



Ton Yi Industrial Corp.

2018 Annual General
Meeting

Conference
Manual

June 22, 2018

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Ton Yi Industrial Corp.

2018 Annual Meeting Agenda

1. Time: 9:00 am, June 22 (Friday), 2018
2. Venue: 7F Conference Hall, No. 837, Zhongzheng N.Rd., Yongkang Dist., Tainan City, Taiwan (R. O. C.)
3. Conclude total number of shares represented and commence meeting
4. Chairman's opening remarks

Meeting Proceeding

One. Reports:

- (1) Reporting of the Company's 2017 Business Reports.
- (2) Reporting of Audit Committee's review over the Company's 2017 year-end closure.
- (3) Reporting of proposed 2017 employees' and directors' remuneration.
- (4) Reporting of total guarantees and endorsements made by the Company.
- (5) Reporting of total loans granted to third parties.
- (6) Reporting of total financial instruments undertaken by the Company.
- (7) Repor on the proposal to amend to the Company's Rules of procedure for Bord of Director' Meeting .

Two. Acknowledgments:

- (1) Acknowledgment of the Company's 2017 Business Report and Financial Statements.
- (2) Acknowledgment of the Company's 2017 Earnings Appropriation.

Three. Discussions:

- (1) The proposed details on release of non-competition restrictions for directors. Please proceed to discuss.
- (2) Amendment to the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.

Four. Special motion

Five. Meeting dismissed

One. Reports

Report #1

Summary:

Reporting of 2017 Business Reports.

Description:

Reporting of the Company's 2017 Business Reports.

(Please refer to P9~P11 of the Conference Manual)

Report #2

Summary:

Reporting of Audit Committee's review over the 2017 year-end closure.

Description:

- (1)The Company's 2017 financial statements have been audited by PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee. An independent auditor's report and a review report were issued separately by the above two parties. (Please refer to P11~P34 of the Conference Manual)
- (2)This report was passed during the 11th meeting of the 16th board of directors.
- (3)Read out of the review report. (Please refer to P11 of the Conference Manual)

Report #3

Summary:

Reporting of proposed 2017 employee' and director' remuneration.

Description:

- (1)Pursuant to Article 235-1 of the Company Law and Article 30 of the Company's Articles of Incorporation: The Company's net income, if any, should be an amount not less than 2% of the net income as the remuneration to employees and an amount not more than 2% of the net income as the remuneration to directors.
- (2)The Company in accordance with the amend Articles of Incorporation, it is proposed to allocate 4.40% or NT\$30,835,823 for employee' compensation and 1.99% or NT\$13,979,092 for directors' remuneration. The payment will be made in cash.

Report #4

Summary:

Reporting of total guarantees and endorsements made by the Company.

Description:

As at December 31, 2017, guarantees and endorsements totaling NT\$0 had been made in accordance with the Company's Guarantee and Endorsement Procedures.

Report #5

Summary:

Reporting of total loans granted to third parties.

Description:

As of December 31, 2017, loans totaling NT\$0 had been granted to third parties.

Report #6

Summary:

Reporting of total financial instruments undertaken by the Company.

Description:

All financial instruments undertaken by the Company were for hedging purpose. They were primarily intended to hedge against exchange rate risks arising from export debt entitlements and import debt obligations.

Unit: NTD thousands

Period	Amount of contract principal	Recognized gains (losses)
2017.01 ~ 2017.12	61,515	1,437

Report #7

Summary: Report on the proposal to amend to the Company's Rules of procedure for Board of Director's Meeting .

Description:

- (1) According to the Securities Exchange NO.10600183131 Letter of the Taiwan Securities Exchange on September 27, 106 of the Stock Exchange.
- (2) This report was passed during the 9th meeting of the 16th board of directors.
- (3) Please refer to P56~P62 of the Conference Manual.

Two. Acknowledgments

#1 (Proposed by the board of directors)

Summary:

Acknowledgment of the Company's 2017 Business Report and Financial Statements.

Description:

The Company's 2017 Business Report and Financial Statements have been audited by PricewaterhouseCoopers Taiwan and are available for acknowledgment.

(Please refer to P8~P34 of the Conference Manual)

Resolution:

#2 (Proposed by the board of directors)

Summary:

Acknowledgment of the Company's 2017 Earnings Appropriation.

Description:

(1)The earnings distribution stipulated in the Articles of Incorporation:

The shareholder's dividend of the Company shall be 50%~100% of the accumulated distributable earnings; also, the cash dividend ratio shall not be less than 30% of the total dividend distribution for the year.

(2)The Company's 2017 non-consolidated financial report has been prepared and the net income amounted to NT\$600,104,381;and the unappropriated earnings – beginning for NT\$23,868,963, Add the amount of remeasuring of the fringe benefit liabilities(assets) NT\$35,431,198 and resersal of special reserve, NT\$214,463,807 and 10% legal reserve NT\$60,010,438 was set aside pursuant to lawst,the distributable earnings for the year amounted to NT\$813,857,911.

(3)For the Company's 2017 Earnings Appropriation, a proposal has been made to pay a cash dividend of NT\$789,572,671 (NT\$500 per thousand shares) from available earnings. Please refer to P35 of the Conference Manual. The amount of cash dividends shall be calculated and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income.

(4)Proposal to request shareholders' permission to authorize the board of directors for decisions such as the ex-dividend date and details concerning the cash dividend, which are to be announced in accordance with law.

(5)This agenda has been discussed by the Audit Committee and passed by the board of directors.

Resolution:

Tree. Discussions

#1 (Proposed by the Board of Directors)

Proposal:

Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation:

- (1) Pursuant to Article 209 of the Company Act, "Directors may obtain permission for engaging in business activities that coincide with those of the company's for directors' own benefits, or for the benefits of others, by disclosing material details during shareholder meeting."
- (2) The director Ms Shing-Chi Liang is found to have simultaneously assumed directorship or managerial roles in other companies that engage in business activities similar to those of the Company's. Their activities should present no threat to the Company, and a proposal has been raised to remove restrictions against their involvements in competing businesses, provided that doing so would not compromise the Company's interests.

Name	current position for competition of business strife
Shing-Chi Liang	Chairman: Wuxi Tonyi Daiwa Industrial Co., Ltd.

- (3) This agenda has been discussed by the Audit Committee and passed by the board of directors

Resolution:

#2 (Proposed by the Board of Directors)

Proposal:

Amendment to the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.

Explanation:

- (1) In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please refer to P36 of the Conference Manual.
- (2) This agenda has been discussed by the Audit Committee and passed by the board of directors.

Resolution:

Four. Special motion

Five. Meeting dismissed

In 2017, the global economy maintained modest growth, and monetary policies in major countries neither accelerated nor contracted. As a result of the loosened financial environment and the sustained economic recovery, international oil prices and global raw materials prices were slowly pushed up. Our company also benefited from this worldwide economic growth as tinplate prices remained high. In Mainland China beverage sales in PET plant clients increased. Turnover of Ton Yi Industrial Corporation in 2017 amounted to TWD 17 billion, a growth of 6.8%. Net profit after tax was TWD 600 million, a significant decrease of 43.9% is mainly due to the relatively high percentage of our sales being exports, which exposed us to the appreciation of the Taiwan dollar in 2017. The stronger Taiwan dollar also shrank our consolidated revenues and profits from overseas reinvestments, which former stood at TWD 32.7 billion in 2017.

Buy Ton Yi products, buy peace of mind

Our company upholds a corporate culture of integrity. We extend our responsibility not only toward consumers but also toward our employees and the environment. We are committed to providing safe, hygienic, and aesthetic tin containers for food and beverages that optimize the food supply chain and enable consumers to use their purchased products with confidence. We strive to have a positive impact on society and a minimal impact on the environment through improvements in our processes. We continuously refine the value of our products and services through our after-sales and technical services in order to create a sustainable business model. We have ISO 17025 TAF laboratory certification, as well as the ISO 9001, ISO 14001, OHSAS 18001 & TOSHMS certifications, and we have been awarded JIS G3303. In 2014 we introduced the ISO 22000, HACCP, and CNS standards into our processes to achieve the most comprehensive food safety system and trustworthiness in the eyes of the customer. "Buy Ton Yi products, buy peace of mind."

**Emphasis on environmental protection, green operations,
quality first, and customer satisfaction**

Ton Yi Industrial Corporation continued to use its “One Core + Four Advantages” business strategy, with “Quality Management” as the core strategy, while proactively developing our “Group Advantage”, “Competitive Advantage”, “Capital Advantage” and “Industry Advantage” to develop opportunities for development and growth. Our development strategy for the future, besides our original business strategy, is to develop our sourcing, production, and sales of PET bottles and PET bottle caps in China in collaboration with our parent company, Uni-President Group. In future we aim to expand into manufacturing and filling metal containers for food and beverages to develop our company into a diversified manufacturer serving a comprehensive range of packaging materials and beverages.

Through leveraging its four advantages, Ton Yi Industrial Corporation will develop customer bases in unique product areas, differentiate itself from its competitors, expand into diversified product areas, strengthen and deepen its organizational discipline, refine its internal management, and grow its external competitive power. In addition, in the context of the numerous changes shaping the regulatory and overall business environment, our company will use internal and external education and training to enable employees in charge of various areas to timely absorb new laws and regulations. This continuous learning and discussion by our employees will help devise strategies to respond to changes in the overall business environment.

Business Outlook for 2018

Building on its existing foundation of tinplate, tinplate cans, and PET plastic bottles, Ton Yi Industrial Corporation will expand its manufacturing expertise and technologies for a full range of packaging containers and beverages. Combined with the aforementioned Group Advantage in the beverage production market in China and indeed worldwide, we will dedicate our best endeavors to achieve the sales targets of 2018. At Ton Yi, we continuously upgrade

our technology, nurture talent, stay on top of issues in environmental protection and food safety, fulfill our environmental responsibility for a sustainable environment, our economic responsibility in corporate governance, and our corporate social responsibility by being an enterprise that brings happiness and peace of mind to our employees and society, and endeavors to bring optimum return on investment to our shareholders.

Chairman: Chih-Hsien Lo Manager: Feng-Fu Chen Head of Accounting: Yi-Hsin Liu

Ton Yi Industrial Corp. (Attachment 2)
Audit Committeeal Corp.

