| | | UMPI | 1 | Other receivables from related parties | 10,134 | Based on regular terms | - |
| | | UMPI | 1 | Operating revenue, net | 13,041 | Based on regular terms | - |
| | | Luxgen Taipei | 1 | Operating revenue, net | 11,799 | Based on regular terms | - |
| | | Singan | 1 | Operating revenue, net | 10,038 | Based on regular terms | - |
| | | Chanchen | 1 | Operating revenue, net | 15,110 | Based on regular terms | - |
| | | Luxgen | 1 | Notes and trade receivables, net | 316,164 | Based on regular terms | - |
| | | Luxgen | 1 | Other receivables from related parties | 65,034 | Based on regular terms | - |
| | | Luxgen | 1 | Operating revenue, net | 9,508,858 | Based on regular terms | 11 |
| | | Luxgen | 1 | Nonoperating revenue and expense | 14,999 | Based on regular terms | - |
| | | Yu Yuen | 1 | Operating revenue, net | 51,692 | Based on regular terms | - |
| | | Yu Ming | 1 | Operating revenue, net | 1,769,348 | Based on regular terms | 2 |
| | | Yu Ming | 1 | Operating revenue, net | 127,534 | Based on regular terms | - |
| | | Yu Chia | 1 | Notes and trade receivables, net | 15,808 | Based on regular terms | - |
| | | Yu Chia | 1 | Operating revenue, net | 17,018 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 2,997,770 | Based on regular terms | 3 |
| | | Yu Chang | 1 | Operating revenue, net | 258,085 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 168,792 | Based on regular terms | - |
| | | Yu Chang | 1 | Operating revenue, net | 19,003 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 2,219,405 | Based on regular terms | 3 |
| | | Yu Sing | 1 | Operating revenue, net | 103,392 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 147,931 | Based on regular terms | - |
| | | Yu Sing | 1 | Operating revenue, net | 16,546 | Based on regular terms | - |
| | | Yu Ching | 1 | Operating revenue, net | 19,670 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 1,644,531 | Based on regular terms | 2 |
| | | Yushin | 1 | Operating revenue, net | 166,766 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 120,450 | Based on regular terms | - |
| | | Yushin | 1 | Operating revenue, net | 13,249 | Based on regular terms | - |
| | | TAC | 1 | Operating revenue, net | 832,708 | Based on regular terms | 1 |
| 1 | Luxgen Overseas Holdings | Luxgen Limited Liability | 3 | Other receivables from related parties | 318,838 | Based on regular terms | - |
| | | Luxgen Limited Liability | 3 | Nonoperating revenue and expense | 10,716 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 2 | Shanghai Yuming | Shanghai Yuexing | 3 | Other receivables from related parties | $ 12,360 | Based on regular terms | - |
| 3 | Luxgen Taichung | Car-plus Corporation | 3 | Operating revenue, net | 75,714 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 46,811 | Based on regular terms | - |
| 4 | Union & NKH Auto Parts | Uni Investment | 3 | Other receivables from related parties | 24,873 | Based on regular terms | - |
| | | The Company | 2 | Notes and trade receivables, net | 184,194 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 946,655 | Based on regular terms | 1 |
| | | Hangchow Liangrun | 3 | Notes and trade receivables, net | 145,890 | Based on regular terms | - |
| | | Hangchow Liangrun | 3 | Other receivables from related parties | 81,948 | Based on regular terms | - |
| | | Hangchow Liangrun | 3 | Operating revenue, net | 115,162 | Based on regular terms | - |
| | | Luxgen | 3 | Other receivables from related parties | 10,115 | Based on regular terms | - |
| 5 | Shi Cheng | Tai Feng | 3 | Other receivables from related parties | 207,645 | Based on regular terms | - |
| 6 | Luxgen Taipei | Car-plus Corporation | 3 | Notes and trade receivables, net | 14,116 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 274,200 | Based on regular terms | - |
| | | Luxgen | 3 | Notes and trade receivables, net | 10,578 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 78,310 | Based on regular terms | - |
