

**Yulon Motor Company Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2016 and 2015 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

We have reviewed the accompanying consolidated balance sheets of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and 2015 and the related consolidated statements of comprehensive income for the three months ended March 31, 2016 and 2015, as well as the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As disclosed in Note 16 to the consolidated financial statements, the financial statements of some subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2016 and 2015, the unreviewed assets were NT\$65,579,871 thousand and NT\$72,464,240 thousand, respectively, representing 30% and 35%, respectively, of the consolidated total assets, and the unreviewed liabilities of these subsidiaries were NT\$44,170,132 thousand and NT\$54,127,182 thousand, respectively, representing 33% and 44%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2016 and 2015, the unreviewed comprehensive income or loss were NT\$150,591 thousand and NT\$(495,823) thousand, respectively, representing 31% and (57%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 17 to the consolidated financial statements, as of March 31, 2016 and 2015, the carrying amounts of long-term investments accounted for by the equity method were NT\$18,173,536 thousand and NT\$17,413,782 thousand, respectively; for the three months ended March 31, 2016 and 2015, share of comprehensive income or loss of associates and joint venture were NT\$(237,140) thousand and NT\$215,342 thousand, respectively; were calculated and disclosed on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Company. Besides, the other information disclosed in Note 38 to the consolidated financial statements was on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Company, also.

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

Deloitte & Touche

May 9, 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’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 15,588,924	7	\$ 16,305,124	8	\$ 19,001,620	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,545,689	3	4,748,673	2	5,186,892	3
Available-for-sale financial assets - current (Notes 4 and 8)	157,770	-	177,134	-	344,277	-
Derivative financial assets for hedging - current (Notes 4 and 10)	-	-	1,135	-	-	-
Financial assets measured at cost - current (Notes 4 and 11)	3,010	-	3,010	-	45,044	-
Debt investments with no active market - current (Notes 4, 12 and 35)	7,305,192	3	6,015,982	3	699,231	-
Notes and trade receivable (Notes 4, 13 and 35)	66,369,512	31	64,452,907	30	58,440,598	29
Notes and trade receivable from related parties (Notes 4, 13, 34 and 35)	2,715,853	1	2,712,133	1	3,213,221	2
Finance lease receivables (Notes 4 and 14)	10,038,594	5	10,089,962	5	7,835,206	4
Other receivables (Note 34)	2,322,094	1	2,592,732	1	2,636,866	1
Inventories (Notes 4 and 15)	8,631,510	4	9,413,898	5	8,764,266	4
Other current assets (Note 21)	6,420,504	3	5,645,105	3	5,949,078	3
Total current assets	126,098,652	58	122,157,795	58	112,116,299	55
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current, net of current portion (Notes 4 and 8)	359,336	-	383,315	-	497,279	-
Held-to-maturity financial assets - non-current (Notes 4 and 9)	17,441	-	17,557	-	17,904	-
Financial assets measured at cost - non-current, net of current portion (Notes 4 and 11)	184,031	-	195,679	-	450,412	-
Debt investment with no active market - non-current, net of current portion (Notes 4, 12 and 35)	28,622	-	13,788	-	51,640	-
Investments accounted for using the equity method (Notes 4 and 17)	34,007,921	16	33,814,732	16	35,643,793	17
Property, plant and equipment (Notes 4, 18 and 35)	33,103,316	15	33,217,023	16	33,846,771	17
Investment properties (Notes 4 and 19)	10,706,742	5	10,710,609	5	10,743,042	5
Goodwill (Note 4)	882	-	882	-	43,521	-
Vehicle model development cost (Notes 4 and 20)	5,947,093	3	6,101,837	3	6,252,972	3
Other intangible assets (Notes 4 and 20)	372,796	-	402,235	-	363,448	-
Deferred tax assets (Notes 4 and 29)	951,114	1	1,071,551	-	1,052,491	1
Long-term finance lease receivables (Notes 4 and 14)	1,042,841	1	1,177,911	1	1,130,224	1
Guarantee deposits	460,171	-	564,900	-	393,927	-
Long-term prepayments for lease (Note 21)	628,337	-	696,937	-	683,355	-
Other non-current assets (Note 36)	1,671,010	1	1,475,339	1	1,407,199	1
Total non-current assets	89,481,653	42	89,844,295	42	92,577,978	45
TOTAL	\$ 215,580,305	100	\$ 212,002,090	100	\$ 204,694,277	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 22)	\$ 30,588,505	14	\$ 32,841,275	16	\$ 31,250,165	15
Short-term bills payable (Note 22)	52,894,477	25	48,764,136	23	42,690,132	21
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,135	-	2,904	-	33	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	14,000	-	1,856	-	1,526	-
Notes and trade payables	5,457,816	2	5,069,622	2	5,011,208	2
Notes and trade payable to related parties (Note 34)	9,887,797	5	6,376,815	3	5,393,660	3
Other payables (Notes 20, 24 and 34)	7,953,779	4	10,002,379	5	11,919,208	6
Current tax liabilities (Notes 4 and 29)	494,974	-	371,851	-	665,091	-
Provisions - current (Notes 4 and 25)	386,107	-	427,172	-	424,325	-
Current portion of long-term borrowings (Note 22)	699,868	-	534,512	-	1,035,486	1
Current portion of bonds payable (Notes 4 and 23)	3,341,628	2	3,368,076	2	3,595,920	2
Other current liabilities (Note 24)	10,648,223	5	10,862,695	5	10,946,277	5
Total current liabilities	122,370,309	57	118,623,293	56	112,933,031	55
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 22)	1,339,412	1	1,654,456	1	1,219,374	1
Provisions - non-current (Notes 4 and 25)	825,812	-	760,456	-	728,301	-
Deferred tax liabilities (Notes 4 and 29)	3,575,908	2	3,550,254	2	3,521,764	2
Long-term trade payables, net of current portion (Notes 20, 24 and 34)	3,318,976	1	3,318,976	2	1,930,278	1
Deferred revenue - non-current (Note 24)	63,074	-	73,438	-	93,877	-
Accrued pension liabilities (Notes 4 and 26)	1,599,751	1	2,274,547	1	2,172,832	1
Other non-current liabilities (Note 24)	743,387	-	565,027	-	972,397	-
Total non-current liabilities	11,466,320	5	12,197,154	6	10,638,823	5
Total liabilities	133,836,629	62	130,820,447	62	123,571,854	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)						
Share capital						
Ordinary shares	15,729,199	7	15,729,199	8	15,729,199	8
Capital surplus	6,754,806	3	6,650,489	3	6,592,147	3
Retained earnings						
Legal reserve	7,380,610	4	7,380,610	3	7,159,575	4
Special reserve	35,373,565	16	35,373,565	17	34,373,565	17
Unappropriated earnings	4,780,126	2	4,157,281	2	4,289,576	2
Total retained earnings	47,534,301	22	46,911,456	22	45,822,716	23
Other equity						
Exchange differences on translating foreign operations	1,223,941	1	1,484,838	1	1,388,160	1
Unrealized gain on available-for-sale financial assets	1,049,395	-	1,078,584	-	1,382,675	-
Cash flow hedges	(5,441)	-	(338)	-	(726)	-
Total other equity	2,267,895	1	2,563,084	1	2,770,109	1
Treasury shares	(376,304)	-	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	71,909,897	33	71,477,924	34	70,537,867	35
NON-CONTROLLING INTERESTS (Note 27)	9,833,779	5	9,703,719	4	10,584,556	5
Total equity	81,743,676	38	81,181,643	38	81,122,423	40
TOTAL	\$ 215,580,305	100	\$ 212,002,090	100	\$ 204,694,277	100

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 28 and 34)				
Sales	\$ 25,038,400	85	\$ 27,239,271	86
Investment income	20,152	-	129,275	-
Rental revenue	1,830,846	6	1,841,693	6
Service revenue	633,881	2	615,572	2
Other operating revenue	1,938,467	7	1,838,802	6
Total operating revenue	29,461,746	100	31,664,613	100
OPERATING COSTS (Notes 4, 15, 26, 28 and 34)				
Cost of goods sold	22,235,537	76	23,779,852	75
Investment cost	-	-	10,437	-
Rental cost	1,521,227	5	1,488,171	5
Service cost	406,011	1	329,356	1
Other operating cost	463,591	2	1,259,151	4
Total operating costs	24,626,366	84	26,866,967	85
GROSS PROFIT	4,835,380	16	4,797,646	15
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(2,134)	-	474	-
REALIZED GROSS PROFIT	4,833,246	16	4,798,120	15
OPERATING EXPENSES (Notes 4, 26, 28 and 34)				
Selling and marketing expenses	2,135,951	7	2,114,498	7
General and administrative expenses	1,971,848	7	1,845,373	6
Research and development expenses	69,060	-	87,696	-
Total operating expenses	4,176,859	14	4,047,567	13
PROFIT FROM OPERATIONS	656,387	2	750,553	2

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YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
NON-OPERATING INCOME				
Other income (Notes 4 and 28)	\$ 238,605	1	\$ 229,425	1
Other losses (Notes 4 and 28)	(192,414)	(1)	(115,518)	-
Finance costs (Notes 4 and 28)	(76,301)	-	(90,662)	-
Share of profit of associates and joint ventures accounted for by the equity method (Notes 4 and 17)	441,782	2	764,571	2
Interest income (Notes 4 and 28)	<u>65,013</u>	<u>-</u>	<u>64,847</u>	<u>-</u>
Total non-operating income	<u>476,685</u>	<u>2</u>	<u>852,663</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,133,072	4	1,603,216	5
INCOME TAX EXPENSE (Notes 4 and 29)	<u>347,242</u>	<u>1</u>	<u>286,125</u>	<u>1</u>
NET PROFIT FOR THE YEAR	785,830	3	1,317,091	4
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method				
	(20)	-	(8,014)	-
Remeasurement of defined benefit plans	<u>(101)</u>	<u>-</u>	<u>15,458</u>	<u>-</u>
	<u>(121)</u>	<u>-</u>	<u>7,444</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation operations				
	(32,871)	-	(207,125)	(1)
Unrealized loss on available-for-sale financial assets				
	(20,483)	-	(113,612)	-
Cash flow hedges				
	(10,891)	-	(323)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for by the equity method				
	<u>(233,580)</u>	<u>(1)</u>	<u>(135,619)</u>	<u>-</u>
	<u>(297,825)</u>	<u>(1)</u>	<u>(456,679)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(297,946)</u>	<u>(1)</u>	<u>(449,235)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 487,884</u>	<u>2</u>	<u>\$ 867,856</u>	<u>3</u>

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YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 628,866	2	\$ 873,740	3
Non-controlling interests	<u>156,964</u>	<u>1</u>	<u>443,351</u>	<u>1</u>
	<u>\$ 785,830</u>	<u>3</u>	<u>\$ 1,317,091</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	\$ 333,556	1	\$ 544,237	2
Non-controlling interests	<u>154,328</u>	<u>1</u>	<u>323,619</u>	<u>1</u>
	<u>\$ 487,884</u>	<u>2</u>	<u>\$ 867,856</u>	<u>3</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$0.43</u>		<u>\$0.60</u>	
Diluted	<u>\$0.43</u>		<u>\$0.60</u>	

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

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YULON MOTOR COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											Total Equity	
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Cash Flow Hedges	Treasury Shares	Total		Non-controlling Interests
			Legal Reserve	Special Reserve	Unattributed Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets						
BALANCE, JANUARY 1, 2015	\$ 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	
Change in equity from investments in associates and joint venture accounted for by using equity method	-	6,418	-	-	-	-	-	-	-	6,418	-	6,418	
Appropriation of 2014 earnings Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,996)	(17,996)	
Net profit for the three months ended March 31, 2015	-	-	-	-	873,740	-	-	-	-	873,740	443,351	1,317,091	
Other comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	7,444	(333,242)	(3,553)	(152)	-	(329,503)	(119,732)	(449,235)	
Total comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	881,184	(333,242)	(3,553)	(152)	-	544,237	323,619	867,856	
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	-	24,469	-	-	(38,278)	-	-	-	-	(13,809)	13,809	-	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	117,425	117,425	
BALANCE, MARCH 31, 2015	<u>\$ 15,729,199</u>	<u>\$ 6,592,147</u>	<u>\$ 7,159,575</u>	<u>\$ 34,373,565</u>	<u>\$ 4,289,576</u>	<u>\$ 1,388,160</u>	<u>\$ 1,382,675</u>	<u>\$ (726)</u>	<u>\$ (376,304)</u>	<u>\$ 70,537,867</u>	<u>\$ 10,584,556</u>	<u>\$ 81,122,423</u>	
BALANCE, JANUARY 1, 2016	\$ 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	
Appropriation of 2015 earnings Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(33,625)	(33,625)	
Change in equity from investments in associates and joint venture accounted for by using equity method	-	1,267	-	-	-	-	-	-	-	1,267	-	1,267	
Net profit for the three months ended March 31, 2016	-	-	-	-	628,866	-	-	-	-	628,866	156,964	785,830	
Other comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	(121)	(260,897)	(29,189)	(5,103)	-	(295,310)	(2,636)	(297,946)	
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	628,745	(260,897)	(29,189)	(5,103)	-	333,556	154,328	487,884	
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	-	103,050	-	-	(5,900)	-	-	-	-	97,150	(97,150)	-	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	106,507	106,507	
BALANCE, MARCH 31, 2016	<u>\$ 15,729,199</u>	<u>\$ 6,754,806</u>	<u>\$ 7,380,610</u>	<u>\$ 35,373,565</u>	<u>\$ 4,780,126</u>	<u>\$ 1,223,941</u>	<u>\$ 1,049,395</u>	<u>\$ (5,441)</u>	<u>\$ (376,304)</u>	<u>\$ 71,909,897</u>	<u>\$ 9,833,779</u>	<u>\$ 81,743,676</u>	

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,133,072	\$ 1,603,216
Adjustments for:		
Interest income	(1,707,352)	(1,567,007)
Depreciation expenses	1,694,816	1,647,245
Net loss on foreign currency exchange	519,160	686,903
Share of profit of associates and joint ventures accounted for by the equity method	(443,782)	(771,506)
Finance costs	304,455	302,863
Impairment loss recognized on trade receivables	336,929	123,732
Amortization expenses	231,513	216,343
Recognition of provisions	82,142	89,099
Gain on disposal of property, plant and equipment	(53,922)	(73,223)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(21,882)	(2,878)
Gain on disposal of financial assets	(11,065)	(124,128)
Impairment loss recognized on non-financial assets	3,833	858,562
Realized loss on the transactions with associates and joint ventures accounted for by the equity method	1,419	4,866
Impairment loss recognized on financial assets	-	14,361
Net loss on disposal of intangible assets	-	480
Changes in operating assets and liabilities		
Financial assets held for trading	(1,396,959)	(2,883,334)
Notes and trade receivable	(2,101,959)	(2,436,163)
Other receivables	372,308	332,754
Inventories	796,453	1,840,674
Other current assets	(729,929)	(43,997)
Finance lease receivables	287,748	(85,576)
Other operating assets	(78,518)	(205,069)
Notes and trade payable	3,709,950	(35,606)
Other payables	(2,331,216)	(1,653,908)
Provisions	(57,872)	(83,742)
Other current liabilities	(368,284)	(455,964)
Accrued pension liabilities	(674,897)	2,947
Deferred revenue	(8,971)	6,545
Other operating liabilities	88,161	111,489
Cash used in operations	(424,649)	(2,580,022)
Interest received	1,672,987	1,534,953
Interest paid	(237,479)	(290,466)
Income tax paid	(48,083)	(94,242)
Net cash generated from (used in) operating activities	<u>962,776</u>	<u>(1,429,777)</u>

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YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	\$ (2,601,235)	\$ (2,433,783)
Purchase of financial assets at fair value through profit or loss	(2,523,107)	(1,477,576)
Proceeds on sale of financial assets at fair value through profit or loss	2,142,700	1,415,178
Purchase of debt investments with no active market	(1,305,125)	-
Proceeds from disposal of property, plant and equipment	1,016,783	1,080,673
Payments for other non-current assets	(117,245)	-
Decrease in refundable deposits	107,948	101,523
Decrease in prepayments for rentals	23,899	35,832
Payments for intangible assets	(20,676)	(20,091)
Proceeds on sale of financial assets measured at cost	16,927	2,422
Proceeds on sale of available-for-sale financial assets	13,605	244,337
Proceeds on sale of debt investments with no active market	-	1,109,260
Net cash inflow on acquisition of subsidiaries	-	54,963
Purchase of available-for-sale financial assets	-	(747)
Net cash inflow on disposal of investments accounted for using equity method	-	721
	<u>(3,245,526)</u>	<u>112,712</u>
Net cash (used in) generated from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	4,467,118	1,191,837
Repayment of short-term borrowings	(2,674,975)	(1,987,552)
Repayment of short-term bills payable	(336,368)	(141,134)
Proceeds from (refund of) guarantee deposits received	167,790	(29,042)
Repayment of long-term borrowings	(149,610)	(50,121)
Proceeds from short-term borrowings	113,386	1,922,955
Change in non-controlling interests	78,737	64
Dividends paid	-	(2,509)
Proceeds from long-term borrowings	-	300,460
	<u>1,666,078</u>	<u>1,204,958</u>
Net cash generated from financing activities		
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(99,528)</u>	<u>(232,834)</u>
NET DECREASE CASH AND CASH EQUIVALENTS	(716,200)	(344,941)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>16,305,124</u>	<u>19,346,561</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 15,588,924</u>	<u>\$ 19,001,620</u>

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on May 9, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet endorsed by the FSC

The management of the Company and entities controlled by the Company (collectively, the “Group”) have not applied the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

<u>The New IFRSs Not Included in the 2014 IFRSs Version</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB

(Continued)

<u>The New IFRSs Not Included in the 2014 IFRSs Version</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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

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

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

a. IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

- 1) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for

impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

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

The impairment of financial assets

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

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

Hedge accounting

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

- b. Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of non-financial assets for which impairment loss has been recognized or reversed is fair value less costs of disposal, the discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

c. Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

d. Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

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

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

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

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

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

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

e. IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

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

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

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

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

f. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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

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

g. Annual Improvements to IFRSs: 2012-2014 Cycle

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statement is less than those required in a complete set of annual financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 on basis of the degree to which the fair value measurement inputs are observable and significant of the inputs to the fair value measurement in its entirety; the inputs by level which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within one operating cycle after the reporting period; and

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within one operating cycle after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least one operating cycle after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities are classified as non-current.

Since the operating cycles of TAC Co., Ltd., Sinshing Co., Ltd., TAC Financing Leasing Co., Ltd., TAC Financial Leasing Co., Ltd., Yulon Motor Finance (China) Co., Ltd., Yu Yuen Co., Ltd., Yu Sing Co., Ltd., and Yushin Co., Ltd. are more than one year, the classification of balance sheet accounts depends on whether their realization or settlement will be within or beyond one year from the balance sheet date.

Basis of Consolidation

- Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special-purpose entities).

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

Please refer to Note 16, Table 9 and Table 10 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

Business Combinations

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

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

If the initial accounting for a business combination is incompleting by the end of the reporting period in which the combination occurs, the Group, as the acquiring entity, reports in its financial statements provisional amounts for the items for which the accounting is incomplete. These provisional amounts recognized at the acquisition date are adjusted retrospectively during the measurement period when new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts initially recognized or would have resulted in the recognition of other assets and liabilities.

Foreign Currencies

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

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

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and/is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

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

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

Investments in Associates and Jointly Controlled Entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint venture.

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

When the Group's share of losses of an associate and joint venture equals or exceeds its interest in that associate and joint venture, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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

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

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

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and the joint venture that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, plant and equipment under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and placed in the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

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

On the derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

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

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

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

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

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

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

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On the derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss reserves the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sale of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investment, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

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

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

- i. Such designation eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise; or
- ii. The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the Company is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

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

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

b) Held-to-maturity investments

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

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

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

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

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

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

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

d) Loans and receivables

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

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

2) Impairment of financial assets

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

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

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the asset's carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

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

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

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

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

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

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

2) Derecognition of financial liabilities

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

d. Convertible bonds

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - conversion of convertible bonds. When the conversion option remains unexercised on bond maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

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

e. Derivative financial instruments

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

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

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

Hedge Accounting

The Group designates certain hedging instruments as cash flow hedges.

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

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

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

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

Revenue Recognition

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

a. Sale of goods

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

- 1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- 3) The amount of revenue can be measured reliably;
- 4) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- 5) The transaction costs incurred in respect of the transaction can be measured reliably.

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

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

Under the Group's award scheme, the sale of goods that results in award credits for customers is accounted for a multiple element revenue transaction, and award credits should be accounted for a separately identifiable component of a sales transaction in which these credits are granted ("initial sale"). The fair value of the consideration received or receivable is allocated between the award credits granted and other components of the sale. The consideration allocated to the award credits is measured at their fair value, i.e., the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations to supply the award have been fulfilled.

b. Rental income

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

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

c. Investment income

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

d. Rendering of services

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

e. Dividend and interest income

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

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

Construction Contracts

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

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

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

Leasing

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

a. The Group as lessor

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

b. The Group as lessee

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

Borrowing Costs

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

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

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

Government Grants

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

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

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

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivable

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

b. Write-down of inventory

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

c. Impairment of property, plant and equipment

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

d. Recognition and measurement of defined benefit plans

The present value of a defined benefit obligation, the related current service cost, and past service cost are calculated using the projected unit credit method. This method involves the use of actuarial assumptions on the discount rate, rate of employee turnover, future salary increase, and other variables that will determine the final cost of postemployment benefits. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 102,077	\$ 76,180	\$ 102,593
Checking accounts and demand deposits	13,473,624	13,475,800	13,246,505
Cash equivalent			
Commercial paper	-	-	442
Time deposits with original maturities within 3 months	1,812,747	2,601,402	5,378,407
Repurchase agreements collateralized by bonds	<u>200,476</u>	<u>151,742</u>	<u>273,673</u>
	<u>\$ 15,588,924</u>	<u>\$ 16,305,124</u>	<u>\$ 19,001,620</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets at FVTPL - current</u>			
Financial assets designated as at FVTPL			
Credit-linked instruments	\$ 495,619	\$ 482,006	\$ 524,989
Principal guaranteed financial assets	<u>1,172,255</u>	<u>800,019</u>	<u>192,693</u>
	<u>1,667,874</u>	<u>1,282,025</u>	<u>717,682</u>
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Convertible bond redemption rights and put provision (Note 23)	71	115	64
Non-derivative financial assets			
Quoted stocks	55,627	50,747	87,914
Beneficial certificates - mutual funds	<u>4,822,117</u>	<u>3,415,786</u>	<u>4,381,232</u>
	<u>4,877,815</u>	<u>3,466,648</u>	<u>4,469,210</u>
	<u>\$ 6,545,689</u>	<u>\$ 4,748,673</u>	<u>\$ 5,186,892</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Interest rate swap contracts*	<u>\$ 3,135</u>	<u>\$ 2,904</u>	<u>\$ 33</u>

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

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

Notional Amount (In Thousands)	Maturity Date	Interest Rate-Payment	Interest Rate Receipt
<u>March 31, 2016</u>			
\$ 200,000	2017.03.27	0.950%	Note
300,000	2017.06.01	0.975%	Note
200,000	2017.06.19	0.970%	Note
200,000	2017.07.31	0.950%	Note
<u>December 31, 2015</u>			
\$ 200,000	2017.03.27	0.950%	Note
300,000	2017.06.01	0.975%	Note
200,000	2017.06.19	0.970%	Note
200,000	2017.07.31	0.950%	Note
<u>March 31, 2015</u>			
\$ 200,000	2017.03.27	0.95%	Note

Note: Based on the three months' TAIBOR - Reuters interest rate prevailing on two operating days before the IRS contract issue date.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Quoted stocks	<u>\$ 157,770</u>	<u>\$ 177,134</u>	<u>\$ 344,277</u>
<u>Non-current</u>			
Quoted stocks	\$ 357,101	\$ 381,081	\$ 492,708
Others	<u>2,235</u>	<u>2,234</u>	<u>4,571</u>
	<u>\$ 359,336</u>	<u>\$ 383,315</u>	<u>\$ 497,279</u>

9. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Non-current</u>			
Bond investment - Central Government Development Bonds	<u>\$ 17,441</u>	<u>\$ 17,557</u>	<u>\$ 17,904</u>

Taiwan Acceptance Corporation ("TAC") and Shin Shin Credit Corporation ("SCC") have invested in Central Government Development Bonds with the yearly payment coupon rates of 3.75% and 1.42% and maturity dates of August 16, 2022 and February 13, 2021.

As of March 31, 2016, December 31, 2015 and March 31, 2015, TAC and SCC pledged Central Government Development Bonds with the face value of \$6,100 thousand, \$6,400 thousand and \$6,000 thousand, respectively as guaranteed deposits for evidence of claims from the courthouse.