We have reviewed the Company's 2017 Business Report, Financial Statements, and Earnings Appropriation prepared by the Board of Directors. The standalone and consolidated financial statements were audited by CPA Zi-Yu Lin and CPA Ming-Hsien Li of PricewaterhouseCoopers Taiwan, to which they issued an unqualified opinion. Business Report, Financial Statements, and Earnings Appropriation has reviewed the abovementioned reports and found no misstatements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For

The 2018 Annual General Meeting

Ton Yi Industrial Corp.

Con v e n e r : Chin-Cheng Chien

Audit
Committee

M e m b e r : Ming-Long Wang

M e m b e r : Bing-Eng Wu

March 23, 2018

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Ton Yi Industrial Corp. as of December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2017 and 2016, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Ton Yi Industrial Corp. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Ton Yi Industrial Corp. parent company only financial statements of 2017. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Existence of sales revenues

Description

Refer to Note 4(27) for the accounting policy on revenue recognition. The Company's sales revenues for the year ended December 31, 2017 was NT\$17,001,461 thousand.

The primary business of Ton Yi Industrial Corp. is selling Tin Plate products. The Company has a large volume of transactions from sales of numerous kinds of products to a wide range of customers in many different countries such as Taiwan, Asia, Europe, America, etc. For the customers and dealers who are from remote districts, the substantive of sales revenue need more time for verification. This matter also exists in the subsidiaries of Ton Yi Industrial Corp. (investments accounted for under equity method). Thus, the existence of sales revenue has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Inspecting whether approved additions to the merchandise master file data had been correctly entered in the merchandise master file which include basic information of customers, such as name of representative, location of company, amount of capital and scope of business for evaluating the creditworthiness of buyers.
2. Understanding, evaluating and validating management's controls in respect of the Company's sales transactions from customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables. In addition, testing the internal control environment of the Company's effectiveness of revenue recognition.
3. Performing substantive test on selected sales transactions including confirming orders, shipping documents, invoices and cash receipts to verify the existence of sale revenues.

Inventory evaluation

Description

Please refer to Note 4(7) for accounting policy on inventory valuation, Notes 5(2) A for the accounting estimates and assumption uncertainty in relation to inventory valuation and Notes 6(4) for details of inventories. For the year ended December 31, 2017, inventory and allowance to reduce inventory to market amounted to NT\$2,065,127 thousand and NT\$58,000 thousand, respectively.

The Company's raw materials are often subject to fluctuation in the international steel prices. However, as the Tin Plate products are for necessities, such price changes may not be immediately reflected in material costs immediately. In addition, the competition landscape within the steel industry in China will continue to affect the price of raw materials that would impact the estimation of net realizable value of inventory. This matter also applies the subsidiaries of Ton Yi Industrial Corp. (investments accounted for under equity method). Thus, the inventory evaluation has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Evaluating the adequacy of allowance for inventory and the consistency of provision policy.
2. Assessing the reasonableness of the estimation of net realizable value of Tin plate products and discussing with management and examining related documents to confirm the adequacy of allowance for price decline.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, including audit committee, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, including audit committee, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, including audit committee, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lee, Ming-Hsien

PricewaterhouseCoopers, Taiwan

Republic of China

March 23, 2018

The accompanying parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 38,005	-	\$ 9,114	-
1150	Notes receivable, net	6(2)(3)	118,803	1	97,510	-
1170	Accounts receivable, net	6(3)	516,317	2	481,737	2
1180	Accounts receivable - related parties	6(3) and 7	928,225	3	714,160	3
1200	Other receivables		100,885	-	97,350	-
1220	Current income tax assets	6(25)	27,587	-	-	-
130X	Inventory	5(2) and 6(4)	2,007,127	7	2,027,218	8
1410	Prepayments		148,442	1	169,847	1
1476	Other current financial assets		997	-	-	-
11XX	Total current assets		<u>3,886,388</u>	<u>14</u>	<u>3,596,936</u>	<u>14</u>
Non-current assets						
1523	Available-for-sale financial assets - non-current	6(5)	178,731	1	122,642	1
1543	Financial assets carried at cost - non-current	6(6)	501,050	2	501,050	2
1550	Investments accounted for under equity method	6(7) and 7	12,205,536	44	9,265,305	36
1600	Property, plant and equipment	6(8)(27)	10,983,360	39	11,927,726	47
1760	Investment property - net	6(9)	5,914	-	5,914	-
1840	Deferred income tax assets	6(25)	102,145	-	122,221	-
1915	Prepayments for business facilities	6(8)(27)	-	-	60	-
1920	Guarantee deposits paid		2,933	-	6,257	-
1985	Long-term prepaid rents	6(11)	61,226	-	65,177	-
1990	Other non-current assets		3,251	-	8,185	-
15XX	Total non-current assets		<u>24,044,146</u>	<u>86</u>	<u>22,024,537</u>	<u>86</u>
1XXX	Total assets		<u>\$ 27,930,534</u>	<u>100</u>	<u>\$ 25,621,473</u>	<u>100</u>

(Continued)

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 787,165	3	\$ 1,023,800	4
2110	Short-term notes and bills payable	6(13)	699,816	2	349,838	1
2150	Notes payable		23,659	-	13,325	-
2170	Accounts payable		255,238	1	405,078	2
2200	Other payables	6(27)	527,661	2	615,068	3
2230	Current income tax liabilities	6(25)	-	-	86,683	-
2305	Other current financial liabilities		2,300	-	-	-
2310	Advance receipts		54,476	-	42,059	-
21XX	Total current liabilities		<u>2,350,315</u>	<u>8</u>	<u>2,535,851</u>	<u>10</u>
Non-current liabilities						
2540	Long-term borrowings	6(14) and 9	6,500,000	23	4,159,550	16
2550	Provisions for liabilities - non-current	6(15)(22)	76,802	-	75,389	-
2570	Deferred income tax liabilities	6(25)	204,498	1	205,489	1
2640	Accrued pension liabilities	5(2) and 6(16)	360,381	2	459,460	2
2645	Guarantee deposits received		6,510	-	5,500	-
25XX	Total non-current liabilities		<u>7,148,191</u>	<u>26</u>	<u>4,905,388</u>	<u>19</u>
2XXX	Total liabilities		<u>9,498,506</u>	<u>34</u>	<u>7,441,239</u>	<u>29</u>
Equity						
Share capital						
3110	Share capital - common stock	6(17)	15,791,453	57	15,791,453	62
3200	Capital surplus	6(18)	230,047	1	228,178	1
Retained earnings						
3310	Legal reserve	6(19)(25)	1,536,659	5	1,439,699	5
3320	Special reserve		1,075,145	4	826,453	3
3350	Unappropriated retained earnings		659,405	2	969,596	4
3400	Other equity interest		(860,681)	(3)	(1,075,145)	(4)
3XXX	Total equity		<u>18,432,028</u>	<u>66</u>	<u>18,180,234</u>	<u>71</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 27,930,534</u>	<u>100</u>	<u>\$ 25,621,473</u>	<u>100</u>

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

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earning per share)

Items	Notes	Year ended December 31			
		2017		2016	
		AMOUNT	%	AMOUNT	%
4000					
5000					
5900					
5910					
5920					
5950					
6100					
6200					
6000					
6900					
7010					
7020					
7050					
7070					
7000					
7900					
7950					
8200					
8311					
8349					
8361					
8362					
8399					
8300					
8500					
9750					
9850					

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

TON YI INDUSTRIAL CORP
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital- common stock	Capital Reserves			Retained Earnings			Other Equity Interest		Total equity	
			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-sa le financial assets		
<u>2016</u>												
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
Distribution of 2015 net income (Note)												
Legal reserve		-	-	-	-	-	59,967	-	(59,967)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	-	-	(505,327)	-	-	(505,327)
Profit for the year		-	-	-	-	-	-	-	1,069,141	-	-	1,069,141
Other comprehensive loss for the year	6(5)	-	-	-	-	-	-	-	(124,161)	(998,735)	(8,254)	(1,131,150)
Balance at December 31, 2016		<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ 1,439,699</u>	<u>\$ 826,453</u>	<u>\$ 969,596</u>	<u>(\$ 818,870)</u>	<u>(\$ 256,275)</u>	<u>\$ 18,180,234</u>
<u>2017</u>												
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
Distribution of 2016 net income (Note)												
Legal reserve		-	-	-	-	-	96,960	-	(96,960)	-	-	-
Special reserve		-	-	-	-	-	-	248,692	(248,692)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	-	-	(600,075)	-	-	(600,075)
Profit for the year		-	-	-	-	-	-	-	600,104	-	-	600,104
Other comprehensive income for the year	6(5)	-	-	-	-	-	-	-	35,432	158,375	56,089	249,896
Capital surplus - unclaimed cash dividends		-	-	-	-	1,869	-	-	-	-	-	1,869
Balance at December 31, 2017		<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,869</u>	<u>\$ 1,536,659</u>	<u>\$ 1,075,145</u>	<u>\$ 659,405</u>	<u>(\$ 660,495)</u>	<u>(\$ 200,186)</u>	<u>\$ 18,432,028</u>

(Note) The employees' bonuses and directors' remuneration were \$58,920 and \$43,984 in 2014 and 2015, respectively, which had been deducted from net income for the year.

