

**Yulon Motor Company Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yulon Motor Company Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yulon Motor Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2019 and 2018 and the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018, and for the nine months ended September 30, 2019 and 2018, as well as the consolidated statements of changes in equity and cash flows for the nine months then ended, and related notes (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Statements". A review of (consolidated) financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 16 the consolidated financial statements, the financial statements of non-significant subsidiaries, associates and joint ventures by the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2019 and 2018, the unreviewed assets were NT\$106,878,454 thousand and NT\$86,612,967 thousand, respectively, representing 33% and 31%, respectively, of the consolidated total assets, and the unreviewed liabilities were NT\$88,207,779 thousand and NT\$64,129,720 thousand, respectively, representing 36% and 32%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2019 and 2018, and the nine months ended September 30, 2019 and 2018, the unreviewed comprehensive income or loss were NT\$364,954 thousand, NT\$(102,421) thousand, NT\$552,936 thousand, and NT\$470,260 thousand, respectively, representing (20%), 125%, (53%) and 20%, respectively, of consolidated comprehensive income. In addition, as disclosed in Note 17 to the consolidated financial statements, as of September 30, 2019 and 2018, the carrying amounts of investments accounted for by the equity method were NT\$6,591,120 thousand and NT\$14,334,788 thousand, respectively; the credit balance of long-term equity investment accounted for by the equity method were NT\$3,736,906 thousand and NT\$1,156,888 thousand, respectively; for the three months ended September 30,

2019 and 2018, and for the nine months ended September 30, 2019 and 2018, and the amounts of the share in the comprehensive (loss) income of associates and joint ventures were NT\$(286,111) thousand, NT\$(463,168) thousand, NT\$(2,864,667) thousand and NT\$(268,304) thousand, respectively; the amounts 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. In addition, the related information of the investees disclosed in Note 39 to the consolidated financial statements were also based on the unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the effects of adjustments, if any, as might have been determined to be necessary had the financial statements of these non-significant subsidiaries, associates and joint ventures, and the related information of the investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yulon Motor Company and its subsidiaries as of September 30, 2019 and 2018, and its consolidated financial performance for the three months ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting”.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2019

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 review such consolidated financial statements are those generally applied in the Republic of China.

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 20,762,443	6	\$ 28,946,011	9	\$ 21,190,962	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	8,226,752	3	662,168	-	3,399,162	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	118,864	-	126,059	-	140,481	-
Derivative financial assets for hedging - current (Note 11)	271	-	12,356	-	9,410	-
Financial assets at amortized cost - current (Note 4, 9 and 10)	9,725,213	3	3,971,638	1	6,606,385	2
Notes and trade receivable (Notes 4 and 12)	129,677,344	40	114,630,157	37	106,414,428	38
Notes and trade receivable from related parties (Notes 4, 12, 34 and 35)	2,583,060	1	2,141,153	1	2,086,511	1
Lease receivable (Notes 4 and 13)	-	-	25,017,877	8	23,223,221	8
Finance lease receivables (Notes 4 and 13)	27,490,768	8	-	-	-	-
Other receivables (Notes 4 and 13)	10,310,625	3	5,686,913	2	3,380,381	1
Inventories (Notes 4, 15 and 30)	17,293,594	5	17,295,118	6	16,030,523	6
Other current assets (Notes 22 and 35)	10,888,488	3	8,774,988	3	10,658,526	4
Incremental costs of obtaining a contract - current (Notes 29 and 35)	2,537,172	1	2,035,940	1	1,791,046	1
Total current assets	239,614,594	73	209,300,378	68	194,931,036	69
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	3,175	-	2,620	-	316	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	472,310	-	602,818	-	836,996	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	238,420	-	464,327	-	188,249	-
Investments accounted for using the equity method (Notes 4 and 17)	20,107,063	6	29,271,476	10	28,735,762	10
Property, plant and equipment (Notes 4, 18, 30 and 36)	37,818,639	12	37,519,751	12	36,433,925	13
Right-of-use assets (Note 20)	4,265,075	1	-	-	-	-
Investment properties (Notes 4, 19 and 30)	8,307,244	3	9,756,450	3	9,810,640	4
Goodwill (Note 4)	882	-	882	-	882	-
Vehicle model development cost (Notes 4 and 21)	7,755,735	2	10,159,224	3	6,022,853	2
Other intangible assets (Notes 4 and 21)	416,356	-	414,176	-	393,529	-
Deferred tax assets (Notes 4 and 31)	1,570,269	1	1,499,140	1	1,457,242	1
Refundable deposits	1,230,107	-	1,213,254	1	1,126,362	-
Long-term lease receivables (Notes 4 and 13)	-	-	1,346,884	1	1,074,439	-
Long-term finance lease receivables (Notes 4 and 13)	1,262,831	1	-	-	-	-
Long-term prepayments for lease (Note 22)	-	-	1,070,081	-	999,696	-
Other non-current assets	3,402,947	1	3,051,632	1	1,360,036	1
Total non-current assets	86,851,053	27	96,372,715	32	88,440,927	31
TOTAL	\$ 326,465,647	100	\$ 305,673,093	100	\$ 283,371,963	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 23)	\$ 67,892,072	21	\$ 68,410,763	23	\$ 66,085,526	23
Short-term bills payable (Note 23)	95,753,711	29	79,805,108	26	74,136,491	26
Financial liabilities for hedging - current (Notes 4 and 11)	319	-	81	-	44	-
Financial liabilities at amortized cost - current (Notes 4 and 9)	2,676,808	1	-	-	-	-
Notes and trade payables	4,432,133	2	5,374,647	2	5,250,794	2
Notes and trade payable to related parties (Note 35)	9,628,393	3	8,854,427	3	8,818,641	3
Other payables (Notes 21, 25 and 35)	7,368,278	2	12,957,199	4	6,932,481	3
Current tax liabilities (Notes 4 and 31)	1,361,060	1	799,648	-	807,296	-
Provisions - current (Notes 4 and 26)	231,351	-	283,760	-	291,162	-
Lease liabilities - current (Notes 4 and 20)	634,761	-	-	-	-	-
Current portion of long-term borrowings (Note 23)	126,295	-	592,897	-	533,609	-
Current portion of bonds payable (Notes 4 and 24)	10,339,033	3	6,443,671	2	6,442,695	2
Other current liabilities (Note 25)	13,117,382	4	12,469,990	4	12,516,076	5
Total current liabilities	213,561,596	66	195,992,191	64	181,814,815	64
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 24)	15,300,000	5	15,300,000	5	10,000,000	4
Long-term borrowings (Note 23)	3,912,402	1	3,478,650	1	3,454,142	1
Provisions - non-current (Notes 4 and 26)	787,857	-	873,808	-	881,027	-
Deferred tax liabilities (Notes 4 and 31)	4,113,019	1	4,001,887	1	3,983,026	2
Lease liabilities - non-current (Notes 4 and 20)	2,587,096	1	-	-	-	-
Long-term trade payables (Notes 21, 25 and 35)	-	-	-	-	525,000	-
Net defined benefit liabilities - non-current (Notes 4 and 27)	875,412	-	952,110	1	1,037,555	-
Other non-current liabilities (Note 25)	5,938,607	2	2,014,157	1	1,654,341	1
Total non-current liabilities	33,514,393	10	26,620,612	9	21,535,091	8
Total liabilities	247,075,989	76	222,612,803	73	203,349,906	72
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 28)						
Share capital	-	-	-	-	-	-
Ordinary shares	15,729,199	5	15,729,199	5	15,729,199	6
Capital surplus	6,526,335	2	6,597,972	2	6,700,875	2
Retained earnings	-	-	-	-	-	-
Legal reserve	8,281,822	3	8,078,119	3	8,078,119	3
Special reserve	39,373,565	12	38,373,565	12	38,373,565	13
Unappropriated earnings	(1,750,519)	(1)	2,787,202	1	2,307,693	1
Total retained earnings	45,904,868	14	49,238,886	16	48,759,377	17
Other equity	-	-	-	-	-	-
Exchange differences on translating foreign operations	(1,058,489)	-	(919,398)	-	(1,074,634)	-
Unrealized gain on financial assets at fair value through other comprehensive income	1,356,748	-	1,466,521	-	1,727,652	-
Gain (loss) on hedging instrument	(22)	-	252	-	133	-
Total other equity	298,237	-	547,375	-	653,151	-
Treasury shares	(376,304)	-	(376,304)	-	(376,304)	-
Total equity attributable to owners of the Company	68,082,335	21	71,737,128	23	71,466,298	25
NON-CONTROLLING INTERESTS (Note 28)	11,307,323	3	11,323,162	4	8,555,759	3
Total equity	79,389,658	24	83,060,290	27	80,022,057	28
TOTAL	\$ 326,465,647	100	\$ 305,673,093	100	\$ 283,371,963	100

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 29, 30 and 35)								
Sales	\$ 14,082,540	65	\$ 13,870,917	69	\$ 42,372,016	67	\$ 47,606,622	73
Investment income	777	-	19,485	-	20,608	-	19,485	-
Rental revenue	2,100,409	10	2,053,773	10	6,198,796	10	6,081,588	9
Service revenue	1,033,134	5	821,770	4	2,604,656	4	2,460,790	4
Other operating revenue	4,358,354	20	3,457,812	17	11,637,904	19	9,490,208	14
Total operating revenue	21,575,214	100	20,223,757	100	62,833,980	100	65,658,693	100
OPERATING COSTS (Notes 4, 15, 27, 30 and 35)								
Cost of goods sold	12,750,211	59	12,695,577	63	37,434,304	60	42,239,234	64
Investment cost	-	-	9,043	-	-	-	13,713	-
Rental cost	1,684,833	8	1,701,679	8	5,034,508	8	5,028,133	8
Service cost	526,419	2	424,535	2	1,448,162	2	1,408,553	2
Other operating cost	2,393,998	11	430,428	2	6,009,453	9	2,286,592	3
Total operating costs	17,355,461	80	15,261,262	75	49,926,427	79	50,976,225	77
GROSS PROFIT	4,219,753	20	4,962,495	25	12,907,553	21	14,682,468	23
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	1,447	-	552	-	4,432	-	(3,202)	-
REALIZED GROSS PROFIT	4,221,200	20	4,963,047	25	12,911,985	21	14,679,266	23
OPERATING EXPENSES (Notes 4, 27, 30 and 35)								
Selling and marketing expenses	2,152,771	10	1,709,898	9	6,322,915	10	5,218,377	8
General and administrative expenses	1,244,178	6	1,803,468	9	4,127,947	7	5,471,175	8
Research and development expenses	29,643	-	77,218	-	131,400	-	236,718	1
Expected credit loss	1,074,239	5	611,419	3	3,073,590	5	1,535,729	2
Total operating expenses	4,500,831	21	4,202,003	21	13,655,852	22	12,461,999	19
PROFIT FROM OPERATIONS	(279,631)	(1)	761,044	4	(743,867)	(1)	2,217,267	4
NON-OPERATING INCOME								
Other income (Notes 4 and 30)	515,960	3	206,905	1	925,446	2	592,520	1
Other gains and losses (Notes 4 and 30)	(1,638,924)	(7)	(150,566)	(1)	1,343,216	2	(340,294)	(1)
Finance costs (Notes 4 and 30)	(195,448)	(1)	(124,272)	(1)	(632,478)	(1)	(332,245)	-
Share of profit of associates and joint ventures accounted for by the equity method (Notes 4 and 17)	724,832	3	294,670	2	(551,431)	(1)	2,035,024	3
Interest income (Notes 4 and 30)	72,489	-	70,770	-	236,049	-	196,762	-
Total non-operating income	(521,091)	(2)	297,507	1	1,320,802	2	2,151,767	3

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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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ (800,722)	(4)	\$ 1,058,551	5	\$ 576,935	1	\$ 4,369,034	7
INCOME TAX EXPENSE (Notes 4 and 31)	<u>306,201</u>	<u>1</u>	<u>423,027</u>	<u>2</u>	<u>1,699,344</u>	<u>3</u>	<u>1,421,982</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>(1,106,923)</u>	<u>(5)</u>	<u>635,524</u>	<u>3</u>	<u>(1,122,409)</u>	<u>(2)</u>	<u>2,947,052</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	(78)	-	(71)	-	7,160	-	3,983	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(31,737)	-	(21,042)	-	214,942	-	3,891	-
Share of the other comprehensive losses of associates and joint ventures accounted for by the equity method	<u>27,698</u>	<u>-</u>	<u>20,930</u>	<u>-</u>	<u>74,550</u>	<u>-</u>	<u>(26,410)</u>	<u>-</u>
	<u>(4,117)</u>	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>296,652</u>	<u>-</u>	<u>(18,536)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(421,347)	(2)	(358,444)	(1)	(225,519)	-	(260,571)	-
Loss on hedging instruments not subject to basis adjustment	(244)	-	1,330	-	(490)	-	492	-
Share of the other comprehensive of associates and joint ventures accounted for by the equity method	<u>(288,571)</u>	<u>(1)</u>	<u>(360,169)</u>	<u>(2)</u>	<u>16,187</u>	<u>-</u>	<u>(262,451)</u>	<u>(1)</u>
	<u>(710,162)</u>	<u>(3)</u>	<u>(717,283)</u>	<u>(3)</u>	<u>(209,822)</u>	<u>-</u>	<u>(522,530)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(714,279)</u>	<u>(3)</u>	<u>(717,466)</u>	<u>(3)</u>	<u>86,830</u>	<u>-</u>	<u>(541,066)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (1,821,202)</u>	<u>(8)</u>	<u>\$ (81,942)</u>	<u>-</u>	<u>\$ (1,035,579)</u>	<u>(2)</u>	<u>\$ 2,405,986</u>	<u>4</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ (1,570,242)	(7)	\$ 238,517	1	\$ (2,507,501)	(4)	\$ 1,617,175	2
Non-controlling interests	<u>463,319</u>	<u>2</u>	<u>397,007</u>	<u>2</u>	<u>1,385,092</u>	<u>2</u>	<u>1,329,877</u>	<u>2</u>
	<u>\$ (1,106,923)</u>	<u>(5)</u>	<u>\$ 635,524</u>	<u>3</u>	<u>\$ (1,122,409)</u>	<u>(2)</u>	<u>\$ 2,947,052</u>	<u>4</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ (2,181,969)	(10)	\$ (417,394)	(2)	\$ (2,356,557)	(4)	\$ 1,117,942	2
Non-controlling interests	<u>360,767</u>	<u>2</u>	<u>335,452</u>	<u>2</u>	<u>1,320,978</u>	<u>2</u>	<u>1,288,044</u>	<u>2</u>
	<u>\$ (1,821,202)</u>	<u>(8)</u>	<u>\$ (81,942)</u>	<u>-</u>	<u>\$ (1,035,579)</u>	<u>(2)</u>	<u>\$ 2,405,986</u>	<u>4</u>
EARNINGS PER SHARE								
(Note 32)								
Basic	<u>\$ (0.77)</u>		<u>\$ 0.06</u>		<u>\$ (0.62)</u>		<u>\$ 0.94</u>	
Diluted	<u>\$ (0.77)</u>		<u>\$ 0.06</u>		<u>\$ (0.62)</u>		<u>\$ 0.94</u>	

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Total Equity		
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Gain (Loss) on Hedging Instruments	Treasury Shares		Total	Non-controlling Interests
			Legal Reserve	Special Reserve	Unattributed Earnings		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Other Comprehensive Income					
BALANCE, JANUARY 1, 2018	\$ 15,729,199	\$ 6,665,705	\$ 7,849,288	\$ 37,373,565	\$ 2,824,893	\$ (593,515)	\$ 1,755,559	\$ (92)	\$ (376,304)	\$ 71,228,298	\$ 8,688,986	\$ 79,917,284	
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	228,831	-	(228,831)	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-	
Cash dividends distributed by the Company (\$0.58 per share)	-	-	-	-	(912,294)	-	-	-	-	(912,294)	-	(912,294)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,156,557)	(1,156,557)	
Change in equity from investments in associates and joint venture accounted for by using equity method	-	7,857	-	-	1,030	-	-	-	-	8,887	-	8,887	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	
Difference between proceeds from acquisition or disposal of subsidiary and book value	-	27,313	-	-	(3,848)	-	-	-	-	23,465	(241,249)	(241,249)	
Net profit for the nine months ended September 30, 2018	-	-	-	-	1,617,175	-	-	-	-	1,617,175	1,329,877	2,947,052	
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	(481,119)	(28,062)	225	-	(499,233)	(41,833)	(541,066)	
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	-	-	-	-	-	-	-	
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	1,626,898	(481,119)	(28,062)	225	-	1,117,942	1,288,044	2,405,986	
BALANCE, SEPTEMBER 30, 2018	\$ 15,729,199	\$ 6,700,875	\$ 8,078,119	\$ 38,373,565	\$ 2,307,693	\$ (1,074,634)	\$ 1,727,652	\$ 133	\$ (376,304)	\$ 71,466,298	\$ 8,555,759	\$ 80,022,057	
BALANCE, JANUARY 1, 2019	\$ 15,729,199	\$ 6,597,972	\$ 8,078,119	\$ 38,373,565	\$ 2,787,202	\$ (919,398)	\$ 1,466,521	\$ 252	\$ (376,304)	\$ 71,737,128	\$ 11,323,162	\$ 83,060,290	
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	203,703	-	(203,703)	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	-	-	-	-	
Cash dividends distributed by the Company (\$0.67 per share)	-	-	-	-	(1,053,857)	-	-	-	-	(1,053,857)	-	(1,053,857)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,098,281)	(1,098,281)	
Change in equity from investments in associates and joint venture accounted for by using equity method	-	7,932	-	-	(168,161)	-	-	-	-	(160,229)	-	(160,229)	
Difference between proceeds from acquisition or disposal of subsidiary and book value	-	(79,569)	-	-	(4,581)	-	-	-	-	(84,150)	59,148	(25,002)	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(297,684)	(297,684)	
Net profit for the nine months ended September 30, 2019	-	-	-	-	(2,507,501)	-	-	-	-	(2,507,501)	1,385,092	(1,122,409)	
Other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	(139,091)	276,887	(274)	-	150,944	(64,114)	86,830	
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	(2,494,079)	(139,091)	276,887	(274)	-	(2,356,557)	1,320,978	(1,035,579)	
Associates disposed the investments in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	386,660	-	(386,660)	-	-	-	-	-	
BALANCE, SEPTEMBER 30, 2019	\$ 15,729,199	\$ 6,526,335	\$ 8,281,822	\$ 39,373,565	\$ (1,750,519)	\$ (1,058,489)	\$ 1,356,748	\$ (22)	\$ (376,304)	\$ 68,082,335	\$ 11,307,323	\$ 79,389,658	

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

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 576,935	\$ 4,369,034
Adjustments for:		
Interest income	(10,736,844)	(8,216,864)
Depreciation expenses	5,640,978	5,048,020
Gain on proceeds of investments accounted for using the equity method	(3,150,981)	-
Expected credit loss	3,073,590	1,535,729
Impairment loss recognized on non-financial assets	3,847,524	394,846
Finance costs	2,901,531	1,900,595
Amortization expenses	1,898,532	1,592,732
Share of profit of associates and joint ventures accounted for by the equity method	551,431	(2,035,024)
Dividend income	(39,048)	(48,234)
Recognition (reversal) of provisions	(21,389)	118,681
Net loss on foreign currency exchange	12,686	161,528
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(9,128)	9,100
Realized (gain) loss on the transactions with associates and joint ventures accounted for by the equity method	(4,432)	3,764
Loss on disposal of property, plant and equipment	3,305	6,568
Loss on disposal of intangible assets	1,023	-
Gain on modification of lease	(10)	-
Impairment loss recognized on financial assets	-	3,931
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(7,576,723)	(1,284,685)
Notes and trade receivable	(17,456,403)	(15,804,444)
Other receivables	(2,564,843)	(453,494)
Inventories	699,768	(1,395,729)
Other current assets	(2,477,489)	(4,726,924)
Finance lease receivables	(3,620,830)	(6,390,666)
Available-for-operating-sale leased assets	(4,028,741)	(4,626,520)
Other operating assets	(206,501)	(318,375)
Incremental cost of obtaining a contract	(2,004,891)	(1,454,229)
Notes and trade payable	10,416	(368,818)
Other payables	(1,313,609)	(6,089,810)
Provisions	(116,971)	(139,924)
Guarantee deposits received	594,122	606,417
Other current liabilities	290,617	552,557
Accrued pension liabilities	(69,538)	(338,242)
Other operating liabilities	439,109	(118,547)
Cash used in operations	(34,856,804)	(37,507,027)
Interest received	10,262,226	8,324,367
		(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
Interest paid	\$ (2,849,539)	\$ (1,867,566)
Income tax paid	<u>(1,119,018)</u>	<u>(1,003,847)</u>
Net cash used in operating activities	<u>(28,563,135)</u>	<u>(32,054,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in proceeds on associates	11,159,039	-
Purchase of financial assets at amortized cost	(5,560,961)	804,622
Payments for intangible assets	(4,783,807)	(98,535)
Dividend received	3,402,937	3,878,568
Payments for property, plant and equipment	(2,851,772)	(1,978,044)
Proceeds from disposal of property, plant and equipment	664,280	532,751
Proceeds on financial assets at fair value through other comprehensive income	397,500	1,692
Payments for investment properties	(54,598)	(181,465)
Decrease in refundable deposits	(37,203)	61,797
Payment for right-of-use assets	(18,648)	-
Acquisition of subsidiaries	12,907	-
Proceeds on intangible assets	2,031	-
Payments for other non-current assets	-	(1,074,088)
Purchase of investments accounted for using the equity method	-	(35,178)
Decrease in prepayments for leases	<u>-</u>	<u>41,661</u>
Net cash generated from investing activities	<u>2,331,705</u>	<u>1,953,781</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	224,646,377	182,559,776
Repayment of short-term bills payable	(208,466,051)	(173,769,935)
Proceeds from short-term borrowings	120,801,857	129,793,986
Repayment of short-term borrowings	(120,385,354)	(112,026,412)
Repayment of long-term borrowings	(16,282,160)	(14,371,858)
Proceeds from long-term borrowings	16,207,571	14,639,006
Issuance of bonds payable	3,892,150	2,096,900
Dividends paid	(2,142,223)	(2,061,985)
Proceeds of financial liabilities at amortized cost	906,945	-
Payment of lease liabilities principal	(563,513)	-
Change in non-controlling interests	(303,310)	(241,249)
Repayments of guarantee deposits received	(156,330)	-
Proceeds from guarantee deposits received	<u>-</u>	<u>71,872</u>
Net cash generated from financing activities	<u>18,155,959</u>	<u>26,690,101</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(108,097)</u>	<u>(30,036)</u>

(Continued)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (8,183,568)	\$ (3,440,227)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>28,946,011</u>	<u>24,631,189</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 20,762,443</u>	<u>\$ 21,190,962</u>

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

(Concluded)

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (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 consolidated financial statements were approved by the board of directors on November 11, 2019.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the FSC (collectively, the “IFRSs”)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group will elect to apply the guidance of IFRS 16, in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease

liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepayments for rights to use land are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, which is the carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.
- c) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 0.90%-6.64%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 3,946,684
Less: Recognition exemption for short-term leases	(51,997)
Less: Recognition exemption for leases of low-value assets	<u>(29,298)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 3,865,389</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 3,567,662</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 3,567,662</u>

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments (presented in other current assets)	\$ 58,914	\$ (58,914)	\$ -
Lease receivables - current	25,017,877	(25,017,877)	-
Finance lease receivables - current	-	25,017,877	25,017,877
Lease receivables - non-current	1,346,884	(1,346,884)	-
Finance lease receivables - non-current	-	1,346,884	1,346,884
Prepayments for leases - non-current	1,070,081	(915,014)	155,067
Right-of-use assets	-	4,541,590	4,541,590
Total effect on assets	<u>\$ 27,493,756</u>	<u>\$ 3,567,662</u>	<u>\$ 31,061,418</u>
Lease liabilities - current	\$ -	\$ 839,221	\$ 839,221
Lease liabilities - non-current	-	2,728,441	2,728,441
Total effect on liabilities	<u>\$ -</u>	<u>\$ 3,567,662</u>	<u>\$ 3,567,662</u>

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively.

b. New IFRSs endorsed and issued into effect by the FSC in 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definition of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
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
IFRS 17 “Insurance Contracts”	January 1, 2021

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

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

The amendments stipulate that, when the Group 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 the Group 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 the Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated.

2) IFRS 17 - Insurance Contracts

IFRS 17 is the accounting treatment for insurance contracts, which will replace IFRS 4 “Insurance Contracts”. The main specifications of IFRS 17 are as follows:

Level of aggregation

IFRS 17 requires entities to identify portfolios of insurance contracts; a portfolio comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition, if any;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- c) A group of the remaining contracts in the portfolio, if any.

The Company is not permitted to include contracts issued more than one year apart in the same group.

Recognition

The Company shall recognize a group of insurance contracts it issues from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when a contract becomes onerous.

Measurement

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows, which comprise of estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows (to the extent that the financial risks are not included in the estimates of the future cash flows), and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit the Group will recognize as it provides services in the future.

The Group shall measure the contractual service margin on initial recognition of a group of insurance contracts at the amount, unless the contracts result in no income or expense, derived from:

- a) The initial recognition of an amount for the fulfilment cash flows,
- b) The derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flow; and
- c) Any cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprising of the fulfilment cash flows related to future service allocated to the contract group at that date and the contractual service margin of the contract group at that date. The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the contract group at that date. The Group shall recognize income and expenses for the changes in the carrying amount of the liability for incurred claims.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows, and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group shall group such contracts separately from contracts that are not onerous. The Group shall recognize in profit or loss a loss on the net outflow of the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero.

Premium allocation approach

The Group may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the contract group:

- a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage of the contract group that would not differ materially from the general model, or
- b) The coverage period of each contract in the group is one year or less.

The criterion in (a) is not met if at the inception of the contract group, the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

Using the premium allocation approach, the Group shall measure the liability for remaining coverage as the premiums, if any, received at initial recognition minus any insurance acquisition cash flows at that date. At the end of each subsequent reporting period, the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period, plus any adjustment to a financing component, minus the amount recognized as insurance revenue for coverage provided in that period, minus any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features does not include a transfer of significant insurance risk. If the Group issues an investment contract with discretionary participation characteristics and also issues an insurance contract, the contract should also be subject to IFRS 17.

Modification and derecognition

In accordance with the transitional provisions, if the terms of an insurance contract are modified, for example by agreement between the parties to the contract or by a change in regulation, the Group shall derecognize the original contract and recognize the modified contract as a new contract.

The Group shall derecognize an insurance contract when, and only when, it is extinguished or the obligation specified in the insurance contract expires or is discharged or cancelled.

Transition

The Group shall apply IFRS 17 retrospectively unless impracticable; otherwise, the Group shall apply the modified retrospective approach or the fair value approach.

The objective of the modified retrospective approach is to achieve the possible outcome closest to retrospective application by using reasonable and supportable information available without undue cost or effort.

In the fair value approach, the Group determines the contractual service margin or loss component of the liability for the remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Except for the above impact, as of the date the financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim 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 and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Consolidation

The consolidated financial statements have been prepared on the historical cost basis except for financial investment and contingent considerations assumed in business combinations which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, 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 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months 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 YFC Co., Ltd., Yustar Co., Ltd., TAC Leasing Co., Ltd., TAC Financial Leasing Co., Ltd., Yulon Motor Finance (China) Co., Ltd., Yu Rich Financial Services Co., Ltd, Yulon Finance Philippines Corporation, Yulon Construction 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.

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 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 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 acquiree 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 acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is not completed 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 owners' 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 included in the calculation of equity transactions and 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.

Yulon Finance Corporation (YFC) 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 YFC's inventories.

Construction industry inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The inventory of construction business are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in bringing them to their existing location and condition and capitalized borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

Construction-in-progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses.

Properties and land held for sale

Net realizable value is the estimated selling price (refer to the market condition estimated by authority) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value or estimated by recent market value.

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 is deducted from 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 increased.

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 joint venture on the same basis as would be required if that associate and joint venture 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 joint venture of entities that are not related to the Group.

Property, Plant and Equipment

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

Property, 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. For leased asset, if the lease term is shorter than the useful life of the asset, the asset is 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 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.

An entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognized as revenue in accordance with IFRS 15 "Revenue from Contracts with Customers". IFRS 15 does not apply when assets held for sale in the ordinary course of business are transferred to inventories.

Assets held for rental that are transferred to inventories at their carrying amount are classified under operating activities.

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.

Own 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.

For a transfer from the investment properties classification to inventories, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of development with a view to future sale.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount

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

On 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 carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on 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 derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Assets Related to Contract Costs

When a sales contract is obtained, commissions of accounts receivable purchasing and the equipment leasing business are recognized as incremental costs of obtaining a contract to the extent the costs are expected to be recovered, and are recognized as commission expenses using interest method through the contract period. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the asset that the Group otherwise would have recognized is expected to be one year or less.

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's 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or 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 the carrying amount of the asset or CGU is increased to a revised estimate of its recoverable amount, the impairment loss is reversed, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on 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 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 sales 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 FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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. Fair value is determined in the manner described in Note 34.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, finance lease receivables, treasury bills and other receivables and government bonds, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivables, trade receivables, and other receivables), finance lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for notes receivables, trade receivables and finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

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 derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a liability instrument at FVTOCI, 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. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

a) Financial liability at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 34.

b) Financial liability at amortized cost

The group's financial liability measured at amortized cost transfers financial assets and related right to trust institutions, which issue beneficiary certificates, and all proceeds raised go to consolidated entities. Under this transaction architecture, the Group does not lose the right of controlling financial assets, and nor derecognize them.

2) Derecognition of financial liabilities

The Group only derecognizes the financial liabilities when the obligation is lifted, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks and foreign exchange rate risks, including interest rate swaps and cross-currency swaps.

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 hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) 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 host contracts are not measured at FVTPL.

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 relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity 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

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from sale of goods

Revenue from the sale of goods comes from sales of cars and materials.

The Group recognize revenue on goods delivered to subcontractors because this delivery involve a transfer of control.

Revenue from sale of goods comes from sales of operating assets held for rental to others. Sales of operating assets held for rental to others are recognized as revenue when ownership of the goods are transferred to the buyers.

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.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

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 as a multiple element revenue transaction, and award credits are accounted for as 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 revenue

A lease is classified as a finance lease if it transfers substantially all the risks, and rewards upon transfer of property or asset. Otherwise, it is classified as an operating lease.

2019

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2018

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.

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

c. Investment income

For security transactions by Yung Hong Investment Company, the difference between the carrying amount of security 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.