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Derivative financial assets under hedge accounting</u>			
Cash flow hedges - cross-currency swaps (a)	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ -</u>
<u>Derivative financial liabilities under hedge accounting</u>			
Cash flow hedges - cross-currency swaps (a)	\$ 12,277	\$ -	\$ -
Cash flow hedges - interest rate swaps (b)	<u>1,723</u>	<u>1,856</u>	<u>1,526</u>
	<u>\$ 14,000</u>	<u>\$ 1,856</u>	<u>\$ 1,526</u>

- a. The Group uses cross-currency swaps (CCS) mainly to avoid adverse risks due to exchange rate and interest rate fluctuations. The CCS contract terms are identical to those for debts under hedging; thus, the Company's management considered CCS contracts as highly effective hedging tools. The outstanding CCS contract at the end of the reporting period was as follows:

Notional Amount (In Thousands)	Maturity Date	Interest Rate - Payment	Interest Rate - Receipt
<u>March 31, 2016</u>			
USD \$20,000	2016.11.10	0.835%	3-month London InterBank Offer Rate plus 0.5%
<u>December 31, 2015</u>			
USD \$20,000	2016.11.10	0.835%	3-month London InterBank Offer Rate plus 0.5%

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

Notional Amounts (In Thousands)	Maturity Date	Interest Rate - Payment	Interest Rate - Receipt
<u>March 31, 2016</u>			
\$ 100,000	2016.09.29	Note	1.055%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.28	Note	0.990%
200,000	2016.10.28	Note	0.990%
<u>December 31, 2015</u>			
\$ 100,000	2016.09.29	Note	1.055%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.28	Note	0.990%
200,000	2016.10.28	Note	0.990%
<u>March 31, 2015</u>			
\$ 100,000	2016.09.29	Note	1.055%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.11	Note	1.030%
200,000	2016.10.28	Note	0.990%
200,000	2016.10.28	Note	0.990%

Note: Based on the three months TAIBOR - Reuters interest rate prevailing on two operating days before the IRS contract issue date.

11. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Domestic unlisted common shares	\$ 3,010	\$ 3,010	\$ 45,044
<u>Non-current</u>			
Domestic unlisted common shares	\$ 182,110	\$ 193,758	\$ 448,490
Others	<u>1,921</u>	<u>1,921</u>	<u>1,922</u>
	<u>\$ 184,031</u>	<u>\$ 195,679</u>	<u>\$ 450,412</u>
Classified according to financial asset measurement categories			
Available-for-sale financial assets	<u>\$ 187,041</u>	<u>\$ 198,689</u>	<u>\$ 495,456</u>

The unlisted common shares held by the Group above were measured at cost less impairment at the end of each reporting period. Management believed that the fair values cannot be reliably measured because the range of fair values determined using estimation methods was significant and the probabilities of each value were unable to be determined.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Reserve account	\$ 287,907	\$ 295,065	\$ 269,347
Pledged time deposits	9,515	9,540	9,946
Time deposits with original maturity more than 3 months	4,520,046	3,165,549	419,938
Restricted bank deposit (Note)	<u>2,487,724</u>	<u>2,545,828</u>	<u>-</u>
	<u>\$ 7,305,192</u>	<u>\$ 6,015,982</u>	<u>\$ 699,231</u>
<u>Non-current</u>			
Reserve account	\$ -	\$ -	\$ 6,290
Pledged time deposits	8,750	8,709	10,302
Time deposits with original maturity more than 3 months	<u>19,872</u>	<u>5,079</u>	<u>35,048</u>
	<u>\$ 28,622</u>	<u>\$ 13,788</u>	<u>\$ 51,640</u>

Note: Under the approval of the State Administration of Foreign Exchange in Mainland China, Yulon Motor Finance (China) Co., Ltd. may use the bank deposit only after it starts its operations.

Refer to Note 35 for information relating to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Notes and trade receivable	\$ 77,262,088	\$ 75,008,079	\$ 68,767,637
Less: Allowance for impairment loss	(1,860,199)	(1,820,677)	(1,546,578)
Unrealized interest income	<u>(6,316,524)</u>	<u>(6,022,362)</u>	<u>(5,567,240)</u>
	<u>\$ 69,085,365</u>	<u>\$ 67,165,040</u>	<u>\$ 61,653,819</u>

Trade and Notes Receivable

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

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

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

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

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

The aging of receivables was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Based on the past due date			
Not past due	\$ 69,881,256	\$ 67,801,529	\$ 62,837,018
1-180 days	847,628	1,035,995	326,927
Over 180 days	<u>216,680</u>	<u>148,193</u>	<u>36,452</u>
	<u>\$ 70,945,564</u>	<u>\$ 68,985,717</u>	<u>\$ 63,200,397</u>

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

	March 31, 2016	December 31, 2015	March 31, 2015
Based on the past due date			
1-180 days	\$ 166,669	\$ 116,270	\$ 36,017
Over 180 days	<u>61,061</u>	<u>5,498</u>	<u>34,308</u>
	<u>\$ 227,730</u>	<u>\$ 121,768</u>	<u>\$ 70,325</u>

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	\$ 20,894	\$ 1,600,041	\$ 1,620,935
Add: Impairment losses (gains) recognized on receivables	(300)	69,419	69,119
Deduct: Amounts written off during the period as uncollectible	-	(134,442)	(134,442)
Foreign exchange translation gains and losses	<u>(188)</u>	<u>(8,846)</u>	<u>(9,034)</u>
Balance at March 31, 2015	<u>\$ 20,406</u>	<u>\$ 1,526,172</u>	<u>\$ 1,546,578</u>
Balance at January 1, 2016	\$ 26,077	\$ 1,794,600	\$ 1,820,677
Add: Impairment losses recognized on receivables	(300)	246,257	245,957
Deduct: Amounts written off during the period as uncollectible	-	(213,989)	(213,989)
Foreign exchange translation gains and losses	<u>(203)</u>	<u>7,757</u>	<u>7,554</u>
Balance at March 31, 2016	<u>\$ 25,574</u>	<u>\$ 1,834,625</u>	<u>\$ 1,860,199</u>

The Group recognized impairment loss on trade receivables amounting to \$25,574 thousand, \$26,077 thousand and \$20,406 thousand as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively. These amounts mainly related to customers that were in liquidation (or in severe financial difficulties). The Group did not hold any collateral over these balances.

14. FINANCE LEASE RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Gross investment in leases</u>			
Up to one year	\$ 7,979,141	\$ 8,249,706	\$ 6,430,260
More than one year and up to five years	5,308,432	5,226,120	4,264,198
More than five years	<u>9,314</u>	<u>10,796</u>	<u>5,919</u>
	13,296,887	13,486,622	10,700,377
Less: Unearned finance income	(1,531,339)	(1,615,393)	(1,339,624)
Less: Allowance for uncollectible lease payments	<u>(684,113)</u>	<u>(603,356)</u>	<u>(395,323)</u>
Present value of minimum lease payments	<u>\$ 11,081,435</u>	<u>\$ 11,267,873</u>	<u>\$ 8,965,430</u>

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Finance lease receivables</u>			
Up to one year	\$ 7,065,046	\$ 7,255,672	\$ 5,597,005
More than one year and up to five years	4,691,431	4,605,099	3,757,985
More than five years	<u>9,071</u>	<u>10,458</u>	<u>5,763</u>
	11,765,548	11,871,229	9,360,753
Less: Allowance for uncollectible lease payments	<u>(684,113)</u>	<u>(603,356)</u>	<u>(395,323)</u>
Finance lease receivables	<u>\$ 11,081,435</u>	<u>\$ 11,267,873</u>	<u>\$ 8,965,430</u>
Current	\$ 10,038,594	\$ 10,089,962	\$ 7,835,206
Non-current	<u>1,042,841</u>	<u>1,177,911</u>	<u>1,130,224</u>
	<u>\$ 11,081,435</u>	<u>\$ 11,267,873</u>	<u>\$ 8,965,430</u> (Concluded)

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.31 years.

The implicit interest rates for the finance lease term were determined at the contract date. As of March 31, 2016, December 31, 2015 and March 31, 2015, these interest rates were between 4.62% to 13.76%, 4.62% to 14.15% and 5.90% to 15.15%, respectively.

The aging of finance lease receivables that was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not past due	\$ 10,796,320	\$ 10,820,323	\$ 9,045,889
1-180 days	453,687	659,284	57,412
Over 181 days	<u>515,541</u>	<u>391,622</u>	<u>257,452</u>
	<u>\$ 11,765,548</u>	<u>\$ 11,871,229</u>	<u>\$ 9,360,753</u>

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on finance lease receivables were as follows:

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	\$ 603,356	\$ 349,295
Add: Impairment losses recognized on receivables	90,972	54,613
Foreign exchange translation gains and losses	<u>(10,215)</u>	<u>(8,585)</u>
Balance at March 31	<u>\$ 684,113</u>	<u>\$ 395,323</u>

15. INVENTORIES

The Group's inventories include finished goods, work in progress, raw materials, properties for sale and construction land.

	March 31, 2016	December 31, 2015	March 31, 2015
Finished goods	\$ 5,231,365	\$ 6,140,644	\$ 5,002,235
Work in progress	289,752	264,944	165,289
Raw materials	<u>3,030,704</u>	<u>2,928,621</u>	<u>3,517,053</u>
	<u>8,551,821</u>	<u>9,334,209</u>	<u>8,684,577</u>
<u>Properties for sale</u>			
Yu-Wen Garden	2,584	2,584	2,584
Hsin-Dian Da Feng section	<u>1,757</u>	<u>1,757</u>	<u>1,757</u>
	<u>4,341</u>	<u>4,341</u>	<u>4,341</u>
<u>Construction land</u>			
Zhong-Li Fushin Section	<u>75,348</u>	<u>75,348</u>	<u>75,348</u>
	<u>\$ 8,631,510</u>	<u>\$ 9,413,898</u>	<u>\$ 8,764,266</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2016 and 2015 was \$22,247,912 thousand and \$23,740,509 thousand, respectively.

The cost of goods sold for the three months ended March 31, 2016 and 2015 included reversal of inventory write-downs of \$12,375 thousand and inventory write-downs of \$39,343 thousand, respectively.

Refer to Note 35 for information relating to inventories pledged as security.

16. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

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

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
The Company	Taiwan Acceptance Corporation ("TAC Corporation")	Sale and lease of cars and parts	46.82	46.90	47.58	For the three months ended March 31, 2016, the issuance by TAC Corporation of common shares for the conversion of convertible resulted in the decrease in Group's percentages of ownership of the investee to 46.82%.
	Yu Sing Motor Co., Ltd. ("Yu Sing")	Sale, maintenance and repair of cars and parts	90.33	90.33	90.33	-
	Qinton Motor Co., Ltd. ("Qinton")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Yushin Motor Co., Ltd. ("Yushin")	Sale, maintenance and repair of cars and parts	80.00	80.00	80.00	-
	Yu Chang Motor Co., Ltd. ("Yu Chang")	Sale and maintenance of cars and parts	65.00	65.00	65.00	-
	Sin Chi Co., Ltd. ("Sin Chi")	General advertising planning services	100.00	100.00	100.00	-
	Yu Rich Financial Services Co., Ltd. ("Yu Rich")	Installment loans of consumer goods and wholesale of cars and parts	17.88	100.00	100.00	The Group owned 100% of Yu Rich in the three reporting periods.
	Yu Ching Business Co., Ltd. ("Yu Ching")	Import and export and sale of cars and parts	100.00	100.00	100.00	-
	Yung Hong Investment Co., Ltd. ("Yung Hong")	Investments	100.00	100.00	100.00	-
	Yu Pong Business Co., Ltd. ("Yu Pong")	Yulon basketball team management and related services	99.99	99.99	99.99	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
	Sin Gan Co., Ltd. ("Sin Gan")	Wholesale and retail of information software	35.62	35.62	35.62	The Group's percentages of ownership in the investee were 64.96% in the three reporting periods.
	Tai Yuen Venture Capital Co., Ltd. ("Tai Yuen")	Investments	49.50	49.50	49.50	The Group's percentages of ownership in the investee were 49.52% in the three reporting periods.
	Chan Yun Technology Co., Ltd. ("Chan Yun")	Wholesale and retail of information software	43.85	43.85	43.85	-
	Yulon Overseas Investment Co., Ltd. ("Yulon Overseas")	Investments	100.00	100.00	100.00	-
	Y-Teks Co., Ltd. ("Y-Teks")	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	34.00	34.00	28.29	The Group's percentages of ownership in the investee were both 45.99% in the 1st quarter of 2016 and the 4th quarter of 2015, and 40.29% the 1st quarter of 2015.
	Union & NKH Auto Parts Co., Ltd. ("Union & NKH")	Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles	25.01	25.01	25.01	-
	Yueki Industrial Co., Ltd. ("Yueki")	Manufacturing and sale of car components	50.58	50.58	50.58	The Group owned 50.66% of Yueki in the three reporting periods.
	Yue Sheng Industrial Co., Ltd. ("Yue Sheng")	Car manufacture and furnishing; manufacture, installation and sale of car parts	50.97	50.97	50.97	-
	China Cast Iron Pipe Co., Ltd. ("China Cast Iron")	Metal casting and related business	77.66	77.66	77.66	-
	Car-plus Auto Leasing Corporation ("Car-plus Auto")	Car lease and trade	3.46	3.46	3.46	The Group owned 72.03% of Car-plus in the three reporting periods.
	Empower Co., Ltd. ("Empower")	Sale, maintenance and repair of cars and parts	20.00	20.00	20.00	The Group owned 47% of Empower in the three reporting periods.
	Luxgen Motor Co., Ltd. ("Luxgen")	Sale of cars and parts	100.00	100.00	100.00	-
	Yulon TOBE Motor Co., Ltd. ("Yulon TOBE")	Sale of cars and parts	100.00	100.00	100.00	-
	Peidu TOBE Motor Co., Ltd. ("Peidu Tobe")	Sale of cars and parts	-	-	80.00	Peidu Tobe had been extinguished by liquidation in the 2nd quarter of 2015.
	Yulon Energy Service Co., Ltd. ("Yulon Energy")	Wholesale and retail sale of batteries	100.00	100.00	100.00	-
	Sin Jang Enterprises ("Sin Jang")	Sale and brokerage of secondhand vehicles	20.01	20.01	20.01	The Group owned 80% of Sin Jang in the three reporting periods.
	Yulon Motor Finance (China) Co., Ltd. ("Yulon Motor Finance")	Car purchases and loans to car dealers for car purchases	51.00	51.00	-	Established in 4th quarter of 2015. The Group owned 100% of Yulon Motor Finance in the 1st quarter of 2016 and 4th quarter of 2015.
TAC Corporation	Shin Shin Credit Corporation ("SCC")	Installment-related financing services for car and truck purchases	100.00	100.00	100.00	-
	Car-plus Auto	Car lease and trade	68.57	68.57	68.57	The Group owned 72.03% of Car-plus in the three reporting periods.
	TAC Global Investment (Samoa) Co., Ltd. ("TAC Global")	Shareholding company	100.00	100.00	100.00	-
	Empower	Sale, maintenance and repair of cars and parts	27.00	27.00	27.00	The Group owned 47% of Empower in the three reporting periods.
	Sin Jang Co., Ltd. (Sin Jang)	Sales and brokerage of secondhand vehicles	40.00	40.00	40.00	The Group owned 80% of Sin Jang in the three reporting periods.
	Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	49.00	49.00	-	Established in 4th quarter of 2015. The Group owned 100% of Yulon Motor Finance in the 1st quarter of 2016 and 4th quarter of 2015.
	Yu Rich	Installment loans of consumer goods and wholesale of cars and parts	82.12	-	-	The Group wholly owned 100% of Yu Rich in the 1st quarter of 2016.
SCC	Shinshin Global Investment (Samoa) Co., Ltd. ("Shinshin Samoa")	Shareholding company	100.00	100.00	-	Established in 4th quarter of 2015.
Car-plus Auto	Diamond Leasing Service Corporation ("Diamond Leasing")	Car sale and lease	100.00	100.00	100.00	-
	Car-Plus Global Investment (Samoa) Co., Ltd. ("Car-Plus Samoa")	Shareholding company	100.00	100.00	100.00	-
	Sin Jang	Sales and brokerage of secondhand vehicles	19.99	19.99	19.99	The Group owned 80% of Sin Jang in the three reporting periods.
Diamond Leasing	H.K. Manpower Service Co., Ltd. ("H.K. Manpower")	Temporary labor services	100.00	100.00	100.00	-
Sin Jang	Sinjang International Investment (Samoa) Co., Ltd. ("Sinjang Samoa")	Holding company	60.00	60.00	60.00	The Group wholly owned of Sinjang (Samoa) in the three reporting periods.
Car-Plus Samoa	Car-Plus China Investment (Samoa) Co., Ltd. ("Car-Plus China")	Holding company	60.00	60.00	60.00	The Group wholly owned Car-Plus China in the three reporting periods.
	Car-Plus Shanghai Investment (Samoa) Co., Ltd. ("Car-Plus Shanghai")	Holding company	60.00	60.00	60.00	The Group wholly owned Car-Plus Shanghai in the three reporting periods.
TAC Global	Car-Plus China Investment (Samoa) Co., Ltd. ("Car-Plus China")	Holding company	40.00	40.00	40.00	The Group wholly owned Car-Plus China in the three reporting periods.
	Car-Plus Shanghai Investment (Samoa) Co., Ltd. ("Car-Plus Shanghai")	Holding company	40.00	40.00	40.00	The Group wholly owned Car-Plus Shanghai in the three reporting periods.
	Yu Rong International Investment (Samoa) Co., Ltd. ("Yu Rong International")	Holding company	100.00	100.00	100.00	-
	Sinjang International Investment (Samoa) Co., Ltd. ("Sinjang Samoa")	Holding company	40.00	40.00	40.00	The Group owned 100% of Sinjang (Samoa) in the three reporting periods.

