YULON

Stock Code: 2201

2016 Annual Shareholders' Meeting Agenda Handbook

Date: June 21, 2016

Location: 1F, No. 3, Sec. 3, Chung Hsing Road, Xindian District, New Taipei City (The Dome Theater at Auto Mall)

Table of Contents

Appendix

Yulon Motor Co., Ltd.
2016 Annual Shareholder's Meeting Agenda

Meeting Time: 9:00am on June 21, 2016 (Tuesday)

Meeting Place: 1F, No. 3, Sec. 3, Chung Hsing Road, Xindian District, New Taipei City

(The Dome Theater at Auto Mall)

Meeting Agenda:

I. Call the Meeting to Order

II. Chairman's Address

III. Discussions I:

1. Amendments to the Company's "Articles of Incorporation."

IV. Reporting Items:

1. The 2015 Business Report and Prospect.
2. The 2015 Supervisors' Report.
3. The 2015 Distribution of Employees', Directors' and Supervisors' Remuneration.
4. The Status of Endorsement and Guarantee.

V. Acknowledgements:

1. Acknowledge the 2015 Financial Statements.
2. Acknowledge the 2015 Earnings Distribution.

VI. Discussions II:

1. Amendments to the Company's "Rules for Director and Supervisor Elections."
2. Amendments to the Company's "Procedures for Endorsements and Guarantees."
3. Amendments to the Company's "Procedures for Acquisition and Disposal of Assets."
4. Amendments to the Company's "Procedures for Derivatives Trading."
5. Amendments to the Company's "Procedures for Loaning of Funds to Other Parties"

VII. Elections:

1. The 15^{th} election of Directors

VIII. Other Motions:

1. Release the Prohibition on 15^{th} Directors from Participation in Competitive Business.

IX. Extemporary Motions

X. Meeting Adjournment

Discussions I

Proposal 1

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Articles of Incorporation."

Explanation:

1. Pursuant to the provision prescribed in Article 235-1 of Company Act and in protection of employees' right to participate in profit distribution with consistency of appropriation of remuneration for Group employees, the Article of Incorporation of the Company shall be revised.
2. Pursuant to the provision prescribed in Article 14-4 of Securities Exchange Act, the Company plan to establish the Audit Committee starting from the 15th Board of Directors in replacement of previous supervisors. Therefore, the articles regarding the establishment of Audit Committee and deletion of supervisors shall be revised from the Articles of Incorporation.
3. Please refer to from page 3 to page 7 for the comparison table before and after revisions.
4. Please proceed with the discussion.

Resolution:

Comparison Table for the "Articles of Incorporation"

Before and After Revisions

Before the Revision	After the Revision	Remark
Article 14 The Company's Board is with 9~15 directors elected by a nomination system from the director candidate list in the shareholder's meeting for 3-year tenure and eligible for reelection. The total shareholding ratio of all directors is processed in accordance with the securities regulatory authorities. The number of the Company's independent directors shall not be less than two seats and one fifths of the director seats; also, the nomination system is adopted to have independent directors elected from the director candidate list. The professional qualifications, shareholding, part-time job restrictions, nomination and election method, and other compliance matters of the independent directors shall be handled in accordance with the securities regulatory authorities.	**Article 14** The Company's Board is with 9~15 directors elected by a nomination system from the director candidate list in the shareholder's meeting for 3-year tenure and eligible for reelection. The total shareholding ratio of all directors is processed in accordance with the securities regulatory authorities. The number of the Company's independent directors at least 3 seats and the nomination system is adopted to have independent directors elected from the director candidate list. The professional qualifications, shareholding, part-time job restrictions, nomination and election method, and other compliance matters of the independent directors shall be handled in accordance with the securities regulatory authorities. The Board of Directors of the Company may establish various functional committees. The regulations governing the exercise of functional committees shall be developed and adopted by the Board of Directors before implementation.	Collaborate to establish the Audit Committee and add functional committee.
Article 18 The Board is to convene a meeting every three-month with the directors and supervisors notified within the prescribed time period. An extraordinary meeting can be convened for urgent matters or upon the request of a majority of the directors that is to be convened by the Chairman.	**Article 18** The Board is to convene a meeting every three-month with the directors notified within the prescribed time period. An extraordinary meeting can be convened for urgent matters or upon the request of a majority of the directors that is to be convened by the Chairman. The convention	Collaborate to establish Audit Committee in replacement of supervisors, and added notice and coordination means for the Board of Directors.

Before the Revision	After the Revision	Remark
The director who is unable to attend the meeting for reasons may appoint another director to attend the meeting by proxy that is limited to one representative only.	<u>notice may be informed to the directors by paper, e-mail or fax.</u> The directors who is unable to attend the meeting for reasons may appoint another director to attend the meeting by proxy that is limited to one representative only.	
Chapter 5 <u>Supervisors</u> **Article 21** <u>The Company is with three supervisors elected in accordance with the nomination system adopted in the shareholder's meeting for 3-year tenure and eligible for reelection. The total shareholding ratio of all supervisors is processed in accordance with the securities regulatory authorities.</u>	**Chapter 5 <u>Audit Committee</u>** **Article 21** <u>The Company established the Audit Committee pursuant to the laws and regulations. The Audit Committee or Audit Committee members shall be responsible for the execution of Company Act, Securities Exchange Act, and other supervisory functions regulated by law.</u> <u>The supervisor system was deleted on the day of the establishment of Audit Committee by law.</u> <u>The Audit Committee should be constituted by all independent directors.</u> <u>The number of members, terms, functions, meeting rules, resources while the Audit Committee exercises and other matters shall be regulated in the Articles of Audit Committee Incorporation.</u>	Establish Audit Committee in replacement of supervisors' responsibility. Hence the supervisor-related content is deleted from this Article.
Article 22 <u>The powers of the Supervisors are as follows:</u> <u>1. Inquiry of the Company's business operation;</u> <u>2. Investigation of the Company's financial status;</u> <u>3. Audit of the Company's books and documents;</u> <u>4. The other powers entrusted in accordance with the law and regulations and resolutions reached in the shareholder's meeting.</u>	**Article 22** <u>（Deletion）</u>	Establish Audit Committee in replacement of supervisors' responsibility. Hence the supervisor-related content is deleted from this Article.

Before the Revision	After the Revision	Remark
Article 23 Supervisors may attend Board meetings to speak in the meeting but without vote.	**Article 23** （Deletion）	Establish Audit Committee in replacement of supervisors' responsibility. Hence the supervisor-related content is deleted from this Article.
Article 26 The Company's fiscal year is from January 1 to December 31. At the end of each fiscal year, the Board shall have the following books and statements prepared in accordance with Article 228 of the Company Law and forward to supervisors for auditing within the prescribed time period before acknowledged in the shareholder's meeting.	**Article 26** The Company's fiscal year is from January 1 to December 31. At the end of each fiscal year, the Board shall have the following books and statements prepared in accordance with Article 228 of the Company Law and forward to the Audit Committee to audit and propose the report, before acknowledged in the shareholder's meeting.	Establish Audit Committee in replacement of supervisors' responsibility. Hence the supervisor-related content is deleted from this Article.
Article 27 The Company's annual earnings, if any, in addition to make up losses and pay income tax, shall be with 10% legal reserve appropriated and special reserve appropriated per the instruction of the competent authorities. The remaining balance, if any, should be distributed as follows: 1. Remuneration to directors and supervisors is 0.5%, but the independent directors are not entitled to the distribution of the preceding remuneration. 2. Employee bonus is 0.1% ~ 5%. 3. The Company engages in a mature and stable industry. The Company's dividend distribution program is planned with the consideration of the Company's profitability, future working capital needs	**Article 27** If the Company makes profits for the fiscal year, the profits shall be appropriated for remuneration in the follows: 1. The remuneration for directors may not exceed 0.5% while independent directors may not participate in the distribution of the preceding remuneration. 2. The remuneration for employees may not fall below 0.1%. The preceding remuneration for employees is resolved by the Board of Directors and distributed in the form of stocks or cash. The distribution of remuneration for employees and directors shall be reported to the Shareholder's Meeting. 3. If the Company still has cumulative loss, the amount to make up the loss shall be	1. In accordance with the Order No. Department-of-Commerce-MOEA-10402413890, the distribution of net profit is changed to distribution of profit before income tax. 2. In accordance with the Order No. Department-of-Commerce-MOEA-10402427800, the remuneration for directors and supervisors shall be imposed with upper limit. 3. Supervisor and

Before the Revision	After the Revision	Remark
and industrial environmental changes, and taking into account the long-term shareholder's equity and the Company's long-term financial planning. Dividends in the form of cash dividends or stock dividends are distributed with the distribution amount proposed by the Board and resolved in the shareholder's meeting. The Company for business needs may have special reserve appropriated.	withheld beforehand, and then the remuneration is distributed in accordance with the previous proportions. The 14th supervisors could still acquire remuneration upon the expiration of term, dismissal or resignation in accordance with the 51st revision on June 11, 2013. The remuneration proportion, remuneration distribution procedure and distribution conditions shall comply with the regulations related to the remuneration for directors. 4. If the Company makes surplus for the fiscal year, apart from making up for the cumulative loss in the past and taxation according to the law, 10% of the legal reserve and special reserve according to the regulations of competent authority shall be appropriated. The balance together with the remaining amount as of the beginning unappropriated earnings shall be the available reserve for distribution. 5. The Company engages in an industry with stable maturity. In consideration of the profit status, funding requirement for future operational plan and changes in industry environment of the Company in addition to taking account of long-term shareholders' equity and long-term financial planning of the Company, the dividend distribution of the Company should not fall below 10% of the available reserve. Dividends are	other related words are deleted. 4. In accordance with the Article 235-1 of Company Act, employee bonus is changed to employs remuneration and proportion of intervals is changed to lower limit. 5. In accordance with the Article 235-1 of Company Act, the cumulative loss should be made up first before distribution.

Before the Revision	After the Revision	Remark
	distributed in cash or stock. In particular, the proportion of cash dividend distribution may not fall below 20% of total dividend amount. Finally the Board of Directors proposes the distribution statement to reach resolution at the Shareholder Meeting.	
Article 28 The Company's directors and supervisors are entitled to receive remuneration that is to be proposed by the Board of Directors by referring to the industry standard. The Company's earnings, if any, are applied for the distribution of remuneration to directors and supervisors in accordance with Article 27 of the Articles of Incorporation.	**Article 28** The remuneration of the Company's directors is authorized Board of Directors to proposed base on the individual contribution to the Company and the standard of the same trade concerned. The Company's profit, if any, are applied for the distribution of remuneration to directors in accordance with Article 27 of the Articles of Incorporation.	1. In accordance with the Article 14-4 of Securities and Exchange Act, supervisor and other related words are deleted. 2. In accordance with the Article 235-1 of Company Act, the Company's earnings is changed to the Company's profit. 3. The distribution of remuneration to directors and supervisors is changed to the distribution of remuneration to directors.
Article 31 The Articles of Incorporation was established on July 23, 1953. …(omitted). The 51st amendment was implemented on June 11, 2013.	**Article 31** The Articles of Incorporation was established on July 23, 1953. …(omitted). The 51st amendment was implemented on June 11, 2013. The 52nd amendment was implemented on June 21, 2016.	Added revision date.

Reporting Items

I. The 2015 Business Report and Prospect

Yulon Motor Co., Ltd.
Business Report and Prospect

Dear Shareholders, welcome to the 2016 annual shareholders' meeting of Yulon Motor Co., Ltd.