Leasing

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

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

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in the amounts expected to be payable under a residual value guarantee, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

a. The Group as lessor

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

b. The Group as lessee

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

Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their 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

Pension costs for an interim period are calculated on a year-to-date basis by using the actuarially determined pension cost rate as determined at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Share-based Payment Arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

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. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income in the period in which the change in tax rate occurs.

a. Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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 estimates are 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.

For the summary of critical accounting judgements and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 22,630	\$ 26,750	\$ 22,270
Checking accounts and demand deposits	14,250,053	25,027,407	15,203,246
Cash equivalent			
Time deposits with original maturities within 3 months	6,185,824	3,890,094	5,960,367
Third-party payment service deposits	4,086	1,760	5,079
Repurchase agreements collateralized by bonds	<u>299,850</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,762,443</u>	<u>\$ 28,946,011</u>	<u>\$ 21,190,962</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic quoted shares	\$ 22,580	\$ 23,597	\$ 27,783
Domestic unlisted shares	652	1,765	2,809
Mutual funds	6,684,928	159,639	1,947,879
Hybrid financial assets			
Structured deposits	600,497	13,973	14,511
Principal guaranteed financial assets	<u>918,095</u>	<u>463,194</u>	<u>1,406,180</u>
	<u>\$ 8,226,752</u>	<u>\$ 662,168</u>	<u>\$ 3,399,162</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	\$ 3,175	\$ 2,304	\$ -
Mutual funds	<u>-</u>	<u>316</u>	<u>316</u>
	<u>\$ 3,175</u>	<u>\$ 2,620</u>	<u>\$ 316</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Quoted stocks	<u>\$ 118,864</u>	<u>\$ 126,059</u>	<u>\$ 140,481</u>
<u>Non-current</u>			
Domestic investments			
Quoted stocks	\$ 72,316	\$ 53,635	\$ 68,843
Domestic unlisted shares	398,455	547,279	766,824
Others	<u>1,539</u>	<u>1,904</u>	<u>1,329</u>
	<u>\$ 472,310</u>	<u>\$ 602,818</u>	<u>\$ 836,996</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In May 2019, the Group dispose of financial assets at fair value through other comprehensive income - ordinary shares of Taiwin Company to Xiang Wei Co., Ltd., the disposal price was 396,000 thousand, and related other equity - the unrealized gains and losses of financial assets at fair value through other comprehensive income of financial assets of 369,760 thousand are transferred to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Treasury bills with original maturity more than 3 months	\$ -	\$ 40,390	\$ 176,790
Time deposits with original maturity more than 3 months	9,323,821	3,297,430	5,248,787
Reserve account	215,068	308,438	240,489
Restricted Bank deposit	126,114	78,721	208,198
Pledged time deposits	27,292	205,504	282,356
Bank deposit for specified purpose	32,918	41,155	49,765
Debt instruments investment	-	-	400,000
	<u>\$ 9,725,213</u>	<u>\$ 3,971,638</u>	<u>\$ 6,606,385</u>
<u>Non-current</u>			
Central Government Development Bonds (a)	\$ 15,623	\$ 16,170	\$ 16,286
Pledged time deposits	34,328	17,726	17,726
Restricted Bank deposit	181,786	380,432	114,219
Time deposits with original maturity more than 3 months	-	44,030	34,050
Debt instruments investment	6,683	5,969	5,968
	<u>\$ 238,420</u>	<u>\$ 464,327</u>	<u>\$ 188,249</u>
Securitization beneficiary securities loan (b)	<u>\$ 2,676,808</u>	<u>\$ -</u>	<u>\$ -</u>

- TAC corporation Yustar invested in Central Government Development Bonds with yearly payment coupon rates of 3.75% and 1.42% and with maturity dates of August 16, 2022 and February 13, 2021, respectively. As of September 30, 2019, Yustar pledged Central Government Development Bonds with face values of \$9,000 thousand as guarantee deposits for evidence of claims in the courthouse.
- The Group holds the creditor's right to the beneficiary securities issued by trust institutions through accounts receivable securitization in March and September 2019. The scale of the first time issue of priority trust beneficiary right is RMB5.3 billion, which accounts for 85.13% of total beneficiary rights. Among the priority trust beneficiary right, the scale of the A1-level is RMB3.1 billion, and the annual beneficiary rate is 4.6%, which expired in September 2019. The scale of the A2-level is RMB1.5 billion, and the annual beneficiary rate is 4.8%, which is expected to expire in February 2020. The scale of the B-level is RMB0.7 billion, and the annual beneficiary rate is 6.5%, which is expected to expire in May 2020. The interest is paid monthly for such beneficiary certificate. The scale of the secondary beneficiary right is RMB0.93 billion. There is no annual beneficiary right, and the expected expiration date is December 2020. The scale of the second time issue of priority trust beneficiary right is RMB2.51 billion, which accounts for 81.07% of total beneficiary rights. Among the priority trust beneficiary right, the scale of the A1-level is RMB0.74 billion, and the annual beneficiary rate is 4.2%, which is expected to expire in December 2019. The scale of the A2-level is RMB1.51 billion, and the annual

beneficiary rate is 5.2%, which is expected to expire in November 2020. The scale of the B-level is RMB0.26 billion, and the annual beneficiary rate is 6.5%, which is expected to expire in December 2020. The interest is paid monthly for such beneficiary certificate. The scale of the secondary beneficiary right is RMB0.59 billion. There is no annual beneficiary right, and the expected expiration date is December 2021.

- c. Refer to Note 10 for information relating to credit risk management and impairment of financial assets at amortized cost.
- d. Refer to Note 36 for information relating to financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	September 30, 2019	December 31, 2018	September 30, 2018
Gross carrying amount	\$ 9,966,849	\$ 4,439,896	\$ 6,798,565
Less: Allowance for impairment loss	<u>(3,216)</u>	<u>(3,931)</u>	<u>(3,931)</u>
Amortized cost	<u>\$ 9,963,633</u>	<u>\$ 4,435,965</u>	<u>\$ 6,794,634</u>

The Group only invests in government bonds and deposits that are assessed with no impairment loss, rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information of government bonds is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

11. FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets under hedge accounting</u>			
Cash flow hedges - cross currency swaps (a)	\$ -	\$ 12,356	\$ 9,410
Cash flow hedges - interest rate swaps (b)	<u>271</u>	<u>-</u>	<u>-</u>
	<u>\$ 271</u>	<u>\$ 12,356</u>	<u>\$ 9,410</u>
<u>Financial liabilities under hedge accounting</u>			
Cash flow hedges - interest rate swaps (b)	<u>\$ 319</u>	<u>\$ 81</u>	<u>\$ 44</u>

- a. The goal of the Company entering into cross currency swap (CCS) transaction is mainly avoid the risk of exchange rate and interest rate fluctuations related to USD loan. The terms of CCS contract are identical to those for debts under hedging; thus, the Company's management considered this contract a highly effective tool for hedging. The outstanding CCS contract at the end of the reporting period was as follows:

September 30, 2019: None

Notional Amounts (In Thousands)	Maturity Date	Interest Rates - Receipt	Interest Rates - Payment
<u>December 31, 2018</u>			
US\$15,000	2019.05.21	3-month London InterBank Offer Rate plus 0.45%	0.720%
<u>September 30, 2018</u>			
US\$15,000	2019.05.21	3-month London InterBank Offer Rate plus 0.45%	0.720%

- 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 Company's management considered these contracts a highly effective tool for hedging. The outstanding IRS contracts at the end of the reporting period were as follows:

Notional Amounts (In Thousands)	Maturity Date	Interest Rates - Receipt	Interest Rates - Payment
<u>September 30, 2019</u>			
\$ 500,000	2022.04.29	Note	0.715%
500,000	2022.05.23	Note	0.708%
<u>December 31, 2018</u>			
\$ 300,000	2019.04.25	Note	0.745%
200,000	2019.04.25	Note	0.740%
<u>September 30, 2018</u>			
\$ 300,000	2019.04.25	Note	0.745%
200,000	2019.04.25	Note	0.740%

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

12. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Notes and trade receivables	\$ 154,696,400	\$ 134,816,065	\$ 124,801,119
Less: Allowance for impairment loss	(3,905,594)	(3,281,081)	(3,074,761)
Unrealized interest income	<u>(18,530,402)</u>	<u>(14,763,674)</u>	<u>(13,225,419)</u>
	<u>\$ 132,260,404</u>	<u>\$ 116,771,310</u>	<u>\$ 108,500,939</u>

For the nine months ended September 30, 2019

Trade and notes receivable

The average credit period for the sale of goods for “Brand Segments” was 3 to 60 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.

Principal and interests for Horizontal Segments within the Group are collected monthly. For delayed payments, interests are accrued on the basis of the number of days that payments are outstanding. For the assessment of expected credit losses, in addition to considering the impairment losses recognized by individual customers, the Group assessed expected credit losses of different business on a collective basis based on macroeconomic factors, past experience and forward-looking indicators.

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 following table details the loss allowance of trade receivables based on the Group’s provision matrix.

	Not Past Due	1-180 Days	More Than 180 Days	Total
<u>September 30, 2019</u>				
Gross carrying amount	\$ 133,210,843	\$ 2,128,308	\$ 826,847	\$ 136,165,998
Loss allowance (Lifetime ECL)	<u>(3,281,633)</u>	<u>(219,308)</u>	<u>(404,653)</u>	<u>(3,905,594)</u>
Amortized cost	<u>\$ 129,929,210</u>	<u>\$ 1,909,000</u>	<u>\$ 422,194</u>	<u>\$ 132,260,404</u>

(Continued)

	Not Past Due	1-180 Days	More Than 180 Days	Total
<u>December 31, 2018</u>				
Gross carrying amount	\$ 117,271,151	\$ 1,837,055	\$ 944,185	\$ 120,052,391
Loss allowance (Lifetime ECL)	<u>(2,918,245)</u>	<u>(141,100)</u>	<u>(221,736)</u>	<u>(3,281,081)</u>
Amortized cost	<u>\$ 114,352,906</u>	<u>\$ 1,695,955</u>	<u>\$ 722,449</u>	<u>\$ 116,771,310</u>
<u>September 30, 2018</u>				
Gross carrying amount	\$ 108,917,105	\$ 1,755,133	\$ 903,462	\$ 111,575,700
Loss allowance (Lifetime ECL)	<u>(2,723,099)</u>	<u>(90,557)</u>	<u>(261,105)</u>	<u>(3,074,761)</u>
Amortized cost	<u>\$ 106,194,006</u>	<u>\$ 1,664,576</u>	<u>\$ 642,357</u>	<u>\$ 108,500,939</u> (Concluded)

The movements of the loss allowance of note and trade receivables were as follows:

	<u>For the Nine Months Ended September 30</u>	
	2019	2018
Balance at January 1	\$ 3,281,081	\$ 2,691,076
Add: Net remeasurement of loss allowance	1,895,477	1,139,791
Less: Amounts written off	(1,259,109)	(748,445)
Foreign exchange gains and losses	<u>(11,855)</u>	<u>(7,661)</u>
Balance at September 30	<u>\$ 3,905,594</u>	<u>\$ 3,074,761</u>

13. FINANCE LEASE RECEIVABLES

2019

	<u>September 30, 2019</u>
<u>Undiscounted lease payments</u>	
Year 1	\$ 20,667,327
Year 2	9,296,433
Year 3	3,461,158
Year 4	1,082,638
Year 5	420,775
Year 6 onwards	<u>1,626</u>
	34,929,957
Less: Unearned finance income	(4,186,660)
Less: Allowance for impairment loss	<u>(1,989,698)</u>
Discounted unguaranteed residual value	<u>\$ 28,753,599</u>
Net investment in leases presented as finance lease receivables	<u>\$ 28,753,599</u>

2018

	December 31, 2018	September 30, 2018
<u>Gross investment in leases</u>		
Up to one year	\$ 16,888,173	\$ 15,021,129
More than one year and up to five years	14,712,299	13,879,306
More than five years	<u>61,964</u>	<u>44,348</u>
	31,662,436	28,944,783
Less: Unearned finance income	(3,886,081)	(3,317,833)
Less: Allowance for uncollectible lease payments	<u>(1,411,594)</u>	<u>(1,329,290)</u>
Present value of minimum lease payments	<u>\$ 26,364,761</u>	<u>\$ 24,297,660</u>
<u>Finance lease receivables</u>		
Up to one year	\$ 14,862,843	\$ 13,412,369
More than one year and up to five years	12,857,313	12,173,572
More than five years	<u>56,199</u>	<u>41,009</u>
	27,776,355	25,626,950
Less: Allowance for uncollectible lease payments	<u>(1,411,594)</u>	<u>(1,329,290)</u>
Finance lease receivables	<u>\$ 26,364,761</u>	<u>\$ 24,297,660</u>
Current	\$ 25,017,877	\$ 23,223,221
Non-current	<u>1,346,884</u>	<u>1,074,439</u>
	<u>\$ 26,364,761</u>	<u>\$ 24,297,660</u>

The Group signed finance lease agreements for cars and equipment having an average lease term of 2.40 years.

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The ranges of interest rates inherent in the finance leases were approximately 3.69%-14.41%, 3.94%-15.24% and 4.86%-14.76% per annum as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

Finance lease receivables are secured by holding leased equipment as collaterals. The expected credit losses on trade receivables are recognized as loss allowance by reference to past default experience of the debtor and an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and expected credit loss rates of forward-looking indicators.

The Group assesses the loss allowance of finance lease receivables individually and collectively. The movements were as follows:

September 30, 2019

	Not Past Due	1-180 Days	More Than 180 Days	Total
Gross carrying amount	\$ 27,964,657	\$ 1,493,720	\$ 1,284,920	\$ 30,743,297
Loss allowance (Lifetime ECL)	<u>(512,724)</u>	<u>(192,054)</u>	<u>(1,284,920)</u>	<u>(1,989,698)</u>
Amortized cost	<u>\$ 27,451,933</u>	<u>\$ 1,301,666</u>	<u>\$ -</u>	<u>\$ 28,753,599</u>

December 31, 2018

	Not Past Due	1-180 Days	More Than 180 Days	Total
Gross carrying amount	\$ 26,012,719	\$ 924,925	\$ 838,711	\$ 27,776,355
Loss allowance (Lifetime ECL)	<u>(432,296)</u>	<u>(140,587)</u>	<u>(838,711)</u>	<u>(1,411,594)</u>
Amortized cost	<u>\$ 25,580,423</u>	<u>\$ 784,338</u>	<u>\$ -</u>	<u>\$ 26,364,761</u>

September 30, 2018

	Not Past Due	1-180 Days	More Than 180 Days	Total
Gross carrying amount	\$ 23,019,001	\$ 1,856,054	\$ 751,895	\$ 25,626,950
Loss allowance (Lifetime ECL)	<u>(446,611)</u>	<u>(130,784)</u>	<u>(751,895)</u>	<u>(1,329,290)</u>
Amortized cost	<u>\$ 22,572,390</u>	<u>\$ 1,725,270</u>	<u>\$ -</u>	<u>\$ 24,297,660</u>

The movements of the loss allowance of finance lease receivables were as follows:

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 1,411,594	\$ 974,400
Add: Net remeasurement of loss allowance	794,480	396,262
Less: Amounts written off	(169,766)	-
Foreign exchange gains and losses	<u>(46,610)</u>	<u>(41,372)</u>
Balance at September 30	<u>\$ 1,989,698</u>	<u>\$ 1,329,290</u>

14. OTHER RECEIVABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Other receivable - at amortized cost	\$ 11,068,574	\$ 6,075,248	\$ 3,524,180
Less: Allowance for impairment loss	<u>(757,949)</u>	<u>(388,335)</u>	<u>(143,799)</u>
	<u>\$ 10,310,625</u>	<u>\$ 5,686,913</u>	<u>\$ 3,380,381</u>

Other receivables include proceeds from capital reduction and trade receivables from financial institutions. The movements of the loss allowance of other receivables were as follows:

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 388,335	\$ 147,601
Add: Net remeasurement of loss allowance	383,633	-
Foreign exchange gains and losses	(14,019)	(3,802)
Balance at September 30	<u>\$ 757,949</u>	<u>\$ 143,799</u>

Note: Included the receivable from related parties of the Group - Dongfeng Yulon Motor Co., Ltd. was assessed according to the expected credit loss model, and the expected credit loss mentioned in the current period was 320,130 thousand.

15. INVENTORIES

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

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	\$ 5,204,184	\$ 7,255,348	\$ 6,974,545
Work in progress	1,101,586	799,051	615,881
Raw materials	<u>3,868,813</u>	<u>3,183,178</u>	<u>2,786,255</u>
	<u>10,174,583</u>	<u>11,237,577</u>	<u>10,376,681</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	-	-	75,348
<u>Property under construction</u>	<u>7,114,670</u>	<u>6,053,200</u>	<u>5,574,153</u>
	<u>\$ 17,293,594</u>	<u>\$ 17,295,118</u>	<u>\$ 16,030,523</u>

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2019 and 2018 was \$37,434,304 thousand and \$42,239,234 thousand, respectively.

The cost of goods sold for the nine months ended September 30, 2019 and 2018 included reversal of inventory write-downs of \$125,512 thousand and \$16,973 thousand, respectively.

The design of commercial district of Yulon Town was modified in October 2019. The new design only consisted of malls. In addition, the declaration of the commencement of the residential district was temporarily stopped, and will be re-designed depending on the market situation. Therefore, the Group expected a portion of the individual asset to have no economic benefits and recognized impairment loss of \$784,169 thousand between January 1, 2019 and September 30, 2019.

The inventories pledged as collateral for bank borrowings were set out in Note 36.

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
			September 30, 2019	December 31, 2018	September 30, 2018	
The Company	Yulon Finance Corporation ("Yulon Finance Corporation")	Sale and lease of cars and parts	45.75	45.75	45.75	-
	Yu Sing Motor Co., Ltd. ("Yu Sing")	Sale, maintenance and repair of cars and parts	99.99	90.33	90.33	The Group owned 99.99% of Yu Sing in 3 rd quarter of 2019 and owned 90.33% of Yu Sing in 3 rd and 4 th quarter of 2018
	Qinton Motor Co., Ltd. ("Qinton")	Sale and maintenance of cars and parts	-	100.00	100.00	The Group owned 100% of Qinton in the three reporting periods.
	Yushin Motor Co., Ltd. ("Yushin")	Sale, maintenance and repair of cars and parts	99.99	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	17.88	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	60.00	60.00	60.00	The Group owned 100% of Yu Ching in the three reporting periods.
	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	100.00	100.00	100.00	-
	Sin Gan Co., Ltd. ("Sin Gan")	Wholesale and retail of information software	-	35.62	35.62	The Group owned 93.04% of Sin Gan in 2 nd quarter of 2019 and owned 64.96% of Sin Gan in 3 rd and 4 th quarter of 2018.
	Chan Yun Technology Co., Ltd. ("Chan Yun")	Wholesale and retail of information software	87.71	43.85	43.85	The Group acquired 43.85% of shares from Associates in the 2 nd quarter of 2019. As a result, the Group ownership of Chan Yun increase to 87.71%.
	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	34.00	The Group owned 45.99% of Y-Teks in the three reporting periods.
	Union & NKH Auto Parts Co., Ltd. ("Union & NKH")	Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles	25.01	25.01	25.01	-
	Yucki Industrial Co., Ltd. ("Yucki")	Manufacturing and sale of car components	65.58	65.58	65.58	-
	Yue Sheng Industrial Co., Ltd. ("Yue Sheng")	Car manufacture and furnishing; manufacture, installation and sale of car parts	80.07	80.07	80.07	The Group owned 80.07 % of Yue Sheng in the three reporting periods.
	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	The Group owned 100% of Yulon TOBE the three reporting periods.
	Yulon TOBE Motor Co., Ltd. ("Yulon TOBE")	Sale of cars and parts	-	100.00	100.00	Yulon Energy Company changed name into YES-Energy in 2 nd quarter of 2019, and the Group owned 100% of YES-Energy in the three reporting periods.
	Yes-Energy Service Co., Ltd. ("YES-Energy")	Wholesale and retail sale of batteries	-	100.00	100.00	The Group owned 100% of Sin Jang in 3 rd quarter of 2019 and owned 80% of Sin Jang in 3 rd and 4 th quarter of 2018.
	Sin Jang Enterprises ("Sin Jang")	Sale and brokerage of secondhand vehicles	-	20.01	20.01	The Group owned 100% of Yulon Motor Finance 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	51.00	-
	Yulon Construction Co., Ltd. ("Yulon Construction")	Construction	100.00	100.00	100.00	Established in 2 nd quarter of 2018.
	Yulon New Energy Motor (Cayman) Inc.	Investments	100.00	100.00	100.00	Established in 2 nd quarter of 2018.
	Yulon New Energy Motor (HK) Limited.	Investments	100.00	100.00	100.00	-
Yulon New Energy Motor (Cayman) Inc.	Yulon Finance Corporation ("Yustar")	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 73.03% of Car-plus in the three reporting periods.
Yulon Finance Corporation	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 Gan Co., Ltd. ("Sin Gan")	Sin Gan Co., Ltd. ("Sin Gan")	Wholesale and retail of information software	73.26	-	-	The Group owned 93.04% of Sin Gan in 3 rd quarter of 2019 and owned 64.96% of Sin Gan in 3 rd and 4 th quarter of 2018.
	Sin Jang Co., Ltd. ("Sin Jang")	Sales and brokerage of secondhand vehicles	-	40.00	40.00	The Group owned 100% of Sin Jang in 3 rd quarter of 2019 and owned 80% of Sin Jang in 3 rd and 4 th quarter of 2018.
Yulon Motor Finance	Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	49.00	49.00	49.00	The Group owned 100% of Yulon Motor Finance in the three reporting periods.
	Yu Rich Financial Services Co., Ltd. ("Yu Rich")	Installment loans of consumer goods and wholesale of cars and parts	100.00	82.12	82.12	The Group owned 100% of Yu Rich in the three reporting periods.
Yulon Finance Overseas Investment (Samoa) Co., Ltd. ("Yulon Finance Overseas")	Yulon Finance Overseas Investment (Samoa) Co., Ltd. ("Yulon Finance Overseas")	Shareholding company	100.00	100.00	100.00	-
	Shinshin Global Investment (Samoa) Co., Ltd. ("Shinshin Samoa")	Shareholding company	100.00	100.00	100.00	-
Yustar	Yes-Energy Service Co., Ltd. ("YES-Energy")	Wholesale and retail of batteries	100.00	-	-	Yulon Energy Company changed name into YES-Energy in 2 nd quarter of 2019, and the Group owned 100% of YES-Energy in the three reporting periods.
	Power Engineering Co., Ltd.	Wholesale and retail of batteries	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
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	The Group owned 100% of Sin Jang in 3 rd quarter of 2019 and owned 80% of Sin Jang in 3 rd and 4 th quarter of 2018.
	Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture")	Publication	100.00	-	-	The Group owned 100% of Hong Shou Culture in the three reporting periods.
	Da-Wei Technology Co., Ltd. ("Da-Wei")	Brokerage of electric vehicles	100.00	100.00	100.00	-
	Singgual Travel Service Co., Ltd. ("Singgual Travel")	Sale of information software, telecommunications equipment and maintenance of cars and parts	100.00	100.00	100.00	-
	Hsiang Shou Enterprise Co., Ltd. ("Hsiang Shou")	Towing	100.00	100.00	100.00	-
Sin Gan	Hong Shou Culture Enterprise Co., Ltd. ("Hong Shou Culture")	Publication	-	100.00	100.00	The Group owned 100% of Hong Shou Culture in the three reporting periods.
	Sin Jang	Sales and brokerage of secondhand vehicles	100.00	-	-	The Group owned 100% of Sin Jang in 3 rd quarter of 2019 and owned 80% of Sin Jang in 3 rd and 4 th quarter of 2018.
	Qinton Motor Co., Ltd. ("Qinton")	Sale and maintenance of cars and parts	100.00	-	-	The Group owned 100% of Qinton in the three reporting periods.
	Singgual Travel	Shang Hai Jing-Huei Investment Co., Ltd. ("Shang Hai Jing-Huei")	Sale of car equipment and parts	100.00	100.00	100.00
Da-Wei	Da Tang Traffic Co., Ltd	Taxi	100.00	100.00	100.00	-
	Dachuan Transportation Co., Ltd.	Taxi	100.00	-	-	The Group owned 100% of Dachuan in 3 rd quarter of 2019.
	Damu Transportation Co., Ltd.	Taxi	100.00	-	-	The Group owned 100% of Damu in 3 rd quarter of 2019.
	Dajun Transportation Co., Ltd.	Taxi	100.00	-	-	The Group owned 100% of Dajun in 3 rd quarter of 2019.
	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	71.34	71.34	71.34	The Group owned 100% 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 owned 100% of 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 owned 100% of Car-Plus Shanghai in the three reporting periods.
	Car-Plus Hangzhou Investment (Samoa) Co., Ltd. ("Car-Plus Hangzhou")	Holding company	60.00	60.00	-	Established in 4 th quarter of 2018.
TAC Global	Car-Plus China Investment (Samoa) Co., Ltd.	Holding company	40.00	40.00	40.00	The Group owned 100% of Car-Plus China in the three reporting periods
	Car-Plus Shanghai Investment (Samoa) Co., Ltd.	Holding company	40.00	40.00	40.00	The Group owned 100% of Car-Plus Shanghai in the three reporting periods
	Car-Plus Hangzhou Investment (Samoa) Co., Ltd.	Holding company	40.00	40.00	-	Established in 4 th quarter of 2018.
	Yu Rong International Investment (Samoa) Co., Ltd.	Holding company	100.00	100.00	100.00	-
	Sinjang Samoa	Sinjang International Investment (Samoa) Co., Ltd.	Holding company	28.66	28.66	28.66
Zhejiang Cheng-Yi	Zhejiang Cheng-Yi Auto, Service Co., Ltd. ("Zhejiang Cheng-Yi")	Sales and brokerage of secondhand vehicles	-	-	66.00	The Group owned 100% of Zhejiang Cheng-Yi in the three reporting periods.
	Hangzhou Cheng-Yi-Jun Used-cars Authenticated Evaluation Service Co., Ltd.	Secondhand vehicle authentication and evaluation service	100.00	100.00	100.00	-
Shinshin Samoa	Zhejiang Cheng-Yi Auction Co., Ltd.	Car trading	100.00	100.00	100.00	-
	TAC Financial Leasing Co., Ltd. ("TAC Financial")	Financial lease of equipment	40.00	40.00	40.00	The Group owned 100% of 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	-
Car-Plus Hangzhou	CAR-PLUS GO Co., Ltd.	Lease of cars and related services	100.00	100.00	-	Established in 4 th quarter of 2018.
	TAC Leasing Co., Ltd. ("TAC Leasing")	Financial lease of equipment	100.00	100.00	100.00	-
	TAC Financial Leasing Co., Ltd.	Financial lease of equipment	40.00	40.00	40.00	The Group owned 100% of TAC Financial in the three reporting periods.
TAC Financial	Wuhan TAC Auto Trade Co., Ltd.	Car trade	100.00	100.00	100.00	-
	Zhejiang Cheng-Yi	Sales and brokerage of secondhand vehicles	100.00	100.00	24.00	The Group owned 100% of Zhejiang Cheng-Yi in the three reporting periods.
	Suzhou TAC Auto Trade Co., Ltd.	Car trade	100.00	-	-	The Group owned 100% of Suzhou TAC in 3 rd quarter of 2019.
	Shanghai YuGuo Auto Trade Co., Ltd	Car trade	100.00	-	-	The Group owned 100% of Shanghai YuGuo in 3 rd quarter of 2019.
	Hefei YuGuo Auto Trade Co., Ltd.	Car trade	100.00	-	-	The Group owned 100% of Hefei YuGuo in 3 rd quarter of 2019.
Qingdao YuGuo Auto Trade Co., Ltd.	Qingdao YuGuo Auto Trade Co., Ltd.	Car trade	100.00	-	-	The Group owned 100% of Qingdao YuGuo in 3 rd quarter of 2019.
Yulon Finance Overseas	Yulon Finance Philippines	Shareholding company	100.00	100.00	100.00	-
Yulon Finance Philippines	Yulon Finance Philippines Corporation	Financial lease of car and loans to car dealers for purpose of purchasing automobiles	100.00	100.00	100.00	Established in 2nd quarter of 2019.
Yu Sing Company	Kuen You Trading Co., Ltd.("Kuen You")	Sale, maintenance and repair of car and parts	100.00	100.00	100.00	Established in 2nd quarter of 2019.
Yushin Company	Yu Pool Co., Ltd. ("Yu Pool")	Supply of and providing services on information software and retail trade of spare parts of vehicles	100.00	100.00	100.00	-
	Luxgen Motor Taoyuan Co., Ltd. ("Luxgen Taoyuan")	Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group owned 79.99% of TAC Financial in the three reporting periods.
	Yu Shin Investment ("Yu Shin Investment")	Investments	100.00	100.00	100.00	-
Yu Shin Investment Ltd.	Fu Jian Yu Xin Auto Sales & Services Co., Ltd. ("Fu Jian Yu Xin")	Sale and maintenance and repair of cars and parts	49.00	49.00	49.00	The Group owned 100% of Fu Jian Yu Xin in the three reporting periods.
	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
Yu Ching	Chanchen Inter Consulting ("Chanchen")	Management consulting, lease of real estate, general advertising, etc.	-	100.00	100.00	Chanchen has been liquidated in 3 rd quarter of 2019.
	Yulon TOBE Motor Co., Ltd. ("Yulon TOBE")	Sale of cars and parts	100.00	-	-	The Group owned 100% of Yulon TOBE in the three reporting periods.
	Chinh-Ling RTC Co., Ltd. ("Chinh-Ling")	Product design	100.00	100.00	100.00	-
Yu Pong	Sin Gan Co., Ltd. ("Sin Gan")	Wholesale and retail of information software	-	9.56	9.56	The Group owned 91.04% of Sin Gan in 3 rd quarter of 2019 and owned 64.96% of Sin Gan in 3 rd and 4 th quarter of 2018.
	Yu Ching	Import and export and sale of cars and parts	40.00	40.00	40.00	The Group owned 100% of Yu Ching in the three reporting periods.
	Yulon Construction	Hangzhou Yu-Jie Real Estate Co., Ltd. ("Yu-Jie")	Construction	100.00	100.00	100.00
	Yufeng Property Management Co., Ltd.	Management consulting and lease of real estate	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
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	-
	Feng Hua Investment Co., Ltd. ("Feng Hua")	Investments	40.00	40.00	40.00	-
Yulon China Holding	Yulon China Holding Co., Ltd. ("Yulon China Holding")	Investments	100.00	100.00	100.00	-
	Yulon China (HK) Holding Limited ("Yulon China (HK) Holding")	Investments	100.00	100.00	100.00	-
Yulon China (HK) Holding	Yulon China Motor Investment Limited ("Yulon China Motor Investment")	Investments	100.00	100.00	100.00	-
	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	-
Yulon China Motor Investment	Luxgen (Hangzhou) Motor Sales Co., Ltd.	Sale of cars and parts	100.00	100.00	100.00	-
	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 of equipment	20.00	20.00	20.00	The Group owned 100% of TAC Financial in the three reporting periods.
	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	69.50	63.78	63.78	The Group owned 100% of Sheng Qing in the three reporting periods.
	Zhigang Chang-Yi	Sales and brokerage of secondhand vehicles	-	-	100.00	The Group owned 100% of Zhigang Chang-Yi in the three reporting periods.
Xiamen Young Chang	Chuang Jie New Energy Vehicle (HZ) Limited ("Chuang Jie")	Manufacturing of key car components, electric cars and related parts	100.00	100.00	-	Established in 4th quarter of 2018.
	Sheng Qing (Bei Jin) Investment Co., Ltd. ("Sheng Qing")	Investments	30.50	36.22	36.22	The Group owned 100% of Sheng Qing in the three reporting periods.
Feng Hua	Su Zhou Chun 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	Hangzhou Yuwan Auto Motive Parts Limited ("Hangzhou Yuwan")	Manufacturing of key car components, electric cars and related parts	34.51	34.51	-	The Group owned 100% of Hangzhou Yuwan in the three reporting periods.
	Hangchow Liangrun Motor Parts Co., Ltd. ("Hangchow Liangrun")	Manufacturing of car seats and developing the related market	20.50	-	-	The Group owned 100% of Hangchow Liangrun in the three reporting periods.
Wen Yang	Qing Tai (Nan Jing) Technology Co., Ltd. ("Qing Tai")	Computer software maintenance and computer system integration	100.00	100.00	100.00	The Group owned 100% of Qing Tai in the three reporting periods.
	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 owned 100% of Jin Ce in the three reporting periods.
	Shi Chang (Zhang Zhou) Technology Develop Co., Ltd. ("Shi Chang")	Computer software maintenance and computer system integration	100.00	100.00	100.00	The Group owned 100% of Shi Chang in the three reporting periods.
Tai Feng	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 owned 100% of Mei De in the three reporting periods.
	Jin Ce (Zhang Zhou) Software Technology Co., Ltd. ("Jin Ce")	Computer software maintenance and computer system integration	30.00	30.00	30.00	The Group owned 100% of Jin Ce in the three reporting periods.
	Mei De (Zhang Zhou) Software Technology Co., Ltd. ("Mei De")	Computer software maintenance and computer system integration	90.00	90.00	90.00	The Group owned 100% of Mei De in the three reporting periods.
	Yi Ding (Zhang Zhou) Information Technology Co., Ltd. ("Yi Ding")	Computer software maintenance and computer system integration	100.00	100.00	100.00	The Group owned 100% of Yi Ding in the three reporting periods.
	Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai")	Investments	5.97	5.97	5.97	The Group owned 100% of Dong Tai in the three reporting periods.
Shi Chang	Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te")	Investments	10.00	10.00	10.00	The Group owned 100% of Gao Te in the three reporting periods.
	Dong Tai (Bei Jin) Investment Co., Ltd. ("Dong Tai")	Investments	94.03	94.03	94.03	The Group owned 100% of Dong Tai in the three reporting periods.
Yi Ding	Gao Te (Bei Jin) Investment Co., Ltd. ("Gao Te")	Investments	90.00	90.00	90.00	The Group owned 100% of 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 Tung Auto Sale & Service Co., Ltd. ("An Ching Tsai Tong")	Sale and maintenance of cars and parts	-	100.00	100.00	The Group owned 100% of An Hui Min Tong in the three reporting periods.
	An Ching Ling Tung Auto Sale & Service Co., Ltd. ("An Ching Ling Tong")	Sale and maintenance of cars and parts	-	100.00	100.00	The Group owned 100% of An Ching Tsai Tong in the three reporting periods.
	Tong Ling Kuo Tung 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	100.00	-
Sheng Qing	Zhu Hai Fu Te En Industry & Trade Co., Ltd. ("Zhu Hai Fu Te En")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Guang Zhou Yuan Du Auto Sale & Service Co., Ltd. ("Guang Zhou Yuan Du")	Sale and maintenance of cars and parts	51.00	51.00	51.00	The Group owned 51% of Guang Zhou Yuan Du in the three reporting periods.
	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	-
	Shan Jun Yu Peng Auto Sale & Service Co., Ltd. ("Shen Jen Yu Peng")	Sale and maintenance of cars and parts	65.00	65.00	65.00	-
	Nanjing Hanhong Motor Trading Co., Ltd. ("Nanjing Hanhong")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Wuhan Yu Hsin Auto Sale & Service Co., Ltd. ("Wuhan Yu Hsin")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
	Jiangmen Junxing Auto Sale & Service Co., Ltd. ("Jiangmen Junxing")	Sale and maintenance of cars and parts	60.00	60.00	60.00	-
	Shanghai Yuming Auto Sale & Service Co., Ltd. ("Shanghai Yuming")	Sale and maintenance of cars and parts	51.00	51.00	51.00	The Group owned 100% of Shanghai Yuming in the three reporting periods.
	Qingdao Yuanhuang Auto Sale & Service Co., Ltd. ("Qingdao Yuanhuang")	Sale and maintenance of cars and parts	30.60	51.00	51.00	The Group owned 70.6% of Qingdao Yuanhuang in 3 rd quarter of 2019 and owned 51% of Qingdao Yuanhuang in 3 rd and 4 th quarter of 2018.
	Hang Zhou Yu Zhong Trading Co., Ltd. ("Hang Zhou Yu Zhong")	Trading	100.00	100.00	100.00	-
	Ning Bo Yu Chang Auto Sales & Services Co., Ltd. ("Ning Bo Yu Chang")	Sale, maintenance and repair of cars and parts	100.00	100.00	100.00	The Group owned 100% of Ning Bo Yu Chang in the three reporting periods.
	Fu Jian Yu Xin	Sale, maintenance and repair of cars and parts	51.00	51.00	51.00	The Group owned 100% of Fu Jian Yu Xin in the three reporting periods.
	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	-
	He-Shan Li-Shang Auto Sales & Service Co., Ltd. ("He-Shan Li-Shang")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Gao Te	An Ching Tsai Tung Auto Sale & Service Co., Ltd. ("An Ching Tsai Tong")	Sale and maintenance of cars and parts	100.00	-	-	The Group owned 100% of An Hui Min Tong in the three reporting periods.
	An Ching Ling Tung Auto Sale & Service Co., Ltd. ("An Ching Ling Tong")	Sale and maintenance of cars and parts	100.00	-	-	The Group owned 100% of An Ching Tsai Tong in the three reporting periods.
	Hang Zhou Qian Yu Investment Co., Ltd. ("Hang Zhou Qian Yu")	Investments	100.00	100.00	100.00	-
Su Zhou Chang Long	Su Zhou Chang Gun 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 Chang 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 Shui	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 Yuehuan Auto Sale & Service Co., Ltd. ("Su Zhou Yuehuan")	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 Chang 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 Mao Auto Sale & Service Co., Ltd. ("Tai Chang Cheng Mao")	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 Chang 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	Zhuhui 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	-
	Qingdao Yuanhuang Auto Sale & Service Co., Ltd. ("Qingdao Yuanhuang")	Sale and maintenance of cars and parts	40.00	-	-	The Group owned 70.6% of Qingdao Yuanhuang in 3 rd quarter of 2019 and owned 51% of Qingdao Yuanhuang in 3 rd and 4 th quarter of 2018.
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")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Shang Hai Yuming	ChiaHsing YuTa Automobiles Sales & Service Limited ("ChiaHsing YuTa")	Sale and maintenance of cars and parts	100.00	100.00	100.00	-
Hang Zhou Qian 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 Business Co., Ltd. ("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.
Yulou Philippine	Univation Motor Philippines, Inc. (UMPI)	Car manufacturing	100.00	100.00	100.00	-
Y-Teks	Sta. Cruz Island Corporation (SCIC)	Plant lease	100.00	100.00	100.00	-
Yu-Hsin Intl	Yu-Hsin Intl Investment Co., Ltd. ("Yu-Hsin Intl")	Investments	66.67	66.67	66.67	-
Yu-Hsin Intl HK	Yu-Hsin Intl (H.K) Investment Co., Ltd. ("Yu-Hsin Intl HK")	Investments	100.00	100.00	100.00	-
Union & NKH Auto Parts Company	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	-
Uni Investment	Uni Investment Co., Ltd. ("Uni Investment")	Investments	100.00	100.00	100.00	-
Yueki	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	79.50	100.00	100.00	The Group owned 100% of Hangchow Liangrun in the three reporting periods.
Yue Ki HK	Yue Ki Industrial (Samoa) Co., Ltd. ("Yue Ki Samoa")	Investments	100.00	100.00	100.00	-
Yue Shang	Yue Ki Investment (HK) Co., Ltd. ("Yue Ki HK")	Investments	100.00	100.00	100.00	-
	Hangzhou Yuwan Auto Motive Parts Limited ("Hangzhou Yuwan")	Manufacturing of key car components, electric cars and related parts	65.49	65.49	100.00	The Group owned 100% of Hangzhou Yuwan in the three reporting periods.
	Y-Teks Co., Ltd. ("Y-Teks")	Manufacturing and furnishing, cars and the import and export of, and serving as sales agent for, car parts	11.99	11.99	11.99	The Group owned 45.99% of Y-Teks in the three reporting periods.
Yu Chang Company	Yueki Industrial Co., Ltd. ("Yueki")	Manufacturing and sale of car components	0.08	0.08	0.08	-
	Tian Wang Co., Ltd.	Sale of secondhand cars and related products	100.00	100.00	100.00	-
Empower	Luxgen Kaohsiung Co., Ltd. ("Luxgen Kaohsiung")	Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group owned 79.99% of Luxgen Kaohsiung in the three reporting periods.
	Yu Chang China Investment Co., Ltd. Chunmin Enterprise Co., Ltd. ("Chunmin")	Investments	100.00	100.00	100.00	-
	Luxgen Motor Taichung Co., Ltd. ("Luxgen Taichung")	Comprehensive retail of car parts	100.00	100.00	100.00	-
		Sale, maintenance and repair of cars and related products	20.00	20.00	20.00	The Group owned 79.99% of Luxgen Taichung in the three reporting periods.
Hong Yen	Hong Yen Motor Ltd. ("Hong Yen")	Investments	100.00	100.00	100.00	-
	Yu Ming Insurance Co., Ltd. Shanghai Yuming	Property insurance	100.00	100.00	100.00	-
Luxgen		Sale and maintenance of cars and parts	49.00	49.00	49.00	The Group owned 100% of Shanghai Yuming in the three reporting periods.
	Luxgen Taipei	Sale, maintenance and repair of cars and parts	99.99	99.99	99.99	The Group owned 99.99% of Luxgen Taipei in the three reporting periods.
	Luxgen Tainan	Sale, maintenance and repair of cars and parts	59.99	59.99	59.99	The Group owned 79.99% of Luxgen Tainan in the three reporting periods.
	Luxgen Taichung	Sale, maintenance and repair of cars and parts	59.99	59.99	59.99	The Group owned 79.99% of Luxgen Taichung in the three reporting periods.
	Luxgen Tainan	Sale, maintenance and repair of cars and parts	79.99	79.99	79.99	-
	Luxgen Kaohsiung	Sale, maintenance and repair of cars and parts	59.99	59.99	59.99	The Group owned 79.99% of Luxgen Kaohsiung in the three reporting periods.
	Sin Gan	Wholesale and retail of information software	19.78	19.78	19.78	The Group owned 93.04% of Sin Gan in 3 rd quarter of 2019 and owned 64.96% of Sin Gan in 3 rd and 4 th quarter of 2018.
	Luxgen Overseas Holdings Private Limited ("Luxgen Overseas Holdings")	Investments	100.00	100.00	100.00	-