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
Shinshin Samoa	TAC Financial Leasing Co., Ltd. ("TAC Financial")	Financial lease of equipment	40.00	40.00	-	The Group wholly owned TAC Financial in the three reporting periods.
Car-Plus China	Car-Plus (Suzhou) Auto Leasing Co., Ltd. ("Car-Plus (Suzhou)")	Lease of cars and related services	100.00	100.00	100.00	-
Car-Plus Shanghai	Car-Plus Leasing (Shanghai) Co., Ltd. ("Car-Plus Leasing (Shanghai)")	Car lease and trading	100.00	100.00	100.00	-
Yu Rong International	TAC Leasing (Suzhou) Co., Ltd. ("TAC Leasing (Suzhou)")	Financial lease of equipment	100.00	100.00	100.00	-
	TAC Financial	Financial lease of equipment	40.00	40.00	80.00	The Group wholly owned TAC Financial in the three reporting periods.
Yu Sing Company	Yu-Jan Co., Ltd. ("Yu-Jan")	Sale, maintenance and repair of car and parts	100.00	100.00	100.00	-
	Luxgen Motor Taipei Co., Ltd. ("Luxgen Taipei")	Sale of cars and parts	1.29	1.29	1.29	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taipei decrease to 74.99%. The Group's percentages of ownership in the investee were 75% in the 1st quarter of 2015.
Yushin Company	Yu Pool Co., Ltd. ("Yu Pool")	Supply of and providing services on information software and retail trade of spare parts of vehicles	100.00	100.00	100.00	-
	Luxgen Motor Taoyuan Co., Ltd. ("Luxgen Taoyuan")	Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taoyuan decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Yu Shin Investment ("Yu Shin Investment")	Investments	100.00	100.00	100.00	-
Sin Chi Company	Yu Chia Motor Co., Ltd. ("Yu Chia")	Sale, maintenance and repair of heavy vehicles and parts	100.00	100.00	100.00	-
	Chan Chen Inter Consulting ("Chan Chen")	Management consulting, lease of real estate, general advertising, etc.	100.00	100.00	100.00	-
Yung Hong	Blue Water Ventures International Co., Ltd. ("Blue Water")	Investments in the manufacturing, service and financial industries	-	-	100.00	Blue Water had been extinguished by liquidation in the 4th quarter of 2015.
	Tai Yuen	Investments	0.02	0.02	0.02	The Group owned 49.52% of Tai Yuen in the three reporting periods.
	Prosperity Capital Holdings Company ("Prosperity Capital")	Investments in various production, service and financial industries	-	-	100.00	Prosperity had been extinguished by liquidation in the 4th quarter of 2015.
	Yu Yuen Development Company ("Yu Yuen")	Construction	32.65	32.65	32.65	The Group owned 98.60% of Tai Yuen in the three reporting periods.
Yu Ching	Chinh-Ling RTC Co., Ltd. ("Chinh-Ling")	Product design	100.00	100.00	100.00	-
	Yu Yuen	Construction	33.30	33.30	33.30	The Group owned 98.6% of Yu Yuen in the three reporting periods.
	Sin Gan	Wholesale and retail of information software	9.56	9.56	9.56	The Group owned 64.96% of Sin Gan in the three reporting periods.
Yu Pong	Yu Yuen	Construction	32.65	32.65	32.65	The Group owned 98.6% of Yu Yuen in the three reporting periods.
Sin Gan	Singual Travel Service Co., Ltd. ("Singual Travel")	Sale of information software, telecommunications equipment and maintenance of cars and parts	100.00	100.00	100.00	-
	Hsiang Shou Enterprise Co., Ltd. ("Hsiang Shou")	Towing	100.00	100.00	100.00	-
	Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture")	Publication	100.00	100.00	100.00	-
Singual Travel	Shang Hai Jing-Huei Investment Co., Ltd. ("Shang Hai Jing-Huei")	Sale of car equipment and parts	100.00	100.00	100.00	-
Yulon Overseas	Yulon China Investment Co., Ltd. ("Yulon China")	Investments	100.00	100.00	100.00	-
	Yulon Philippine Investment Co., Ltd. ("Yulon Philippine")	Investments	100.00	100.00	100.00	-
Yulon China	Qing Yi Investment Co., Ltd. ("Qing Yi")	Investments	100.00	100.00	100.00	-
	Wen Yang Investment Co., Ltd. ("Wen Yang")	Investments	100.00	100.00	100.00	-
	Tai Xin Investment Co., Ltd. ("Tai Xin")	Investments	100.00	100.00	100.00	-
	Yulon China (Hong Kong) Investment Co., Ltd. ("Yulon China HK")	Investments	100.00	100.00	100.00	-
	Mega Elegant Investment Limited ("Mega Elegant")	Investments	-	-	100.00	Mega Elegant and Yulon China (HK) Holding merged in the 4th quarter of 2015 with Yulon China (HK) Holding as survivor entity.
	Feng Hua Investment Co., Ltd. ("Feng Hua")	Investments	40.00	40.00	40.00	-
	Yulon China Holding Co., Ltd. ("Yulon China Holding")	Investments	100.00	100.00	100.00	-
Yulon China Holding	Yulon China (HK) Holding Limited ("Yulon China (HK) Holding")	Investments	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
Yulon China (HK) Holding	Yulon China Motor Investment Limited ("Yulon China Motor Investment")	Investments	100.00	100.00	100.00	-
Yulon China Motor Investment	Dong Feng Yulon Motor Sales Co., Ltd. ("Dong Feng Yulon Sales Company")	Sale of cars and parts	50.00	50.00	50.00	-
	TAC Financial Leasing Co., Ltd.	Financial lease f equipment	20.00	20.00	20.00	The Group wholly owned TAC Finance in the three reporting periods.
	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	54.55	54.55	54.55	The Group owned 100% of Sheng Qing in the three reporting periods.
Yulon China (HK) Holding	Xiamen Young Chang Investment Co., Ltd. ("Xiamen Young Chang")	Renders consulting services on cars, electronics, textiles and related products	100.00	100.00	100.00	Acquired by the merger with Mega Elegan in the 4th quarter of 2015.
Xiamen Young Chang Feng Hua	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	45.45	45.45	45.45	The Group owned 100% of Sheng Qing in the three reporting periods.
	Su Zhou Chen Long Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Long")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Qing Yi	Qing Tai (Nan Jing) Technology Co., Ltd. ("Qing Tai")	Computer software maintenance and computer system integration	100.00	100.00	100.00	-
Wen Yang	Tai Feng (Nan Jing) Software Technology Co., Ltd. ("Tai Feng")	Computer software maintenance and computer system integration	100.00	100.00	100.00	-
Tai Xin	Ke Yu (Nan Jing) Information Technology Co., Ltd. ("Ke Yu")	Computer software maintenance and computer system integration	100.00	100.00	100.00	-
Qing Tai	Jin Ce (Zhang Zhou) Software Technology Co., Ltd. ("Jin Ce")	Computer software maintenance and computer system integration	70.00	70.00	70.00	The Group wholly owned Jin Ce in the three reporting periods.
	Shi Cheng (Zhang Zhou) Technology Develop Co., Ltd. ("Shi Cheng")	Computer software maintenance and computer system integration	53.04	90.00	90.00	The Group wholly owned Shi Cheng in the three reporting periods.
	Mei De (Zhang Zhou) Software Technology Co., Ltd. ("Mei De")	Computer software maintenance and computer system integration	10.00	10.00	10.00	The Group wholly owned Mei De in the three reporting periods.
Tai Feng	Jin Ce	Computer software maintenance and computer system integration	30.00	30.00	30.00	The Group wholly owned Jin Ce in the three reporting periods.
	Mei De	Computer software maintenance and computer system integration	90.00	90.00	90.00	The Group wholly owned Mei De in the three reporting periods.
	Yi Ding (Zhang Zhou) Information Technology Co., Ltd. ("Yi Ding")	Computer software maintenance and computer system integration	10.00	10.00	10.00	The Group wholly owned Yi Ding in the three reporting periods.
Ke Yu	Shi Cheng	Computer software maintenance and computer system integration	46.96	10.00	10.00	The Group wholly owned Shi Cheng in the three reporting periods.
	Yi Ding	Computer software maintenance and computer system integration	90.00	90.00	90.00	The Group wholly owned Yi Ding in the three reporting periods.
Jin Ce	Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai")	Investments	5.97	10.00	10.00	The Group wholly owned Dong Tai in the three reporting periods.
	Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te")	Investments	10.00	10.00	10.00	The Group wholly owned Gao Te in the three reporting periods.
Shi Cheng	Dong Tai	Investments	94.03	90.00	90.00	The Group wholly owned Dong Tai in the three reporting periods.
Yi Ding	Gao Te	Investments	90.00	90.00	90.00	The Group wholly owned Gao Te in the three reporting periods.
Dong Tai	Hang Zhou Tang Yu Investment Co., Ltd. ("Hang Zhou Tang Yu")	Investments	100.00	100.00	100.00	-
	An Hui Min Tung Auto Sale & Service Co., Ltd. ("An Hui Min Tong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	An Ching Tsai Tong Auto Sale & Service Co., Ltd. ("An Ching Tsai Tong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	An Ching Ling Tong Auto Sale & Service Co., Ltd. ("An Ching Ling Tong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Tong Ling Kuo Tong Auto Sale & Service Co., Ltd. ("Tong Ling Kuo Tong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	He Fei Chun Hui Auto Sale & Service Co., Ltd. ("He Fei Chun Hui")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Zi Bo Yu An Auto Sale & Service Co., Ltd. ("Zi Bo Yu An")	Sale and maintenance of cars and parts	100.00	100.00	-	Established in the 2nd quarter of 2015.
Sheng Qing	Zhu Hai Fu Te En Industry & Trade Co., Ltd. ("Zhu Hai Fu Te En")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Guang Zhou Yuan Du Auto Sale & Service Co., Ltd. ("Guang Zhou Yuan Du")	Sale and maintenance of cars and parts	51.00	51.00	51.00	-
	Su Zhou Feng Shen Auto Sale & Service Co., Ltd. ("Su Zhou Feng Shen")	Sale and maintenance of cars and parts	40.00	40.00	40.00	-
	Shen Jun Yu Peng Auto Sale & Service Co., Ltd. ("Shen Jun Yu Peng")	Sale and maintenance of cars and parts	65.00	65.00	65.00	-
	Nanjing Hanhong Motor Trading Co., Ltd. ("Nanjing Hanhong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Wuhan Yu Hsin Auto Sale & Service Co., Ltd. ("Wuhan Yu Hsin")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
	Shanghai Yuexing Auto Sale & Service Co., Ltd. ("Shanghai Yuexing")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Jiangmen Junxing Auto Sale & Service Co., Ltd. ("Jiangmen Junxing")	Sale and maintenance of c and parts	100.00	100.00	100.00	-
	Shanghai Yuming Auto Sale & Service Co., Ltd. ("Shanghai Yuming")	Sale and maintenance of cars and parts	51.00	51.00	51.00	The Group wholly owned Shanghai Yuming in three reporting period.
	Qingdao Yuanhuang Auto Sale & Service Co., Ltd. ("Qingdao Yuanhuang")	Sale and maintenance of cars and parts	51.00	100.00	100.00	The Group sold 49% of shares to non-controlling interests in the 1st quarter of 2016. As a result, the Group ownership of Qingdao Yuanhuang decrease to 51%.
	Hang Zhou Yu Zhong Trading Co., Ltd. ("Hang Zhou Yu Zhong")	Trading	100.00	100.00	100.00	-
	Ning Bo Yu Cheng Auto Sales & Services Co., Ltd. ("Ning Bo Yu Cheng")	Sale, maintenance and repair of cars and parts	51.00	51.00	51.00	The Group wholly owned Ning Bo Yu Cheng in the three reporting period.
	Fu Jian Yu Xin Auto Sales & Services Co., Ltd. ("Fu Jian")	Sale, maintenance and repair of cars and parts	100.00	100.00	100.00	-
	Hang Zhou Hua Zhi Auto Sales & Services Co., Ltd. ("Huang Zhou Hua Zhi")	Sale, maintenance and repair of cars and parts	60.00	60.00	60.00	-
	Changsha Yu Lu Auto Sale & Service Co., Ltd. ("Changsha Yu Lu")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Gao Te	Hang Zhou Qien Yu Investment Co., Ltd. ("Hang Zhou Qien Yu")	Investments	100.00	100.00	100.00	-
Su Zhou Cheng Logn	Su Zhou Cheng Guo Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Co., Ltd.")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Su Zhou Cheng Hang Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Hung")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Su Zhou Feng Shen	Su Zhou Feng Shun Auto Sale & Service Co., Ltd. ("Su Zhou Feng Shun")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Su Zhou Yueshun Auto Sale & Service Co., Ltd. ("Su Zhou Yueshun")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Su Zhou Cheng Pin Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Pin")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Su Zhou Cheng Pang Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Pang")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Tai Chang Cheng Mau Auto Sale & Service Co., Ltd. ("Tai Chang Cheng Mau")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Su Zhou Feng Shun	Wu Jiang Lian Cheng Auto Sale & Service Co., Ltd. ("Wu Jiang Lian Cheng")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Su Zhou Cheng Li Auto Sale & Service Co., Ltd. ("Su Zhou Cheng Li")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Zhu Hai Fu Te En	Zhuhai Yuhsin Auto Sales & Parts Co., Ltd. ("Zhuhai Yuhsin")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Shenzhen Yu Zhi Auto Sales & Services Co., Ltd. (Shenzhen Yu Zhi")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Guang Zhou Yuan Du	Guang Zhou Yuan Zhi Auto Sales & Services Co., Ltd. ("Guang Zhou Yuan Zhi")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Jiang Men Junxing Auto Sale & Service Co., Ltd. ("Jiang Men Junxing")	Jiang Men Yuli Auto Sale & Service Co., Ltd. ("Jiang Men Yuli")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Wuhan Yu Hsin Auto Sale & Service Company	Xiao Gan Yu Feng Auto Sale & Service Co., Ltd. ("Xiao Gan Yu Feng")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Hang Zhou Hua Zhi	Hang Zhou Hua You Auto Sales & Services Co., Ltd. ("Hang Zhou Hua You")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Nanjing Hanhong Trading Company	Nan Jing Yu Shang Auto Sale & Service Co., Ltd. ("Nan Jing Yu Shang")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Nan Jing Yu Hua Auto Sale & Service Co., Ltd. ("Nan Jing Yu Hua")	Sales and maintenance of cars and parts	100.00	100.00	100.00	-
Shang Hai Yuming	Ka Shin Yu Da Auto Sale & Service Co., Ltd. ("Ka Shing Yu Da")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Hang Zhou Qien Yu	Hang Zhou Hsiao Yu Business Co., Ltd. ("Hang Zhou Hsiao Yu")	Investments	90.00	90.00	90.00	The Group owned 99% of Hang Zhou Hsiao Yu in the three reporting periods.
Hang Zhou Tang Yu	Hang Zhou Hsiao Yu	Investments	9.00	9.00	9.00	The Group owned 99% of Hang Zhou Hsiao Yu in the three reporting periods.
Yulon Philippine	Univation Motor Philippines, Inc. (UMPI)	Car manufacturing	100.00	100.00	100.00	-
	Sta. Cruz Island Corporation (SCIC)	Plant lease	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
Y-Teks	Yu-Hsin Intl Investment Co., Ltd. ("Yu-Hsin Intl")	Investments	66.67	66.67	66.67	-
Yu-Hsin Intl	Yu-Hsin Intl (H.K) Investment Co., Ltd. ("Yu-Hsin Intl HK")	Investments	100.00	100.00	100.00	-
Yu-Hsin Intl HK	Hangchow Y-Teks Automotive Trim Parts ("Hangchow Y-Teks")	Manufacturing and sale of car interior furnishing and related business	100.00	100.00	100.00	-
	Changzhou Y-Teks Automotive Trim Parts (Changzhou Y-Teks")	Manufacturing and sale of car interior furnishing and related business	51.00	51.00	51.00	-
Union & NKH Auto Parts Company	Uni Investment Co., Ltd. ("Uni Investment")	Investments	100.00	100.00	100.00	-
Uni Investment	Fuzhou Lianghong Motor Parts Co., Ltd. ("Fuzhou Lianghong")	Manufacturing of car seats and developing the related market	66.67	66.67	66.67	-
	Hangchow Liangrun Motor Parts Co., Ltd. (Hangchow Liangrun")	Manufacturing of car seats and developing the related market	100.00	100.00	100.00	-
Yueki	Yue Ki Industrial (Samoa) Co., Ltd. ("Yue Ki Samoa")	Investments	100.00	100.00	100.00	-
	Yue Ki Investment (HK) Co., Ltd. ("Yue Ki HK")	Investments	100.00	100.00	100.00	-
Yue Ki HK	Hang Zhou Yue Wan Motor Parts Co., Ltd. ("Hang Zhou Yue Wan")	Manufacturing of key car components, electric cars and related parts	100.00	100.00	100.00	-
Yue Sheng	Y-Teks	Manufacturing and decorating and import and export of car parts; serving as car parts sales agent	11.99	11.99	12.00	The Group's percentages of ownership in the investee were both 45.99% in the 1st quarter of 2016 and 4th quarter of 2015, and 40.29% the 1st quarter of 2015.
	Yueki	Manufacturing and sale of car components	0.08	0.08	0.08	The Group owned 50.66% of Yueki in the three reporting periods.
Yu Chang Company	Tian Wang Co., Ltd.	Sale of secondhand cars and related products	100.00	100.00	100.00	-
	Luxgen Kaohsiung Co., Ltd. ("Luxgen Kaohsiung")	Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Kaohsiung decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Yu Chang China Investment Co., Ltd.	Investments	100.00	100.00	100.00	-
Yu Chang China Investment Co., Ltd.	Ning Bo Yu Cheng Auto Sales & Service Co., Ltd. (Ning Bo Yu Cheng")	Sales, maintenance and repair of cars and parts	49.00	49.00	49.00	The Group wholly owned Ning Bo Yu Cheng in three reporting period.
Empower	Chunmin Enterprise Co., Ltd. ("Chunmin")	Comprehensive retail of car parts	100.00	100.00	100.00	-
	Luxgen Motor Taichung Co., Ltd. ("Luxgen Taichung")	Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taichung decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Hong Yen Motor Ltd. ("Hong Yen")	Investments	100.00	100.00	100.00	-
Hong Yen	Yu Ming Insurance Co., Ltd. Shanghai Yuming	Property insurance	100.00	100.00	100.00	-
		Sale and maintenance of cars and parts	49.00	49.00	49.00	The Group wholly owned Shanghai Yuming in the three reporting periods.
Luxgen	Luxgen Taipei	Sale, maintenance and repair of cars and parts	73.70	73.70	73.71	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taipei decrease to 74.99%. The Group's percentages of ownership in the investee were 75% in the 1st quarter of 2015.
	Luxgen Taoyuan	Sale, maintenance and repair of cars and parts	59.99	59.99	60.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taoyuan decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Luxgen Taichung	Sale, maintenance and repair of cars and parts	59.99	59.99	60.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Taichung decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Luxgen Tainan	Sale, maintenance and repair of cars and parts	59.99	59.99	60.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Tainan decrease to 59.99%.

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
	Luxgen Kaohsiung	Sale, maintenance and repair of cars and parts	59.99	59.99	60.00	The Group sold 1,000 shares to non-controlling interests in the 4th quarter of 2015. As a result, the Group ownership of Luxgen Kaohsiung decrease to 79.99%. The Group's percentages of ownership in the investee were 80% in the 1st quarter of 2015.
	Sin Gan	Wholesale and retail of information software	19.78	19.78	19.78	The Group owned 64.96% of Sin Gan in the three reporting periods.
	Luxgen Overseas Holdings Private Limited ("Luxgen Overseas Holdings")	Investments	100.00	100.00	100.00	-
Luxgen Overseas Holdings	Luxgen Motor Limited Liability Company ("Luxgen Motor Limited Liability")	Sale of cars and parts	99.99	99.99	99.99	-
Yulon Energy Company	Power Engineering Co., Ltd.	Wholesale and retail of batteries	100.00	100.00	100.00	-

(Concluded)

Except for TAC, Car-Plus, TAC Global Investment (Samoa) Co., Ltd., Yulon Overseas, Yulon China, Yulon China Holding, Yulon China (HK) Holding, Yulon China Motor Investment, Dong Feng Yulon Sales Company, Sheng Qing and Luxgen are the Company's material subsidiaries, the others are not, and their financial statements have not been reviewed.

- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	December 31,		
	March 31, 2016	2015	March 31, 2015
TAC	53.18%	53.10%	52.42%

See Table 9 for the information on place of incorporation and principal place of business.

	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Three Months Ended		March 31, 2016	December 31, 2015	March 31, 2015
	March 31, 2016	2015			
TAC (excluding its subsidiaries' non-controlling interests)	\$ 245,140	\$ 232,045	\$ 6,151,266	\$ 5,910,144	\$ 5,833,946

The summarized financial information below represents amounts before intragroup eliminations.

TAC and TAC's subsidiaries:

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 84,448,545	\$ 80,900,218	\$ 71,465,136
Non-current assets	17,758,127	17,847,975	17,660,419
Current liabilities	(88,361,422)	(85,099,228)	(77,210,456)
Non-current liabilities	<u>(1,888,339)</u>	<u>(2,216,201)</u>	<u>(1,732,046)</u>
Equity	<u>\$ 11,956,911</u>	<u>\$ 11,432,764</u>	<u>\$ 10,183,053</u>

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Equity attributable to:			
Owners of TAC	\$ 5,180,459	\$ 4,926,517	\$ 3,728,393
Non-controlling interests of TAC	6,151,266	5,910,144	5,833,946
Non-controlling interests of TAC's subsidiaries	<u>625,186</u>	<u>596,103</u>	<u>620,714</u>
	<u>\$ 11,956,911</u>	<u>\$ 11,432,764</u>	<u>\$ 10,183,053</u> (Concluded)

	For the Three Months Ended March 31	
	2016	2015
Revenue	<u>\$ 4,263,162</u>	<u>\$ 4,137,741</u>
Net profit for the period	\$ 500,459	\$ 479,613
Other comprehensive income for the period	<u>(112,367)</u>	<u>(66,270)</u>
Total comprehensive income for the period	<u>\$ 388,092</u>	<u>\$ 413,343</u>
Profit attributable to:		
Owners of TAC	\$ 223,791	\$ 218,728
Non-controlling interests of TAC	245,140	232,045
Non-controlling interests of TAC's subsidiaries	<u>31,528</u>	<u>28,840</u>
	<u>\$ 500,459</u>	<u>\$ 479,613</u>
Total comprehensive income attributable to:		
Owners of TAC	\$ 151,557	\$ 187,766
Non-controlling interests of TAC	207,452	200,642
Non-controlling interests of TAC's subsidiaries	<u>29,083</u>	<u>24,935</u>
	<u>\$ 388,092</u>	<u>\$ 413,343</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (659,024)	\$ (407,271)
Investing activities	(2,041,084)	(2,072,928)
Financing activities	<u>2,835,541</u>	<u>3,308,892</u>
Net cash inflow	<u>\$ 135,433</u>	<u>\$ 828,693</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2016	December 31, 2015	March 31, 2015
Investment in associates	\$ 33,927,664	\$ 33,723,813	\$ 35,604,118
Investment in joint venture	<u>80,257</u>	<u>90,919</u>	<u>39,675</u>
	<u>\$ 34,007,921</u>	<u>\$ 33,814,732</u>	<u>\$ 35,643,793</u>

a. Investments in associates

	March 31, 2016	December 31, 2015	March 31, 2015
Material associates			
Yulon Nissan Motor Co., Ltd.	\$ 11,272,532	\$ 10,894,709	\$ 13,677,342
China Motor Company	<u>4,561,853</u>	<u>4,476,654</u>	<u>4,552,669</u>
	15,834,385	15,371,363	18,230,011
Non-material associates	<u>18,093,279</u>	<u>18,352,450</u>	<u>17,374,107</u>
	<u>\$ 33,927,664</u>	<u>\$ 33,723,813</u>	<u>\$ 35,604,118</u>

1) Material associates

Name	March 31, 2016	December 31, 2015	March 31, 2015
Yulon Nissan Motor Co., Ltd.	50.02%	50.02%	50.02%
China Motor Company	8.87%	8.87%	8.87%

For the information of associates' main business, operating location and registered country, please refer to Table 9.

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

The investment in China Motor Company was accounted for by the equity method because despite the individual investment being less than 20%, the Group exercised significant influence on the investee's operating and financial policy decisions.

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

Fair values of investments in associates are summarized as follows, based on the Level 1 fair value measurement derived from published quoted prices:

Associate	March 31, 2016	December 31, 2015	March 31, 2015
Yulon Nissan Motor Co., Ltd.	\$ 30,985,325	\$ 42,164,050	\$ 45,465,150
China Motor Company	2,835,756	2,663,892	3,326,796

Share of profit or loss and other comprehensive income of material associates was calculated based on the financial statements which have been reviewed.

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Yulon Nissan Motor Co., Ltd. and subsidiaries

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 15,650,787	\$ 12,313,731	\$ 17,123,053
Non-current assets	16,412,184	18,865,304	21,054,082
Current liabilities	(7,045,305)	(6,989,699)	(7,200,820)
Non-current liabilities	<u>(2,258,826)</u>	<u>(2,234,158)</u>	<u>(3,356,391)</u>
			(Continued)
Equity	<u>\$ 22,758,840</u>	<u>\$ 21,955,178</u>	<u>\$27,619,924</u>
Proportion of the Group's ownership	50.02%	50.02%	50.02%
Equity attributable to the Group	\$ 11,383,972	\$ 10,981,980	\$ 13,815,486
Unrealized gain or loss with associates	<u>(111,440)</u>	<u>(87,271)</u>	<u>(138,144)</u>
Carrying amount	<u>\$ 11,272,532</u>	<u>\$ 10,894,709</u>	<u>\$ 13,677,342</u>

**For the Three Months Ended
March 31**

	2016	2015
Revenue	<u>\$ 9,502,882</u>	<u>\$ 9,042,254</u>
Net income	\$ 1,092,363	\$ 1,025,315
Other comprehensive income	<u>(288,701)</u>	<u>(335,903)</u>
Total comprehensive income	<u>\$ 803,662</u>	<u>\$ 689,412</u>

China Motor Company and subsidiaries

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 22,417,867	\$ 23,381,141	\$ 22,791,286
Non-current assets	39,305,182	39,300,890	38,648,860
Current liabilities	(6,688,966)	(7,694,923)	(6,928,810)
Non-current liabilities	<u>(1,280,855)</u>	<u>(2,327,897)</u>	<u>(2,208,376)</u>
Equity	53,753,228	52,659,211	52,302,960
Non-controlling interest	<u>(3,252,010)</u>	<u>(3,143,866)</u>	<u>(2,988,411)</u>
	<u>\$ 50,501,218</u>	<u>\$ 49,515,345</u>	<u>\$ 49,314,549</u>
Proportion of the Group's ownership	8.87%	8.87%	8.87%
Equity attributable to the Group	\$ 4,479,458	\$ 4,392,011	\$ 4,374,200
Unrealized gain or loss with associates	(97)	(104)	(103)
Intersect shareholding (accounted for by the treasury stock method)	<u>82,492</u>	<u>84,747</u>	<u>178,572</u>
Carrying amount	<u>\$ 4,561,853</u>	<u>\$ 4,476,654</u>	<u>\$ 4,552,669</u>

	For the Three Months Ended March 31	
	2016	2015
Revenue	<u>\$ 10,838,415</u>	<u>\$ 10,881,082</u>
Net income	\$ 1,163,090	\$ 1,064,028
Other comprehensive income	<u>(85,370)</u>	<u>(138,917)</u>
Total comprehensive income	<u>\$ 1,077,720</u>	<u>\$ 925,111</u>

2) Aggregate information of associates that are not individually material

Though the Group's percentage of ownership in Uni Calsonic Co., Ltd. and China Engine Co., Ltd. was not up to 20%, these entities were accounted for by using the equity method, since the Group has significant influence over them.

To enhance the Group's competitiveness and further promote specialization in manufacture and sales as well increase the integration of sales resources in the Philippine as required by Nissan Motors Company, the Group invested in Nissan Philippines, Inc., the joint venture among Nissan Motor Co., Ltd., the UMC Group and Yulon Philippine.

The carrying amount of investments accounted for using the equity method and share of profit or loss and other comprehensive income of nonmaterial associates were calculated based on the financial statements not been reviewed.

b. Investment in joint ventures

	March 31, 2016	December 31, 2015	March 31, 2015
Joint ventures that are not individually material	<u>\$ 80,257</u>	<u>\$ 90,919</u>	<u>\$ 39,675</u>

The Group exercises joint control over Zhe Jiang Cheng Yi Company ("Zhe Jiang"), and its 50% investment in this entity was made through Yulon China Motor Investment and Sinjiang Samoa. Zhe Jiang's main business is the sale and brokerage of secondhand vehicles.

The Group exercises joint control over Dong Yu (Hangzhou) Accessory Technology Co., Ltd. ("Dong Yu Tech. Company"), whose 75% investment in this entity and 50% of total number of directors were made through and composed of Yulon China Motor Investment, Dong Feng Yulon Sales Company and Singual Travel. Dong Yu Tech. Company's main business is car furnishing, installation and sale of car parts.

The carrying amount of investments accounted for using the equity method and share of profit or loss and other comprehensive income of nonmaterial joint ventures were calculated based on the financial statements not been reviewed.

18. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Book value</u>			
Freehold land	\$ 6,749,570	\$ 6,762,491	\$ 6,757,772
Buildings	4,187,570	4,107,924	4,342,549
Equipment	3,777,813	3,885,089	4,522,502
Vehicles	855,758	911,926	683,111
Miscellaneous equipment	1,941,204	1,985,490	2,075,990
Property to lease	15,155,451	15,151,482	15,154,449
Property in construction	<u>435,950</u>	<u>412,621</u>	<u>310,398</u>
	<u>\$ 33,103,316</u>	<u>\$ 33,217,023</u>	<u>\$ 33,846,771</u>

For the three months ended March 31, 2016 and 2015, since an evaluation of horizontal segments showed a market decline in the selling prices of second-hand vehicles, the estimated future cash flows were expected to decrease. In addition, an evaluation of brand segments showed that the sales volume of the remaining car models declined; in addition, the recoverable amounts of some buildings pertaining to the brand segments were lower than the carrying amounts. As a result, there were impairment losses of \$16,609 thousand for 2016 and \$144,699 thousand for 2015.

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

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

Property, plant and equipment pledged as collateral for bank borrowings were disclosed in Note 35.

19. INVESTMENT PROPERTIES

	March 31, 2016	December 31, 2015	March 31, 2015
Investment properties	<u>\$ 10,706,742</u>	<u>\$ 10,710,609</u>	<u>\$ 10,743,042</u>

The investment properties were depreciated on a straight-line basis over their estimated useful lives of 30 to 60 years.

The fair values of investment assets as of March 31, 2016, December 31, 2015 and March 31, 2015 based on the valuation by an independent professional appraiser were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Fair value	<u>\$ 40,878,338</u>	<u>\$ 40,750,241</u>	<u>\$ 41,144,831</u>

20. INTANGIBLE ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Motor design and research and development outputs	\$ 5,947,093	\$ 6,101,837	\$ 6,252,972
Others	<u>372,796</u>	<u>402,235</u>	<u>363,448</u>
	<u>\$ 6,319,889</u>	<u>\$ 6,504,072</u>	<u>\$ 6,616,420</u>

Luxgen Motor Co., Ltd. (“Luxgen”) ceased the technology licensing agreement of SUV model with Haitec in December 2010, and acquired vehicle model development cost of SUV model with Hang Zhou Dong Feng Yulon Motor Co., Ltd. (DFYL) from Haitec, simultaneously. In addition, the three parties amended the original agreement of acquisition in October 2011. According to the amended terms of agreement, remaining payments will be made in future years. In July 2015, the three parties made a supplementary agreement, according to this agreement, the total payments obligated by Luxgen and DFYL were \$1,441,286 thousand and \$6,405,714 thousand, respectively.

Luxgen ceased the technology licensing agreement of MPV model with Haitec in October 2011, and entrusted Haitec to design, research and develop MPV model with DFYL, simultaneously. In July 2015, the three parties made a supplementary agreement. According to this agreement, DFYL no longer possess the intellectual property rights and technology of MPV model, of which were transferred to Luxgen. Total payments obligated by Luxgen and DFYL were \$6,778,707 thousand and \$145,293 thousand, respectively.

Luxgen and DFYL entrusted Haitec to develop GPS (S5 Sedan) model in December 2012. In July 2015 the three parties made a supplementary agreement, according to this agreement, the total payments obligated by Luxgen and DFYL were \$612,861 thousand and \$4,044,139 thousand, respectively.

