

**TON YI INDUSTRIAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
MARCH 31, 2017 AND 2016**

-----  
For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Ton Yi Industrial Corp.

We have reviewed the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and subsidiaries as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, whose statements reflect total assets of NT\$9,276,274 thousand and NT\$9,542,025 thousand, constituting 23.71% and 21.90% of the consolidated total assets, and total liabilities of NT\$3,790,941 thousand and NT\$3,389,843 thousand, constituting 18.72% and 14.36% of the consolidated total liabilities as of March 31, 2017 and 2016, respectively, and total comprehensive income (loss) of NT\$61,971 thousand and NT\$83,537 thousand, constituting (21.25%) and 49.84% of the consolidated total comprehensive income (loss) for the three-month period then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these subsidiaries as of March 31, 2017 and 2016.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the R.O.C. “Rules Governing the Preparation of Financial Statements by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Tzu-Shu

Independent Accountants

Lee, Ming-Hsien

PricewaterhouseCoopers, Taiwan

Republic of China

May 9, 2017

---

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2017 and 2016 are reviewed, not audited)

Assets	Notes	March 31, 2017 AMOUNT	December 31, 2016 AMOUNT	March 31, 2016 AMOUNT
<b>Current assets</b>				
1100	Cash and cash equivalents	6(1) \$ 825,507	\$ 745,621	\$ 893,656
1150	Notes receivable, net	6(2)(3) and 8 695,069	690,719	679,574
1170	Accounts receivable, net	6(3) 1,170,151	1,873,439	1,351,032
1180	Accounts receivable - related parties	7 1,625,056	886,754	1,725,864
1200	Other receivables	103,249	118,097	104,538
1220	Current income tax assets	6(25) 40,202	40,205	36,973
130X	Inventories	5(2) and 6(4) 4,111,429	3,520,787	3,272,299
1410	Prepayments	7 811,222	729,133	1,087,289
1476	Other current financial assets	7 8,510	21,367	4,726
11XX	<b>Total current assets</b>	<u>9,390,395</u>	<u>8,626,122</u>	<u>9,155,951</u>
<b>Non-current assets</b>				
1523	Available-for-sale financial assets - non-current	6(5) 129,444	122,642	108,508
1543	Financial assets carried at cost - non-current	6(6) 501,050	501,050	501,050
1600	Property, plant and equipment - net	6(7)(27) 27,434,354	28,914,965	31,878,306
1760	Investment property - net	6(8) 129,263	137,670	155,534
1780	Intangible assets	6(9) 374,028	399,648	435,092
1840	Deferred income tax assets	6(25) 549,269	572,239	635,421
1915	Prepayments for business facilities	6(7)(27) 11,035	3,696	37,010
1920	Guarantee deposits paid	7 84,611	89,800	90,105
1985	Long-term prepaid rents	6(10) 477,023	503,015	520,133
1990	Other non-current assets	36,194	41,967	53,894
15XX	<b>Total non-current assets</b>	<u>29,726,271</u>	<u>31,286,692</u>	<u>34,415,053</u>
1XXX	<b>Total assets</b>	<u>\$ 39,116,666</u>	<u>\$ 39,912,814</u>	<u>\$ 43,571,004</u>

(Continued)

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2017 and 2016 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2017 AMOUNT	December 31, 2016 AMOUNT	March 31, 2016 AMOUNT	
<b>Current liabilities</b>					
2100	Short-term borrowings	6(11), 8 and 9	\$ 3,040,125	\$ 2,575,599	\$ 3,041,649
2110	Short-term notes and bills payable	6(12)	549,788	349,838	-
2150	Notes payable		18,543	13,325	45,317
2170	Accounts payable		1,126,287	1,071,402	1,087,086
2180	Accounts payable - related parties	7	122,506	92,276	176,664
2200	Other payables	6(27)	1,173,978	1,331,162	1,213,245
2220	Other payables - related parties	7	135,073	104,386	160,617
2230	Current income tax liabilities	6(25)	140,293	88,944	106,266
2305	Other current financial liabilities		18,888	20,929	19,018
2310	Advance receipts		75,318	237,597	59,345
2320	Long-term liabilities, current portion	6(13)(14) and 9	2,047,959	1,305,665	4,061,166
21XX	<b>Total current liabilities</b>		<u>8,448,758</u>	<u>7,191,123</u>	<u>9,970,373</u>
<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(13)	-	658,144	708,473
2540	Long-term borrowings	6(14) and 9	10,890,707	11,982,355	12,108,310
2550	Provisions for liabilities - non-current	6(15)(22)	75,742	75,389	74,348
2570	Deferred income tax liabilities	6(25)	379,108	375,518	338,572
2630	Long-term deferred revenue		-	-	47,697
2640	Accrued pension liabilities - non-current	5(2) and 6(16)	442,578	459,460	349,576
2645	Guarantee deposits received		8,847	8,309	10,114
25XX	<b>Total non-current liabilities</b>		<u>11,796,982</u>	<u>13,559,175</u>	<u>13,637,090</u>
2XXX	<b>Total liabilities</b>		<u>20,245,740</u>	<u>20,750,298</u>	<u>23,607,463</u>
<b>Equity attributable to owners of parent</b>					
<b>Share capital</b>					
3110	Share capital - common stock	6(17)	15,791,453	15,791,453	15,791,453
3200	<b>Capital surplus</b>	6(18)	228,178	228,178	228,178
<b>Retained earnings</b>					
3310	Legal reserve	6(19)(25)	1,439,699	1,439,699	1,379,732
3320	Special reserve		826,453	826,453	826,453
3350	Unappropriated retained earnings		1,167,980	969,596	786,697
3400	<b>Other equity interest</b>		(1,516,393)	(1,075,145)	(63,488)
31XX	<b>Equity attributable to owners of the parent</b>		<u>17,937,370</u>	<u>18,180,234</u>	<u>18,949,025</u>
36XX	<b>Non-controlling interest</b>	4(3)	<u>933,556</u>	<u>982,282</u>	<u>1,014,516</u>
3XXX	<b>Total equity</b>		<u>18,870,926</u>	<u>19,162,516</u>	<u>19,963,541</u>
<b>Contingent liabilities and commitments</b>					
3X2X	<b>Total liabilities and equity</b>		<u>\$ 39,116,666</u>	<u>\$ 39,912,814</u>	<u>\$ 43,571,004</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 9, 2017.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended March 31		
		2017	2016	
		AMOUNT	AMOUNT	
4000	<b>Sales revenue</b>	7	\$ 7,683,594	\$ 8,335,964
5000	<b>Operating costs</b>	6(4)(9)(10)(16)(23) (24), 7 and 9	( 6,748,621)	( 7,348,091)
5950	<b>Net operating margin</b>		934,973	987,873
	<b>Operating expenses</b>	6(3)(8)(9)(10)(16)( 23)(24), 7 and 9		
6100	Selling expenses		( 282,129)	( 302,725)
6200	General and administrative expenses		( 249,213)	( 306,062)
6000	<b>Total operating expenses</b>		( 531,342)	( 608,787)
6900	<b>Operating loss</b>		403,631	379,086
	<b>Non-operating income and expenses</b>			
7010	Other income	6(3)(8)(20)	36,636	21,593
7020	Other gains and losses	6(21) and 12	( 58,660)	( 17,196)
7050	Finance costs	6(7)(15)(22)	( 115,812)	( 150,539)
7000	<b>Total non-operating income and expenses</b>		( 137,836)	( 146,142)
7900	<b>Profit before income tax</b>		265,795	232,944
7950	Income tax expense	6(25)	( 64,764)	( 61,240)
8200	<b>Profit for the period</b>		\$ 201,031	\$ 171,704
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange translation differences arising on translation of foreign operations		(\$ 499,423)	\$ 18,297
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(5)	6,802	( 22,388)
8300	<b>Other comprehensive loss for the period</b>		( \$ 492,621)	( \$ 4,091)
8500	<b>Total comprehensive (loss) income for the period</b>		( \$ 291,590)	\$ 167,613
	<b>Profit (loss) attributable to:</b>			
8610	Owners of the parent		\$ 198,384	\$ 196,787
8620	Non-controlling interest		2,647	( 25,083)
			\$ 201,031	\$ 171,704
	<b>Comprehensive income (loss) attributable to:</b>			
8710	Owners of the parent		(\$ 242,864)	\$ 201,455
8720	Non-controlling interest		( 48,726)	( 33,842)
			( \$ 291,590)	\$ 167,613
9750	<b>Basic earnings per share</b>	6(26)	\$ 0.13	\$ 0.12
9850	<b>Diluted earnings per share</b>	6(26)	\$ 0.13	\$ 0.12

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 9, 2017.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