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

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 655,240	\$ 1,227,125
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	868	383
Provision (reversal of provision) for inventory market price decline	6(4)	50,000	(149,000)
Share of profit of associates and joint ventures	6(7)	(375,937)	(364,045)
Unrealized profit from sales	6(7)	60,386	142,201
Realized profit from sales	6(7)	(142,201)	(44,739)
Depreciation on property, plant and equipment	6(8)(23)	996,406	1,017,305
Loss on disposal of property, plant and equipment	6(21)	27,185	51
Gain on disposal of investment property	6(21)	-	(5,993)
Amortization	6(10)(23)	-	35,319
Amortization of long-term prepaid rent	6(11)	3,951	2,866
Dividend income	6(20)	(18,439)	(5,152)
Interest income	6(20)	(456)	(138)
Interest expense	6(22)	89,649	88,419
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(21,508)	63,778
Accounts receivable		(35,233)	(130,143)
Accounts receivable - related parties		(214,065)	(4,668)
Other receivables		(3,535)	(34,253)
Other payables - related parties		-	7,627
Inventories		(29,909)	(306,821)
Prepayments		21,405	(6,148)
Changes in operating liabilities			
Notes payable		10,334	(10,749)
Accounts payable		(149,840)	183,541
Other payables		(83,173)	20,792
Advance receipts		12,417	(7,397)
Accrued pension liabilities - non-current		(56,391)	(55,898)
Cash inflow generated from operations		797,154	1,664,263
Dividends received		18,439	5,152
Interest received		456	138
Interest paid		(89,004)	(89,151)
Income tax paid		(156,507)	(100,262)
Net cash flows from operating activities		<u>570,538</u>	<u>1,480,140</u>

(Continued)

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other financial assets - current		(\$ 997)	\$ -
Acquisition of investments accounted for under the equity method - subsidiaries	6(7) and 7	(2,325,174)	-
Acquisition of property, plant and equipment	6(27)	(13,271)	(16,871)
Proceeds from disposal of property, plant and equipment		64	587
Proceeds from disposal of investment property		-	10,178
Increase in prepayments for equipment		(68,323)	(57,270)
Interest paid for prepayments for equipment	6(8)(22)	(1,123)	(869)
Decrease (increase) in guarantee deposits paid		3,324	(4,851)
Increase in long-term prepaid rent		-	(24,201)
Decrease in other non-current assets		4,934	1,222
Net cash flows used in investing activities		(2,400,566)	(92,075)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(236,635)	1,005,395
Increase in notes and bills payable		350,000	350,000
Increase in other financial liabilities - current		2,300	-
Increase in long-term borrowings		5,100,000	8,543,966
Decrease in long-term borrowings		(2,759,550)	(10,777,786)
Increase in guarantee deposits received		1,010	-
Cash dividends paid	6(19)	(600,075)	(505,327)
Reversal of unclaimed cash dividends		1,869	-
Net cash flows from (used in) financing activities		1,858,919	(1,383,752)
Net increase in cash and cash equivalents		28,891	4,313
Cash and cash equivalents at beginning of year	6(1)	9,114	4,801
Cash and cash equivalents at end of year	6(1)	\$ 38,005	\$ 9,114

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and its subsidiaries (the “Group”) as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ton Yi Industrial Corp. consolidated financial statements of 2017. These matters were addressed in the context of our audit of the consolidated statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Existence of sales revenues

Description

Refer to Note 4(29) for the accounting policy on revenue recognition. The Group's sale revenues from Tin Plate products for the year ended December 31, 2017 was NT\$19,681,735 thousand.

The primary business of Ton Yi Industrial Corp. and its subsidiaries is Tin Plate products. The Group has a large volume of transactions from sales of numerous kinds of products to a wide range of customers in many different countries such as Taiwan, Asia, Europe, America, etc. For sales transactions with the group's customers and dealers who are from remote districts, it would require more time to verify the existence and accuracy of sales revenue. Thus, the existence of sales revenue has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Inspecting whether approved additions to the merchandise master file data had been correctly entered in the merchandise master file which include basic information of customers, such as name of representative, location of company, amount of capital and scope of business for evaluating the creditworthiness of buyers.
2. Understanding, evaluating and validating management's controls in respect of the Company's sales transactions from customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables. In addition, testing the internal control environment of the Company's effectiveness of revenue recognition.
3. Performing substantive test on selected sales transactions including confirming orders, shipping documents, invoices and cash receipts to verify the existence of sale revenues.

Inventory valuation

Description

Refer to Note 4(9) for accounting policy on inventory valuation, and note 5(2) A for the accounting estimates and assumption uncertainty in relation to inventory valuation. For the year ended December 31, 2017, Tin Plate products inventory and allowance to reduce inventory to market are NT\$3,241,390 thousand and NT\$72,858 thousand, respectively.

The Group's raw materials are often subject to fluctuation in the international steel prices. However, as the Tin Plate products are for necessities, such price changes may not be immediately reflected in the material costs immediately. In addition, the competition landscape within the steel industry in China

will continue to affect the price of raw materials that would impact the estimation of net realizable value of inventory. Thus, the inventory evaluation has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Evaluating the adequacy of allowance for inventory and the consistency of provision policy.
2. Assessing the reasonableness of the estimation of net realizable value of Tin plate products and discussing with management and examining related documents to confirm the adequacy of allowance for price decline.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Ton Yi Industrial Corp. as of and for the years ended December 31, 2017 and 2016.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, including audit committee, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, including audit committee, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, including audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lee, Ming-Hsien

PricewaterhouseCoopers, Taiwan

Republic of China

March 23, 2018

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, except as otherwise indicated)

Assets	Notes	December 31, 2017 AMOUNT	December 31, 2016 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 906,332	\$ 745,621
1150	Notes receivable, net	942,043	690,719
1170	Accounts receivable, net	1,763,622	1,873,439
1180	Accounts receivable - related parties	876,138	886,754
1200	Other receivables	108,613	118,097
1220	Current income tax assets	57,551	40,205
130X	Inventories	3,736,553	3,520,787
1410	Prepayments	487,599	729,133
1476	Other current financial assets	3,194	21,367
11XX	Total current assets	8,881,645	8,626,122
Non-current assets			
1523	Available-for-sale financial assets - non-current	178,731	122,642
1543	Financial assets carried at cost - non-current	501,050	501,050
1600	Property, plant and equipment - net	26,208,765	28,914,965
1760	Investment property - net	129,027	137,670
1780	Intangible assets	363,051	399,648
1840	Deferred income tax assets	516,368	572,239
1915	Prepayments for business facilities	3,556	3,696
1920	Guarantee deposits paid	84,473	89,800
1985	Long-term prepaid rents	482,516	503,015
1990	Other non-current assets	22,221	41,967
15XX	Total non-current assets	28,489,758	31,286,692
1XXX	Total assets	\$ 37,371,403	\$ 39,912,814

(Continued)

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

Liabilities and Equity	Notes	December 31, 2017 AMOUNT	December 31, 2016 AMOUNT	
Current liabilities				
2100	Short-term borrowings	6(11) and 9	\$ 1,617,516	\$ 2,575,599
2110	Short-term notes and bills payable	6(12)	699,816	349,838
2150	Notes payable		23,659	13,325
2170	Accounts payable		1,246,651	1,071,402
2180	Accounts payable - related parties	7	112,170	92,276
2200	Other payables	6(27)	1,257,149	1,331,162
2220	Other payables - related parties	7	54,933	104,386
2230	Current income tax liabilities	6(25)	3,777	88,944
2305	Other current financial liabilities		19,563	20,929
2310	Advance receipts	7	83,524	237,597
2320	Long-term liabilities, current portion	6(13)(14) and 9	2,066,184	1,305,665
21XX	Total current liabilities		<u>7,184,942</u>	<u>7,191,123</u>
Non-current liabilities				
2530	Corporate bonds payable	6(13)	-	658,144
2540	Long-term borrowings	6(14) and 9	9,914,142	11,982,355
2550	Provisions for liabilities - non-current	6(15)(22)	76,802	75,389
2570	Deferred income tax liabilities	6(25)	428,263	375,518
2640	Accrued pension liabilities - non-current	5(2) and 6(16)	360,381	459,460
2645	Guarantee deposits received		9,392	8,309
25XX	Total non-current liabilities		<u>10,788,980</u>	<u>13,559,175</u>
2XXX	Total liabilities		<u>17,973,922</u>	<u>20,750,298</u>
Equity attributable to owners of parent				
Share capital				
3110	Share capital - common stock	6(17)	15,791,453	15,791,453
3200	Capital surplus	6(18)	230,047	228,178
	Retained earnings	6(19)(25)		
3310	Legal reserve		1,536,659	1,439,699
3320	Special reserve		1,075,145	826,453
3350	Unappropriated retained earnings		659,405	969,596
3400	Other equity interest		(860,681)	(1,075,145)
31XX	Equity attributable to owners of the parent		<u>18,432,028</u>	<u>18,180,234</u>
36XX	Non-controlling interest	4(3)	965,453	982,282
3XXX	Total equity		<u>19,397,481</u>	<u>19,162,516</u>
Significant contingent liabilities and unrecognized contract commitments				
Significant events after the balance sheet date				
3X2X	Total liabilities and equity		<u>\$ 37,371,403</u>	<u>\$ 39,912,814</u>

The accompanying notes are an integral part of these consolidated financial statements. ~30~

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31	
		2017 AMOUNT	2016 AMOUNT
4000			
4000			
5000			
5950			
6100			
6200			
6000			
6900			
7010			
7020			
7050			
7000			
7900			
7950			
8200			
8311			
8349			
8361			
8362			
8399			
8300			
8500			
8610			
8620			
8710			
8720			
9750			
9850			

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent														
Notes	Share capital - common stock	Capital Reserves				Retained Earnings			Other equity interest			Total	Non-controlling interest	Total equity
		Total capital surplus, additional paid-in capital	Treasury stock transactions	Donated assets received	Others	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets				
2016														
	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
	Distribution of 2015 net income													
	Legal reserve	-	-	-	-	59,967	-	(59,967)	-	-	-	-	-	-
6(19)	Cash dividends	-	-	-	-	-	-	(505,327)	-	-	-	(505,327)	-	(505,327)
	Profit for the year	-	-	-	-	-	-	1,069,141	-	-	-	1,069,141	1,489	1,070,630
6(5)	Other comprehensive income (loss) for the year	-	-	-	-	-	-	(124,161)	(998,735)	(8,254)	(1,131,150)	(67,565)	(1,198,715)	
	Balance at December 31, 2016	<u>\$ 15,791,453</u>	<u>\$58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ 1,439,699</u>	<u>\$ 826,453</u>	<u>\$ 969,596</u>	<u>(\$ 818,870)</u>	<u>(\$ 256,275)</u>	<u>\$ 18,180,234</u>	<u>\$ 982,282</u>	<u>\$ 19,162,516</u>
2017														
	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
	Distribution of 2016 net income													
	Legal reserve	-	-	-	-	96,960	-	(96,960)	-	-	-	-	-	-
	Special reserve	-	-	-	-	-	248,692	(248,692)	-	-	-	-	-	-
6(19)	Cash dividends	-	-	-	-	-	-	(600,075)	-	-	-	(600,075)	-	(600,075)
	Profit for the period	-	-	-	-	-	-	600,104	-	-	-	600,104	2,798	602,902
6(5)	Other comprehensive income (loss) for the year	-	-	-	-	-	-	35,432	158,375	56,089	249,896	(19,627)	230,269	
	Capital surplus - unclaimed cash dividends	-	-	-	-	1,869	-	-	-	-	-	1,869	-	1,869
	Balance at December 31, 2017	<u>\$ 15,791,453</u>	<u>\$58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,869</u>	<u>\$ 1,536,659</u>	<u>\$ 1,075,145</u>	<u>\$ 659,405</u>	<u>(\$ 660,495)</u>	<u>(\$ 200,186)</u>	<u>\$ 18,432,028</u>	<u>\$ 965,453</u>	<u>\$ 19,397,481</u>