Luxgen and DFYL entrusted to Haitec the development of DFYL’s GPK (U6 SUV) model. Based on the trust agreement, the total payment for this development project was \$2,855,000 thousand, which included payment amounting to \$280,553 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The rest of the payable on this agreement was to be borne by Luxgen at \$415,403 thousand and by DFYL at \$2,439,597 thousand. On the completion of the GPK model, the models were transferred to Luxgen in 2013 and to DFYL in 2014, with the remaining payments to be made in future years. Furthermore, the GPK model was recognized as an intangible asset by Luxgen and DFYL.

Luxgen and DFYL entrusted Haitec to develop LCS (S3 Sedan) model, based on the trust agreement, the total payment for this development project was \$3,205,619 thousand, which included payment amounting to \$422,484 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The rest of the payable on this agreement was to be borne by Luxgen at \$489,180 thousand and by DFYL at \$2,716,439 thousand.

Luxgen and DFYL entrusted Haitec to develop LCH model, based on the trust agreement, the total payment for this development project was \$1,123,898 thousand, which included payment amounting to \$151,484 thousand from a subcontract that DFYL entrusted to Hang Zhou Haitec. The rest of the payable on this agreement was to be borne by Luxgen at \$171,236 thousand and by DFYL at \$952,662 thousand.

For the three months ended March 31, 2015, the amounts of impairment loss on intangible assets were \$674,520 thousand, since the estimated future cash flows of the intangible assets were reduced and resulted the recoverable amounts were lower than the carrying amounts.

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

After 2016 Q1	\$ 1,429,321
2017-2019	<u>3,318,976</u>
	4,748,297
Less: Recognized as other payables (Note 24)	<u>1,429,321</u>
Recognized as long-term trade payables (Note 24)	<u>\$ 3,318,976</u>

The above intangible assets were depreciated on a straight-line basis over the following estimated useful lives of the asset:

Computer software	2-3 years
Motor design and research and development outputs	Units-of-production method
Others	1-10 years

21. PREPAYMENTS FOR LEASE OBLIGATIONS

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets (included in other current assets)	\$ 76,355	\$ 28,123	\$ 60,333
Non-current assets	<u>628,337</u>	<u>696,937</u>	<u>683,355</u>
	<u>\$ 704,692</u>	<u>\$ 725,060</u>	<u>\$ 743,688</u>

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

22. BORROWINGS

a. Short-term borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Secured borrowings (Note 35)			
Bank loans	\$ 7,981,135	\$ 8,813,505	\$ 10,555,937
Unsecured borrowings			
Line of credit borrowings	<u>22,607,370</u>	<u>24,027,770</u>	<u>20,694,228</u>
	<u>\$ 30,588,505</u>	<u>\$ 32,841,275</u>	<u>\$ 31,250,165</u>
Interest rate	0.90%-8.40%	0.82%-9.50%	0.97%-9.50%

b. Short-term bills payable

	March 31, 2016	December 31, 2015	March 31, 2015
Commercial paper	\$ 52,948,770	\$ 48,865,563	\$ 42,755,193
Less: Unamortized discount on bills payable	<u>54,293</u>	<u>101,427</u>	<u>65,061</u>
	<u>\$ 52,894,477</u>	<u>\$ 48,764,136</u>	<u>\$ 42,690,132</u>
Interest rate	0.65%-3.82%	0.76%-2.80%	0.97%-2.60%

c. Long-term borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Secured borrowings (Note 35)			
Bank loans	\$ 212,636	\$ 230,731	\$ 263,773
Unsecured borrowings			
Commercial paper (recurring)	1,797,448	1,896,035	1,897,072
Line of credit borrowings	<u>29,196</u>	<u>62,202</u>	<u>94,015</u>
	1,826,644	1,958,237	1,991,087
Less: Current portion	<u>699,868</u>	<u>534,512</u>	<u>1,035,486</u>
Long-term borrowings	<u>\$ 1,339,412</u>	<u>\$ 1,654,456</u>	<u>\$ 1,219,374</u>
Interest rates	1.01%-2.23%	1.01%-2.23%	1.01%-2.23%
Maturity date	2019.09.19	2019.09.19	2019.09.19

23. BONDS PAYABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured domestic bonds	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Unsecured domestic convertible bonds	347,800	376,100	615,700
Less: Discounts on bonds payable	<u>(6,172)</u>	<u>(8,024)</u>	<u>(19,780)</u>
	<u>341,628</u>	<u>368,076</u>	<u>595,920</u>
	<u>\$ 3,341,628</u>	<u>\$ 3,368,076</u>	<u>\$ 3,595,920</u>

a. Unsecured domestic bonds

Taiwan Acceptance Corporation (TAC) issued unsecured corporate bonds on June 20, 2014 and October 17, 2014, with each issuance amounting to NT\$1.5 billion and NT\$1.5 billion, respectively, and the bonds having three-year maturities and simple interest rates of 1.12% and 1.25%, respectively, payable annually. The principal amounts of both bonds are repayable on the maturity date.

b. Unsecured domestic convertible bonds

On June 20, 2012, TAC issued its first five-year unsecured domestic convertible bonds, with a face value of \$100 thousand and a total amount of NT\$2.5 billion at a price of 100.5% and coupon rate of 0%. These bonds began to be traded on the GreTai Securities Market on the issue date also. During the issuance period between July 21, 2012 and June 10, 2017, except for the book closure period, bondholders are entitled to convert bonds into TAC's common shares at a conversion price of NT\$72.15 per TAC share. In their meetings in 2015 and 2014, TAC's shareholders approved the issuance of per-share cash dividends of NT\$5.19 and NT\$4.98, respectively; thus, the bond conversion prices were adjusted to NT\$59.21 and NT\$63.32, respectively. In the period between 1 month after issuance and 40 days before the maturity date, if the closing price of TAC's stock listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive days or the total amount outstanding is below 10% of the amount of initial issuance, TAC has the right to redeem all the bonds outstanding at face value.

Thirty days before the end of the three years from bond issuance, bondholders have the right to exercise their put option and can thus request TAC to redeem the convertible bonds at face value. As of June 20, 2015, however, no request for bond redemption by TAC had been made.

The convertible bond has two components: The liability component and the equity component accounted for as "capital surplus - options". This capital surplus was initially recognized at \$179,204 thousand. Derivative and nonderivative components recognized amounted to \$6,489 thousand and \$2,322,657 thousand, respectively. The estimated fair value of derivative instruments as of March 31, 2016 was \$71 thousand.

Proceeds of the issue (less transaction cost of \$5,000 thousand)	\$ 2,507,500
Equity component	(179,204)
Deferred tax assets	850
Derivative financial liability component	<u>(6,489)</u>
Liability component at the date of issue	<u>2,322,657</u>
Interest charged at an effective interest rate of 1.471606585%	73,036
Convertible bonds converted into common shares	<u>(2,054,065)</u>
Liability component as of March 31, 2016	<u>\$ 341,628</u>

24. OTHER LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Other payables			
Equipment payables	\$ 399,432	\$ 439,266	\$ 888,880
Payables on motor design and research and development outputs	1,429,321	1,645,795	3,865,891
Accrued expense payable	3,857,886	4,573,587	4,569,473
Dividends payable	129,798	96,577	109,578
Guarantees provided on a subsidiary's loan payable	747,214	1,263,667	1,664,713
Others	<u>1,390,128</u>	<u>1,983,487</u>	<u>820,673</u>
	<u>\$ 7,953,779</u>	<u>\$ 10,002,379</u>	<u>\$ 11,919,208</u>

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Other liabilities			
Guarantee deposits received	\$ 7,950,830	\$ 7,828,232	\$ 7,405,275
Deferred revenue - customer loyalty plan	48,839	46,947	98,860
Others	<u>2,648,554</u>	<u>2,987,516</u>	<u>3,442,142</u>
	<u>\$ 10,648,223</u>	<u>\$ 10,862,695</u>	<u>\$ 10,946,277</u>
<u>Non-current</u>			
Other payables			
Payables on motor design and research and development outputs	\$ 3,318,976	\$ 3,318,976	\$ 1,930,161
Others	<u>-</u>	<u>-</u>	<u>117</u>
	<u>\$ 3,318,976</u>	<u>\$ 3,318,976</u>	<u>\$ 1,930,278</u>
Deferred revenue			
Subsidies from the government	\$ 19,358	\$ 25,016	\$ 41,757
Others	<u>43,716</u>	<u>48,422</u>	<u>52,120</u>
	<u>\$ 63,074</u>	<u>\$ 73,438</u>	<u>\$ 93,877</u>
Other liabilities			
Guarantee deposits received	\$ 579,629	\$ 490,074	\$ 749,932
Credit balance of long-term investments at equity	-	8,981	15,575
Others	<u>163,758</u>	<u>65,972</u>	<u>206,890</u>
	<u>\$ 743,387</u>	<u>\$ 565,027</u>	<u>\$ 972,397</u> (Concluded)

25. PROVISIONS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Financial guarantee provisions	\$ 383,464	\$ 424,490	\$ 422,027
Warranties	<u>2,643</u>	<u>2,682</u>	<u>2,298</u>
	<u>\$ 386,107</u>	<u>\$ 427,172</u>	<u>\$ 424,325</u>
<u>Non-current</u>			
Warranties	<u>\$ 825,812</u>	<u>\$ 760,456</u>	<u>\$ 728,301</u>

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

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

The validity of warranties for Nissan and Luxgen cars provided by the Group are limited to 3 years of purchase or mileage of under 100,000 kilometers. For Renault cars, the limits are 2 years of purchase or mileage of under 50,000 kilometers. For Tobe cars, the limits are 3 years of purchase but with unlimited mileage. Provisions have been estimated for possible maintenance costs.

26. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2015 and 2014, and recognized in the following line items in their respective periods:

	For the Three Months Ended March 31	
	2016	2015
Operating cost	\$ 13,034	\$ 14,244
Marketing expenses	607	789
Administration expenses	2,964	3,255
Research and development expenses	<u>937</u>	<u>1,309</u>
	<u>\$ 17,542</u>	<u>\$ 19,597</u>

27. EQUITY

a. Share capital

Common shares

	March 31, 2016	December 31, 2015	March 31, 2015
Numbers of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,572,920</u>	<u>1,572,920</u>	<u>1,572,920</u>
Shares capital	\$ 15,729,199	\$ 15,729,199	\$ 15,729,199
Capital surplus	<u>4,508,131</u>	<u>4,508,131</u>	<u>4,508,131</u>
	<u>\$ 20,237,330</u>	<u>\$ 20,237,330</u>	<u>\$ 20,237,330</u>

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

b. Capital surplus

	March 31, 2016	December 31, 2015	March 31, 2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Arising from issuance of common shares	\$ 4,508,131	\$ 4,508,131	\$ 4,508,131
Arising from treasury share transactions	1,986,832	1,985,549	1,976,580
Arising from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	246,896	143,846	93,936
<u>May be used to offset a deficit only</u>			
Arising from share of changes in capital surplus of associates or joint ventures	<u>12,947</u>	<u>12,963</u>	<u>13,500</u>
	<u>\$ 6,754,806</u>	<u>\$ 6,650,489</u>	<u>\$ 6,592,147</u>

Note: Such capital surplus maybe used to offset a deficit, in addition, when the Company have no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

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

- 1) 0.5% as remuneration to directors and supervisors;
- 2) 0.1%-5% as bonus to employees;
- 3) Dividends - in determining the ratio of cash dividends to stock dividends, the Company, as part of a mature and stable industry, takes into account the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the shareholders and the effect on the Company's financial ratios; dividend distribution is proposed by the Board of Directors and approved by the shareholders';
- 4) Additional special reserve may be appropriated for specific business purposes.

Under the May 2015 amendments to the Company Act, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation, which were proposed by the Company's board of directors on December 21, 2015, are expected to be approved in the 2016 annual shareholders' meeting. For information the accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 28.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The board of directors' meeting on March 21, 2016 and shareholders' meeting on June 17, 2015 proposed and approved the appropriation of the earnings, bonus to employees, and remuneration of directors and supervisors of 2015 and 2014, respectively. The appropriations, dividends per share, bonus to employees and remuneration of directors and supervisors, were as follows:

	Appropriation of Earnings		Dividend Per Share (N.T. Dollar)	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2015	2014	2015	2014
Legal reserve	\$ 335,208	\$ 221,035		
Special reserve	1,000,000	1,000,000		
Cash dividend	1,415,628	1,101,044	\$ 0.90	\$ 0.70

d. Special reserve

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	<u>\$ 35,373,565</u>	<u>\$ 34,373,565</u>
Balance at March 31	<u>\$ 35,373,565</u>	<u>\$ 34,373,565</u>

On first-time adoption of IFRSs, the Group appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were \$8,255,468 thousand and \$655,829 thousand, respectively.

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

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	\$ 1,484,838	\$ 1,721,402
Exchange differences arising on translating the financial statements of foreign operations	(28,553)	(121,898)
Share of exchange difference of subsidiaries, associates and jointly ventures accounted for using the equity method	<u>(232,344)</u>	<u>(211,344)</u>
Balance at March 31	<u>\$ 1,223,941</u>	<u>\$ 1,388,160</u>

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

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	\$ 1,078,584	\$ 1,386,228
Unrealized losses arising on revaluation of available-for-sale financial assets	(20,968)	(112,027)
Share of unrealized gains on available-for-sale financial assets of subsidiaries, associates and jointly ventures accounted for using the equity method	<u>(8,221)</u>	<u>108,474</u>
Balance at March 31	<u>\$ 1,049,395</u>	<u>\$ 1,382,675</u>

3) Cash flow hedge

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	\$ (338)	\$ (574)
Gains/(losses) arising on changes in the fair value of hedging instruments	<u>(5,103)</u>	<u>(152)</u>
Balance at March 31	<u>\$ (5,441)</u>	<u>\$ (726)</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2016	2015
Balance at January 1	\$ 9,703,719	\$ 10,147,699
Attributable to non-controlling interests:		
Share of profit for the year	156,964	443,351
Exchange difference arising on translation of foreign entities	(4,318)	(85,227)
Unrealized losses on available-for-sale financial assets	485	(1,585)
		(Continued)

	For the Three Months Ended March 31	
	2016	2015
Gains/(losses) on fair value changes of cash flow hedges	\$ (5,788)	\$ (171)
Share of other comprehensive income of (associates jointly ventures) accounted for using the equity method	6,985	(32,749)
Partial disposal of subsidiaries	106,507	117,425
Non-controlling interest relating to differences between acquisition or disposal price and carrying value of subsidiaries share	(97,150)	13,809
Cash dividends from subsidiaries	<u>(33,625)</u>	<u>(17,996)</u>
Balance at March 31	<u>\$ 9,833,779</u>	<u>\$ 10,584,556</u> (Concluded)

g. Treasury shares

Reasons for Redemption	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>For the three months ended March 31, 2016</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>
<u>For the three months ended March 31, 2015</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>

The Company's shares held by subsidiaries as of March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
<u>March 31, 2016</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 369,952	\$ 369,952
Yu Pong Business Co., Ltd.	1	<u>4</u>	<u>4</u>
		<u>\$ 369,956</u>	<u>\$ 369,956</u> (Continued)

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
<u>December 31, 2015</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 357,722	\$ 357,722
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 357,725</u>	<u>\$ 357,725</u>
<u>March 31, 2015</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 506,094	\$ 506,094
Yu Pong Business Co., Ltd.	1	<u>5</u>	<u>5</u>
		<u>\$ 506,099</u>	<u>\$ 506,099</u> (Concluded)

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

28. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Other operating revenue

	For the Three Months Ended March 31	
	2016	2015
Rental revenue	\$ 12,582	\$ 13,484
Commission revenue	73,010	66,440
Others	<u>153,013</u>	<u>149,501</u>
	<u>\$ 238,605</u>	<u>\$ 229,425</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Gains/(losses) on disposal of property, plant and equipment, investment property and intangible assets	\$ (2,649)	\$ (2,056)
Gains/(losses) on disposal of financial assets	8,546	12,056
Net foreign exchange losses	50,940	(64,909)
Net gains/(losses) arising on financial assets designated as at FVTPL	(41)	297
Net gains/(losses) arising on financial assets classified as held for trading	6,522	2,782
Net gains/(losses) arising on financial liabilities classified as held for trading	(231)	(33)
Others	<u>(255,501)</u>	<u>(63,655)</u>
	<u>\$ (192,414)</u>	<u>\$ (115,518)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2016	2015
Interest on bank overdrafts and loans	\$ 277,433	\$ 274,974
Interest on corporate bonds	10,166	11,268
Other interest expense	<u>16,856</u>	<u>16,621</u>
	304,455	302,863
Less: Interest accounted for as operating cost	<u>228,154</u>	<u>212,201</u>
	<u>\$ 76,301</u>	<u>\$ 90,662</u>

d. Interest revenue

	For the Three Months Ended March 31	
	2016	2015
Interest revenue from acquired account receivables	\$ 809,060	\$ 748,881
Interest revenue from installment sales	218,325	191,990
Agency revenue	215,528	222,512
Others	<u>464,439</u>	<u>403,624</u>
	1,707,352	1,567,007
Less: Interest revenue accounted for as operating revenue	<u>1,642,339</u>	<u>1,502,160</u>
	<u>\$ 65,013</u>	<u>\$ 64,847</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2016	2015
An analysis of deprecation by function		
Operating costs	\$ 1,534,558	\$ 1,445,130
Operating expenses	<u>160,258</u>	<u>202,115</u>
	<u>\$ 1,694,816</u>	<u>\$ 1,647,245</u>
An analysis of amortization by function		
Operating costs	\$ 211,108	\$ 195,430
Operating expenses	<u>20,405</u>	<u>20,913</u>
	<u>\$ 231,513</u>	<u>\$ 216,343</u>

f. Employee benefit expense

	For the Three Months Ended March 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	\$ 39,742	\$ 37,673
Defined benefit plans	<u>17,542</u>	<u>19,597</u>
	57,284	57,270
Other employee benefits	<u>1,710,274</u>	<u>1,785,324</u>
	<u>\$ 1,767,558</u>	<u>\$ 1,842,594</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 727,374	\$ 799,591
Operating expenses	<u>1,040,184</u>	<u>1,043,003</u>
	<u>\$ 1,767,558</u>	<u>\$ 1,842,594</u>

The current Articles of Incorporation of the Company stipulate the distribution of bonus to employees and remuneration to directors and supervisors at rates of no less than 0.1% and no higher than 5% and 0.5% of net income (net of the bonus and remuneration), respectively. For the three months ended March 31, 2015, the bonus to employees and the remuneration to directors and supervisors were \$3,623 thousand and \$5,210 thousand, respectively.

To be in compliance with the Company Act as amended in May 2015 and the proposed amended Articles of Incorporation of the Company proposed by the board of the directors in December 2015, the Company estimated employees' compensation and remuneration to directors and supervisors at rates of no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2016, the employees' compensation and the remuneration to directors and supervisors were \$483 thousand and \$4,666 thousand, respectively, or 0.1% and 0.5%, respectively, of the base net profit.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration to directors and supervisors for 2015 having been resolved by the board of directors on March 21, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 having been approved in the shareholders' meetings on June 17, 2015, respectively, were stated as below. The employees' compensation and remuneration to directors and supervisors for 2015 are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on June 21, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The bonuses to employees and remuneration to directors and supervisors for 2015 and 2014, which were approved in the shareholders' meetings on June 21, 2016 and June 17, 2015, respectively, were as follows:

	For the Three Months Ended March 31			
	2015		2014	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Bonus to employees	\$ 3,537	\$ -	\$ 1,989	\$ -
Remuneration to directors and supervisors	17,684	-	8,361	-

There was no difference between the amounts of the employees' compensation and the remuneration to directors and supervisors resolved by the board of directors on March 21, 2016 and the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 17, 2015, and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014.

Information on the employees' compensation and remuneration to directors and supervisors approved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors approved at the shareholders' meetings in 2015 can be accessed on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Impairment losses on non-financial assets

	For the Three Months Ended March 31	
	2016	2015
Property, plant and equipment	\$ 16,609	\$ 144,699
Inventories (recognized under operating cost)	(12,375)	39,343
Investment properties	(401)	-
Motor designs and research and development outputs	<u>-</u>	<u>674,520</u>
	<u>\$ 3,833</u>	<u>\$ 858,562</u>

29. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (income) were as follows:

	For the Three Months Ended March 31	
	2016	2015
Current tax		
In respect of the current year	\$ 247,706	\$ 273,647
Adjustments for prior years	<u>7,165</u>	<u>(50)</u>
	254,871	273,597
Deferred tax		
In respect of the current year	<u>92,371</u>	<u>12,528</u>
Income tax expense recognized in profit or loss	<u>\$ 347,242</u>	<u>\$ 286,125</u>

b. Integrated income tax:

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Generated on and after January 1, 1998	<u>\$ 4,780,126</u>	<u>\$ 4,157,281</u>	<u>\$ 4,289,576</u>
Imputation credit accounts ("ICA")	<u>\$ 1,372,962</u>	<u>\$ 1,372,962</u>	<u>\$ 698,342</u>

	For the Year Ended December 31	
	2015 (Expected)	2014
Creditable ratio for distribution of earning	25.10%	27.62%

c. Income tax assessed

The tax returns through 2013 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2016	2015
Basic earnings per share	<u>\$ 0.43</u>	<u>\$ 0.60</u>
Diluted earnings per share	<u>\$ 0.43</u>	<u>\$ 0.60</u>

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2016	2015
Earnings used in the computation of basic earnings per share	<u>\$ 628,866</u>	<u>\$ 873,740</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 628,866</u>	<u>\$ 873,740</u>

Shares

	For the Three Months Ended March 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	1,462,770	1,462,807
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus issue to employees	<u>113</u>	<u>132</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,462,883</u>	<u>1,462,939</u>

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

31. OPERATING LEASE ARRANGEMENTS

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

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than 1 year	\$ 777,130	\$ 814,254	\$ 793,944
Later than 1 year and not later than 5 years	2,138,462	2,332,154	2,247,949
Later than 5 years	<u>668,124</u>	<u>650,127</u>	<u>552,942</u>
	<u>\$ 3,583,716</u>	<u>\$ 3,796,535</u>	<u>\$ 3,594,835</u>

32. CAPITAL MANAGEMENT

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

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

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

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

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments - fair value of financial instruments not measured at fair value

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Held-to-maturity investments	\$ 17,441	\$ 17,923	\$ 17,557	\$ 17,911	\$ 17,904	\$ 17,895
<u>Financial liabilities</u>						
Convertible bonds	341,628	432,559	368,076	466,740	595,920	753,617
Corporate bonds	3,000,000	3,004,313	3,000,000	3,005,198	3,000,000	2,998,509

2) Fair value hierarchy

The fair value of financial instruments that are not measured at fair value is belong to Level 1.

b. Fair value financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 71	\$ -	\$ 71
Non-derivative financial assets held for trading	4,877,744	-	-	4,877,744
Others	<u>-</u>	<u>-</u>	<u>1,667,874</u>	<u>1,667,874</u>
	<u>\$ 4,877,744</u>	<u>\$ 71</u>	<u>\$ 1,667,874</u>	<u>\$ 6,545,689</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 514,871	\$ -	\$ -	\$ 514,871
Others	<u>-</u>	<u>2,235</u>	<u>-</u>	<u>2,235</u>
	<u>\$ 514,871</u>	<u>\$ 2,235</u>	<u>\$ -</u>	<u>\$ 517,106</u>
Financial liabilities at FVTPL				
Other derivatives	<u>\$ -</u>	<u>\$ 17,135</u>	<u>\$ -</u>	<u>\$ 17,135</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 1,250	\$ -	\$ 1,250
Non-derivative financial assets held for trading	3,466,533	-	-	3,466,533
Others	<u>-</u>	<u>-</u>	<u>1,282,025</u>	<u>1,282,025</u>
	<u>\$ 3,466,533</u>	<u>\$ 1,250</u>	<u>\$ 1,282,025</u>	<u>\$ 4,749,808</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 558,215	\$ -	\$ -	\$ 558,215
Others	<u>-</u>	<u>2,234</u>	<u>-</u>	<u>2,234</u>
	<u>\$ 558,215</u>	<u>\$ 2,234</u>	<u>\$ -</u>	<u>\$ 560,449</u>
Financial liabilities at FVTPL				
Other derivatives	<u>\$ -</u>	<u>\$ 4,760</u>	<u>\$ -</u>	<u>\$ 4,760</u>

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 64	\$ -	\$ 64
Non-derivative financial assets held for trading	4,469,146	-	-	4,469,146
Others	<u>-</u>	<u>-</u>	<u>717,682</u>	<u>717,682</u>
	<u>\$ 4,469,146</u>	<u>\$ 64</u>	<u>\$ 717,682</u>	<u>\$ 5,186,892</u>
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 836,985	\$ -	\$ -	\$ 836,985
Others	<u>-</u>	<u>4,571</u>	<u>-</u>	<u>4,571</u>
	<u>\$ 836,985</u>	<u>\$ 4,571</u>	<u>\$ -</u>	<u>\$ 841,556</u>
Financial liabilities at FVTPL				
Other derivatives	<u>\$ -</u>	<u>\$ 1,559</u>	<u>\$ -</u>	<u>\$ 1,559</u>

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

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

For the three months ended March 31, 2016

	Financial Assets at Fair Value Through Profit or Loss Held for Trading	Available-for-sale Financial Assets		Total
		Equity Instruments	Others	
Balance at January 1, 2016	\$ 1,282,025	\$ -	\$ -	\$ 1,282,025
Recognized in profit or loss	3,092	-	-	3,092
Purchases	2,523,107	-	-	2,523,107
Disposals/settlements	(2,140,350)	-	-	(2,140,350)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2016	<u>\$ 1,667,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,667,874</u>

For the three months ended March 31, 2015

	Financial Assets at Fair Value Through Profit or Loss Held for Trading	Available-for-sale Financial Assets		Total
		Equity Instruments	Others	
Balance at January 1, 2015	\$ 653,096	\$ -	\$ -	\$ 653,096
Recognized in profit or loss	2,901	-	-	2,901
Purchases	1,477,576	-	-	1,477,576
Disposals/settlements	(1,412,552)	-	-	(1,412,552)
Effect of foreign currency exchange differences	<u>(3,339)</u>	<u>-</u>	<u>-</u>	<u>(3,339)</u>
Balance at March 31, 2015	<u>\$ 717,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,682</u>

3) Valuation techniques and inputs to Level 2 fair value measurement

Financial Instrument	Valuation Technique and Input
Derivatives - convertible bond redemption rights and put provision	Binomial tree model: The value of the financial asset component of convertible bonds was assessed using the following inputs: Market price of stock, risk-free interest rate, risk discount rate.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

Financial Instrument	Valuation Technique and Input
Derivatives - credit-linked notes	Fair value was assessed by security companies using a valuation model that considered the financial assets' present and future market conditions, investment positions, liquidity, and hedge conditions.

c. Categories of financial instruments

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	\$ 4,877,815	\$ 3,466,648	\$ 4,469,210
Designated as at FVTPL	1,667,874	1,282,025	717,682
Designated hedging instruments	-	1,135	-
Held-to-maturity investments	17,441	17,557	17,904
Loans and receivables (Note 1)	105,411,632	103,360,539	92,885,028
Available-for-sale financial assets (Note 2)	704,147	759,138	1,337,012

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial liabilities</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	\$ 3,135	\$ 2,904	\$ 33
Derivative instruments in designated hedge accounting relationships	14,000	1,856	1,526
Amortized cost (Note 3)	124,012,717	120,248,553	112,077,060
Financial guaranteed contracts	383,464	424,490	422,027
			(Concluded)

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

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

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

d. Financial risk management objectives and policies

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

- 1) Financial risk management is defined by the Group as: To achieve various methods to control and handle risks by assessing direct and indirect potential risks affecting Group's financial status. By minimizing "cost of risk", the Group ensures operation security and continue as going concern.
- 2) The critical issues of financial risk management: The Group emphasizes precautions in advance as well as controls during the ongoing process. In the event, with precautions and controls in place, of inevitable loss or discrepancies with Group's operational goal, post-event measures are to be taken to deter or ease the unfavorable factors and retain the Group's ongoing development. The source of financial risk includes external and internal factors. The key points of management, control mechanisms, and management tools of precautions, controls during the ongoing process and post-event measures are as follows:

a) Precautions

Key points of management

- i. Business planning: The goal is for the Group to launch its business basing on key performance indicators that are clearly defined. The future operating guidelines and programs, from short term to long term, are also explicitly stated. In addition, goals and

ways of achieving it for financial functions will also be specifically described within business planning.