(Concluded)

Except for Yulon Finance Corporation, Car-Plus, TAC Global Investment (Samoa) Co., Ltd., Yulon Motor Finance, TAC Financial Leasing Co., Ltd., Yulon Overseas, Yulon China, Yulon China Holding, Yulon China (HK) Holding, Yulon China Motor Investment, Luxgen (Hangzhou) Motor Sales Co., Ltd., 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		
	September 30, 2019	December 31, 2018	September 30, 2018
Yulon Finance Corporation	54.25%	54.25%	54.25%

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 September 30		For the Nine Months Ended September 30		September 30,	December 31,	September 30,
	2019	2018	2019	2018	2019	2018	2018
Yulon Finance Corporation (excluding its subsidiaries' non-controlling interests)	\$ 406,887	\$ 324,074	\$ 1,220,228	\$ 1,002,355	\$ 10,024,980	\$ 9,753,016	\$ 6,970,029

The summarized financial information below represents amounts before intragroup eliminations.

Yulon Finance Corporation and Yulon Finance Corporation's subsidiaries:

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 173,308,482	\$ 149,940,101	\$ 139,192,061
Non-current assets	22,246,900	20,874,697	20,350,794
Current liabilities	(171,418,022)	(148,112,122)	(142,719,382)
Non-current liabilities	<u>(3,921,270)</u>	<u>(2,790,879)</u>	<u>(2,777,928)</u>
Equity	<u>\$ 20,216,090</u>	<u>\$ 19,911,797</u>	<u>\$ 14,045,545</u>
Equity attributable to:			
Owners of Yulon Finance Corporation	\$ 9,609,765	\$ 9,533,594	\$ 6,484,755
Non-controlling interests of Yulon Finance Corporation	10,024,980	9,753,016	6,970,029
Non-controlling interests of Yulon Finance Corporation's subsidiaries	<u>581,345</u>	<u>625,187</u>	<u>590,761</u>
	<u>\$ 20,216,090</u>	<u>\$ 19,911,797</u>	<u>\$ 14,045,545</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue	\$ 7,158,011	\$ 5,855,629	\$ 20,889,924	\$ 16,955,258
Net profit for the period	\$ 783,696	\$ 641,331	\$ 2,395,848	\$ 1,984,838
Other comprehensive income for the period	(292,441)	(291,664)	(197,758)	(216,623)
Total comprehensive income for the period	\$ 491,255	\$ 349,667	\$ 2,198,090	\$ 1,768,215
Profit attributable to:				
Owners of Yulon Finance Corporation	\$ 351,895	\$ 285,329	\$ 1,078,426	\$ 913,040
Non-controlling interests of Yulon Finance Corporation	406,887	324,074	1,220,228	1,002,355
Non-controlling interests of Yulon Finance Corporation's subsidiaries	24,914	31,928	97,194	69,443
	\$ 783,696	\$ 641,331	\$ 2,395,848	\$ 1,984,838
Total comprehensive income attributable to:				
Owners of Yulon Finance Corporation	\$ 181,004	\$ 104,615	\$ 962,220	\$ 780,243
Non-controlling interests of Yulon Finance Corporation	291,987	219,507	1,143,620	923,175
Non-controlling interests of Yulon Finance Corporation's subsidiaries	18,264	25,545	92,250	64,797
	\$ 491,255	\$ 349,667	\$ 2,198,090	\$ 1,768,215
Net cash inflow (outflow) from:				
Operating activities	\$ (3,675,105)	\$ (8,835,045)	\$ (17,951,229)	\$ (21,380,014)
Investing activities	(596,667)	(98,230)	(705,133)	(292,644)
Financing activities	4,814,350	8,786,755	18,596,361	22,003,917
Net foreign exchange gains/(losses)	(65,002)	(57,181)	(46,815)	(45,198)
Net cash inflow	\$ 477,576	\$ (203,701)	\$ (106,816)	\$ 286,061
Dividends paid to non-controlling interests of:				
Yulon Finance Corporation	\$ 856,912	\$ 879,019	\$ 856,912	\$ 879,019
Yulon Finance Corporation's subsidiaries	48,516	87,425	48,516	87,425
	\$ 905,428	\$ 966,444	\$ 905,428	\$ 966,444

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Investment in associates	\$ 20,088,851	\$ 29,239,609	\$ 28,708,307
Investment in joint venture	<u>18,212</u>	<u>31,867</u>	<u>27,455</u>
	<u>\$ 20,107,063</u>	<u>\$ 29,271,476</u>	<u>\$ 28,735,762</u>

a. Investments in associates

	September 30, 2019	December 31, 2018	September 30, 2018
Material associates			
Yulon Nissan Motor Co., Ltd.	\$ 9,708,643	\$ 10,011,793	\$ 9,144,761
China Motor Company	<u>3,807,300</u>	<u>4,700,431</u>	<u>4,645,162</u>
	13,515,943	14,712,224	13,789,923
Non-material associates	<u>6,572,908</u>	<u>14,527,385</u>	<u>14,918,384</u>
	<u>\$ 20,088,851</u>	<u>\$ 29,239,609</u>	<u>\$ 28,708,307</u>

1) Material associates

Name	September 30, 2019	December 31, 2018	September 30, 2018
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.

The Group and China Motor Company and Tai-Yuen Textile Company had cross-shareholdings was accounted by equity method, and their recognition of investment income was accounted by the treasury stock method. In May 2019, in order to eliminate cross-shareholdings, focus on the automotive industry, and reduce the management scale, YuenWen Investment Company, which holds the shares of Taiyuan Textile and Taiwin Company, was merged with Xiang Wei Company. The combined consideration was 11,555,039 thousand. The Group recognized disposal of the investment accounted for using the equity method of 3,150,981 thousand, please refer to Note 30-2. Other gains and losses.

Equity in the earnings of China Motor Company. on their holdings of the Company's shares was accounted for by the treasury stock method since May 2018.

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

Associate	September 30, 2019	December 31, 2018	September 30, 2018
Yulon Nissan Motor Co., Ltd.	\$ 37,437,475	\$ 34,286,425	\$ 35,861,950
China Motor Company	3,026,034	2,983,068	3,148,794

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

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 15,605,021	\$ 8,364,080	\$ 8,430,411
Non-current assets	11,743,926	17,735,667	15,782,146
Current liabilities	(4,639,288)	(3,323,171)	(2,321,326)
Non-current liabilities	<u>(2,906,965)</u>	<u>(2,319,542)</u>	<u>(3,153,631)</u>
Equity	<u>\$ 19,802,694</u>	<u>\$ 20,457,034</u>	<u>\$ 18,737,600</u>
Proportion of the Group's ownership	50.02%	50.02%	50.02%
Equity attributable to the Group	\$ 9,905,308	\$ 10,232,608	\$ 9,372,548
Unrealized gain or loss with associates	<u>(196,665)</u>	<u>(220,815)</u>	<u>(227,787)</u>
Carrying amount	<u>\$ 9,708,643</u>	<u>\$ 10,011,793</u>	<u>\$ 9,144,761</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue	<u>\$ 7,919,366</u>	<u>\$ 6,490,696</u>	<u>\$ 23,795,294</u>	<u>\$ 22,931,710</u>
Net income	\$ 1,977,252	\$ 1,404,783	\$ 5,064,783	\$ 4,356,305
Other comprehensive income	<u>(374,219)</u>	<u>(678,533)</u>	<u>(81,724)</u>	<u>(513,329)</u>
Total comprehensive income	<u>\$ 2,651,384</u>	<u>\$ 3,151,050</u>	<u>\$ 2,651,384</u>	<u>\$ 3,151,050</u>

China Motor Company and subsidiaries

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 24,028,526	\$ 25,022,561	\$ 23,579,055
Non-current assets	37,642,893	39,481,855	39,376,255
Current liabilities	(14,825,005)	(7,520,912)	(6,908,986)
Non-current liabilities	<u>(1,530,461)</u>	<u>(1,209,415)</u>	<u>(1,036,723)</u>
Equity	45,315,953	55,774,089	55,009,601
Non-controlling interest	<u>(3,559,794)</u>	<u>(3,613,814)</u>	<u>(3,517,778)</u>
	<u>\$ 41,756,159</u>	<u>\$ 52,160,275</u>	<u>\$ 51,491,823</u>
Proportion of the Group's ownership	8.87%	8.87%	8.87%
Equity attributable to the Group	\$ 3,703,771	\$ 4,626,616	\$ 4,567,325
Unrealized gain or loss in associates	(136)	(141)	(142)
Intersect shareholding (accounted for by the treasury stock method)	<u>103,665</u>	<u>73,956</u>	<u>77,979</u>
Carrying amount	<u>\$ 3,807,300</u>	<u>\$ 4,700,431</u>	<u>\$ 4,645,162</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2019	2018	2019 2018
Revenue	<u>\$ 7,390,469</u>	<u>\$ 8,168,837</u>	<u>\$ 24,399,143</u> <u>\$ 27,121,112</u>
Net income	\$ 372,957	\$ 919,013	\$ 470,982 \$ 3,130,605
Other comprehensive income	<u>(461,536)</u>	<u>(468,909)</u>	<u>(61,682)</u> <u>(383,199)</u>
Total comprehensive income	<u>\$ (88,579)</u>	<u>\$ 450,104</u>	<u>\$ 409,300</u> <u>\$ 2,747,406</u>

2) Aggregate information of associates that are not individually material

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.

As the end of the reporting period, since the Group's share of net equity of Nissan Philippines, Inc. was negative, the investments in these entities were reclassified to credit balance of investments accounted for by using equity method (please refer to Note 25).

As the end of the reporting period, the long-term equity investment balance of Haitec after considering the unrealized profits and losses between affiliates has been negative, therefore, the investment was reclassified to credit balance of investments accounted for by using equity method. (Note 25).

Though the Group's percentage of ownership in China Engine Co., Ltd. was less than 20%, the Group exercised significant influence over the invested company and accounted for the investment by using the equity method.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures that are not individually material	<u>\$ 18,212</u>	<u>\$ 31,867</u>	<u>\$ 27,455</u>

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 Singgual Travel. Dong Yu Tech. Company's main business is car furnishing, installation and sale of car parts.

Dongfeng Yulon Company, the associate of the Group, re-elected directors and amended the agreement of stockholders in July 2017. Therefore, the relationship between Dongfeng Yulon Company and the Group changed from associate to joint venture.

At the end of the reporting period, the long-term equity investment balance of Dongfeng Yulon Company after considering the unrealized profits and losses between affiliates has been negative; therefore, the investment was reclassified to credit balance of investments accounted for by using equity method (please refer to Note 25).

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

	September 30, 2019
Assets used by the Group	\$ 20,242,642
Assets leased under operating leases	<u>17,575,997</u>
	<u>\$ 37,818,639</u>

a. Assets used by the Group - 2019

	September 30, 2019
Freehold land	\$ 6,809,830
Buildings	4,015,143
Equipment	5,618,122
Vehicles	1,186,699
Miscellaneous equipment	1,749,192
Property under construction	<u>863,656</u>
	<u>\$ 20,242,642</u>

For the nine months ended September 30, 2019, there was impairment loss of \$664,323 thousand since an evaluation showed the recoverable amounts of vehicles were lower than the carrying amounts.

The above items of property, plant and equipment are 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

b. Assets leased under operating leases - 2019

**September 30,
2019**

Vehicles	<u>\$ 17,575,997</u>
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The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Vehicles	3 years or according to terms of lease
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For the nine months ended September 30, 2019, the Group recognized reversal of impairment losses due to the sale of second-handed vehicles for \$49,270 thousand.

c. 2018

	December 31, 2018	September 30, 2018
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Book value

Freehold land	\$ 6,791,945	\$ 6,764,078
Buildings	4,226,878	3,986,993
Equipment	5,716,986	5,083,979
Vehicles	1,096,262	957,345
Miscellaneous equipment	1,801,083	1,697,053
Property to lease	17,389,820	17,275,510
Property in construction	<u>496,777</u>	<u>668,967</u>
	<u>\$ 37,519,751</u>	<u>\$ 36,433,925</u>

For the nine months ended September 30, 2018, 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 reversal gains of \$164,908 thousand in 2018.

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 36.

19. INVESTMENT PROPERTIES

	September 30, 2019	December 31, 2018	September 30, 2018
Investment properties	<u>\$ 8,307,244</u>	<u>\$ 9,756,450</u>	<u>\$ 9,810,640</u>

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

The design of the commercial district of Yulon Town was modified in October 2019. The new design only consisted of malls. In addition, the declaration of the commencement of the district was temporarily stopped, and will be re-designed depending on the market situation. Therefore, the Group expected a portion of the individual asset had become no economic benefits and recognized impairment loss of \$340,856 thousand between January 1 to September 30.

The fair values of investment assets as of September 30, 2019, December 31, 2018 and September 30, 2018 based on the valuation by an independent professional appraiser were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value	<u>\$ 23,654,993</u>	<u>\$ 30,194,471</u>	<u>\$ 29,007,408</u>

20. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	September 30, 2019
<u>Carrying amounts</u>	
Land	\$ 1,873,374
Buildings	2,233,296
Vehicles	26,483
Others	<u>131,922</u>
	<u>\$ 4,265,075</u>

**For the Nine
Months Ended
September 30,
2019**

Depreciation charge for right-of-use assets

Land	\$ 71,192
Buildings	482,742
Vehicles	5,248
Others	<u>33,365</u>
	<u>\$ 592,547</u>

b. Lease liabilities - 2019

**September 30,
2019**

Carrying amounts

Current	<u>\$ 634,761</u>
Non-current	<u>\$ 2,587,096</u>

Range of discount rate for lease liabilities was as follows:

**September 30,
2019**

Land	0.9%-6.41%
Buildings	0.9%-6.64%
Vehicles	0.9%-5.24%
Others	0.9%-6.64%

c. Material lease-in activities and terms

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

2019

**For the Nine
Months Ended
September 30,
2019**

Expenses relating to short-term leases	<u>\$ 83,704</u>
Expenses relating to low-value asset leases	<u>\$ 14,328</u>
Total cash outflow for leases	<u>\$ (752,050)</u>

The Group leases certain vehicles and office equipment which qualify as short-term leases and certain vehicles and office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018	September 30, 2018
Not later than 1 year	\$ 855,560	\$ 751,794
Later than 1 year and not later than 5 years	2,100,317	2,420,097
Later than 5 years	<u>990,807</u>	<u>610,027</u>
	<u>\$ 3,946,684</u>	<u>\$ 3,781,918</u>

21. INTANGIBLE ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Motor design and research and development outputs	\$ 7,755,735	\$ 10,159,224	\$ 6,022,853
Others	<u>416,356</u>	<u>414,176</u>	<u>393,529</u>
	<u>\$ 8,172,091</u>	<u>\$ 10,573,400</u>	<u>\$ 6,416,382</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.

Luxgen entrusted Haitec to develop GPM and MBU model; based on the trust agreement, the payments for this development project were \$820,276 thousand and \$2,351,955 thousand, and the payments for developing M platform, ME engine and other model related technology assets were \$2,465,975 thousand and \$1,498,610 thousand; the total payment was \$7,136,816 thousand.

In order to conform with the law which under conditions defined by EU law, the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) laboratory test and develop Hi-tech engine and Electric Vehicle Power System. The group purchase EF engine and Plug-in hybrid electric vehicle from Haitec. The total payment for this development project was \$1,210,000 thousand.

The Brand Segments tested for impairment of motor design and research and development outputs and mold of the model at the end of the financial reporting period, and calculation of recoverable amount is based on the value in use. The calculation of the value in use is based on the cash flows of the Group's future product life cycle financial projections and is calculated using an annual discount rate of 6.59% to reflect the specific risks of the relevant cash-generating unit.

For the nine month ended September 30, 2019 and 2018, the amounts of impairment loss on intangible assets were \$2,232,958 thousand and \$250,347 thousand, since the estimated future cash flows of the intangible assets were reduced and the recoverable amounts were lower than the carrying amounts.

Luxgen acquired intangible asset with installment payments, and the future payments will be made as follows:

	Amounts
After the third season of 2019	\$ 442,043
Less: Other payables (Note 25)	<u>442,043</u>
Long-term borrowings (Note 25)	<u>\$ -</u>

The above intangible assets are 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

22. PREPAYMENTS FOR LEASE OBLIGATIONS

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets (included in other current assets)	\$ -	\$ -	\$ -
Non-current assets	<u>-</u>	<u>1,070,081</u>	<u>999,696</u>
	<u>\$ -</u>	<u>\$ 1,070,081</u>	<u>\$ 999,696</u>

Prepaid lease payments include prepaid lease payments for properties and land located in Taiwan and land use rights in mainland China. These were converted to right-of-use assets on January 1, 2019.

23. BORROWINGS

a. Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Secured borrowings (Note 36)			
Bank loans	\$ 11,748,995	\$ 12,320,984	\$ 22,585,762
Unsecured borrowings			
Line of credit borrowings	<u>56,143,077</u>	<u>56,089,779</u>	<u>43,499,764</u>
	<u>\$ 67,892,072</u>	<u>\$ 68,410,763</u>	<u>\$ 66,085,526</u>
Interest rate	0.8%-9.27%	0.72%-9.7%	0.66%-9.37%

b. Short-term bills payable

	September 30, 2019	December 31, 2018	September 30, 2018
Commercial paper	\$ 96,110,775	\$ 79,996,688	\$ 74,338,066
Less: Unamortized discount on bills payable	<u>357,064</u>	<u>191,580</u>	<u>201,575</u>
	<u>\$ 95,753,711</u>	<u>\$ 79,805,108</u>	<u>\$ 74,136,491</u>
Interest rate	0.68%-3.7%	0.698%-5.75%	0.44%-3.75%

c. Long-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Secured borrowings (Note 36)			
Bank loans	\$ 362,542	\$ 442,442	\$ 247,720
Unsecured borrowings			
Credit borrowings	1,526,940	1,480,000	1,571,099
Commercial paper (recurring)	2,149,215	2,149,105	1,949,022
Less: Current portion long-term borrowings	<u>126,295</u>	<u>592,897</u>	<u>533,609</u>
	<u>\$ 3,912,402</u>	<u>\$ 3,478,650</u>	<u>\$ 3,454,142</u>
Interest rates	0.95%-4.9%	0.92%-5.44%	0.90%-4.99%

24. BONDS PAYABLE

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Convertible bonds</u>			
Unsecured domestic bonds	\$ 25,650,000	\$ 21,750,000	\$ 16,450,000
Less: Discounts on bonds payable	<u>10,967</u>	<u>6,329</u>	<u>7,305</u>
	25,639,033	21,743,671	16,442,695
Less: Current portion	<u>10,339,033</u>	<u>6,443,671</u>	<u>6,442,695</u>
	<u>\$ 15,300,000</u>	<u>\$ 15,300,000</u>	<u>\$ 10,000,000</u>

Unsecured domestic bonds

The Group issued unsecured corporate bonds on December 12, 2017, with each issuance amounting to NT\$7 billion and NT\$3 billion, respectively, and the bonds have five-year maturities and seven-year maturities and simple interest at rates of 1.04% and 1.07%, respectively, payable annually. The principal amounts of both bonds would be repaid on the maturity date. The Group also issued unsecured corporate bonds on December 25, 2018, with each issuance amounting to NT\$3.6 billion and NT\$1.7 billion, respectively, and the bonds have five-year maturities and ten-year maturities and simple interest at rates of 1.18% and 1.80%, respectively, payable annually.