In spite of the influence of flow economic recovery in domestic automobile market, the total sales of the automobile market still managed to reach 428,000 vehicles following the implementation of funding policy for changing old cars with new ones and other favorable factors. The operational performance last year, with the collective efforts of all employees, is concluded in the follows:

1. Sales Profits:

In terms of sales, the total number of vehicles under all brands of the Company in 2015 was 57,115 vehicles. In terms of operational profits, the total sales revenue last year was NTD38,826 million, the operational profits were NTD1,785 million, net-non-operating income was NTD1.731 billion, and earnings before tax was NTD3.516 billion, hitting a record high in the last 4 years.

2. Development of Luxgen Brand:

Luxgen has again received the special award of "2015 Super Power Brands" in the category of domestic automobile, sponsored by *Manager Today*. U6 TURBO was even awarded with the "Best domestic SUV" and "Taiwan Excellence Award" in the same year. This is the fifth time that Luxgen has received such award. The Company continues the upgrade in the performance and oil consumption technology for its brands, inviting international renowned teams to join the R&D work, building the long-term competitiveness, improving quality standards of Luxgen products and meeting customer needs. A full series of ECO HYPER products with improved power, oil consumption, and maneuverability were released since April 2015. Luxgen will launch S3, the new type sedan, and the multi-function premium SUV V7 in response to aging society. It is expected to meet the objective of 20,000 vehicles in sales a year.

3. Expansion of Mainland China Market:

In 2015, the total sales of automobile market in mainland China were over 24.5 million vehicles. It is estimated that the sales in 2016 will reach 26 million vehicles. In particular, SUV and MPV continue to grow at a high speed. Under the power driving of U6 ECO HYPER in 2015, Luxgen has hit a record high of 60,000 vehicles in sales of all series in mainland China market, with a growth rate of 15%. By 2016, Luxgen is expected to release the new big 7 MPV ECO HYPER and S3 sedan, together with the new Tier 1 and Tier 2 City sales offices completed as well as the car exhibition model, to expand the sales to Tier 3 and Tier 4 cities. Luxgen is expected to meet the sales objective of 70,000 vehicles by 2016.

4. Promotion of Eco-friendly Alternative Energy Cars:

Energy saving and carbon reduction are most pressing actions in midst of rigorous climate change. The worldwide automobile industry is now speeding up the path to release alternative energy automobile with low emission or zero emission. Luxgen is the first electrical cars in Taiwan that officially passed government certification. It is also actively engaging in the collaboration with public and private sectors in the promotion of green energy and eco-friendly electric cars as well as tourism shuttle bus for the public. In 2015, Luxgen completed the collaboration with Fo-Guang-Shan in 2015 to introduce electric cars into the park as shuttle transportation for the believers.

It is estimated that more than 300 cumulative Luxgen electric cars are in operations in Taiwan while 309 charging stations have been deployed. Luxgen released a pure electric car S3 EV+ with zero carbon emission at the end of 2015 and will also be devoted to the pilot-operation of the government, which will facilitate the low-pollution driving life and collaborate with the people in building sustainable living environment.

5. Repurposing Asset Utilization:

The development progress of Yulon Motor in Xindian is currently in the review process of building permit. It is expected that the building permit will be acquired by the Company by the beginning of 2017 and the commercial center is expected to be opened by the end 2020, thereby building a brand-new landmark building in Taipei area.

6. Implementing Corporate Social Responsibilities:

The business philosophy of the Company is to fulfill corporate responsibility. In addition to implementing the disaster care actions for the 2015 Taiwan Water Park Dust Explosion and the Taiwan earthquake in early 2016, the Company further promotes specific implementation programs from friendly environment, strengthen community relations, deepened employees service, and customer satisfaction upgrade.

With regards to solid industry-university collaboration, the Company continues to donate Luxgen vehicles to domestic universities and colleagues as well as the "National Industrial Skills Competition." This year, the Company signed a Letter of Intent with the National Chiao Tung University to build an industry-university collaboration platform with emphasis on the forward-looking innovation technology of smart vehicles, key component development technology, and driver-less smart campus vehicles. The Company expects to build solid foundation of R&D capacity in the future through the intense cooperation between enterprises and the academic circle.

In 2015, the Company responded to the "Voluntary Green Electricity Pricing Program" advocated by MOEA and is the first automobile company in Taiwan to purchase green power.

7. Strengthening Community Care:

The Company has donated the premium of "Employer's Liability Insurance" to the temporary janitors working in Taipei City for 17 years in a row. The Company has also donated the premium of "Employer's Liability Insurance" to the Sanyi Township Cleaning Squad since 2014. A cumulative 25,000 families received benefits with more safety protection in work and life.

The Company continues to sponsor the organization of “Taiwan International Wood Sculpture Competition” as feedback to local towns, provides scholarships for different grades in Sanyi Township, hold the “Yulon Children’s Basketball Summer Camp” and “Yulon Vehicles Design Experience Camp” each year for children to with a diversity of learning experiences.

In the future, the Company will continue to work in pursuit of the welfare of employees, shareholders and society on the aforementioned basis. Finally we would like to express our gratitude for the support and care from all shareholders for Yulon Motor over the past. Thank you.

Chairman: Kenneth, K.T. Yen

President: Zhen-Xiang Yao

Chief Accountant: Steven, W.Y. Lo

2. The 2015 Supervisors' Report

The Board of Directors has prepared the 2015 Business Report, Financial Statements and proposal for earnings distribution. The CPA Li-Wen KUO and CPA Hsin-Wei TAI, members of the Deloitte & Touche, were retained to audit Yulon Financial Statements and had issued the unqualified-standard wording audit report. The Business Report, Financial Statements, and earning distribution proposal have been reviewed and determined to be correct and accurate by the Supervisors. According to Article 219 of the Company Law, we hereby submit this report.

To the 2016 Annual Shareholders' Meeting

Supervisors
Lowin Industrial Co., Ltd

Representative: Weikong Chi

Shintai Liu

Jinchung Lee

Date: March 23, 2016

3. The 2015 Distribution of Employees', Directors' and Supervisors' Remuneration

(1) Pursuant to the provision of Article 27 of revised Articles of Incorporation, the Company shall appropriate remuneration for directors and employees of that year in case of any profits. The remuneration for Directors may not exceed 0.5% of the profit and the remuneration for employees may not fall below 0.1%. The objects of remuneration of the 14th Board of Directors include directors and supervisors, while independent directors are excluded from the participation of distribution.

(2) The 2015 annual profit for the Company was NTD3.54 billion before distributing the employees', directors' and supervisors' remuneration. Pursuant to the provisions after the revision of the Articles of Incorporation, the Company has already appropriated 0.1% of the profits as compensation for employees, in the total amount of NTD3.54 million. Additionally, 0.5% of the profit was appropriated as the remuneration for directors and supervisors, in the total amount of NTD17.68 million. Previous remuneration amount is approved by the Remuneration Committee and the Board of Directors and the remuneration is to be distributed in cash.

(3) Besides the employee's remuneration, the Company distributed additional bonus in the amount of NTD56.58 million in January, 2016.

4. The Status of Endorsement and Guarantee

On December 31 2015, the total endorsement and guarantee line was NTD 9.86 billion while the actual endorsement and guarantee amount was NTD 4.28 billion and the maximum amount provided to single entity was NTD 3 billion.

The status of endorsement and guarantee was in compliance with Article 4 of the Procedures for Endorsement and Guarantee (The total amount of endorsements and guarantees shall not exceed 40% of the Company's net worth. The total amount of endorsement and guarantee provided by the Company to any single entity shall not exceed 35% of the guarantee line.)

The endorsement and guarantee statement is as follows:

Yulon Motor Co., Ltd.
Endorsement and Guarantee Statement
December 31, 2015

In Thousands of NTD

Entity Name	Guarantee Line	Actual Drawdown Amount
Yu-shin Motor Co., Ltd.	50,000	30,000
ESINN CO., LTD	690,000	570,000
UNIVATION MOTOR PHILIPPINES, INC.	1,719,432	683,474
Luxgen Motor Co., Ltd.	7,400,000	3,000,000
Total	9,859,432	4,283,474

Acknowledgements

Proposal 1

Proposed by the Board of Directors

Proposal: Acknowledge the 2015 Financial Statements

Explanation:

5. Yulon's 2015 Financial Statements were audited by CPA Li-Wen KUO and CPA Hsin-Wei TAI, members of the Deloitte & Touche. The Financial Statements and Business Report have been reviewed and determined to be correct and accurate by the Supervisors.
6. The 2015 Business Report (please refer to from page 8 to page 11) and Financial Statements (please refer to from page 16 to page 31) are enclosed for reference.
7. Please proceed with the acknowledgement.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yulon Motor Company Ltd.

We have audited the accompanying balance sheets of Yulon Motor Company Ltd. (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yulon Motor Company Ltd. as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Yulon Motor Company Ltd. as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to in the first paragraph.

March 21, 2016

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

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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

YULON MOTOR COMPANY LTD.

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents	$ 7,235,569	9	$ 7,697,376	10
Financial assets at fair value through profit or loss - current	3,578,574	4	990,262	1
Debt investments with no active market - current	2,417,500	3	600,345	1
Note receivable	69,278	-	62,056	-
Notes receivable from related parties	23,490	-	45,123	-
Trade receivables	9,333	-	4,016	-
Trade receivables from related parties	775,404	1	398,545	-
Other receivables	403,553	1	575,110	1
Inventories	4,020,898	5	4,542,750	6
Other current assets	323,681	-	448,769	-
Total current assets	18,857,280	23	15,364,352	19
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	50,690	-	74,556	-
Financial assets measured at cost - non-current	28,411	-	154,712	-
Investments accounted for using the equity method	42,989,654	53	45,283,976	57
Property, plant and equipment	6,225,143	8	6,829,569	9
Investment properties	10,593,099	13	10,035,097	13
Other intangible assets	85,860	-	61,848	-
Deferred tax assets	529,902	1	596,917	1
Other non-current assets	1,270,965	2	1,062,928	1
Total non-current assets	61,773,724	77	64,099,603	81
TOTAL	$ 80,631,004	100	$ 79,463,955	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	$ 1,600,295	2	$ 1,671,531	2
Trade payables to related parties	1,431,476	2	1,470,304	2
Other payables	1,220,028	1	1,147,528	2
Current tax liabilities	28,984	-	208,476	-
Other current liabilities	65,144	-	66,286	-
Total current liabilities	4,345,927	5	4,564,125	6
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2,537,470	3	2,521,196	3
Accrued pension liabilities	1,665,449	2	1,602,850	2
Deposits received	528,185	1	641,271	1
Credit balance on the carrying value of investments accounted for using the equity method	51,660	-	108,599	-
Other non-current liabilities	24,389	-	24,893	-
Total non-current liabilities	4,807,153	6	4,898,809	6
Total liabilities	9,153,080	11	9,462,934	12
EQUITY				
Share capital				
Ordinary shares	15,729,199	20	15,729,199	20
Capital surplus	6,650,489	8	6,561,260	8
Retained earnings				
Legal reserve	7,380,610	9	7,159,575	9
Special reserve	35,373,565	44	34,373,565	43
Unappropriated earnings	4,157,281	5	3,446,670	5
Total retained earnings	46,911,456	58	44,979,810	57
Ordinary shares				
Exchange differences on translating foreign operations	1,484,838	2	1,721,402	2
Unrealized gain on available-for-sale financial assets	1,078,584	1	1,386,228	2
Cash flow hedges	(338)	-	(574)	-
	2,563,084	3	3,107,056	4
Treasury shares	(376,304)	-	(376,304)	(1)
Total equity	71,477,924	89	70,001,021	88
TOTAL	$ 80,631,004	100	$ 79,463,955	100