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

Control mechanisms

- i. Business planning and adjustment: This is achieved by mid-term operating prospectus.
- ii. Macro-economic and study of laws and regulation: The Group invites external professional and scholars for workshops regarding current economic status and updates on laws and regulations nonscheduled.

Management tools

- i. Research reports on micro and macro-economics: This includes reports on foreign exchange rates, interest rates and economic growths around the world.
- ii. Operating prospectus: This is the Group's mid-term operating prospectus.
- iii. Articles of incorporation: Clearly states in the Group's article of incorporation the management measures and the standard of risk indicator.

b) Controls during the ongoing process

Key points of management

- i. Assessment and monitor of risk: Carry out instant or periodical monitoring towards defined critical risk indicator and related financial process.
- ii. Risk feedbacks: The information system automatically sends reports regarding financial operation and indicator statistics simultaneously or periodically to the management of the Group. Internal audit teams are assigned, according to yearly or quarterly audit plans, to conduct audits relating to financial risk management of the Group and its subsidiaries. Internal audit teams are also assigned to conduct audits regarding financial risk management indicators and execution results.

Control mechanisms

- i. Internal audit: Each financial sub-unit within the Group manages, controls and conducts independent internal audits after audit plans are proposed to the management.
- ii. Financial management system and procedures: The Group establishes financial management system and monitors daily operations and specifically designated risks.

Management tools

- i. BIS (Business Intelligent System) reports and alerts: The Group utilizes BIS to provide feedbacks for important operation related financial indicators monthly, at least.
- ii. Monthly reports on profits of the Group and its subsidiaries: Operating profit and loss reports are summarized monthly, particularly including analytical summaries and reviews of items not meeting standards set by the management.

- iii. Internal audit report: Internal audit reports are issued by the internal audit team including the execution and result of financial risk management.
 - iv. Reports on capital financing and balance of endorsement: The Group issues a summary report of capital financing and balance of endorsement monthly for the prior month.
 - v. ERP, DMS and SAP system verifications: Operating management systems from external parties assist in verification, and strengthens the Group's financial risk management.
- c) Post-event measures

Key points of management

- i. Reasons and strategies for statistical deviations: Internal and external comprehension should be assembled, when abnormal outcomes arise for critical financial management indicators, to determine a corresponding strategy.
- ii. Execution and follow-ups on strategy: The Group keeps track of the execution of the corresponding strategy mentioned in the previous phase, determined for the statistics to improve.

Control mechanisms

- i. Analysis and feedbacks for unattainable indicators: The Group reviews the cause of unattainable financial management indicators in periodical reports and management meetings. In addition, improvement plans and schedules are also considered in management meetings.
- ii. Board and financial meetings: The Group summons board meetings and review of financial management meetings on a timely basis, to ensure that the related financial risk management matters be resolved promptly, if not simultaneously.

Management tools

- i. Reports on unfavorable factors and impacts: The Group lists the impacts of unattainable indicators and its actual status within its internal financial reports.
- ii. Board meeting reports: The execution of financial risk management is summarized in the board meeting reports.
- iii. Endorsement valuation report: Balance of endorsement is assessed and evaluated on a timely basis whether it conforms to local regulations and corporate rules.
- iv. Periodic review meetings according to corporate classifications: The Group holds comprehensive review meetings periodically for different corporate classifications, which is in accordance to their different industry attributes.

3) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Group was mainly exposed to Currency USD, Currency RMB and Currency JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

	<u>USD Impact</u>		<u>RMB Impact</u>		<u>JPY Impact</u>	
	<u>For the Three Months Ended March 31</u>		<u>For the Three Months Ended March 31</u>		<u>For the Three Months Ended March 31</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss	\$ 72,165	\$ 81,850	\$ 149	\$(17,587)	\$ 730	\$ 1,628

b) Interest rate risk

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

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

	March 31, 2016	December 31, 2015	March 31, 2015
Fair value interest rate risk			
Financial assets	\$ 68,034,414	\$ 66,179,408	\$ 62,102,718
Financial liabilities	56,236,105	52,132,212	46,286,052
Cash flow interest rate risk			
Financial assets	16,155,877	13,563,653	13,742,665
Financial liabilities	37,376,082	39,995,013	39,303,151

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2016 and 2015 would decrease by \$53,051 thousand and \$63,901 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

The Group assesses equity price risk using sensitivity analysis.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, as of March 31, 2016 and 2015, fair values of available-for-sale investments and held-for-trading investments would have decreased by \$53,926 thousand and \$53,061 thousand, respectively.

4) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

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

The clients of the Group are widely spread and the Group analyzes its numerous trade receivable clients' financial status continuously

5) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors how bank borrowings are used and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group had available unutilized short-term bank loan facilities of \$64,304,253 thousand, \$58,768,256 thousand and \$51,595,168 thousand, respectively.

Liquidity and interest risk rate table

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

March 31, 2016

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 32,717,694	\$ 4,658,388	\$ -
Fixed interest rate liabilities	52,894,477	3,341,628	-
Financial guarantee contracts	<u>10,158,944</u>	<u>-</u>	<u>-</u>
	<u>\$ 95,771,115</u>	<u>\$ 8,000,016</u>	<u>\$ -</u>

December 31, 2015

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 35,021,581	\$ 4,973,432	\$ -
Fixed interest rate liabilities	48,764,136	3,368,076	-
Financial guarantee contracts	<u>11,209,593</u>	<u>-</u>	<u>-</u>
	<u>\$ 94,995,310</u>	<u>\$ 8,341,508</u>	<u>\$ -</u>

March 31, 2015

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 36,153,616	\$ 2,927,019	\$ 222,516
Fixed interest rate liabilities	42,690,132	3,595,920	-
Financial guarantee contracts	<u>11,089,441</u>	<u>-</u>	<u>-</u>
	<u>\$ 89,933,189</u>	<u>\$ 6,522,939</u>	<u>\$ 222,516</u>

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

As of March 31, 2016 and 2015, the amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. The Group has estimated the probabilities of default and recognized related provisions (see Note 25).

34. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating revenue

1) Sales of goods

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 8,291,635	\$ 7,797,732
Other related parties	<u>906,331</u>	<u>433,742</u>
	<u>\$ 9,197,966</u>	<u>\$ 8,231,474</u>

2) Other operating revenue

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 223,738	\$ 347,068
Other related parties	<u>39,820</u>	<u>22,288</u>
	<u>\$ 263,558</u>	<u>\$ 369,356</u>

3) Installment sales interest subsidies revenue

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 131,922	\$ 100,410
Other related parties	<u>189</u>	<u>293</u>
	<u>\$ 132,111</u>	<u>\$ 100,703</u>

b. Purchase of goods

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 12,448,081	\$ 13,999,629
Other related parties	<u>2,573,358</u>	<u>2,462,636</u>
	<u>\$ 15,021,439</u>	<u>\$ 16,462,265</u>

c. Operating expenses

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 240,379	\$ 241,083
Other related parties	<u>3,940</u>	<u>3,573</u>
	<u>\$ 244,319</u>	<u>\$ 244,656</u>

d. Acquisition of assets for lease

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 28,823	\$ 38,683
Other related parties	<u>155,494</u>	<u>187,610</u>
	<u>\$ 184,317</u>	<u>\$ 226,293</u>

e. Acquisition of receivables

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 1,579,398	\$ 1,297,966
Other related parties	<u>118,145</u>	<u>62,210</u>
	<u>\$ 1,697,543</u>	<u>\$ 1,360,176</u>

f. Commissions paid

Related Party Categories	For the Three Months Ended March 31	
	2016	2015
Associates	\$ 46,616	\$ 21,010
Other related parties	<u>422</u>	<u>-</u>
	<u>\$ 47,038</u>	<u>\$ 21,010</u>

g. Receivable from related parties

1) Notes receivable and trade receivables

Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Associates	\$ 2,090,216	\$ 1,930,550	\$ 3,035,419
Other related parties	<u>625,637</u>	<u>781,583</u>	<u>177,802</u>
	<u>\$ 2,715,853</u>	<u>\$ 2,712,133</u>	<u>\$ 3,213,221</u>

2) Other financial assets

Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Associates	\$ 788,322	\$ 713,540	\$ 998,886
Other related parties	<u>929</u>	<u>6,426</u>	<u>1,105</u>
	<u>\$ 789,251</u>	<u>\$ 719,966</u>	<u>\$ 999,991</u>

h. Payable to related parties

1) Notes payable and trade payables

Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Associates	\$ 8,965,946	\$ 5,821,031	\$ 4,563,407
Other related parties	<u>921,851</u>	<u>555,784</u>	<u>830,253</u>
	<u>\$ 9,887,797</u>	<u>\$ 6,376,815</u>	<u>\$ 5,393,660</u>

2) Other payables

Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Associates	\$ 2,400,152	\$ 3,295,197	\$ 6,201,700
Other related parties	<u>7,262</u>	<u>10,398</u>	<u>12,463</u>
	<u>\$ 2,407,414</u>	<u>\$ 3,305,595</u>	<u>\$ 6,214,163</u>

3) Long-term payables

Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Associates	\$ 3,318,976	\$ 3,318,976	\$ 1,930,161

i. Endorsement/guarantees provided

Information about endorsement/guarantee provided see Table 2.

j. Compensation of key management personnel

	For the Three Months Ended March 31	
	2016	2015
Short-term employee benefits	\$ 14,529	\$ 14,131
Post-employment benefits	<u>391</u>	<u>559</u>
	<u>\$ 14,920</u>	<u>\$ 14,690</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2016	December 31, 2015	March 31, 2015
Notes and trade receivables	\$ 4,161,960	\$ 3,650,591	\$ 4,555,176
Property, plant and equipment	1,079,768	930,498	1,058,318
Vehicle certificates (classified as inventories)	777,701	1,165,225	866,367
Reserve account and pledged time deposits (classified as debt investments with no active market)	306,172	313,314	295,885
Others	<u>171,540</u>	<u>149,088</u>	<u>98,618</u>
	<u>\$ 6,497,141</u>	<u>\$ 6,208,716</u>	<u>\$ 6,874,364</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. The Company has a manufacturing contract with Yulon Nissan Motor Co., Ltd. (“Yulon Nissan”) with a five-year validity from May 1, 2015 to April 30, 2020. (The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry.) The contract states that Yulon Nissan has authorized the Company to manufacture Nissan automobiles and parts, and Yulon Nissan is responsible for the subsequent development of new automobile parts. The volume of the Company’s manufacturing should be based on Yulon Nissan’s projection of car unit sales for the year. In addition, the Company manufactures other service parts for Yulon Nissan upon the latter’s request.

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

- b. Luxgen Motor Co., Ltd. (“Luxgen”) entrusted to the Company the assembly of cars, for which the obtaining of the manufacturing and selling license was assigned by Haitec Co., Ltd. (“Haitec”) to Luxgen. This car assembly is based on a five-year contract valid from May 1, 2015 to April 30, 2020. (The contract is automatically renewed unless either party issues a notice of discontinuance within three months before contract expiry.) The contract states that Luxgen authorizes the Company to manufacture Luxgen automobiles and parts. The volume of the Company’s manufacturing should be based on Luxgen’s projection of car unit sales for the year. In addition, the Company manufactures other service parts for Luxgen upon the latter’s request.

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

- c. For the purpose of enhancing investment benefit on the developing project, the Group acquired right of building bulk arising from three parcels of land located in “Fuzhong” section with parcel Number 1686, 1697 and 1701, respectively, from a nonrelated party - “Ben-Yuan Lin Ancestor Worship Guild” at July 2014. According to the contract of acquisition that total amount was \$3,300,000 thousand, the terms of payments are made for three stages, \$400,000 thousand advanced payment paid upon contract signed and sealed by both parties, and the balance payment is \$2,500,000 thousand. As of March 31, 2016, the payments had been made by the first and second stages which total amounts was \$800,000 thousand. In addition, the payment of the third stage will be made less than five work days after the Group acquire the permission of transfer of building bulk arising from the transaction mentioned above, issued by the regulating authorities.

The transaction is a simple acquisition of the right to construct buildings within bulk limitations under relevant zoning designations. Both sides agree to rescind the contract unconditionally (a) if the transaction cannot be completed because of government policy changes or regulatory amendments, or (b) if the regulatory authorities do not approve the right to construct buildings within the bulk limitations set under zoning designations in the Xindian district of New Taipei City. In either of these situations, the proceeds (net of business tax) received by the selling party will then be returned to the Company without interest.

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

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

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

March 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,841	32.185 (USD:NTD)	\$ 541,995
USD	7,354	6.461 (USD:RMB)	236,705
JPY	667,649	0.273 (JPY:NTD)	182,268
RMB	1,576	4.981 (RMB:NTD)	7,848
SGD	19	23.85 (SGD:NTD)	452
EUR	1,135	36.51 (EUR:NTD)	<u>41,430</u>
			<u>\$ 1,010,698</u>
Non-monetary items			
USD	3,026	32.185 (USD:NTD)	\$ 97,407
RMB	1,106,636	4.981 (RMB:NTD)	5,512,153
RMB	228,941	6.461 (USD:RMB)	1,140,354
PESO	4,689	0.717 (PESO:NTD)	<u>3,362</u>
			<u>\$ 6,753,276</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 22,613	32.185 (USD:NTD)	\$ 727,796
USD	225,800	6.461 (USD:RMB)	7,267,373
JPY	935,091	0.273 (JPY:NTD)	255,280
RMB	4,558	4.981 (RMB:NTD)	22,705
EUR	443	36.51 (EUR:NTD)	<u>16,158</u>
			<u>\$ 8,289,312</u>
			(Concluded)

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,366	32.825 (USD:NTD)	\$ 405,915
USD	16,511	6.494 (USD:RMB)	541,964
JPY	108,283	0.273 (JPY:NTD)	29,561
RMB	159,450	5.055 (RMB:NTD)	806,018
SGD	19	23.250 (SGD:NTD)	440
EUR	1,269	35.880 (EUR:NTD)	<u>45,546</u>
			<u>\$ 1,829,444</u>
Non-monetary items			
USD	3,026	32.825 (USD:NTD)	\$ 99,344
RMB	1,170,727	5.055 (RMB:NTD)	5,918,026
RMB	219,677	6.494 (USD:RMB)	<u>1,110,467</u>
			<u>\$ 7,127,837</u>
<u>Financial liabilities</u>			
Monetary items			
USD	15,608	32.825 (USD:NTD)	\$ 512,332
USD	275,300	6.494 (USD:RMB)	9,036,723
JPY	931,665	0.273 (JPY:NTD)	254,345
RMB	4,417	5.055 (RMB:NTD)	22,328
EUR	18	35.880 (EUR:NTD)	<u>646</u>
			<u>\$ 9,826,374</u>

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,169	31.300 (USD:NTD)	\$ 568,675
USD	6,980	6.205 (USD:RMB)	218,479
RMB	352,474	5.044 (RMB:NTD)	1,777,878
EUR	1,320	33.650 (EUR:NTD)	44,425
JPY	104,214	0.260 (JPY:NTD)	27,096
SGD	19	22.760 (SGD:NTD)	431
AUD	2,426	23.815 (AUD:NTD)	57,775
GBP	439	46.240 (GBP:NTD)	<u>20,289</u>
			<u>\$ 2,715,048</u>
Non-monetary items			
USD	3,047	31.300 (USD:NTD)	\$ 95,371
RMB	210,738	6.205 (USD:RMB)	1,062,963
RMB	997,443	5.044 (RMB:NTD)	5,031,105
PESO	75,469	0.718 (PESO:NTD)	<u>54,187</u>
			<u>\$ 6,243,626</u>
<u>Financial liabilities</u>			
Monetary items			
USD	20,350	31.300 (USD:NTD)	\$ 636,964
USD	251,300	6.205 (USD:RMB)	7,865,690
USD	15,000	56.258 (USD:RUB)	469,500
RMB	3,801	5.044 (RMB:NTD)	19,170
EUR	539	33.650 (EUR:NTD)	18,123
JPY	730,215	0.260 (JPY:NTD)	<u>189,856</u>
			<u>\$ 9,199,303</u>

For the three months ended March 31, 2016 and 2015, realized and unrealized foreign exchange losses were \$50,940 thousand and \$64,909 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) on each significant foreign currency there were many foreign currency transactions and the Group entities had different functional currencies.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities). (Table 3)

- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 6)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 8)
 - 9) Information on investees. (Table 9)
 - 10) Trading in derivative instruments. (Notes 7, 10 and 33)
 - 11) Others: Intercompany relationships and significant intercompany transactions. (Table 11)
- b. Information on investments in mainland China

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

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were "brand segments", "supporting segments", "horizontal segments", "Taiwan retail segments", "China retail segments" and "others".

a. Segment revenues and results

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

	Brand Segments	Supporting Segments	Horizontal Segments	Taiwan Retail Segments	China Retail Segments	Others	Adjustment and Eliminations	Total
For the three months ended March 31, 2016								
Revenues from external customers	\$ 10,335,377	\$ 1,676,880	\$ 4,648,449	\$ 7,826,381	\$ 4,857,563	\$ 117,096	\$ -	\$ 29,461,746
Intersegment revenues	11,834,021	720,815	287,692	780,431	483,833	41,937	(14,148,729)	-
Segment revenues	<u>\$ 22,169,398</u>	<u>\$ 2,397,695</u>	<u>\$ 4,936,141</u>	<u>\$ 8,606,812</u>	<u>\$ 5,341,396</u>	<u>\$ 159,033</u>	<u>\$ (14,148,729)</u>	<u>\$ 29,461,746</u>
Segment income								<u>\$ 1,133,072</u>
For the three months ended March 31, 2015								
Revenues from external customers	\$ 12,774,499	\$ 1,260,802	\$ 4,517,706	\$ 7,948,505	\$ 4,889,716	\$ 273,385	\$ -	\$ 31,664,613
Intersegment revenues	12,778,741	769,061	299,866	804,098	415,324	43,716	(15,110,806)	-
Segment revenues	<u>\$ 25,553,240</u>	<u>\$ 2,029,863</u>	<u>\$ 4,817,572</u>	<u>\$ 8,752,603</u>	<u>\$ 5,305,040</u>	<u>\$ 317,101</u>	<u>\$ (15,110,806)</u>	<u>\$ 31,664,613</u>
Segment income								<u>\$ 1,603,216</u>

This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The segment information on total assets and liabilities were not reported to the chief operating decision maker, therefore was not disclosed.

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	Yulon China (HK) Holding	Sheng Qing	Other receivables	Y	\$ 484,560	\$ 464,861	\$ 449,217	3.00%	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 807,050	\$ 807,050	Note 1
2	Yulon China	Sheng Qing	Other receivables	Y	716,627	708,616	683,808	2.50%	Operating capital	-	Operating capital	-	-	-	1,936,920	3,066,790	Note 1
3	Hong Shou Culture	Singan	Other receivables	Y	20,000	20,000	20,000	1.40%	Operating capital	-	Operating capital	-	-	-	20,686	20,686	Note 1
4	Hsiang Shou	Singual Travel Singan	Other receivables Other receivables	Y Y	10,000 70,000	10,000 60,000	10,000 50,000	1.26% 1.40%	Operating capital Operating capital	- -	Operating capital Operating capital	- -	- -	- -	78,266 78,266	78,266 78,266	Note 1 Note 1
5	Yulon Motor Investment	Shanghai Yuexing Nan Jing Yu Shang Jiangmen Junxing Shenzhen Yu Zhi Wuhan Yu Hsin Hang Zhou Haitec Company	Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables	Y Y Y Y Y Y	20,493 20,493 76,850 153,699 153,699 194,685	19,965 19,965 74,870 149,739 149,739 189,669	14,974 19,965 59,896 79,861 122,287 182,182	5.00% 5.00% 5.00% 5.00% 3.50% -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - -	- - - - - -	- - - - - -	748,695 748,695 748,695 748,695 748,695 272,131	2,066,398 2,066,398 2,066,398 2,066,398 2,066,398 272,131	Note 1 Note 1 Note 1 Note 1 Note 1 Note 1
6	Sheng Qing	Hang Zhou Hua You Shenzhen Yu Zhi Jiangmen Yuli Chang Sha Yu Lu Zhuhai Yuhsin Hang Zhou Hua Zhi Guang Zhou Yuan Zhi Shanghai Yuexing Jiangmen Junxing Xiao Gan Yu Feng Guang Zhou Yuan Du Nanjing Hanhong Shen Jun Yu Peng Wuhan Yu Hsin Zhu Hai Fu Te En Yulon Motor Investment	Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables Other receivables	Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y	63,643 51,233 51,233 51,233 102,466 122,959 125,521 153,699 102,466 189,562 179,316 234,647 212,514 214,154 237,209 627,604	62,003 49,913 49,913 49,913 99,826 119,791 122,287 149,739 99,826 184,678 174,696 228,602 207,039 208,636 231,097 611,434	12,090 19,965 34,794 47,417 49,913 69,878 73,372 74,870 79,861 109,809 124,783 126,280 207,039 208,636 231,097 611,434	- 5.75% 5.75% 5.75% 5.75% 3.50% 5.75-6% 5.00% 5-5.75% 5.60% 6.00% 0-5.6% 5-6% 0-6% 0-6% 3.71%	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - - - - - - - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - -	692,327 1,730,817 1,730,817 1,730,817 1,730,817 692,327 692,327 1,730,817 1,730,817 1,730,817 692,327 1,730,817 692,327 1,730,817 1,730,817 1,730,817	692,327 5,192,452 5,192,452 5,192,452 5,192,452 692,327 692,327 5,192,452 5,192,452 5,192,452 692,327 5,192,452 692,327 5,192,452 5,192,452 5,192,452	Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1	
7	Zhu Hai Fu Te En	Nanjing Hanhong Zhuhai Yuhsin	Other receivables Other receivables	Y Y	8,197 102,466	7,986 99,826	7,986 64,887	- 6.00%	Operating capital Operating capital	- -	Operating capital Operating capital	- -	- -	- -	143,783 143,783	287,566 287,566	Note 1 Note 1
8	Nanjing Hanhong	Zhu Hai Fu Te En Nan Jing Yu Shang	Other receivables Other receivables	Y Y	25,617 56,356	24,957 54,904	24,957 54,904	6.60% 6.60%	Operating capital Operating capital	- -	Operating capital Operating capital	- -	- -	- -	489,870 489,870	979,740 979,740	Note 1 Note 1
9	Su Zhou Feng Shen	Su Zhou Cheng Li	Other receivables	Y	51,233	49,913	9,983	7.15%	Operating capital	-	Operating capital	-	-	-	260,009	260,009	Note 1
10	Wu Jiang Lian Cheng	Su Zhou Cheng Pang	Other receivables	Y	5,123	4,991	4,991	7.15%	Operating capital	-	Operating capital	-	-	-	30,123	30,123	Note 1
11	HangZhou Yu Zhong	Sheng Qing	Other receivables	Y	414,987	404,295	-	-	Operating capital	-	Operating capital	-	-	-	818,864	1,228,296	Note 1
12	TAC Leasing (Suzhou)	Changzhou Asia Power TAC Finance Company	Account receivables Account receivables	Y Y	27,554 362,727	18,374 175,470	18,374 175,470	6.02% 4.35%-4.85%	Operating capital Operating capital	- -	Operating capital Operating capital	230 2,193	- -	9,944 -	250,065 500,131	500,131 500,131	Note 1 Note 1
13	TAC Finance Company	Zhe Jiang Kang Da	Account receivables	Y	102,466	99,440	99,440	9%-11%	Operating capital	-	Operating capital	1,243	-	-	366,280	366,280	Note 1
14	TAC	Yu Rich	Other receivables	Y	800,000	800,000	-	1.15%	Operating capital	-	Operating capital	-	-	-	960,889	3,843,556	Note 1

(Continued)

Note 1: Yulon China (HK) Holding: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$25 million and aggregate financing limits was \$25 million.