| | | Luxgen | 3 | Nonoperating revenue and expense | 83,982 | Based on regular terms | - |
| 7 | Chan Yun | The Company | 2 | Operating revenue, net | 22,625 | Based on regular terms | - |
| 8 | Sin Chi | Yu Sing | 3 | Operating revenue, net | 44,092 | Based on regular terms | - |
| 9 | Singgual Travel | Luxgen Taichung | 3 | Notes and trade receivables, net | 13,168 | Based on regular terms | - |
| | | Luxgen Taichung | 3 | Operating revenue, net | 49,603 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Notes and trade receivables, net | 22,151 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Operating revenue, net | 83,582 | Based on regular terms | - |
| | | The Company | 2 | Notes and trade receivables, net | 28,654 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 147,706 | Based on regular terms | - |
| | | Singan | 3 | Other receivables from related parties | 30,038 | Based on regular terms | - |
| | | Singan | 3 | Operating revenue, net | 12,031 | Based on regular terms | - |
| | | Luxgen Tainan | 3 | Operating revenue, net | 20,075 | Based on regular terms | - |
| | | Luxgen Taoyuan | 3 | Operating revenue, net | 41,066 | Based on regular terms | - |
| | | Luxgen Kaohsiung | 3 | Operating revenue, net | 29,167 | Based on regular terms | - |
| 10 | Singan | The Company | 2 | Notes and trade receivables, net | 28,689 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 131,555 | Based on regular terms | - |
| 11 | Sin Jiang | TAC | 3 | Operating revenue, net | 30,289 | Based on regular terms | - |
| 12 | Wu Jiang Lian Cheng | Su Zhou Feng Shen | 3 | Operating revenue, net | 16,160 | Based on regular terms | - |
| | | Su Zhou Feng Shun | 3 | Operating revenue, net | 54,861 | Based on regular terms | - |
| | | Su Zhou Cheng Pang | 3 | Operating revenue, net | 28,772 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Other receivables from related parties | 14,832 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Operating revenue, net | 43,348 | Based on regular terms | - |
| 13 | Xiao Gan Yu Feng | Wuhan Yu Hsin | 3 | Operating revenue, net | 49,393 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 14 | Hong Shou Culture | Singan | 3 | Other receivables from related parties | $ 15,000 | Based on regular terms | - |
| 15 | H.K. Manpower | Car-plus Corporation | 3 | Operating revenue, net | 16,881 | Based on regular terms | - |
| 16 | Hang Zhou Hua You | Hang Zhou Hua Zhi | 3 | Operating revenue, net | 10,068 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Notes and trade receivables, net | 11,906 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Other receivables from related parties | 33,606 | Based on regular terms | - |
| 17 | Hang Zhou Hua Zhi | Hang Zhou Hua You | 3 | Other receivables from related parties | 59,327 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Operating revenue, net | 11,910 | Based on regular terms | - |
| 18 | Tang Yu | Sheng Qing | 3 | Other receivables from related parties | 22,248 | Based on regular terms | - |
| 19 | HangZhou Yu Zhong | Hang Zhou Hua You | 3 | Other receivables from related parties | 20,270 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 19,776 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 385,555 | Based on regular terms | - |
| 20 | Hangchow Yue Wan | Yueki | 3 | Operating revenue, net | 14,767 | Based on regular terms | - |
| 21 | Hangchow Liangrun | Union & NKH Auto Parts | 3 | Operating revenue, net | 19,983 | Based on regular terms | - |
| 22 | Dong Feng Yulon Sales Company | Shanghai Yuming | 3 | Operating revenue, net | 356,388 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Notes and trade receivables, net | 79,091 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Operating revenue, net | 194,388 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Notes and trade receivables, net | 41,160 | Based on regular terms | - |