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

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales	$ 37,230,532	96	$ 39,045,254	96
Other operating revenue	1,595,585	4	1,676,787	4
Total operating revenue	38,826,117	100	40,722,041	100
OPERATING COSTS				
Cost of goods sold	35,347,076	91	37,485,154	92
Other operating cost	499,280	1	287,131	1
Total operating costs	35,846,356	92	37,772,285	93
GROSS PROFIT	2,979,761	8	2,949,756	7
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	8,786	-	(2,320)	-
REALIZED GROSS PROFIT	2,988,547	8	2,947,436	7
OPERATING EXPENSES				
Selling and marketing expenses	135,490	-	159,600	-
General and administrative expenses	908,891	2	928,552	2
Research and development expenses	159,304	1	207,002	1
Total operating expenses	1,203,685	3	1,295,154	3
PROFIT FROM OPERATIONS	1,784,862	5	1,652,282	4
NON-OPERATING INCOME				
Share of loss of subsidiaries, associates and joint ventures	1,135,997	3	261,510	1
Other income	52,250	-	52,235	-
Interest income	85,435	-	87,788	-
Finance costs	(1,536)	-	(3,508)	-
Other gains	458,492	1	199,562	1
Total non-operating income	1,730,638	4	597,587	2
PROFIT BEFORE INCOME TAX	3,515,500	9	2,249,869	6
INCOME TAX EXPENSE	163,422	-	39,523	-
NET PROFIT FOR THE YEAR	3,352,078	9	2,210,346	6

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (110,940)	-	$ (76,170)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	(121,805)	(1)	(36,015)	-
	(232,745)	(1)	(112,185)	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on available-for-sale financial assets	(24,200)	-	13,490	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(519,772)	(1)	1,454,256	3
	(543,972)	(1)	1,467,746	3
Other comprehensive income (loss) for the year, net of income tax	(776,717)	(2)	1,355,561	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,575,361	7	$ 3,565,907	9
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	$ 2.29		$ 1.51	
Diluted	$ 2.29		$ 1.51	

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

YULON MOTOR COMPANY LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total Equity
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
Appropriation of the 2013 earnings										
Legal reserve	-	-	237,118	-	(237,118)	-	-	-	-	-
Special reserve	-	-	-	3,146,000	(3,146,000)	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	63,443	-	-	(240,091)	-	-	-	-	(176,648)
Net profit for the year ended December 31, 2014	-	-	-	-	2,210,346	-	-	-	-	2,210,346
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	(112,185)	1,335,790	132,494	(538)	-	1,355,561
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	2,098,161	1,335,790	132,494	(538)	-	3,565,907
BALANCE, DECEMBER 31, 2014	15,729,199	6,561,260	7,159,575	34,373,565	3,446,670	1,721,402	1,386,228	(574)	(376,304)	70,001,021
Appropriation of 2014 earnings										
Legal reserve	-	-	221,035	-	(221,035)	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)
Change in equity from investments in subsidiaries, associates and joint ventures accounted for by using equity method	-	89,229	-	-	(86,643)	-	-	-	-	2,586
Net profit for the year ended December 31, 2015	-	-	-	-	3,352,078	-	-	-	-	3,352,078
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	(232,745)	(236,564)	(307,644)	236	-	(776,717)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	3,119,333	(236,564)	(307,644)	236	-	2,575,361
BALANCE, DECEMBER 31, 2015	$ 15,729,199	$ 6,650,489	$ 7,380,610	$ 35,373,565	$ 4,157,281	$ 1,484,838	$ 1,078,584	$ (338)	$ (376,304)	$ 71,477,924

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

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,515,500	$ 2,249,869
Adjustments for:		
(Reversal of impairment loss) impairment loss recognized on non-financial assets	(117,658)	417,529
Depreciation expenses	423,730	416,122
Share of profit of subsidiaries, associates and joint ventures	(1,135,997)	(261,510)
Interest income	(85,435)	(87,788)
Amortization expenses	47,204	43,171
Net loss on foreign currency exchange	21,728	36,435
Impairment loss on trade receivables	-	28,000
Realized gain on the transactions with subsidiaries, associates and joint ventures	(43,078)	(14,391)
Impairment loss recognized on financial assets	14,361	13,597
Dividend income	(12,988)	(12,804)
Finance costs	1,536	3,508
Gain on disposal of property, plant and equipment	(388)	(739)
Gain on disposal of financial assets	(418,101)	(5)
Changes in operating assets and liabilities		
Financial assets held for trading	(2,585,664)	(182,749)
Notes receivable	(360,751)	439,173
Other receivables	178,864	59,842
Inventories	639,510	(77,193)
Other current assets	(187,544)	(442,027)
Trade payables	(138,346)	(465,327)
Other payables	70,491	(238,220)
Other current liabilities	(1,143)	(7,144)
Accrued pension liabilities	(48,341)	6,770
Other operating liabilities	(502)	4,924
Cash (used in) generated from operations	(223,012)	1,929,043
Interest received	78,128	79,281
Interest paid	(1,536)	(3,508)
Income tax paid	(259,625)	(240,133)
Net cash generated from operating activities	(406,045)	1,764,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	6,041,482	4,664,631
Acquisition of associates	(4,255,456)	(2,194,654)
Acquisition of other non-current assets	(208,057)	(1,057,100)
Proceeds from the capital reduction of investments accounted for using the equity method	1,001,829	893,343
Proceeds from the capital reduction of financial assets measured at cost	-	82,650
Acquisition of debt investments with no active market	(1,824,111)	-
Disposal of debt investments with no active market	-	448,345

(Continued)

YULON MOTOR COMPANY LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Acquisition of property, plant and equipment	$ (128,357)	$ (121,061)
Acquisition of investment property	-	(55,785)
Proceeds from disposal of property, plant and equipment	506	739
Decrease in refundable deposits	20	42
Purchase of available-for-sale financial assets	(334)	-
Proceeds from disposal of subsidiaries, associates and joint ventures	2,597	21
Proceeds from disposal of financial assets measured at cost	530,041	15
Acquisition of intangible assets	(7,649)	-
Net cash generated from investing activities	1,152,511	2,661,186
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(1,099,035)	(1,098,866)
(Decrease) increase in guarantee deposits received	(113,086)	328,844
Net cash used in financing activities	(1,212,121)	(770,022)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,848	(30,124)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(461,807)	3,625,723
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,697,376	4,071,653
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 7,235,569	$ 7,697,376

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

We have audited the accompanying consolidated balance sheets of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yulon Motor Company Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Yulon Motor Company Ltd., as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

March 21, 2016

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' 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' report and consolidated financial statements shall prevail.

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents	$ 16,305,124	8	$ 19,346,561	10
Financial assets at fair value through profit or loss - current	4,748,673	2	2,241,923	1
Available-for-sale financial assets - current	177,134	-	322,674	-
Derivative financial assets for hedging - current	1,135	-	-	-
Financial assets measured at cost - current	3,010	-	45,689	-
Debt investments with no active market - current	6,015,982	3	1,775,928	1
Notes receivable	21,381,924	10	18,817,203	9
Notes receivable from related parties	101,499	-	61,201	-
Trade receivables	43,070,983	20	37,955,957	19
Finance lease receivables	10,089,962	5	6,857,460	4
Trade receivables from related parties	2,610,634	1	2,319,615	1
Other receivables	2,592,732	1	2,627,063	1
Inventories	9,413,898	5	10,527,066	5
Other current assets	5,645,105	3	5,907,448	3
Total current assets	122,157,795	58	108,805,788	54
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current, net of current portion	383,315	-	745,295	-
Held-to-maturity financial assets - non-current	17,557	-	18,019	-
Financial assets measured at cost - non-current, net of current portion	195,679	-	465,421	-
Debt investment with no active market - non-current, net of current portion	13,788	-	82,972	-
Investments accounted for using the equity method	33,814,732	16	35,059,764	17
Property, plant and equipment	33,217,023	16	34,730,129	17
Investment properties	10,710,609	5	10,224,499	5
Goodwill	882	-	882	-
Vehicle model development cost	6,101,837	3	7,016,887	4
Other intangible assets	402,235	-	377,193	-
Deferred tax assets	1,071,551	-	1,036,404	1
Long-term finance lease receivables	1,177,911	1	1,877,583	1
Guarantee deposits	564,900	-	487,222	-
Long-term prepayments for lease	696,937	-	692,223	-
Other non-current assets	1,475,339	1	1,222,406	1
Total non-current assets	89,844,295	42	94,036,899	46
TOTAL	$ 212,002,090	100	$ 202,842,687	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ 32,841,275	16	$ 30,805,794	15
Short-term bills payable	48,764,136	23	41,633,602	20
Financial liabilities at fair value through profit or loss - current	2,904	-	-	-
Derivative financial liabilities for hedging - current	1,856	-	1,200	-
Notes payables	305,084	-	400,247	-
Notes payable to related parties	183,440	-	22,568	-
Trade payables	4,764,538	2	5,587,507	3
Trade payables to related parties	6,193,375	3	4,152,711	2
Other payables	10,002,379	5	12,974,613	6
Current tax liabilities	371,851	-	512,253	-
Provisions - current	427,172	-	427,386	-
Current portion of long-term borrowings	534,512	-	1,234,903	1
Current portion of bonds payable	3,368,076	2	3,710,737	2
Other current liabilities	10,862,695	5	11,225,061	6
Total current liabilities	118,623,293	56	112,688,582	55
NON-CURRENT LIABILITIES				
Long-term borrowings	1,654,456	1	768,675	-
Provisions - non-current	760,456	-	720,147	-
Deferred tax liabilities	3,550,254	2	3,471,673	2
Long-term trade payables, net of current portion	3,318,976	2	1,940,215	1
Deferred revenue - non-current	73,438	-	86,741	-
Accrued pension liabilities	2,274,547	1	2,169,885	1
Other non-current liabilities	565,027	-	848,049	1
Total non-current liabilities	12,197,154	6	10,005,385	5
Total liabilities	130,820,447	62	122,693,967	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	15,729,199	8	15,729,199	8
Capital surplus	6,650,489	3	6,561,260	3
Retained earnings				
Legal reserve	7,380,610	3	7,159,575	3
Special reserve	35,373,565	17	34,373,565	17
Unappropriated earnings	4,157,281	2	3,446,670	2
Total retained earnings	46,911,456	22	44,979,810	22
Other equity				
Exchange differences on translating foreign operations	1,484,838	1	1,721,402	1
Unrealized gain on available-for-sale financial assets	1,078,584	-	1,386,228	1
Cash flow hedges	(338)	-	(574)	-
Total other equity	2,563,084	1	3,107,056	2
Treasury shares	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	71,477,924	34	70,001,021	35
NON-CONTROLLING INTERESTS	9,703,719	4	10,147,699	5
Total equity	81,181,643	38	80,148,720	40
TOTAL	$ 212,002,090	100	$ 202,842,687	100