Yulon China: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$60 million and aggregate financing limits was \$90 million.

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

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

Yulon Motor Investment: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was \$150 million and aggregate financing limits was \$414 million.

Sheng Qing: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Zhu Hai Fu Te En: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 100% of the lender's net equity and aggregate financing limits was 200% of the lender's net equity.

Nanjing Hanhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 150% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.

Su Zhou Feng Shen: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

Wu Jiang Lian Cheng: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity.

HangZhou Yu Zhong: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to a foreign subsidiary which was directly or indirectly held by the Company, credit financing limit for each borrower was 1000% of the lender's net equity and aggregate financing limits was 1500% of the lender's net equity.

TAC Leasing (Suzhou): Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC Finance Company: Credit financing limit for each associates and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to non-associates, credit financing limit for each borrower was not exceeding 20% of the lender's net equity.

TAC: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. While the financing was provided to each borrower was not exceeding 10% of the lender's net equity.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	The Company	Yushin	b	\$ 10,067,386	\$ 50,000	\$ -	\$ -	\$ -	-	\$ 28,763,959	Y	N	N	Note 1
		Yu Sing	b	10,067,386	690,000	690,000	470,000	-	0.96	28,763,959	Y	N	N	Note 1
		UMPI	c	10,067,386	1,749,800	1,678,664	643,881	-	2.33	28,763,959	Y	N	N	Note 1
		Luxgen	b	10,067,386	7,400,000	7,400,000	3,000,000	-	10.29	28,763,959	Y	N	N	Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	c	350,408	245,903	186,241	173,825	-	7.44	1,001,165	N	N	Y	Note 1
2	Car-plus Corporation	Diamond Leasing	b	4,712,410	170,000	170,000	100,000	-	9.02	9,424,820	N	N	N	Note 1
		Car-Plus Leasing (Shanghai)	c	4,712,410	480,000	480,000	336,144	-	25.46	9,424,820	N	N	Y	Note 1
		Car-Plus (Suzhou)	c	4,712,410	960,000	960,000	-	-	50.93	9,424,820	N	N	Y	Note 1
3	TAC	Car-Plus Leasing (Shanghai)	c	24,022,228	320,000	320,000	224,096	-	3.33	48,044,455	N	N	Y	Note 1
		TAC Finance Company	c	24,022,228	3,000,000	3,000,000	2,106,450	-	31.22	48,044,455	N	N	Y	Note 1
4	Y-Teks	TAC Finance Company	c	321,348	84,125	80,705	9,223	-	7.53	535,580	N	N	Y	Note 1
5	Sheng Qing	Zhuhai Yuhsin	c	8,654,087	87,096	84,852	-	-	4.90	43,270,433	N	N	Y	Note 1
		Chang Sha Yu Lu	b	8,654,087	153,699	149,739	-	-	8.65	43,270,433	N	N	Y	Note 1
		Shen Jun Yu Peng	b	8,654,087	153,699	149,739	-	-	8.65	43,270,433	N	N	Y	Note 1
		Fu Jian Yu Xin	b	8,654,087	153,699	149,739	76,516	-	8.65	43,270,433	N	N	Y	Note 1
		Qingdao Yuanhuang	b	8,654,087	409,864	399,304	49,726	-	23.07	43,270,433	N	N	Y	Note 1
		Guang Zhou Yuan Du	b	8,654,087	409,864	399,304	111,218	-	23.07	43,270,433	N	N	Y	Note 1
6	Nanjing Hanhong	Zhu Hai Fu Te En	c	653,160	184,439	179,687	56,751	-	55.02	816,450	N	N	Y	Note 1
7	Zhu Hai Fu Te En	Nanjing Hanhong	c	399,304	281,782	274,522	104,817	-	190.93	598,956	N	N	Y	Note 1
8	Qingdao Yuanhuang	Sheng Qing	d	399,304	76,850	74,870	49,913	-	659.56	748,695	N	N	Y	Note 1
9	Su Zhou Feng Shen	Wu Jiang Lian Cheng	c	650,023	51,233	49,913	34,939	-	7.68	1,950,069	N	N	Y	Note 1
		Su Zhou Cheng Pang	b	650,023	102,466	99,826	55,202	-	15.36	1,950,069	N	N	Y	Note 1
		Su Zhou Feng Shun	b	650,023	358,631	349,391	54,904	-	53.75	1,950,069	N	N	Y	Note 1
10	Wu Jiang Lian Cheng	Su Zhou Feng Shun	d	449,217	281,782	274,522	181,353	-	364.53	998,260	N	N	Y	Note 1
		Su Zhou Feng Shen	d	449,217	333,015	324,435	99,826	-	430.81	998,260	N	N	Y	Note 1
11	Su Zhou Feng Shun	Su Zhou Feng Shen	d	844,831	76,850	74,870	74,870	-	44.31	1,689,663	N	N	Y	Note 1
		Wu Jiang Lian Cheng	b	844,831	204,932	199,652	100,673	-	118.16	1,689,663	N	N	Y	Note 1
12	Su Zhou Cheng Pang	Su Zhou Feng Shen	d	449,217	230,549	224,609	91,965	-	564.87	898,434	N	N	Y	Note 1
13	Xiao Gan Yu Feng	Sheng Qing	d	200,196	51,233	49,913	-	-	124.66	400,391	N	N	Y	Note 1
14	Jiangmen Junxing	Sheng Qing	d	239,578	51,233	49,913	49,913	-	104.17	479,156	N	N	Y	Note 1

(Continued)

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

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

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

TAC: The aggregate endorsement/guarantee limit was calculated for 500% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 50% of the aggregate endorsement/guarantee amounts.

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

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

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

Zhu Hai Fu Te En: The aggregate endorsement/guarantee limit was RMB120 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

Qingdao Yuanhuang: The aggregate endorsement/guarantee limit was calculated for RMB150 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

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

Wu Jiang Lian Cheng: The aggregate endorsement/guarantee limit was calculated for RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was calculated for RMB90 million.

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

Su Zhou Cheng Pang: The aggregate endorsement/guarantee limit was RMB180 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

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

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

Note 2: The relationship between guarantor and guarantee are as follows:

- a. The Company in relation to business.
- b. Subsidiaries' common stocks which were directly owned by parent company over 50%.
- c. Investees' common stocks which were both owned by parent company and subsidiary over 50%.
- d. Investees' common stocks which were directly or indirectly held by the Company over 50%.
- e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Beneficiary certificates</u>							
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	2,536	\$ 30,018	-	\$ 30,018	-
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	29,541	432,388	-	432,388	-
	Prudential Financial Money Market	-	Financial assets at fair value through profit or loss - current	51,366	802,648	-	802,648	-
	FSITC RMB High Yield Bond CNH Acc	-	Financial assets at fair value through profit or loss - current	4,913	49,705	-	49,705	-
	Manulife Wan Li Money Market	-	Financial assets at fair value through profit or loss - current	737	10,000	-	10,000	-
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	72,817	902,166	-	902,166	-
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	98,052	1,001,000	-	1,001,000	-
	Nomura Global Short Duration Bond TWD	-	Financial assets at fair value through profit or loss - current	3,000	30,001	-	30,001	-
	Mirae Asset Asia High Income Bond A	-	Financial assets at fair value through profit or loss - current	843	10,031	-	10,031	-
	SPECTRA SPC POWER FUND	-	Financial assets at fair value through profit or loss - current	1,355	98,731	-	98,731	-
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	792	20,929	-	20,929	-
	Fubon TOPIX ETF	-	Financial assets at fair value through profit or loss - current	50	863	-	863	-
	Fubon NIFTY ETF	-	Financial assets at fair value through profit or loss - current	500	9,930	-	9,930	-
	PineBridge Global Multi - Asset	-	Financial assets at fair value through profit or loss - current	2,999	29,955	-	29,955	-
	KGI Feng-Li Fund	-	Financial assets at fair value through profit or loss - current	2,087	25,079	-	25,079	-
	SinoPac Securities CLNT0016 - Xing Nung 1st	-	Financial assets at fair value through profit or loss - current	500	50,126	-	50,126	-
	KGI Securities CLN20140731002 - FRMSL 2nd	-	Financial assets at fair value through profit or loss - current	135	13,567	-	13,567	-
	KGI Securities CLN20140731001 - FRMSL 2nd	-	Financial assets at fair value through profit or loss - current	16	1,608	-	1,608	-
	SinoPac Securities CLN0030 - Orise tech 1st	-	Financial assets at fair value through profit or loss - current	250	25,024	-	25,024	-
	SinoPac Securities CLN0031 - Lextar 2nd	-	Financial assets at fair value through profit or loss - current	250	25,183	-	25,183	-
	Yuanta Securities CLN0001-0654 - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,102	-	30,102	-
	Yuanta Securities CLN0001-0682 - Union 1st	-	Financial assets at fair value through profit or loss - current	300	30,107	-	30,107	-
	Yuanta Securities CLN0001-0681 - Taiching 3rd	-	Financial assets at fair value through profit or loss - current	150	15,031	-	15,031	-
	SinoPac Securities CLN0032 - DaFeng 1st	-	Financial assets at fair value through profit or loss - current	100	10,024	-	10,024	-
	Fubon Security-CLN - shihhsin 1st	-	Financial assets at fair value through profit or loss - current	200	20,061	-	20,061	-
	Yuanta Securities CLN-I-chiun 5th	-	Financial assets at fair value through profit or loss - current	300	30,012	-	30,012	-
	SinoPac Securities CLNT0033-feihung 1st	-	Financial assets at fair value through profit or loss - current	300	30,058	-	30,058	-
	KGI Securities CLN20150303001 - Chime Ball Tech 1st	-	Financial assets at fair value through profit or loss - current	150	15,033	-	15,033	-
	SinoPac Securities CLN000035 - Jin Ke 1	-	Financial assets at fair value through profit or loss - current	400	40,264	-	40,264	-
	KGI Securities CLN20150604001-Wan Zhou 3	-	Financial assets at fair value through profit or loss - current	250	25,031	-	25,031	-
	FarEast Business Department - Asset Swap - Zheng Wen 3rd	-	Financial assets at fair value through profit or loss - current	305	30,655	-	30,655	-
	KGI Securities CLN20150813001 - Rechi 1st	-	Financial assets at fair value through profit or loss - current	200	20,066	-	20,066	-
	KGI Securities CLN20151106001 - YFC 7th	-	Financial assets at fair value through profit or loss - current	43	4,316	-	4,316	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Yuanta Securities CLNT0001-Chisan Electronic 4th	-	Financial assets at fair value through profit or loss - current	181	\$ 18,102	-	\$ 18,102	-
	KGI Securities CLN20160202003-Yeong Guan 2nd	-	Financial assets at fair value through profit or loss - current	100	10,023	-	10,023	-
	KGI Securities PGN160316001-USD	-	Financial assets at fair value through profit or loss - current	978	97,875	-	97,875	-
	KGI Securities CLN20160325001-TSC	-	Financial assets at fair value through profit or loss - current	100	10,002	-	10,002	-
	CAPITAL PGN254-Taiwan 50	-	Financial assets at fair value through profit or loss - current	2,500	250,011	-	250,011	-
	CAPITAL PGN255-Taiwan 50	-	Financial assets at fair value through profit or loss - current	2,500	250,011	-	250,011	-
	KGI Securities PGN160316001-CHT	-	Financial assets at fair value through profit or loss - current	3,000	300,007	-	300,007	-
	Uni Securities PGN-TAIBOR	-	Financial assets at fair value through profit or loss - current	1,000	100,002	-	100,002	-
	<u>Common stocks</u>							
	Photronics DNP Mask Company	Related party in substance	Available-for-sale financial assets - non-current	856	7,736	0.34	7,736	-
	First Financial Holding Company	-	Available-for-sale financial assets - non-current	882	14,022	0.01	14,022	-
	Mison - Century Technology, Ltd	Related party in substance	Available-for-sale financial assets - non-current	5,025	34,318	8.37	34,318	-
	Taiwin Company	The same chairman	Financial assets measured at cost - non-current	6,692	26,240	5.09	Not applicable	-
	Shin Bus Company	-	Financial assets measured at cost - non-current	151	485	0.32	Not applicable	-
	Taiwan Stock Exchange	-	Financial assets measured at cost - non-current	6,603	1,206	1.00	Not applicable	-
	Taiwan Aerospace Company	-	Financial assets measured at cost - non-current	811	-	0.60	Not applicable	-
TAC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	5,797	-	5,828	-
SCC	<u>Bonds</u>							
	Government bonds	-	Held-to-maturity financial assets - non-current	-	11,644	-	12,095	-
H. K. Manpower	<u>Beneficiary certificates</u>							
	Capital Money Market	-	Financial assets at fair value through profit or loss - current	129	2,052	-	2,052	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	235	3,064	-	3,064	-
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	3,005	-	3,005	-
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	206	3,012	-	3,012	-
Yu Rich	<u>Beneficiary certificates</u>							
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	763	10,205	-	10,205	-
Tai Yuen Venture Capital	<u>Common stocks</u>							
	JOYIN Company	-	Financial assets measured at cost - non-current	1,880	5,639	-	Not applicable	-
	SUBTRON TECHNOLOGY Company	-	Financial assets measured at cost - non-current	2,039	9,061	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	242	4,387	-	Not applicable	-
	Phalanx Biotech Group	-	Financial assets measured at cost - non-current	697	4,877	-	Not applicable	-
	Tennrich International Company	-	Financial assets measured at cost - non-current	231	463	-	Not applicable	-
	UOG Industrial Company	-	Financial assets measured at cost - non-current	229	3,783	-	Not applicable	-
	Solidlite Company	-	Financial assets measured at cost - non-current	344	1,031	-	Not applicable	-
	Jouge Company	-	Financial assets measured at cost - non-current	740	3,567	-	Not applicable	-
	Paragon Semiconductor Lighting Technology Company	-	Financial assets measured at cost - non-current	1,500	10,500	-	Not applicable	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yu Pong	Neutron	-	Financial assets measured at cost - non-current	2,929	\$ 17,571	-	Not applicable	-
	Hero Cinema Company	-	Financial assets measured at cost - non-current	152	253	-	Not applicable	-
	Ecrowd Media	-	Financial assets measured at cost - non-current	1,000	3,230	-	Not applicable	-
	Gongin Company	-	Financial assets measured at cost - non-current	225	3,283	-	Not applicable	-
	IQ Technology	-	Financial assets measured at cost - non-current	258	103	-	Not applicable	-
	Asia Plastic	-	Available-for-sale financial assets - current	557	10,170	-	\$ 10,170	-
	<u>Beneficiary certificates</u>							
	Cathay Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	1,328	16,363	-	16,363	-
	<u>Beneficiary certificates</u>							
	Union Global ETF Fund of Funds	-	Financial assets at fair value through profit or loss - current	755	7,191	-	7,191	-
	FSITC RMB High Yield Bond TWD Inc.	-	Financial assets at fair value through profit or loss - current	1,000	10,009	-	10,009	-
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	3,921	40,029	-	40,029	-
	CLNF20130926001-Fu Ciao 4th	-	Financial assets at fair value through profit or loss - current	151	15,121	-	15,121	-
	CLNF20130923002 Fu Ciao 4th	-	Financial assets at fair value through profit or loss - current	30	3,024	-	3,024	-
	CLNF20151105001-Tarako Textile Corp	-	Financial assets at fair value through profit or loss - current	150	15,040	-	15,040	-
CLN20160303001-Genovate	-	Financial assets at fair value through profit or loss - current	80	8,040	-	8,040	-	
<u>Common stocks</u>								
Yulon Motor Company	Parent company	Available-for-sale financial assets - current	-	4	-	4	-	
Fubon Financial Company	-	Available-for-sale financial assets - current	2,419	99,169	-	99,169	-	
Yu Yuen	<u>Common stocks</u>							
	CARNIVAL Company	-	Financial assets at fair value through profit or loss - current	118	616	-	616	-
	RECTRON Company	-	Financial assets at fair value through profit or loss - current	16	100	-	100	-
	YangMing Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	12	104	-	104	-
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	1,972	-	1,972	-
	Compal Electronics Company	-	Financial assets at fair value through profit or loss - current	14	260	-	260	-
	<u>Beneficiary certificates</u>							
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,507	52,957	-	52,957	-
	<u>Common stocks</u>							
	Yue Sheng Company	The same ultimate parent company	Financial assets measured at cost - non-current	2	33	-	Not applicable	-
China Cast Iron Pipe	<u>Beneficiary certificates</u>							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	2,803	28,618	-	28,618	-
Yue Sheng	<u>Common stocks</u>							
	Yueki Company	The same ultimate parent company	Financial assets measured at cost - non-current	10	100	0.08	Not applicable	-
Qinton	<u>Beneficiary certificates</u>							
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,297	-	1,297	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yung Hong	<u>Common stocks</u>							
	CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	283	\$ 1,460	-	\$ 1,460	-
	Kian-shen Company	Related party in substance	Financial assets at fair value through profit or loss - current	76	7,935	-	7,935	-
	Asia Plastic	-	Financial assets at fair value through profit or loss - current	2,203	43,180	-	43,180	-
	TAC Corporation	The same ultimate parent company	Financial assets at fair value through profit or loss - current	4	322	-	322	-
	<u>Beneficiary certificates</u>							
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	23,621	356,955	-	356,955	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	1,643	289,657	-	289,657	-
	<u>Common stocks</u>							
	Asia Plastic	-	Available-for-sale financial assets - current	1,827	35,801	-	35,801	-
	Fubon Momo Company	-	Available-for-sale financial assets - current	59	12,626	-	12,626	-
	Gongin Company	-	Financial assets measured at cost - current	148	1,099	-	Not applicable	-
	The Risk on Rock	-	Financial assets measured at cost - non-current	330	9,900	-	Not applicable	-
	Tai Yuen Company	The same ultimate parent company	Financial assets measured at cost - non-current	11	96	-	Not applicable	-
	Zhao Bang Company	-	Financial assets measured at cost - non-current	1,101	2	-	Not applicable	-
	Orgchem Technology Company	-	Financial assets measured at cost - non-current	291	5,298	-	Not applicable	-
	T-Car Inc.	-	Financial assets measured at cost - non-current	425	58,519	-	Not applicable	-
	ADTO Company	-	Financial assets measured at cost - non-current	1	10	-	Not applicable	-
	<u>Beneficiary certificates</u>							
	Goldman Sachs (Asia) L.L.C.	-	Financial assets measured at cost - non-current	-	1,921	-	Not applicable	-
Yu Ching	<u>Beneficiary certificates</u>							
	CCIB-SPCFX Fund	-	Financial assets at fair value through profit or loss - current	698	53,502	-	53,502	-
	Taishin Lucky Money Market	-	Financial assets at fair value through profit or loss - current	7,402	81,458	-	81,458	-
	Taishin Asia-America Short Duration Bd	-	Financial assets at fair value through profit or loss - current	3,033	32,795	-	32,795	-
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,371	80,285	-	80,285	-
	CTBC Asia Pacific Multiple Inc. TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	10,176	-	10,176	-
	Cathay Asia-Pacific Income Bal Inc.	-	Financial assets at fair value through profit or loss - current	1,500	15,321	-	15,321	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	568	100,081	-	100,081	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	153	2,000	-	2,000	-
	<u>Common stocks</u>							
	Gongin Company	-	Financial assets measured at cost - current	147	1,911	-	Not applicable	-
Yulon Motor Company	Parent company	Available-for-sale financial assets - non-current	11,838	369,952	-	369,952	-	
Fubon Financial Company	-	Available-for-sale financial assets - non-current	7,342	301,028	-	301,028	-	
Yulon Management	Related party in substance	Financial assets measured at cost - non-current	1	9	-	Not applicable	-	
Yu Chang	<u>Common stocks</u>							
	Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	726	6.96	Not applicable	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yushin	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	\$ 781	6.96	Not applicable	-
Yu Pool	<u>Common stocks</u> Yu Pool Company	-	Financial assets measured at cost - non-current	150	1,500	4.69	Not applicable	-
Hsiang Shou	<u>Beneficiary certificates</u> Auto King (Samoa)	-	Financial assets at fair value through profit or loss - current	685	10,024	-	\$ 10,024	-
	Yung Jen Industrial (Samoa)	-	Financial assets at fair value through profit or loss - current	1,962	20,022	-	20,022	-
Sin Chi	<u>Beneficiary certificates</u> The RSIT Enhanced	-	Financial assets at fair value through profit or loss - current	2,457	29,078	-	29,078	-
	Franklin Money Fund	-	Financial assets at fair value through profit or loss - current	991	10,117	-	10,117	-
Yu Sing	<u>Common stocks</u> Kai Xing Insurance Agency	-	Financial assets measured at cost - non-current	43	842	0.07	Not applicable	-
Chinh-Ling	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,724	17,598	-	17,598	-
Fuzhou Lianghong	<u>Financial products</u> SPD Monthly Income Fund (30 days)	-	Financial assets at fair value through profit or loss - current	-	174,350	-	174,350	-
Wen Yang	<u>Beneficiary certificates</u> CCIB SPC - Diversified FX Trading Segregated Portfolio	-	Financial assets at fair value through profit or loss - current	679	49,573	-	49,573	-
Qing Yi	<u>Beneficiary certificates</u> Powerfund-Class A	-	Financial assets at fair value through profit or loss - current	224	16,136	-	16,136	-
Yulon China	<u>Common stocks</u> Historic Enterprise Limited	-	Financial assets measured at cost - non-current	-	3,219	-	Not applicable	-
	AutoKing	-	Financial assets measured at cost - non-current	-	3,219	-	Not applicable	-
	Yung Jen Industrial	-	Financial assets measured at cost - non-current	-	2,414	-	Not applicable	-
Yulon Overseas	<u>Beneficiary certificates</u> Powerfund-Class A	-	Financial assets at fair value through profit or loss - current	-	16,092	-	16,092	-

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount (Note)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount (Note)
The Company	Yuanta De - Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	42,110	\$ 500,000	42,110	\$ 500,346	\$ 500,000	\$ 346	-	\$ -
	Jih Sun Money Market	Financial assets at fair value through profit or loss - current	-	-	34,981	511,479	27,354	400,000	32,794	480,000	478,841	1,159	29,541	432,388
	Capital Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	61,487	980,000	61,487	980,579	980,000	579.15	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	3,178	560,000	3,178	560,263	560,000	263.21	-	-
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	6,653	100,439	17,215	260,000	23,868	360,699	360,262	436.2	-	-
	Union Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	38,326	500,000	38,326	500,311	500,000	310.68	-	-
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	59,139	790,000	59,139	790,666	790,000	665.65	-	-
	Taishin Ta-Chong Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	35,646	500,000	35,646	500,467	500,000	466.97	-	-
	Allianz Gbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	80,822	1,000,000	80,822	1,000,614	1,000,000	613.85	-	-
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	70,119	1,130,000	70,119	1,130,087	1,130,000	86.75	-	-
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	40,505	501,323	32,312	400,000	-	-	-	-	72,817	902,166
	Paradigm Pion Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	58,659	670,000	58,659	670,161	670,000	160.77	-	-
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	49,034	500,049	49,018	500,000	-	-	-	-	98,052	1,001,000
	Capital Securities PGN151229102-CHT	Financial assets at fair value through profit or loss - current	-	-	3	300,006.58	-	-	3	300,414	300,000	414	-	-
	Jih Sun Securities PGNT0200-FPC&TSMC&CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	4	350,000	4	350,492	350,000	492	-	-
	KGI PGN160301102-CHT	Financial assets at fair value through profit or loss - current	-	-	-	-	3	300,000	3	300,184	300,000	184	-	-
TAC	Yu Rich Financial Services Co., Ltd	Investments accounted for using equity method	Issuance of common stock for cash	TAC Corporation's subsidiary	-	-	45,455	500,001	-	-	-	-	45,455	499,153