Yulon Finance Corporation issued three-year maturity unsecured corporate bonds on May 12, 2017, August 11, 2017 and January 8, 2018, with issuance amounts of \$2 billion, \$2.35 billion and \$2.1 billion and simple interest rates of 1.07%, 1.02% and 0.85% payable annually, respectively. The principal amounts of the bonds are repayable on the maturity date. And also issued five-year maturity unsecured corporate bonds on July 9, 2019 and August 14, 2019, with issuance amounts of \$2 billion and \$1.9 billion and simple interest rate of 0.90% payable annually. The principal amounts of the bonds are repayable in 2 equal installments in 2023-2024.

25. OTHER LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Other payables			
Equipment payables	\$ 474,611	\$ 1,617,843	\$ 443,056
Payables on motor design and research and development outputs	442,043	4,833,966	355,896
Accrued expense payable	4,502,757	5,652,780	4,982,098
Dividends payable	214,355	116,376	102,696
Others	<u>1,734,512</u>	<u>736,234</u>	<u>1,048,735</u>
	<u>\$ 7,368,278</u>	<u>\$ 12,957,199</u>	<u>\$ 6,932,481</u>
Other liabilities			
Guarantee deposits received	\$ 10,451,546	\$ 9,921,707	\$ 9,560,901
Others	<u>2,665,836</u>	<u>2,548,283</u>	<u>2,955,175</u>
	<u>\$ 13,117,382</u>	<u>\$ 12,469,990</u>	<u>\$ 12,516,076</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Non-current</u>			
Other payables			
Payables on motor design and research and development outputs	\$ -	\$ -	\$ 525,000
Other liabilities			
Guarantee deposits received	\$ 290,239	\$ 295,556	\$ 409,500
Credit balance of long-term investments at equity (Note 17)	5,134,140	1,643,919	1,156,888
Others	514,228	74,682	87,953
	<u>\$ 5,938,607</u>	<u>\$ 2,014,157</u>	<u>\$ 1,654,341</u> (Concluded)

26. PROVISIONS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Financial guarantee provisions	\$ 229,289	\$ 281,887	\$ 289,444
Warranties	2,062	1,873	1,718
	<u>\$ 231,351</u>	<u>\$ 283,760</u>	<u>\$ 291,162</u>
<u>Non-current</u>			
Warranties	<u>\$ 787,857</u>	<u>\$ 873,808</u>	<u>\$ 881,027</u>

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

Sin Jang and YES-Energy 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. Provisions have been estimated for possible maintenance costs.

27. 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, 2018 and 2017, and recognized in the following line items in their respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating cost	\$ 7,194	\$ 9,419	\$ 21,669	\$ 29,047
Marketing expenses	337	593	953	1,556
Administration expenses	3753	1,979	11,262	5,391
Research and development expenses	<u>637</u>	<u>794</u>	<u>1,791</u>	<u>2,363</u>
	<u>\$ 11,921</u>	<u>\$ 12,785</u>	<u>\$ 35,675</u>	<u>\$ 38,357</u>

28. EQUITY

a. Share capital

Common shares

	September 30, 2019	December 31, 2018	September 30, 2018
Number 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 thousand)	<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

	September 30, 2019	December 31, 2018	September 30, 2018
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	2,018,204	2,010,272	2,010,272
Arising from the differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	79,569	171,180
<u>Used to offset a deficit only</u>			
Arising from share of changes in capital surplus of associates or joint ventures	-	-	1,780
<u>Not be used for any purpose</u>			
Arising from share of changes in capital surplus of associates or joint ventures	-	-	9,512
	<u>\$ 6,526,335</u>	<u>\$ 6,597,972</u>	<u>\$ 6,700,875</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 appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed.

The Company's operating environment is in a mature industry. The Company shall consider profitability, future operating plans and funding needs, and industry condition, and long-term shareholders' rights and long-term financial planning in the distribution of earnings. Dividends may be paid in cash or stock; total dividends should not be lower than 10% of distributable net profit, and cash dividends should not be lower than 20% of total dividends. The distribution plan will be proposed by the Company's board of directors and approved in the stockholders' meeting.

For information on accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 30.

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 to or reverse from 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.

The appropriations of earnings for 2018 and 2017 approved in the board of directors on September 21, 2019 and September 15, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (N.T. Dollar)	
	2018	2017	2018	2017
Legal reserve	\$ 203,703	\$ 228,831		
Special reserve	1,000,000	1,000,000		
Cash dividend	1,053,857	912,294	\$ 0.67	\$ 0.58

d. Special reserve

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 38,373,565	\$ 37,373,565
Appropriation of earnings	<u>1,000,000</u>	<u>1,000,000</u>
Balance at September 30	<u>\$ 39,373,565</u>	<u>\$ 38,373,565</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 Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ (919,398)	\$ (593,515)
Exchange differences arising on translating the financial statements of foreign operations	(155,278)	(245,794)
Share of exchange difference of subsidiaries, associates and jointly ventures accounted for using the equity method	<u>16,187</u>	<u>(235,325)</u>
Balance at September 30	<u>\$ (1,058,489)</u>	<u>\$ (1,074,634)</u>

2) Unrealized gain/(loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 1,466,521	\$ 1,755,559
Unrealized gain/(loss) - equity instruments	214,920	4,345
Share from associates accounted for using the equity method	61,967	(32,407)
Disposal of associates accounted for using the equity method	<u>(386,660)</u>	<u>155</u>
Balance at September 30	<u>\$ 1,356,748</u>	<u>\$ 1,727,652</u>

3) Gain (loss) on hedging instruments

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 252	\$ (92)
Interest rate risk - interest rate swaps	<u>(274)</u>	<u>225</u>
Balance at September 30	<u>\$ (22)</u>	<u>\$ 133</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 11,323,162	\$ 8,688,986
Attributable to non-controlling interests:		
Share of profit for the year	1,385,092	1,329,877
Exchange difference arising on translation of foreign entities	(70,241)	(14,777)
Unrealized gain/(loss) on financial assets at FVTOCI	22	(454)
Gain/(loss) on hedging instruments	(216)	267
Remeasurement on defined benefit plans	-	343
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	6,321	(27,212)
Partial disposal of subsidiaries	(297,684)	(241,249)
Non-controlling interest relating to differences between acquisition or disposal price and carrying value of subsidiaries	59,148	(23,465)
Cash dividends from subsidiaries	<u>(1,098,281)</u>	<u>(1,156,557)</u>
Balance at September 30	<u>\$ 11,307,323</u>	<u>\$ 8,555,759</u>

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
For the nine months ended <u>September 30, 2019</u>				
Long-term investment of subsidiary transferred to treasury stock	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>
For the nine months ended <u>September 30, 2018</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 September 30, 2019, December 31, 2018 and September 30, 2018 were as follows:

Name of Subsidiaries	Number of Shares Held (In Thousands)	Carrying Amount (In Thousands)	Market Value (In Thousands)
<u>September 30, 2019</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 232,626	\$ 232,626
Yu Pong Business Co., Ltd.	1	<u>2</u>	<u>2</u>
		<u>\$ 232,628</u>	<u>\$ 232,628</u>
<u>December 31, 2018</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 215,460	\$ 215,460
Yu Pong Business Co., Ltd.	1	<u>2</u>	<u>2</u>
		<u>\$ 215,462</u>	<u>\$ 215,462</u>
<u>September 30, 2018</u>			
Yu Ching Business Co., Ltd.	11,838	\$ 249,792	\$ 249,792
Yu Pong Business Co., Ltd.	1	<u>3</u>	<u>3</u>
		<u>\$ 249,795</u>	<u>\$ 249,795</u>

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

29. REVENUE

a. Contract information

1) Revenue from the sale of goods

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of vehicles and parts. The Group recognized revenue when goods are delivered and legal ownership is transferred.

Horizontal Segments property on lease includes property, plant and equipment held for rental to others that are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognized as revenue.

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 the materials' ownership.

The sale of goods that results in awarded credits for customers under the Group's award scheme is accounted for as a multiple element revenue transaction, and the fair value of the consideration received or receivable is allocated between the goods supplied and the awarded credits granted. The consideration allocated to the awarded credits is measured with reference to their fair value, i.e. the amount for which the awarded credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transactions but is deferred and recognized as revenue when the awarded credits are redeemed and the Group's obligations have been fulfilled.

2) 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.

3) Investment income

For security transactions by Yung Hong Investment Company, the difference between the carrying amount of security 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.

4) Revenue from the rendering of services

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

5) Interest revenue from acquired accounts receivable

The amounts of interest revenue from the accounts receivable of Yulon Finance Corporation, Yustar, Yu Rich and TAC Leasing (Suzhou) collectively during the three months ended September 30, 2019 and 2018 were \$1,543,029 thousand and \$1,183,009 thousand, respectively; and those during the nine months ended September 30, 2019 and 2018 were \$4,351,081 thousand and \$3,380,523 thousand, respectively. As of September 30, 2019, December 31, 2018 and September 30, 2018, the uncollected accounts receivable of Yulon Finance Corporation, Yustar, Yu Rich and TAC Leasing (Suzhou) collectively were \$86,930,092 thousand, \$75,117,558 thousand and \$79,254,421 thousand, respectively, and recognized as accounts receivable.

6) Agency revenue

The amounts of agency revenue of Yulon Finance Corporation and Yustar recognized for the three months ended September 30, 2019 and 2018 were \$109,589 thousand and \$136,937 thousand, respectively; and those during the nine months ended September 30, 2019 and 2018 were \$355,576 thousand and \$416,601 thousand, respectively. In the event that payments were not made on due dates, Yulon Finance Corporation and Yustar will reimburse the bank for the loan and will assume all collection rights against the debtor. As of September 30, 2019, December 31, 2018 and September 30, 2018, the managerial service account balances of the loans provided by Yulon Finance Corporation and Yustar collectively were \$6,095,532 thousand, \$7,474,582 thousand and \$7,661,732 thousand, respectively. The reimbursements from Yulon Finance Corporation and Yustar to banks as of September 30, 2019, December 31, 2018 and September 30, 2018 were \$856,597 thousand, \$1,102,451 thousand and \$1,193,490 thousand, respectively. The reimbursements to banks were listed as accounts receivable before recognition of interest revenue from acquired accounts receivable using interest method.

The amounts of financial guarantee contracts listed above were the maximum total managerial service loans provided by the Group that require full payment by the Group in the event of debtor's default. The Group had estimated the potential financial guarantee loss on any default on the basis of past experience (see Note 26).

b. Disaggregation of revenue

Refer to Note 40 for details of revenue information.

c. Assets related to contract costs

	September 30, 2019	December 31, 2018	September 30, 2018
Incremental costs of obtaining a contract - current	<u>\$ 2,537,172</u>	<u>\$ 2,035,940</u>	<u>\$ 1,791,046</u>

The Group considered the past experience and the default clauses in the contract and believes the commission paid for obtaining a contract is wholly recoverable. The amounts of amortization recognized for the nine months ended September 30, 2019 and 2018 were \$1,488,407 thousand and \$1,159,867 thousand, respectively.

30. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Other operating revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Rental revenue	\$ 32,096	\$ 49,071	\$ 91,707	\$ 84,566
Commission revenue	54,872	65,495	197,993	200,482
Government subsidy revenue	193,083	-	210,928	-
Others	<u>235,909</u>	<u>92,339</u>	<u>424,818</u>	<u>307,472</u>
	<u>\$ 515,960</u>	<u>\$ 206,905</u>	<u>\$ 925,446</u>	<u>\$ 592,520</u>

b.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gains/(losses) on disposal of property, plant and equipment, investment property and intangible assets	\$ (11,716)	\$ 4,137	\$ (3,305)	(\$ 6,568)
Net foreign exchange losses	(21,767)	(145,609)	(61,318)	(240,956)
Financial assets mandatorily at FVTPL	(4,380)	(13,266)	9,128	(9,100)
Proceeds on investments accounted for using the equity method	-	-	3,150,981	-
Impairment loss	(1,125,025)	-	(1,125,025)	-
Others	<u>(475,991)</u>	<u>4,172</u>	<u>(627,425)</u>	<u>(83,670)</u>
	<u>\$ (1,638,924)</u>	<u>\$ (150,566)</u>	<u>\$ 1,343,216</u>	<u>\$ (340,294)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	\$ 917,644	\$ 668,004	\$ 2,611,726	\$ 1,727,957
Interest on corporate bonds	69,194	44,106	193,006	136,729
Others	<u>18,765</u>	<u>8,727</u>	<u>96,799</u>	<u>35,909</u>
	1,005,603	720,837	2,901,531	1,900,595
Less: Interest accounted for as operating cost	<u>810,155</u>	<u>596,565</u>	<u>2,269,053</u>	<u>1,568,350</u>
	<u>\$ 195,448</u>	<u>\$ 124,272</u>	<u>\$ 632,478</u>	<u>\$ 332,245</u>

d. Interest revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest revenue from acquired account receivables	\$ 1,543,029	\$ 1,183,009	\$ 4,351,081	\$ 3,380,523
Interest revenue from installment sales	522,241	406,754	1,470,265	1,146,886
Interest revenue from capital leases	943,012	827,606	2,753,916	2,230,692
Others	<u>767,160</u>	<u>528,591</u>	<u>2,161,582</u>	<u>1,458,763</u>
	3,775,442	2,945,960	10,736,844	8,216,864
Less: Interest revenue accounted for as operating revenue	<u>3,702,953</u>	<u>2,875,190</u>	<u>10,500,795</u>	<u>8,020,102</u>
	<u>\$ 72,489</u>	<u>\$ 70,770</u>	<u>\$ 236,049</u>	<u>\$ 196,762</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of deprecation by function				
Operating costs	\$ 1,534,384	\$ 1,400,491	\$ 4,520,510	\$ 4,498,220
Operating expenses	<u>276,319</u>	<u>222,205</u>	<u>1,120,468</u>	<u>549,800</u>
	<u>\$ 1,810,703</u>	<u>\$ 1,622,696</u>	<u>\$ 5,640,978</u>	<u>\$ 5,048,020</u>
An analysis of amortization by function				
Operating costs	\$ 105,071	\$ 70,913	\$ 356,395	\$ 354,730
Operating expenses	<u>559,270</u>	<u>458,711</u>	<u>1,542,137</u>	<u>1,238,002</u>
	<u>\$ 664,341</u>	<u>\$ 529,624</u>	<u>\$ 1,898,532</u>	<u>\$ 1,592,732</u>

f. Employee benefit expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	\$ 39,263	\$ 28,826	\$ 150,142	\$ 136,792
Defined benefit plans	<u>11,921</u>	<u>12,785</u>	<u>35,675</u>	<u>38,357</u>
	51,184	41,611	185,817	175,149
Other employee benefits	<u>2,146,376</u>	<u>1,779,180</u>	<u>6,339,791</u>	<u>5,673,963</u>
	<u>\$ 2,197,560</u>	<u>\$ 1,820,791</u>	<u>\$ 6,525,608</u>	<u>\$ 5,849,112</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 734,072	\$ 703,177	\$ 2,155,789	\$ 2,199,217
Operating expenses	<u>1,463,488</u>	<u>1,117,614</u>	<u>4,369,819</u>	<u>3,649,895</u>
	<u>\$ 2,197,560</u>	<u>\$ 1,820,791</u>	<u>\$ 6,525,608</u>	<u>\$ 5,849,112</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	0.1%	0.1%	0.1%	0.1%
Remuneration of directors and supervisors	0.5%	0.5%	0.5%	0.5%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	\$ 369	\$ 2,054	\$ 1,530	\$ 2,994
Remuneration of directors and supervisors	\$ 1,580	\$ 2,467	\$ 6,542	\$ 7,629

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 of directors and supervisors for 2018 and 2017 having been resolved by the board of directors on March 25, 2019 and March 26, 2018, respectively, were as below:

	For the Year Ended December 31			
	2018		2017	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	\$ 2,175	\$ -	\$ 7,383	\$ -
Remuneration of directors and supervisors	10,874	-	11,695	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Impairment losses on non-financial assets (reversal of impairment loss)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 203,794	\$ (4,343)	\$ 615,053	\$ 164,908
Inventories (included in operating cost)	(58,852)	(10,801)	(125,512)	(16,973)
Inventories for construction business (included in other gains and losses)	784,169	-	784,169	-
Investment property (included in other gains and losses)	340,856	(3,436)	340,856	(3,436)
Motor design and research and development outputs	<u>970,203</u>	<u>-</u>	<u>2,232,958</u>	<u>250,347</u>
	<u>\$ 2,240,170</u>	<u>\$ (18,580)</u>	<u>\$ 3,847,524</u>	<u>\$ 394,846</u>

31. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current year	\$ 316,589	\$ 396,596	\$ 1,563,779	\$ 1,188,536
Income tax on unappropriated earnings	-	-	69,350	147,786
Adjustments for prior years	<u>(4,999)</u>	<u>(9,102)</u>	<u>4,493</u>	<u>21,795</u>
	311,590	387,494	1,637,622	1,358,117
Deferred tax				
In respect of the current year	(5,389)	35,533	61,722	35,987
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,878</u>
Income tax expense recognized in profit or loss	<u>\$ 306,201</u>	<u>\$ 423,027</u>	<u>\$ 1,699,344</u>	<u>\$ 1,421,982</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

In July 2019, announced the amendment of the Industrial Innovation Regulations by the President, and added the undistributed earnings from the year of 2018 to reinvest a certain amount of assets or technology to a certain amount. The investment amount is classified as the deduction item of the undistributed earnings. However, the relevant rules have yet to be determined by the Ministry of Finance, so it is not possible to estimate the impact on the current income tax of the company.

b. Income tax assessed

The tax returns through 2016 have been assessed by the tax authorities.

32. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Basic earnings per share	<u>\$ (1.05)</u>	<u>\$ 0.17</u>	<u>\$ (1.7)</u>	<u>\$ 1.11</u>
Diluted earnings per share	<u>\$ (1.05)</u>	<u>\$ 0.17</u>	<u>\$ (1.7)</u>	<u>\$ 1.11</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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Earnings used in the computation of basic earnings per share	<u>\$ (1,570,242)</u>	<u>\$ 238,517</u>	<u>\$ 2,507,501)</u>	<u>\$ 1,617,175</u>
Earnings used in the computation of diluted earnings per share	<u>\$ (1,570,242)</u>	<u>\$ 238,517</u>	<u>\$ (2,507,501)</u>	<u>\$ 1,617,175</u>

Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	1,498,250	1,462,769	1,474,596	1,462,769
Effect of potentially dilutive ordinary shares:				
Employees' compensation or bonus issue to employees	<u>-</u>	<u>138</u>	<u>-</u>	<u>239</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,498,250</u>	<u>1,462,907</u>	<u>1,474,596</u>	<u>1,463,008</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.

33. 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).

According to externally imposed capital requirement of banks, part of the subsidiaries should keep the agreed equity during the borrowing period. As of September 30, 2019, the Company has met the requirements of banks.

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.

34. 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.

	September 30, 2019		December 31, 2018		September 30, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Financial assets at amortized cost	\$ 15,623	\$ 16,143	\$ 22,139	\$ 22,301	\$ 422,254	\$ 422,443
<u>Financial liabilities</u>						
Corporate bonds	25,639,033	25,657,141	21,743,671	21,761,670	16,442,695	16,470,348

- 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

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic quoted shares	\$ 22,580	\$ -	\$ -	\$ 22,580
Domestic unlisted shares	-	-	3,827	3,827
Derivative financial assets	-	271	-	271
Mutual funds	7,603,023	-	-	7,603,023
Others	-	-	600,497	600,497
	<u>\$ 7,625,603</u>	<u>\$ 271</u>	<u>\$ 604,324</u>	<u>\$ 8,230,198</u>
Financial assets at FVTOCI				
Domestic quoted shares	\$ 191,180	\$ -	\$ -	\$ 191,180
Domestic unlisted shares	-	-	398,455	398,455
Others	-	1,539	-	1,539
	<u>\$ 191,180</u>	<u>\$ 1,539</u>	<u>\$ 398,455</u>	<u>\$ 591,174</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 319</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic quoted shares	\$ 23,597	\$ -	\$ -	\$ 23,597
Domestic unlisted shares	-	-	4,069	4,069
Derivative financial assets	-	12,356	-	12,356
Mutual funds	622,833	-	316	623,149
Others	-	-	13,973	13,973
	<u>\$ 646,430</u>	<u>\$ 12,356</u>	<u>\$ 18,358</u>	<u>\$ 677,144</u>
Financial assets at FVTOCI				
Domestic quoted shares	\$ 179,694	\$ -	\$ -	\$ 179,694
Domestic unlisted shares	-	-	547,279	547,279
Others	-	1,904	-	1,904
	<u>\$ 179,694</u>	<u>\$ 1,904</u>	<u>\$ 547,279</u>	<u>\$ 728,877</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 81</u>

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic quoted shares	\$ 27,783	\$ -	\$ -	\$ 27,783
Domestic unlisted shares	-	-	2,809	2,809
Derivative financial assets	-	9,410	-	9,410
Mutual funds	3,354,059	-	316	3,354,375
Others	-	-	14,511	14,511
	<u>\$ 3,381,842</u>	<u>\$ 9,410</u>	<u>\$ 17,636</u>	<u>\$ 3,408,888</u>
Financial assets at FVTOCI				
Domestic quoted shares	\$ 209,324	\$ -	\$ -	\$ 209,324
Domestic unlisted shares	-	-	766,824	766,824
Others	-	1,329	-	1,329
	<u>\$ 209,324</u>	<u>\$ 1,329</u>	<u>\$ 766,824</u>	<u>\$ 977,477</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 44	\$ -	\$ 44

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 nine months ended September 30, 2019

	Financial Assets at Fair Value Through Profit or Loss Held for Trading	Available-for- sale Financial Assets Equity Instruments	Total
Balance at January 1, 2019	\$ 18,358	\$ 547,279	\$ 565,637
Recognized in profit or loss (included in other gains and losses)	(10,736)	-	(10,736)
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	248,676	248,676
Reclassification	847	-	847
Purchases	2,300,000	-	2,300,000
Disposals/settlements	(1,704,169)	(397,500)	(2,101,669)
Effects of exchange rate changes	24	-	24
Balance at September 30, 2019	<u>\$ 604,324</u>	<u>\$ 398,455</u>	<u>\$ 1,002,779</u>

For the nine months ended September 30, 2018

	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments	Total
Balance at January 1, 2018	\$ 168,787	\$ 766,420	\$ 935,207
Recognized in profit or loss (included in other gains and losses)	5,203	-	5,203
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	2,107	2,107
Purchases	1,050,000	-	1,050,000
Disposals/settlements	(1,206,411)	(1,703)	(1,208,114)
Effects of exchange rate changes	57	-	57
Balance at September 30, 2018	<u>\$ 17,636</u>	<u>\$ 766,824</u>	<u>\$ 784,460</u>

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - interest rate swap contracts	Discounted cash flow. Future cash flows were estimated based on observable rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - cross currency swap contracts	Discounted cash flow. Future cash flows were estimated based on observable exchange rates and interest rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-public stocks and funds are mainly determined by using the asset approach, and the market approach.

To determine the fair value for the funds, the Company utilizes the asset approach and takes into account the net asset value measured at the fair value by independent parties. On September 30, 2019, the Company uses unobservable inputs derived from discount for lack of marketability and lack of non-controlling interest.

For the remaining few investments, the market approach is used to arrive at their fair value, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 8,229,927	\$ 664,788	\$ 3,399,478
Derivative instruments in designated hedge accounting relationships	271	12,356	9,410
Financial assets at amortized cost (Note 1)	202,050,704	182,204,960	164,164,575
Fair value through other comprehensive income (FVTOCI)	591,174	728,877	977,477
<u>Financial liabilities</u>			
Derivative instruments in designated hedge accounting relationships	319	81	44
Amortized cost (Note 2)	228,170,910	211,434,625	192,149,780
Financial guaranteed contracts	229,289	281,887	289,444

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, and notes receivable and trade receivables.

Note 2: 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 39.

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 Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018	2019	2018
Profit or loss	\$ (144)	\$ 7,172	\$ (188)	\$ (74)	\$ 810	\$ 1,515

Hedge accounting

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign currency exchange rates on cash flow exposure. Interest rate swaps are settled on a quarterly basis.

The following tables summarize the information relating to the hedges for foreign currency exchange rate risk.

For the nine months ended September 30, 2019: None

For the year ended December 31, 2018

Hedging Instruments	Currency	Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	<u>Carrying Amount</u>		Change in Value Used for Calculating Hedge Ineffectiveness
							Asset	Liability	
Cash flow hedge Cross-currency swap	NTD/USD	US\$ 15,000	2018.5.22- 2019.5.21	0.720%	LIBOR 3M Plus 0.45%	Financial assets for hedging	\$ 12,356	\$ -	\$ -

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Short-term borrowings	\$ -	\$ 431	\$ -

For the nine months ended September 30, 2018

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge								
Cross-currency swap	NT\$/US\$	US\$ 15,000	2018.5.22 - 2019.5.21	0.720%	Financial assets for hedging	\$ 9,410	\$ -	\$ -

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Short-term borrowings	\$ -	\$ 335	\$ -

b) Interest rate risk

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial assets	\$ 146,181,789	\$ 121,370,734	\$ 117,697,001
Financial liabilities	121,392,744	101,548,779	90,579,186
Cash flow interest rate risk			
Financial assets	13,948,992	24,429,911	15,422,936
Financial liabilities	72,372,812	77,316,276	70,954,173

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2019 and 2018 would decrease by \$437,033 thousand and \$416,484 thousand, respectively.

Hedge accounting

The Group entered into interest rate swap contracts and cross-currency swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps and cross-currency swaps are settled on a quarterly basis. The floating rate on interest rate swaps is the interbank rate.

The following tables summarize the information relating to the hedges for interest rate risk.

September 30, 2019

	Notional		Range of Interest Rates	Range of Interest Rates	Line Item in	Carrying Amount		Change In Value Used for Calculating Hedge Ineffectiveness
Hedging Instruments	Amount	Maturity	Paid	Received	Balance Sheet	Asset	Liability	s
Cash flow hedge								
Commercial paper payable-interest rate swaps	\$500 millions	2019.4.30-2022.4.29	0.715%	TAIBOR 3M	Financial liabilities for hedging	\$ 271	\$ -	\$ -
	\$500 millions	2019.5.24-2022.5.23	0.708%	TAIBOR 3M	Financial liabilities for hedging	-	(391)	-
							Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Amount of Fair Value Hedge Adjustments for Hedged Items That Have Ceased to Be Adjusted for Hedging Gains And Losses
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Hedge Adjustments					
	Asset	Liability	Asset	Liability				
Cash flow hedge								
Commercial paper payable	\$ -	\$1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

December 31, 2018

	Notional		Range of Interest Rates	Range of Interest Rates	Line Item in	Carrying Amount		Change In Value Used for Calculating Hedge Ineffectiveness
Hedging Instruments	Amount	Maturity	Paid	Received	Balance Sheet	Asset	Liability	s
Cash flow hedge								
Commercial paper payable-interest rate swaps	\$300 millions	2017.4.25-2019.4.25	0.745%	TAIBOR 3M	Financial liabilities for hedging	\$ -	\$ (76)	\$ -
	\$200 millions	2017.4.25-2019.4.25	0.740%	TAIBOR 3M	Financial liabilities for hedging	-	(5)	-
Short-term borrowings - cross-currency swaps	US\$15,000	2018.5.22-2019.5.21	0.720%	LIBOR 3M Plus 0.45%	Financial assets for hedging	12,356	-	-
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Hedge Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Amount of Fair Value Hedge Adjustments for Hedged Items That Have Ceased to Be Adjusted for Hedging Gains And Losses		
	Asset	Liability	Asset	Liability		Asset	Liability	
Cash flow hedge								
Commercial paper payable	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term borrowings	-	448,800	-	11,925	-	-	-	-

September 30, 2018: None

c) Other price risk

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

Sensitivity analysis

The Group assesses equity price risk using sensitivity analysis.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, as of September 30, 2019, financial assets at FVTPL and FVTOCI would have decreased by \$82,302 thousand and \$5,912 thousand, respectively.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% lower, as of September 30, 2018, financial assets at FVTPL and FVTOCI would have decreased by \$33,818 thousand and \$2,093 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.

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.

September 30, 2019

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 2,162,436	\$ -	\$ -
Variable interest rate liabilities	59,179,542	1,716,247	-
Fixed interest rate liabilities	109,536,122	18,837,772	4,700,000
Lease liabilities	634,761	2,086,556	392,022
Financial guarantee contracts	<u>6,095,532</u>	<u>-</u>	<u>-</u>
	<u>\$ 177,608,393</u>	<u>\$ 22,640,575</u>	<u>\$ 5,092,022</u>

December 31, 2018

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,549,125	\$ -	\$ -
Variable interest rate liabilities	60,817,709	1,829,462	-
Fixed interest rate liabilities	92,016,287	14,399,024	4,700,000
Financial guarantee contracts	<u>7,474,582</u>	<u>-</u>	<u>-</u>
	<u>\$ 161,857,703</u>	<u>\$ 16,228,486</u>	<u>\$ 4,700,000</u>

September 30, 2018

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,062,129	\$ -	\$ -
Variable interest rate liabilities	49,112,305	2,309,942	-
Fixed interest rate liabilities	92,201,008	15,120,000	3,000,000
Financial guarantee contracts	<u>7,661,732</u>	<u>-</u>	<u>-</u>
	<u>\$ 150,037,174</u>	<u>\$ 17,429,942</u>	<u>\$ 3,000,000</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 Balance Sheets date, 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 26).