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales	$104,559,739	85	$103,876,276	86
Investment income	184,752	-	158,616	-
Rental revenue	7,316,199	6	7,459,189	6
Service revenue	2,588,634	2	2,649,670	2
Other operating revenue	7,876,497	7	6,466,765	6
Total operating revenue	122,525,821	100	120,610,516	100
OPERATING COSTS				
Cost of goods sold	92,198,859	75	91,955,662	76
Investment cost	48,662	-	64,497	-
Rental cost	6,109,297	5	6,032,091	5
Service cost	1,648,566	1	1,618,501	2
Other operating cost	4,560,359	4	3,587,787	3
Total operating costs	104,565,743	85	103,258,538	86
GROSS PROFIT	17,960,078	15	17,351,978	14
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	1,088	-	744	-
REALIZED GROSS PROFIT	17,961,166	15	17,352,722	14
OPERATING EXPENSES				
Selling and marketing expenses	9,406,878	8	8,942,216	8
General and administrative expenses	7,979,829	7	7,648,022	6
Research and development expenses	294,503	-	354,114	-
Total operating expenses	17,681,210	15	16,944,352	14
PROFIT FROM OPERATIONS	279,956	-	408,370	-
NON-OPERATING INCOME				
Other income	728,187	1	649,201	-
Other losses	(285,627)	-	(389,502)	-
Finance costs	(405,615)	-	(392,092)	-

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Share of profit of associates and joint ventures accounted for by the equity method	$ 4,124,231	3	$ 3,079,895	3
Interest income	296,745	-	254,928	-
Total non-operating income	4,457,921	4	3,202,430	3
PROFIT BEFORE INCOME TAX	4,737,877	4	3,610,800	3
INCOME TAX EXPENSE	818,585	1	801,394	-
NET PROFIT FOR THE YEAR	3,919,292	3	2,809,406	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(149,053)	-	(111,731)	-
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method	(95,968)	-	(8,777)	-
	(245,021)	-	(120,508)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation operations	(94,632)	-	754,481	-
Unrealized loss on available-for-sale financial assets	(343,246)	(1)	(24,878)	-
Cash flow hedges	479	-	(1,125)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for by the equity method	(225,269)	-	922,128	1
	(662,668)	(1)	1,650,606	1
Other comprehensive income (loss) for the year, net of income tax	(907,689)	(1)	1,530,098	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,011,603	2	$ 4,339,504	4
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 3,352,078	3	$ 2,210,346	2
Non-controlling interests	567,214	-	599,060	-
	$ 3,919,292	3	$ 2,809,406	2

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 2,575,361	2	$ 3,565,907	3
Non-controlling interests	436,242	-	773,597	1
	$ 3,011,603	2	$ 4,339,504	4
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	$2.29		$1.51	
Diluted	$2.29		$1.51	

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
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated 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, 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 the 2013 earnings												
Legal reserve	-	-	237,118	-	(237,118)	-	-	-	-	-	-	-
Special reserve	-	-	-	3,146,000	(3,146,000)	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)	-	(1,101,044)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(939,581)	(939,581)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	(353)	-	-	(652)	-	-	-	-	(1,005)	580	(425)
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	63,796	-	-	(239,439)	-	-	-	-	(175,643)	175,643	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	471,114	471,114
Net profit for the year ended December 31, 2014	-	-	-	-	2,210,346	-	-	-	-	2,210,346	599,060	2,809,406
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	(112,185)	1,335,790	132,494	(538)	-	1,355,561	174,537	1,530,098
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	2,098,161	1,335,790	132,494	(538)	-	3,565,907	773,597	4,339,504
BALANCE, DECEMBER 31, 2014	15,729,199	6,561,260	7,159,575	34,373,565	3,446,670	1,721,402	1,386,228	(574)	(376,304)	70,001,021	10,147,699	80,148,720
Appropriation of the 2014 earnings												
Legal reserve	-	-	221,035	-	(221,035)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.7 per share)	-	-	-	-	(1,101,044)	-	-	-	-	(1,101,044)	-	(1,101,044)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,015,688)	(1,015,688)
Change in equity from investments in associates and joint ventures accounted for by using equity method	-	14,850	-	-	(38)	-	-	-	-	14,812	99	14,911
Change in equity from the differences between the consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	74,379	-	-	(86,605)	-	-	-	-	(12,226)	12,226	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	123,141	123,141
Net profit for the year ended December 31, 2015	-	-	-	-	3,352,078	-	-	-	-	3,352,078	567,214	3,919,292
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	(232,745)	(236,564)	(307,644)	236	-	(776,717)	(130,972)	(907,689)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	3,119,333	(236,564)	(307,644)	236	-	2,575,361	436,242	3,011,603
BALANCE, DECEMBER 31, 2015	$ 15,729,199	$ 6,650,489	$ 7,380,610	$ 35,373,565	$ 4,157,281	$ 1,484,838	$ 1,078,584	$ (338)	$ (376,304)	$ 71,477,924	$ 9,703,719	$ 81,181,643

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,737,877	$ 3,610,800
Adjustments for:		
Interest income	(6,564,502)	(5,424,104)
Depreciation expenses	6,554,683	6,468,667
Share of profit of associates and joint ventures accounted for by the equity method	(4,133,829)	(3,100,167)
Impairment loss recognized on non-financial assets	2,665,278	1,973,811
Finance costs	1,318,726	1,144,821
Impairment loss recognized on trade receivables	1,066,945	989,953
Amortization expenses	791,983	376,196
Gain on disposal of financial assets	(574,804)	(117,400)
Recognition of provisions	273,934	542,487
Gain on disposal of property, plant and equipment	(246,263)	(291,927)
Net gain on foreign currency exchange	123,984	(1,364,055)
Impairment loss recognized on financial assets	75,455	112,546
Dividend income	(65,898)	(57,849)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss and retirement	(13,942)	(32,748)
Realized loss on the transactions with associates and joint ventures accounted for by the equity method	(4,941)	(7,760)
Net loss on disposal of intangible assets	1,573	-
Changes in operating assets and liabilities		
Financial assets held for trading	(1,847,650)	251,481
Notes receivable	(2,587,418)	(2,926,459)
Trade receivables	(6,205,057)	(8,475,625)
Other receivables	339,230	(801,407)
Inventories	1,289,516	(22,112)
Prepayments	(198,149)	(1,640,687)
Other current assets	317,512	(275,433)
Finance lease receivables	(2,561,765)	(4,823,960)
Other operating assets	(45,520)	(7,745)
Notes payable	(3,645)	(209,371)
Trade payables	1,077,515	854,383
Other payables	(3,306,998)	211,864
Provisions	(233,571)	(323,914)
Other current liabilities	(892,552)	1,799,539
Accrued pension liabilities	(44,391)	104,821
Deferred revenue	(65,712)	23,618
Other operating liabilities	(22,497)	56,627
Cash used in operations	(8,984,893)	(11,381,109)
Interest received	6,593,752	5,551,620
Interest paid	(1,382,107)	(1,090,752)
Income tax paid	(939,742)	(792,729)
Net cash used in operating activities	(4,712,990)	(7,712,970)

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	$(10,697,017)	$(10,424,558)
Purchase of financial assets at fair value through profit or loss	(6,729,095)	(5,041,724)
Proceeds on sale of financial assets at fair value through profit or loss	6,090,628	5,199,933
Dividend received	5,221,098	3,385,822
Proceeds from disposal of property, plant and equipment	4,511,342	4,110,535
Purchase of debt investments with no active market	(4,167,081)	-
Proceeds on sale of financial assets measured at cost	667,002	162,612
Proceeds on sale of available-for-sale financial assets	436,374	756,203
Payments for intangible assets	(224,352)	(265,049)
Payments for other non-current assets	(208,057)	(1,057,100)
Decrease (increase) in prepayments for real estate development	96,994	(261,944)
Acquisition of financial assets measured at cost	(77,811)	(54,943)
Increase in refundable deposits	(69,825)	(102,309)
Net cash outflow on acquisition of subsidiaries	(68,615)	-
Acquisition of associates	(59,901)	(121,244)
Proceeds from the capital reduction by an associate	32,400	80,640
Purchase of available-for-sale financial assets	(2,419)	(363,843)
Net cash inflow on disposal of investments accounted for using equity method	789	7,203
Proceeds from the capital reduction of financial assets measured at cost	655	138,070
Proceeds on sale of debt investments with no active market	-	729,486
Net cash used in investing activities	(5,246,891)	(3,122,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	9,225,714	10,610,787
Proceeds from short-term borrowings	6,689,607	9,529,513
Repayment of short-term borrowings	(4,735,019)	(2,142,856)
Dividends paid	(2,116,732)	(2,040,625)
Repayment of short-term bills payable	(2,102,830)	(1,882,954)
Proceeds from long-term borrowings	306,379	1,376,515
Change in non-controlling interests	(226,760)	(153,692)
Proceeds from guarantee deposits received	138,387	1,381,047
Repayment of long-term borrowings	(121,706)	(733,126)
Proceeds from issue of bonds payable	-	3,000,000
Repayment of bonds payable	-	(2,000,000)
Net cash generated from financing activities	7,057,040	16,944,609
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(138,596)	468,517

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (3,041,437)	$ 6,577,946
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	19,346,561	12,768,615
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 16,305,124	$ 19,346,561

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

Proposal 2

Proposed by the Board of Directors

Proposal: Acknowledge the 2015 Earnings Distribution

Explanation:

1. In accordance with the 2015 financial statements, the net profit for the year is about NTD3.35 billion and an earnings per share is NTD2.29. Base on the consideration for the need of future working capital, changes in the industrial environment, the right of shareholders and the long-term financial planning, the 2015 earnings distribution statement is proposed in accordance with the Article 27 of the Articles of Incorporation. Please refer to page 33 for the Distribution Statement.
2. NTD 0.9 per share will be distributed as shareholders' cash dividend for 2015 and the distribution date will be scheduled on July 26, 2016 in accordance with the Article 27 of the Articles of Incorporation "The Company shall distribute the earnings with cash dividend or stock dividend for each fiscal year. The earnings distribution amount is proposed by the Board of Directors for a resolution in the shareholders' meeting."
3. If the number of total shares outstanding, prior to the distribution date, changes due to the repurchasing of shares by the Company or the transfer of treasury shares to employees, such that the ratios of the cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
4. In addition, in response to the land development in Xindian, NTD1 billion special reserves are proposed to be appropriated from the earnings distribution statement.
5. Please proceed with the acknowledgement.

Resolution:

Yulon MOTOR CO., LTD.
2015 Earnings Distribution Statement

In NTD

Item	Subtotal	Total
Distributable amount		4,157,280,981
Undistributed earnings of prior period	1,124,591,206	
Less: Disposition (or cancellation) of Treasury shares debited to retained earnings	0	
Less: Long-term equity investment adjusted to retained earnings	(86,643,456)	
Less: The re-measured amount of defined benefit plans recognized in retained earnings	(232,745,237)	
Adjusted undistributed earnings	805,202,513	
Net income	3,352,078,468	
Subtotal	4,157,280,981	
Distribution items		2,750,835,765
Legal reserve (10%)	335,207,847	
Special reserve – appropriated according to the amount debited to shareholder's equipment lawfully	0	
Distribution of shareholders dividends - Cash dividends (NTD 0.90 per share)	1,415,627,918	
Distribution of shareholders dividends - Stock dividends (NTD 0.00 per share)	0	
Special reserve – Appropriated in accordance with business needs	1,000,000,000	
Undistributed ending retained earnings		1,406,445,216

Note 1: In line with the implementation of the imputation tax, for calculating the "Shareholder Deductible Tax" in accordance with Article 66-6 of the Income Tax Law, for the year 1998 or each ensuing year thereafter is to be distributed with priority; for calculating the "additional 10% profit-seeking income tax" of the undistributed surplus earnings in accordance with Article 66-9 of the Income Tax Law, the earnings of the most recent fiscal year should be distributed with priority.

