



YULON

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TW : 2201

YULON MOTOR CO., LTD.

Investor Conference

2015/11/25



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Agenda

| Agenda | Time | Speaker |
|---|---------------|--|
| Opening | 5 min | Chen Hsiang Yao -President |
| Financial Results & Future Prospects | 20 min | Chen Hsiang Yao –President Wen Yi Lo –General Manager |
| Q&A | 25 min | Chen Hsiang Yao –President Ming Hui Chiu –Vice President Wen Yi Lo –General Manager |



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Financial Results



2015/1~10 Sales Volume in Taiwan

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| 2015/1~10 | Domestic cars and Imported cars | | | | | | | | | |
|----------------------|---------------------------------|--------------|---------|-----------|---------|-------------|--------|----------------|-----------|-------|
| | Domestic /Imported | Sales volume | | | | Growth rate | | Market share % | | |
| | | 2014/1~10 | | 2015/1~10 | | 2015/1~10 | Total | 2015/1~10 | 2014/1~10 | % |
| | | Units | Total | Units | Total | | | | | |
| YULON Nissan Co. | Domestic | 35,706 | 39,775 | 32,889 | 35,540 | -7.89% | -10.6% | 10.6% | 11.7% | -1.1% |
| | Imported | 4,069 | | 2,651 | | -34.85% | | | | |
| LUXGEN | Domestic | 14,574 | 14,574 | 12,847 | 12,847 | -11.85% | -11.8% | 3.8% | 4.3% | -0.5% |
| | Imported | | | | | | | | | |
| MITSUBISHI | Domestic | 36,070 | 36,973 | 35,034 | 35,516 | -2.87% | -3.9% | 10.6% | 10.9% | -0.3% |
| | Imported | 903 | | 482 | | -46.62% | | | | |
| YULON GROUP subtotal | Domestic | 86,350 | 91,322 | 80,770 | 83,903 | -6.46% | -8.1% | 25.0% | 26.9% | -1.9% |
| | Imported | 4,972 | | 3,133 | | -36.99% | | | | |
| TOYOTA | Domestic | 86,549 | 115,642 | 79,456 | 107,865 | -8.20% | -6.7% | 32.1% | 34.0% | -1.9% |
| | Imported | 29,093 | | 28,409 | | -2.35% | | | | |
| FORD | Domestic | 17,760 | 19,870 | 16,220 | 18,418 | -8.67% | -7.3% | 5.5% | 5.8% | -0.4% |
| | Imported | 2,110 | | 2,198 | | 4.17% | | | | |
| MAZDA | Domestic | 8,823 | 13,147 | 2,800 | 17,019 | -68.26% | 29.5% | 5.1% | 3.9% | 1.2% |
| | Imported | 4,324 | | 14,219 | | 228.84% | | | | |
| HONDA | Domestic | 18,559 | 19,109 | 20,601 | 22,462 | 11.00% | 17.5% | 6.7% | 5.6% | 1.1% |
| | Imported | 550 | | 1,861 | | 238.36% | | | | |
| HYUNDAI | Domestic | 11,835 | 13,069 | 9,840 | 10,949 | -16.86% | -16.2% | 3.3% | 3.8% | -0.6% |
| | Imported | 1,234 | | 1,109 | | -10.13% | | | | |
| Total market | Domestic | 230,142 | 340,102 | 210,448 | 335,855 | -8.56% | -1.2% | | | |
| | Imported | 109,960 | | 125,407 | | 14.05% | | | | |