The accompanying notes are an integral part of these consolidated financial

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

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

	Notes	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 870,098	\$ 1,430,161
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	6,230	7,500
Provision for inventory market price decline	6(4)	33,521	(212,169)
Property, plant and equipment transferred to expenses	6(7)	-	9,000
Depreciation on property, plant and equipment	6(7)(8)	2,580,784	2,754,741
Loss on disposal of property, plant and equipment	6(21)	30,007	(18,975)
Gain on disposal of investment property	6(21)	-	(5,993)
Amortization	6(9)(23)	9,508	45,374
Amortization of long-term prepaid rent	6(10)	13,748	13,422
Dividend income	6(20)	(18,439)	(5,152)
Interest income	6(20)	(16,298)	(13,341)
Interest expense	6(22)	435,824	551,487
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(251,539)	233,309
Accounts receivable		104,771	(429,847)
Accounts receivable - related parties		10,616	(739)
Other receivables		9,484	(33,039)
Inventories		(248,121)	495,546
Prepayments		242,054	436,664
Changes in operating liabilities			
Notes payable		10,334	(10,749)
Accounts payable		175,249	110,855
Accounts payable - related parties		19,894	(16,642)
Other payables		(31,403)	(44,733)
Other payables - related parties		(49,453)	30,620
Advance receipts		(154,073)	179,625
Long-term deferred revenue		-	(2,897)
Accrued pension liabilities - non-current		(56,391)	(55,898)
Cash inflow generated from operations		3,726,405	5,448,130
Dividends received		18,439	5,152
Interest received		16,298	13,341
Income tax refund		16,871	20,352
Interest paid		(446,004)	(561,341)
Income tax paid		(290,454)	(260,255)
Net cash flows from operating activities		<u>3,041,555</u>	<u>4,665,379</u>

(Continued)

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

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

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase (decrease) in other current assets - other financial assets		\$ 18,173	(\$ 14,745)
Acquisition of property, plant and equipment	6(27)	(152,262)	(358,417)
Proceeds from disposal of property, plant and equipment		29,543	95,053
Acquisition of investment property	6(8)	-	(992)
Proceeds from disposal of investment property		-	10,178
Acquisition of intangible assets	6(9)	-	(2,404)
Increase in prepayments for equipment		(85,763)	(124,434)
Interest paid for prepayments for equipment	6(7)(22)	(1,123)	(869)
(Increase) decrease in guarantee deposits paid		5,327	930
Increase in long-term prepaid rent		-	(24,201)
Decrease in other non-current assets		<u>19,746</u>	<u>18,225</u>
Net cash flows used in investing activities		<u>(166,359)</u>	<u>(401,676)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		(958,083)	(322,931)
Increase in notes and bills payable		350,000	350,000
Increase in other current liabilities - other financial liabilities		(1,366)	(702)
Increase in long-term borrowings		5,758,374	28,348,218
Decrease in long-term borrowings		(7,295,376)	(31,909,682)
(Decrease) increase in guarantee deposits received		1,083	(1,986)
Cash dividends paid	6(19)	(600,075)	(505,327)
Reversal of unclaimed cash dividends		<u>1,869</u>	<u>-</u>
Net cash flows used in financing activities		<u>(2,743,574)</u>	<u>(4,042,410)</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>29,089</u>	<u>(180,431)</u>
Net increase in cash and cash equivalents		160,711	40,862
Cash and cash equivalents at beginning of year	6(1)	<u>745,621</u>	<u>704,759</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 906,332</u>	<u>\$ 745,621</u>

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

2017 Earnings Appropriation

Unit: NTD

Item	Amount
Opening undistributed earnings	23,868,963
Plus: the amount of remeasuring of the fringe benefit liabilities/assets)	35,431,198
Adjusted undistributed earnings	59,300,161)
Plus: 2017 after-tax profit	600,104,381
Less: Provision for statutory reserve	(60,010,438)
Plus : Resersal of special reserve	214,463,807
Total distributable earnings	813,857,911
2017 earnings appropriation:	
Cash dividend (NT\$500 per thousand shares)	(789,572,671)
Closing undistributed earnings	\$ 24,285,240

NOTE :

1. Net income for 2017 shall be preferred in the profit distribution.
2. Each common shareholder will be entitled to receive the cash dividends in dollar amount. The fractional parts would be classified as "other non-operation income".

Chairman: Chih-Hsien Lo Manager: Feng-Fu Chen Head of Accounting: Yi-Hsin Liu

Ton Yi Industrial Corp. **(Attachment 6)**

Operational Procedures for Loaning of Company
Before and After Amendmant

Article	Revised terms	Existing terms	Explanation
Article 5: Procedures for loaning funds	<p>(一)Operating Procedures 1. ~ 5...omitted.</p> <p>(二)Review Procedures 1. ~3...omitted.</p> <p>4. If any special circumstance occurs when the review procedures for loaning funds to others are carried out based on the aforementioned sub-paragraphs 1-3 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situations after the Board of Directors approves.</p>	<p>(一)Operating Procedures 1. ~5...omitted.</p> <p>(二)Review Procedures 1. ~3...omitted.</p> <p><u>4. If any special circumstance occurs when the review procedures for loaning funds to others are carried out based on the aforementioned sub-paragraphs 1-3 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situations after the Board of Directors approves.</u></p>	With the Company' s Practical operation
Article 6: Duration of Loans and Calculation of Interest	<p>(一)...omitted.</p> <p>(二) Interest shall accrue on a monthly basis at a rate not lower than the</p>	<p>(一)...omitted.</p> <p>(二) Interest shall accrue on a monthly basis at a rate not lower than the</p>	With the Company' s Practical operation

Article	Revised terms	Existing terms	Explanation
	<p>average interest rate for the Company' s short-term borrowings from financial institutions.</p> <p>(三)If any special circumstance occurs when the duration of loans and calculation of interest are handled based on the aforementioned sub-paragraphs 1 and 2 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situation after the Board of Directors approves.</p>	<p>average interest rate for the Company' s <u>short-term</u> borrowings from financial institutions.</p> <p><u>(三)If any special circumstance occurs when the duration of loans and calculation of interest are handled based on the aforementioned sub-paragraphs 1 and 2 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situation after the Board of Directors approves.</u></p>	

Ton Yi Industrial Corp. Appendix (1)

Rules of Procedures for Shareholders' Meeting

Amemd on June 20, 2013

1. Shareholders' meetings of the Company shall proceed according to the Rules of Procedures for Shareholders' Meeting (the "Rules").
2. The term "shareholder" as set forth in the Rules shall mean a shareholder himself and any proxy authorized by a shareholder.
3. The Company shall state the time for accepting registration for the meeting and the location where the registration will take place as well as other special notes in the meeting notice. Registration by shareholders shall start at least 30 minutes prior to the commencement of the meeting. The registration location shall be clearly identified and there shall be an adequate number of qualified staff to assist with the registration procedure. A shareholder wishing to attend a shareholders' meeting shall present an attendance card, sign-in card or other supporting attendance documents. A proxy solicitor shall provide such identification documents for verification as well. A shareholder shall submit the sign-in card as a substitute for sign-in to represent its attendance of the meeting. The total number of shares present at the meeting shall be calculated based on the sign-in cards plus the number of shares exercising their voting power in writing or through electronic transmission.
4. The attendance and vote of a shareholders' meeting shall be computed on the basis of the number of shares.
5. A shareholders' meeting shall be held on the premises of the Company or a place that is convenient for shareholders to attend. A shareholders' meeting shall start no earlier than 9 a.m. or no later than 3 p.m.
6. Unless otherwise stipulated by laws, a shareholders' meeting shall be called by the Board of Directors (the "Board") and be chaired by the Chairman of the

Board. Where the Chairman is on leave or unable to exercise his authority for any reason, the Vice Chairman shall act on his behalf. Where the Vice Chairman is on leave or unable to exercise his authority for any reason, the Chairman shall designate one of the Directors to act on his behalf. Where no such designee is designated, the Chairperson shall be elected from the directors. In the event where the shareholders' meeting is convened by a convener entitled to hold the meeting other than the Board, the convener shall be the Chairperson. In the event where there are more than two conveners, the Chairperson shall be elected from the conveners.

If one of the Directors is appointed to act as the Chairperson of the meeting in accordance with the preceding paragraph, he or she shall have served as a Director for more than 6 months and have a sound knowledge of the Company's financial and business status. The same shall apply to the situation where the Chairperson is the representative of a legal-entity director.

7. The Company may appoint lawyers, accountants or other relevant personnel to attend the shareholders' meeting. All staff members assisting the procedure of the shareholders' meeting shall wear an identification badge.
8. The Company shall record, in audio or video, the meeting in its entirety on a continuous and uninterrupted basis from the time that any shareholders register for attendance, including the registration process, proceedings of the meeting and the voting and vote counting process.

The aforementioned recordings shall be retained for at least one year. However, in the event any shareholder files a lawsuit in accordance with Article 189 of the Company Act, such recordings shall be kept until the conclusion of litigation.

9. The Chairman shall call the meeting to order at the specified time. Where the number of shares represented by the attending shareholders has not reached the required quorum of one-half of total issued shares, the Chairman may announce a postponement of the meeting. The total postponements shall be

limited to two instances and the total time any such delays shall not exceed one hour. If after two postponements, the number of shares represented by the shareholders present does not reach the specified quorum but represents more than one-third of the total issued shares, a tentative-resolution may be adopted according to Section 1 of Article 175 of the Company Act. Should the number of shares represented by shareholders in attendance constitute more than one-half of the total issued shares before the shareholders' meeting adjourns, the Chairman may offer the tentative-resolution to the meeting for resolution again in accordance to Article 174 of the Company Act.