Note 2: Distribution of cash dividends will be calculated to New Taiwan Dollar. Fractional amount less than one dollar will be set aside as other revenue.

Chairman: President: Chief Accountant:

Discussions II

Proposal 1

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Rules for Director and Supervisor Elections."

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 15th Board of Directors in replacement of the previous supervisor system. The "Election of Directors and Supervisors Procedures" of the Company shall be amended accordingly to conform to the compliance of relevant business operations.
2. Please refer to from page 35 to page 37 for the comparison table before and after revisions.
3. Please proceed with the discussion.

Resolution:

Comparison Table for the "Rules for Director and Supervisor Elections"

Before and After Revisions

Before the Revision	After the Revision	Remark
Rules for Director and Supervisor Elections	Rules for Director Elections	Collaborate with Audit Committee to replace the function of supervisors and changed the name of rules.
Article 1 Elections of directors and supervisors of the Company shall be conducted in accordance with these Rules.	**Article 1** Elections of directors of the Company shall be conducted in accordance with these Rules.	Collaborate with Audit Committee to replace the function of supervisors and delete the words related to supervisor.
Article 2 The Company's directors and supervisors shall be elected by means of the single open cumulative ballot method. Each share is entitled to votes and equal to number of directors and supervisors to be elected, and the number of votes may be used together to elect one per son or spread out over several persons. Shareholder numbers printed on the ballots may be used instead of recording the names of voting shareholders.	**Article 2** The Company's directors shall be elected by means of the single open cumulative ballot method. Each share is entitled to votes and equal to number of directors to be elected, and the number of votes may be used together to elect one per son or spread out over several persons. Shareholder numbers printed on the ballots may be used instead of recording the names of voting shareholders.	Collaborate with Audit Committee to replace the function of supervisors and delete the words related to supervisor.
Article 4 The Company's elections of both directors and supervisors shall be conducted in accordance with the candidate nomination system. The number of directors and supervisors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing higher numbers of voting rights will calculated separately for directors or supervisors. Elections of independent and non-independent	**Article 4** The Company's elections of directors shall be conducted in accordance with the candidate nomination system. The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing higher numbers of voting rights will calculated separately for directors. Elections of independent and non-independent directors shall be conducted together, with the	Collaborate with Audit Committee to replace the function of supervisors and delete the words related to supervisor.

Before the Revision	After the Revision	Remark
directors shall be conducted together, with the number of elects calculated separately. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, those receiving ballots representing equal numbers of voting rights shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	number of elects calculated separately. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, those receiving ballots representing equal numbers of voting rights shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	
Article 5 The Board of Directors shall prepare separate ballots for directors <u>and supervisors</u> in accordance with shareholder's account and in numbers corresponding to the directors <u>or supervisors</u> to be elected. The number of voting rights associated with each ballot shall be specified on the ballots in accordance with the provision set forth in Article 2 of the Rules (Note: the ballots and meeting manual shall be distributed to the attending shareholders upon the submission of sign-in card at site).	**Article 5** The Board of Directors shall prepare separate ballots for directors in accordance with shareholder's account and in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots in accordance with the provision set forth in Article 2 of the Rules (Note: the ballots and meeting manual shall be distributed to the attending shareholders upon the submission of sign-in card at site).	Collaborate with Audit Committee to replace the function of supervisors and delete the words related to supervisor.
Article 10 The Board of Directors of the Company shall issue notifications to the persons elected as directors <u>or supervisors</u> as announced in previous article.	**Article 10** The Board of Directors of the Company shall issue notifications to the persons elected as directors as announced in previous article.	Collaborate with Audit Committee to replace the function of supervisors and delete the words related to supervisor.
Article 11 The Rules hereto shall be implemented after approval by a shareholders meeting. The same procedures apply to revision.	**Article 11** The Rules hereto shall be implemented after approval by a shareholders meeting. The same procedures apply to revision. <u>The Rules were developed on June 30, 1975, 1st revised on June 21, 1986, 2nd revised on June 14,</u>	Add the date of revision.

Before the Revision	After the Revision	Remark
	2002, 3rd revised on June 12, 2006, and 4th revised on June 21, 2016.	

Proposal 2

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Procedures for Endorsements and Guarantees."

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 15th Board of Directors in replacement of the previous supervisor system. The "Procedures for Endorsements and Guarantees" of the Company shall be amended accordingly to conform to the compliance of relevant business operations.
2. Please refer to from page 39 to page 41 for the comparison table before and after revisions.
3. Please proceed with the discussion.

Resolution:

Comparison Table for the “Procedures for Endorsements and Guarantees”

Before and After Revisions

Before the Revision	After the Revision	Remark
Article 4 6. In case the Company exceeds the necessary amount specified in the sponsor guarantee management procedures due to the business needs for processing sponsor guarantee and must conform to the conditions specified in these Procedures, the agreement from the Board of Directors must be reached with the majority of directors nominated with joint guarantee for the possible loss exceeding the limit. The Procedures shall be revised and reported to the Shareholders meeting for follow-up recognition. In case the Shareholder’s Meeting disagrees, the program must plan for eliminating the limit exceeded within specified period. <u>In case the Company has already established independent directors, the discussion from previous Board of Directors shall fully take the opinions of independent directors into consideration and list the explicit opinions of agreement or opposition and the reason of opposition to the Board Meeting minute.</u> 7. In the event of change of circumstance and the object of sponsor guarantee does not conform to the provisions of	**Article 4** 6. In case the Company exceeds the necessary amount specified in the sponsor guarantee management procedures due to the business needs for processing sponsor guarantee and must conform to the conditions specified in these Procedures, the agreement from <u>the Audit Committee before submitting to</u> the Board of Directors for resolution must be reached with the majority of directors nominated with joint guarantee for the possible loss exceeding the limit. The Procedures shall be revised and reported to the Shareholders meeting for follow-up recognition. In case the Shareholder’s Meeting disagrees, the program must plan for eliminating the limit exceeded within specified period. 7. In the event of change of circumstance and the object of sponsor guarantee does not conform to the provisions of	Collaborate to establish the Audit Committee and replace supervisors.

Before the Revision	After the Revision	Remark
"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the amount exceeds the limit, the improvement plan should be developed and such relevant improvement plan should be submitted to <u>all supervisors</u> for improvement completion within specified schedule.	"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the amount exceeds the limit, the improvement plan should be developed and such relevant improvement plan should be submitted to <u>the Audit Committee</u> for improvement completion within specified schedule. 8. <u>The major sponsor guarantee of the Company shall be agreed by the Audit Committee according to relevant regulations with submission to the Board of Directors for resolution.</u>	
Article 5 2. The internal auditors of the Company shall at least audit and sponsor the guarantee operation procedures and execution quarterly, in addition to preparing into written records. In the event of major violation, notify the <u>supervisors</u> in written form.	**Article 5** 2. The internal auditors of the Company shall at least audit and sponsor the guarantee operation procedures and execution quarterly, in addition to preparing into written records. In the event of major violation, notify the <u>Audit Committee</u> in written form.	Collaborate to establish the Audit Committee and replace supervisors.
Article 12 The procedures were adopted by the Board of Directors and submitted to the <u>supervisors</u> with reporting to the Shareholder's Meeting for agreement before implementation. In case the directors express discretion with records of written statement, the Company shall consolidate the discretion in the submission to the <u>supervisors</u> and report to the Shareholder's Meeting for discussion. The same procedures	**Article 12** The procedures were adopted by the Board of Directors and submitted to the <u>Audit Committee</u> with reporting to the Shareholder's Meeting for agreement before implementation. In case the directors express discretion with records of written statement, the Company shall consolidate the discretion in the submission to the <u>Audit Committee</u> and report to the Shareholder's Meeting for discussion. The same procedures	Collaborate to establish the Audit Committee and replace supervisors. The Audit Committee constituted by independent directors has agreed with these Procedures and expressed opinions on their behalf, and hence this area is deleted.

Before the Revision	After the Revision	Remark
apply to revision. In case the Company has already established independent directors, the opinions of independent directors shall be fully taken into consideration when reporting to the Board of Directors in discussion of the Procedures or sponsor guarantee for others. List the explicit opinions of agreement or opposition and the reason of opposition to the Board Meeting minute.	apply to revision.	
Article 13 The Procedures were established on June 11, 1988…(omitted) and 8th revised on June 11, 2013.	**Article 13** The Procedures were established on June 11, 1988…(omitted), 8th revised on June 11, 2013 and 9th revised on June 21, 2016.	Add the date of revision.

Proposal 3

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Procedures for Acquisition and Disposal of Assets."

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 15th Board of Directors in replacement of the previous supervisor system. The "Procedures for Acquisition and Disposal of Assets" of the Company shall be amended accordingly to conform to the compliance of relevant business operations.
2. Please refer to from page 43 to page 46 for the comparison table before and after revisions.
3. Please proceed with the discussion.

Resolution:

Comparison Table for the “Procedures for Acquisition and Disposal of Assets” Before and After Revision

Before the Revision	After the Revision	Remark
Article 13 When intends to acquire or dispose of real property from or to a related party, or intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the <u>supervisors</u>: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty’s relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the	**Article 13** When intends to acquire or dispose of real property from or to a related party, or intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the <u>Audit Committee</u>: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty’s relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the	Collaborate to establish the Audit Committee and replace supervisors.

Before the Revision	After the Revision	Remark
anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 26, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the <u>supervisors</u> need not be counted toward the transaction amount.	anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 26, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the <u>Audit Committee</u> need not be counted toward the transaction amount.	
Article 16 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity	**Article 16** Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, the special reserve shall be set aside pro rata in a proportion consistent with the	Collaborate to establish the Audit Committee and replace supervisors.

Before the Revision	After the Revision	Remark
stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act.	share of public company's equity stake in the other company. 2. The Audit Committee shall comply with Article 218 of the Company Act.	
Article 26 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event and also shall enter into the FSC's designated website before the transaction started next the date of occurrence of the event: (Omitted)	**Article 26** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: (Omitted)	Amended in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
Article 29 The Procedures approved by the Company's Board of Directors is forwarded to each supervisor and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.	**Article 29** The Procedures approved by the Company's Board of Directors is forwarded to the Audit Committee and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.	Collaborate to establish the Audit Committee and replace supervisors.
Article 29-1 With respect to acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.	**Article 29-1** With respect to acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.	Collaborate to establish the Audit Committee and replace supervisors.

Before the Revision	After the Revision	Remark
Article 30 The Procedures was regulated on June 30, 2003. 1st revised on June 12 2006, 2nd revised on June 21 2007, 3rd revised on June 19 2009, 4th revised on June 14 2010, 5th revised on June 12 2012, and 6th revised on June 19 2014.	**Article 30** The Procedures was regulated on June 30, 2003. 1st revised on June 12, 2006, 2nd revised on June 21, 2007, 3rd revised on June 19, 2009, 4th revised on June 14, 2010, 5th revised on June 12, 2012, 6th revised on June 19, 2014, and 7th revised on June 21, 2016.	Added revision date

Proposal 4

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Procedures for Derivatives Trading."

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 15th Board of Directors in replacement of the previous supervisor system. The "Procedures for Derivatives Trading" of the Company shall be amended accordingly to conform to the compliance of relevant business operations.
2. Please refer to from page 48 to page 49 for the comparison table before and after revisions.
3. Please proceed with the discussion.