| | | Hang Zhou Hua Zhi | 3 | Operating revenue, net | 165,872 | Based on regular terms | - |
| | | Chang Sha Yu Lu | 3 | Operating revenue, net | 194,345 | Based on regular terms | - |
| | | Zhuhai Yuhsin | 3 | Operating revenue, net | 211,681 | Based on regular terms | - |
| | | Shenzhen Yu Zhi | 3 | Operating revenue, net | 420,157 | Based on regular terms | - |
| | | Ning Bo Yu Cheng | 3 | Operating revenue, net | 208,673 | Based on regular terms | - |
| | | Fu Jian Yu Xin | 3 | Operating revenue, net | 296,883 | Based on regular terms | - |
| | | Guang Zhou Yuan Zhi | 3 | Operating revenue, net | 236,131 | Based on regular terms | - |
| | | Suzhou Yueshun | 3 | Operating revenue, net | 151,873 | Based on regular terms | - |
| 23 | Dong Tai | Sheng Qing | 3 | Other receivables from related parties | 123,598 | Based on regular terms | - |
| 24 | Wuhan Yu Hsin | Xiao Gan Yu Feng | 3 | Other receivables from related parties | 117,379 | Based on regular terms | - |
| | | Xiao Gan Yu Feng | 3 | Operating revenue, net | 21,573 | Based on regular terms | - |
| 25 | Chang Sha Yu Lu | Dong Feng Yulon Sales Company | 3 | Other current assets | 12,200 | Based on regular terms | - |
| 26 | Jin Ce | Gao Te | 3 | Other receivables from related parties | 37,079 | Based on regular terms | - |
| 27 | Nan Jing Yu Hua | Nanjing Hanhong | 3 | Other receivables from related parties | 126,021 | Based on regular terms | - |
| | | Yulon Motor Investment | 3 | Other receivables from related parties | 22,248 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 28 | Nanjing Hanhong | Wuhan Yu Hsin | 3 | Other receivables from related parties | $ 24,720 | Based on regular terms | - |
| | | Nan Jing Yu Shang | 3 | Other receivables from related parties | 66,596 | Based on regular terms | - |
| | | Zhu Hai Fu Te En | 3 | Other receivables from related parties | 24,782 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Other receivables from related parties | 10,532 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 29,664 | Based on regular terms | - |
| 29 | Luxgen Tainan | Car-plus Corporation | 3 | Operating revenue, net | 53,916 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 44,184 | Based on regular terms | - |
| 30 | Ke Yu | Sheng Qing | 3 | Other receivables from related parties | 442,482 | Based on regular terms | - |
| | | Sheng Qing | 3 | Nonoperating revenue and expense | 11,691 | Based on regular terms | - |
| 31 | Mei De | Gao Te | 3 | Other receivables from related parties | 333,715 | Based on regular terms | - |
| 32 | Feng Hua | Yulon China | 3 | Other receivables from related parties | 42,541 | Based on regular terms | - |
| 33 | Car-plus Corporation | Diamond Leasing | 3 | Notes and trade receivables, net | 54,144 | Based on regular terms | - |
| | | Diamond Leasing | 3 | Other receivables from related parties | 23,012 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 12,612 | Based on regular terms | - |
| 34 | Luxgen Taoyuan | Car-plus Corporation | 3 | Operating revenue, net | 63,006 | Based on regular terms | - |
| | | Luxgen | 3 | Notes and trade receivables, net | 10,070 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 43,658 | Based on regular terms | - |
| 35 | Zhuhai Yuhsin | Dong Feng Yulon Sales Company | 3 | Other current assets | 38,934 | Based on regular terms | - |
| 36 | Zhu Hai Fu Te En | Zhuhai Yuhsin | 3 | Other receivables from related parties | 76,041 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Other receivables from related parties | 14,981 | Based on regular terms | - |
| 37 | Luxgen | Luxgen Overseas Holdings | 3 | Other receivables from related parties | 83,290 | Based on regular terms | - |
| | | Luxgen Taichung | 3 | Operating revenue, net | 65,447 | Based on regular terms | - |
| | | Luxgen Taipei | 3 | Operating revenue, net | 143,118 | Based on regular terms | - |
| | | The Company | 2 | Other receivables from related parties | 44,907 | Based on regular terms | - |