10. Should the shareholders meeting be convened by the Board, the agenda of the meeting shall be set by the Board and the meeting shall proceed according to the agenda, and such agenda shall not be amended without the resolution being passed by the shareholders' meeting. In the event where the shareholders' meeting is convened by a person with convening rights other than the Board, the provision set forth in the preceding paragraph shall apply. Unless duly resolved at the meeting, where the meeting agenda (including extemporaneous motions) set forth in the two preceding paragraphs has not been completed, the Chairman shall not announce to adjourn the meeting. After the adjournment of the meeting, shareholders shall not elect a chairman and resume the meeting at the same or an alternative venue. If the Chairman adjourns the meeting in violation of the Rules, the present shareholders may elect another Chairperson by a majority vote to continue the meeting accordingly.
11. Prior to addressing the meeting, a shareholder shall fill out a speech note, to summarize the key subjects of his speech, the shareholder's account number (or the code of the attendance card) and the name of the shareholder. The sequence of speakers shall be determined by the Chairman.
Should any shareholder in attendance submit a speech but not actually speak at

the meeting, it shall be deemed that the speech has not been made by the shareholder. In case of a discrepancy between what was summarized on the floor note and what was actually spoken, the contents actually spoken shall prevail.

When a shareholder is properly addressing the meeting, no other shareholder shall speak to interrupt unless otherwise permitted by the Chairman and the speaking shareholder. The Chairman shall stop such interruption of any violating shareholder.

12. Each shareholder is entitled to speak no more than twice on the same discussion proposal, unless agreed to otherwise by the Chairman. Each speech is limited to five minutes, and the Chairman may stop any speech of any shareholder that is in violation of the aforementioned time limit or the content of which is beyond the scope of the discussion proposal.
13. Where a legal entity is entrusted to attend a shareholders' meeting on someone else's behalf, such legal entity may appoint only one representative to attend the meeting. Where a legal entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for the same discussion proposal.
14. The Chairman may respond in person or through an appropriate appointee after the speech of a shareholder.
15. In the event where the Chairman considers the discussion of a proposal has reach the extent necessary for a resolution to be reached, the Chairman may announce discontinuation of the discussion and proceed to the voting process.
16. Voting counting for a resolution or election shall be conducted in public at the place of the shareholders meeting. The Chairman shall appoint persons responsible for supervising and counting of ballots. However, the persons responsible for supervising the ballots must be appointed from the

shareholders. The voting results, including the numbers of votes, shall be announced on-site immediately at the meeting and recorded in writing.

Where Directors are elected at the meeting, the election shall be conducted in accordance with the applicable election rules of the Company and the election results, including the list of elected Directors and numbers of votes for the election of Directors, shall be announced on-site immediately at the meeting.

17. The Chairman may announce a recess as deemed appropriate during the proceeding of a shareholders' meeting.
18. A proposal shall be deemed duly resolved should there be no objection raised by any shareholder present in response to such an inquiry by the Chairman. Unless otherwise provided for under the Company Act or Articles of Association, a proposal for vote shall be resolved by a majority of the presenting shareholders.

Upon voting process, where there is no objection raised by any shareholders, the proposal shall be deemed resolved and has equal validity as a resolution resolved through voting process.

19. In the event of an amendment proposal or substitute proposal to an original proposal, the Chairman shall decide on the order of the vote of the amendment or substitute proposal together with the original proposal. However, if one of the proposals has been approved, the others shall be deemed overruled and no further voting shall be required.
20. The Chairman may direct disciplinary personnel (or security guards) to assist in safeguarding the order of the meeting venue. The Chairman may direct the disciplinary personnel (or security guards) to remove shareholders from the venue if the shareholders have violated the Rules and refused to obey the instructions of the Chairman, impeded the proceedings of the meeting and furthermore does not comply after having being asked to stop. The disciplinary personnel (or security guards) shall, while helping safeguard the

order of the meeting venue, wear an arm-band with the words “Disciplinary Personnel.”

21. All matters not specified in the Rules shall be subject to the Company Act, Articles of Association and other relevant laws and regulations.
22. The Rules and any amendments hereof, shall be implemented after adoption by shareholders meeting.

Ton Yi Industrial Corp. Appendix (2)
Articles of Association

Amended on Jun 23, 2017

Chapter 1 General Provisions

Article 1: The Company is duly incorporated under the provisions governing a company limited by shares as set forth in the Companies Act in the full name of Ton Yi Industrial Corp.

Article 2: The businesses operated by the Company are as follows:

1. Domestic and export sales of processed and manufactured various types of metal sheets, printed sheets and other processed materials.
2. Domestic and export sales of processed and manufactured tinted steel plates and raw steel plates.
3. Domestic and export sales of manufactured cans and tinplate machinery.
4. Provide processing and manufacturing technology for tin cans, tinted steel plate and other raw steel plate.
5. F199990 other wholesale business (oxidized metal, aliphatic acid, tin products and oxidized tin).
6. ZZ99999 other businesses not prohibited or restricted by law except any business requiring special approval.

Article2-1: The Company may invest in other enterprise and be free from the restriction of total investment amount referred to in the Companies Act.

Any matters regarding long-term equity investment shall be resolved in accordance with the resolutions of the Board of Directors.

The aforementioned business operations shall abide by relevant laws.

Article 3: The Company may make external endorsement/guarantee due to the business.

Article 4: The Company's head office is based in Tainan, and may establish branches and representative offices domestically or overseas if necessary.

Chapter 2 Shares

- Article 5: The total capital stock of the Company shall be in the amount of NTD 17,847,009,180 divided into 1,784,700,918 shares at a par value of NTD 10 each, and may be paid-up in installments. Where any increase in capitalization occurs, the Company may issue shares over par value. The Company may issue preferred shares within the amount of aforementioned shares, and the unissued shares are authorized to be issued by the Board of Directors when deemed necessary for the business.
- Article 6: The share certificates hereof, the registered ones, shall be duly signed by or affixed with no less than three Directors of the Company, duly authenticated by the competent authorities of the government or certification organization authorized thereby before issuance. Publicly issued shares are exempted from printing, and should be registered by Securities custody film.
- Article 7: For transfer of shares, both the transferor and transferee shall fill out the application form, sign or affix seal thereon and apply to the Company for share transfer. Until the transfer procedures are completed in full and until the shares under transfer are entered into the Register (Roster) of Shareholders, the transferred shares shall not act against the Company. The matters regarding the Company's equity affairs shall be duly handled in accordance with the "Regulations Governing Equity Affairs of Public Companies" promulgated by the Stock Securities & Exchange Commission, Ministry of Finance.
- Article 8: The shareholders hereof shall have their seal specimen cards, ID Cards or profit-seeking enterprise certificates submitted to and archived at the Company upon opening accounts. The specimen seals shall be taken as the grounds for the shareholders to receive dividend, bonus and exercise shareholders' interests. A shareholder who has lost or changed his registered specimen seal shall fill out the application form and submit it along with the supporting documents verifying his/her capacity along with the Xerox copy (photocopy) thereof, the new registered seal impression card and share certificates to the Company in person for registration. The new registered seal impression card comes into effect on the date which the application is approved. In case of application for change in the shareholder name because of

succession, the inheritor shall submit supporting documents verifying the lawful succession.

Article 9: No transfer of shares shall be handled within sixty days prior to a shareholders' regular meeting, or within thirty days prior to a shareholders' extraordinary meeting, or within five days prior to allocation of dividend' bonus or any other benefits.

Article 10: The following formalities shall take place for processing any application pertaining to the loss of share certificates and replacement of such:

1.A shareholder who has lost his/her share certificates shall report to the security authority and apply to the Company with an application form for registration of the lost share certificates.

2.Such shareholder shall apply to the court for public summons in accordance with the Code of Civil Procedure and shall submit to the Company the application form, duplicate copy, and the receipt issued by the court verifying the receipt of the application within five days, otherwise the application shall be annulled.

3.Upon expiry of the public disclosure dunning, the shareholder may apply for reissuance of share certificates by providing the invalidating judgment to the Company.

Article 11: The Company may collect adequate handling charge cover printing cost and revenue stamp tax for transfer of the share certificates.

Chapter 3 Shareholders' Meeting

Article 12: The shareholders' meeting hereof consists of two categories—the shareholders' regular meeting and shareholders' extraordinary meeting. The shareholders' regular meeting shall be convened by the Board of Directors once per annum within six months from the closing of each fiscal year, with notices for the shareholders' meeting to be sent to all shareholders at least thirty days in advance. A shareholders' extraordinary meeting may be called whenever it is deemed necessary with notices for the shareholders' meeting to be sent to all shareholders fifteen days in advance. An issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement; for a regular shareholders meeting.

Article 13: In the event where a shareholder is unable to attend a shareholders' meeting for any cause, the shareholder may appoint a proxy to attend the meeting on behalf of the shareholder by executing a power of attorney printed by Company, or participate by ways of electronic transmission. Other than measures specified in Article 177 of the Company Act, a shareholder may also appoint a proxy in accordance with the provisions set forth in the "Rules Governing Appointment of Proxy by the Power of Attorney to Attend a Shareholders Meeting of Public Companies" published by the competent authority.

Article 14: If the shareholders' meeting is convened by the Board of Directors, it shall be chaired by the Chairman of Board. If the Chairman is absent or fails to perform the duty with justified reasons, the chairperson may be assumed by Vice-Chairman of the Board. If the Vice-Chairman is absent or fails to perform the duty with justified reasons, the chairperson shall be assumed by a Director designated by the Chairman. If no such designee is appointed, the chairperson shall be elected out of the Directors. If the shareholders' meeting is called by any convener other than the Board of Directors, the chairperson shall be assumed by the convener. If there are more than two conveners, the chairperson shall be elected out of the conveners. In the event where the chairman adjourns the meeting and is in violation of the rules, another person shall be nominated to be the chairperson and be elected by a majority of shareholder votes to continue with the meeting accordingly.

Article 15: Unless otherwise provided for in the Companies Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares. When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' meeting within one month. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.

Article 16: Unless otherwise provided in laws, a shareholder shall be entitled to

one voting right for each share held by him and he may exercise the voting power in writing or by ways of electronic transmission.