Notes	Equity attributable to owners of the parent											Total equity
	Capital Reserves				Retained Earnings			Other Equity Interest				
	Share capital - common stock	Capital surplus, additional paid-in capital	Treasury stock transactions	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising on translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	
<b>Three-month period ended March 31, 2016</b>												
Balance at January 1, 2016	\$ 15,791,453	\$ 58,271	\$ 169,088	\$ 819	\$ 1,379,732	\$ 826,453	\$ 589,910	\$ 179,865	(\$ 248,021)	\$ 18,747,570	\$ 1,048,358	\$ 19,795,928
Profit loss for the period	-	-	-	-	-	-	196,787	-	-	196,787	( 25,083 )	171,704
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	27,056	( 22,388 )	4,668	( 8,759 )	( 4,091 )
Balance at March 31, 2016	<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,379,732</u>	<u>\$ 826,453</u>	<u>\$ 786,697</u>	<u>\$ 206,921</u>	<u>(\$ 270,409)</u>	<u>\$ 18,949,025</u>	<u>\$ 1,014,516</u>	<u>\$ 19,963,541</u>
<b>Three-month period ended March 31, 2017</b>												
Balance at January 1, 2017	\$ 15,791,453	\$ 58,271	\$ 169,088	\$ 819	\$ 1,439,699	\$ 826,453	\$ 969,596	(\$ 818,870)	(\$ 256,275)	\$ 18,180,234	\$ 982,282	\$ 19,162,516
Profit for the period	-	-	-	-	-	-	198,384	-	-	198,384	2,647	201,031
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	( 448,050 )	6,802	( 441,248 )	( 51,373 )	( 492,621 )
Balance at March 31, 2017	<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,439,699</u>	<u>\$ 826,453</u>	<u>\$ 1,167,980</u>	<u>(\$ 1,266,920)</u>	<u>(\$ 249,473)</u>	<u>\$ 17,937,370</u>	<u>\$ 933,556</u>	<u>\$ 18,870,926</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 9, 2017.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Three month ended March 31,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 265,795	\$ 232,944
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	-	5,712
Reversal of allowance for doubtful accounts	6(3)	( 436 )	-
Provision (reversal of allowance) for inventory market price decline	6(4)	117,464	( 76,433 )
Depreciation on property, plant and equipment	6(7)(8)	649,475	709,301
(Gain) loss on disposal of property, plant and equipment	6(21)	( 1,535 )	498
Property, plant and equipment transferred to other losses		-	55
Amortization	6(9)(23)	2,381	11,429
Amortization of long-term prepaid rent	6(10)	3,441	3,372
Interest income	6(20)	( 2,349 )	( 2,586 )
Interest expense	6(22)	115,812	150,539
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 4,350 )	243,816
Accounts receivable		706,718	91,166
Accounts receivable - related parties		( 738,302 )	( 839,849 )
Other receivables		14,848	( 19,480 )
Inventories		( 706,291 )	605,367
Prepayments		( 82,089 )	78,508
Changes in operating liabilities			
Notes payable		5,218	21,243
Accounts payable		54,885	126,539
Accounts payable - related parties		30,230	67,746
Other payables		( 106,929 )	( 104,509 )
Other payables - related parties		30,687	86,851
Advance receipts		( 162,279 )	1,373
Long-term deferred revenue		-	( 220 )
Accrued pension liabilities - non-current		( 16,882 )	( 16,191 )
Cash inflow generated from operations		175,512	1,377,191
Interest received		2,349	2,586
Interest paid		( 139,005 )	( 179,033 )
Income tax paid		( 2,089 )	( 22,114 )
Net cash flows from operating activities		36,767	1,178,630

(Continued)



**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	<u>Notes</u>	<u>Three month ended March 31,</u>	
		<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in other current assets - other financial assets		\$ 12,857	\$ 1,896
Acquisition of property, plant and equipment	6(27)	( 49,715 )	( 105,011 )
Proceeds from disposal of property, plant and equipment		6,979	22
Increase in prepayments for equipment		( 24,962 )	( 21,197 )
Interest paid for prepayments for equipment	6(7)(22)	( 279 )	( 179 )
Decrease in guarantee deposits paid		5,189	625
Decrease in other non-current assets		<u>5,773</u>	<u>6,298</u>
Net cash flows used in investing activities		( <u>44,158</u> )	( <u>117,546</u> )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		464,526	143,119
Increase in notes and bills payable		200,000	-
Decrease in other current liabilities - other financial liabilities		( 2,041 )	( 2,613 )
Increase in long-term borrowings		847,832	6,900,206
Decrease in long-term borrowings		( 1,319,130 )	( 7,894,009 )
Increase (decrease) in guarantee deposits received		<u>538</u>	( <u>181</u> )
Net cash flows from (used in) financing activities		<u>191,725</u>	( <u>853,478</u> )
Effect of foreign exchange rate changes on cash and cash equivalents		( <u>104,448</u> )	( <u>18,709</u> )
Net increase in cash and cash equivalents		79,886	188,897
Cash and cash equivalents at beginning of period	6(1)	<u>745,621</u>	<u>704,759</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 825,507</u>	<u>\$ 893,656</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 9, 2017.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE-MONTH PERIOD ENDED MARCH 31, 2017 AND 2016

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

- (1) Ton Yi Industrial Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 14, 1969. The Company is primarily engaged in the manufacture, processing and sales of various cans of steel and tin plate. For the subsidiaries’ scope of business, please refer to Note 4(3) for details.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since January 1991.
- (3) Uni-President Enterprises Corp. holds 45.55% equity interest in the Company and is the ultimate parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by FSC effective from 2017 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Company and its subsidiaries' (collectively referred herein as the "Group") financial condition and operating results based on the Group's assessment.

Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'

The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. When a material impairment loss has been recognised or reversed for an individual asset, including goodwill, or a CGU, it is required to disclose the recoverable amount of the asset or CGU. If the recoverable amount is fair value less costs of disposal, it is required to disclose the level of the fair value hierarchy, the valuation techniques used and key assumptions.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits.

B. IFRS 9, 'Financial instruments'

(a) Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or

lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component

#### C. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

#### D. Amendments to IFRS 15, 'Clarifications to Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

#### E. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two

types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

##### (2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transaction- that is, as transactions with the owners in their capacity as owners. The difference between non-controlling interest adjustments and consideration paid or received is recorded in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

## B. Subsidiaries included in the consolidated financial statements:

<u>Name of investors</u>	<u>Name of subsidiaries</u>	<u>Business activities</u>	<u>Percentage owned by the Company (%)</u>		<u>Note</u>
			<u>March 31, 2017</u>	<u>December 31, 2016</u>	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General trading and investments	100.00	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans	51.00	51.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	100.00	100.00	—
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	100.00	—
Cayman Fujian Ton Yi Industrial Holding Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	86.80	86.80	—
Cayman Jiangsu Ton Yi Industrial Holding Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	82.60	82.86	—
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—



Name of investors	Name of subsidiaries	Business activities	Percentage owned by	
			Company (%)	Note
			March 31, 2016	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General trading and investments	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans	51.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	—
Cayman Fujian Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	86.80	—
Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	82.86	—

Name of investors	Name of subsidiaries	Business activities	Percentage owned by Company (%)	
			March 31, 2016	Note
Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Tongxin Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	(Note)
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—

(Note) In October 2016, the company has completed its liquidation.

Except for Cayman Ton Yi Industrial Holdings Ltd., Cayman Ton Yi Holdings Ltd., Cayman Ton Yi (China) Holdings Ltd., Fujian Ton Yi Tinplate Co., Ltd., Jiangsu Ton Yi Tinplate Co., Ltd., Ton Yi (China) Investment Co., Ltd., Taizhou Ton Yi Industrial Co., Ltd., Zhangzhou Ton Yi Industrial Co., Ltd., and Kunshan Ton Yi Industrial Co., Ltd., the financial statements of subsidiaries and disclosures in Note 13 included in the consolidated financial statements as of March 31, 2017 were not reviewed by independent accountants as the subsidiaries do not meet the definition of significant subsidiaries. Except for Cayman Ton Yi Industrial Holdings Ltd., Cayman Ton Yi

Holdings Ltd., Cayman Fujian Ton Yi Industrial Holdings Ltd., Cayman Ton Yi (China) Holdings Ltd., Fujian Ton Yi Tinplate Co., Ltd., Jiangsu Ton Yi Tinplate Co., Ltd., Ton Yi (China) Investment Co., Ltd., Taizhou Ton Yi Industrial Co., Ltd., Zhangzhou Ton Yi Industrial Co., Ltd., Sichuan Ton Yi Industrial Co., Ltd. and Zhanjiang Ton Yi Industrial, Co., Ltd., the financial statements of subsidiaries included in the consolidated financial statements as of March 31, 2016 were not reviewed by independent accountants. The total assets of these subsidiaries were \$9,276,274 and \$9,542,025, constituting 23.71% and 21.90% of the Group's consolidated total assets, and total liabilities were \$3,790,941 and \$3,389,843, constituting 18.72% and 14.36% of the Group's consolidated total liabilities as of March 31, 2017 and 2016, respectively; and the total comprehensive income was \$61,971 and \$83,537, constituting (21.25%) and 49.84% of the Group's consolidated comprehensive income for the three-month periods then ended, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2017, December 31, 2016 and March 31, 2016, the non-controlling interest amounted to \$933,556, \$982,282 and \$1,014,516, representing 2.39%, 2.46% and 2.33% of the consolidated total assets, respectively. None of the non-controlling interest is material to the Group.

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

#### B. Translation of foreign operations

- (a) The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be paid off within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. 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.

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable which are not interest bearing, as the effect of discounting is insignificant, they are measured subsequently at the original invoice amount.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and applicable variable selling expenses. When the cost of inventory is lower than net realizable value, a write down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(9) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. For regular way purchase or sale, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets carried at cost'.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
- (a) Significant financial difficulty of the issuer or debtor;
  - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (c) The disappearance of an active market for that financial asset because of financial difficulties;
  - (d) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
  - (e) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the equity investment may not be recovered;
  - (f) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting treatment for impairment is as follows:
- (a) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets carried at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market rate of return of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred, and the Group has not retained control of the financial asset.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is

depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the consumption patterns of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset Name</u>	<u>Useful Lives</u>
Buildings	2 ~ 55 years
Machinery and equipment	2 ~ 30 years
Transportation equipment	3 ~ 20 years
Office equipment	2 ~ 10 years
Other equipment	2 ~ 40 years

(13) Lease (Lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Lease (Lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(16) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Royalties

Royalties are stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

C. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.



(17) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts payable which are not interest bearing, as the effect of discounting is insignificant, they are measured subsequently at the original invoice amount.

(20) Financial liabilities instruments

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expired.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported at net amount on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provision

Provision (decommissioning liabilities) is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provision is measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

A. The tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which case the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases its outstanding shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. When such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares and share premium on the effective date of new shares issuance.

(28) Revenue recognition

The Group manufactures and sells tinplate, empty can and PET package, etc. Revenue is measured at the fair value of the consideration received or receivable taking into account the business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement nor effective control over the goods sold, and the customer has accepted the goods according to the sales

contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and 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 expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of March 31, 2017, the carrying amount of inventories was \$4,111,429.

B. Calculation of net defined benefit liabilities - non-current

(a) When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on the balance sheet date, including discount rates and future salary growth rate. Any change in these assumptions could significantly impact the carrying amount of defined pension obligations.

(b) As of March 31, 2017, the carrying amount of net defined benefit liabilities - non-current was \$442,578.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Cash:			
Cash on hand and petty cash	\$ 840	\$ 780	\$ 1,107
Checking accounts and demand deposits	<u>510,020</u>	<u>600,204</u>	<u>606,161</u>
	<u>510,860</u>	<u>600,984</u>	<u>607,268</u>
Cash equivalents:			
Time deposits	<u>314,647</u>	<u>144,637</u>	<u>286,388</u>
	<u>\$ 825,507</u>	<u>\$ 745,621</u>	<u>\$ 893,656</u>

A. The Group transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group has no cash and cash equivalents pledged to others.