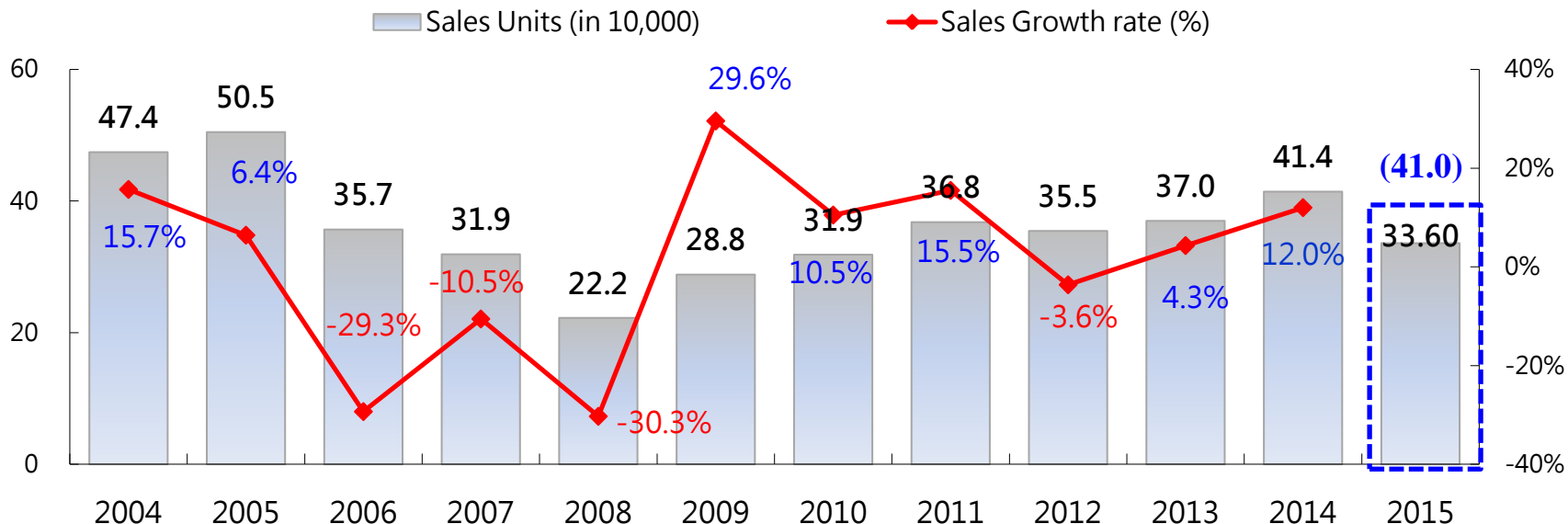
Notes:

The sales volume in 2015/1~10 decreased by 1.2% over the same period in the prior year, including 8.56% decrease of domestic cars and 14% increase of imported cars, accounting for domestic cars and imported cars of 63%:37%. The market shrinking reasons include (1) the price gap between domestic cars and imported cars is shrinking (2) there are more marketing resources in imported cars



Auto Sales in Taiwan Through the Years

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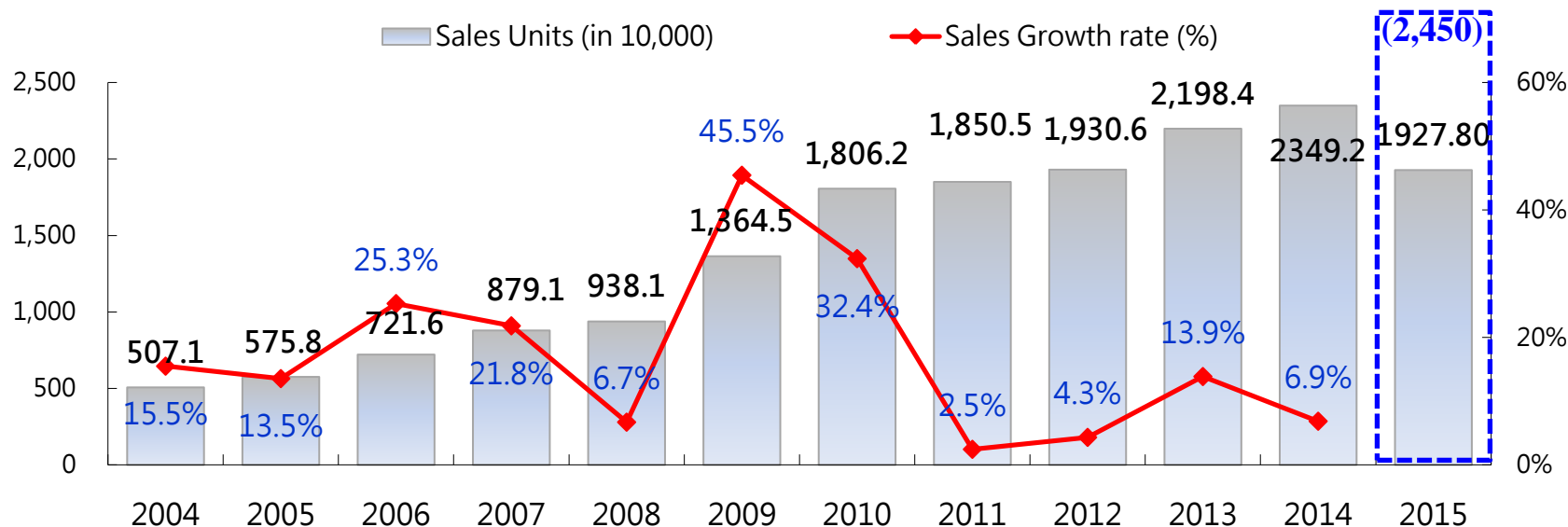
※Sales units include Passenger Cars and Commercial Vehicles (2015/1~2015/10)