Article 17: Meeting minutes shall be kept for every meeting, specifying the date, month, year and location of the meeting, the name of the Chairman, the method of adopting resolutions, a summary of the essential points of the proceedings and the results of the meeting, and bearing the signature or seal of the Chairman of the meeting. The minutes shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting and the distribution of the minutes may be effected by means of a public notice in accordance with the Company Act. The aforesaid minutes shall be kept persistently throughout the life of the Company and processed in accordance with Article 183 of the Company Act.

Article 18: The Directors' meeting is authorized to agree on the remuneration of Directors according to the contribution of the Director toward business operations and also the standard generally prevailing in the same trade.

Chapter 4 Board of Directors

Article 19: The Company shall establish the Board of Directors constituted by seven (7) to ten (10) Directors, for whom the election thereof adopts the candidates nomination system and on the shareholders' meeting votes shall be cast on the candidates list based on the cumulative ballot system specified in Article 198 of the Company Act; provided that the total number of registered shares held by all of the Directors shall not be less than a certain percentage of the total number of the Company's outstanding shares. The rules governing the aforesaid shareholding percentage and the verification and execution thereof shall be established in compliance with orders of the competent authority. The rules governing the election of the Board of Directors shall be passed by a shareholder's meeting.

In order to abide by Article 14-2 of the Securities and Exchange Act, the number of independent Directors shall not be less than 2 persons, and shall not be lower than one-fifth of the overall directorships on the board. The matters of qualifications, shareholdings, non-compete limitations, impartiality and nomination and selection of independent Directors shall be in accordance with related law and regulation.

The election of all Directors of the Company shall adopt a nomination approach, and the nomination process shall be in accordance to Article 192-1 of the Companies Act.

Article 19-1: The Company shall establish an Audit Committee in accordance with Articles 14-4 and 181-2 of the Securities and Exchange Act. The exercise of powers of supervisors under the Company Act and Securities and Exchange Act shall now be carried out by members of the Audit Committee. The Audit Committee shall include all of the independent Directors of the Company. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise. The Company's Board of Directors may establish other functional committees of which the committee charter may be stipulated by the Board of Directors.

Article 20: The Directors constitute the Board of Directors and shall elect one Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors and one Vice-Chairman may be elected from among the Directors to assist the chairman. The Chairman shall represent the Company externally and shall take charge of the Company's business operation internally pursuant to laws, these Articles and resolutions of shareholders' meetings and Directors' meetings.

Article 21: The Board of Director shall be chaired by the Chairman of the Board. If the Chairman is absent or fails to perform the duty with justified reasons, the chairperson may be assumed by the Vice-Chairman of the Board. If the Vice-Chairman is absent or fails to perform such duty for any reason, the chairperson shall be assumed by a Director designated by the Chairman. If no such designee is appointed, the chairperson shall be elected from remaining Directors.

Article 22: The Directors have a three-year tenure of office and are eligible for reelection. In the event where the period of tenure is reached and the election has not taken place, the duties and tenure of the Directors shall be extended to such time that the election has taken place, however the competent authority may, ex officio, order that the Company complete the reelection within the specified time limit. If reelection is not held within the specified time limit, the Directors shall be discharged automatically ex officio upon expiry of the specified time limit. Where

one third or more of the seats of the Directors are vacant, a special (extraordinary) meeting of shareholders shall be duly held by the Board of Directors within sixty days to elect supplemental Directors.

Article 23: Directors hold the following responsibilities and powers: (I) review and accredit a variety of operating rules, (II) resolve business policies, (III) review budgets and final account closing, (IV) propose the ratio for profit allocation or loss coverage, (V) propose for increase/decrease of capital, (VI) determination of major personnel lineups, (VII) enforce the decisions resolved in the shareholders' meeting and (VIII) exercise other responsibilities and powers as bestowed by law and the shareholders' meeting.

Article23-1: The Company may purchase liability insurance for Directors and important officers to insure their business performance during the tenure of office. The Board of Directors is authorized with full power to implement this policy.

Article 24: Board of Directors Meeting shall be convened at least once per quarter. A temporary meeting may be called in the case of any emergency or upon request of a majority of the Directors. The Directors' meeting and temporary meeting, if any, shall be called by the Chairman of the Board pursuant to laws, provided that the first Directors meeting at each term shall be called by the Director winning the most votes pursuant to laws.

The convening of the Board of Directors meetings shall be announced in writing, fax or email.

Article 25: All business of the Company will be carried out by the Chairman after it is resolved by the Board of Directors. Except otherwise specified in the Company Act, the resolutions of the Board of Directors shall be passed by the majority of Directors present at the board meeting. In the event where a Director is unable to attend a meeting, he/she may appoint another Director on his behalf by issuing a written proxy, stating therein the scope of authorization with reference to the subjects to be discussed at the meeting. However, each Director may accept the appointment to act as the proxy of only one other Director. The resolutions of a Board meeting shall be recorded in the minutes with the signature or seal of the Chairman of the meeting and kept in the Company.

Chapter 5 Managerial officers and Consultants

Article 26: The Company may appoint one or more managerial personnel who shall manage all affairs of the Company in accordance with the Board resolutions. The managerial personnel and the employment, discharge and remuneration thereof shall be decided by a resolution to be adopted by a majority vote of the Directors at a meeting of the Board of Directors attended by at least a majority of the entire Directors of the Company.

Article 27: The Company may retain a certain number of consultants as resolved by the Board of Directors.

Chapter 6 Accounting

Article 28: The Company's fiscal year starts from January 1 and runs until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year.

Article 29: The Company takes the calendar year as its fiscal year. Upon closing of each fiscal year, the Board of Directors shall produce the following documents and proposals to the shareholders' meeting in accordance with the legal procedures for adoption: (I) Business report; (II) Financial statements and (III) Proposals of profit allocation or loss coverage.

Article 30: Annual profits concluded by the Company shall be subject to employee remuneration of no lesser than 2% and director remuneration of no higher than 2%. However, profits must first be taken to offset against cumulative losses if any.

The annual profit mentioned in Paragraph 1 shall refer to pre-tax profit before employees' and directors' remuneration.

Employees' remuneration can be paid to employees of affiliated companies that satisfy certain criteria.

Article 31: The Company operates in a rapidly changing environment and is currently in the growing stage of its life cycle. Distribution of earnings should depend on the Company's future budgeted capital spending and capital requirements, and weighed against the source of capital in order decide the amount of earnings to be retained or

distributed in cash to shareholders.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses; any balances remaining will then be subject to a 10% provision for statutory reserves followed by a provision or reversal of special reserves. The residual balance plus undistributed earnings carried from the previous year will be available for distribution. 50% to 100% of distributable earnings shall be distributed as shareholders' dividends, with cash dividends amounting to no lesser than 30% of total dividends proposed for the year. Earnings appropriation plans shall be proposed by the board of directors and are subject to shareholdersing to no lesser than 30% of to.

Chapter 7 Supplementary Provisions

Article 32: The organizational rules and operational rules shall be separately worked out by the Board of Directors.

Article 33: Any matters inadequately provided for herein shall be subject to Company Act and other laws and regulations concerned.

Article 34: These Articles were duly enacted on Mar 20, 1969 and duly amended on:

1. Oct 7, 1970
2. Mar 1, 1974
3. May 15, 1974
4. Jun 12, 1974
5. Mar 1, 1975
6. Dec 28, 1975
7. Oct 2, 1976
8. Jan 11, 1977
9. May 10, 1977
10. Mar 1, 1978
11. May 15, 1981
12. Aug 15, 1981

13. Mar 5, 1985
14. Sep 18, 1985
15. Apr 20, 1986
16. Jul 14, 1986
17. Jun 3, 1987
18. Aug 12, 1988
19. Jun 28, 1989
20. Sep 12, 1990
21. Jun 20, 1991
22. Jun 8, 1992
23. Jun 30, 1993
24. May 26, 1994
25. Jun 23, 1995
26. Jun 22, 1996
27. Jun 14, 1997
28. Jun 22, 1998
29. Jun 14, 1999
30. Jun 16, 2000
31. Jun 22, 2001
32. Jun 24, 2002
33. Jun 19, 2003
34. Jun 4, 2004
35. Jun 17, 2005
36. Jun 12, 2007
37. Jun 19, 2008
38. Jun 12, 2009
39. Jun 21, 2011
40. Jun 20, 2012
41. Jun 20, 2013

42. Jun 23, 2016

43. Jun 23, 2017

This Articles of Association will be implemented after approved by a shareholders meeting. The same shall apply for any amendment.

Ton Yi Industrial Corp.

Chairman Chih- Hsien Lo

Ton Yi Industrial Corporation Appendix (3)
Rules of procedure for Board of Directors' Meeting

(Amended by the Board on: 7 November 2017)

Article 1 (Basis for these Regulations)

In order to establish a good corporate governance system, and strengthen the supervision capabilities and management mechanism of the Company's Board of Directors, the Company lays down these Regulations in accordance with Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 (Scope of these Regulations)

The norms of the proceedings of the Company's Board of Directors Meetings ("Board Meetings"), specifically important agenda items, procedures, matters to be recorded in the Minutes, announcements and other matters to be observed, must be handled in accordance with these Regulations.

Article 3 (Board Meeting Convocations and Notifications)

The Board of Directors must convene at least once every quarter. The Meeting Notice must state the matters at hand and notify the Directors seven (7) days in advance. However, in the event of an emergency, a Board Meeting may be called at any time.

Convocations may be sent by electronic means if the recipients have agreed so.

The matters listed under Article 12, paragraph 1 of these Regulations must be listed under the matters at hand in the Meeting Notice. Matters cannot be added to agenda by way of extraordinary motion, except in the event of unexpected urgent matters or for good reason.

Article 4 (Meeting Notifications and Materials)

The Board of Directors designates the Board Meeting Secretariat ("Secretariat") as the office in charge of handling Board Meeting matters. The Secretariat drafts the agenda for the Board Meeting and prepares sufficient meeting materials to be mailed with the Meeting Notice.

If a Director believes that the meeting materials are insufficient, he/she may request the Secretariat to provide additional materials. If a Director believes that the meeting materials are insufficient, the Board of Directors may resolve to postpone discussion of the agenda item concerned.