### (2) Notes receivable, net

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Notes receivable	\$ 696,054	\$ 691,704	\$ 681,197
Less: Allowance for doubtful accounts	( <u>985</u> )	( <u>985</u> )	( <u>1,623</u> )
	<u>\$ 695,069</u>	<u>\$ 690,719</u>	<u>\$ 679,574</u>

A. The Group has no significant past due but not impaired notes receivable.

B. Movements of financial assets that were impaired are shown in Note 6(3), "Accounts receivable, net".

C. The Group's notes receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

D. The Group did not pledge notes receivable as collateral as of March 31, 2017, December 31, 2016 and March 31, 2016.

(3) Accounts receivable, net

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Accounts receivable	\$ 1, 228, 375	\$ 1, 935, 093	\$ 1, 419, 906
Less: Allowance for doubtful accounts	( 58, 224)	( 61, 654)	( 68, 874)
	<u>\$ 1, 170, 151</u>	<u>\$ 1, 873, 439</u>	<u>\$ 1, 351, 032</u>

A. Aging analysis of the Group's accounts receivable, including those with related party, that are past due but not impaired is as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Within 90 days	\$ 40, 252	\$ 31, 195	\$ 164, 570
91 to 180 days	6, 803	–	120
	<u>\$ 47, 055</u>	<u>\$ 31, 195</u>	<u>\$ 164, 690</u>

The above ageing analysis was based on past due date.

B. Movements of financial assets that were impaired including notes receivable and accounts receivable are as follows:

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>Group provision</u>	<u>Group provision</u>
At January 1	\$ 62, 639	\$ 65, 172
Provision for impairment	–	5, 712
Reversal of impairment	( 436)	–
Effect of foreign exchange rate changes	( 2, 994)	( 387)
At March 31	<u>\$ 59, 209</u>	<u>\$ 70, 497</u>

C. The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

D. The Group did not pledge accounts receivable, including those with related party, as collateral as of March 31, 2017, December 31, 2016 and March 31, 2016.

E. The Group did not hold collateral on accounts receivable, including those with related party, as of March 31, 2017, December 31, 2016 and March 31, 2016.

(4) Inventories

March 31, 2017			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,790,480	(\$ 57,456)	\$ 1,733,024
Raw materials in transit	212,513	( 17,342)	195,171
Supplies	439,932	( 941)	438,991
Supplies in transit	36,584	-	36,584
Work in process	651,757	( 40,354)	611,403
Finished goods	<u>1,136,315</u>	<u>( 40,059)</u>	<u>1,096,256</u>
	<u>\$ 4,267,581</u>	<u>(\$ 156,152)</u>	<u>\$ 4,111,429</u>
December 31, 2016			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,736,451	(\$ 18,961)	\$ 1,717,490
Raw materials in transit	31,057	-	31,057
Supplies	422,802	( 118)	422,684
Supplies in transit	27,927	-	27,927
Work in process	641,932	( 6,050)	635,882
Finished goods	<u>701,121</u>	<u>( 15,374)</u>	<u>685,747</u>
	<u>\$ 3,561,290</u>	<u>(\$ 40,503)</u>	<u>\$ 3,520,787</u>
March 31, 2016			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,504,778	(\$ 76,388)	\$ 1,428,390
Raw materials in transit	29,602	( 1,527)	28,075
Supplies	472,805	( 596)	472,209
Supplies in transit	21,128	-	21,128
Work in process	636,984	( 49,478)	587,506
Finished goods	<u>786,172</u>	<u>( 51,181)</u>	<u>734,991</u>
	<u>\$ 3,451,469</u>	<u>(\$ 179,170)</u>	<u>\$ 3,272,299</u>



The cost of inventories recognized as expense for the period:

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Cost of goods sold	\$ 6,701,026	\$ 7,475,209
Loss on (gain on reversal of) decline in market value (Note)	117,464 (	79,433)
Loss on disposal of inventory	-	1,176
Revenue from sale of scraps	( 68,436) (	50,987)
Indemnities	( 1,433) (	874)
Total cost of sales	<u>\$ 6,748,621</u>	<u>\$ 7,345,091</u>

(Note) For the three-month period ended March 31, 2016, the Group reversed a previous inventory write-down which was accounted for as a reduction of cost of goods sold as a result of the subsequent sale of inventories which were previously provided with allowance.

(5) Available-for-sale financial assets - non-current

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Listed stocks	\$ 378,917	\$ 378,917	\$ 378,917
Adjustments for change in fair value of available-for-sale financial assets	( 249,473)	( 256,275)	( 270,409)
	<u>\$ 129,444</u>	<u>\$ 122,642</u>	<u>\$ 108,508</u>

A. The Group recognized fair value change in other comprehensive income (loss) of \$6,802 and (\$22,388) for the three-month periods ended March 31, 2017 and 2016, respectively, and the amount of \$— were reclassified from equity to profit or loss for both periods.

B. The Group did not pledge available-for-sale financial assets - non-current as collateral as at March 31, 2017, December 31, 2016 and March 31, 2016.

(6) Financial assets carried at cost - non-current

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Unlisted stocks	<u>\$ 501,050</u>	<u>\$ 501,050</u>	<u>\$ 501,050</u>

A. The Group classified some of its equity investments as available-for-sale financial assets, based on its intention. However, as these stocks are not traded in an active market, and there is no sufficient information of similar companies in the same industry, fair value of the investments cannot be measured reliably. Accordingly, the Group classified these stocks as financial assets carried at cost.

B. The Company had invested in Emivest Aerospace Corporation. The carrying amount was \$— and was liquidated as at December 31, 2016.

C. The Group did not pledge financial assets measured at cost - non-current as collateral as at March 31, 2017, December 31, 2016 and March 31, 2016.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2017</u>								
Cost	\$ 615,892	\$ 10,405,190	\$ 47,196,254	\$ 287,042	\$ 207,725	\$ 5,638,914	\$ 103,962	\$ 64,454,979
Accumulated depreciation	—	( 4,709,212)	( 27,061,610)	( 244,684)	( 119,934)	( 3,404,574)	—	( 35,540,014)
	<u>\$ 615,892</u>	<u>\$ 5,695,978</u>	<u>\$ 20,134,644</u>	<u>\$ 42,358</u>	<u>\$ 87,791</u>	<u>\$ 2,234,340</u>	<u>\$ 103,962</u>	<u>\$ 28,914,965</u>
<u>Three-month period ended March 31, 2017</u>								
Opening net book amount	\$ 615,892	\$ 5,695,978	\$ 20,134,644	\$ 42,358	\$ 87,791	\$ 2,234,340	\$ 103,962	\$ 28,914,965
Additions - Cost	—	291	8,556	—	271	7,306	6,532	22,956
Transfers - Cost (Note)	—	—	14,132	—	1,543	2,283	( 56)	17,902
Depreciation	—	( 69,882)	( 448,717)	( 3,124)	( 8,869)	( 117,242)	—	( 647,834)
Disposal - Cost	—	—	( 17,805)	( 1,936)	( 366)	( 2,524)	—	( 22,631)
Disposal - Accumulated depreciation	—	—	12,631	1,936	196	2,424	—	17,187
Net exchange differences	—	( 196,097)	( 603,945)	( 1,023)	( 4,326)	( 61,523)	( 1,277)	( 868,191)
Closing net book value	<u>\$ 615,892</u>	<u>\$ 5,430,290</u>	<u>\$ 19,099,496</u>	<u>\$ 38,211</u>	<u>\$ 76,240</u>	<u>\$ 2,065,064</u>	<u>\$ 109,161</u>	<u>\$ 27,434,354</u>
<u>At March 31, 2017</u>								
Cost	\$ 615,892	\$ 10,129,069	\$ 46,184,327	\$ 281,430	\$ 198,714	\$ 5,514,187	\$ 109,161	\$ 63,032,780
Accumulated depreciation	—	( 4,698,779)	( 27,084,831)	( 243,219)	( 122,474)	( 3,449,123)	—	( 35,598,426)
	<u>\$ 615,892</u>	<u>\$ 5,430,290</u>	<u>\$ 19,099,496</u>	<u>\$ 38,211</u>	<u>\$ 76,240</u>	<u>\$ 2,065,064</u>	<u>\$ 109,161</u>	<u>\$ 27,434,354</u>

(Note) Including transfer from prepayment for equipment.

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2016</u>								
Cost	\$ 615,892	\$ 10,919,221	\$ 48,406,571	\$ 311,254	\$ 214,150	\$ 5,825,580	\$ 89,734	\$ 66,382,402
Accumulated depreciation	—	( 4,624,977)	( 25,752,792)	( 240,364)	( 90,061)	( 3,050,511)	—	( 33,758,705)
	<u>\$ 615,892</u>	<u>\$ 6,294,244</u>	<u>\$ 22,653,779</u>	<u>\$ 70,890</u>	<u>\$ 124,089</u>	<u>\$ 2,775,069</u>	<u>\$ 89,734</u>	<u>\$ 32,623,697</u>
<u>Three-month period ended March 31, 2016</u>								
Opening net book amount	\$ 615,892	\$ 6,294,244	\$ 22,653,779	\$ 70,890	\$ 124,089	\$ 2,775,069	\$ 89,734	\$ 32,623,697
Additions - Cost	—	—	9,386	1,578	967	2,786	7,281	21,998
Transfers - Cost (Note)	—	—	12,104	—	—	791	15,240	28,135
Depreciation	—	( 82,551)	( 478,883)	( 6,289)	( 9,945)	( 129,809)	—	( 707,477)
Disposal - Cost	—	—	( 2,803)	—	( 22)	( 3,486)	—	( 6,311)
Disposal - Accumulated depreciation	—	—	2,408	—	22	3,306	—	5,736
Net exchange differences	—	( 20,236)	( 60,122)	( 305)	( 425)	( 6,207)	( 177)	( 87,472)
Closing net book value	<u>\$ 615,892</u>	<u>\$ 6,191,457</u>	<u>\$ 22,135,869</u>	<u>\$ 65,874</u>	<u>\$ 114,686</u>	<u>\$ 2,642,450</u>	<u>\$ 112,078</u>	<u>\$ 31,878,306</u>
<u>At March 31, 2016</u>								
Cost	\$ 615,892	\$ 10,890,884	\$ 48,318,525	\$ 311,622	\$ 214,133	\$ 5,812,664	\$ 112,078	\$ 66,275,798
Accumulated depreciation	—	( 4,699,427)	( 26,182,656)	( 245,748)	( 99,447)	( 3,170,214)	—	( 34,397,492)
	<u>\$ 615,892</u>	<u>\$ 6,191,457</u>	<u>\$ 22,135,869</u>	<u>\$ 65,874</u>	<u>\$ 114,686</u>	<u>\$ 2,642,450</u>	<u>\$ 112,078</u>	<u>\$ 31,878,306</u>

(Note) Including transfer from prepayment for equipment.