Resolution:

Comparison Table for the "Procedures for Derivatives Trading"

Before and After Revision

Before the Revision	After the Revision	Remark
4.6【Internal Audit System】 4.6.1 The internal auditors of the Company shall routinely understand the adequacy of the internal control of derivative transaction. Internal auditors shall audit the compliance of transaction department with the Procedures monthly and analyze the trading cycles to prepare into audit report. In the event of major violation, notify the <u>supervisors</u> in written form and report the audit plan execution with the internal audit operations to the Securities and Futures Institute before the end of February in the following year.	4.6【Internal Audit System】 4.6.1 The internal auditors of the Company shall routinely understand the adequacy of the internal control of derivative transaction. Internal auditors shall audit the compliance of transaction department with the Procedures monthly and analyze the trading cycles to prepare into audit report. In the event of major violation, notify the <u>Audit Committee</u> in written form and report the audit plan execution with the internal audit operations to the Securities and Futures Institute before the end of February in the following year.	Collaborate to establish the Audit Committee and replace supervisors.
4.8 Effectiveness and amendment 4.8.1 The Procedures approved by the Company's Board of Directors is forwarded to <u>each supervisor</u> and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor</u>. 4.8.2 When a transaction involving the Procedures for Trading Derivatives is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's	4.8 Effectiveness and amendment 4.8.1 The Procedures approved by the Company's Board of Directors is forwarded to <u>the Audit Committee</u> and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>the Audit Committee</u>. 4.8.2 When a transaction involving the Procedures for Trading Derivatives is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's	Collaborate to establish the Audit Committee and replace supervisors.

	opinions. If any independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.		opinions. If any independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	
4.8.3	The Procedures was regulated on August 28, 1996, amended for the 1st time on June 30, 2003, amended for the 2nd time on June 12, 2006, amended for the 3rd time on June 19, 2008, and amended for the 4th time on June 19, 2014.	4.8.3	The Procedures was regulated on August 28, 1996, amended for the 1st time on June 30, 2003, amended for the 2nd time on June 12, 2006, amended for the 3rd time on June 19, 2008, amended for the 4th time on June 19, 2014, and for the 5th time on June 21, 2016.	Added revision date

Proposal 5

Proposed by the Board of Directors

Proposal: Amendments to the Company's "Procedures for Loaning of Funds to Other Parties"

Explanation:

1. In accordance with the Article 14-4 of Securities Exchange Act, the Company is planning to establish the Audit Committee starting from the 15th Board of Directors in replacement of the previous supervisor system. The "Procedures for Loaning of Funds" of the Company shall be amended accordingly to conform to the compliance of relevant business operations.
2. In accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010029874 issued on July 6 2012, amend the "Procedures for Loaning of Funds to Other Parties."
3. Please refer to from page 51 to page 53 for the comparison table before and after revisions.
4. Please proceed with the discussion.

Resolution:

Comparison Table for the "Procedures for Loaning of Funds to Other Parties"

Before and After Revision

Before the Revision	After the Revision	Remark
Article 3 1. Prior to loaning funds to other parties, the Company shall deliberately evaluate if the loaning complies with the regulations of the Procedures, which shall be consolidated with the valuation results and submitted to the Board of Directors for adoption and implementation. Such decision may not be authorized to others.	**Article 3** 1. Prior to loaning funds to other parties, the Company shall deliberately evaluate if the loaning complies with the regulations of the Procedures, which shall be consolidated with the valuation results and submitted to the Board of Directors for adoption and implementation. Such decision may not be authorized to others. <u>Major fund loaning shall comply with relevant regulations and with the consensus from the Audit Committee, in addition to submission to the Board of Directors for adoption.</u>	Collaborate to establish the Audit Committee and replace supervisors.
Article 4 Total Amount of Funds Lending and Limit for Each Recipient (1) ~ (2) (Omitted) The foreign subsidiaries engaged in loaning of funds between each other which the Company has held wholly owned voting shares directly or indirectly is not subject to the preceding limitation. The total loan amount shall not exceeding 20% of the Company's net worth and the limit for individual entity shall not exceeding <u>3%</u> of the Company's net worth.	**Article 4** Total Amount of Funds Lending and Limit for Each Recipient (1) ~ (2) (Omitted) The foreign subsidiaries engaged in loaning of funds between each other which the Company has held wholly owned voting shares directly or indirectly is not subject to the preceding limitation. The total loan amount shall not exceeding 20% of the Company's net worth and the limit for individual entity shall not exceeding <u>6%</u> of the Company's net worth.	Amended in accordance with the "Regulations Governing the Loaning of Funds and Endorsements/Guarantees by Public Companies" and the Company's operating management needs.
Article 10 2. The internal auditors shall audit the operational Procedures for Loaning Funds and the implementation thereof no less frequently than	**Article 10** 2. The internal auditors shall audit the operational Procedures for Loaning Funds and the implementation thereof no less frequently than	Collaborate to establish the Audit Committee and replace supervisors.

Before the Revision	After the Revision	Remark
quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.	quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.	
Article 11 If, as a result of a change in circumstances, an entity for which a counterparty is made does not meet the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.	**Article 11** If, as a result of a change in circumstances, an entity for which a counterparty is made does not meet the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.	Collaborate to establish the Audit Committee and replace supervisors.
Article 16 The Procedures approved by the Company's Board of Directors is forwarded to each supervisor and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the Company has established the position of independent director, when it submits the Procedures for discussion by the Board of Directors or loaning of funds to others, the Board of Directors shall take into full consideration each independent director's	**Article 16** The Procedures approved by the Company's Board of Directors is forwarded to the Audit Committee and presented to be resolved in the shareholders' meeting, so is the amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.	Collaborate to establish the Audit Committee and replace supervisors. The Audit Committee constituted by independent directors has agreed with these Procedures and expressed opinions on their behalf, and hence this area is deleted.

Before the Revision	After the Revision	Remark
opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.		
Article 17 The Procedures was regulated on June 11, 1988… amended for the 9th time on June 11, 2013 and for the 10th time on June 19, 2014.	**Article 17** The Procedures was regulated on June 11, 1988… amended for the ninth time on June 11, 2013, for the 10th time on June 19, 2014 and for the 11th time on June 21, 2016.	Added revision date

Elections

Proposal 1

Proposed by the Board of Directors

Proposal: Election of the 15th directors.

Explanation:

1. The 3 year term of the directors and supervisors of the 14th Board will end on June 30, 2016. According to the Election of the Directors Procedures with revision, 9 seats of directors for the 15th Board (including 3 seats of independent directors) will be elected with a term of 3 years, from July 1, 2016 to June 30, 2019.
2. According to Article 14 of the Articles of Incorporation, the election of directors (including independent directors) shall adopt candidate nomination system. The candidate nomination list has been reviewed by the Board of Directors with qualification on May 9, 2016, which education, experience and other information can be referred to from page 55 to page 56.
3. Please proceed with the election.

Election results:

Director Candidates List

1. Director Candidates

Stockholder No. or ID No.	The name of juristic person and amount of shareholdings	The name of representative and amount of shareholdings	Education and experience of representative
94	Tai Yuen Textile Co., Ltd. Amount of shareholdings: 284,901,045 shares	Kenneth K. T. Yen Amount of shareholdings: 160,126,140 shares	Honorary Doctor of Business, St. John's University, USA. Chairman, Yulon Motor Co., Ltd. Chairman, China Motor Corporation
		Kuo-Rong Chen Amount of shareholdings: 11,901 shares	Master in Advanced Management, National Chaio Tung University President, Yulon Motor Co., Ltd. Director, China Motor Corporation
14181	China Motor Corporation Amount of shareholdings: 236,900,689 shares	Shin-I Lin Amount of shareholdings: 0 shares	Department of Mechanical Engineering, National Cheng Kung University. Vice premier of Executive Yuan and Chairperson of CEPD Minister of Ministry of Economic Affairs Vice Chairman, China Motor Corporation
		Liang Zhang Amount of shareholdings: 0 shares	Ph.D. in economics, New York State University Director, TSRC Corporation Director, Altek Co., Ltd. President, Global Financial Services Co., Ltd.
10	Yen Tjing-Ling Industrial Development Foundation Amount of shareholdings: 17,287,844 shares	Li-Lien Chen Amount of shareholdings: 377,924 shares	Degree of Bachelor of Physical, Chinese Culture University Executive Director, Yulon Motor Co., Ltd. Director, China Motor Corporation
		Zhen-Xiang Yao Amount of shareholdings: 15,412 shares	MIB, Curtin University, Australia Director, Yulon Motor Co., Ltd. Director, Luxgen Motor Co., Ltd. Chairman, Yulon Tobe Motor Co., Ltd. Director, Yulon Energy Service Co., Ltd. Director, China Engine Corporation

2. Independent Director Candidates

Stockholder No. or ID No.	Name and amount of shareholdings	Education and experience of representative
F12223XXXX	Yi-Hong Hsieh Amount of shareholdings: 0 shares	Ph.D. of Stanford University Law School Visiting Professor, City University of Hong Kong Visiting Professor of Law College, Peking University Adjunct Professor of EMBA, National Central University Adjunct Professor of Law College, Soochow University Members of the Board of Senior Civil Service Examiners
A12319XXXX	Shun-Ren, Liu Amount of shareholdings: 0 shares	Doctor of Accounting, University of Pittsburgh, USA Assistant Professor of Department of Business Administration, University of Maryland Associate Professor of Department of Accounting, National Taiwan University
Q10066XXXX	Zhong-Qi, Zhou Amount of shareholdings: 0 shares	Mater of Mathematics, Colorado State University, USA President, Siemens Nixdorf Information Systems AG, Taiwan Branch. Vice Chairman and President, Telecommunication Network Services Co., Ltd. President, Vibo Telecommunication Co., Ltd.

Other Motions

Proposal 1

Proposed by the Board of Directors

Proposal: Release the Prohibition on 15th Directors from Participation in Competitive Business.

Explanation:

1. Pursuant to provisions prescribed in Article 209 of the Articles of Incorporation, the proposal for release the prohibition on the Company's directors from participation in competitive business is submitted.
2. The new directors of the 15th Board of Directors are likely to engage in the Company with identical properties of business operated by the Company, or serving as the directors or manager at the business, strategic alliance, or collaboration business reinvested by the Company. Nonetheless such circumstances take into consideration mostly on the overall operational performance and the full utilization of human resource, and hence the prohibition on the directors from participation in competitive business is released from aforementioned regulations, if the part-time duty is required for business during the term and without the damage of company interests.
3. Please proceed with the discussion.

Resolution:

Extemporary Motions

Meeting Adjournment

Appendix 1

Yulon Motor Co., Ltd.
Shareholding of Directors and Supervisors

Record date: April 23, 2016
Unit: Share

Title	Name	Shareholding	Shareholding ratio (%)	Remark
Chairman	Kenneth, K.T. Yen	284,901,045	18.11%	Representative of Tai Yuen Textile Co., Ltd.
Director	Kuo-Rong Chen			
Director	Shin-I Lin			
Director	Jack J.T. Huang			
Director	Li-Lien Chen	236,900,689	15.06%	Representative of China Motor Corporation
Director	Liang Zhang			
Director	Zhen-Xiang Yao	17,287,844	1.09%	Representative of Yen Tjing-Ling Industrial Development Foundation
Independent director	Shen-Fu Yo	1,000	0.00006%	
Independent director	Yi-Hong Hsieh	-	-	
Total shareholding of directors		539,090,578	34.26%	
Supervisor	Weikong Chi	8,048,440	0.51%	Representative of Lowin Industrial Co., Ltd.
Supervisor	Shintai Liu			
Supervisor	Jinchung Lee			
Total shareholding of supervisors		8,048,440	8,048,440	0.51 %

According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the total shareholding of the Company's directors shall not be less than 3%, that is, 47,187,597 shares. The total shareholding of the Company's supervisors shall not be less than 0.3%, that is, 4,718,759 shares. The shareholdings of the Company's directors and supervisors were 539,090,578 shares (34.26%) and 8,048,440 shares (0.51%) as of April 23, 2016, respectively, in compliance with the regulations. Please refer to the above table for the shareholding of the directors and supervisors in details.