1. According to several analysts and research results, the global economic situation is not optimistic. Except the U.S., Eurozone and Japan are expected to decline ; moreover, the underperforming of China has a negative impact on Japan, South Korea and Southeast Asia. It is indicated that the prospect of global economic and financial market are still uncertain. The growth rate of Taiwan was -1.01% in the third quarter of 2015. The “Chung-Hua Institution for Economic Research “and “Taiwan institute of Economic Research” predicted economic growth rate of Taiwan are 0.9% and 0.83% in 2015, and 2.27% and 1.84% in 2016 , respectively.
2. If the subsidy policy of commodity tax been announced, and going with the sales promotion from vehicle vendors in the end of year, Taiwan’s overall auto market sales volume in 2015 are expected to reach 410,000 units, and estimate to increase in 2016 , benefited from the subsidy policy of commodity tax



Auto Sales in China Through the Years

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※Sales units include Passenger Cars and Commercial Vehicles

(2015/1~2015/10)

Notes:

1. The sales volume in 2015/1~10 of China is 19,278K units, and 1.53% growth rate year on year.
2. Although economic growth rate of the third quarter in 2015 in China is 6.9%, being the lowest period since the global financial crisis. Recently, China released a modification for the regulation policy of exchange and interest rate, so it is still predicted to be stable in 2016.
3. According to China Association of Automobile Manufacturers (CAAM), in 2015 Continental overall auto market forecast is expected to reach 24.50 million units, increased by 1.01million compared to 2014 (23.49 million units), the growth rate is about 4.3%.



Consolidated Comprehensive Income Statements

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(NT \$ Million)

| | 2015 Q3 | | 2014 Q3 | | Difference | |
|---------------------------------------|--------------|-----------|--------------|-----------|--------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Operating revenue | 89,730 | 100% | 87,607 | 100% | 2,123 | 2% |
| Gross profit | 13,995 | 16% | 13,915 | 16% | 80 | 1% |
| Operating income | 1,174 | 1% | 1,775 | 2% | (601) | -34% |
| Nonoperating income and expense | 2,380 | 3% | 1,938 | 2% | 442 | 23% |
| Consolidated income before income tax | 3,554 | 4% | 3,713 | 4% | (159) | -4% |
| Consolidated net income | 2,708 | 3% | 3,008 | 3% | (300) | -10% |
| Other comprehensive income, net | - 60 | 0% | 312 | 0% | (372) | -119% |
| Total comprehensive income | 2,648 | 3% | 3,320 | 4% | (672) | -20% |
| EPS | 1.57 | | 1.73 | | | |

- The operating income decreased 601 millions compared with last year, due to the increasing of promotion fee and impairment loss.
- The non-operating net income increased 442 million compared with last year is mainly due to:
 - Dongfeng Yulon: increased 216 million, because of the sales volume increase.
 - TAI YUEN TEXTILE CO.: increased 176 million, because of gain on disposal of financial investments.
- Other comprehensive loss 372 million compared with last year is mainly due to the unfavorable factors for the conversion of foreign exchange differences of financial statements of foreign operations 153 million and unrealized losses on available-for-sale financial assets 269 million.