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Amount capitalized	<u>\$ 279</u>	<u>\$ 179</u>
Interest rate range	<u>1.30%</u>	<u>1.30%</u>

B. The Group did not pledge property, plant and equipment as collateral as at March 31, 2017, December 31, 2016 and March 31, 2016.

(8) Investment property - net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 26,892	\$ 150,216	\$ 177,108
Accumulated depreciation	-	( 18,460)	( 18,460)
Accumulated impairment	( 20,978)	-	( 20,978)
	<u>\$ 5,914</u>	<u>\$ 131,756</u>	<u>\$ 137,670</u>

	<u>Three-month period ended</u>		
	<u>March 31, 2017</u>		
Opening net book value	\$ 5,914	\$ 131,756	\$ 137,670
Depreciation	-	( 1,641)	( 1,641)
Net currency exchange difference	-	( 6,766)	( 6,766)
Closing net book value	<u>\$ 5,914</u>	<u>\$ 123,349</u>	<u>\$ 129,263</u>

<u>At March 31, 2017</u>			
Cost	\$ 26,892	\$ 142,459	\$ 169,351
Accumulated depreciation	-	( 19,110)	( 19,110)
Accumulated impairment	( 20,978)	-	( 20,978)
	<u>\$ 5,914</u>	<u>\$ 123,349</u>	<u>\$ 129,263</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2016</u>			
Cost	\$ 41,638	\$ 160,516	\$ 202,154
Accumulated depreciation	-	( 12,603)	( 12,603)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 147,913</u>	<u>\$ 158,012</u>

<u>Three-month period ended March 31, 2016</u>			
Opening net book value	\$ 10,099	\$ 147,913	\$ 158,012
Depreciation	-	( 1,824)	( 1,824)
Net currency exchange difference	-	( 654)	( 654)
Closing net book value	<u>\$ 10,099</u>	<u>\$ 145,435</u>	<u>\$ 155,534</u>

<u>At March 31, 2016</u>			
Cost	\$ 41,638	\$ 159,777	\$ 201,415
Accumulated depreciation	-	( 14,342)	( 14,342)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 145,435</u>	<u>\$ 155,534</u>

A. Rental income from investment property and direct operating expenses arising from the investment property are shown below:

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental income from investment property	<u>\$ 4,530</u>	<u>\$ 7,140</u>
Direct operating expenses from the investment property that generated income in the period	<u>\$ 2,509</u>	<u>\$ 3,416</u>

B. The fair values of the investment property held by the Group as at March 31, 2017, December 31, 2016 and March 31, 2016 were \$179,879, \$192,967 and \$291,353, respectively. Land is valued according to Current Land Value announced by the Department of Land Administration. Buildings are valued based on discounted recoverable amounts of future rent income.

C. The Company purchased an agricultural purpose land in the amount of \$23,108 but registered it in the name of a natural person. Before changing the land registration, the land will then be mortgaged to the Company. The decision on the purpose of the land has not yet been decided; thus, this was recognized as Investment property.

D. As of March 31, 2017, December 31, 2016 and March 31, 2016, no investment property held by the Group was pledged to others.

(9) Intangible assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 342,773	\$ 102,640	\$ 445,413
Accumulated amortization	-	( 37,468)	( 37,468)
Net exchange differences	( 6,188)	( 2,109)	( 8,297)
	<u>\$ 336,585</u>	<u>\$ 63,063</u>	<u>\$ 399,648</u>
<u>Three-month period ended March 31, 2017</u>			
Net value at January 1	\$ 336,585	\$ 63,063	\$ 399,648
Amortization	-	( 2,381)	( 2,381)
Net exchange differences	( 20,038)	( 3,201)	( 23,239)
Net value at March 31	<u>\$ 316,547</u>	<u>\$ 57,481</u>	<u>\$ 374,028</u>
<u>At March 31, 2017</u>			
Cost	\$ 342,773	\$ 102,640	\$ 445,413
Accumulated amortization	-	( 39,849)	( 39,849)
Net exchange differences	( 26,226)	( 5,310)	( 31,536)
	<u>\$ 316,547</u>	<u>\$ 57,481</u>	<u>\$ 374,028</u>

	<u>Goodwill</u>	<u>Royalties</u>	<u>Computer Software</u>	<u>Total</u>
<u>At January 1, 2016</u>				
Cost	\$ 342,773	\$ 387,569	\$ 100,236	\$ 830,578
Accumulated amortization	-	( 352,250)	( 27,413)	( 379,663)
Net exchange differences	( 187)	-	2,782	2,595
	<u>\$ 342,586</u>	<u>\$ 35,319</u>	<u>\$ 75,605</u>	<u>\$ 453,510</u>

<u>Three-month period ended March 31, 2016</u>				
Net value at January 1	\$ 342,586	\$ 35,319	\$ 75,605	\$ 453,510
Amortization	-	( 8,830)	( 2,599)	( 11,429)
Net exchange differences	( 6,679)	-	( 310)	( 6,989)
Net value at March 31	<u>\$ 335,907</u>	<u>\$ 26,489</u>	<u>\$ 72,696</u>	<u>\$ 435,092</u>

<u>At March 31, 2016</u>				
Cost	\$ 342,773	\$ 387,569	\$ 100,236	\$ 830,578
Accumulated amortization	-	( 361,080)	( 30,012)	( 391,092)
Net exchange differences	( 6,866)	-	2,472	( 4,394)
	<u>\$ 335,907</u>	<u>\$ 26,489</u>	<u>\$ 72,696</u>	<u>\$ 435,092</u>

A. No borrowing costs were capitalized as part of intangible assets.

B. Details of amortisation on intangible assets are as follows:

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Operating costs	\$ 415	\$ 9,284
Selling expenses	201	179
Administrative expenses	1,765	1,966
	<u>\$ 2,381</u>	<u>\$ 11,429</u>

C. The Group applied value in use method when calculating recoverable amount of goodwill and determined the recoverable amount to be greater than the carrying amount; thus, no impairment was identified. Goodwill distributed to cash generating unit according to operating segment is shown below:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Tinplate factory located in China	<u>\$ 316,547</u>	<u>\$ 336,585</u>	<u>\$ 335,907</u>



(10) Long-term prepaid rent

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Land use right	<u>\$ 477,023</u>	<u>\$ 503,015</u>	<u>\$ 520,133</u>

The Group entered into a land lease agreement with Taiwan Sugar Corporation and local authority of People's Republic of China for use of property located in Yong-Kang District, Tainan and various properties in China, respectively. Lease periods are from 48 to 50 years. The Group recognized \$3,441 and \$3,372 of rental expense (under operating cost and operating expense) for the three-month periods ended March 31, 2017 and 2016, respectively.

(11) Short-term borrowings

<u>Nature</u>	<u>March 31, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	<u>\$ 3,040,125</u>	0.82%~4.35%	None
<u>Nature</u>	<u>December 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	<u>\$ 2,575,599</u>	0.71%~4.35%	None
<u>Nature</u>	<u>March 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,993,818	0.74%~4.35%	None
Secured bank borrowings	<u>47,831</u>	3.42%~3.60%	Note receivable
	<u>\$ 3,041,649</u>		

For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9(C), "Significant contingent liabilities and unrecognized contract commitments".

(12) Short-term notes and bills payable

	<u>March 31, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 550,000	0.88%~0.94%	None
Less: unamortized discount	<u>( 212)</u>		
	<u>\$ 549,788</u>		
	<u>December 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 350,000	0.94%	None
Less: unamortized discount	<u>( 162)</u>		
	<u>\$ 349,838</u>		

A. There was no short-term commercial paper at March 31, 2016.

B. The above commercial papers were issued and secured by International Bills Finance Co., Ltd. for short-term financing.

(13) Bonds payable

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>	<u>Pledged or collateral</u>
Unsecured corporate bonds	\$ 628,308	\$ 658,144	\$ 708,473	None
Less: current portion of long-term liabilities	( 628,308)	—	—	
	<u>\$ —</u>	<u>\$ 658,144</u>	<u>\$ 708,473</u>	

The subsidiary – Cayman Ton Yi Industrial Holdings Ltd. issued the first unsecured ordinary bonds of RMB 142 million in February 2015. The terms are as follows:

- (1) Total issuance: RMB 142 million (\$717,242)
- (2) Issuance price: fully issued at par value of RMB 1 million per bond
- (3) Coupon rate: fixed rate at 4.20% per annum
- (4) Interest payment method: starting from the issuance date, interest is accrued at the coupon rate and paid annually
- (5) Repayment of principal: payable in full 3 years after the issuance date
- (6) Issuance deadline: 3 years (February 3, 2015 to February 3, 2018)
- (7) Depository bank: CTBC Bank Co., Ltd.

(14) Long-term borrowings

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>March 31, 2017</u>
Unsecured bank borrowings	2017. 05. 06~ 2020. 11. 25	1. 04%~4. 75%	None	\$ 12,310,358
Less: current portion of long-term liabilities				( 1,419,651)
				<u>\$ 10,890,707</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2016</u>
Unsecured bank borrowings	2017. 03. 10~ 2020. 11. 25	1. 04%~4. 75%	None	\$ 13,288,020
Less: current portion of long-term liabilities				( 1,305,665)
				<u>\$ 11,982,355</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>March 31, 2016</u>
Unsecured bank borrowings	2016. 05. 13~ 2020. 11. 25	1. 10%~4. 75%	None	\$ 16,170,191
Less: unamortised discount				( 715)
				16,169,476
Less: current portion of long-term liabilities				( 4,061,166)
				<u>\$ 12,108,310</u>

For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9(C), “Significant contingent liabilities and unrecognized contract commitments”.