Appendix 2

Yulon Motor Co., Ltd.
Rules of Procedure for Shareholders' Meeting

Article 1

The shareholders' meeting of the Company is processed in accordance with the Rules of Procedure for Shareholders' Meeting.

Article 2

The attending shareholders should submit the signature card instead of signing on the register of shareholders; also, the shareholding of the attending shareholders is calculated by counting the signature cards collected.

The shareholding of attendance is based on the signature card submitted, plus the votes exercised by electronic means.

Attendance of the shareholder's meeting and votes should be calculated in accordance with the shareholding.

Article 3

The Chairman shall call the meeting to order when the shareholding of the attending shareholders represents the majority outstanding shares. If the shareholding of the attending shareholders does not meet the mandatory shareholding at the meeting time, the Chairman may announce to have the meeting postponed, which is limited to two postpones and for less than one-hour in total. If the shareholding of the attending shareholders does not meet the mandatory shareholding after two postpones but more than one thirds of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Article 175 Paragraph 1 of the Company Law. If the shareholding of the attending shareholders is more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the shareholder's meeting for resolution in accordance with Article 174 of the Company Law.

Article 4

If the shareholder's meeting is convened by the Board of Directors, the agenda is scheduled by the Board. The meeting should be conducted in accordance with the agenda scheduled and it may not be amended without the resolution reached in the shareholder's meeting.

If the shareholder’s meeting is convened by the authorized person other than the Board of Directors, the preceding provision is applicable.

The Chairman may not have the meeting adjourned discretionally before the proposals (including motions) resolved in the preceding agenda. If the Chairman has the meeting adjourned in violation of the Rules of Procedure for Shareholder’s Meetings, the attending shareholders may have one shareholder elected as the Chairman to chair the meeting continuously with the majority votes of the attending shareholders.

After the adjournment of the meeting by the Chairman lawfully, shareholders shall not elect another chairman to resume the meeting at the same meeting site or any other location.

Article 5

Attending shareholders before speaking on the subject must fill out the speech slip, including shareholder account number, account name, and the subject in details for the Chairman to determine the order of speakers.

Attending shareholders who have speech slips submitted but not speak shall be deemed as silent shareholders. If there is discrepancy found between the text of the speech and the speech slip submitted, the content of the speech shall prevail.

The Chairman may reply to the speaking shareholders personally or by the designated personnel.

Article 6

Each shareholder (or the representative) may not speak more than twice on the same motion for 5 minutes each time without the consent of the Chairman.

Article 7

The juristic person that has attended the shareholder’s meeting by proxy can authorize only one representative to attend the meeting.

If the juristic person shareholder has two or more representatives assigned to attend the shareholder’s meeting, only one of the representatives may speak on the same proposal in accordance with the provision in the preceding paragraph.

Article 8

The Chairman may have the speaking shareholders who violated the rules of time limit, spoke beyond the scope of the underlying issues, or were impolite silenced.

Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholders. The Chairman will have the violating shareholders stopped.

Article 9

The Chairman may announce discretionally to have the proposal discussion ended for voting. When necessary, the Chairman may announce to have the proposal discussion terminated.

Article 10

For the resolution of proposals, unless otherwise provided in the Company Law, the consent of a majority vote of the attending shareholders shall prevail. The motion resolved by the Chairman's consulting the attending shareholders without dissent is deemed as passed and with the same effect as voting. Shareholder has one vote per share

Shareholders may attend the shareholder's meeting by proxy in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies" and the related law and regulations.

Article 11

The Chairman may announce the meeting in recess. If the meeting discussion cannot be completed in one assembly, the shareholder's meeting may resolve to have the meeting resumed in five days without the need of issuing announcements and notices.

Article 12

When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly. If one of the motions has been passed, the other motions shall be deemed as rejected without the need of further resolution.

Article 13

The Chairman may direct disciplinary personnel (or security personnel) to help keep the meeting place in order.

The disciplinary personnel (or security personnel) that help keep the meeting place in order should wear an armband with “Marshal” affixed.

Article 14

The Chairman is allowed to appoint the scrutineers and ballot counting officers, and the scrutineers must be shareholders. Ballot counting result should be announced immediately and with records kept.

Article 15

If the shareholder’s meeting is convened by the Board of Directors, the Chairman of the Board is to chair the meeting. If the Chairman is on leave or is unable to perform powers for reasons, the Vice Chairman is to chair the meeting. If a Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform duties for reasons, the Chairman is to appoint one of the general directors to chair the meeting. If a representative is not appointed by the Chairman, one of the general directors should be elected to chair the meeting. If the shareholder’s meeting is convened by the other convener other than the Board of Directors, the convener is to chair the meeting. If there are two or more conveners, one of them should be elected to chair the meeting.

Article 16

The shareholder’s meeting place should be at the Company’s or the suitable locations for the meeting held or for shareholders to attend the meeting conveniently; also, the shareholder’s meeting shall not be started before 9:00 or after 15:00.

Article 17

The Company may assign the appointed attorney, CPA, or responsible personnel to attend the shareholder’s meeting.

The staff responsible for organizing the shareholder’s meeting shall wear identification badges or armbands.

Article 18

The entire shareholder’s meeting should be taped in audio or video recording and stored for at least one year.

Article 19

The matters that are not addressed in the Rules of Procedure for Shareholder’s Meetings should be processed in accordance with the provisions of the Company Law and related law and regulations.

Article 20

The Rules of Procedure for Shareholder’s Meetings is implemented after the resolution reached in the shareholder’s meeting, so is the amendment.

Appendix 3

Yulon Motor Co., Ltd.

Articles of Incorporation

Chapter 1 General rules

Article 1

The Company was organized and incorporated in accordance with the Company Law and known as "YULON Motor Co., Ltd."

Article 2:

The Company's business operation is as follows:

1. Various automobile and related raw materials, components, molds, jigs, tools, and other parts production, sales, design, testing and inspection, processing, and repairing, Class A auto repair shop, auto components (accessories) sale, auto body facelift and sales, vehicle inspection agency business, and vehicle sales business;
2. Various automobile raw materials and components supplied to Nissan Motor Co., Ltd. and overseas automotive affiliated companies;
3. Vehicle low-power radio-frequency equipment installation, sales, and import/export business;
4. F113070 Telecommunications equipment wholesale business;
5. F213060 Telecommunications equipment retail business;
6. General import/export business (excluding licensing business);
7. Technical consulting and advisory business of the foregoing businesses;
8. General business management consulting. (Excluding CPA service);
   (Excluding securities investment and consulting business)
9. H701010 Residential and building development and rental business;
10. H703010 Plant rental business;
11. H703020 Warehouse rental business;
12. H703030 Office building rental business;
13. ZZ99999 Except for licensing business, all businesses no-prohibited by law;

Article 2-1

The Company for business needs may have mutual guarantee arranged with the affiliated enterprises.

Article 2-2

The Company shall not be a shareholder with unlimited liability or a business partner of another company. If the Company is a shareholder with limited liability of another company, the total investment amount of the Company is not subject to the 40% investment threshold restriction of the Company Law.

Article 3

The Company locates in Miaoli County with branches, offices, and factories setup domestically and internationally for business operation. The establishment, change, or repeal of the preceding branches, offices, and factories is per the resolution of the Board.

Article 4

The Company's announcement is to be posted on the Company's local daily newspaper, unless otherwise provided by the securities regulatory authorities.

Chapter 2 Stock shares

Article 5

The Company's authorized capital amounted to NTD20 billion with 2 billion stock shares issued at NTD10 par, in which, the Board is authorized to have the unissued shares issued by installments.

One hundred million shares of the total number of shares issued are reserved for the subscription of stock options, preferred stock with warrants, and corporate bonds with warrants.

Article 6

The Company's shares are ordered, numbered, and detailed with mandatory information, and with the signature or seal of the Chairman and two directors affixed, the stamp of the Company, and then certified for lawful issuance. The Company may have dematerialized stock shares issued; however, must contact the securities centralized depository institutions for registration.

Article 7

The Company has the register of shareholders prepared with the mandatory information included. Shareholders should have the name or title, domicile or residence, and seal template filled in the seal card for the Company's record. The collection of dividends or exercise of all rights in the future shall base on the seal card on file.

The changes made to the register of shareholders are prohibited within 60 days prior to the annual shareholder's meeting, 30 days prior to the extraordinary shareholder's meeting, or 5 days prior to the record date of the Company's distributing dividends or other benefits.

Article 8

The Company's stock is processed in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies," unless otherwise provided by law and regulations.

Chapter 3 Shareholder's Meeting

Article 9:

The Company has two types of shareholder's meeting held.

1. Annual shareholder's meeting: It is to be held within 6 months after the fiscal year.
2. Extraordinary shareholder's meeting: It is to be convened in accordance with the Company Law.

Article 10

Shareholders should be informed of the shareholder's meeting date, time, place, and subject 30 days in advance for the annual shareholder's meeting and 15 days in advance for the extraordinary shareholder's meeting.

Article 11

The resolutions reached in the shareholder's meeting, unless otherwise provided in the Company Law, must be with the majority votes of the attending shareholders and the shareholding of the attending shareholders is over one half of the total number of shares issued. Shareholders are entitled to per share per vote, unless otherwise provided in the Company Law.

Article 12

Shareholders who are unable to attend the shareholder's meeting for reasons may issue the

Company's proxy with the scope of authorization detailed to commission the representative to attend the meeting. The restrictions and precautions of commission and representation are subject to the provisions of the Company Law. Shareholders may not have a proxy issued in exchange for equivalent consideration. The commission in violation of the requirements is invalid.

Article 13

The minutes of the shareholder's meeting shall include the meeting date, place, the name of the Chairman, the number of attending shareholders and the votes, the method of resolutions, the essentials of procedure and results, and the signature or seal of the Chairman. The minutes of the shareholder's meeting together with the register of shareholders (signature cards) and proxy should be stored within the Company. The distribution of the minutes of the shareholder's meeting can be processed by notices.

Chapter 4 Directors and the Board of Directors

Article 14

The Company's Board is with 9~15 directors elected by a nomination system from the director candidate list in the shareholder's meeting for 3-year tenure and eligible for reelection. The total shareholding ratio of all directors is processed in accordance with the securities regulatory authorities.

The number of the Company's independent directors shall not be less than two seats and one fifths of the director seats; also, the nomination system is adopted to have independent directors elected from the director candidate list.

The professional qualifications, shareholding, part-time job restrictions, nomination and election method, and other compliance matters of the independent directors shall be handled in accordance with the securities regulatory authorities.