Article 5 (Documents such as attendance sheets and powers of attorney)

When a Board Meeting is convened, an attendance sheet must be prepared to record the signatures of the Directors present at the Board Meeting for reference.

Directors must attend the Board Meeting in person. If a Director is unable do so, he/she may entrust another Director to represent him/her at the Board Meeting. If he/she participates via video conferencing, it is deemed being present in person.

Each time when a Director entrusts another Director to attend a Board Meeting, he/she must issue a written proxy specifying the scope of authorization for the matters listed in the Meeting Notice.

The representative mentioned under paragraph 2 can only represent one other Director.

Article 6 (Principles for the Venue and Time of Board Meetings)

The place and time at which a Board Meeting is convened must be the Company's location during office hours or another location and time suitable for a board meeting and convenient to the Directors of the Company.

Article 7 (Meeting Chair and Deputy)

The Board Meeting must be convened and chaired by the Chairman of the Board of Directors. However, the first meeting of each session of the Board of Directors is convened and chaired by the Director who received the highest number of votes in the Shareholders' Meeting. If more than two persons have the convener's rights, the Directors must select one from among themselves through friendly consultation.

In the event that the Chairperson of the Board is unable to exercise his/her duties due to absence or for cause, the Chairperson is represented by the Deputy Chairperson. If there is no Deputy Chairperson or the Deputy Chairperson is unable to exercise his/her duties due to absence or for cause, the Chairperson is represented by the Director designated by him/her. If the Chairperson has not designated a representative, the Directors must select one from among themselves through friendly consultation.

Article 8 (Reference Materials, Guests, and Meeting Notices)

When a Board Meeting is convened, the managerial department (or the unit designated by the Board of Directors) must have the relevant materials ready for review by the attending Directors at any time. Depending on the agenda of the Board Meeting convened, managers of relevant departments that are not Directors may be sent a Meeting Notice and be invited to attend. When necessary, accountants, lawyers, or other specialists may also be invited to attend a Board Meeting to provide clarifications. However, during discussion and voting they must leave the Board Meeting.

When more than half of all Directors are present at the scheduled starting time of the Board Meeting, the Chairman of the Board of Directors must declare the meeting is opened. When half of all Directors are absent at the starting time of the Board Meeting, the Chairman of the

Board of Directors may postpone the meeting. The meeting may only be postponed twice. When after the second postponement has expired, the quorum still has not been reached, the Chairperson must convene another Board Meeting in accordance with the procedure set forth under Article 3, paragraph 2.

The term “all Directors” referred to in the previous paragraph and in Article 16, paragraph 2, subparagraph 2, is calculated on the basis of Directors in office at the given time.

Article 9 (Evidence from Audio or Video Recordings of Board Meetings)

Audio or video recordings must be made of Board Meetings in their entirety to serve as evidence, and must be preserved for at least five years, which may be in electronic format. In the event of litigation within the preservation period regarding a matter resolved by a Board Meeting, the relevant audio or video recordings must be preserved until the conclusion of the lawsuit.

For Board Meetings convened through video conferencing, its video and audio data are part of the Minutes and must be properly preserved during the Company's existence.

Article 10 (Agenda)

The agenda of regular Board Meetings must include at least the following items:

I. Matters to be reported:

- (a) Minutes of the previous meeting and status of implementation
- (b) Important financial and business reports
- (c) Internal audit reports
- (d) Other important matters to be reported

II. Matters for discussion:

- (a) Matters discussed at the previous meeting
- (b) Matters on the agenda for discussion at the meeting

III. Extraordinary motions

Article 11 (Discussion of Agenda Items)

The Board Meeting must proceed according to the Agenda set forth in the Meeting Notice.

However, the Agenda may be changed if more than half of the Directors present agree.

Without the consent of more than half of the Directors present, the Chairman cannot adjourn the Board Meeting.

If during the Board Meeting, the number of Directors present is less than the number of Directors in office, the Chairman may, at the propose of a Director present, declare the meeting suspended and apply the provisions of Article 8, paragraph 3.

Article 12 (Matters Requiring Discussion by the Board of Directors)

The following matters must be discussed by the Board of Directors:

- I. The Company's business plan.
- II. The annual financial report and semi-annual financial report with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant.
- III. Establishing or amending the internal control system in accordance with the provisions under Article 14-1 of the Taiwan Securities and Exchange Act ("TSEA").
- IV. Establishing or amending any major financial business activities such as acquisition or disposal of assets, engaging in derivative commodity transactions, lending monies to others, endorsing or providing guarantees for others in accordance with the provisions of Article 36 of TSEA.
- V. Offering, issue or private placement of equity securities.
- VI. Appointment and/or dismissal of financial, accounting or internal audit officers.
- VII. Donations to related parties or major donations to non-related parties, with the exception of public welfare donations for relief after large-scale natural disasters, which donations may be raised for discussion at the next Board Meeting for ratification.
- VIII. Matters to be resolved at a Shareholders' Meeting or Board Meeting under Article 14-3 of TSEA, other laws, or the Articles of Association, or other important matters as set forth by the competent authority.

The term "related parties" in the preceding paragraph 7 refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to non-related parties" refers to any donation or series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to TWD 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial report of the most recent fiscal year. (In the event that a foreign company has no par shares or shares of less than TWD 10 in nominal value, the 5 percent of the paid-in capital in the previous sentence must be calculated as 2.5 percent of the shareholders' equity.)

The term "within a one-year period" in the previous paragraph refers to the period of one year calculated from the date of the Board Meeting concerned, and resolutions from Board Meetings during that period will not be counted.

Each Board Meeting should have at least one Independent Director in attendance. With regard to the first Matter Requiring Discussion by the Board of Directors, all Independent Directors must be present. If an Independent Director is unable to attend in person, he/she must authorize another Independent Director by proxy. If an Independent Director has objections or reservations, these must be included in the Minutes of the Board Meeting. If an Independent Director cannot attend a Board Meeting in person for cause to express his/her objections or reservations, he/she must issue a written opinion in advance, which must be included

in the Minutes of the Board Meeting.

Article 13 (Voting I)

The Chairperson may declare an end to discussion of a proposal in the agenda if he or she deems the proposal in discussion is ready for a vote and may then have the proposal voted on. When the Board Meeting is ready to vote on a proposal, and none of the Directors present raises an objection in response to the Chairperson's invitation to do so, the proposal is deemed passed.

When a Director present raises an objection in response to the Chairperson's invitation to do so, the proposal must be put to the vote.

The Chairperson selects the voting method from the following. However, if an attendee raises an objection, the decision is made by a opinion of the majority:

- I. Vote by show of hands
- II. Vote by roll call
- III. Vote by ballots
- IV. Voting method determined by the Company

For purpose of the second paragraph, the phrase "all Directors present at the meeting" does not include Directors who may not exercise their voting rights in accordance with the provisions under Article 15, Paragraph 1.

Article 14 (Voting II and the Observation and Counting of Votes)

Unless provided otherwise by TSEA, resolutions of the Board Meeting require that more than half of the Directors in office attend the Meeting and more than half of the Directors in attendance votes in favor of the proposed resolution.

When there are amendments or alternatives to the same proposal, the Chairman determines the voting order. As soon as one of the proposals cases is passed, the other proposals are deemed rejected and no further voting is required.

The Chairperson designates a voting observer and a vote counter if the vote requires such; the observer must be a Director.

The results of votes must be reported on the spot recorded in the Minutes.

Article 15 (Recusal System for the Directors)

For any proposal in which a Director or the legal person he/she represents is an interested party, the Director must explain the important aspects of his/her interest at the Board Meeting. When his/her interest might harm the interest of the Company, the Director cannot participate in the discussion and the vote. The Director must recuse himself/herself from the discussion and the vote and cannot authorize another Director to vote in his/her stead.

Article 206, paragraph 2 and Article 180, paragraph 2 of the Company Act apply to Directors that may not vote on a proposal in the Board Meeting as set forth in the preceding paragraph.

Article 16 (Meeting Records and Items to be Signed)

The proceedings of the Board Meeting must be recorded in the Minutes, which must contain the following items:

I. Session (or year) and time and place

II. The Chairman's name

III. The attendance of the Directors, including the numbers and names of persons in attendance, absent with notice, and absent without notice

IV. Names and titles of guests

V. Name of the minute keeper

VI. Matters to be reported

VII. Matters discussed: For each: the method and results of the resolution; summaries of opinions of directors, experts, and other personnel; the name of the recusing Director, as well as a description of the interests, the situation that he/she should avoid or not avoid referred to in the first item of the preceding article; objections or reservations; recorded or written statements; and the written opinions of Independent Director according to Article 12, paragraph 2.

VIII. Extraordinary motions: Name of the sponsor of the motion; the method and results of the resolution; summaries of opinions of directors, experts, and other personnel; the name of the recusing Director, as well as a description of the interests, the situation that he/she should avoid or not avoid referred to in the first item of the preceding article; objections or reservations; and recorded or written statements.

IX. Other Matters That Must Be Recorded

Any of the following matters raised for resolution by the Board of Directors must be recorded in the Minutes and must be reported to the Market Observation Post System (MOPS) designated by the Financial Supervisory Commission of the Executive Yuan on the day after the Board Meeting concerned.

I. When the Company has Independent Directors: Independent Directors have objections or reservations and there are recorded or written statements.

2. When the Company has an Audit Committee: when the Board of Directors has passed a resolution with more than two thirds of all Directors in favor after the Audit Committee has not passed the same.

The Board Meeting attendance sheets form part of the Minutes and must be properly kept during the Company's existence.

The Minutes must be signed or sealed by the Chairman of the Board of Directors and the minute keeper. They must be distributed within 20 days after the meeting. They must be included in the Company's important files, and must be properly kept during the Company's existence.

The production and distribution of the Minutes referred to in the first paragraph may be done

electronically.

Article 17 (Principles of Authorization by the Board of Directors)

Except for the Matters Requiring Discussion by the Board of Directors as set forth in Article 12, paragraph 1, when the Board of Directors is in recess, it may in accordance with the law or the Company's Articles of Association authorize persons to exercise the powers of the Board. The level, content, and matters of those authorizations must be specific and must not authorize beyond the permitted scope.

Article 18 (Supplementary provision)

The establishment and amendment of these Regulations must be approved by the Board of Directors of the Company and must be reported to the Shareholders' Meeting.