(15) Provision - non-current

<u>Decommissioning liabilities</u>	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
At January 1	\$ 75,389	\$ 74,001
Unwinding of discount	353	347
At March 31	<u>\$ 75,742</u>	<u>\$ 74,348</u>

According to the policy published, applicable agreement or the law and regulation, the Group has obligations to restore certain property, plant and equipment located in Yong-Kang District, Tainan City in the future. A provision is recognized for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will be settled within 50 years from the beginning of contract.

(16) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 14% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The pension costs under the defined contribution pension plans of the Company (listed under “Operating cost” and “Operating expense”) for the three-month periods ended March 31, 2017 and 2016 were \$6,230 and \$6,174, respectively.

(c) Total contributions expected to be paid under the defined benefit pension plans of the Company within one year from March 31, 2017 amounts to \$74,340.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based

on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group's subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group (listed under "Operating cost" and "Operating expense") for the three-month periods ended March 31, 2017 and 2016 were \$44,537 and \$48,818, respectively.

(17) Share capital - Common stock

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	Three-month periods ended March 31,	
	2017	2016
Beginning and ending balance	1, 579, 145	1, 579, 145

B. As of March 31, 2017, the Company's authorized capital was \$17,847,009, and the paid-in capital was \$15,791,453 with a par value of \$10 (in dollars) per share, consisting of 1,579,145 thousand shares of ordinary stock. All proceeds from shares issued have been collected.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to offset accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit after the legal reserve is used.

(19) Retained earnings

A. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. According to the Articles of Incorporation of the Company, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside or reversed in accordance with related regulations. The remaining amount plus the accumulated

unappropriated earnings from prior years is this accumulated distributable earnings. Of the amount to be distributed by the Company, shareholders' dividends shall comprise 50% to 100% of the accumulated distributable earnings and cash dividends shall not be lower than 30% of the total dividends distributed. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders.

- C. (a) In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances in other equity items at the balance sheet date before distributing earnings. When debit balances in other equity items are reversed subsequently, an equal amount could then be used for distribution.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets, those other than land, are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are land.
- D. The Company recognized dividends distributed to owners amounting to \$505,327 (\$0.32 (in dollars) per share as cash dividend) for the years ended December 31, 2016. On March 28, 2017, total dividends for 2016 of \$600,075, constituting \$0.38 (in dollars) per share as cash dividends, was proposed by the Board of Directors.

(20) Other income

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Interest income	\$ 2,349	\$ 2,586
Rental income	5,936	8,552
Other income	28,351	10,455
	<u>\$ 36,636</u>	<u>\$ 21,593</u>

(21) Other gains and losses

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Net gain (loss) on disposal of property, plant and equipment	\$ 1,535	(\$ 498)
Net currency exchange loss	( 56,147)	( 8,353)
Miscellaneous expenses	( 4,048)	( 8,345)
	<u>(\$ 58,660)</u>	<u>(\$ 17,196)</u>

(22) Finance costs

	Three-month periods ended March 31,	
	<u>2017</u>	<u>2016</u>
Interest expense:		
Bank borrowings	\$ 109,414	\$ 143,145
Corporate bond	6,324	7,226
Provisions – unwinding of discount	<u>353</u>	<u>347</u>
	116,091	150,718
Less: capitalization of qualifying assets	( <u>279</u> )	( <u>179</u> )
	<u>\$ 115,812</u>	<u>\$ 150,539</u>

(23) Expenses by nature

	<u>Three-month period ended March 31, 2017</u>			<u>Three-month period ended March 31, 2016</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefits expense	\$ 414,231	\$ 152,188	\$ 566,419	\$ 445,082	\$ 168,241	\$ 613,323
Depreciation	615,450	32,384	647,834	666,818	40,659	707,477
Amortization	415	1,966	2,381	9,284	2,145	11,429
	<u>\$ 1,030,096</u>	<u>\$ 186,538</u>	<u>\$ 1,216,634</u>	<u>\$ 1,121,184</u>	<u>\$ 211,045</u>	<u>\$ 1,332,229</u>

(24) Employee benefits expense

	<u>Three-month period ended March 31, 2017</u>			<u>Three-month period ended March 31, 2016</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 312,907	\$ 121,135	\$ 434,042	\$ 336,498	\$ 130,983	\$ 467,481
Labor and health insurance expense	31,278	10,822	42,100	33,544	9,397	42,941
Pension costs	39,491	11,276	50,767	43,188	11,804	54,992
Other personnel expenses	30,555	8,955	39,510	31,852	16,057	47,909
	<u>\$ 414,231</u>	<u>\$ 152,188</u>	<u>\$ 566,419</u>	<u>\$ 445,082</u>	<u>\$ 168,241</u>	<u>\$ 613,323</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three-month periods ended March 31, 2017 and 2016, employees' compensation was accrued at \$9,223 and \$13,383, respectively; while directors' remuneration was accrued at \$3,440 and \$3,542, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised were accrued based on the profit of current period distributable and the percentage specified in the Articles of Incorporation of the Company. The difference of (\$7,258) between employees' compensation and directors' remuneration of \$70,068 as resolved by the Board of Directors and the amount of \$77,326 recognised in the 2016 financial statements had been adjusted in the consolidated profit or loss for the three-month period ended March 31, 2017. The employees' compensation was distributed in the form of cash. The directors' remuneration for the year of 2016 had not yet been distributed.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax

Components of income tax expense

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Current income tax:		
Income tax incurred in current period	\$ 40,326	\$ 89,750
(Over) under provision in prior years	( 2,122)	2,117
	<u>38,204</u>	<u>91,867</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>26,560</u>	( <u>30,627</u> )
Income tax expense	<u>\$ 64,764</u>	<u>\$ 61,240</u>

- B. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority. As of May 9, 2017, there was no administrative lawsuit.

C. Unappropriated retained earnings:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Earnings generated in and after 1998	<u>\$ 1,167,980</u>	<u>\$ 969,596</u>	<u>\$ 786,697</u>



D. As of March 31, 2017, December 31, 2016 and March 31, 2016, the balance of the imputation tax credit account was \$62,823, \$62,823 and \$81,169, respectively. As dividends were resolved approved at the shareholders' meeting on June 23, 2016 with the dividend distribution date set on July 27, 2016 by the Board of Directors, the creditable tax rates for the unappropriated retained earnings of 2016 was 19.17%. The creditable tax for 2016 is expected to be 15.42%. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2016; thus, the credit account may be subject to appropriate adjustments according to tax regulations.

(26) Earnings per share

	<u>Three-month period ended March 31, 2017</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
	<u>after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 198,384	1,579,145	\$ 0.13
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 198,384	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,171	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 198,384	1,583,316	\$ 0.13

	Three-month period ended March 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 196,787	1,579,145	\$ 0.12
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	196,787	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,887	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 196,787	1,582,032	\$ 0.12

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

Cash paid for acquisition of property, plant and equipment:

	Three-month periods ended March 31,	
	2017	2016
Acquisition of property, plant and equipment	\$ 22,956	\$ 21,998
Add: Opening balance of other payables	65,792	152,730
Less: Ending balance of other payables	(39,033)	(69,717)
Cash paid for acquisition of property, plant and equipment	\$ 49,715	\$ 105,011

B. Investing activities with no cash flow effect:

Prepayment for equipment:

	Three-month periods ended March 31,	
	2017	2016
Reclassification of property, plant and equipment	\$ 17,902	\$ 28,135

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Guangzhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Chengdu President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Beijing President Enterprises Drinks & Food Co., Ltd.	Parent company to entity with joint control or significant influence
Uni-President Trading (Kunshan) Co., Ltd.	Parent company to entity with joint control or significant influence
Taizhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Shanghai E & P Trading Co., Ltd.	Parent company to entity with joint control or significant influence
Zhanjiang President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Kunshan President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
TTET Union Corp.	Parent company to entity with joint control or significant influence
Jiangsu President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Hefei President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence

### (2) Significant related party transactions

#### A. Sales

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods:		
Parent company to entities with joint control or significant influence		
Guangzhou President Enterprises Co., Ltd.	\$ 835,907	\$ 975,607
Others	<u>2,512,778</u>	<u>3,080,079</u>
	<u>\$ 3,348,685</u>	<u>\$ 4,055,686</u>

The Group's collection terms and methods for related party are wire transfer within 28~60 days of monthly statements, wire transfer within 22 days of statements settled twice a month and wire transfer within 20~45 days after receiving the receipt. The collection terms are similar to that of a third party. The Group only sells to the subsidiaries; thus there is no comparable price for sales made at arm's length.

B. Purchases of goods

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Purchases of goods		
Parent company to entities with joint control or significant influence	\$ <u>236,731</u>	\$ <u>324,307</u>

Purchase price from related party is similar to that of a third party. Except for some transactions in letters of credit, the payment terms are similar to those of third parties, which are payments within 28~45 days of monthly statement, 10~30 days of invoice receipt, wire transfer within 7~45 days after receiving the receipt and 15 days upon receipt of goods.

C. Rental expense (recorded under Operating cost and Operating expense)

	<u>Leased subject</u>	<u>Determination of rent</u>	<u>Payment method</u>	<u>Three-month periods ended March 31,</u>	
				<u>2017</u>	<u>2016</u>
Parent company to entities with joint control or significant influence					
Taizhou President Enterprises Co., Ltd.	Plant and office	Negotiation	(Note)	\$ 20,416	\$ 23,993
Zhanjiang President Enterprises Co., Ltd.	Plant and office	Negotiation	(Note)	14,184	16,669
Chengdu President Enterprises Food Co., Ltd.	Plant and office	Negotiation	(Note)	10,970	12,892
Beijing President Enterprises Drinks & Food Co., Ltd.	Plant and office	Negotiation	(Note)	8,428	9,465
Kunshan President Enterprises Food Co., Ltd.	Plant and office	Negotiation	(Note)	<u>8,351</u>	<u>9,814</u>
				<u>\$ 62,349</u>	<u>\$ 72,833</u>

(Note) Prepayment for three months.

D. Outstanding balance of receivables from related parties

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Receivables from related party:			
Parent company to entities with joint control or significant influence			
Guangzhou President Enterprises Co., Ltd.	\$ 423,817	\$ 142,173	\$ 373,690
Others	<u>1,201,239</u>	<u>744,581</u>	<u>1,352,174</u>
	<u>\$ 1,625,056</u>	<u>\$ 886,754</u>	<u>\$ 1,725,864</u>

Receivables from related party arise primarily from sales of goods. These receivables have not been pledged and do not incur interest.