Article 15

For the organization of the Board of Directors, at least three general directors are elected with the consent of the majority attending directors and the attendance of two thirds of the directors. There must be at least one independent director among the general directors and shall not be less than one fifths of the general directors. Chairman and/or Vice Chairman are to be elected among the general directors. If no general director is appointed by the Board of Directors, Chairman and/or Vice Chairman are to be elected among directors the same way.

Article 16

Chairman chairs the shareholder’s meeting, the Board meeting, and the General Board meeting internally, and represents the Company externally. The Chairman is responsible for the business operation of the Company. The Vice Chairman is to act on the Chairman’s behalf when the Chairman is on leave or unable to exercise powers for reasons. When there is no Vice Chairman appointed or the Vice Chairman is on leave or is unable to exercise powers for reasons, the Chairman is to appoint one General Director to act on his/her behalf. If there is not a General Director appointed, a Director should be appointed to chair the meeting. If a representative is not appointed by the Chairman, one of the General Directors or Directors is elected to chair the meeting.

Article 17

The powers of the Board are as follows:

1. Business policies and decisions;
2. Review and approval of bylaws;
3. Review and approval of budget;
4. The proposed earnings distribution;
5. The proposed capital increase or decrease;
6. Discussion and approval of stock shares issuance;
7. The appointment and dismissal of the key employees;
8. The acquisition and disposal of the Company’s material property and real estate;
9. The other powers entrusted in accordance with the law and regulations and resolved in the shareholder’s meeting;

Article 18

The Board is to convene a meeting every three-month with the directors and supervisors notified within the prescribed time period. An extraordinary meeting can be convened for urgent matters or upon the request of a majority of the directors that is to be convened by the Chairman.

The director who is unable to attend the meeting for reasons may appoint another director to attend the meeting by proxy that is limited to one representative only.

Article 19

The resolutions of the Board, unless otherwise provided in the Company Law, must be with the attendance of the majority of the Directors and the consent of the majority of the attending Directors. The minutes of meeting should be signed or sealed by the Chairman and stored within the Company.

Article 20

If the Company has General Board of Directors organized, the General Board Meeting can be convened by the Chairman at any time while the Board Meeting is in recess. The resolutions reached in the General Board Meeting must be with the attendance of the majority of the General Directors and the consent of the majority of the attending General Directors.

Chapter 5 Supervisors

Article 21

The Company is with three supervisors elected in accordance with the nomination system adopted in the shareholder's meeting for 3-year tenure and eligible for reelection. The total shareholding ratio of all supervisors is processed in accordance with the securities regulatory authorities.

Article 22

The powers of the Supervisors are as follows:

1. Inquiry of the Company's business operation;
2. Investigation of the Company's financial status;
3. Audit of the Company's books and documents;
4. The other powers entrusted in accordance with the law and regulations and resolutions reached in the shareholder's meeting;

Article 23

Supervisors may attend Board meetings to speak in the meeting but without vote.

Chapter 6 The management and staff

Article 24

The Company has one President, Senior Vice President, Vice President, and several managers to be appointed and dismissed by the Board of Directors. The President is to have employees hired or dismissed.

Article 25

The President leads the managers and department heads to manage the overall business per the instruction of the Chairman and with the assistance of the Senior Vice President and Vice President.

Chapter 7 Accounting

Article 26

The Company's fiscal year is from January 1 to December 31 The Board shall have the following books and statements prepared in accordance with Article 228 of the Company Law at the end of each fiscal year for the audit of the supervisors within the prescribed time period and acknowledgement in the shareholder's meeting.

Article 27

The Company's annual earnings, if any, in addition to make up losses and pay income tax, shall be with 10% legal reserve appropriated and special reserve appropriated per the instruction of the competent authorities. The remaining balance, if any, should be distributed as follows:

1. Remuneration to directors and supervisors is 0.5%, but the independent directors are not entitled to the distribution of the preceding remuneration.
2. Employee bonus is 0.1% ~ 5%.
3. The Company engages in a mature and stable industry. The Company's dividend distribution program is planned with the consideration of the Company's profitability, future working capital needs and industrial environmental changes, and taking into account the long-term shareholder's equity and the Company's long-term financial planning. Dividends in the form of cash dividends or stock dividends are distributed with the distribution amount proposed by the Board and resolved in the shareholder's meeting.

The Company for business needs may have special reserve appropriated.

Article 28

The Company's directors and supervisors are entitled to receive remuneration that is to be proposed by the Board of Directors by referring to the industry standard.

The Company's earnings, if any, are applied for the distribution of remuneration to directors and supervisors in accordance with Article 27 of the Articles of Incorporation.

Chapter 8 Appendix

Article 29

The Company's organizational rules and other by-laws are regulated and authorized separately by the Board of Directors.

Article 30

The matters that are not regulated in the Articles of Incorporation should be processed in accordance with the Company Law and the related laws and regulations.

Article 31

The Articles of Incorporation was established on July 23, 1953.

The 1st amendment was implemented on October 23, 1954.

The 2nd amendment was implemented on June 23, 1956.

The 3rd amendment was implemented on July 20, 1958.

The 4th amendment was implemented on June 29, 1960.

The 5th amendment was implemented on September 28, 1964.

The 6th amendment was implemented on July 5, 1965.

The 7th amendment was implemented on November 14, 1966.

The 8th amendment was implemented on November 14, 1967.

The 9th amendment was implemented on November 27, 1968.

The 10th amendment was implemented on November 28, 1969.

The 11th amendment was implemented on September 29, 1970.

The 12th amendment was implemented on November 29, 1971.

The 13th amendment was implemented on May 31, 1972.

The 14th amendment was implemented on November 30, 1973.

The 15th amendment was implemented on December 12, 1974.

The 16th amendment was implemented on June 30, 1975.

The 17th amendment was implemented on March 18, 1976.

The 18th amendment was implemented on June 16, 1977.

The 19th amendment was implemented on April 19, 1979.

The 20th amendment was implemented on May 2, 1980.

The 21st amendment was implemented on May 2, 1981.

The 22nd amendment was implemented on May 7, 1983.

The 23rd amendment was implemented on June 9, 1984.

The 24th amendment was implemented on June 1, 1985.

The 25th amendment was implemented on August 31, 1985.

The 26th amendment was implemented on June 21, 1986.

The 27th amendment was implemented on June 6, 1987.

The 28th amendment was implemented on June 11, 1988.

The 29th amendment was implemented on June 10, 1989.

The 30th amendment was implemented on December 16, 1989.

The 31st amendment was implemented on May 12, 1990.

The 32nd amendment was implemented on May 25, 1991.

The 33rd amendment was implemented on May 23, 1992

The 34th amendment was implemented on May 15, 1993.

The 35th amendment was implemented on May 7, 1994.

The 36th amendment was implemented on June 8, 1996.

The 37th amendment was implemented on May 17, 1997.

The 38th amendment was implemented on May 9, 1998.

The 39th amendment was implemented on May 6, 1999.

The 40th amendment was implemented on May 15, 2000.

The 41st amendment was implemented on December 8, 2000.

The 42nd amendment was implemented on May 18, 2001

The 43rd amendment was implemented on June 14, 2002.

The 44th amendment was implemented on June 16, 2004.

The 45th amendment was implemented on June 13, 2005.

The 46th amendment was implemented on June 12, 2006.

The 47th amendment was implemented on June 21, 2007.

The 48th amendment was implemented on June 19, 2009.

The 49th amendment was implemented on June 17, 2011.

The 50th amendment was implemented on June 12, 2012.

The 51st amendment was implemented on June 11, 2013.

Appendix 4

Yulon Motor Co., Ltd.
Rules for Director and Supervisor Elections

Article 1

Elections of directors and supervisors of the Company shall be conducted in accordance with these Rules.

Article 2

The Company's directors and supervisors shall be elected by means of the single open cumulative ballot method. Each share is entitled to votes and equal to number of directors and supervisors to be elected, and the number of votes may be used together to elect one per son or spread out over several persons. Shareholder numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3

Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

Article 4

The Company's elections of both directors and supervisors shall be conducted in accordance with the candidate nomination system. The number of directors and supervisors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing higher numbers of voting rights will calculated separately for directors or supervisors. Elections of independent and non-independent directors shall be conducted together, with the number of elects calculated separately.

When two or more persons receive the same number of votes, thus exceeding the specified number of positions, those receiving ballots representing equal numbers of voting rights shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 5

The Board of Directors shall prepare separate ballots for directors and supervisors in accordance with shareholder's account and in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots in accordance with the provision set forth in Article 2 of the Rules (Note: the ballots and meeting manual shall be distributed to the attending shareholders upon the submission of sign-in card at site).

Article 6

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name and the national identification number of its representative may be entered. When there are multiple representatives, the names and the national identification number of each respective representative shall be entered.

Article 7

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared in accordance with provisions set forth in Article 5 of the Rules.
2. Two or more candidates is written on the same ballot.
3. Other words or marks are entered in addition to the candidate's account name, shareholder account number and identity card number.

Article 8

Candidates are invalid in the event of one of the following conditions during the election:

1. The writing is unclear and indecipherable or has been altered.
2. The candidate whose name entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
3. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
4. A blank ballot or a ballot not including the shareholder’s name (Name) or shareholder’s number (personal ID number) is placed in the ballot box.

Article 9

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 10

The Board of Directors of the Company shall issue notifications to the persons elected as directors or supervisors as announced in previous article.

Article 11

The Rules hereto shall be implemented after approval by a shareholders meeting. The same procedures apply to revision.

Appendix 5

The impact of stock dividend on the Company's business performance, earnings per share, and shareholder's return on investment ratio:

<table>
<tr><td colspan="3">Item \ Year</td><td>2015 (Estimated)</td></tr>
<tr><td colspan="3">Beginning Paid-in capital (in Thousands of NTD)</td><td>15,729,199</td></tr>
<tr><td rowspan="3">Current dividend and interest</td><td colspan="2">Cash dividends per share (NTD)</td><td>0.90</td></tr>
<tr><td colspan="2">Stock dividends from capitalization of earnings (share)</td><td>-</td></tr>
<tr><td colspan="2">Stock dividend from capitalization of additional paid-in capital (share)</td><td>-</td></tr>
<tr><td rowspan="7">Changes in Business Performance</td><td colspan="2">Operating Income (in Thousands of NTD)</td><td rowspan="13">Not applicable (Note)</td></tr>
<tr><td colspan="2">Operating income increase /decrease ratio from last year</td></tr>
<tr><td colspan="2">Net income (in Thousands of NTD)</td></tr>
<tr><td colspan="2">Net income increase/decrease ratio from last year</td></tr>
<tr><td colspan="2">Earnings per share (NTD)</td></tr>
<tr><td colspan="2">Earnings per share increase/decrease ratio from last year</td></tr>
<tr><td colspan="2">Annual average return on investment ratio (reverse of annual average PE ratio)</td></tr>
<tr><td rowspan="6">Proforma earnings per share and PE ratio</td><td rowspan="2">If capitalized earnings is converted to cash dividends</td><td>Proforma earnings per share (NTD)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
<tr><td rowspan="2">If additional paid-in capital is not capitalized</td><td>Proforma earnings per share (NTD)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
<tr><td rowspan="2">If additional paid-in capital is not capitalized and capitalized earnings is converted to cash dividends</td><td>Proforma earnings per share (NTD)</td></tr>
<tr><td>Proforma annual average return on investment ratio</td></tr>
</table>

Note: It is not applicable since there is no stock dividends distributed this year.

Yulon Motor Co., Ltd.
No. 39-1, Bir-Gong-Kong, Shi-Fu Village,
Sanyi Town, Miaoli County