35. 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. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Cheng Long Co., Ltd.	Associates
Yuan Lon Co., Ltd.	Associates
Yu Tang Co., Ltd.	Associates
Yulon-Nissan Motor Co., Ltd.	Associates
Guangzhou He Xi Co., Ltd.	Associates
Haitec Co., Ltd.	Associates
Dongfeng Yulon Motor Co., Ltd.	Joint ventures
Dong Yu Tech. Co., Ltd.	Joint ventures
China Motor Co., Ltd.	Associates
Tokio Marine Nawa Insurance Co., Ltd.	Associates
ROC-Spicer Co., Ltd.	Associates
Hong Kong Spicer Co., Ltd.	Associates
Fujian Spicer Co., Ltd.	Associates
Uni-calsonic Co., Ltd.	Associates
China Ogihara Co., Ltd.	Associates
China Engine Co., Ltd.	Associates
HuiZhou DongFeng Yi Jing Co., Ltd.	Associates
Hui-Lian Motor Co., Ltd.	Associates
Yulon Management Co., Ltd.	Associates
Ding Long Co., Ltd.	Associate's subsidiary
Hangzhou Haitec Co., Ltd.	Associate's subsidiary
Tang Li Co., Ltd.	Associate's subsidiary
Yuan Zhi Co., Ltd.	Associate's subsidiary
Lian Cheng Co., Ltd.	Associate's subsidiary
Yuen-Jin Co., Ltd.	Associate's subsidiary
Kian Shen Co., Ltd.	Associate's subsidiary
Hua Ling Co., Ltd.	Associate's subsidiary
Wen Shen Co., Ltd.	Associate's subsidiary
Advanced Power Machine Co., Ltd.	Associate's subsidiary
Lowin Industrial Co., Ltd.	Associate's subsidiary
Lin Wei Co., Ltd.	Associate's subsidiary
Yu Lai Co., Ltd.	Associate's subsidiary
Xiang Wei Co., Ltd.	Associate's subsidiary
Dongguan HuaShun Co., Ltd.	Associate's subsidiary
Tianjin HuaHong Co., Ltd.	Associate's subsidiary
Guangzhou HuaYou Co., Ltd.	Associate's subsidiary
SinYi Co., Ltd.	Associate's subsidiary
Taiwin Company	Other related parties
Tai-Yuen Textiles Co., Ltd.	Other related parties
Hui-Fong Motor Co., Ltd.	Other related parties
Snappy Machinery Co., Ltd.	Other related parties
Nissan Motor Co., Ltd.	Other related parties
Shug Ye Motor Co., Ltd.	Other related parties

(Continued)

Related Party	Relationship with the Group
Southeast Motor Co., Ltd.	Other related parties
Jin De Technology Co., Ltd.	Other related parties
Gunze Co., Ltd.	Other related parties
Taiway Co., Ltd.	Other related parties
ROC-Keeper Co., Ltd.	Other related parties
Carnival Industrial Co., Ltd.	Other related parties
Yizhan Overseas Investment Co., Ltd	Other related parties
Hua-Qun Software Creative Technology Co., Ltd.	Other related parties
Yuan Rui Auto Co., Ltd.	Other related parties
Green Convenient E-Vehicle Co., Ltd.	Other related parties
Shengzhen Henchi Co., Ltd	Other related parties
Brilliant Insight International Consultancy Service Co., Ltd.	Other related parties
Zhejiang Kang Da Co., Ltd.	Other related parties
Tai Yuan Vietnam Co., Ltd.	Other related parties
Suzhou Huiting Co., Ltd.	Other related parties
North Hebei Tangshan Co., Ltd.	Other related parties
Dx Creative House Co., Ltd.	Other related parties

(Concluded)

b. Operating revenue

Line Items	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Sales of goods	Associates				
	Yulon Nissan	\$ 3,826,106	\$ 2,975,985	\$ 9,298,322	\$ 9,195,563
	Others	<u>2,928,303</u>	<u>2,595,830</u>	<u>9,713,785</u>	<u>9,242,788</u>
		6,754,409	5,571,815	19,012,107	18,438,351
	Joint venture	5,216	56,826	141,885	183,844
	Other related parties	<u>316,813</u>	<u>413,251</u>	<u>1,008,528</u>	<u>1,798,485</u>
		<u>\$ 7,076,438</u>	<u>\$ 6,041,892</u>	<u>\$ 20,162,520</u>	<u>\$ 20,420,680</u>
Other operating revenue	Associates				
	Yulon Nissan	\$ 147,311	\$ 209,492	\$ 398,639	\$ 520,700
	Others	<u>58,577</u>	<u>79,964</u>	<u>292,597</u>	<u>252,692</u>
		205,888	289,456	691,236	773,392
	Joint venture	9,995	6,975	10,816	60,902
	Other related parties	<u>7,322</u>	<u>13,169</u>	<u>59,840</u>	<u>63,985</u>
		<u>\$ 223,205</u>	<u>\$ 309,600</u>	<u>\$ 761,892</u>	<u>\$ 898,279</u>
Installment sales interest subsidies revenue	Associates				
	Yulon Nissan	\$ 62,070	\$ 75,964	\$ 195,891	\$ 228,056
	Others	<u>2,270</u>	<u>2,340</u>	<u>9,771</u>	<u>5,617</u>
		64,340	78,304	205,662	233,673
	Other related parties	<u>257</u>	<u>165</u>	<u>726</u>	<u>451</u>
		<u>\$ 64,597</u>	<u>\$ 78,469</u>	<u>\$ 206,388</u>	<u>\$ 234,124</u>

c. Purchase of goods

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates				
Yulon Nissan	\$ 4,480,502	\$ 4,350,471	\$ 12,056,912	\$ 13,236,634
Others	<u>218,958</u>	<u>365,349</u>	<u>752,383</u>	<u>1,003,342</u>
	4,699,460	4,715,820	12,809,295	14,239,976
Joint venture				
Dongfeng Yulon Motor Co., Ltd.	214,566	364,213	695,942	3,416,047
Other related parties	<u>3,647,937</u>	<u>1,792,745</u>	<u>7,428,205</u>	<u>5,816,036</u>
	<u>\$ 8,561,963</u>	<u>\$ 6,872,778</u>	<u>\$ 20,933,442</u>	<u>\$ 23,472,059</u>

d. Operating expenses

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates	\$ 176,927	\$ 118,581	\$ 446,178	\$ 425,122
Other related parties	<u>2,157</u>	<u>6,161</u>	<u>6,030</u>	<u>14,764</u>
	<u>\$ 179,084</u>	<u>\$ 124,742</u>	<u>\$ 452,208</u>	<u>\$ 439,886</u>

e. Acquisition of assets for lease

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates	\$ 49,217	\$ 18,206	\$ 98,444	\$ 68,598
Other related parties				
Hui-Fong Motor	134,034	55,409	373,190	288,964
Shug Ye Motor	50,367	51,718	179,561	223,253
Others	<u>-</u>	<u>855</u>	<u>720</u>	<u>855</u>
	<u>184,401</u>	<u>107,982</u>	<u>553,471</u>	<u>513,072</u>
	<u>\$ 233,618</u>	<u>\$ 126,188</u>	<u>\$ 651,915</u>	<u>\$ 581,670</u>

f. Acquisition of receivables

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates				
Yulon Nissan	\$ 458,676	\$ 445,936	\$ 1,450,389	\$ 1,422,761
Hui-Lian Motor Co., Ltd.	315,860	306,570	960,015	944,400
Others	<u>464,546</u>	<u>524,736</u>	<u>1,487,200</u>	<u>1,599,802</u>
	1,239,082	1,277,242	3,897,604	3,966,963
Other related parties	<u>94,080</u>	<u>92,050</u>	<u>283,170</u>	<u>254,879</u>
	<u>\$ 1,333,162</u>	<u>\$ 1,369,292</u>	<u>\$ 4,180,774</u>	<u>\$ 4,221,842</u>

g. Commissions paid

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates				
Yulon Nissan	\$ 37,014	\$ 21,608	\$ 85,717	\$ 97,786
Others	<u>6,810</u>	<u>3,207</u>	<u>20,370</u>	<u>14,452</u>
	43,824	24,815	106,087	112,238
Other related parties	<u>674</u>	<u>524</u>	<u>2,328</u>	<u>1,920</u>
	<u>\$ 44,498</u>	<u>\$ 25,339</u>	<u>\$ 108,415</u>	<u>\$ 114,158</u>

h. Receivable from related parties

Account	Related Party Categories	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable and trade receivables	Associates	\$ 1,576,597	\$ 1,222,123	\$ 882,641
	Joint venture (Note 1)	842,475	755,972	1,027,878
	Other related parties	<u>163,988</u>	<u>163,058</u>	<u>175,992</u>
		<u>\$ 2,583,060</u>	<u>\$ 2,141,153</u>	<u>\$ 2,086,511</u>
Other financial assets	Associates			
	Hangzhou Haitec Co., Ltd.	\$ 396,049	\$ 403,874	\$ 453,709
	Haitec Co., Ltd.	64,358	656,988	58,984
	Others	<u>273,382</u>	<u>116,571</u>	<u>134,738</u>
		<u>733,789</u>	<u>1,177,433</u>	<u>647,431</u>
	Joint venture (Note 2)			
	Dongfeng Yulon Motor Co., Ltd. (Note 2)	3,817,796	3,166,383	1,215,361
	Others	<u>1,227</u>	<u>1,251</u>	<u>2</u>
		<u>3,819,023</u>	<u>3,167,634</u>	<u>1,215,363</u>
	Other related parties	<u>52,927</u>	<u>50,256</u>	<u>41,776</u>
		<u>\$ 4,605,739</u>	<u>\$ 4,395,323</u>	<u>\$ 1,904,570</u>

Note 1: As of September 30, 2019, the receivable from related parties of the Group - Dongfeng Yulon Motor Co., Ltd. was assessed according to the expected credit loss model. At the end of the period, the carrying amount of receivable which deducts allowance loss of 172,933 thousand is 842,475 thousand.

Note 2: As of September 30, 2019, the receivable from related parties of the Group - Dongfeng Yulon Motor Co., Ltd. was assessed according to the expected credit loss model. At the end of the period, the carrying amount of receivable which deducts allowance loss of 320,130 thousand is 3,817,796 thousand.

i. Prepayments (classified as other current asset)

Related Party Categories	September 30, 2019	December 31, 2018	September 30, 2018
Joint venture			
Dongfeng Yulon Motor Co., Ltd.	<u>\$ 3,792,928</u>	<u>\$ 3,379,293</u>	<u>\$ 3,641,161</u>

j. Refundable deposits

Account	Related Party Categories	September 30, 2019	December 31, 2018	September 30, 2018
Refundable deposits	Associates	\$ 2,420	\$ 1,239	\$ 1,239
	Joint venture	1,878	2,330	2,330
	Other related parties			
	Dongfeng Yulon Motor Co., Ltd.	872,087	740,004	740,004
	Others	<u>3,071</u>	<u>-</u>	<u>-</u>
		<u>\$ 879,456</u>	<u>\$ 743,573</u>	<u>\$ 743,573</u>

k. Payable to related parties

Account	Related Party Categories	September 30, 2019	December 31, 2018	September 30, 2018
Notes payable and trade payables	Associates	\$ 1,559,049	\$ 1,106,000	\$ 718,921
	Joint venture			
	Dongfeng Yulon Motor Co., Ltd.	6,807,060	6,886,967	7,430,323
	Other related parties	<u>1,262,284</u>	<u>861,460</u>	<u>669,397</u>
		<u>\$ 9,628,393</u>	<u>\$ 8,854,427</u>	<u>\$ 8,818,641</u>
Other payables	Associates			
	Haitec Co., Ltd.	\$ 494,338	\$ 4,890,668	\$ 412,246
	Others	<u>19,717</u>	<u>47,363</u>	<u>159,511</u>
		514,055	4,938,031	571,757
	Joint venture	96,749	46,394	592,667
	Other related parties	<u>8,511</u>	<u>88</u>	<u>3,309</u>
		<u>\$ 619,315</u>	<u>\$ 4,984,513</u>	<u>\$ 1,167,733</u>
Long-term payables	Associates			
	Haitec Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,000</u>

l. Endorsement/guarantees provided

Information about endorsement/guarantee provided see Table 2.

m. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ 14,836	\$ 14,291	\$ 43,625	\$ 43,488
Post-employment benefits	<u>392</u>	<u>328</u>	<u>1,328</u>	<u>1,163</u>
	<u>\$ 15,228</u>	<u>\$ 14,619</u>	<u>\$ 44,953</u>	<u>\$ 44,651</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.

36. 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:

	September 30, 2019	December 31, 2018	September 30, 2018
Notes and trade receivables	\$ 1,285,097	\$ 2,880,000	\$ 3,867,177
Property, plant and equipment	1,294,580	1,453,987	1,512,473
Vehicle certificates (classified as inventories)	638,812	985,537	379,178
Reserve account and pledged time deposits (classified as financial assets at amortized cost)	276,688	531,668	540,571
Others	<u>8,999</u>	<u>146,175</u>	<u>87,453</u>
	<u>\$ 3,504,176</u>	<u>\$ 5,997,367</u>	<u>\$ 6,386,852</u>

37. 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:

- 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.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities’ significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,390	31.04 (USD:NTD)	\$ 1,564,105
USD	118	7.0729 (USD:RMB)	3,663
JPY	415,428	0.288 (JPY:NTD)	119,643
RMB	4,807	4.389 (RMB:NTD)	21,097
EUR	652	33.95 (EUR:NTD)	<u>22,139</u>
			<u>\$ 1,730,647</u>
Non-monetary items			
Associates and joint ventures accounted for by the equity method			
USD	1,674	31.04 (USD:NTD)	\$ 51,972
RMB	343,155	4.389 (RMB:NTD)	1,505,970
RMB	243,175	0.141 (RMB:USD)	<u>1,067,198</u>
			<u>\$ 2,625,140</u>
<u>Financial liabilities</u>			
Monetary items			
USD	50,043	31.04 (USD:NTD)	\$ 1,553,331
JPY	696,803	0.288 (JPY:NTD)	200,679
RMB	533	4.389 (RMB:NTD)	2,338
EUR	1,071	33.95 (EUR:NTD)	<u>36,370</u>
			<u>\$ 1,792,718</u>

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,848	30.715 (USD:NTD)	\$ 1,254,646
USD	221	6.863 (USD:RMB)	6,788
JPY	110,517	0.278 (JPY:NTD)	30,724
RMB	2,696	4.475 (RMB:NTD)	12,065
EUR	298	35.200 (EUR:NTD)	<u>10,490</u>
			<u>\$ 1,314,713</u>
Non-monetary items			
Associates and joint ventures accounted for by the equity method			
RMB	287,537	4.475 (RMB:NTD)	\$ 1,286,728
RMB	270,575	0.146 (RMB:USD)	<u>1,210,905</u>
			<u>\$ 2,497,633</u>

Financial liabilities

Monetary items			
USD	21,726	30.715 (USD:NTD)	\$ 667,314
USD	46,494	6.863 (USD:RMB)	1,428,063
JPY	644,587	0.278 (JPY:NTD)	179,195
RMB	4,006	4.475 (RMB:NTD)	17,927
EUR	4,455	35.200 (EUR:NTD)	<u>156,816</u>
			<u>\$ 2,449,315</u>

September 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,081	30.525 (USD:NTD)	\$ 1,192,956
USD	221	6.8792 (USD:RMB)	6,746
JPY	96,664	0.269 (JPY:NTD)	26,003
RMB	3,807	4.437 (RMB:NTD)	16,893
EUR	303	35.48 (EUR:NTD)	<u>10,746</u>
			<u>\$ 1,253,344</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Associates and joint ventures accounted for by the equity method			
RMB	\$ 289,941	4.437 (RMB:NTD)	\$ 1,286,557
RMB	279,754	0.145 (RMB:USD)	<u>1,241,351</u>
			<u>\$ 2,527,908</u>
Derivative instruments			
USD	15,000	30.525 (USD:NTD)	<u>\$ 9,410</u>
<u>Financial liabilities</u>			
Monetary items			
USD	26,056	30.525 (USD:NTD)	\$ 795,375
USD	36,743	6.8792 (USD:RMB)	1,121,580
JPY	659,823	0.269 (JPY:NTD)	177,492
RMB	2,135	4.437(RMB:NTD)	9,474
EUR	10,165	35.48 (EUR:NTD)	<u>360,665</u>
			<u>\$ 2,464,586</u>
			(Concluded)

For the nine months ended September 30, 2019 and 2018, realized and unrealized foreign exchange gains (losses) were \$61,318 thousand and \$240,956, 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.

39. 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, 11 and 34)

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.

40. 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 nine months ended September 30, 2019								
Revenues from external customers	\$ 10,682,803	\$ 2,740,699	\$ 21,073,781	\$ 15,725,590	\$ 12,059,456	\$ 551,631	\$ -	\$ 62,833,960
Intersegment revenues	<u>16,050,576</u>	<u>1,497,288</u>	<u>743,841</u>	<u>2,037,844</u>	<u>1,751,253</u>	<u>478,843</u>	<u>(22,559,645)</u>	-
Segment revenues	<u>\$ 26,733,379</u>	<u>\$ 4,237,987</u>	<u>\$ 21,817,622</u>	<u>\$ 17,763,434</u>	<u>\$ 13,810,709</u>	<u>\$ 1,030,474</u>	<u>\$ (22,559,645)</u>	<u>\$ 62,833,960</u>
Segment income								<u>\$ 576,935</u>
For the nine months ended September 30, 2018								
Revenues from external customers	\$ 12,452,677	\$ 3,311,213	\$ 18,356,432	\$ 17,306,068	\$ 17,980,760	\$ 251,543	\$ -	\$ 65,658,693
Intersegment revenues	<u>20,904,824</u>	<u>1,903,664</u>	<u>814,096</u>	<u>2,029,299</u>	<u>1,827,925</u>	<u>209,536</u>	<u>(27,689,344)</u>	-
Segment revenues	<u>\$ 33,357,501</u>	<u>\$ 5,214,877</u>	<u>\$ 19,170,528</u>	<u>\$ 19,335,367</u>	<u>\$ 15,808,685</u>	<u>\$ 461,079</u>	<u>\$ (27,689,344)</u>	<u>\$ 65,658,693</u>
Segment income								<u>\$ 4,369,034</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

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	\$ 790,300	\$ 776,050	\$ 297,383	3.00%	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 776,050	\$ 776,050	Note 1		
2	Yulon China	Sheng Qing	Other receivables	Y	2,528,960	2,172,940	1,916,773	2.5%-3%	Operating capital	-	Operating capital	-	-	-	3,725,040	3,725,040	Note 1		
3	Singual Travel	Singan	Other receivables	Y	50,000	50,000	30,000	1.07%	Operating capital	-	Operating capital	-	-	-	80,003	80,003	Note 1		
4	Hsiang Shou	Singan	Other receivables	Y	85,000	85,000	85,000	1.07%	Operating capital	-	Operating capital	-	-	-	85,832	85,832	Note 1		
5	Yulon Motor Investment	Ning Bo Yu Cheng	Other receivables	Y	13,814	13,080	-	-	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Chang Sha Yu Lu	Other receivables	Y	4,605	4,360	4,360	5.75%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Zi Bo Yu An	Other receivables	Y	6,446	6,104	5,886	6.00%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Dong Tai	Other receivables	Y	13,814	13,080	11,772	5.60%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Shi Cheng	Other receivables	Y	18,418	17,441	13,734	5.60%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Yi Ding	Other receivables	Y	27,638	26,161	22,978	5.60%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Mei De	Other receivables	Y	41,442	39,241	35,230	5.60%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Tai Feng	Other receivables	Y	55,235	52,322	47,962	5.60%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Shenzhen Yu Zhi	Other receivables	Y	51,425	58,862	58,862	6.64%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Wuhan Yu Hsin	Other receivables	Y	69,069	65,402	65,402	6.64%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Hang Zhou Hua You	Other receivables	Y	85,186	80,663	80,663	4.00%	Operating capital	-	Operating capital	-	-	-	5,101,283	15,303,850	Note 1		
		Hang Zhou Huitec Company	Other receivables	Y	191,092	180,946	180,946	0.00%	Operating capital	-	Operating capital	-	-	-	2,040,513	2,040,513	Note 1		
		Dongteng Yulon	Other receivables	Y	481,701	457,814	457,814	6%-6.15%	Operating capital	-	Operating capital	-	Operating capital	119,280	-	2,040,513	2,040,513	Note 1	
		6	Sheng Qing	Jin Ce	Other receivables	Y	7,367	6,976	-	-	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1
				Gao Te	Other receivables	Y	24,865	23,545	-	-	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1
				Ke Yu	Other receivables	Y	32,232	30,521	-	-	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1
				Jiangmen Yuli	Other receivables	Y	9,209	8,720	8,720	6.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1
				Hang Zhou Hua You	Other receivables	Y	11,154	10,562	10,561	0.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1
				Chang Sha Yu Lu	Other receivables	Y	18,418	17,441	14,737	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1
				An Hui Min Tung	Other receivables	Y	119,083	113,364	25,820	5.75%-6%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1
Ho Fei Chun Hui	Other receivables			Y	55,052	52,322	28,184	5.75%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Zi Bo Yu An	Other receivables			Y	55,255	52,322	39,758	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Chang Ling Tung	Other receivables			Y	55,255	52,322	41,066	5.75%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Zhuhai Yuhsin	Other receivables			Y	50,651	47,962	42,294	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Jiangmen Junxing	Other receivables			Y	46,051	43,606	43,601	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Ning Bo Yu Cheng	Other receivables			Y	92,092	87,203	46,682	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Guang Zhou Yuan Zhi	Other receivables			Y	50,651	47,962	47,962	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Tung Ling Kuo Tung	Other receivables			Y	112,213	106,923	55,826	5.75%-6%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Hang Zhou Hua Zhi	Other receivables			Y	64,465	61,043	61,042	6.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1		
Shanghai Yuming	Other receivables			Y	73,674	69,762	61,042	5.75%-6%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1		
Xiao Gan Yu Feng	Other receivables			Y	138,139	130,804	82,699	5.60%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1		
Qingdao Yuanhuang	Other receivables			Y	138,139	130,804	82,699	5.60%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1		
An Ching Tai Tung	Other receivables			Y	92,092	87,203	87,203	6.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1		
Zhu Hai Fu Te En	Other receivables	Y	125,246	118,596	92,388	5.75%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
Dongteng Yulon	Other receivables	Y	201,683	190,974	125,572	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
Shen Jin Yu Feng	Other receivables	Y	165,766	156,965	156,965	6.15%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1				
Wuhan Yu Hsin	Other receivables	Y	167,977	159,058	159,058	6.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1				
Xiamen Young Chang	Other receivables	Y	224,706	212,775	160,402	6.00%	Operating capital	-	Operating capital	-	-	-	893,304	893,304	Note 1				
Yu-Jie	Other receivables	Y	191,304	181,818	166,557	0.5%-5.6%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
Nanjing Hanhong	Other receivables	Y	184,185	174,406	174,406	6.15%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
Yulon Motor Investment	Other receivables	Y	249,108	236,755	228,035	6.00%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
	Other receivables	Y	1,685,952	1,602,351	1,441,026	4.1%-5.75%	Operating capital	-	Operating capital	-	-	-	2,354,474	6,976,220	Note 1				
7	Zhu Hai Fu Te En	Wuhan Yu Hsin	Other receivables	Y	78,279	4,360	-	-	Operating capital	-	Operating capital	-	-	-	244,311	488,622	Note 1		
		Nanjing Hanhong	Other receivables	Y	39,600	15,696	15,696	0%-7%	Operating capital	-	Operating capital	-	-	-	244,311	488,622	Note 1		
		Nan Jing Yu Hua	Other receivables	Y	22,938	21,801	17,441	6.70%	Operating capital	-	Operating capital	-	-	-	244,311	488,622	Note 1		
		Zhuhai Yuhsin	Other receivables	Y	59,860	56,682	45,781	6.00%	Operating capital	-	Operating capital	-	-	-	244,311	488,622	Note 1		
8	Nanjing Hanhong	Nan Jing Yu Shang	Other receivables	Y	50,651	47,962	47,962	5.60%	Operating capital	-	Operating capital	-	-	346,969	693,939	Note 1			

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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				
9	Su Zhou Feng Shen	Su Chou Cheng Pin	Other receivables	Y	23,023	\$ 21,801	\$ -	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	227,673	\$	Note 1	
		Su Zhou Cheng Guo	Other receivables	Y	23,023	21,801	-	-	Operating capital	-	Operating capital	-	-	-	227,673	227,673	Note 1	
		Su Zhou Cheng Hung	Other receivables	Y	27,628	21,801	-	-	Operating capital	-	Operating capital	-	-	-	227,673	227,673	Note 1	
		Su Zhou Feng Shun	Other receivables	Y	45,876	43,601	-	-	Operating capital	-	Operating capital	-	-	-	227,673	227,673	Note 1	
		Tai Chang Cheng Mau	Other receivables	Y	59,639	56,682	37,061	4.79%	Operating capital	-	Operating capital	-	-	-	227,673	227,673	Note 1	
		Tai Chang Cheng Mau	Other receivables	Y	27,526	26,161	15,260	4.79%	Operating capital	-	Operating capital	-	Operating capital	-	-	35,784	35,784	Note 1
11	Hang Zhou Yu Zhong	Sheng Qing	Other receivables	Y	20,721	19,621	-	-	Operating capital	-	Operating capital	-	-	-	741,286	1,111,928	Note 1	
		Dongfeng Yulon	Other receivables	Y	7,828	7,412	7,412	6.15%	Operating capital	-	Operating capital	-	1,920	-	29,651	29,651	Note 1	
		Yulon Motor Investment	Other receivables	Y	15,873	15,086	11,772	0.00%	Operating capital	-	Operating capital	-	-	-	741,286	1,111,928	Note 1	
		Hang Zhou Hsiao Yu	Other receivables	Y	18,418	17,441	17,441	0.00%	Operating capital	-	Operating capital	-	-	-	29,651	29,651	Note 1	
		Hang Zhou Hua You	Other receivables	Y	18,879	17,877	17,877	0.00%	Operating capital	-	Operating capital	-	Operating capital	-	-	-	-	Note 1
		A3	Other receivables	Y	45,000	120,000	-	-	1.5%-19.99%	Operating capital	-	Operating capital	-	-	1,074,137	1,074,137	Note 1	
12	SCC	A2	Other receivables	Y	420,000	45,000	-	-	1.5%-19.99%	Operating capital	-	Operating capital	-	-	1,074,137	1,074,137	Note 1	
		S1	Other receivables	Y	30,000	23,133	23,133	1.5%-19.99%	Operating capital	-	Operating capital	-	463	-	1,074,137	1,074,137	Note 1	
		A1	Other receivables	Y	55,000	52,693	52,693	1.5%-19.99%	Operating capital	66,000	Operating capital	-	790	-	671,335	2,685,343	Note 1	
		K1	Other receivables	Y	79,240	72,486	72,486	1.5%-19.99%	Operating capital	-	Operating capital	-	1,010	-	1,074,137	1,074,137	Note 1	
		Diamond Leasing	Other receivables	Y	700,000	-	-	-	1.00%	Operating capital	-	Operating capital	-	-	744,502	744,502	Note 1	
		Ka Shing Yu Da	Other receivables	Y	22,938	21,801	8,720	5.00%	Operating capital	-	Operating capital	-	-	-	50,906	50,906	Note 1	
15	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	Other receivables	Y	96,340	91,563	34,881	6.00%	Operating capital	-	Operating capital	-	-	-	135,556	135,556	Note 1	
		Su Zhou Cheng Li	Other receivables	Y	9,209	-	-	-	1.5%-19.99%	Operating capital	-	Operating capital	-	-	90,180	90,180	Note 1	
		Su Zhou Chen Long	Other receivables	Y	23,023	-	-	-	Operating capital	-	Operating capital	-	-	90,180	90,180	Note 1		
		Tai Chang Cheng Mau	Other receivables	Y	22,938	21,801	-	-	Operating capital	-	Operating capital	-	-	90,180	90,180	Note 1		
		Su Zhou Cheng Hung	Other receivables	Y	22,938	21,801	-	-	Operating capital	-	Operating capital	-	-	90,180	90,180	Note 1		
		Su Chou Cheng Pin	Other receivables	Y	32,113	30,521	-	-	Operating capital	-	Operating capital	-	-	90,180	90,180	Note 1		
17	Yu-Hsin Intl HK	Hangchow Y-Teks	Other receivables	Y	189,672	186,252	186,252	2.9%-3%	Operating capital	-	Operating capital	-	-	-	235,969	235,969	Note 1	
		Su Zhou Cheng Li	Other receivables	Y	16,116	-	-	-	Operating capital	-	Operating capital	-	-	-	18,873	18,873	Note 1	
		Tai Chang Cheng Mau	Other receivables	Y	6,881	6,540	-	-	Operating capital	-	Operating capital	-	-	-	18,873	18,873	Note 1	
		Su Zhou Feng Shun	Other receivables	Y	6,881	6,540	-	-	Operating capital	-	Operating capital	-	-	-	18,873	18,873	Note 1	
		Nanjing Hanhong	Other receivables	Y	124,887	118,256	118,256	0.00%	Operating capital	-	Operating capital	-	-	-	177,997	355,993	Note 1	
		Suzhou Yueshun	Other receivables	Y	92,092	21,801	-	-	6.53%	Operating capital	-	Operating capital	-	-	150,645	301,290	Note 1	
21	Yu-Jie	Wuhan Yu Hsin	Other receivables	Y	20,644	19,621	10,900	-	Operating capital	-	Operating capital	-	-	-	150,645	301,290	Note 1	
		Chang Shia Yu Lu	Other receivables	Y	230,231	218,007	218,007	6.15%	Operating capital	-	Operating capital	56,571	-	-	882,403	882,403	Note 1	
		Dongfeng Yulon	Other receivables	Y	158,060	155,210	155,210	2.90%	Operating capital	-	Operating capital	-	-	-	355,187	532,781	Note 1	
		Yu-Hsin Intl HK	Other receivables	Y	22,901	21,801	-	-	Operating capital	-	Operating capital	-	-	-	128,087	128,087	Note 1	
		Tai Chang Cheng Mau	Other receivables	Y	22,938	21,801	21,801	-	5.00%	Operating capital	-	Operating capital	-	-	128,087	128,087	Note 1	
		Su Zhou Cheng Pin	Other receivables	Y	22,938	21,801	30,521	4.79%	Operating capital	-	Operating capital	-	-	-	128,087	128,087	Note 1	
24	Su Zhou Cheng Pin	Su Zhou Cheng Guo	Other receivables	Y	26,707	-	-	-	Operating capital	-	Operating capital	-	-	-	77,779	77,779	Note 1	
		Su Zhou Cheng Pang	Other receivables	Y	18,418	13,080	-	-	Operating capital	-	Operating capital	-	-	-	24,460	24,460	Note 1	
		Hangchow Yue Wan	Other receivables	Y	55,321	-	500,000	-	1.35%	Operating capital	-	Operating capital	-	-	525,112	525,112	Note 1	
		Luxgen	Other receivables	Y	500,000	500,000	500,000	-	-	Operating capital	-	Operating capital	-	-	525,112	525,112	Note 1	
		Hangchow Yue Wan	Other receivables	Y	55,321	400,000	100,000	-	1.35%	Operating capital	-	Operating capital	-	-	412,689	412,689	Note 1	
		Luxgen	Other receivables	Y	400,000	400,000	100,000	-	-	Operating capital	-	Operating capital	-	-	412,689	412,689	Note 1	
28	Hang Zhou Tang Yu	Dongfeng Yulon	Other receivables	Y	5,065	4,796	4,796	6.15%	Operating capital	-	Operating capital	1,242	-	18,982	18,982	Note 1		
		Yulon Motor Investment	Other receivables	Y	40,922	38,992	38,369	0.00%	Operating capital	-	Operating capital	-	-	474,539	711,809	Note 1		
		Yulon Motor Investment	Other receivables	Y	918	872	436	0.00%	Operating capital	-	Operating capital	-	-	436,014	654,021	Note 1		
		Yulon Motor Investment	Other receivables	Y	4,129	3,924	3,488	0.00%	Operating capital	-	Operating capital	-	-	436,014	654,021	Note 1		
		Yulon Motor Investment	Other receivables	Y	4,129	3,924	3,488	0.00%	Operating capital	-	Operating capital	-	-	436,014	654,021	Note 1		
		Yulon Motor Investment	Other receivables	Y	4,129	3,924	3,488	0.00%	Operating capital	-	Operating capital	-	-	436,014	654,021	Note 1		