E. Prepayments

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Parent company to entities with joint control or significant influence	<u>\$ 41,427</u>	<u>\$ -</u>	<u>\$ 24,168</u>

F. Refundable deposit (including other financial assets - current)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Parent company to entities with joint control or significant influence			
Taizhou President Enterprises Co., Ltd.	\$ 20,938	\$ 22,078	\$ 23,639
Chengdu President Enterprises Food Co., Ltd.	15,450	16,291	17,443
Zhanjiang President Enterprises Co., Ltd.	14,547	15,339	16,423
Kunshan President Enterprises Food Co.,	13,516	14,252	15,260
Others	<u>8,652</u>	<u>10,052</u>	<u>9,548</u>
	<u>\$ 73,103</u>	<u>\$ 78,012</u>	<u>\$ 82,313</u>

G. Outstanding balance of payables to related parties

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Payables to related party:			
Parent company to entities with joint control or significant influence	\$ 257,579	\$ 196,662	\$ 337,281

Payables to related party arise from purchases of goods, property transactions and collections and payments on behalf of others. These payables do not incur interest.

(3) Key management compensation

	<u>Three-month periods ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Salaries and other short-term employee benefits	\$ 5,810	\$ 6,654

8. PLEDGED ASSETS

The Group's asset pledged as collateral is as follows:

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2017</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	
Notes receivable	\$ -	\$ -	\$ 47,831	Short-term borrowings security

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT

COMMITMENTS

- A. As of March 31, 2017, December 31, 2016 and March 31, 2016, the balances for contracts that the Group entered into but not yet incurred are \$55,813, \$79,697 and \$198,683, respectively.
- B. As of March 31, 2017, December 31, 2016 and March 31, 2016, the unused letters of credit amounted to \$390,545, \$925,524 and \$503,930, respectively.
- C. (a) The Company has signed a loan agreement with KGI Bank in 2016. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions within four months after the release of financial reports. Should the Company fail to meet the above covenants, the bank has the right to demand the Company to pay off the loan balance immediately.
- (b) The Company has signed a syndicated loan agreement with Taiwan Bank and other banks in 2015. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over

200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions within three months after the release of financial reports. Should the Company meet the required financial covenants by then, it will not be considered as a violation of the agreement. There will be an additional 0.1% interest imposed on the annual floating rate from the day after the release of the financial report which violates the financial covenants above to the day before the Company meets the required financial covenants. Otherwise, the banks have the right to demand the Company to pay off the loan balance immediately.

- (c) The Company has signed a loan agreement with Bank of Tokyo-Mitsubishi UFJ in 2015. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio at over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand the Company to pay off the loan balance immediately.
- (d) Cayman Ton Yi Industrial Holdings Ltd. (the 'Cayman Ton Yi'), a subsidiary of the Group, has signed a loan agreement with CTBC Bank in 2016. The Company has to maintain the following financial ratios and terms: maintain consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Cayman Ton Yi to pay off the loan balance immediately.
- (e) Cayman Ton Yi Industrial Holdings Ltd. (the 'Cayman Ton Yi'), a subsidiary of the Group, has signed a loan agreement with Sumitomo Mitsui Banking Corporation in 2016. The Company has to maintain the following financial ratios and terms: maintain consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Cayman Ton Yi to pay off the loan balance immediately.
- (f) Cayman Ton Yi, a subsidiary of the Group, has signed a loan agreement with OCBC Bank in 2016. The Company has to maintain the following financial ratios and terms: maintain consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank will re-examine the facilities of Cayman Ton Yi.
- (g) Cayman Ton Yi, a subsidiary of the Group, has signed a syndicated loan agreement with Taipei Fubon Commercial Bank in 2014. The Company has to maintain a consolidated debt-to-equity

ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the semi-annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Cayman Ton Yi to pay off the loan balance immediately.

- (h) Fujian Ton Yi Tinsplate Co., Ltd. (Fujian Ton Yi), a subsidiary of the Group, has signed a loan agreement with Australia and New Zealand Bank in 2015. The Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Fujian Ton Yi to pay off the loan balance immediately.
- (i) Fujian Ton Yi Tinsplate Co., Ltd. (Fujian Ton Yi) and Jiangsu Ton Yi Tinsplate Co., Ltd. (the 'Jiangsu Ton Yi'), subsidiaries of the Group, have signed a loan agreement with DBS Bank Paribas in 2015. The Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Fujian Ton Yi and Jiangsu Ton Yi to pay off the loan balance immediately.
- (j) Taizhou Ton Yi Industrial Co., Ltd. (the 'Taizhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with BNP Paribas in 2016. In accordance with the agreement, Taizhou Ton Yi has to maintain the following financial ratios and terms: the tangible shareholders' equity of not less than CNY\$270,000,000 at the annual assessment, and the total debt-to-total equity ratio of less than 60%. Should Taizhou Ton Yi fail to meet the above covenants, the bank has the right to demand Taizhou Ton Yi to pay off the loan balance immediately.
- (k) Zhangzhou Ton Yi Industrial Co., Ltd. (the 'Zhangzhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with BNP Paribas in 2016. In accordance with the agreement, Zhangzhou Ton Yi has to maintain the following financial ratios and terms: the tangible shareholders' equity of not less than CNY\$195,000,000 at the annual assessment, and the total debt-to-total equity ratio of less than 160%. Should Zhangzhou Ton Yi fail to meet the above covenants, the bank has the right to demand Zhangzhou Ton Yi to pay off the loan balance immediately.
- (l) Huizhou Ton Yi Industrial Co., Ltd. (the 'Huizhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with Mizoho Bank in 2016. The Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Huizhou Ton Yi to pay off the loan balance immediately.



(m) Chengdu Ton Yi Industrial Co., Ltd. (the ‘Chengdu Ton Yi’), a subsidiary of the Group, has signed a loan agreement with Bangkok Bank in 2016. In accordance with the agreement, Chengdu Ton Yi has to maintain the following financial ratios and terms: the debt-to-equity ratio of less than 250%. Should Chengdu Ton Yi fail to meet the above covenants, the bank has the right to demand Chengdu Ton Yi to pay off the loan balance immediately.

(n) Chengdu Ton Yi, a subsidiary of the Group, has signed a loan agreement with United Overseas Bank in 2016 and 2015. In accordance with the agreement, Chengdu Ton Yi has to maintain the following financial ratios and terms: the ratio of the total borrowings to net tangible assets shall not exceed 225% at all times. Should Chengdu Ton Yi fail to meet the above covenants, the bank has the right to demand Chengdu Ton Yi to pay off the loan balance immediately.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group’s financial ratios have not violated the above covenants.

D. The Group leases various land, offices, warehouses and equipment under operating lease agreements. For the three-month periods ended March 31, 2017 and 2016, rental expense recorded under Operating cost and Operating expense amounted to \$85,425 and \$84,405, respectively. The future aggregate minimum lease payments under operating leases are as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Within 1 year	\$ 251, 362	\$ 344, 250	\$ 263, 924
Between 1 and 5 years	186, 333	194, 935	227, 875
Over 5 years	<u>608, 043</u>	<u>631, 720</u>	<u>364, 143</u>
	<u>\$ 1, 045, 738</u>	<u>\$ 1, 170, 905</u>	<u>\$ 855, 942</u>

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to both reduce the cost of capital and to meet the monetary needs of improving productivity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## (2) Financial instruments

### A. Fair value information of financial instruments

The financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related party), other receivables, other current financial assets, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related party), other payables (including related party), other current financial liabilities, bonds payable, long-term borrowings (including current portion) and guarantee deposit received, are based on their book value as book value approximates fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3), "Fair value estimation".

### B. Financial risk management policies

- a. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- b. Risk management is carried out by a central treasury department (Group Finance Department) under policies approved by the Board of Directors. Group Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### C. Significant financial risks and degrees of financial risks

#### a. Market risk

##### (a) Foreign exchange risk

- i The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and China Yuan (the 'CNY'). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.
- iii The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; certain subsidiaries' functional currency: USD, CNY and VND.) The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations

is as follows:

March 31, 2017			
(Foreign currency: functional currency)	Foreign Currency		
	Amount (in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,234	30.33	\$ 158,747
USD : CNY	3,524	6.89	106,883
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY :USD	142,000	0.145197	628,308
USD : NTD	7,815	30.33	237,029
December 31, 2016			
(Foreign currency: functional currency)	Foreign Currency		
	Amount (in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 8,857	32.25	\$ 285,638
USD : CNY	1,326	6.95	42,764
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY :USD	142,000	0.143988	659,395
USD : NTD	6,983	32.25	225,202
March 31, 2016			
(Foreign currency: functional currency)	Foreign Currency		
	Amount (in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,183	32.185	\$ 231,185
EUR : NTD	1,243	36.51	45,382
USD : CNY	1,404	6.47	45,188
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY: USD	142,000	0.1545	706,024
USD : CNY	16,582	6.47	533,692
USD : NTD	1,903	32.185	61,248

- iv As of March 31, 2017 and 2016, if the exchange rate of the Group's functional currency to USD had appreciated/depreciated by 1%, with all other factors remaining constant, the post-tax profit for the three-month periods ended March 31, 2017 and 2016 would have increased/decreased by \$237 and \$2,644, respectively. If the exchange rate of the

Group's functional currency to CNY had appreciated/depreciated by 1%, with all other factors remaining constant, the post-tax profit for the three-month periods ended March 31, 2017 and 2016 would have increased/decreased by \$5,215 and \$5,860, respectively.

- v The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2017 and 2016 amounted to \$56,147 and \$8,353, respectively.

(b) Price risk

- i The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Group has carefully determined its investing portfolio and has set various stop-loss points to ensure that it is not exposed to significant risks. Accordingly, no material market risk is expected.
- ii The Group's investments in equity securities comprise domestic as well as foreign listed and unlisted stocks. The prices of equity securities would fluctuate due to the uncertainty of the future value of investee companies. During the three-month periods ended March 31, 2017 and 2016, if the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the three-month periods ended March 31, 2017 and 2016 would have increased/decreased by \$1,294 and \$1,085 as a result of valuation gains/losses on equity securities classified as available-for-sale, respectively.