| | | Singgual Travel | 3 | Operating revenue, net | 17,257 | Based on regular terms | - |
| | | Luxgen Tainan | 3 | Operating revenue, net | 40,586 | Based on regular terms | - |
| | | Chanchen | 3 | Operating revenue, net | 140,859 | Based on regular terms | - |
| | | Luxgen Taoyuan | 3 | Operating revenue, net | 64,426 | Based on regular terms | - |
| | | Luxgen Kaohsiung | 3 | Operating revenue, net | 51,770 | Based on regular terms | - |
| | | TAC | 3 | Notes and trade receivables, net | 210,737 | Based on regular terms | - |
| | | TAC | 3 | Operating revenue, net | 11,074,116 | Based on regular terms | 13 |
| 38 | Gao Te | Tai Feng | 3 | Other receivables from related parties | 137,688 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 197,757 | Based on regular terms | - |
| | | | 3 | Other receivables from related parties | 64,271 | Based on regular terms | - |
| 39 | Luxgen Kaohsiung | Car-plus Corporation | 3 | Operating revenue, net | 71,461 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 34,161 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 40 | Shenzhen Yu Zhi | Dong Feng Yulon Sales Company | 3 | Other current assets | $ 35,721 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Other assets | 72,072 | Based on regular terms | - |
| 41 | Tian Wang | Yu Chang | 3 | Notes and trade receivables, net | 14,861 | Based on regular terms | - |
| | | Yu Chang | 3 | Operating revenue, net | 52,144 | Based on regular terms | - |
| 42 | Sheng Qing | Shanghai Yuming | 3 | Other receivables from related parties | 49,439 | Based on regular terms | - |
| | | Shanghai Yuexing | 3 | Other receivables from related parties | 74,159 | Based on regular terms | - |
| | | Shi Cheng | 3 | Other receivables from related parties | 247,197 | Based on regular terms | - |
| | | Jiangmen Junxing | 3 | Other receivables from related parties | 49,439 | Based on regular terms | - |
| | | Xiao Gan Yu Feng | 3 | Other receivables from related parties | 24,720 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Other receivables from related parties | 11,976 | Based on regular terms | - |
| | | Hang Zhou Hua Zhi | 3 | Other receivables from related parties | 69,215 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Other receivables from related parties | 290,703 | Based on regular terms | - |
| | | Qingdao Yuanhuang | 3 | Other receivables from related parties | 173,038 | Based on regular terms | - |
| | | Nanjing Hanhong | 3 | Other receivables from related parties | 127,553 | Based on regular terms | - |
| | | Zhu Hai Fu Te En | 3 | Other receivables from related parties | 228,904 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Other receivables from related parties | 205,074 | Based on regular terms | - |
| | | Ning Bo Yu Cheng | 3 | Other receivables from related parties | 49,439 | Based on regular terms | - |
| | | Fu Jian Yu Xin | 3 | Other receivables from related parties | 98,879 | Based on regular terms | - |
| | | Guang Zhou Yuan Du | 3 | Other receivables from related parties | 123,598 | Based on regular terms | - |
| | | Guang Zhou Yuan Zhi | 3 | Other receivables from related parties | 71,687 | Based on regular terms | - |
| 43 | Hsiang Shou | Singan | 3 | Other receivables from related parties | 60,075 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 14,095 | Based on regular terms | - |
| 44 | Yu Yuen | The Company | 2 | Other current assets | 20,496 | Based on regular terms | - |
| | | The Company | 2 | Guarantee deposits | 41,802 | Based on regular terms | - |
| 45 | Yu Ming | Car-plus Corporation | 3 | Operating revenue, net | 21,628 | Based on regular terms | - |
| | | Chunmin | 3 | Operating revenue, net | 15,041 | Based on regular terms | - |
| | | Yu Chang | 3 | Operating revenue, net | 12,890 | Based on regular terms | - |
| 46 | Yu Chia | The Company | 2 | Other current assets | 41,531 | Based on regular terms | - |
| | | SCC | 3 | Operating revenue, net | 11,960 | Based on regular terms | - |