(Continued)

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			
31	Ke Yu	Yi Ding Dongfeng Yulon Sheng Qing	Other receivables Other receivables Other receivables	Y Y Y	\$ 23,023 78,279 460,462	\$ 21,801 74,122 436,014	\$ 21,801 74,122 405,493	0.50% 6.15% 0.50%	Operating capital Operating capital Operating capital	\$ -	Operating capital Operating capital Operating capital	\$ - 19,202 -	-	\$ -	\$ 718,962 287,585 718,962	\$ 1,437,924 287,585 1,437,924	Note 1 Note 1 Note 1
32	Gao Te	Dongfeng Yulon	Other receivables	Y	24,865	23,545	23,545	6.15%	Operating capital	-	Operating capital	6,099	-	-	93,326	93,326	Note 1
33	Mei De	Dongfeng Yulon Sheng Qing Shi Cheng	Other receivables Other receivables Other receivables	Y Y Y	37,297 142,743 221,022	35,230 130,804 209,287	35,230 130,804 130,804	6.15% 0.50% 0.50%	Operating capital Operating capital Operating capital	-	Operating capital Operating capital Operating capital	9,126	-	-	141,489 530,583 530,583	141,489 1,061,166 1,061,166	Note 1 Note 1 Note 1
34	Xiamen Young Chang	Dongfeng Yulon	Other receivables	Y	69,069	65,402	65,402	6.15%	Operating capital	-	Operating capital	16,943	-	-	302,777	302,777	Note 1
35	Qing Tai	Shi Cheng Dongfeng Yulon Dong Tai	Other receivables Other receivables Other receivables	Y Y Y	18,418 32,232 115,116	17,441 30,521 109,003	17,441 30,521 109,003	0.50% 6.15% 0.50%	Operating capital Operating capital Operating capital	-	Operating capital Operating capital Operating capital	7,907	-	-	478,829 127,688 478,829	957,659 127,688 957,659	Note 1 Note 1 Note 1
36	Jin Ce	Dongfeng Yulon Yi Ding	Other receivables Other receivables	Y Y	7,367 41,442	6,976 39,241	6,976 30,521	6.15% 0.50%	Operating capital Operating capital	-	Operating capital Operating capital	1,807	-	-	28,071 701,763	28,071 1,052,645	Note 1 Note 1
37	Tai Feng	Yi Ding Dong Tai Dongfeng Yulon	Other receivables Other receivables Other receivables	Y Y Y	13,814 23,023 50,651	13,080 21,801 47,962	13,080 21,801 47,962	0.50% 0.50% 6.15%	Operating capital Operating capital Operating capital	-	Operating capital Operating capital Operating capital	-	-	-	718,216 718,216 191,524	1,436,433 1,436,433 191,524	Note 1 Note 1 Note 1
38	Dong Tai	Dongfeng Yulon	Other receivables	Y	12,432	11,772	11,772	6.15%	Operating capital	-	Operating capital	3,050	-	-	35,725	35,725	Note 1
39	Shi Cheng	Dongfeng Yulon	Other receivables	Y	14,735	13,952	13,734	6.15%	Operating capital	-	Operating capital	3,558	-	-	43,298	43,298	Note 1
40	Yi Ding	Dongfeng Yulon	Other receivables	Y	24,405	23,109	22,978	6.15%	Operating capital	-	Operating capital	5,952	-	-	91,655	91,655	Note 1
41	Sin Jiang	Sigan	Other receivables	Y	200,000	200,000	200,000	1.07%	Operating capital	-	Operating capital	-	-	-	200,998	200,998	Note 1
42	Jiangmen Junxing	Jiangmen Yuli	Other receivables	Y	22,938	21,801	-	-	Operating capital	-	Operating capital	-	-	-	27,817	27,817	Note 1
43	Su Zhou Cheng Li	Su Zhou Cheng Bin Su Zhou Feng Shun	Other receivables Other receivables	Y Y	9,175 9,048	8,720 8,720	4,360	5.00%	Operating capital Operating capital	-	Operating capital Operating capital	-	-	-	18,219 18,219	18,219 18,219	Note 1 Note 1

Note:

- 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 \$24 million.
- Yulon China Investment Co., Ltd: 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 \$120 million and aggregate financing limits was \$120 million.
- Singual Travel: 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 100% of the lender's net equity and aggregate financing limits was 300% of the lender's net equity.
- 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 RMB\$40 million and aggregate financing limits was RMB1,600 million.
- 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.
- 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 100% 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 1,000% of the lender's net equity and aggregate financing limits was 1,500% of the lender's net equity.
- Yustar: Credit financing limit for each borrower and aggregate financing limits were not exceeding 40% of the lender's net equity. Business transactions financing limit for each borrower were not exceeding 100% of the lender's net equity and aggregate financing limits were not exceeding 25% of the lender's net equity.

(Continued)

- [illegible]

(Concluded)

TABLE 2

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guaranteee		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
0	The Company	Sin Chi Yulon Construction Yu Sing UMPI Yu Ching Luxgen LUXGEN (Hangzhou) Motor Sales	b b b b b b b	\$ 20,424,701 20,424,701 20,424,701 20,424,701 20,424,701 20,424,701 20,424,701	\$ 500,000 600,000 690,000 790,300 1,000,000 11,350,000 9,483,600	\$ 500,000 600,000 690,000 776,050 1,000,000 11,350,000 9,312,600	\$ 50 - 410,000 96,894 70,050 8,700,000 5,180,639	\$ - - - - - -	0.73 0.88 1.01 1.14 1.47 16.67 15.82	\$ 51,061,752 51,061,752 51,061,752 51,061,752 51,061,752 51,061,752 51,061,752	Y Y Y Y Y Y Y	N N N N N N N	N N N N N N Y	Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1
1	Union & NKH Auto Parts	Hangchow Liangrun	b	349,192	312,000	312,000	162,374	-	12.51	997,692	N	N	Y	Note 1
2	TAC	Yulon Finance Philippines Corporation Car-Plus Leasing (Shanghai) TAC Leasing (Suzhou) TAC Leasing (Suzhou) TAC Finance Company	b b b b b	42,535,535 42,535,535 42,535,535 42,535,535 42,535,535	2,416,000 320,000 320,000 6,255,048 10,000,000	2,368,000 - 320,000 5,968,496 10,000,000	1,222,400 - 124,160 5,968,496 7,167,177	- - - - -	14.54 - 1.94 37.29 60.69	82,388,205 82,388,205 82,388,205 82,388,205 82,388,205	N N N N N	N N N N N	N Y Y Y Y	Note 1 Note 1 Note 1 Note 1 Note 1
3	Car-plus Corporation	Car-Plus Go Co., Ltd.	b	4,653,135	480,000	480,000	186,240	-	25.79	9,306,270	N	N	Y	Note 1
4	Sheng Qing	Tung Ling Kuo Tung Shanghai Yuming Xiao Gan Yu Feng Shen Jun Yu Feng Chang Sha Yu Lu Jiangnen Junxing Nan Jing Yu Hua Nanjing Hanhong Qingdao Yuanhuang Wuhan Yu Hsin Guang Zhou Yuan Du Yu-Jie	b b b b b b b b b b b b	11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372 11,772,372	18,418 23,023 23,023 23,023 32,232 46,046 68,814 229,006 229,381 275,258 368,370 916,024	17,441 21,801 21,801 21,801 30,521 43,601 65,402 218,007 218,007 261,608 348,811 872,028	- - - - - - - 86,113 94,899 175,278 29,387 -	- - - - - - - - - - -	0.78 0.98 0.98 0.98 1.37 1.95 2.93 9.76 9.76 11.71 15.62 39.05	58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858 58,861,858	N N N N N N N N N N N	N N N N N N N N N N N	Y Y Y Y Y Y Y Y Y Y Y	Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1 Note 1
5	Nanjing Hanhong	Sheng Qing Nan Jing Yu Hua Zhu Hai Fu Te En	c b d	462,626 462,626 462,626	46,046 114,503 138,139	- 109,003 130,804	- 63,749 107,994	- - -	- 47.12 56.55	588,619 588,619 588,619	N N N	N N N	Y Y Y	Note 1 Note 1 Note 1
6	Zhu Hai Fu Te En	Nanjing Hanhong	d	488,622	138,139	109,003	81,207	-	44.62	732,933	N	N	Y	Note 1
7	Su Zhou Feng Shen	Su Chou Cheng Pin Wu Jiang Lian Cheng Su Zhou Feng Shun Su Zhou Cheng Pang Tai Chang Cheng Mau	b b b b b	569,183 569,183 569,183 569,183 569,183	55,255 46,046 80,305 138,139 155,979	- 43,601 76,041 130,804 148,245	- - - 57,788 -	- - - -	- 7.66 13.36 22.98 26.05	1,707,550 1,707,550 1,707,550 1,707,550 1,707,550	N N N N N	N N N N N	Y Y Y Y Y	Note 1 Note 1 Note 1 Note 1 Note 1
8	Wu Jiang Lian Cheng	Su Zhou Feng Shen Su Zhou Feng Shun	c c	447,298 447,298	46,046 241,466	43,601 228,646	- 84,489	- -	48.74 255.59	894,595 894,595	N N	N N	Y Y	Note 1 Note 1

(Continued)

No.	Endorser/Guarantor	Endorsee/Guaranteee		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)											
9	Su Zhou Feng Shun	Su Zhou Cheng Li Su Zhou Feng Shen Wu Jiang Lian Cheng	b c b	\$ 1,127,253 \$ 1,127,253 \$ 1,127,253	\$ 27,628 46,046 161,162	\$ 26,161 43,601 152,605	\$ 2,977 - 47,954	\$ - - -	11.60 19.34 67.69	\$ 2,254,506 2,254,506 2,254,506	N N N	N N N	Y Y Y	Note 1 Note 1 Note 1
10	Su Zhou Cheng Pang	Su Zhou Feng Shen	c	392,412	161,162	152,605	65,326	-	249.56	784,825	N	N	Y	Note 1
11	Xiao Gan Yu Feng	Sheng Qing	c	397,984	23,023	-	-	-	-	795,969	N	N	Y	Note 1
12	Jiangmen Junxing	Sheng Qing	c	315,173	46,046	-	-	-	-	630,346	N	N	Y	Note 1
13	Shenzhen Yu Zhi	Sheng Qing	c	183,505	23,023	-	-	-	-	367,010	N	N	Y	Note 1
14	Tai Chang Cheng Mau	Su Zhou Feng Shen	c	392,412	161,162	152,605	-	-	210.23	872,028	N	N	Y	Note 1
15	Su Zhou Cheng Guo	Su Zhou Chen Long	c	392,412	115,116	109,003	66,897	-	999.99	872,028	N	N	Y	Note 1
16	Y-Teks	Yu-Hsin Intl	b	331,446	122,960	93,126	93,126	-	8.43	552,410	N	N	N	Note 1
17	Yueki	Hangchow Yue Wan	b	401,766	122,960	93,126	93,126	-	11.59	401,766	N	N	Y	Note 1
18	Guang Zhou Yuan Zhi	Guang Zhou Yuan Du	c	348,811	366,410	348,811	29,387	-	999.99	654,021	N	N	Y	Note 1
19	Guang Zhou Yuan Du	Guang Zhou Yuan Zhi	b	677,781	137,629	130,804	5,183	-	38.60	1,694,432	N	N	Y	Note 1
20	Su Zhou Chen Long	Su Zhou Cheng Hung	b	1,601,088	82,577	78,482	19,474	-	24.51	3,202,175	N	N	Y	Note 1
21	Shanghai Yunning	Ka Shing Yu Da	b	130,804	45,876	43,601	-	-	124.50	218,007	N	N	Y	Note 1

Note 1: The Company: The aggregate endorsement/guarantee limit was calculated for 75% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 40% 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.

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.

Cac-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

Sheng Qing: The aggregate endorsement/guarantee limit was RMB13,500 million. The limits on each endorsement/guarantee given on behalf of each party was RMB2,700 million.

Nanjing Hanhong: The aggregate endorsement/guarantee limit was RMB135 million. 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 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 200% of the endorser's/guarantor's net equity. .

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 1,000% 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 Feng Shun: The aggregate endorsement/guarantee limit was calculated for 1,000% 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 1,000% 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 1,000% 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.

Shenzhen Yu Zhi: The aggregate endorsement/guarantee limit was RMB80 million. The limits on each endorsement/guarantee given on behalf of each party was RMB40 million.

(Continued)

Tai Chang Cheng Mau: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

Su Zhou Cheng Guo: The aggregate endorsement/guarantee limit was RMB200 million. The limits on each endorsement/guarantee given on behalf of each party was RMB90 million.

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

Yueki: 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 were not exceeding 50% of the aggregate endorsement/guarantee amounts.

Guang Zhou Yuan Zhi: The aggregate endorsement/guarantee limit was RMB150 million. The limits on each endorsement/guarantee given on behalf of each party was RMB80 million.

Guang Zhou Yuan Du: 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 200% of the aggregate endorsement/guarantee amounts.

Su Zhou Chen Long: The aggregate endorsement/guarantee limit was calculated for 1,000% of the endorser's/guarantor's net equity. The limits on each endorsement/guarantee given on behalf of each party were not exceeding 500% of the aggregate endorsement/guarantee amounts.

Shanghai Yuming: The aggregate endorsement/guarantee limit was RMB50 million. The limits on each endorsement/guarantee given on behalf of each party was RMB30 million.

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 90%.
- e. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
- f. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

TABLE 3

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019			Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	
The Company	Structured finance products	-	Financial assets at fair value through profit or loss - current	6,000	\$ 600,497	-	\$ 600,497
	KGI Securities PGN-structured products	-	Financial assets at fair value through profit or loss - current	918	10,057	-	10,057
	<u>Beneficiary certificates</u>	-	Financial assets at fair value through profit or loss - current	5,842	70,080	-	70,080
	Taishin Dragon Fund	-	Financial assets at fair value through profit or loss - current	40,464	601,112	-	601,112
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	30,948	500,585	-	500,585
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	25,278	400,868	-	400,868
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	42,468	651,503	-	651,503
	Prudential Financial Money Market	-	Financial assets at fair value through profit or loss - current	30,728	500,781	-	500,781
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	37,821	500,590	-	500,590
	Hua Nan Phoenix Money Market	-	Financial assets at fair value through profit or loss - current	45,333	500,830	-	500,830
	Union Money Market Fund	-	Financial assets at fair value through profit or loss - current	44,388	602,092	-	602,092
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	39,902	501,273	-	501,273
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	21,424	350,429	-	350,429
	Allianz Gbl Investors Taiwan Money Mkt	-	Financial assets at fair value through profit or loss - current	39,839	500,865	-	500,865
	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	48,390	501,514	-	501,514
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	6,832	80,119	-	80,119
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	17,237	200,081	-	200,081
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	100	31,448	-	31,448
	KGI Victory Money Market	-	Financial assets at fair value through profit or loss - current	1,500	14,893	-	14,893
	Invesco 2023 target expires quality Emerging bond fund	-	Financial assets at fair value through profit or loss - current	1,000	10,080	-	10,080
	Cathay Target Date 2029 Fund of Funds	-	Financial assets at fair value through profit or loss - current	357	12,388	-	12,388
	KGI Taiwan Multi-Asset Income Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,982	-	9,982
	THE RSIT Digital Fund	-	Financial assets at fair value through profit or loss - current	1,500	15,000	-	15,000
	Capital Conservative Allocation Fund of Funds	-	Financial assets at fair value through profit or loss - current	500	5,020	-	5,020
	UPAMC Global AloT Fund	-	Financial assets at fair value through profit or loss - current	1	1,977	-	1,977
	Mega China Domestic Demand A Share Fund	-	Financial assets at fair value through profit or loss - current				
	Amundi Funds - China Equity	-	Financial assets at fair value through profit or loss - current				
	Common stocks	-	Financial assets at fair value through other comprehensive income - non-current	856	25,032	0.33	25,032
	Photronics DNP Mask Company	-	Financial assets at fair value through other comprehensive income - non-current	959	20,904	0.01	20,904
	First Financial Holding Company	-	Financial assets at fair value through other comprehensive income - non-current				

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yulon Finance Corporation	Mison - Century Technology, Ltd	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	5,025	\$ 26,379	8.37	\$ 26,379	-
	Yulon Finance Corporation, Preferred Shares A	Subsidiary	Financial assets at fair value through other comprehensive income - non-current	36,604	1,983,936	36.60	1,983,936	-
	Shin Bus Company	-	Financial assets at fair value through other comprehensive income - non-current	154	485	0.32	485	-
	Taiwan Stock Exchange	-	Financial assets at fair value through other comprehensive income - non-current	7,284	359,181	1.00	359,181	-
Yulon Finance Corporation	<u>Bonds</u> Government bonds	-	Financial assets at amortized cost - non-current	-	5,159	-	5,530	-
SCC	<u>Bonds</u> Government bonds	-	Financial assets at amortized cost - non-current	-	10,464	-	10,613	-
H. K. Manpower	<u>Beneficiary certificates</u> Capital Money Market	-	Financial assets at fair value through profit or loss - current	129	2,081	-	2,081	-
	Union Money Market	-	Financial assets at fair value through profit or loss - current	235	3,106	-	3,106	-
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	254	3,046	-	3,046	-
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	206	3,056	-	3,056	-
Da Wei	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	172	2,562	-	2,558	-
Qinton	<u>Beneficiary certificates</u> Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	97	1,316	-	1,316	-
Yu Pong	<u>Beneficiary certificates</u> FSITC Money Market	-	Financial assets at fair value through profit or loss - current	152	27,165	-	27,165	-
	Taishin Ta-Chong Money Market	-	Financial assets at fair value through profit or loss - current	494	7,040	-	7,040	-
	FSITC US Top 100 Bond Fund A	-	Financial assets at fair value through profit or loss - current	1,000	10,210	-	10,210	-
	KGI Feng-Li Fund	-	Financial assets at fair value through profit or loss - current	800	10,806	-	10,806	-
Yu Pong	<u>Common stocks</u> Yulon Motor Company	The parent company	Financial assets at fair value through other comprehensive income - current	-	2	-	2	-
	Fubon Financial Company	-	Financial assets at fair value through other comprehensive income - current	2,419	107,756	-	107,756	-
China Cast Iron Pipe	<u>Beneficiary certificates</u> Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	153	1,590	-	1,590	-
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss - current	42	507	-	507	-
	Nomura Asia Pacific High Yield Bond Fund Accumulate	-	Financial assets at fair value through profit or loss - current	222	3,010	-	3,010	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019			Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	
Yue Sheng	Common stocks YUE KI INDUSTRIAL CO., LTD.	The same ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	10	\$ 100	0.08	\$ 100 -
	Beneficiary certificates FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	1,239	19,003	-	19,003 -
Yung Hong	Common stocks CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	202	1,893	-	1,893 -
	Kian-shen Company	Related party in substance	Financial assets at fair value through profit or loss - current	81	4,545	-	4,545 -
	Asia Plastic Recycling Holding Limited	-	Financial assets at fair value through profit or loss - current	2,267	13,399	-	13,399 -
	Yulon Finance Corporation	The same ultimate parent company	Financial assets at fair value through profit or loss - current	6	614	-	614 -
	Asia Plastic Recycling Holding Limited	-	Financial assets at fair value through other comprehensive income - current	1,880	11,110	-	11,110 -
	Yulon Finance Corporation, Preferred Shares A	The same ultimate parent company	Financial assets at fair value through other comprehensive income - current	8,001	433,669	-	433,669 -
	Orgchem Technology Company	-	Financial assets at fair value through other comprehensive income - non-current	291	4,853	-	4,853 -
	T-Car Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,275	30,826	-	30,826 -
Yu Ching	ADTO Company	-	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10 -
	ROCKER ZONE	-	Financial assets at amortized cost - non-current	330	6,683	-	6,683 -
	Common stocks Yulon Motor Company	The parent company	Financial assets at fair value through other comprehensive income - non-current	11,838	232,626	-	232,626 -
	Yulon Management	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	1	9	-	9 -
Chinh-Ling	Beneficiary certificates Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss - current	1,627	16,861	-	16,861 -
Yu Chang	Common stocks Kai Xing Insurance Agency	-	Financial assets at fair value through other comprehensive income - non-current	43	1,477	6.96	1,477 -
Yushin	Common stocks Kai Xing Insurance Agency	-	Financial assets at fair value through other comprehensive income - non-current	43	781	6.96	781 -
Empower	Common stocks Kai Xing Insurance Agency	-	Financial assets at fair value through profit or loss - non-current	85	847	13.60	847 -

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yu Sing	Common stocks Kai Xing Insurance Agency	-	Financial assets at fair value through other comprehensive income - non-current	43	\$ 842	6.97	\$ 842	
Yulon Construction	Common stocks CARNIVAL Company	Related party in substance	Financial assets at fair value through profit or loss - current	118	1,111	-	1,111	
	RECTRON LTD.	-	Financial assets at fair value through profit or loss - current	16	128	-	128	
	Yang Ming Marine Transport Corporation	-	Financial assets at fair value through profit or loss - current	6	43	-	43	
	SHIN KONG SECURITY CO., LTD.	-	Financial assets at fair value through profit or loss - current	50	1,861	-	1,861	
	Compal Electronics, INC.	-	Financial assets at fair value through profit or loss - current	14	252	-	252	
Yulon China	Yue Sheng Company	The same ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	2	33	-	33	
	Common stocks YUNG JEN INDUSTRIAL CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	75	2,328	-	2,328	
Luxgen	Common stocks Yulon Finance Corporation, Preferred Shares A	The same ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	8,000	433,600	8.00	433,600	
Yu-Jie	Financial products Cash Management No. 1	-	Financial assets at fair value through profit or loss - current	-	92,161	-	92,161	
	Lidodo Public Structural Deposit	-	Financial assets at fair value through profit or loss - current	-	746,062	-	746,062	

(Concluded)

TABLE 4

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(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	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	-	\$	66,567	\$ 900,000	22,179	\$ 300,000	\$ 299,636	\$ 364	44,388	\$ 602,092
	Franklin Templeton Sinoam Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	48,390	500,000	-	-	-	-	48,390	501,514
	Hua Nan Phoenix Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	76,887	1,250,000	46,159	750,576	749,926	650	30,728	500,781
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	40,464	600,000	-	-	-	-	40,464	601,112
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	61,912	1,000,000	30,964	500,149	500,000	149	30,948	500,585
	Prudential Financial Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	25,278	400,000	-	-	-	-	25,278	400,868
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	42,468	650,000	-	-	-	-	42,468	651,503
	Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	75,661	1,000,000	37,840	500,144	500,000	144	37,821	500,590
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	45,333	500,000	-	-	-	-	45,333	500,830
	Allianz Gbl Investors Taiwan Money Mkt	Financial assets at fair value through profit or loss - current	-	-	-	-	39,902	500,000	-	-	-	-	39,902	501,273
	Nomura Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	82,626	1,350,000	61,202	1,000,147	999,766	381	21,424	350,429
	Mega Diamond Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	39,839	500,000	-	-	-	-	39,839	500,865
	KGI Victory Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	68,999	800,000	51,762	600,243	600,000	243	17,237	200,081
	KGI Securities PGN-structured products	Financial assets at fair value through profit or loss - current	-	-	-	-	6	600,000	6	600,740	600,000	740	-	-
	KGI Securities PGN-structured products	Financial assets at fair value through profit or loss - current	-	-	-	-	6	600,000	-	-	-	-	6	600,497
	Tai-Yuen Textiles Co., Ltd.	Investments accounted for using equity method	-	-	-	170,685	7,863,796	-	-	170,685	7,889,266	7,889,266	-	-
Yulon Finance Corporation	Yuen Wen Investment Co., Ltd.	Investments accounted for using equity method	-	-	-	-	11,510	8,041,493	11,510	11,555,039	8,418,443	3,150,981	-	-
	Singan Co., Ltd.	Investments accounted for using equity method	-	-	-	-	21,004	315,157	-	-	-	-	21,004	299,694
	YULON FINANCE CORPORATION Global Investment (Samoa) Co., Ltd.	Investments accounted for using equity method	-	-	-	54,537	2,480,687	45,496	1,402,170	-	-	-	100,033	3,986,008
Singan	Sinjiang Co., Ltd.	Investments accounted for using equity method	-	-	-	-	42,824	518,754	-	-	-	-	42,824	509,816
TAC Global	Yu Rong International Investment (Samoa) Co., Ltd.	Investments accounted for using equity method	-	-	-	42,000	1,936,185	45,496	1,402,170	-	-	-	87,496	3,465,252
Yu Rong International	TAC Leasing (Suzhou) Co., Ltd.	Investments accounted for using equity method	-	-	-	191,848	1,636,049	308,152	1,402,170	-	-	-	500,000	3,276,849

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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(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						

TABLE 7

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(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 Luxgen Dongfeng Yulon	An investee accounted for by equity method The Company's subsidiary An investee accounted for by equity method	Sales Sales Sales	\$ (18,851,503) (2,609,716) (137,785)	87 12 1	Within 180 days Within 90 days Within 60 days	- - -	60 days to 180 days 60 days to 180 days 60 days to 180 days	\$ 1,096,313 174,317 358,900	66 10 21
Yulon Finance Corporation	Yuan Lon Hui-Lian Yu Sing Luxgen Taipei Yu Chang Yushin Yu Tang Luxgen Taoyuan Empower Cheng Long Luxgen Kaohsiung Luxgen Tainan Ding Long Lian Cheng Yuan Zhi TAC	An investee accounted for by equity method An investee accounted for by equity method The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company An investee accounted for by equity method The same ultimate parent company An investee accounted for by equity method The same ultimate parent company The same ultimate parent company An investee accounted for by equity method An investee accounted for by equity method An investee accounted for by equity method The same ultimate parent company	Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales Sales	(2,450,960) (2,268,065) (2,187,855) (798,580) (3,057,799) (1,760,612) (1,554,716) (463,645) (2,424,888) (1,734,787) (497,070) (353,310) (293,370) (891,583) (315,731) (316,593) (7,438,993)	8 7 3 10 6 5 2 8 6 2 1 1 3 1 1 97	Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day Receipt of payment on the day	- - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - -	104,357 30,578 100,459 51,529 86,630 32,040 38,553 11,608 127,355 79,387 12,690 7,525 11,150 3,561 8,377 1,987	- - - - - - - - - - - - - - -
	Union & NKH Auto Parts	The Parent company	Sales	(592,951)	45	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	114,411	23
		An investee accounted for by equity method	Sales	(482,974)	36	60 days	Because the standard and characteristic of products are different, there is no base to compare.	Same as general customer	65,879	13
	Fuzhou Lianghong	A related party in substance	Sales	(134,816)	11	45 days	-	-	80,561	21
	Yueki	The Parent company China Motor Kian-shen	Sales Sales Sales	(329,083) (107,767) (117,553)	51 17 18	45 days 45 days 45 days	- - -	45 days 45 days 45 days	42,110 17,793 52,309	14 6 17
	Y-Teks	The Parent company	Sales	(146,372)	61	45 days	-	-	22,061	42
	Yue Sheng	The Parent company	Sales	(123,466)	45	At sight or a month	-	At sight or a month	17,453	38
	Luxgen	A related party in substance The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company	Sales Sales Sales Sales Sales Sales Sales Sales	(104,318) (242,789) (159,606) (140,137) (101,735) (2,440,758) (128,276) (112,742)	3 7 5 4 3 75 35	At sight At sight At sight At sight At sight Within 3 days At sight or a month	- - - - - - -	At sight At sight At sight At sight At sight Within 3 days At sight or a month	10,776 2,808 2,048 2,065 923 83,610 24,689	5 1 1 1 1 40 30
	Singgural Travel	The Parent company	Sales	(112,742)	92	At sight or a month	Bargaining	At sight or a month	10,413	89
	Kuen You	The same ultimate parent company	Sales	(370,735)	47	Sales revenue received in advance	Bargaining	Sales revenue received in advance	124,109	76
	LUXGEN (Hangzhou) Motor Sales	The same ultimate parent company	Sales							