(c) Interest rate risk

- i The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the three-month periods ended March 31, 2017 and 2016, the Group's borrowings at variable rate were denominated in NTD, USD, JPY and CNY.
- ii During the three-month periods ended March 31, 2017 and 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2017 and 2016 would have increased/decreased by \$961 and \$1,248, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

b. Credit risk

- (a) Credit risk refers to the risk that the clients or counterparties of financial instruments will cause a financial loss for the Group by failing to discharge a contractual obligation. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limit is set by management through evaluating internal and external credit ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with good ratings are accepted. The Group transacts with several banks to mitigate risk.
- (b) For the three-month periods ended March 31, 2017 and 2016, no credit limits were breached during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- (c) The Group provides endorsements and guarantees based on the Group's policies and procedures on endorsements and guarantees. The Group only provides endorsement or guarantee for subsidiaries that the Group directly holds more than 50% ownership, or for entities that the Group holds more than 50% ownership, either directly or indirectly, as well as the power to govern the policies. No collateral is requested for the endorsements and guarantees as the Group can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.
- (d) For the credit ratings of the Group's financial assets, please refer to Note 6, Financial assets.

c. Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- (b) Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group Finance Department. Group Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

(c) The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>March 31, 2017</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 3,053,438	\$ -	\$ -	\$ -
Short-term notes and bills payable	550,000	-	-	-
Notes payable	18,543	-	-	-
Accounts payable (including related party)	1,248,793	-	-	-
Other payables (including related party)	1,309,051	-	-	-
Other financial liabilities - current	18,888	-	-	-
Corporate bonds payable	654,697	-	-	-
Long-term borrowings	1,716,927	4,621,790	6,564,488	-
Guarantee deposits received	-	7,526	1,321	-
<u>December 31, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,588,613	\$ -	\$ -	\$ -
Short-term notes and bills payable	350,000	-	-	-
Notes payable	13,325	-	-	-
Accounts payable (including related party)	1,163,678	-	-	-
Other payables (including related party)	1,435,548	-	-	-
Other financial liabilities - current	20,929	-	-	-
Corporate bonds payable	27,642	660,601	-	-
Long-term borrowings	1,659,788	6,122,468	6,240,834	-
Guarantee deposits received	-	7,891	418	-

March 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 3,057,809	\$ -	\$ -	\$ -
Notes payable	45,317	-	-	-
Accounts payable (including related party)	1,263,750	-	-	-
Other payables (including related party)	1,373,862	-	-	-
Other financial liabilities - current	19,018	-	-	-
Corporate bonds payable	29,756	734,014	-	-
Long-term borrowings	4,440,480	7,425,811	5,016,970	-
Guarantee deposits received	-	9,701	-	413

(d) The Group does not expect the maturity date to end early nor the actual cash flow to be materially different.

### (3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value is provided in Note 12(2)A, "Fair value information of financial instruments". Details of the fair value of the Group's investment property measured at cost is provided in Note 6(8), "Investment property - net".

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2017, December 31, 2016 and March 31, 2016 is as follows:

<u>March 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 129,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,444</u>
<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 122,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,642</u>
<u>March 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 108,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,508</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- a. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares

Market quoted price

Closing price

- b. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the three-month periods ended March 31, 2017 and 2016, there was no transfer into or out between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2017 and 2016, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the three-month period ended March 31, 2017. The financial information of investees was reviewed by the independent accountants and disclosed individually. Elimination and adjustments for consolidation were not considered.



(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

#### 14. SEGMENT INFORMATION

##### (1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization, basis of identification and measurement of segment information had no significant changes in this period.

##### (2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income.

##### (3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Three-month period ended March 31, 2017				
	<u>Taiwan</u>	<u>Tinplate Manufacturing (in Mainland China)</u>	<u>PET Package Manufacturing (in Mainland China)</u>	<u>Others</u>	<u>Total</u>
Revenue from external customers	\$ 2,581,346	\$ 1,491,061	\$ 3,260,677	\$ 350,510	\$ 7,683,594
Revenue from internal customers	<u>1,487,123</u>	<u>196,109</u>	<u>1,355</u>	<u>14,617</u>	<u>1,699,204</u>
Segment revenue	<u>\$ 4,068,469</u>	<u>\$ 1,687,170</u>	<u>\$ 3,262,032</u>	<u>\$ 365,127</u>	<u>\$ 9,382,798</u>
Segment income	<u>\$ 210,408</u>	<u>\$ 18,729</u>	<u>\$ 210,631</u>	<u>\$ 158,890</u>	<u>\$ 598,658</u>
Segment assets	<u>\$ 25,368,900</u>	<u>\$ 8,045,321</u>	<u>\$ 14,096,212</u>	<u>\$ 16,023,097</u>	<u>\$ 63,533,530</u>

Three-month period ended March 31, 2016

	Taiwan	Tinplate Manufacturing (in Mainland China)	PET Package Manufacturing (in Mainland China)	Others	Total
Revenue from external customers	\$ 2,414,630	\$ 1,432,328	\$ 3,977,271	\$ 511,735	\$ 8,335,964
Revenue from internal customers	1,035,944	239,524	-	916,686	2,192,154
Segment revenue	<u>\$ 3,450,574</u>	<u>\$ 1,671,852</u>	<u>\$ 3,977,271</u>	<u>\$ 1,428,421</u>	<u>\$ 10,528,118</u>
Segment income (loss)	<u>\$ 223,048</u>	<u>(\$ 199,286)</u>	<u>\$ 293,582</u>	<u>\$ 113,658</u>	<u>\$ 431,002</u>
Segment assets	<u>\$ 26,435,305</u>	<u>\$ 9,057,702</u>	<u>\$ 16,960,580</u>	<u>\$ 18,242,313</u>	<u>\$ 70,695,900</u>

(4) Reconciliation for segment income (loss) and assets

A. Sales between segments were carried out at arm's length. Basis of measurement remained consistent with revenue in the statements of comprehensive income and revenue from external parties reported to the chief operating decision-maker. A reconciliation of segment profit or loss before tax and the profit or loss before tax from continuing operations is shown below:

	Three-month periods ended March 31,	
	2017	2016
Reportable segments profit and loss	\$ 439,768	\$ 317,344
Other segments profit and loss	158,890	113,658
Elimination of intersegment transactions	(332,863)	(198,058)
Net income before income tax from continuing operations	<u>\$ 265,795</u>	<u>\$ 232,944</u>

B. The amount of total assets provided to the chief operating decision-maker adopts the same basis of measurement as assets in the Group's financial statements. The reconciliations between reportable segments' assets and total assets are as follows:

	March 31, 2017	March 31, 2016
Assets of reportable segments	\$ 47,510,433	\$ 52,453,587
Assets of other operating segments	16,023,097	18,242,313
Elimination of intersegment transactions	(24,416,864)	(27,124,896)
Total assets	<u>\$ 39,116,666</u>	<u>\$ 43,571,004</u>

Ton Yi Industrial Corp. and Subsidiaries

Loans to others

Three-month period ended March 31, 2017

Table 1

Expressed in thousands of NTD

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended	Balance at	Actual amount	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					March 31, 2017	March 31, 2017	drawn down						Item	Value			
1	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 176,153	\$ 176,153	\$ 176,153	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 489,792	\$ 489,792	Note 2
1	Chengdu Ton Yi Industrial Packing Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	44,038	44,038	44,038	4.00	2	-	Operational use	-	-	-	489,792	489,792	Note 2
1	Chengdu Ton Yi Industrial Packing Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	44,038	44,038	44,038	4.00	2	-	Operational use	-	-	-	489,792	489,792	Note 2
2	Changsha Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	17,615	17,615	17,615	4.00	2	-	Operational use	-	-	-	201,665	201,665	Note 2
3	Ton Yi (China) Investment Co., Ltd	Taizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	4.00	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	4.00	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Kunshan Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	-	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	28,625	4.00	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	17,615	4.00	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	4.00	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd	Sichuan Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	-	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2
3	Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	-	-	2	-	Operational use	-	-	-	7,733,327	7,733,327	Note 2

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					outstanding balance during the three-month period ended								March 31, 2017	March 31, 2017			
4	Taizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	\$ 88,076	\$ 88,076	\$ -	-	2	\$ -	Operational use	\$ -	-	\$ -	\$ 1,599,854	\$ 1,599,854	Note 2
5	Zhangzhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	-	-	2	-	Operational use	-	-	-	1,298,517	1,298,517	Note 2
6	Kunshan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	206,980	132,115	132,115	4.00	2	-	Operational use	-	-	-	1,083,448	1,083,448	Note 2
6	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	132,115	132,115	132,115	4.00	2	-	Operational use	-	-	-	1,083,448	1,083,448	Note 2
6	Kunshan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	28,625	3.00	2	-	Operational use	-	-	-	1,083,448	1,083,448	Note 2
7	Beijing Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	-	-	2	-	Operational use	-	-	-	726,396	726,396	Note 2
8	Huizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	-	-	2	-	Operational use	-	-	-	782,582	782,582	Note 2
9	Chengdu Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	-	3.00	2	-	Operational use	-	-	-	720,620	720,620	Note 2
10	Sichuan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	176,153	176,153	88,076	4.00	2	-	Operational use	-	-	-	795,256	795,256	Note 2
10	Sichuan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	4,386	3.00	2	-	Operational use	-	-	-	795,256	795,256	Note 2
10	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	88,076	88,076	88,076	4.00	2	-	Operational use	-	-	-	795,256	795,256	Note 2
10	Sichuan Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	44,038	44,038	44,038	4.00	2	-	Operational use	-	-	-	795,256	795,256	Note 2
11	Zhanjiang Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	88,076	88,076	556	3.00	2	-	Operational use	-	-	-	655,888	655,888	Note 2
11	Zhanjiang Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	88,076	88,076	88,076	4.00	2	-	Operational use	-	-	-	655,888	655,888	Note 2

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					outstanding balance during the three-month period ended								Item	Value			
					March 31, 2017	March 31, 2017	drawn down		(Note 1)								
11	Zhanjiang Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	66,057	66,057	66,057	4.00	2	-	Operational use	-	-	-	655,888	655,888	Note 2

(Note 1) Nature of loans to others is filled as follows:

- (1) For trading partner.
- (2) For short-term financing.

(Note 2) The maximum loan amount is 40% of its net assets.

- (1) Trading partner: The maximum amount for individual trading partner shall not exceed the higher of total purchase or sale transactions during the reporting period or the most recent year.
- (2) Short-term financing: The maximum amount for short-term financing is 20% of the Company's net assets; If the Company loans to foreign subsidiaries, which the Company holds 100% ownership directly or indirectly, the maximum amount for the subsidiary is 100% of the Company's net assets.