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Yulon Nissan	An investee accounted for by equity method	Sales	\$ (7,583,157)	70	Within 180 days	-	60 days to 180 days	\$ 612,337	51	
	Luxgen	The Company's subsidiary	Sales	(3,002,352)	28	Within 90 days	-	60 days to 180 days	386,530	32	
	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(154,188)	1	Within 60 days	-	60 days to 180 days	107,546	9	
TAC	Yu Chang	The same ultimate parent company	Sales	(1,230,368)	11	Receipt of payment on the day	-	-	40,431	-	
	Yu Sing	The same ultimate parent company	Sales	(891,566)	8	Receipt of payment on the day	-	-	15,979	-	
	Yuan Lon	An investee accounted for by equity method	Sales	(1,054,801)	9	Receipt of payment on the day	-	-	73,895	-	
	Hui-Lian	An investee accounted for by equity method	Sales	(930,060)	8	Receipt of payment on the day	-	-	15,387	-	
	Empower	The same ultimate parent company	Sales	(682,390)	6	Receipt of payment on the day	-	-	12,128	-	
	Yushin	The same ultimate parent company	Sales	(745,662)	7	Receipt of payment on the day	-	-	34,017	-	
	Luxgen Taipei	The same ultimate parent company	Sales	(1,133,217)	10	Receipt of payment on the day	-	-	15,073	-	
	Cheng Long	An investee accounted for by equity method	Sales	(651,985)	6	Receipt of payment on the day	-	-	27,634	-	
	Yu Tang	An investee accounted for by equity method	Sales	(715,785)	6	Receipt of payment on the day	-	-	24,345	-	
	Luxgen Taoyuan	The same ultimate parent company	Sales	(573,359)	5	Receipt of payment on the day	-	-	8,918	-	
	Luxgen Taichung	The same ultimate parent company	Sales	(610,632)	5	Receipt of payment on the day	-	-	7,752	-	
	Luxgen Kaohsiung	The same ultimate parent company	Sales	(446,368)	4	Receipt of payment on the day	-	-	6,079	-	
	Luxgen Tainan	The same ultimate parent company	Sales	(366,253)	3	Receipt of payment on the day	-	-	17,470	-	
	Ding Long	An investee accounted for by equity method	Sales	(282,499)	3	Receipt of payment on the day	-	-	15,368	-	
	Yuan Zhi	An investee accounted for by equity method	Sales	(126,322)	1	Receipt of payment on the day	-	-	1,824	-	
Lian Cheng	An investee accounted for by equity method	Sales	(169,181)	2	Receipt of payment on the day	-	-	1,073	-		
Diamond Leasing	Car-plus Corporation	The same ultimate parent company	Sales	(167,132)	100	1 day	-	-	1,791	31	
Yu Sing	Car-plus Corporation	The same ultimate parent company	Sales	(114,949)	10	30 days	-	-	1,074	-	
Luxgen	TAC	The Company's subsidiary	Sales	(3,687,232)	94	Within 3 days	-	-	102,008	85	
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(134,551)	95	60 days	Bargaining	60 days	111,103	93	
Union & NKH Auto Parts	The Company	The parent company	Sales	(287,413)	54	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	255,389	58	
	China Motor	An investee accounted for by equity method	Sales	(131,076)	24	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	83,567	19	
Fuzhou Lianghong	Southeast Bus	A related party in substance	Sales	(524,302)	84	45 days	-	-	435,284	81	
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	Sales	(271,685)	89	65 days	Note 1	Note 1	395,845	88	
Yueki	The Company	The parent company	Sales	(211,205)	63	45 days	Bargaining	45 days	158,091	30	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	287,413	7	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	(255,389)	7	
	Yueki	The Company's subsidiary	Purchase	211,205	5	45 days	Bargaining	45 days	(158,091)	4	
	Nissan Motor Co., Ltd.	A related party in substance	Purchase	2,395,417	60	12 days after bill of lading	-	12 days after bill of lading	(760,657)	21	
	Dong Feng Yulon Motors	An investee accounted for by equity method	Purchase	522,644	13	60 days after monthly closing	-	60 days after monthly closing	(215,760)	6	

(Continued)

Purchasing or (Selling) Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TAC	Yulon Nissan	An investee accounted for by equity method	Purchase	\$ 8,521,321	66	Within 3 days	-	-	\$ (619,750)	1	
	Luxgen	The same ultimate parent company	Purchase	3,687,232	29	Within 3 days	-	-	(102,008)	-	
	Sin Jiang	The same ultimate parent company	Purchase	727,343	6	Within 3 days	-	-	(930)	-	
Car-plus Corporation	Hui-Fong	A related party in substance	Purchase	127,375	7	10 days	-	-	(24,649)	9	
	Diamond Leasing	The same ultimate parent company	Purchase	167,132	9	1 day	-	-	(1,791)	1	
	Yu Sing	The same ultimate parent company	Purchase	114,949	6	30 days	-	-	(1,074)	7	
Empower	TAC	The same ultimate parent company	Purchase	682,390	77	Receipt of payment on the day	-	-	(12,128)	7	
Yu Sing	TAC	The same ultimate parent company	Purchase	891,566	82	Receipt of payment on the day	-	-	(15,979)	18	
	Yulon Nissan	An investee accounted for by equity method	Purchase	101,609	9	At sight	-	-	(3,815)	4	
Yushin	TAC	The same ultimate parent company	Purchase	745,662	85	Receipt of payment on the day	-	-	(34,017)	33	
Yu Chang	TAC	The same ultimate parent company	Purchase	1,230,368	87	Receipt of payment on the day	-	-	(40,431)	39	
Luxgen	The Company	The parent company	Purchase	3,002,352	95	Within 90 days	-	60 days to 180 days	(386,530)	100	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	1,133,217	92	Receipt of payment on the day	-	-	(15,073)	51	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	573,359	47	Receipt of payment on the day	-	-	(8,918)	78	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	610,632	96	Receipt of payment on the day	-	-	(7,752)	36	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	366,253	92	Receipt of payment on the day	-	-	(17,470)	87	
Luxgen Kaohsiung	TAC	The same ultimate parent company	Purchase	446,368	93	Receipt of payment on the day	-	-	(6,079)	100	
Dong Feng Yulon Sales Company	Dong Feng Yulon Motors	An investee accounted for by equity method	Purchase	6,613,651	97	30 days	-	-	(7,635,025)	96	

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

(Concluded)

TABLE 8

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Yulon Nissan	An investee accounted for by equity method	\$ 852,810 (Note 1)	41.51	\$ -	-	\$ 529,659	\$ -
	Luxgen	The Company's subsidiary	402,944 (Note 2)	101.29	-	-	217,603	-
	Dong Feng Yulon Motors	An investee accounted for by equity method	107,546	22.44	-	-	35,912	-
Union & NKH Auto Parts	The Company	The parent company	255,389	7.29	-	-	171,415	-
Hangchow Liangrun	Dong Feng Yulon Motors	An investee accounted for by equity method	395,845	2.40	-	-	33,448	-
Luxgen	TAC	The same ultimate parent company	102,008	208.46	-	-	69,608	-
Yueki	The Company	The parent company	158,091	4.91	4,142	Actively demand for settlement	127,314	-
	Hangchow Yue Wan	The same ultimate parent company	204,730	0.03	193,731	Actively demand for settlement	-	-
Hangchow Yue Wan	Dong Feng Yulon Motors	An investee accounted for by equity method	217,785	1.55	78,300	Actively demand for settlement	-	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	237,505	25.00	-	Depend on capital status	122,072	-
Hangchow Y-Teks	Dong Feng Yulon Motors	An investee accounted for by equity method	111,103	9.69	-	-	-	-
Fuzhou Lianghong	Southeast Bus	A related party in substance	435,284	9.64	-	-	-	-
Sheng Qing	Shen Jun Yu Peng	The same ultimate parent company	239,198 (Note 3)	-	-	-	-	-
	Nanjing Hanhong	The same ultimate parent company	126,030 (Note 3)	-	-	-	-	-
	Guang Zhou Yuan Du	The same ultimate parent company	124,536 (Note 3)	-	-	-	-	-
	Zhu Hai Fu Te En	The same ultimate parent company	233,545 (Note 3)	-	-	-	-	-
	Wuhan Yu Hsin	The same ultimate parent company	210,239 (Note 3)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
	Qingdao Yuanhuang	The same ultimate parent company	\$ 149,443 (Note 3)	-	\$ -	-	\$ -	\$ -
	Xiao Gan Yu Feng	The same ultimate parent company	111,143 (Note 3)	-	-	-	-	-
	Fu Jian Yu Xin	The same ultimate parent company	100,944 (Note 3)	-	-	-	89,666	-
	Yulon Motor Investment	The same ultimate parent company	610,791 (Note 3)	-	-	-	-	-
	Su Zhou Chen Long	The same ultimate parent company	100,122 (Note 3)	-	-	-	99,629	-
Yulon Motor Investment	Wuhan Yu Hsin	The same ultimate parent company	123,186 (Note 3)	-	-	-	-	-
Yulon China (HK) Holding	Sheng Qing	The same ultimate parent company	454,712 (Note 3)	-	-	-	-	-
Yulon China	Sheng Qing	The same ultimate parent company	671,806 (Note 3)	-	-	-	-	-
Ke Yu	Sheng Qing	The same ultimate parent company	498,143 (Note 3)	-	-	-	-	-
Mei De	Sheng Qing	The same ultimate parent company	348,700 (Note 3)	-	-	-	-	-
Guang Zhou Yuan Du	Qingdao Yuanhuang	The same ultimate parent company	154,424 (Note 3)	-	-	-	-	-
Nan Jing Yu Hua	Nanjing Hanhong	The same ultimate parent company	126,977 (Note 3)	-	-	-	-	-
Qing Tai	Ke Yu	The same ultimate parent company	146,952 (Note 3)	-	-	-	-	-

Note 1: The receivables comprised account and notes receivables of \$612,337 thousand and other receivables of \$240,473 thousand.

Note 2: The receivables comprises account receivables of \$386,530 thousand and other receivables of \$16,414 thousand.

Note 3: The receivables comprises other receivables.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 FOR THE THREE MONTHS ENDED MARCH 31, 2016
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
The Company	Yulon Nissan	Miaoli, Taiwan	Sales of cars	\$ 7,062,225	\$ 7,062,225	143,500	47.83	\$ 10,768,836	\$ 1,092,363	\$ 492,350	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	810,409	810,409	111,480	8.05	4,473,741	1,012,384	86,938	-
	TAC	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	125,657	46.82	3,340,426	461,658	216,517	-
	Tai-Yuen Textiles	Taipei, Taiwan	Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products	44,956	44,956	170,685	20.85	7,385,207	458,393	48,195	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	60,651	60,651	9,846	50.58	418,980	(669)	(125)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	106,948	106,948	14,680	50.97	220,973	2,097	993	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	50,361	(774)	(601)	-
	Union & NKH Auto Parts	Taipei, Taiwan	Manufacturing and sale of springs for various motor vehicles and sale of non-motorized vehicles	183,692	183,692	21,729	25.01	641,645	68,694	17,286	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	39,372	39,372	3,448	17.68	80,832	6,136	1,098	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	98,114	13,722	8,410	-
	China Ogihara	Taoyuan, Taiwan	Design, manufacturing and sales of cars and various kinds of molds, fixtures, stamping parts and inspection implements	280,071	280,071	23,388	37.76	476,684	115,313	36,908	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	114,822	9,638	1,601	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,749,940	1,749,940	175,000	100.00	1,842,444	22,719	19,119	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	449,940	449,940	65,721	99.99	814,610	(1,347)	(1,085)	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	144,622	100.00	1,465,051	19,242	16,233	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	15,999	80.00	193,539	15,591	11,110	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	185,589	(6,568)	(812)	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	8,126	27.00	156,921	14,508	2,930	-
	Tai Yuen Venture Capital	Taipei, Taiwan	Investments	237,897	237,897	26,760	49.50	116,315	4,152	2,055	-
	Chi Ho	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	27,540	27,540	360	20.00	8,065	(333)	(32)	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	42,485	42,485	4,249	21.25	71,467	16,928	3,573	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	566,868	566,868	1,004	20.46	729,092	48,883	10,069	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,595	3.46	64,792	104,770	3,701	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	99,935	99,935	10,213	35.62	163,083	26,504	9,378	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	4,899	20.00	60,713	12,390	3,432	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	40,680	40,680	8,332	43.85	22,287	(338)	(148)	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	85,895	85,895	8,568	20.01	96,022	8,074	1,616	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	1,054,873	17,701	14,692	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	325,199	325,199	32,519	90.33	10,517	9,148	5,030	-
	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	61,307	61,307	548	34.00	375,265	49,927	17,258	-
	Yulon Overseas	B.V.I.	Investments	10,034,951	9,885,917	325,764	100.00	4,466,703	(785,007)	(793,301)	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	1,238,712	207,417	29,938	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	99,000	99,000	9,900	17.88	104,924	(1,563)	1,721	-
Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	67,459	67,459	6,746	100.00	81,916	1,325	1,040	-	
Haitec	New Taipei City, Taiwan	Product design	2,007,456	2,007,456	200,000	40.00	(77,497)	(127,572)	(28,820)	-	
Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	61,530	13,394	2,230	-	
DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	1,495	(1,032)	(206)	-	
Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	7,540,000	7,540,000	280,000	100.00	392,916	149,778	54,486	-	
Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	500,000	500,000	30,000	100.00	30,641	3,373	3,393	-	
Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	24,294	372	102	-	
Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	300,000	300,000	30,000	100.00	48,274	(11,418)	(10,708)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
TAC	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	\$ 757,288	\$ 757,288	51,492	68.57	\$ 1,292,594	\$ 104,770	\$ -	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	98,969	100.00	2,251,376	99,526	-	-
	TAC Global	Samoa	Shareholding company	1,564,612	1,564,612	50,537	100.00	1,999,987	26,284	-	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	137,198	207,417	-	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	48,843	48,843	6,615	27.00	86,613	12,390	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	181,731	181,731	17,128	40.00	191,934	8,074	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	500,001	-	45,455	82.12	499,153	(1,563)	-	-
	SCC	Shinshin Samoa	Samoa	Shareholding company	385,111	389,077	12,000	100.00	392,106	4,011	-
Car-plus Corporation	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	76,321	1,550	-	-
	Car-Plus Samoa	Samoa	Shareholding company	378,187	378,187	12,000	100.00	566,446	14,422	-	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	90,811	90,811	8,559	19.99	95,909	8,074	-	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	14,620	341	-	-
Sin Jiang	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	24,243	24,243	810	60.00	15,757	(1,688)	-	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,004	193,004	6,000	60.00	368,285	19,167	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	185,183	185,183	6,000	60.00	198,161	4,870	-	-
TAC Global	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	245,523	19,167	-	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	132,107	4,870	-	-
	Yu Rong International	Samoa	Shareholding company	1,296,290	1,296,290	38,000	100.00	1,611,851	17,345	-	-
	Sinjang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	540	40.00	10,505	(1,688)	-	-
Tai Yuen Venture Capital	Haitec	New Taipei City, Taiwan	Product design	112,418	112,418	11,200	2.24	123,888	(127,572)	-	-
Yu Pong	Yu Yuen	Taipei, Taiwan	Construction	89,058	89,058	39,543	32.65	667,643	10,933	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	42,080	42,080	1,135	0.08	26,222	1,012,384	-	-
Yue Sheng	Y-Teks	Taoyuan, Taiwan	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	25,510	18,430	193	11.99	135,409	49,927	-	-
Yung Hong	Yu Yuen	Taipei, Taiwan	Construction	745,292	745,292	39,543	32.65	666,958	10,933	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	253,834	253,834	9,994	0.72	230,864	1,012,384	-	-
Yu Ching	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	55,467	55,467	3,500	1.17	75,446	207,417	-	-
	Yulon Nissan	Miaoli, Taiwan	Sales of cars	336,923	336,923	3,500	1.17	269,047	1,092,363	-	-
	Yu Yuen	Taipei, Taiwan	Construction	358,514	358,514	40,324	33.30	680,388	10,933	-	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	19,914	19,914	2,742	9.56	44,051	26,504	-	-
	Chinh-Ling	Taipei, Taiwan	Product design	36,098	36,098	5,000	100.00	18,436	6	-	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	9	9	1	0.01	9	372	-	-
Yueki	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	408	408	27	-	747	1,012,384	-	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	17,328	17,328	800	4.10	17,328	6,136	-	-
	Yue Ki Samoa	Samoa	Investments	123,058	123,058	4,126	100.00	615,385	3,767	-	-
	Yue Ki HK	Hong Kong	Investments	120,016	120,016	-	100.00	(10,057)	(6,053)	-	-
Yu Chang	Tian Wang	Kaohsiung, Taiwan	Secondhand cars and car related products	17,000	17,000	1,700	100.00	34,300	4,780	-	-
	Yu Chang China	Samoa	Investments	47,422	47,422	1,564	100.00	12,046	(2,758)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Sales, maintenance and repair of cars and related products	26,450	26,450	1,420	20.00	7,851	4,035	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yushin	Yu Pool	Miaoli, Taiwan	Supply of and providing services on information software and retail trade of spare parts of vehicles	\$ 7,000	\$ 7,000	1,000	100.00	\$ 33,080	\$ 924	\$ -	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	12,250	12,250	2,100	20.00	17,693	5,317	-	-
	Yu Shin Investment	Samoa	Investments	46,331	46,331	-	100.00	24,801	-	-	-
Singan	Singual Travel	New Taipei City, Taiwan	Sales of car parts	130,591	130,591	13,000	100.00	236,515	11,059	-	-
	Hsiang Shou	New Taipei City, Taiwan	Towing	128,400	128,400	10,000	100.00	207,464	13,910	-	-
	Hong Shou Culture	New Taipei City, Taiwan	Publication	64,100	64,100	5,000	100.00	49,932	(952)	-	-
Empower	Chunmin	Taichung, Taiwan	Comprehensive retail of car parts	8,000	8,000	800	100.00	10,194	(546)	-	-
	Hong Yen	Samoa	Investments	47,082	47,082	45,995	100.00	126,399	(2,446)	-	-
	Luxgen Taichung	Taichung, Taiwan	Sales, maintenance and repair of cars and related products	27,446	27,446	2,120	20.00	11,227	3,074	-	-
	Yu Ming Insurance	Taichung, Taiwan	Property insurance	3,000	3,000	300	100.00	3,152	(381)	-	-
Sin Chi	Yulon Nissan	Miaoli, Taiwan	Sales of cars	311,853	311,853	3,050	1.02	234,648	1,092,363	-	-
	Yu Chia	Taipei, Taiwan	Sales, maintenance and repair of heavy vehicles and related products	50,100	50,100	5,010	100.00	(1,301)	(5,072)	-	-
	Chan Chen	Taipei, Taiwan	Management consulting, leases of real estate and general advertising	10,000	10,000	1,000	100.00	11,310	681	-	-
Yu Sing	Yu-Jan	Taipei, Taiwan	Sales and arrangement of cars and related products	5,000	5,000	500	100.00	17,466	7,344	-	-
	Ding Long	Taipei, Taiwan	Sales, maintenance and repair of cars and parts	37,790	37,790	3,779	44.99	38,671	1,183	-	-
	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	22,050	22,050	239	1.29	-	(12,205)	-	-
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	712,446	30,480	-	-
Y-Teks	Yu-Hsin Intl	B.V.I.	Investments	65,854	65,854	2,208	66.67	1,095,646	74,959	-	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	435	435	28	-	653	1,012,384	-	-
Union & NKH Auto Parts	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	640	640	64	-	1,478	1,012,384	-	-
	Uni Investment	B.V.I.	Investments	289,287	289,287	8,403	100.00	2,169,238	64,976	-	-
Luxgen	Luxgen Taipei	New Taipei City, Taiwan	Sales, maintenance and repair of cars and related products	157,625	157,625	13,635	73.70	56,791	(12,205)	-	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Sales, maintenance and repair of cars and related products	64,883	64,883	6,299	59.99	50,602	5,317	-	-
	Luxgen Taichung	Taichung, Taiwan	Sales, maintenance and repair of cars and related products	71,624	71,624	6,359	59.99	30,943	3,493	-	-
	Luxgen Tainan	Tainan, Taiwan	Sales, maintenance and repair of cars and related products	101,397	101,397	6,239	59.99	(519)	(5,329)	-	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Sales, maintenance and repair of cars and related products	58,344	58,344	4,259	59.99	21,870	4,035	-	-
	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	147,418	(6,248)	-	-
Luxgen Overseas Holdings	Singan	Taipei, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	90,911	26,504	-	-
	Luxgen Limited Liability	Russia	Sale, maintenance and repair of cars and parts	1,148,111	1,126,980	-	99.99	25,167	(4,898)	-	-
Yu Yuen	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,690	1,690	32	-	699	1,012,384	-	-
Yulon Energy	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	150	-	1,356	(39)	-	-
Yulon Overseas	Yulon Philippine	Cayman	Investments	1,150,123	1,150,123	32,791	100.00	(422,814)	22,263	-	-
	Yulon China	B.V.I.	Investments	9,674,635	9,525,601	295,089	100.00	4,938,199	(866,462)	-	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	939,609	939,609	-	100.00	(381,024)	10,185	-	-
	NPI	Philippine	Sale, maintenance and repair of cars and parts	75,705	75,705	12	24.50	3,362	50,517	-	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
Yulon China	Qing Yi	Samoa	Investments	\$ 510,132	\$ 510,132	15,850	100.00	\$ 450,764	\$ (96,523)	\$ -	-
	Wen Yang	Samoa	Investments	518,179	518,179	16,100	100.00	594,419	(3,083)	-	-
	Tai Xin	Samoa	Investments	779,860	630,826	24,125	100.00	828,885	(79,529)	-	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	6,794,254	6,794,254	-	100.00	4,280,789	(360,609)	-	-
	Yulon China Holding	Cayman	Investments	852,903	852,903	22,500	100.00	(1,393,498)	(322,855)	-	-
	Feng Hua	Hong Kong	Investments	90,118	90,118	-	40.00	86,678	(9,140)	-	-
Yulon China Holding	Yulon Motor Investment	Hong Kong	Investments	852,903	852,903	-	100.00	(1,393,505)	(322,855)	-	-

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting.	\$ 77,080	b.	\$ 59,864	\$ -	\$ -	\$ 59,864	\$ (12,290)	100.00	\$ (12,290)	\$ 632,611	\$ -	2,c.
Ke Yu	Computer software maintenance and computer system integration.	914,584	b.	627,608	149,034	-	776,642	(79,529)	100.00	(79,529)	826,205	-	2,c.
Tai Feng	Computer software maintenance and computer system integration.	568,948	b.	477,947	-	-	477,947	(3,083)	100.00	(3,083)	541,076	-	2,c.
Qing Tai	Computer software maintenance and computer system integration.	599,092	b.	494,040	-	-	494,040	(96,523)	100.00	(96,523)	432,691	-	2,c.
Dong Feng Yulon Motors	Manufacturing of key car components, electric cars and related parts.	13,698,924	b.	6,724,544	-	-	6,724,544	(721,046)	50.00	(360,523)	4,281,135	-	2,c.
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts.	219,972	b.	90,118	-	-	90,118	(9,141)	40.00	(3,656)	216,712	-	2,c.
Yulon Motor Investment	Investment, shareholding and related business.	832,263	b.	852,903	-	-	852,903	(310,244)	100.00	(310,244)	(2,014,799)	-	2,b.
Hang Zhou Haitec Company	Product design.	153,773	b.	16,093	-	-	16,093	508	10.00	51	16,711	-	2,c.
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases.	2,490,714	a.	1,306,110	-	-	1,306,110	182	73.94	135	2,490,892	-	2,c.
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chassises, connection arms, crossrails of engines and other stamping and welding parts.	159,369	b.	3,219	-	-	3,219	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system.	68,077	b.	3,219	-	-	3,219	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing.	85,614	b.	3,219	-	-	3,219	(1,902)	4.76	-	3,219	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts.	124,476	b.	2,414	-	-	2,414	2,534	2.59	-	2,414	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products.	395,024	b.	3,219	-	-	3,219	(51)	2.10	-	3,219	-	-
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts.	747,214	b.	-	-	-	-	11,134	17.00	1,893	590,623	-	2,c.