(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	
The Company	Union & NKH Auto Parts	The Company's subsidiary	Purchase	\$ 592,951	4	60 days	Because the standard and characteristic of products are different, there is no base to compare.	-	\$ (114,411)	5	
	Yueki Nissan Motor Co., Ltd	The Company's subsidiary	Purchase	329,083	2	45 days	Bargaining	45 days	(42,110)	2	
	Y-Teks	A related party in substance	Purchase	6,756,694	43	12 days after bill of lading		12 days after bill of lading	(1,141,340)	49	
	Yue Sheng	The Company's subsidiary	Purchase	146,372	1	45 days		-	(22,061)	1	
	Dongfeng Yulon	An investee accounted for by equity method	Purchase	123,466	1	At sight or a month		At sight or a month	(17,453)	1	
	Singgudi Travel	The Company's subsidiary	Purchase	244,594	2	60 days after monthly closing		60 days after monthly closing	(7,469)	0	
	China Oghara	An investee accounted for by equity method	Purchase	128,276	1	At sight or a month	Bargaining	At sight or a month	(24,689)	1	
	Taiway	A related party in substance	Purchase	160,384	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(933)	0	
			Purchase	108,426	1	45 days after monthly closing	Bargaining	45 days after monthly closing	(13,907)	1	
Yulon Finance Corporation	Yulon Nissan	An investee accounted for by equity method	Purchase	20,756,130	68	Within 3 days		-	(1,196,673)	82	
	Sin Jiang	The same ultimate parent company	Purchase	7,438,993	24	Receipt of payment on the day		-	-	-	
	Luxgen	The same ultimate parent company	Purchase	2,440,758	8	Within 3 days		-	(83,610)	6	
Yu Sing	TAC	The same ultimate parent company	Purchase	2,187,855	42	Receipt of payment on the day		-	(100,459)	51	
	Yulon Nissan	An investee accounted for by equity method	Purchase	271,716	5	Receipt of payment on the day		-	(4,300)	2	
Yushin	TAC	The same ultimate parent company	Purchase	1,760,612	81	Receipt of payment on the day		-	(32,040)	31	
	Yulon Nissan	An investee accounted for by equity method	Purchase	201,777	9	Receipt of payment on the day		-	(3,127)	3	
Yu Chang	TAC	The same ultimate parent company	Purchase	3,057,799	84	Receipt of payment on the day		-	(86,630)	62	
Empower	TAC	The same ultimate parent company	Purchase	2,424,858	78	Receipt of payment on the day		-	(127,355)	100	
Yu Sing	xx	The same ultimate parent company	Purchase	112,742	2	Within 180 days		-	(10,413)	5	
Luxgen	The Company	The Parent company	Purchase	2,609,776	57	Within 90 days		-	(174,317)	110	
Luxgen Taipei	TAC	The same ultimate parent company	Purchase	798,580	71	Receipt of payment on the day		-	(51,529)	73	
	Luxgen	The same ultimate parent company	Purchase	242,789	21	At sight		-	(2,808)	4	
Luxgen Taoyuan	TAC	The same ultimate parent company	Purchase	463,645	72	Receipt of payment on the day		-	(11,608)	84	
	Luxgen	The same ultimate parent company	Purchase	159,606	25	At sight		-	(2,048)	15	
Luxgen Taichung	TAC	The same ultimate parent company	Purchase	497,070	74	Receipt of payment on the day		-	(12,690)	57	
	Luxgen	The same ultimate parent company	Purchase	140,137	21	At sight		-	(2,065)	9	
Luxgen Tainan	TAC	The same ultimate parent company	Purchase	293,370	73	Receipt of payment on the day		-	(11,150)	64	
Luxgen Kaoliung	TAC	The same ultimate parent company	Purchase	353,510	77	Receipt of payment on the day		-	(7,525)	14	
	Luxgen	The same ultimate parent company	Purchase	101,735	22	At sight		-	(923)	2	
Chuang Jie	LUXGEN (Hangzhou) Motor Sales	The same ultimate parent company	Purchase	370,735	97	Payment in advance		-	(124,109)	87	
LUXGEN (Hangzhou) Motor Sales	Dongfeng Yulon	An investee accounted for by equity method	Purchase	451,347	93	Payment in advance		-	(46,556)	7	

Note: Till the end of balance sheet date, no other transaction parties were available for comparison, since Hangchow Lingrun 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
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2019
(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	\$ 1,138,976 (Note 1)	25.86	\$ -	\$ -	\$ 1,107,540	\$ -
	Luxgen	The Company's subsidiary	194,654 (Note 2)	23.65	-	-	7,129	-
Union & NKH Auto Parts	Dongfeng Yulon	An investee accounted for by equity method	358,900	0.63	-	-	-	35,896
	The Company	The Parent company	114,411	3.54	-	-	28,592	-
Luxgen	Dongfeng Yulon	An investee accounted for by equity method	168,988	0.01	-	-	-	64,368
Hangchow Yue Wan	Dongfeng Yulon	An investee accounted for by equity method	129,170	0.02	124,821	Actively demand for settlement	-	-
Yueki	Hangchow Yue Wan	The same ultimate parent company	227,367 (Note 3)	-	170,665	-	-	-
Hangchow Liangrun	Dongfeng Yulon	An investee accounted for by equity method	184,510 (Note 4)	-	-	-	2	-
Car-plus Corporation	Diamond Leasing	The same ultimate parent company	239,666	0.16	-	Depend on capital status	15,754	-
TAC Leasing (Suzhou)	Dongfeng Yulon	An investee accounted for by equity method	287,773	0.11	-	Depend on capital status	4,790	4,382
LUXGEN (Hangzhou) Motor Sales	Dongfeng Yulon	An investee accounted for by equity method	2,672,148 (Note 5)	-	-	-	-	41,963
	Dong Feng Yulon Sales Company	The same ultimate parent company	533,082 (Note 4)	-	-	-	-	-
Yulon China (HK) Holding	Sheng Qing	The same ultimate parent company	297,383 (Note 4)	-	-	-	-	-
Yulon China	Sheng Qing	The same ultimate parent company	1,916,773 (Note 4)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Yulon Motor Investment	Hang Zhou Haitec Company	An investee accounted for by equity method	\$ 180,946 (Note 4)	-	\$ -	-	\$ -	-
	Dongfeng Yulon	An investee accounted for by equity method	457,814 (Note 4)	-	-	-	-	119,280
Sheng Qing	Zhu Hai Fu Te En	The same ultimate parent company	125,572 (Note 4)	-	-	-	-	-
	Dongfeng Yulon	An investee accounted for by equity method	156,965 (Note 4)	-	-	-	-	40,662
	Shen Jun Yu Peng	The same ultimate parent company	159,058 (Note 4)	-	-	-	-	-
	Xiamen Young Chang	The same ultimate parent company	166,557 (Note 4)	-	-	-	-	-
	Yu-Jie	The same ultimate parent company	174,406 (Note 4)	-	-	-	-	-
	Wuhan Yu Hsin	The same ultimate parent company	160,402 (Note 4)	-	-	-	-	-
	Nanjing Hanhong	The same ultimate parent company	228,035 (Note 4)	-	-	-	-	-
	Yulon Motor Investment	The same ultimate parent company	1,441,026 (Note 4)	-	-	-	-	-
	Hangchow Y-Teks	The same ultimate parent company	186,252 (Note 4)	-	-	-	-	-
	Nanjing Hanhong	The same ultimate parent company	118,256 (Note 4)	-	-	-	-	-
Yu-Jie	Dongfeng Yulon	An investee accounted for by equity method	218,007 (Note 4)	-	-	-	-	56,571
Yu-Hsin Intl	Yu-Hsin Intl HK	The same ultimate parent company	155,210 (Note 4)	-	-	-	-	-
Ke Yu	Sheng Qing	The same ultimate parent company	405,493 (Note 4)	-	-	-	-	-
Mei De	Shi Cheng	The same ultimate parent company	130,804 (Note 4)	-	-	-	-	-
	Sheng Qing	The same ultimate parent company	130,804 (Note 4)	-	-	-	-	-
Yu Ching	Luxgen	The same ultimate parent company	500,000 (Note 4)	-	-	-	-	-

(Continued)

- Note 1: The receivables comprised account and notes receivables of \$1,096,313 thousand and other receivables of \$42,663 thousand.
- Note 2: The receivables comprises account receivables of \$174,317 thousand and other receivables of \$20,337 thousand.
- Note 3: The receivables comprises account receivables of \$164,004 thousand and other receivables of \$63,363 thousand.
- Note 4: The receivables comprises other receivables.
- Note 5: The receivables comprises account receivables of \$14,540 thousand and other receivables of \$2,657,608 thousand.

(Concluded)

TABLE 9

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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership			
The Company	Yulon Nissan	Miaoli, Taiwan	Sales of cars	\$ 7,062,225	\$ 7,062,225	143,500	47.83	\$ 5,064,783	\$ 2,456,155	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	141,526	810,409	44,592	8.05	346,192	51,836	-
	Yulon Finance Corporation	Taipei, Taiwan	Sale and lease of cars and parts	512,150	512,150	251,313	45.75	2,249,268	1,009,813	-
	Tai-Yuen Textiles	Taipei, Taiwan	Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products	-	44,956	-	-	386,476	25,471	-
	Yueki	Hsinchu, Taiwan	Manufacturing and sale of car components	169,978	169,978	12,767	65.58	(30,899)	(20,692)	-
	Yue Sheng	Miaoli, Taiwan	Car manufacture and furnishing; manufacture, installation and sale of car parts	238,872	238,872	23,061	80.07	2,625	2,082	-
	China Cast Iron Pipe	Taipei, Taiwan	Metal casting and related business	24,850	24,850	25	77.66	10,106	7,848	-
	Union & NKH Auto Parts	Taipei, Taiwan	Manufacturing and sale of springs for various motor vehicles and sale of nonmotorized vehicles	183,692	183,692	21,729	25.01	22,982	5,621	-
	Uni-calsonic	Miaoli, Taiwan	Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts	96,449	96,449	5,983	30.68	22,856	7,015	-
	Yu Chang	Kaohsiung, Taiwan	Sale, maintenance and repair of cars and parts	114,096	114,096	13,999	64.99	(3,157)	(16,303)	-
	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	25,470	37.76	60,419	23,288	-
	Yuan Lon	Taoyuan, Taiwan	Sale, maintenance and repair of cars and parts	84,405	84,405	7,999	20.00	(6,501)	(987)	-
	Yu Ching	Taipei, Taiwan	Import and export and sale of cars and parts	1,077,221	1,077,221	72,691	60.00	504,395	38,192	-
	Yu Pong	Taipei, Taiwan	Yulon basketball team management and related services	1,122,659	1,122,659	42,340	100.00	24,973	16,999	-
	Yung Hong	Taipei, Taiwan	Investments	537,311	537,311	77,622	100.00	599,306	17,685	-
	Yushin	Hsinchu, Taiwan	Sale, maintenance and repair of cars and parts	132,986	132,986	19,999	99.99	219,905	(5,863)	-
	China Engine	Taoyuan, Taiwan	Manufacturing of car engines and parts	320,000	320,000	32,000	18.95	(3,353)	(6,353)	-
	Cheng Long	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	51,677	51,677	10,422	27.00	166,212	(4,469)	-
	Yu Tang	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	71,166	71,166	7,117	20.33	16,314	2,564	-
	ROC-Spicer	Taoyuan, Taiwan	Manufacturing and sales of cars and parts	476,740	476,740	102	20.46	10,053	27,911	-
	Car-plus Corporation	Taipei, Taiwan	Sales and lease of cars	106,372	106,372	2,854	3.46	296,963	10,268	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	-	99,935	-	-	73,648	5,649	-
	Empower	Taichung, Taiwan	Sale, maintenance and repair of cars and parts	29,987	29,987	5,800	20.00	12,514	8,228	-
	Chan Yun	Taipei, Taiwan	Wholesale and retail of information software	58,594	40,680	16,664	87.71	(7,032)	(4,222)	-
	Sin Jiang	Taipei, Taiwan	Wholesale and retail of secondhand cars	-	85,895	-	-	52,797	1,653	-
	Sin Chi	Taipei, Taiwan	General advertising planning services	871,157	871,157	87,000	100.00	987,539	65,734	-
	Yu Sing	Taipei, Taiwan	Sale, maintenance and repair of cars and parts	505,189	325,199	17,999	99.99	(30,580)	(8,934)	-
	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	602	34.00	42,848	14,475	-
	Yulon Overseas	B.V.I.	Investments	24,087,928	23,813,725	785,328	100.00	(3,795,360)	(3,866,488)	-
	Tokio Marine Nwda Insurance	Taipei, Taiwan	Property insurance	796,956	796,956	52,010	17.39	774,053	134,616	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	-	99,000	-	-	175,338	2,237	-
	Qinton	Tainan, Taiwan	Sales maintenance and repair of cars and parts	-	67,459	-	-	(14,578)	(948)	-
	Haitec	Taipei, Taiwan	Product design	2,047,449	2,047,449	116,370	35.46	(3,891,327)	(953,728)	-
	Hui-Lian	Changhua, Taiwan	Sale, maintenance and repair of cars and parts	74,366	74,366	6,116	20.34	5,770	716	-
	DXMEDIA	Taipei, Taiwan	Publication	10,000	10,000	400	20.00	561	112	-
	Luxgen	Miaoli, Taiwan	Sales and producing of cars and related parts	14,840,000	14,840,000	600,000	100.00	(3,550,833)	(3,544,947)	-
	Yulon TOBE	New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts	-	500,000	-	-	5,911	5,930	-
	Yulon Management	New Taipei City, Taiwan	Investment advisor and temporary labor services	32,991	32,991	3,299	32.99	5,319	(1,655)	-
	Yulon Energy	New Taipei City, Taiwan	Wholesale and retail sale of batteries	-	400,000	-	-	(21,492)	(11,462)	-
	Yulon Construction	Taipei, Taiwan	Construction industry	3,034,485	3,034,485	122,100	100.00	23,493	105,448	-
	Hong Kong-Spicer	Hong Kong	Investment	56,475	56,475	1,585	20.50	(20,167)	(4,134)	-
	YuenWen Investment Co., Ltd.	Taipei, Taiwan	Investments	-	-	-	-	15,744	15,744	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership			
YuenWen Investment Co., Ltd.	Tai-Yuen Textiles	Taipei, Taiwan	Manufacturing and sales of spinning, dyeing or knitting fabrics and import and export of related products	\$ -	\$ -	-	-	\$ 386,476	\$ -	-
Yulon Finance Corporation	Car-plus Corporation	Taipei, Taiwan	Car lease and trade	757,288	757,288	64,570	68.57	1,352,338	296,963	-
	SCC	Taipei, Taiwan	Installment financing services for cars and trucks	419,808	419,808	175,500	100.00	3,045,016	373,759	-
	TAC Global	Samoa	Shareholding company	3,089,942	1,687,772	100,033	100.00	3,986,008	207,982	-
	Tokio Marine Nawa Insurance	Taipei, Taiwan	Property insurance	58,070	58,070	5,807	1.94	175,959	774,053	-
	Empower	Taichung, Taiwan	Retail of cars and related parts	48,843	48,843	7,832	27.00	100,141	12,514	-
Sin Jiang	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	-	181,731	-	-	52,797	-	-
	Yu Rich	Taipei, Taiwan	Installment loans of consumer goods and wholesale of cars and parts	660,662	500,001	82,126	100.00	1,073,298	175,338	-
	Yulon Finance Philippines Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	437,490	437,490	15,000	100.00	416,240	(21,034)	-
	Singan	Taipei, Taiwan	Wholesale and retail of information software	315,157	-	21,004	73.26	299,694	73,648	-
	Shinshin Samoa	Samoa	Shareholding company	389,077	389,077	12,000	100.00	230,434	(108,751)	-
YES Energy Service	YES Energy Service	New Taipei City, Taiwan	Wholesale and retail sale of batteries	21,407	-	6,500	100.00	(85)	(21,492)	-
Car-plus Corporation	Power Engineering	New Taipei City, Taiwan	Construction project contracting	2,000	2,000	200	100.00	899	(62)	-
	Diamond Leasing	Taipei, Taiwan	Car lease and trade	85,000	85,000	8,500	100.00	110,804	18,435	-
	Car-Plus Samoa	Samoa	Shareholding company	563,071	563,071	18,000	100.00	766,642	(21,430)	-
	Sin Jiang	Taipei, Taiwan	Sale and brokerage of secondhand vehicles	-	90,811	-	-	52,797	-	-
	Da-Wei	Taipei, Taiwan	brokerage of electric vehicles	20,000	20,000	2,000	100.00	24,034	2,888	-
Da-Wei	Hong Shou Culture	Taipei, Taiwan	Publication	11,881	-	4,050	100.00	9,833	(2,666)	-
	Da Teng	Taipei, Taiwan	Taxi service	7,028	7,028	600	100.00	9,657	1,354	-
	Dachuan	Taipei, Taiwan	Taxi service	1,125	-	300	100.00	1,868	743	-
	Damu	Taipei, Taiwan	Taxi service	1,575	-	600	100.00	1,892	317	-
	Dajun	Taipei, Taiwan	Taxi service	900	-	300	100.00	1,368	468	-
Diamond Leasing	H. K. Manpower	Taipei, Taiwan	Temporary labor services	10,000	10,000	1,000	100.00	17,838	2,451	-
	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	42,790	42,790	1,337	71.34	24,206	1,249	-
Car-Plus Samoa	Car-Plus China	Samoa	Shareholding company	193,004	193,004	6,000	60.00	419,639	31,216	-
	Car-Plus Shanghai	Samoa	Shareholding company	185,183	185,183	6,000	60.00	222,045	28,491	-
	Car-Plus Hangzhou Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	184,884	184,884	6,000	60.00	124,844	(95,448)	-
	Car-Plus China	Samoa	Shareholding company	128,647	128,647	4,000	40.00	279,759	31,216	-
	Car-Plus Shanghai	Samoa	Shareholding company	123,455	123,455	4,000	40.00	148,030	28,491	-
TAC Global	Car-Plus Hangzhou Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	123,160	123,160	4,000	40.00	83,229	(95,448)	-
	Yu Rong International	Samoa	Shareholding company	2,698,460	1,296,290	87,496	100.00	3,465,252	221,921	-
	Sinjiang International Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	16,220	16,220	537	28.66	9,737	1,249	-
	Yulon Finance Philippines Corporation	Samoa	Shareholding company	437,490	437,490	15,000	100.00	416,240	(21,034)	-
	Yulon Finance Philippines Investment (Samoa) Co., Ltd.	Samoa	Shareholding company	437,490	437,490	7,500	100.00	416,240	(21,034)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership			
Singan	Hsiang Shou Singnual Travel Sin Jiang Qinton	New Taipei City, Taiwan New Taipei City, Taiwan Taipei, Taiwan Tainan, Taiwan	Towing Sales of car parts Sale and brokerage of secondhand vehicles Sales of car parts and designs of car repair product industry Publication	\$ 128,400 130,591 518,754 75,578	\$ 128,400 130,591 - -	10,000 13,000 42,824 6,746	100.00 100.00 100.00 100.00	\$ 208,339 192,547 509,816 58,426	\$ - - - -	- - - -
Yu Pong	Hong Shou Culture China Motor Yu Ching	Taipei, Taiwan Taoyuan, Taiwan Taipei, Taiwan	Manufacturing and sales of cars Import and export and sale of cars and parts	- 35,269 682,685	64,100 42,080 682,685	- 454 48,461	- 0.08 40.00	- 21,170 530,935	- 346,192 71,584	- - -
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	25,510	212	11.99	122,752	42,848	-
Yung Hong	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	193,869	253,834	3,998	0.72	13,839	346,192	-
Yu Ching	Tokio Marine Newa Insurance Yulon Nissan Singan Chinh-Ling Yulon Management	Taipei, Taiwan Miaoli, Taiwan Taipei, Taiwan Taipei, Taiwan New Taipei City, Taiwan	Property insurance Sales of cars Wholesale and retail of information software Product design Investment advisor and temporary labor services	55,467 336,923 - 36,098 9	55,467 336,923 19,914 36,098 9	3,500 3,500 - 5,000 1	1.17 1.17 - 100.00 0.01	102,313 231,202 - 17,400 9	774,053 5,064,783 73,648 (150) 5,319	- - - - -
Yueki	China Motor Uni-calcenic Yue Ki Samoa Yue Ki HK	Taoyuan, Taiwan Miaoli, Taiwan Samoa Hong Kong	Manufacturing and sales of cars Production and sales of various kinds of radiators, heat transfer apparatus, geysers, water tank and car parts Investment Investment	243 17,328 123,058 330,094	408 17,328 123,058 330,094	11 800 4,126 -	- 4.10 100.00 100.00	583 17,328 501,084 98,541	346,192 22,856 (16,015) (25,908)	- - - -
Yu Chang	Tian Wang Luxgen Kaohsiung	Kaohsiung, Taiwan Kaohsiung, Taiwan	Secondhand cars and car related products Repair, wholesale and retail of cars and parts	17,000 26,450	17,000 26,450	1,700 1,420	100.00 20.00	26,042 4,101	4,781 (17,664)	- -
Yushin	Yu Pool Luxgen Taoyuan	Miaoli, Taiwan Taoyuan, Taiwan	Supply of and providing services on information software and retail trade of spare parts of vehicles Sales, maintenance and repair of cars and related products Investment	7,000 12,250	7,000 12,250	1,000 2,100	100.00 20.00	41,584 3,812	3,299 (14,063)	- -
Empower	Yu Shin Investment Chunmin Hong Yen Luxgen Taichung Yu Ming Insurance	Samoa Taichung, Taiwan Samoa Taichung, Taiwan Taichung, Taiwan	Comprehensive retail of car parts Investment Repair, wholesale and retail of cars and parts Property insurance	46,331 8,000 47,082 27,446 3,000	46,331 8,000 47,082 27,446 3,000	- 800 48,450 2,120 300	100.00 100.00 100.00 20.00 100.00	15,744 9,903 52,885 5,106 2,807	(11,515) (1,137) (28,522) (11,299) (153)	- - - - -
Sin Chi	Yulon Nissan Yu Chia Chanchen	Miaoli, Taiwan Taipei, Taiwan Taipei, Taiwan	Sales of cars Sales, maintenance and repair of heavy vehicles and related products Management consulting, leases of real estate and general advertising	311,853 84,000 -	311,853 84,000 10,000	3,050 50,000 -	1.02 100.00 -	201,340 29,174 -	5,064,783 (8,686) -	- - -
Yu Sing	Yulon TOBE Ding Long Kuen You Trading	Taipei, Taiwan Taipei, Taiwan New Taipei City, Taiwan	Sale, maintenance and repair of cars and parts Sales, maintenance and repair of cars and parts Sale, maintenance and repair of cars and parts	27,996 37,790 10,000	- 37,790 10,000	28,080 3,779 1,000	100.00 37.79 100.00	27,977 37,778 13,264	5,911 (6,394) 2,294	- - -
Y-Teks	Yu-Hsin Intl China Motor	B.V.I. Taoyuan, Taiwan	Investments Manufacturing and sales of cars	65,854 265	65,854 435	2,208 11	66.67 -	1,060,071 527	64,697 346,192	- -
Yu-Hsin Intl	Yu-Hsin Intl HK	Hong Kong	Investments	311,194	311,194	10,274	100.00	464,245	(112,888)	-
Union & NKH Auto Parts	China Motor Uni Investment	Taoyuan, Taiwan B.V.I.	Manufacturing and sales of cars Investments	256 289,287	640 289,287	26 8,403	- 100.00	1,194 2,104,198	346,192 21,741	- -

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership			
Luxgen	Luxgen Taipei	Taipei, Taiwan	Repair, wholesale and retail of cars and parts	\$ 157,625	\$ 157,625	18,499	99.99	\$ 40,611	\$ (69,735)	-
	Luxgen Taoyuan	Taoyuan, Taiwan	Repair, wholesale and retail of cars and parts	64,883	64,883	6,299	59.99	47,660	(14,063)	-
	Luxgen Taichung	Taichung, Taiwan	Repair, wholesale and retail of cars and parts	71,624	71,624	6,359	59.99	8,786	(11,299)	-
	Luxgen Tainan	Tainan, Taiwan	Repair, wholesale and retail of cars and parts	182,388	182,388	8,399	79.99	30,073	(22,884)	-
	Luxgen Kaohsiung	Kaohsiung, Taiwan	Repair, wholesale and retail of cars and parts	58,344	58,344	4,259	59.99	12,326	(17,664)	-
Yulon Construction	Luxgen Overseas Holdings	Singapore	Investments	1,300,595	1,300,595	63,587	100.00	145,921	2,566	-
	Singan	New Taipei City, Taiwan	Wholesale and retail of information software	81,191	81,191	5,670	19.78	80,977	73,648	-
	China Motor	Taoyuan, Taiwan	Manufacturing and sales of cars	1,497	1,690	13	-	601	346,192	-
	Xiao Gan Yu Feng	New Taipei City, Taiwan	Construction greening industry	24,990	24,990	2,499	99.96	38,889	12,682	-
	Yulon Philippine	Cayman	Investments	1,109,207	1,097,593	32,791	100.00	(223,071)	(36,413)	-
Yulon Overseas	Yulon China	B.V.I.	Investments	23,896,949	23,187,037	766,811	100.00	3,305,345	(3,758,615)	-
Yulon Philippine	UMPI & SCIC	Philippine	Manufacturing of cars and factory lease	906,182	896,694	-	100.00	82,853	66,451	-
Yulon China	NPI	Philippine	Sale, maintenance and repair of cars and parts	73,012	72,247	12	24.50	(309,256)	(417,351)	-
	Qing Yi	Samoa	Investments	816,786	666,472	20,465	100.00	611,583	(18,180)	-
	Wen Yang	Samoa	Investments	499,744	494,512	16,100	100.00	282,333	(117,866)	-
	Tai Xin	Samoa	Investments	751,826	743,954	19,600	100.00	713,226	(15,572)	-
	Yulon China (Hong Kong) Investment Limited	Hong Kong	Investments	8,451,131	8,362,645	-	100.00	(3,426,235)	(2,540,944)	-
Yulon China Holding	Yulon China Holding	Cayman	Investments	13,298,160	12,805,765	33,280	100.00	5,008,999	(1,084,705)	-
	Feng Hua	Hong Kong	Investments	86,912	86,002	-	40.00	126,578	29,721	-
	Yulon China (HK) Holding	Hong Kong	Investments	13,298,160	12,805,765	-	100.00	5,009,110	(1,084,710)	-

(Concluded)