| 47 | Yu Chang | Car-plus Corporation | 3 | Operating revenue, net | 42,921 | Based on regular terms | - |
| | | Tian Wang | 3 | Operating revenue, net | 19,499 | Based on regular terms | - |
| | | Yu Ming | 3 | Operating revenue, net | 25,199 | Based on regular terms | - |
| | | Yu Sing | 3 | Operating revenue, net | 32,726 | Based on regular terms | - |
| | | Yushin | 3 | Operating revenue, net | 68,607 | Based on regular terms | - |
| 48 | Yu Pong | The Company | 2 | Operating revenue, net | 15,429 | Based on regular terms | - |
| 49 | Yu Sing | The Company | 2 | Other receivables from related parties | 15,246 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 98,716 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Notes and trade receivables, net | 62,274 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 306,351 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| | | Yu-Jan | 3 | Nonoperating revenue and expense | $ 24,347 | Based on regular terms | - |
| | | TAC | 3 | Notes and trade receivables, net | 14,764 | Based on regular terms | - |
| 50 | Yu-Hsin Intl | Hangchow Y-Teks | 3 | Other receivables from related parties | 15,210 | Based on regular terms | - |
| 51 | Yu-Jan | Yu Sing | 3 | Operating revenue, net | 103,284 | Based on regular terms | - |
| 52 | Yue Sheng | The Company | 2 | Notes and trade receivables, net | 50,839 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 226,224 | Based on regular terms | - |
| 53 | Yulon China | Yulon Overseas | 3 | Other receivables from related parties | 42,590 | Based on regular terms | - |
| 54 | Yulon Motor Investment | Shanghai Yuexing | 3 | Other receivables from related parties | 19,929 | Based on regular terms | - |
| | | Jiangmen Junxing | 3 | Other receivables from related parties | 74,284 | Based on regular terms | - |
| | | Hang Zhou Hua You | 3 | Other receivables from related parties | 94,234 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Other receivables from related parties | 17,352 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Notes and trade receivables, net | 20,091 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Operating revenue, net | 24,452 | Based on regular terms | - |
| | | Wuhan Yu Hsin | 3 | Other receivables from related parties | 149,505 | Based on regular terms | - |
| | | Nan Jing Yu Shang | 3 | Other receivables from related parties | 20,031 | Based on regular terms | - |
| | | Shen Jun Yu Peng | 3 | Other receivables from related parties | 24,733 | Based on regular terms | - |
| | | Shenzhen Yu Zhi | 3 | Other receivables from related parties | 106,369 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 814,628 | Based on regular terms | - |
| | | Sheng Qing | 3 | Nonoperating revenue and expense | 23,279 | Based on regular terms | - |
| 55 | Yulon GM | Qinton | 3 | Operating revenue, net | 34,435 | Based on regular terms | - |
| 56 | Yulon Energy | Car-plus Corporation | 3 | Operating revenue, net | 10,524 | Based on regular terms | - |
| | | Luxgen | 3 | Other current assets | 13,015 | Based on regular terms | - |
| 57 | Yushin | The Company | 2 | Guarantee deposits | 49,000 | Based on regular terms | - |
| | | Car-plus Corporation | 3 | Operating revenue, net | 17,259 | Based on regular terms | - |
| | | Yu Ming | 3 | Operating revenue, net | 15,082 | Based on regular terms | - |
| | | Yu Chang | 3 | Operating revenue, net | 49,695 | Based on regular terms | - |
| | | Yu Sing | 3 | Operating revenue, net | 23,354 | Based on regular terms | - |
| | | Yu Pool | 3 | Nonoperating revenue and expense | 17,368 | Based on regular terms | - |
| 58 | Yue Ki Samoa | Yue Ki HK | 3 | Other receivables from related parties | 15,214 | Based on regular terms | - |
| 59 | Yueki | Diamond Leasing | 3 | Operating revenue, net | 26,306 | Based on regular terms | - |
| | | The Company | 2 | Notes and trade receivables, net | 281,941 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 917,791 | Based on regular terms | 1 |