Consolidated Balance Sheets

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(NT \$ Million)

| | 2015 Q3 | | 2014 Q4 | | Difference | |
|--------------------------|----------------|-------------|----------------|-------------|---------------|------------|
| | Amount | % | Amount | % | Amount | % |
| Current assets | 126,592 | 58% | 108,806 | 54% | 17,786 | 16% |
| Noncurrent assets | 89,832 | 42% | 94,037 | 46% | (4,205) | -4% |
| Total Assets | 216,424 | 100% | 202,843 | 100% | 13,581 | 7% |
| Current liabilities | 123,210 | 57% | 112,689 | 56% | 10,521 | 9% |
| Noncurrent liabilities | 12,172 | 6% | 10,005 | 5% | 2,167 | 22% |
| Total Liabilities | 135,382 | 63% | 122,694 | 60% | 12,688 | 10% |
| Total Equity | 81,042 | 37% | 80,149 | 40% | 893 | 1% |

- The Debt to Assets ratio of the third quarter of 2015 is 63%, and would decrease to 30% with deduction of short-term borrowings and short-term bills payable for TAC and dealers. (Comparing with the fourth quarter of 2014, this ratio after deducting of debt mentioned above for TAC and dealers was 34%.)
- The financial structure of Yulon Motor:
 - The current debt ration is 13%, mainly for the payments for subcontractor's materials.
 - The ratio of the stockholders equity to the total assets is 87% (71.1 billion to 82 billion).
 - The book value per share is NT\$ 45.2
 - The company's financial structure is fairly good.



Luxgen Sales Volume in China and Taiwan

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(in units)

| Brand Company | 14Y Actual | 15Y Actual | 15Y growth rate | 16Y Forecast | 16Y forecast volume increased | 16Y forecast growth rate |
|----------------------|---------------|---------------|-----------------------|-----------------|--|-----------------------------------|
| Luxgen | 16,687 | 15,500 | -7.1% | 20,000 | 4,500 | 29.0% |
| Dongfeng Yulon Motor | 52,203 | 61,000 | 16.9% | 70,000 | 9,000 | 14.8% |
| Total | 68,890 | 76,500 | 11.0% | 90,000 | 13,500 | 17.6% |

1. Luxgen

In 2015, Luxgen will continue improving fuel consumption and quality, fulfilling differentiated consumer demand, and continue constructing differentiated sales and service. In order to strengthen the brand image, the total sales volume estimated to reach annual sales of 15,500 units in 2015; Driven by the introduction of new models and enhancing customer satisfaction, Luxgen estimated to reach annual sales of 20,000 units in 2016.

2. Dongfeng Yulon Motor

- A. Driven by the introduction of new models, Dongfeng Yulon keep improving product and service quality in 2015, estimate to increase 16.9% compared with 2014.
- B. In 2016 ,Dongfeng Yulon will focus on introducing new models, improving quality, enhancing production and sales , strengthening dealer s' marketing and service force and promoting brand image, forecast to grow 14.8 % in 2016 compared with 2015.



Real Estate Development - Xindian

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| Items | Residential Dist. | Commercial Dist. |
|-------|-------------------|--|
| Scale | Three Buildings | Podium & Three Towers |
| Use | Condominiums | Shopping Malls, Cinemas, and Banquet Halls |

Progress:

In September 2015, completed the schematic design and estimate to complete the design development in March 2016, then contract out the construction design.

住宅區

Residential Zone

7,509坪

生態區

Ecological zones

商業區 Commercial Zone

6,783坪

hTC研發總部 hTC Office



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Q & A