TABLE 10

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Xiamen Young Chang	Cars, electronics, textiles and related business investment consulting services; advanced technology, products and equipment import consulting	\$ 67,907	b)	\$ 57,734	\$ -	\$ -	\$ 57,734	\$ (135,020)	100.00	\$ (135,020)	\$ 500,566	\$ -	2, c)
Ke Yu	Computer software maintenance and computer system integration	805,741	b)	748,722	-	-	748,722	(15,466)	100.00	(15,466)	711,003	-	2, c)
Tai Feng	Computer software maintenance and computer system integration	501,239	b)	460,944	-	-	460,944	(34,503)	100.00	(34,503)	447,829	-	2, c)
Qing Tai	Computer software maintenance and computer system integration	527,796	b)	476,464	-	-	476,464	(84,331)	100.00	(84,331)	94,947	-	2, c)
Dongfeng Yulon	Manufacturing of key car components, electric cars and related parts	15,551,260	b)	8,226,619	-	-	8,226,619	(5,053,057)	50.00	(2,526,529)	(3,427,650)	-	2, c)
Su Zhou Chen Long	Sale, maintenance and repair of cars and parts	193,794	b)	86,912	-	-	86,912	29,722	40.00	11,888	316,444	-	2, c)
Yulon Motor Investment	Investment, shareholding and related business	5,624,703	b)	1,806,687	-	-	1,806,687	(222,880)	100.00	(222,880)	547,331	-	2, b)
LUXGEN (Hangzhou) Motor Sales	Sales of cars and car parts	7,013,939	b)	7,280,432	-	-	7,280,432	(738,320)	100.00	(738,320)	4,030,852	-	2, a)
Yulon Motor Finance	Car purchases and loans to car dealers for car purchases	4,388,600	a)	2,238,186	-	-	2,238,186	156,591	73.42	115,212	4,679,147	-	2, b)
Hang Zhou Jian Tai	Tailpipe, catalyzer assembling, chasises, connection arms, cross rails of engines and other stamping and welding parts	140,403	b)	3,104	-	-	3,104	-	-	-	-	-	-
Hang Zhou Chun Yu	Tire monitors, blue tooth communication device, keyless entry system	59,976	b)	3,104	-	-	3,104	-	-	-	-	-	-
Hang Zhou Xian Bo	Manufacturing and design of fixtures and jigs of vehicles, mechanical and electrical products; inner and external fittings and furnishing	75,425	b)	3,104	-	-	3,104	-	-	-	-	-	-
Hang Zhou Yong Ren	Manufacturing of machinery, car accessory and seat parts	109,662	b)	2,328	-	-	2,328	2,000	2.59	-	2,328	-	-
Hang Zhou Yo Zhan	Manufacturing of car models and related parts, fixtures and jigs, stamping, and related metal products	348,013	b)	3,104	-	-	3,104	-	2.10	-	-	-	-
Hang Zhou Haitee Company	Product design	135,473	b)	-	-	-	-	(26,385)	3.00	(792)	10,121	-	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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Fujian Spicer	Production of car key parts, drive axle assemblies and parts	\$ 898,812	a)	\$ 236,219	\$ -	\$ -	236,219	\$ 47,066	20.50	\$ 9,649	\$ 246,906	\$ -	2, c)
Shenyang Spicer	Manufacturing and sales of automotive drive shafts, mechanical drive shafts and parts	377,098	a)	57,073	-	-	57,073	(30,283)	14.30	(4,330)	49,644	-	2, c)
Hui Zhou Deng Feng Yi Jing	Manufacturing of car parts	658,290	b)	-	-	-	-	(47,102)	22.30	(10,504)	485,470	-	2, c)
Hangchow Yue Wan	Manufacturing of car parts	504,683	b)	176,992	-	-	176,992	(39,561)	77.46	(30,644)	130,739	-	2, c)
Hangchow Y-Teck	Manufacturing and sales of car interior furnishing and related business	262,042	b)	-	-	-	-	(53,836)	29.07	(15,650)	210,640	-	2, c)
Changzhou Y-TEKS	Manufacturing and sales of car interior furnishing and related business	51,102	b)	-	-	-	-	(1,247)	14.82	(185)	67,317	-	2, c)
Liu Zhou Yu Xin Fang Sheng	Manufacturing and sales of car interior furnishing and related business	155,200	b)	-	-	-	-	(10,166)	5.00	(508)	142,619	-	2, c)
Guang Zhou He Xi	Manufacturing and sales of car interior furnishing and related business	204,864	b)	-	-	-	-	936,764	6.00	56,206	924,579	-	2, c)
Fuzhou Lianghong	Manufacturing of car seats	456,257	b)	-	-	-	-	35,730	16.67	5,956	506,310	-	2, c)
Hangchow Liangrun	Manufacturing of car seats	650,595	b)	-	142,431	-	142,431	(46,931)	40.38	(18,951)	111,897	-	2, c)
Guang Zhou Ri Zheng Spring Yu-Jie	Manufacturing of vibration damper springs	830,320	b)	-	-	-	-	49,536	10.00	4,954	1,255,890	-	2, c)
Yu-Jie	Construction industry	2,194,300	a)	-	-	-	-	(38,902)	100.00	(38,902)	2,183,164	-	2, c)
Car-Plus (Suzhou)	Lease of cars and related services	310,400	b)	-	-	-	-	31,206	39.20	12,232	698,206	-	2, c)
Car-Plus Leasing (Shanghai)	Lease of cars and related services	310,400	b)	-	-	-	-	28,491	39.20	11,168	370,055	-	2, c)
Car-Plus Go Co., Ltd.	Lease of cars and related services	310,400	b)	-	-	-	-	(95,448)	37.12	(35,432)	208,073	-	2, c)
TAC Leasing (Suzhou)	Equipment and cars leasing business	2,343,396	b)	-	-	-	-	330,683	45.75	151,287	3,276,849	-	2, c)
TAC Finance Company	Equipment and cars leasing business	931,200	b)	-	-	-	-	(271,904)	56.60	(153,898)	523,528	-	2, b)
Zhe Jiang Cheng Yi Company	Equipment and cars leasing business	87,772	b)	-	-	-	-	(884)	56.60	(500)	56,521	-	2, c)
Hangzhou Cheng-Yi-Jun	Secondhand vehicle consulting service and vehicle agent	2,194	b)	-	-	-	-	(50)	56.60	(28)	1,887	-	2, c)
Zhejiang Cheng-Yi Auction	Secondhand vehicle authenticate and evaluation service	8,777	b)	-	-	-	-	(485)	56.60	(275)	4,402	-	2, c)
Su Zhou Yu Guo	Car purchases and loans to car dealers for car purchases	8,777	b)	-	-	-	-	(4,356)	56.60	(2,465)	2,331	-	2, c)
Shanghai Yu Guo	Sales of cars	8,777	b)	-	-	-	-	(3,182)	56.60	(1,801)	5,733	-	2, c)
Dongguan Yu Guo	Sales of cars	8,777	b)	-	-	-	-	(1,911)	-	(320)	-	-	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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Xiamen Yu Guo	Sales of cars	\$ 8,777	b)	\$ -	\$ -	\$ (3,368)	\$ -	\$ (3,368)	-	\$ (567)	\$ -	\$ -	2, c)
Chengdu Yu Guo	Sales of cars	8,777	b)	-	-	233	-	233	-	38	-	-	2, c)
Hefei YuGuo	Sales of cars	8,777	b)	-	-	(2,117)	-	(2,117)	56.60	(1,198)	6,465	-	2, c)
Qingdao YuGuo	Sales of cars	8,777	b)	-	-	(6,414)	-	(6,414)	56.60	(3,630)	1,102	-	2, c)
Master Good Car (Wuhan)	Sales of cars	8,777	b)	-	-	(1,206)	-	(1,206)	56.60	(683)	4,066	-	2, c)
Kunming YuGuo	Sales of cars	8,777	b)	-	-	(3,277)	-	(3,277)	-	(552)	-	-	2, c)
Shang Hai Jing-Huai	Sales of car parts	49,499	b)	-	-	(2,246)	-	(2,246)	53.30	(1,197)	69,357	-	2, c)
Dong Yu Tech. Company	Car manufacture and furnishing; manufacture, installation and sale of car parts	65,829	b)	-	-	-	-	-	42.99	-	24,892	-	2, c)
Fu Jian Yu Xin	Sales of cars	186,848	b)	-	-	(25,515)	-	(25,515)	100.00	(25,515)	(21,969)	-	2, c)
Ning Bo Yu Cheng	Sales of cars	151,740	b)	-	-	(21,567)	-	(21,567)	100.00	(21,567)	(13)	-	2, c)
Shanghai Yunning	Sales of cars	220,123	b)	-	-	(47,852)	-	(47,852)	67.00	(32,053)	(65,122)	-	2, c)
Ka Shing Yu Da	Sales of cars	81,607	b)	-	-	(10,566)	-	(10,566)	67.00	(7,077)	17,576	-	2, c)
Dong Feng Yulon Sales Company	Sales of cars and car parts	225,747	b)	-	-	(43,958)	-	(43,958)	50.00	(21,979)	(4,008,433)	-	2, c)
Chuang Jie	Manufacturing of key car components, electric cars and related parts	3,532,533	b)	3,553,656	-	(326)	3,553,656	(326)	100.00	(326)	3,440,799	-	2, c)
Sheng Qing	Investments	3,100,854	b)	138,438	336,023	(128,586)	474,461	(128,586)	100.00	(128,586)	2,044,686	-	2, b)
Mei De	Computer software maintenance and computer system integration	358,938	b)	-	-	(9,111)	-	(9,111)	100.00	(9,111)	347,068	-	2, c)
Shi Cheng	Computer software maintenance and computer system integration	327,002	b)	-	-	(71,599)	-	(71,599)	100.00	(71,599)	(139,483)	-	2, c)
Jin Ce	Computer software maintenance and computer system integration	88,809	b)	-	-	(6,527)	-	(6,527)	100.00	(6,527)	68,076	-	2, c)
Yi Ding	Computer software maintenance and computer system integration	249,226	b)	-	-	(12,469)	-	(12,469)	100.00	(12,469)	218,451	-	2, c)
Dong Tai	Investments	333,188	b)	-	-	(71,173)	-	(71,173)	100.00	(71,173)	(163,642)	-	2, c)
Gao Te	Investments	261,867	b)	-	-	(7,099)	-	(7,099)	100.00	(7,099)	227,951	-	2, c)
Shen Jun Yu Peng	Sales of cars	54,180	b)	-	-	2,099	-	2,099	65.00	1,364	11,031	-	2, c)
Su Zhou Feng Shen	Sales of cars	216,718	b)	-	-	110,960	-	110,960	40.00	44,384	360,702	-	2, c)
Guang Zhou Yuan Du	Sales of cars	158,023	b)	-	-	(19,534)	-	(19,534)	51.00	(9,962)	77,641	-	2, c)
Zhu Hai Fu Te En	Sales of cars	22,575	b)	-	-	(14,564)	-	(14,564)	100.00	(14,564)	136,096	-	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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Nanjing Hanhong	Sales of cars	\$ 317,187	b)	\$ -	\$ -	\$ -	\$ -	\$ (36,080)	100.00	\$ (36,080)	\$ 126,405	\$ -	2, c)
Wuhan Yu Hsin	Sales of cars	275,631	b)	-	-	-	-	17,945	100.00	17,945	189,386	-	2, c)
Hangzhou Yu Zhong	Trading	45,149	b)	-	-	-	-	(1,786)	100.00	(1,786)	72,903	-	2, c)
Jiangmen Junxing	Sales of cars	91,212	b)	-	-	-	-	(21,775)	60.00	(13,065)	52,783	-	2, c)
Jiangmen Yuli	Sales of cars	46,063	b)	-	-	-	-	(13,612)	60.00	(8,167)	27,108	-	2, c)
He-Shan Li-Sheng	Sales of cars	2,862	b)	-	-	-	-	(1,174)	60.00	(704)	3,463	-	2, c)
Guang Zhou Yuan Zhi	Sales of cars	89,865	b)	-	-	-	-	(24,644)	51.00	(12,569)	(17,424)	-	2, c)
Qingdao Yuanhuang	Sales of cars	223,220	b)	-	-	-	-	(25,968)	51.00	(13,244)	(17,386)	-	2, c)
Hang Zhou Hua Zhi	Sales of cars	90,299	b)	-	-	-	-	(28,565)	80.00	(22,852)	(138,881)	-	2, c)
Chang Sha Yu Lu	Sales of cars	90,299	b)	-	-	-	-	(17,619)	100.00	(17,619)	8,602	-	2, c)
Hang Zhou Tang Yu	Investments	45,149	b)	-	-	-	-	(1,186)	100.00	(1,186)	46,608	-	2, c)
Hang Zhou Chien Yu	Investments	45,149	b)	-	-	-	-	(155)	100.00	(155)	39,386	-	2, c)
Zhuohai Yuhsin	Sales of cars	22,575	b)	-	-	-	-	(15,719)	100.00	(15,719)	(46,638)	-	2, c)
Shenzhen Yu Zhi	Sales of cars	45,149	b)	-	-	-	-	(12,343)	100.00	(12,343)	(7,066)	-	2, c)
Xiao Gan Yu Feng	Sales of cars	120,514	b)	-	-	-	-	6,464	100.00	6,464	165,389	-	2, c)
Su Zhou Feng Shun	Sales of cars	113,513	b)	-	-	-	-	45,458	40.00	18,183	296,059	-	2, c)
Suzhou Yueshun	Sales of cars	45,149	b)	-	-	-	-	(2,362)	40.00	(945)	39,603	-	2, c)
Su Chou Cheng Pin	Sales of cars	182,424	b)	-	-	-	-	5,593	40.00	2,237	188,978	-	2, c)
Wu Jiang Lian Cheng	Sales of cars	45,149	b)	-	-	-	-	24,662	40.00	9,865	110,207	-	2, c)
Su Zhou Cheng Li	Sales of cars	68,180	b)	-	-	-	-	6,373	40.00	2,549	48,534	-	2, c)
Hang Zhou Hsiao Yu	Investments	45,149	b)	-	-	-	-	(86)	99.00	(85)	39,368	-	2, c)
Nan Jing Yu Shang	Sales of cars	36,119	b)	-	-	-	-	(10,856)	100.00	(10,856)	(71,389)	-	2, c)
Hang Zhou Hua You	Sales of cars	36,119	b)	-	-	-	-	(13,245)	80.00	(10,596)	(168,996)	-	2, c)
Su Zhou Cheng Pang	Sales of cars	45,149	b)	-	-	-	-	7,574	40.00	3,030	69,033	-	2, c)
Nan Jing Yu Hua	Sales of cars	135,448	b)	-	-	-	-	(19,849)	100.00	(19,849)	100,222	-	2, c)
Su Zhou Cheng Guo	Sales of cars	46,063	b)	-	-	-	-	(5,163)	40.00	(2,065)	3,248	-	2, c)
Su Zhou Cheng Hung	Sales of cars	46,063	b)	-	-	-	-	(3,019)	40.00	(1,208)	41,665	-	2, c)
Tai Chang Cheng Mau	Sales of cars	46,063	b)	-	-	-	-	9,913	40.00	3,965	82,694	-	2, c)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Remittance of Funds			Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
				Outward	Inward	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019							
An Hui Min Tung	Sales of cars	\$ 46,063	b)	\$ -	\$ -	\$ -	\$ -	\$ (21,186)	100.00	\$ (21,186)	\$ (57,491)	\$ -	2, c)
An Ching Tsai Tung	Sales of cars	121,411	b)	-	-	-	-	(7,579)	100.00	(7,579)	6,343	-	2, c)
An Ching Ling Tung	Sales of cars	18,425	b)	-	-	-	-	(1,945)	100.00	(1,945)	(63,811)	-	2, c)
Tung Ling Kuo Tung	Sales of cars	23,031	b)	-	-	-	-	(16,594)	100.00	(16,594)	(30,786)	-	2, c)
Ho Fei Chun Hui	Sales of cars	2,303	b)	-	-	-	-	(5,657)	100.00	(5,657)	(26,380)	-	2, c)
Zi Bo Yu An	Sales of cars	23,031	b)	-	-	-	-	(11,382)	100.00	(11,382)	(39,818)	-	2, c)

Accumulated Investment in Mainland China as of September 30, 2019	Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yulon Motor Company Ltd.	\$26,038,277	\$30,080,631	\$47,633,795

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:

- If it is in preparation, there is no investment gains and losses, should be noted.
- The amounts of investment gain (loss) was recognized on following bases:

- Based on the financial statements audited by a ROC CPA firm cooperating with an international CPA firm
- Based on the financial statements audited 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.

(Concluded)

TABLE 11

YULON MOTOR COMPANY LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(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	Notes and trade receivables, net	\$ 174,317	Based on regular terms	-
		Sin Chi		Other receivables from related parties	86,130	Based on regular terms	-
		Luxgen		Other receivables from related parties	20,337	Based on regular terms	-
		Yulon Motor Investment		Other receivables from related parties	11,581	Based on regular terms	-
		Yulon Finance Corporation		Operating revenue, net	17,699	Based on regular terms	-
		Singan		Operating revenue, net	11,297	Based on regular terms	-
		Yulon Construction		Operating revenue, net	100,818	Based on regular terms	-
		Yu Sing		Operating revenue, net	31,264	Based on regular terms	-
		Luxgen		Operating revenue, net	2,626,792	Based on regular terms	-
		Luxgen Taipei		Operating revenue, net	22,845	Based on regular terms	4
		Luxgen Taoyuan		Operating revenue, net	11,184	Based on regular terms	-
		Xiao Gan Yu Feng		Operating revenue, net	11,777	Based on regular terms	-
		Luxgen		Nonoperating revenue and expense	23,841	Based on regular terms	-
		Yushin		Operating revenue, net	1,352,274	Based on regular terms	2
		Yu Sing		Operating revenue, net	1,631,991	Based on regular terms	3
		Yu Chang		Operating revenue, net	2,318,806	Based on regular terms	4
		Empower		Operating revenue, net	1,991,466	Based on regular terms	3
		Yushin		Operating revenue, net	170,497	Based on regular terms	-
		Yu Sing		Operating revenue, net	252,955	Based on regular terms	-
		Yu Chang		Operating revenue, net	335,066	Based on regular terms	1
		Empower		Operating revenue, net	124,347	Based on regular terms	-
		TAC		Operating revenue, net	618,863	Based on regular terms	1
		The Company		Long term investment	50,638	Based on regular terms	-
		The Company		Unrealized gain on transactions with associates	50,638	Based on regular terms	-
		The Company		Unrealized gain on transactions with associates	40,617	Based on regular terms	-
		Yushin		Operating revenue, net	172,074	Based on regular terms	-
		Yu Sing		Operating revenue, net	194,355	Based on regular terms	-
		Yu Chang		Operating revenue, net	210,552	Based on regular terms	-
		Empower		Operating revenue, net	188,819	Based on regular terms	-
		Singan		Operating revenue, net	15,319	Based on regular terms	-
		Yushin		Operating revenue, net	18,089	Based on regular terms	-
		Yu Sing		Operating revenue, net	15,869	Based on regular terms	-
		Yu Chang		Operating revenue, net	33,571	Based on regular terms	-
		Empower		Operating revenue, net	17,061	Based on regular terms	-
		The Company		Long term investment	13,965	Based on regular terms	-
		The Company		Unrealized gain on transactions with associates	13,965	Based on regular terms	-
		The Company		Unrealized gain on transactions with associates	13,610	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
1	Yulon Finance Corporation	Yu Chang Yushin Empower Yu Sing Luxgen Taipei Luxgen Taoyuan Luxgen Taichung Luxgen Tainan SCC Yu Rich	3 3 3 3 3 3 3 3 3 3	Notes and trade receivables, net	\$ 86,630	Based on regular terms	-
				Notes and trade receivables, net	32,040	Based on regular terms	-
				Notes and trade receivables, net	127,355	Based on regular terms	-
				Notes and trade receivables, net	100,459	Based on regular terms	-
				Notes and trade receivables, net	51,529	Based on regular terms	-
				Notes and trade receivables, net	11,608	Based on regular terms	-
				Notes and trade receivables, net	12,690	Based on regular terms	-
				Notes and trade receivables, net	11,150	Based on regular terms	-
				Other receivables from related parties	17,129	Based on regular terms	-
				Other receivables from related parties	10,903	Based on regular terms	-
2	Yue Sheng	The Company The Company	2 2	Notes and trade receivables, net	17,453	Based on regular terms	-
				Operating revenue, net	123,958	Based on regular terms	-
3	Yueki	The Company Hangchow Yue Wan Hangchow Yue Wan The Company SCC Luxgen	2 3 3 2 3 3	Notes and trade receivables, net	42,110	Based on regular terms	-
				Notes and trade receivables, net	164,004	Based on regular terms	-
				Other receivables from related parties	63,363	Based on regular terms	-
				Operating revenue, net	316,132	Based on regular terms	1
				Operating revenue, net	70,703	Based on regular terms	-
				Operating revenue, net	44,180	Based on regular terms	-
4	Yu Chang	Yulon Finance Corporation Tian Wang Yushin Empower Tian Wang Yu Sing Car-plus Corporation	3 3 3 3 3 3 3	Notes and trade receivables, net	52,986	Based on regular terms	-
				Notes and trade receivables, net	15,920	Based on regular terms	-
				Operating revenue, net	38,853	Based on regular terms	-
				Operating revenue, net	30,505	Based on regular terms	-
				Operating revenue, net	33,855	Based on regular terms	-
				Operating revenue, net	30,844	Based on regular terms	-
				Operating revenue, net	31,468	Based on regular terms	-
5	Singan	The Company The Company Yulon Finance Corporation Hsiang Shou	2 2 3 3	Notes and trade receivables, net	26,424	Based on regular terms	-
				Operating revenue, net	87,119	Based on regular terms	-
				Operating revenue, net	16,881	Based on regular terms	-
				Nonoperating revenue and expense	10,214	Based on regular terms	-
6	Singgual Travel	The Company Singan The Company Luxgen Taipei	2 3 2 3	Notes and trade receivables, net	24,689	Based on regular terms	-
				Other receivables from related parties	30,181	Based on regular terms	-
				Operating revenue, net	128,289	Based on regular terms	-
				Operating revenue, net	10,485	Based on regular terms	-
7	Yu Pool	Yushin Yushin	3 3	Notes and trade receivables, net	12,158	Based on regular terms	-
				Operating revenue, net	63,111	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
8	Yu Sing	Yulon Finance Corporation Car-plus Corporation Yu Chang Yushin Empower Car-plus Corporation Kuen You Trading	3 3 3 3 3 3 3	Notes and trade receivables, net	\$ 42,110	Based on regular terms	-
				Notes and trade receivables, net	33,884	Based on regular terms	-
				Operating revenue, net	17,593	Based on regular terms	-
				Operating revenue, net	17,693	Based on regular terms	-
				Operating revenue, net	20,982	Based on regular terms	-
				Operating revenue, net	113,315	Based on regular terms	-
9	Y-Teks	The Company Hangchow Y-Teks The Company	2 3 2	Nonoperating revenue and expense	22,127	Based on regular terms	-
				Notes and trade receivables, net	22,061	Based on regular terms	-
				Notes and trade receivables, net	10,391	Based on regular terms	-
10	Union & NKH Auto Parts	The Company Hangchow Liangrun Uni Investment Fuzhou Lianghong Hangchow Liangrun The Company Fuzhou Lianghong	2 3 3 3 3 2 3	Operating revenue, net	146,124	Based on regular terms	-
				Notes and trade receivables, net	114,411	Based on regular terms	-
				Notes and trade receivables, net	211,120	Based on regular terms	-
				Other receivables from related parties	15,202	Based on regular terms	-
				Other receivables from related parties	34,728	Based on regular terms	-
				Other receivables from related parties	43,562	Based on regular terms	-
11	Car-plus Corporation	Diamond Leasing Hsiang Shou Da Teng Dachuan Yu Sing Hsiang Shou Luxgen Taipei	3 3 3 3 3 3 3	Operating revenue, net	648,155	Based on regular terms	1
				Operating revenue, net	23,524	Based on regular terms	-
				Notes and trade receivables, net	239,646	Based on regular terms	-
				Notes and trade receivables, net	29,915	Based on regular terms	-
				Notes and trade receivables, net	24,477	Based on regular terms	-
				Notes and trade receivables, net	10,719	Based on regular terms	-
12	Nanjing Hanhong	Nan Jing Yu Shang Nan Jing Yu Shang Nan Jing Yu Hua	3 3 3	Operating revenue, net	27,359	Based on regular terms	-
				Operating revenue, net	134,955	Based on regular terms	-
				Operating revenue, net	14,713	Based on regular terms	-
13	Luxgen	The Company Yulon Finance Corporation The Company Yulon Finance Corporation Singan Car-plus Corporation Luxgen Taipei Luxgen Taoyuan Luxgen Taichung Luxgen Tainan Luxgen Kaohsiung	3 3 3 2 3 3 3 3 3 3 3	Other receivables from related parties	107,784	Based on regular terms	-
				Operating revenue, net	150,704	Based on regular terms	-
				Operating revenue, net	12,963	Based on regular terms	-
				Notes and trade receivables, net	12,262	Based on regular terms	-
				Notes and trade receivables, net	83,493	Based on regular terms	-
				Other receivables from related parties	27,644	Based on regular terms	-
14	Luxgen Taipei	Luxgen Car-plus Corporation Luxgen	3 3 3	Operating revenue, net	2,440,758	Based on regular terms	4
				Operating revenue, net	10,250	Based on regular terms	-
				Operating revenue, net	35,539	Based on regular terms	-
				Operating revenue, net	204,995	Based on regular terms	-
				Operating revenue, net	140,606	Based on regular terms	-
				Operating revenue, net	116,324	Based on regular terms	-
				Operating revenue, net	73,460	Based on regular terms	-
				Operating revenue, net	79,735	Based on regular terms	-
				Operating revenue, net	10,861	Based on regular terms	-
				Operating revenue, net	161,993	Based on regular terms	-
				Operating revenue, net	45,680	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
15	Luxgen Taoyuan	Car-plus Corporation Luxgen Luxgen Taipei Luxgen Taichung Luxgen Tainan Luxgen Kaohsiung	3 3 3 3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	\$ 18,500 25,308 24,940 19,739 18,041 13,789	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - -
16	Hang Zhou Hua Zhi	Hang Zhou Hua You	3	Other receivables from related parties	35,109	Based on regular terms	-
17	Hang Zhou Hua You	Hang Zhou Hua Zhi	3	Notes and trade receivables, net	11,004	Based on regular terms	-
18	Yulon Motor Investment	Dong Feng Yulon Sales Company Tai Feng Yi Ding Mei De Shi Cheng Dong Tai Wuhan Yu Hsin Shenzhen Yu Zhi Hang Zhou Hua You Chuang Jie New Energy Vehicle	3 3 3 3 3 3 3 3 3 3 3	Notes and trade receivables, net Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Operating revenue, net	23,113 48,965 23,459 35,967 14,022 12,019 66,946 59,262 97,557 325,829	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - - - - 1
21	Yulon Motor Finance (China)	Jiangmen Junxing Shanghai Yuning Chang Sha Yu Lu Ka Shung Yu Da Car-Plus Go Co., Ltd.	3 3 3 3 3	Notes and trade receivables, net Notes and trade receivables, net Notes and trade receivables, net Notes and trade receivables, net Notes and trade receivables, net	26,256 21,913 28,489 13,106 89,166	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
22	LUXGEN (Hangzhou) Motor Sales	Dong Feng Yulon Sales Company Chuang Jie New Energy Vehicle Dong Feng Yulon Sales Company Car-Plus (Suzhou) Chang Sha Yu Lu Chuang Jie New Energy Vehicle	3 3 3 3 3 3	Notes and trade receivables, net Notes and trade receivables, net Other receivables from related parties Operating revenue, net Operating revenue, net Operating revenue, net	23,449 124,109 673,837 95,889 370,735	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - 1
23	Kuen You Trading	Yu Sing Yu Sing	3 3	Notes and trade receivables, net Operating revenue, net	10,413 112,742	Based on regular terms Based on regular terms	- -
24	Chuang Jie New Energy Vehicle	Car-Plus Go Co., Ltd.	3	Notes and trade receivables, net	237,287	Based on regular terms	-
25	Yu-Hsin Intl	Yu-Hsin Intl HK	3	Other receivables from related parties	155,200	Based on regular terms	-
26	Yulon China	Sheng Qing Yulon China (HK) Holding Sheng Qing	3 3 3	Other receivables from related parties Other receivables from related parties Nonoperating revenue and expense	1,871,551 57,734 32,412	Based on regular terms Based on regular terms Based on regular terms	1 - -

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
35	Su Zhou Feng Shen	Tai Chang Cheng Mau Su Zhou Feng Shun Wu Jiang Lian Cheng Su Zhou Chen Long Su Zhou Cheng Pang Tai Chang Cheng Mau Su Chou Cheng Pin	3 3 3 3 3 3 3	Other receivables from related parties Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	\$ 37,303 64,915 49,656 68,660 13,943 21,464 255,157	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - -
36	Guang Zhou Yuan Du	Qingdao Yuanhuang Guang Zhou Yuan Zhi	3 3	Other receivables from related parties Other receivables from related parties	51,347 35,109	Based on regular terms Based on regular terms	- -
37	Zhu Hai Fu Te En	Nanjing Hanhong Zhuhai Yuhsin Nan Jing Yu Hua	3 3 3	Other receivables from related parties Other receivables from related parties Other receivables from related parties	15,799 46,916 17,554	Based on regular terms Based on regular terms Based on regular terms	- - -
38	HangZhou Yu Zhong	Sheng Qing Hang Zhou hsiao Yu Hang Zhou Hua You Yulon Motor Investment	3 3 3 3	Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties	17,137 17,554 17,993 11,849	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -
39	Hang Zhou Tang Yu	Yulon Motor Investment	3	Other receivables from related parties	38,620	Based on regular terms	-
40	Wu Jiang Lian Cheng	Tai Chang Cheng Mau Su Zhou Feng Shen Su Zhou Feng Shun Su Zhou Chen Long Su Zhou Cheng Pang Su Chou Cheng Pin	3 3 3 3 3 3	Other receivables from related parties Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	15,360 19,701 36,223 20,567 17,679 81,199	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - -
41	Hsiang Shou	Singan Car-plus Corporation Luxgen	3 3 3	Other receivables from related parties Operating revenue, net Operating revenue, net	85,458 13,160 13,510	Based on regular terms Based on regular terms Based on regular terms	- - -
42	Yu-Hsin Intl HK	Hangchow Y-Teks	3	Other receivables from related parties	186,240	Based on regular terms	-
43	Sin Jiang	Singan Yulon Finance Corporation	3 3	Other receivables from related parties Operating revenue, net	200,929 41,183	Based on regular terms Based on regular terms	- -
44	Xiao Gan Yu Feng	Chang Sha Yu Lu Wuhan Yu Hsin	3 3	Other receivables from related parties Operating revenue, net	10,972 39,553	Based on regular terms Based on regular terms	- -
46	Su Zhou Chen Long	Su Chou Cheng Pin Su Zhou Cheng Guo Su Zhou Feng Shen Su Zhou Feng Shun Wu Jiang Lian Cheng Tai Chang Cheng Mau Su Chou Cheng Pin	3 3 3 3 3 3 3	Other receivables from related parties Other receivables from related parties Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	21,943 30,720 23,894 26,200 12,347 15,449 82,921	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - -

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
47	Yulon China (HK) Holding	Sheng Qing Sheng Qing	3 3	Other receivables from related parties Nonoperating revenue and expense	\$ 303,560 12,466	Based on regular terms Based on regular terms	- -
48	Nan Jing Yu Hua	Nanjing Hanhong	3	Other receivables from related parties	92,496	Based on regular terms	-
49	Yulon Construction	The Company The Company The Company The Company Xiao Gan Yu Feng	2 2 2 2 3	Notes and trade receivables, net Other current assets Guarantee deposits Operating revenue, net Operating revenue, net	22,127 16,785 40,180 66,120 11,143	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
50	Luxgen Taichung	Car-plus Corporation Luxgen Taipei Luxgen Taoyuan	3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net	21,808 14,159 15,217	Based on regular terms Based on regular terms Based on regular terms	- - -
51	Chang Sha Yu Lu	LUXGEN (Hangzhou) Motor Sales	3	Other current assets	127,783	Based on regular terms	-
52	Yu Pong	The Company	2	Operating revenue, net	15,429	Based on regular terms	-
53	Yushin	Yulon Finance Corporation Yu Chang Yu Sing Yu Pool	3 3 3 3	Notes and trade receivables, net Operating revenue, net Operating revenue, net Nonoperating revenue and expense	15,245 50,351 22,017 14,479	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -
54	Empower	Yu Chang Yushin Yu Sing Luxgen Taichung	3 3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	20,947 14,665 23,536 12,334	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -
55	Tian Wang	Yu Chang	3	Operating revenue, net	80,740	Based on regular terms	-
56	Sin Chi	Luxgen Yu Sing	3 3	Other receivables from related parties Operating revenue, net	400,000 41,986	Based on regular terms Based on regular terms	- -
57	H. K. Manpower	Car-plus Corporation	3	Operating revenue, net	27,960	Based on regular terms	-
58	Luxgen Tainan	Car-plus Corporation Luxgen	3 3	Operating revenue, net Operating revenue, net	12,471 13,683	Based on regular terms Based on regular terms	- -
59	Luxgen Kaohsiung	Car-plus Corporation Luxgen Luxgen	3 3 3	Operating revenue, net Operating revenue, net Nonoperating revenue and expense	20,963 13,407 29,909	Based on regular terms Based on regular terms Based on regular terms	- - -
60	Hangchow Liangrun	LUXGEN (Hangzhou) Motor Sales Fuzhou Lianhong	3 3	Notes and trade receivables, net Operating revenue, net	18,436 19,618	Based on regular terms Based on regular terms	- -

(Continued)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			% to Total Revenue or Assets
				Financial Statement Account	Amount	Transaction Terms	
62	Hangchow Y-Teks	LUXGEN (Hangzhou) Motor Sales LUXGEN (Hangzhou) Motor Sales	3 3	Notes and trade receivables, net Operating revenue, net	\$ 19,437 26,410	Based on regular terms Based on regular terms	- -
63	Car-Plus (Suzhou)	Car-Plus Go Co., Ltd.	3	Notes and trade receivables, net	19,615	Based on regular terms	-
64	Yu Ching	Luxgen	3	Other receivables from related parties	500,000	Based on regular terms	-
65	Suzhou Yueshun	Su Chou Cheng Pin	3	Other receivables from related parties	28,526	Based on regular terms	-
66	Hong Yen	Shanghai Yuming	3	Other current assets	40,607	Based on regular terms	-
69	Su Zhou Feng Shun	Su Zhou Feng Shen Wu Jiang Lian Cheng Su Zhou Chen Long Su Zhou Cheng Pang Tai Chang Cheng Mau Su Chou Cheng Pin	3 3 3 3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	62,072 65,582 68,913 20,850 20,359 198,457	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - -
70	Wuhan Yu Hsin	Xiao Gan Yu Feng	3	Operating revenue, net	21,493	Based on regular terms	-
72	Su Zhou Cheng Pang	Su Zhou Feng Shen Su Zhou Feng Shun Wu Jiang Lian Cheng Su Zhou Chen Long Su Chou Cheng Pin	3 3 3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	12,651 18,264 22,462 15,358 20,455	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
73	Tai Chang Cheng Mau	Su Zhou Feng Shen Su Zhou Feng Shun Su Zhou Chen Long Su Chou Cheng Pin	3 3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net Operating revenue, net	13,957 15,673 14,936 13,136	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -
74	Su Chou Cheng Pin	Su Zhou Feng Shen Su Zhou Feng Shun Su Zhou Chen Long	3 3 3	Operating revenue, net Operating revenue, net Operating revenue, net	15,588 19,222 12,688	Based on regular terms Based on regular terms Based on regular terms	- - -
75	Yu Rich	Yulon Finance Corporation	3	Operating revenue, net	12,369	Based on regular terms	-
76	Hangchow Yue Wan	LUXGEN (Hangzhou) Motor Sales	3	Operating revenue, net	20,079	Based on regular terms	-
77	Yulon Energy	SCC	3	Operating revenue, net	19,961	Based on regular terms	-

Note 1: From the parent company to a subsidiary.

Note 2: From a subsidiary to the parent company.

Note 3: Between subsidiaries.

(Concluded)