| | | Hangchow Yue Wan | 3 | Notes and trade receivables, net | 156,233 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Other receivables from related parties | 146,237 | Based on regular terms | - |
| | | Hangchow Yue Wan | 3 | Operating revenue, net | 40,380 | Based on regular terms | - |
| | | Luxgen | 3 | Notes and trade receivables, net | 26,649 | Based on regular terms | - |
| | | Luxgen | 3 | Operating revenue, net | 65,444 | Based on regular terms | - |
| 60 | Yu Pool | Yushin | 3 | Operating revenue, net | 68,610 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 61 | TAC | Luxgen Taipei | 3 | Notes and trade receivables, net | $ 12,649 | Based on regular terms | - |
| | | Luxgen Tainan | 3 | Notes and trade receivables, net | 20,105 | Based on regular terms | - |
| | | Yu Ming | 3 | Notes and trade receivables, net | 11,892 | Based on regular terms | - |
| | | Yu Chang | 3 | Notes and trade receivables, net | 41,441 | Based on regular terms | - |
| | | Yu Sing | 3 | Notes and trade receivables, net | 14,674 | Based on regular terms | - |
| | | Yushin | 3 | Notes and trade receivables, net | 25,818 | Based on regular terms | - |
| 62 | Fuzhou Lianghong | Union & NKH Auto Parts | 3 | Operating revenue, net | 14,932 | Based on regular terms | - |
| 63 | Fu Jian Yu Xin | Dong Feng Yulon Sales Company | 3 | Other current assets | 12,208 | Based on regular terms | - |
| | | Dong Feng Yulon Sales Company | 3 | Operating revenue, net | 10,721 | Based on regular terms | - |
| 64 | Guang Zhou Yuan Du | Qingdao Yuanhuang | 3 | Other receivables from related parties | 79,424 | Based on regular terms | - |
| | | Sheng Qing | 3 | Other receivables from related parties | 48,961 | Based on regular terms | - |
| 65 | Guang Zhou Yuan Zhi | Qingdao Yuanhuang | 3 | Other receivables from related parties | 19,776 | Based on regular terms | - |
| 66 | Ching Tai | Sheng Qing | 3 | Other receivables from related parties | 222,477 | Based on regular terms | - |
| 67 | Y-Teks | The Company | 2 | Notes and trade receivables, net | 56,718 | Based on regular terms | - |
| | | The Company | 2 | Operating revenue, net | 267,842 | Based on regular terms | - |
| 68 | Su Zhou Feng Shen | Wu Jiang Lian Cheng | 3 | Operating revenue, net | 49,924 | Based on regular terms | - |
| | | Su Zhou Feng Shun | 3 | Operating revenue, net | 50,653 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Notes and trade receivables, net | 47,956 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Operating revenue, net | 100,979 | Based on regular terms | - |
| 69 | Su Zhou Feng Shun | Wu Jiang Lian Cheng | 3 | Operating revenue, net | 37,244 | Based on regular terms | - |
| | | Su Zhou Feng Shen | 3 | Operating revenue, net | 163,429 | Based on regular terms | - |
| | | Su Zhou Cheng Li | 3 | Other receivables from related parties | 29,664 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Operating revenue, net | 57,274 | Based on regular terms | - |
| 70 | Su Zhou Cheng Hung | Su Chou Cheng Pin | 3 | Other receivables from related parties | 29,664 | Based on regular terms | - |
| 71 | Su Zhou Cheng Guo | Su Chou Cheng Pin | 3 | Other receivables from related parties | 13,843 | Based on regular terms | - |
| | | Su Zhou Chen Long | 3 | Other receivables from related parties | 24,720 | Based on regular terms | - |
| 72 | Su Zhou Chen Long | Wu Jiang Lian Cheng | 3 | Operating revenue, net | 23,213 | Based on regular terms | - |
| | | Feng Hua | 3 | Other receivables from related parties | 42,541 | Based on regular terms | - |
| | | Su Zhou Feng Shen | 3 | Operating revenue, net | 56,862 | Based on regular terms | - |
| | | Su Zhou Feng Shun | 3 | Operating revenue, net | 132,917 | Based on regular terms | - |

Note 1: From the parent company to a subsidiary.

Note 2: From a subsidiary to the parent company.

Note 3: Between subsidiaries.

(Concluded)