These regulations were established on	24 March 2006
First amendment	19 March 2007
Second amendment	17 March 2008
Third amendment	21 March 2012
Fourth amendment	23 April 2013
Fifth amendment	07 November 2017

Ton Yi Industrial Corp. Appendix (4)
Operational Procedures For Loaning Funds

Amended on Jun 13, 2014

Article 1: All funds loaned by the Company shall be processed according to the Operational Procedures.

Article 2: Any loans given to others by the Company shall fulfill any one of the following conditions:

- (1) Where an inter-company or inter-firm business transaction calls for such lending arrangement; or
- (2) Where an inter-company or inter-firm short-term financing facility is necessary.

Short term refers to a period of one year or one business lifecycle (the longer of which shall apply).

Article 3: Evaluation standards for loaning funds to others:

(1) Where the Company loans funds for reasons of business dealings, it shall be based on the principle that the business dealing has taken place and the loan amount shall be equivalent to the amount required for procurement of goods or sales of goods during the latest year or during the current year up to the time of the loan, whichever is higher.

(2) Loaning funds for a required short-term financing facility shall be limited to one of the following circumstances:

1. Any investee of the Company as defined based on the equity method has requirements due to repayment of bank loans, purchase of equipment or working capital.

2. Any company of which the Company directly or indirectly holds more than 50% shares has requirements due to repayment of bank loans, purchase of equipment or working capital.

3. Any company of which the Company directly or indirectly holds more than 50% shares has requirements due to reinvestment, and the business of such

reinvestee is relevant to the businesses operated by the Company, as well as helpful to the future business development of the Company.

Article 4: Limits on the aggregate amount of loans and maximum amount permitted to a single borrower

(1) The total amount being loaned to others shall not exceed 40% of the net worth of the Company as shown in the latest financial statement audited and certified, or reviewed by a certified public accountant.

(2) Limit on maximum amount permitted to each single borrower:

1. Where there are business dealings with the Company, the loan amount given to each single borrower shall not exceed the amount required for procurement of goods or sales of goods during the latest year or during the current year up to the time of the loan, whichever is higher.

2. Where loaning funds for short-term financing facility is required, the loan amount made to each single borrower shall not exceed 20% of the net worth of the Company as shown in the latest financial statement audited and certified, or reviewed by a certified public accountant.

Loans given to overseas companies in which the Company directly and indirectly holds 100% voting shares shall not be subject to the limitation that funds loaned to others shall not exceed 40% of the net worth of the Company as shown in the latest financial statement audited and certified, or reviewed by a certified public accountant.

Article 5: Procedures for loaning funds

(1) Operating Procedures

1. In processing matters for loaning funds or short-term loans, upon review by the department in charge, loans may be granted after approval by the Chairman or Director authorized by the chairman or General Manager, and subsequently submission to and approval by the Board of Directors through resolution. Material loans to others shall be approved by the Audit Committee and be submitted to the Board of Directors for approval. When funds are loaned between the Company and its subsidiary or among subsidiaries of the Company, the Chairman may be authorized to proceed with multiple releases of funds or revolving drawdowns

with regard to the same borrower within a certain amount authorized by resolution of the Board of Directors and within a one year period.

The certain amount mentioned above shall be in compliance with Article 4, paragraph 2. In addition, the authorized amount extended by the Company or its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the Company.

2. The Finance Department shall prepare a memorandum book for its fund-lending activities. After a loan of funds is approved based on the above sub-paragraph 1, the borrower, the amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated based on the review procedures shall be recorded for future reference.

3. The internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof on a quarterly basis and prepare written records accordingly. They shall notify the Audit Committee in writing of any material violation found.

4. The Finance Department shall, on a monthly basis, prepare a detailed statement recording the occurrence and cancellation of any matter regarding the loaning of funds, so as to control, follow-up and prepare public announcements. The Finance Department shall evaluate and reserve sufficient allowance for bad debts on a quarterly basis, and shall disclose information regarding its loans of funds in its financial reports and provide a certified public accountant with relevant information.

5. If, as a result of a change in circumstances, a borrower does not meet the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies or the loan balance exceeds the limit, the Finance Department shall adopt a rectification plan and submit the same to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.

(2) Review Procedures

1. For the loans given by the Company, the company or enterprise applying for the loan shall file a written application and attach relevant financial information and

statements detailing the purpose of the borrowing.

2. Once the Company accepts the application, the department in charge shall prepare a related written report to be submitted to the Board of Directors for review and approval after it investigates and evaluates the necessity and reasonableness of the funds loaned to others, whether the borrower has any direct or indirect business relationship with the Company, the financial status of the business operated, the ability to repay the debt, credibility, profitability, and the purpose of the funds, and consider the impact of the total amount of the loan given by the Company on the Company's operational risk, financial status and shareholders equity.

3. When processing the loaning of funds or short-term financing facility, the Company shall obtain guarantee notes of equivalent amount, shall create a pledge or mortgage over personal property or real property when necessary, shall evaluate on a quarterly basis if the value of the collateral is equivalent to the balance of the loan, and shall request for additional collateral when necessary. Pertaining to the aforementioned debt guarantee, should the debtor provide personal or corporate guarantee with sufficient financial capability and credibility to replace provision of collateral, the Board of Directors may refer to the review report prepared by the department in charge; where corporate guarantee is provided, it should be noted if the Articles of Incorporation of the borrowing company has stipulated any provision that guarantees may be made.

4. If any special circumstance occurs when the review procedures for loaning funds to others are carried out based on the aforementioned sub-paragraphs 1-3 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situations after the Board of Directors approves.

Article 6: Duration of Loans and Calculation of Interest

- (1) The duration of any loan provided to borrowers shall be limited to one year.
- (2) Interest shall accrue on a monthly basis at a rate not lower than the average interest rate for the Company's short-term borrowings from financial

institutions.

- (3) If any special circumstance occurs when the duration of loans and calculation of interest are handled based on the aforementioned sub-paragraphs 1 and 2 for the company of which the Company directly or indirectly holds more than 50% shares, an adjustment may be made based on the actual situation after the Board of Directors approves.

Article 7: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

- (1) After the disbursement of each loan, the finance department shall regularly monitor the variation in the financial status, business and relevant credit status of the borrower and its guarantors, and any fluctuation in value of the collateral, and shall make written records. In the event that any major changes occur, the Finance Department shall immediately report to the General Manager and relevant departments in charge for rapid handling.

- (2) When the borrower repays the loan in advance or upon the maturity of any loan, the guarantee note shall not be returned to the borrower nor shall the mortgage be discharged unless the principal amount and interest accrued are repaid in full.

- (3) The borrower shall apply for extension in advance in the event the loan cannot be repaid when the loan matures and such extension may be permitted after such application is reported to, and approved by, the Board of Directors. If the borrower fails to get such extension, the Company may exercise its rights on the collateral or guarantor, and seek compensation.

Article 8: Announcement and reporting procedures

- (1) Prior to the 10th of each month, the Finance Department shall deliver the previous month's loan balance of the Company and subsidiaries to the Accounting Department, and shall announce and report the same, on a monthly basis, together with the revenue within the stipulated time limit.

- (2) In addition to the monthly announcement and reporting of the loan balance, if the Company's loans of funds reaches one of the following levels, the

Finance Department shall immediately transmit all relevant information to inform the Accounting Department to announce and report such event, within two days commencing immediately from the date of occurrence of such an event:

1.The aggregate balance of loans reaches 20% or more of the Company's net worth as stated in its latest financial statement.

2.The balance of loans to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.

3.The amount of new loans of funds reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.

Article 9: Procedures for controlling and managing loans of funds to others by subsidiaries

(1)In the event that a subsidiary of the Company intends to loan funds to others for the need of operation, the "Operational Procedures For Loaning Funds To Others" shall be established, and be submitted to the Shareholders' Meeting for approval after adoption by the Board of Directors of said subsidiary. The same shall apply for any amendments made. Should the subsidiary set up an Audit Committee, the "Operational Procedures For Loaning Funds To Others" shall first be approved by the Audit Committee, and then approved by the Board of Directors, before submitting to the shareholders' meeting for approval.

(2)Where the subsidiary loans funds to others, it shall process such loaning based on "Internal Control System" and "Operational Procedures For Loaning Funds To Others" established by itself, and shall report to the Company by the 2th of every month the details of the loan balance, borrowers, and duration of the loans for the previous month in writing.

(3)If the Company's subsidiary is not a public company and the loan balance of the subsidiary reaches the threshold of Article 8, paragraph 2 such that declaration and reporting is required, the subsidiary shall inform the Company on the day of such occurrence,

and the Company shall announce and report in the designated website according to applicable regulations.

Article 10: Penalty

Any initial violation of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission or “Operational Procedures For Loaning Funds To Others” enacted by the Company” by managers and persons in charge shall be subject to a verbal warning. Any second violation shall be subject to a written warning. Repeated or significant violation shall be subject to dismissal.

Article 11: Any matter not provided for under this Procedure shall be subject to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by Financial Supervisory Commission.

Article 12: This Procedure will be implemented after approved by a Shareholders Meeting.

The same shall apply for any amendment.

Directors' Minimum, Appendix (5)

Individual and Aggregate Shareholding

1. According to Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, directors must aggregately hold at least 2.4% of the Company's outstanding shares (37,899,488) in their own names.
2. Paid-up capital of the Company: NT\$15,791,453,420 in 1,579,145,342 outstanding shares.
3. Minimum shareholding required from all directors: 37,899,488 shares.
4. Directors' individual and aggregate shareholding as at the book closure date prior to this annual general meeting:

Title	Name		No. of shares held
Chairman	Chih-Hsien Lo	Representative of Uni-President Enterprises Corporation	719,357,425
Director	Jui-Sheng Wang		
Director	Chao-Kai Huang		
Director	Chih-Chung Chen		
Director	Xiu-Ling Kao	Representative of Kao Chyuan Investment Co., Ltd.	25,700,700
Director	Shing-Chi Liang		5,920,028
Director	Kuo-Keng Chen		7,859,222
Independent Director	Ming-Long Wang		0
Independent Director	Chin-Cheng Chien		0
Independent Director	Bing-Eng Wu		0
Shareholding of all directors (including independent directors)			758,837,375