(Note 3) Foreign currency was translated into New Taiwan Dollars with exchange rate as of March 31, 2017 as follows: CNY:NTD 1 : 4.403822.

Ton Yi Industrial Corp. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2017

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note)	As of March 31, 2017				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Ton-Yi Industrial Corp.	Stocks:							
	JFE Holdings Inc.	—	1	250	\$ 129,444	0.04	\$ 129,444	—
	President International Development Corp.	Same Chairman	2	44,100	500,000	3.33	-	—
	Grand Bills Finance Co.	Same director	2	108	1,050	0.02	-	—

(Note) The code number explanation is as follows:

1. Available-for-sale financial assets - non-current
2. Financial assets carried at cost - non-current



Ton Yi Industrial Corp. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Three-month period ended March 31, 2017

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ton Yi Industrial Corp.	Fujian Ton Yi Tintplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holding Ltd. accounted for under the equity method	(Sales)	(\$ 827,088)	(20)	50 days after shipping	\$ -	-	\$ 423,673	37	-
Ton Yi Industrial Corp.	Jiangsu Ton Yi Tintplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for under the equity method	(Sales)	( 618,720)	(15)	50 days after shipping	-	-	309,338	27	-
Wuxi Ton Yi Industrial Packing Co., Ltd.	Jiangsu Ton Yi Tintplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for under the equity method	Purchases	112,413	63	67 days after invoice date, T/T	-	-	( 56,878)	(57)	-
Fujian Ton Yi Tintplate Co., Ltd.	Ton Yi Industrial Corp.	The Company	Purchases	827,088	89	50 days after shipping	-	-	( 423,673)	(91)	-
Jiangsu Ton Yi Tintplate Co., Ltd.	Ton Yi Industrial Corp.	The Company	Purchases	618,720	91	50 days after shipping	-	-	( 309,338)	(94)	-
Jiangsu Ton Yi Tintplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 112,413)	(19)	67 days after invoice date, T/T	-	-	56,878	16	-
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 422,946)	(71)	Within 22 days of statements settled twice a month, T/T	-	-	190,133	58	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	(\$ 420,212)	(85)	Within 22 days of statements settled twice a month, T/T	\$ -	-	\$ 211,108	80	-
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 479,174)	(97)	Within 22 days of statements settled twice a month, T/T	-	-	219,539	96	-
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 508,689)	(100)	Within 22 days of statements settled twice a month, T/T	-	-	253,759	100	-
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 321,081)	(100)	Within 22 days of statements settled twice a month, T/T	-	-	147,485	100	-
Chengdu Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 169,608)	(57)	Within 22 days of statements settled twice a month, T/T	-	-	62,664	43	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 388,310)	(91)	Within 22 days of statements settled twice a month, T/T	-	-	134,902	86	-
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 204,342)	(100)	Within 22 days of statements settled twice a month, T/T	-	-	105,164	100	-

(Note 1) The above terms are in accordance with the Company's policy on credit management, please refer to Note 7 Related Party Transactions for details.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchange rates: Ending balances of receivables and payables were translated using the exchange rate as at March 31, 2017 (CNY:NTD 1:4.403822);

Amounts of transactions were translated using the weighted-average exchange rate for the three-month period ended March 31, 2017 (CNY:NTD 1:4.508783).

Ton Yi Industrial Corp. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Three-month period ended March 31, 2017

Table 4

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2017			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Accounts receivable	\$ 423,673	10.84	\$ -	-	\$ 274,256	\$ -
Ton Yi Industrial Corp.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Industrial Holdings Ltd. Accounted for under the equity method	Accounts receivable	309,338	12.68	-	-	107,225	-
Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	176,662	-	-	-	-	-
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	190,133	9.09	-	-	190,133	-
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	211,108	10.61	-	-	192,236	-
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	219,539	10.96	-	-	219,516	-
Kunshan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	132,349	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	132,308	-	-	-	-	-
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	253,759	10.58	-	-	253,699	-
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	147,485	13.63	-	-	147,485	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	134,902	11.01	-	-	134,902	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2017		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	\$ 105,164	11.38	\$ -	-	\$ 105,139	\$ -

(Note) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable and subsequent collections were translated using the exchange rate as at March 31, 2017 (CNY:NTD 1:4.403822).

Ton Yi Industrial Corp. and Subsidiaries  
Significant inter-company transactions during the reporting periods  
Three-month period ended March 31, 2017

Table 5

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	1	Sales	\$ 827,088	50 days after shipping	11%
			1	Accounts receivable	423,673	—	1%
		Jiangsu Ton Yi Tinplate Co., Ltd.	1	Sales	618,720	50 days after shipping	8%
			1	Accounts receivable	309,338	—	1%
1	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	176,662	—	—
2	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Sales	112,413	67 days after invoice date	1%
3	Kunshan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	3	Other receivables	132,349	—	—
		Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	132,308	—	—

(Note 1) Only transactions amounting to more than \$100 million are disclosed. Transactions between parent company and subsidiaries were disclosed on the previous sections, no duplicated information is disclosed in this section.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 5) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at March 31, 2017 (CNY:NTD 1:4.403822);

Amounts of transactions were translated using the weighted-average exchange rate for the three-month period ended March 31, 2017 (CNY:NTD 1:4.508783).

Ton Yi Industrial Corp. and Subsidiaries  
Information on investees  
Three-month period ended March 31, 2017

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2017			Net profit (loss) of the investee for the three-month period ended March 31, 2017	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2017	Footnote
				Balance as at March 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Cayman	General trading and investment	\$ 7,863,787	\$ 7,863,787	25,309,700	100.00	\$ 8,990,861	\$ 145,921	\$ 145,921	Subsidiary
Ton Yi Industrial Corp.	Tovecan Corp.	Vietnam	Manufacturing of cans	43,740	43,740	-	51.00	44,187	1,752	893	Subsidiary
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	Cayman	General investment	6,975,900	6,975,900	230,000,000	100.00	7,733,332	168,250	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holdings Ltd.	Cayman	General investment	1,943,003	1,943,003	8,727	100.00	3,362,798	14,565	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Cayman	General investment	1,088,932	1,088,932	5,000	100.00	1,959,217	(2,057)	-	Subsidiary (Note 1)
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Limited	Cayman	General investment	6,975,900	6,975,900	230,000,000	100.00	7,733,332	168,250	-	Subsidiary (Note 1)

(Note 1) Not required to disclose income (loss) recognised by the Company.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at March 31, 2017 (USD:NTD 1:30.33); Amounts of transactions were translated using the weighted-average exchange rate for the three-month period ended March 31, 2017 (USD:NTD 1:31.057881).

Ton Yi Industrial Corp. and Subsidiaries  
Information on investments in Mainland China  
Three-month period ended March 31, 2017

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Net income of investee for the three-month March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2017	Book value of investments in Mainland China as of March 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	\$ 294,808	Note 1	\$ 212,310	\$ -	\$ -	\$ 212,310	\$ 9,411	100.00	\$ 10,604	\$ 585,092	\$ -	Note 6
Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	227,475	Note 1	227,475	-	-	227,475	( 5,216)	100.00	( 5,216)	484,698	-	Note 6
Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	212,310	Note 1	-	-	-	-	1,096	100.00	1,096	202,735	-	Note 6
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	2,623,545	Note 2	1,618,015	-	-	1,618,015	16,779	86.80	14,565	3,297,755	-	Note 7
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	1,213,200	Note 3	841,657	-	-	841,657	( 2,483)	82.86	( 2,057)	1,834,623	-	Note 7
Ton Yi (China) Investment Co., Ltd.	General investment	6,975,900	Note 4	909,900	-	-	909,900	168,250	100.00	168,250	7,733,332	-	Note 7
Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	909,900	-	-	909,900	69,038	100.00	69,038	1,599,854	-	Note 7
Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	909,900	-	-	909,900	34,653	100.00	34,653	1,298,517	-	Note 7
Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	-	-	-	-	7,093	100.00	7,093	1,083,448	-	Note 7
Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	-	-	-	-	1,038	100.00	1,038	727,411	-	Note 6
Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	181,980	-	-	181,980	9,605	100.00	9,605	791,963	-	Note 6
Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	348,795	-	-	348,795	34,907	100.00	34,907	754,714	-	Note 6
Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	909,900	Note 5	-	-	-	-	11,017	100.00	11,017	806,016	-	Note 6
Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	606,600	Note 5	-	-	-	-	( 1,640)	100.00	( 1,640)	654,286	-	Note 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 8)
Ton Yi Industrial Corp.	\$ 6,159,932	\$ 11,198,054	\$11,322,556

(Note 1) Through investing in an existing company in the third area (Cayman Ton Yi Industrial Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 2) Through investing in an existing company in the third area (Cayman Fujian Ton Yi Industrial Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 3) Through investing in an existing company in the third area (Cayman Jiangsu Ton Yi Industrial Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 4) Through investing in an existing company in the third area (Cayman Ton Yi (China) Holdings Limited), which then invested in the investee in Mainland China.

(Note 5) Through investing in an existing company in the Mainland China (Ton Yi (China) Investment Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 6) Income (loss) was measured based on unreviewed financial statements of investees during the reporting period.

(Note 7) The Company recognised income (loss) based on the reviewed financial statements.

(Note 8) The ceiling amount is 60% of consolidated net asset.

(Note 9) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at March 31, 2017 (USD:NTD 1:30.33, CNY:NTD 1:4.403822); Amounts of transactions were translated using the weighted-average exchange rate for the three-month period ended March 31, 2017 (USD:NTD 1:31.057881, CNY:NTD 1:4.508783).



Ton Yi Industrial Corp. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Three-month period ended March 31, 2017

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Interest during the three-month period ended March	
	Amount	%	Amount	%	Balance at March 31, 2017	%	Balance at March 31, 2017	Purpose	Maximum balance during the three-month period ended March 31, 2017	Balance at March 31, 2017	Interest rate	31, 2017	Others	
Fujian Ton Yi Tinplate Co., Ltd.	\$ 827,088	20	\$ -	-	\$ 423,673	40	\$ -	-	\$ -	\$ -	-	\$ -	-	
Jiangsu Ton Yi Tinplate Co., Ltd.	618,720	15	-	-	309,338	30	-	-	-	-	-	-	-	