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016	Note
					Outward	Inward							
Hangchow Yue Wan	Manufacturing of car parts.	\$ 151,652	b.	\$ -	\$ -	\$ -	\$ -	\$ (6,077)	51.00	\$ (3,099)	\$ 5,604	\$ -	2,c.
Hangchow Y-Teks	Manufacturing and sales of car interior furnishing and related business.	297,440	b.	-	-	-	-	21,023	27.00	5,676	442,839	-	2,c.
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business.	58,006	b.	-	-	-	-	1,038	14.00	145	86,664	-	2,c.
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business.	160,925	b.	-	-	-	-	10,063	5.00	503	167,461	-	2,c.
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business.	212,421	b.	-	-	-	-	188,007	6.00	11,280	947,564	-	2,c.
Fuzhou Lianghong	Manufacturing of car seats.	517,890	b.	-	-	-	-	66,485	17.00	11,302	548,044	-	2,c.
Hangchow Liangrun	Manufacturing of car seats.	486,382	b.	-	-	-	-	7,003	25.00	1,751	333,861	-	2,c.
Guang Zhou Ri Zheng Spring	Manufacturing of vibration damper springs.	860,949	b.	-	-	-	-	49,030	10.00	4,903	1,193,490	-	2,c.
Shang Hai Jing-Huei	Sales of car parts.	56,186	a.	-	-	-	-	6,870	65.00	4,465	103,170	-	2,c.
Car-Plus (Suzhou)	Lease of cars and related services.	321,850	b.	-	-	-	-	19,167	40.07	7,679	612,600	-	2,c.
Car-Plus Leasing (Shanghai)	Lease of cars and related services.	321,850	b.	-	-	-	-	4,870	40.07	1,951	330,247	-	2,c.
TAC Leasing (Suzhou)	Equipments and cars leasing business.	965,550	b.	-	-	-	-	13,245	46.82	6,201	1,263,326	-	2,c.
TAC Finance Company	Equipments and cars leasing business.	965,550	b.	-	-	-	-	20,496	57.46	11,776	555,440	-	2,c.
Zhe Jiang Cheng Yi Company	Sale and brokerage of secondhand vehicles.	105,406	b.	-	-	-	-	(8,356)	28.49	(2,381)	31,728	-	2,c.
Su Zhou Yu Guo	Sales of cars.	9,963	b.	-	-	-	-	(249)	17.24	(43)	2,524	-	2,c.
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts.	76,125	b.	-	-	-	-	(9,391)	45.00	(4,202)	45,862	-	2,c.
Dong Feng Yulon Sales Company	Sales of cars and car parts.	248,720	b.	-	-	-	-	(551,942)	50.00	(275,971)	(2,211,288)	-	2,a.
Sheng Qing	Investments.	2,212,879	b.	-	-	-	-	(26,513)	100.00	(26,513)	1,472,579	-	2,b.
Mei De	Computer software maintenance and computer system integration.	395,464	b.	-	-	-	-	25	100.00	25	401,827	-	2,c.
Shi Cheng	Computer software maintenance and computer system integration.	360,278	b.	-	-	-	-	(171,340)	100.00	(171,340)	138,733	-	2,c.
Jin Ce	Computer software maintenance and computer system integration.	97,847	b.	-	-	-	-	(10,714)	100.00	(10,714)	83,840	-	2,c.
Yi Ding	Computer software maintenance and computer system integration.	274,587	b.	-	-	-	-	1,155	100.00	1,155	263,219	-	2,c.
Dong Tai	Investments.	367,094	b.	-	-	-	-	(182,221)	100.00	(182,221)	123,162	-	2,c.
Gao Te	Investments.	288,515	b.	-	-	-	-	1,279	100.00	1,279	269,621	-	2,c.

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016	Note
					Outward	Inward							
Shen Jun Yu Peng	Sales of cars.	\$ 59,693	b.	\$ -	\$ -	\$ -	\$ -	\$ (831)	65.00	\$ (540)	\$ (21,143)	\$ -	2.c.
Su Zhou Feng Shen	Sales of cars.	238,771	b.	-	-	-	-	9,988	40.00	3,995	263,082	-	2.c.
Guang Zhou Yuan Du	Sales of cars.	174,103	b.	-	-	-	-	2,158	61.00	1,316	122,843	-	2.c.
Zhu Hai Fu Te En	Sales of cars.	24,872	b.	-	-	-	-	6,610	100.00	6,610	98,447	-	2.c.
Nanjing Hanhong	Sales of cars.	349,465	b.	-	-	-	-	(9,412)	100.00	(9,412)	259,572	-	2.c.
Wuhan Yu Hsin	Sales of cars.	139,283	b.	-	-	-	-	556	100.00	556	(87,802)	-	2.c.
HangZhou Yu Zhong	Trading.	49,744	b.	-	-	-	-	24	100.00	24	84,073	-	2.c.
Shanghai Yuexing	Sales of cars.	130,340	b.	-	-	-	-	(10,112)	100.00	(10,112)	(59,022)	-	2.c.
Jiangmen Junxing	Sales of cars.	100,494	b.	-	-	-	-	3,423	100.00	3,423	53,608	-	2.c.
Jiangmen Yuli	Sales of cars.	50,750	b.	-	-	-	-	1,979	100.00	1,979	56,459	-	2.c.
Qingdao Yuanhuang	Sales of cars.	149,232	b.	-	-	-	-	(8,186)	51.00	(4,175)	(26,674)	-	2.c.
Shanghai Yuming	Sales of cars.	191,040	b.	-	-	-	-	(5,406)	66.99	(3,622)	113,157	-	2.c.
Guang Zhou Yuan Zhi	Sales of cars.	49,744	b.	-	-	-	-	(3,062)	61.00	(1,868)	22,983	-	2.c.
Ning Bo Yu Cheng	Sales of cars.	99,488	b.	-	-	-	-	(5,629)	82.85	(4,663)	22,484	-	2.c.
Fu Jian Yu Xin	Sales of cars.	99,488	b.	-	-	-	-	(13,790)	100.00	(13,790)	30,851	-	2.c.
Hang Zhou Hua Zhi	Sales of cars.	99,488	b.	-	-	-	-	(11,178)	80.00	(8,942)	(47,347)	-	2.c.
Chang Sha Yu Lu	Sales of cars.	99,488	b.	-	-	-	-	106	100.00	106	87,321	-	2.c.
Hang Zhou Tang Yu	Investments.	49,744	b.	-	-	-	-	106	100.00	106	53,685	-	2.c.
Hang Zhou Chien Yu	Investments.	49,744	b.	-	-	-	-	(2)	100.00	(2)	45,286	-	2.c.
Zhuhai Yuhsin	Sales of cars.	24,872	b.	-	-	-	-	1,185	100.00	1,185	(10,627)	-	2.c.
Shenzhen Yu Zhi	Sales of cars.	49,744	b.	-	-	-	-	1,479	100.00	1,479	32,045	-	2.c.
Xiao Gan Yu Feng	Sales of cars.	79,590	b.	-	-	-	-	387	100.00	387	40,631	-	2.c.
Su Zhou Feng Shun	Sales of cars.	125,065	b.	-	-	-	-	5,133	40.00	2,053	192,846	-	2.c.
Suzhou Yueshun	Sales of cars.	49,744	b.	-	-	-	-	(2,426)	40.00	(971)	61,495	-	2.c.
Su Chou Cheng Pin	Sales of cars.	200,988	b.	-	-	-	-	4,300	40.00	1,720	196,816	-	2.c.
Wu Jiang Lian Cheng	Sales of cars.	49,744	b.	-	-	-	-	3,123	40.00	1,249	79,668	-	2.c.
Su Zhou Cheng Li	Sales of cars.	75,119	b.	-	-	-	-	(1,517)	40.00	(607)	47,783	-	2.c.
Hang Zhou hsiao Yu	Investments.	49,744	b.	-	-	-	-	(1)	99.00	(1)	45,001	-	2.c.

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016	Note
					Outward	Inward							
Nan Jing Yu Shang	Sales of cars.	\$ 39,795	b.	\$ -	\$ -	\$ -	\$ -	\$ (3,767)	100.00	\$ (3,767)	\$ (31,875)	\$ -	2.c.
Hang Zhou Hua You	Sales of cars.	39,795	b.	-	-	-	-	(7,842)	80.00	(6,274)	(83,807)	-	2.c.
Su Zhou Cheng Pang	Sales of cars.	49,744	b.	-	-	-	-	(1,613)	40.00	(645)	32,577	-	2.c.
Nan Jing Yu Hua	Sales of cars.	149,232	b.	-	-	-	-	(6)	100.00	(6)	149,415	-	2.c.
Ka Shing Yu Da	Sales of cars.	60,900	b.	-	-	-	-	(2,923)	66.99	(1,958)	44,969	-	2.c.
Su Zhou Cheng Guo	Sales of cars.	50,750	b.	-	-	-	-	(1,817)	40.00	(727)	46,921	-	2.c.
Su Zhou Cheng Hung	Sales of cars.	50,750	b.	-	-	-	-	(3,636)	40.00	(1,454)	44,777	-	2.c.
Tai Chang Cheng Mau	Sales of cars.	50,750	b.	-	-	-	-	(350)	40.00	(140)	47,987	-	2.c.
An Hui Min Tung	Sales of cars.	50,750	b.	-	-	-	-	(49,197)	100.00	(49,197)	2,750	-	2.c.
An Ching Tsai Tung	Sales of cars.	25,375	b.	-	-	-	-	(67,044)	100.00	(67,044)	(64,367)	-	2.c.
An Ching Ling Tung	Sales of cars.	20,300	b.	-	-	-	-	(59,951)	100.00	(59,951)	(40,296)	-	2.c.
Tung Ling Kuo Tung	Sales of cars.	25,375	b.	-	-	-	-	5,274	100.00	5,274	(4,113)	-	2.c.
Ho Fei Chun Hui	Sales of cars.	2,538	b.	-	-	-	-	(3,963)	100.00	(3,963)	(1,693)	-	2.c.
Zi Bo Yu An	Sales of cars.	25,375	b.	-	-	-	-	(2,264)	100.00	(2,264)	13,867	-	2.c.

Accumulated Investment in Mainland China as of March 31, 2016	Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	\$10,813,551	\$16,605,545	\$49,046,206

Note 1: Method of investment have following type:

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

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

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

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

Note 4: The Company has not in operation, so there is no profit or loss yet. And the Company has acquired operation license on February 19, 2016.

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
0	The Company	Luxgen	1	Other receivables from related parties	\$ 16,415	Based on regular terms	-
		Yulon Motor Investment	1	Other receivables from related parties	13,309	Based on regular terms	-
		The Company	1	Long term investment	24,684	Based on regular terms	-
		The Company	1	Long term investment	11,673	Based on regular terms	-
		The Company	1	Long term investment	15,418	Based on regular terms	-
		Luxgen	1	Notes and trade receivables, net	386,530	Based on regular terms	-
		Yu Yuen	1	Operating revenue, net	17,410	Based on regular terms	-
		Luxgen	1	Operating revenue, net	3,056,756	Based on regular terms	10
		Yushin	1	Operating revenue, net	564,349	Based on regular terms	2
		Yu Sing	1	Operating revenue, net	821,661	Based on regular terms	3
		Yu Chang	1	Operating revenue, net	949,011	Based on regular terms	3
		Empower	1	Operating revenue, net	657,667	Based on regular terms	2
		Yushin	1	Operating revenue, net	79,128	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	65,833	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	117,526	Based on regular terms	-
		TAC	1	Operating revenue, net	413,578	Based on regular terms	1
		Yushin	1	Operating revenue, net	36,559	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	57,024	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	48,148	Based on regular terms	-
		Empower	1	Operating revenue, net	50,382	Based on regular terms	-
		Yushin	1	Operating revenue, net	12,608	Based on regular terms	-
		Yu Sing	1	Operating revenue, net	16,853	Based on regular terms	-
		Yu Chang	1	Operating revenue, net	29,183	Based on regular terms	-
		Empower	1	Operating revenue, net	13,148	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	24,684	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	10,858	Based on regular terms	-
		The Company	1	Unrealized gain on transactions with associates	11,673	Based on regular terms	-
The Company	1	Unrealized gain on transactions with associates	11,462	Based on regular terms	-		
The Company	1	Unrealized gain on transactions with associates	15,418	Based on regular terms	-		
The Company	1	Unrealized gain on transactions with associates	12,249	Based on regular terms	-		
1	Shanghai Yuming	Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	19,807	Based on regular terms	-
2	Luxgen Taichung	Luxgen	3	Notes and trade receivables, net	11,848	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	15,730	Based on regular terms	-
3	Diamond Leasing	Yueki	3	Other current assets	208,126	Based on regular terms	-
		Y-Teks	3	Other current assets	83,437	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
4	Tai Chang Cheng Mau	Su Zhou Feng Shen	3	Other receivables from related parties	\$ 30,235	Based on regular terms	-
5	Union & NKH Auto Parts	Fuzhou Lianghong	3	Other receivables from related parties	37,658	Based on regular terms	-
		Hangchow Liangrun	3	Other receivables from related parties	113,028	Based on regular terms	-
		Uni Investment	3	Other receivables from related parties	24,432	Based on regular terms	-
		The Company	2	Notes and trade receivables, net	171,415	Based on regular terms	-
		Fuzhou Lianghong	3	Notes and trade receivables, net	12,849	Based on regular terms	-
		Hangchow Liangrun	3	Notes and trade receivables, net	101,853	Based on regular terms	-
		The Company	2	Operating revenue, net	287,227	Based on regular terms	1
		Hangchow Liangrun	3	Operating revenue, net	15,298	Based on regular terms	-
6	Luxgen Taipei	Luxgen	3	Notes and trade receivables, net	11,372	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	81,454	Based on regular terms	-
		Luxgen	3	Operating revenue, net	23,146	Based on regular terms	-
7	An Ching Tsai Tung	Hang Zhou Hua You	3	Operating revenue, net	14,401	Based on regular terms	-
8	Sin Chi	Yu Sing	3	Operating revenue, net	14,434	Based on regular terms	-
9	Singgual Travel	The Company	2	Notes and trade receivables, net	50,150	Based on regular terms	-
		Luxgen Taipei	3	Notes and trade receivables, net	27,775	Based on regular terms	-
		Luxgen Taichung	3	Notes and trade receivables, net	17,395	Based on regular terms	-
		Luxgen Kaohsiung	3	Notes and trade receivables, net	12,756	Based on regular terms	-
		The Company	2	Operating revenue, net	58,277	Based on regular terms	-
		Luxgen Taipei	3	Operating revenue, net	38,643	Based on regular terms	-
		Luxgen Taoyuan	3	Operating revenue, net	19,481	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	22,976	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	10,155	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	18,303	Based on regular terms	-
		10	Singan	The Company	2	Notes and trade receivables, net	27,725
The Company	2			Operating revenue, net	39,593	Based on regular terms	-
11	Wu Jiang Lian Cheng	Su Zhou Cheng Hung	3	Other receivables from related parties	29,889	Based on regular terms	-
		Su Chou Cheng Pin	3	Other receivables from related parties	12,454	Based on regular terms	-
		Su Zhou Cheng Pang	3	Other receivables from related parties	18,431	Based on regular terms	-
12	Hong Shou Culture	Singan	3	Other receivables from related parties	20,163	Based on regular terms	-
13	Hang Zhou Hua You	Dong Feng Yulon Sales Company	3	Other current assets	12,459	Based on regular terms	-
		Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	10,202	Based on regular terms	-
14	Hang Zhou Hua Zhi	Hang Zhou Hua You	3	Other receivables from related parties	39,851	Based on regular terms	-
15	HangZhou Yu Zhong	Sheng Qing	3	Other receivables from related parties	32,255	Based on regular terms	-
		Hang Zhou hsiao Yu	3	Other receivables from related parties	19,926	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	20,424	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
16	Dong Feng Yulon Sales Company	An Ching Tsai Tung	3	Notes and trade receivables, net	\$ 58,353	Based on regular terms	-
		An Hui Min Tung	3	Notes and trade receivables, net	63,288	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Notes and trade receivables, net	61,067	Based on regular terms	-
		Hang Zhou Hua You	3	Notes and trade receivables, net	62,870	Based on regular terms	-
		Suzhou Yueshun	3	Operating revenue, net	30,365	Based on regular terms	-
		Zhuhai Yuhsin	3	Operating revenue, net	63,484	Based on regular terms	-
		Shanghai Yuming	3	Operating revenue, net	94,983	Based on regular terms	-
		Ning Bo Yu Cheng	3	Operating revenue, net	73,508	Based on regular terms	-
		Fu Jian Yu Xin	3	Operating revenue, net	54,383	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Operating revenue, net	91,413	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Operating revenue, net	91,492	Based on regular terms	-
		Hang Zhou Hua You	3	Operating revenue, net	66,105	Based on regular terms	-
		Shenzhen Yu Zhi	3	Operating revenue, net	61,570	Based on regular terms	-
		Chang Sha Yu Lu	3	Operating revenue, net	82,528	Based on regular terms	-
		Jiangmen Yuli	3	Operating revenue, net	70,806	Based on regular terms	-
		Ka Shing Yu Da	3	Operating revenue, net	28,677	Based on regular terms	-
		An Hui Min Tung	3	Operating revenue, net	47,262	Based on regular terms	-
		An Ching Tsai Tung	3	Operating revenue, net	29,064	Based on regular terms	-
		Zi Bo Yu An	3	Operating revenue, net	17,835	Based on regular terms	-
		17	Chang Sha Yu Lu	Dong Feng Yulon Sales Company	3	Other current assets	11,039
18	Nan Jing Yu Hua	Nanjing Hanhong	3	Other receivables from related parties	126,977	Based on regular terms	-
		Yulon Motor Investment	3	Other receivables from related parties	22,416	Based on regular terms	-
19	Nanjing Hanhong	Zhu Hai Fu Te En	3	Other receivables from related parties	56,125	Based on regular terms	-
		Nan Jing Yu Shang	3	Other receivables from related parties	75,608	Based on regular terms	-
20	Luxgen Tainan	Luxgen	3	Notes and trade receivables, net	13,008	Based on regular terms	-
21	Ke Yu	Sheng Qing	3	Other receivables from related parties	498,143	Based on regular terms	-
22	Mei De	Sheng Qing	3	Other receivables from related parties	348,700	Based on regular terms	-
		Qing Tai	3	Other receivables from related parties	51,807	Based on regular terms	-
23	Car-plus Corporation	Diamond Leasing	3	Other receivables from related parties	70,401	Based on regular terms	-
		Diamond Leasing	3	Notes and trade receivables, net	167,104	Based on regular terms	-
24	Luxgen Taoyuan	Luxgen	3	Notes and trade receivables, net	12,417	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	13,902	Based on regular terms	-
25	Zhu Hai Fu Te En	Zhuhai Yuhsin	3	Other receivables from related parties	64,297	Based on regular terms	-
26	Luxgen	Luxgen Overseas Holdings	3	Other receivables from related parties	83,673	Based on regular terms	-
		The Company	2	Other receivables from related parties	35,181	Based on regular terms	-
		TAC	3	Notes and trade receivables, net	100,744	Based on regular terms	-
		TAC	3	Operating revenue, net	3,687,232	Based on regular terms	13
		Car-plus Corporation	3	Operating revenue, net	26,325	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
		Luxgen Taipei	3	Operating revenue, net	\$ 60,843	Based on regular terms	-
		Luxgen Taoyuan	3	Operating revenue, net	31,101	Based on regular terms	-
		Luxgen Taichung	3	Operating revenue, net	26,056	Based on regular terms	-
		Luxgen Tainan	3	Operating revenue, net	18,002	Based on regular terms	-
		Luxgen Kaohsiung	3	Operating revenue, net	19,466	Based on regular terms	-
27	Gao Te	Tai Feng	3	Other receivables from related parties	98,881	Based on regular terms	-
28	Luxgen Kaohsiung	Luxgen	3	Notes and trade receivables, net	10,148	Based on regular terms	-
		Car-plus Corporation	3	Operating revenue, net	13,045	Based on regular terms	-
29	Tian Wang	Yu Chang	3	Notes and trade receivables, net	18,381	Based on regular terms	-
		Yu Chang	3	Operating revenue, net	23,448	Based on regular terms	-
30	Sheng Qing	Shanghai Yuming	3	Other receivables from related parties	24,942	Based on regular terms	-
		Shen Jun Yu Peng	3	Other receivables from related parties	239,198	Based on regular terms	-
		Guang Zhou Yuan Du	3	Other receivables from related parties	124,536	Based on regular terms	-
		Xiao Gan Yu Feng	3	Other receivables from related parties	111,143	Based on regular terms	-
		Yulon Motor Investment	3	Other receivables from related parties	610,791	Based on regular terms	-
		Guang Zhou Yuan Zhi	3	Other receivables from related parties	74,464	Based on regular terms	-
		Shanghai Yuexing	3	Other receivables from related parties	74,721	Based on regular terms	-
		Su Zhou Chen Long	3	Other receivables from related parties	100,122	Based on regular terms	-
		Ning Bo Yu Cheng	3	Other receivables from related parties	71,094	Based on regular terms	-
		An Ching Tsai Tung	3	Other receivables from related parties	56,068	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	210,239	Based on regular terms	-
		Jiangmen Junxing	3	Other receivables from related parties	79,851	Based on regular terms	-
		An Ching Ling Tung	3	Other receivables from related parties	29,786	Based on regular terms	-
		Jiangmen Yuli	3	Other receivables from related parties	34,872	Based on regular terms	-
		Zi Bo Yu An	3	Other receivables from related parties	14,987	Based on regular terms	-
		Fu Jian Yu Xin	3	Other receivables from related parties	100,944	Based on regular terms	-
		Xiamen Young Chang	3	Other receivables from related parties	33,376	Based on regular terms	-
		Zhu Hai Fu Te En	3	Other receivables from related parties	233,545	Based on regular terms	-
		Nanjing Hanhong	3	Other receivables from related parties	126,030	Based on regular terms	-
		Dong Tai	3	Other receivables from related parties	15,253	Based on regular terms	-
		Zhuhai Yuhsin	3	Other receivables from related parties	50,061	Based on regular terms	-
		Qingdao Yuanhuang	3	Other receivables from related parties	149,443	Based on regular terms	-
		Hang Zhou Hua Zhi	3	Other receivables from related parties	71,054	Based on regular terms	-
		Hang Zhou Hua You	3	Other receivables from related parties	12,066	Based on regular terms	-
		Shenzhen Yu Zhi	3	Other receivables from related parties	20,048	Based on regular terms	-
		Chang Sha Yu Lu	3	Other receivables from related parties	47,558	Based on regular terms	-
31	Hsiang Shou	Singan	3	Other receivables from related parties	50,432	Based on regular terms	-
32	Yu Yuen	The Company	2	Guarantee deposits	41,770	Based on regular terms	-
		The Company	2	Other current assets	48,481	Based on regular terms	-
33	Yu Chang	Yushin	3	Operating revenue, net	25,987	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
34	Yu Sing	The Company	2	Other receivables from related parties	\$ 16,023	Based on regular terms	-
		TAC	3	Other receivables from related parties	55,950	Based on regular terms	-
		Car-plus Corporation	3	Other receivables from related parties	17,055	Based on regular terms	-
		Yu-Jan	3	Other receivables from related parties	11,087	Based on regular terms	-
		The Company	2	Other receivables from related parties	37,650	Based on regular terms	-
		Car-plus Corporation	3	Other receivables from related parties	116,016	Based on regular terms	-
35	Yu-Jan	Yu Sing	3	Other receivables from related parties	10,346	Based on regular terms	-
		Yu Sing	3	Other receivables from related parties	49,858	Based on regular terms	-
36	Yue Sheng	The Company	2	Notes and trade receivables, net	42,693	Based on regular terms	-
		The Company	2	Other receivables from related parties	56,970	Based on regular terms	-
37	Yulon China	Sheng Qing	3	Other receivables from related parties	671,806	Based on regular terms	-
		Yulon China (HK) Holding	3	Other receivables from related parties	59,864	Based on regular terms	-
38	Yulon Motor Investment	Hang Zhou Hua You	3	Other receivables from related parties	97,378	Based on regular terms	-
		Shanghai Yuexing	3	Other receivables from related parties	14,944	Based on regular terms	-
		Nan Jing Yu Shang	3	Other receivables from related parties	21,710	Based on regular terms	-
		Shenzhen Yu Zhi	3	Other receivables from related parties	79,720	Based on regular terms	-
		Wuhan Yu Hsin	3	Other receivables from related parties	123,186	Based on regular terms	-
		Jiangmen Junxing	3	Other receivables from related parties	59,777	Based on regular terms	-
		Dong Feng Yulon Sales Company	3	Notes and trade receivables, net	20,040	Based on regular terms	-
39	Yulon China (HK) Holding	Sheng Qing	3	Other receivables from related parties	454,712	Based on regular terms	-
40	Yulon Energy	Luxgen	3	Other current assets	20,638	Based on regular terms	-
41	Yushin	The Company	2	Guarantee deposits	49,000	Based on regular terms	-
		TAC	3	Notes and trade receivables, net	14,540	Based on regular terms	-
		Yu Pool	3	Nonoperating revenue and expense	10,793	Based on regular terms	-
		Yu Chang	3	Operating revenue, net	22,610	Based on regular terms	-
42	Yue Ki Samoa	Yue Ki HK	3	Other receivables from related parties	15,826	Based on regular terms	-
43	Yueki	Hangchow Yue Wan	3	Other receivables from related parties	172,073	Based on regular terms	-
		The Company	2	Notes and trade receivables, net	169,637	Based on regular terms	-
		Hangchow Yue Wan	3	Notes and trade receivables, net	204,730	Based on regular terms	-
		Luxgen	3	Notes and trade receivables, net	36,875	Based on regular terms	-
		The Company	2	Operating revenue, net	211,205	Based on regular terms	1
		Luxgen	3	Operating revenue, net	16,079	Based on regular terms	-
44	Yu Pool	Yushin	3	Notes and trade receivables, net	19,943	Based on regular terms	-
		Yushin	3	Operating revenue, net	31,929	Based on regular terms	-

(Continued)