

**Ton Yi Industrial Corp.**  
**Minutes of 2018 Annual General Shareholders' Meeting**

Time: Friday, June 22, 2018 at 9:00 am.

Place: 7F Conference Hall, No. 837, Zhongzheng N.Rd., Yongkang  
Dist., Tainan City, Taiwan (R.O.C.)

Attendants: Total Shares Represented by Shareholders and Proxies

Present: 1,086,152,511 shares, 1 accounted for 68.78% of the total  
shares issued (1,579,145,342 shares)

Chairperson: Chih - Hsien Lo                      Recorder: Sheau -Lan Wang

Directors Attendance: Chih - Hsien Lo (Chairperson )

Shing-Chi Liang (Direct) 、 Jui-Sheng Wang (Direct)

Chao-Kai Haung (Direct) 、 Chih-Chung Chen (Direct) 、

Chin-Chen Chien (Independent Direct) 、

Bing-Eng Wu (Independent Direct)

Sit-in Members: Feng-Fu Chen (President) 、 Hsu-Hwa Yu (Lawyer)

Ming-Hsien Lee (CPA)

Chairman's Address: Omitted

Meeting Agenda

### One. Reports

#### Report #1

Summary: Reporting of 2017 Business Report.

Description: The business report for 2017 is attached as Appendix I.

#### 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.

(2) This report was passed during the 11th meeting of the 16th board of directors.

(3) The Audit Committee Review's Report is attached as Appendix II.

#### 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 Bord of Director' 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 P55~P61 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. Financial Statements are attached as Appendix III.

Resolution: Shares represented at the time of voting 1,085,066,610 votes.

Voting results	% of the total represented share present
Votes in favor : 1,077,497,638 (including 907,832,188 exercised via electronic voting)	99.30%
Votes against : 306,939 (including 306,939 exercised via electronic voting)	0.03%
Votes abstained/no votes : 7,262,033 (including 5,709,573 exercised via electronic voting)	0.67%
Votes invalid	0

RESOLVED, Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voteing.

### #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 reversal of special reserve, NT\$214,463,807 and 10% legal reserve NT\$60,010,438 was set aside pursuant to law, 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.

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. The Company's 2017 Earnings Appropriation is attached as Appendix IV.

(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: Shares represented at the time of voting 1,085,066,610 votes.

Voting results	% of the total represented share present
Votes in favor : 1,077,452,682 (including 907,787,232 exercised via electronic voting)	99.30%
Votes against : 354,410 (including 354,410 exercised via electronic voting)	0.03%

Votes abstained/no votes : 7,259,788 (including 5,707,328 exercised via electronic voting)	0.67%
Votes invalid	0

RESOLVED, Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voteing.

### Tree. Discussions

Report #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: Shares represented at the time of voting 1,086,152,511 votes.

Voting results	% of the total represented share present
Votes in favor : 1,077,320,630 (including 907,655,180 exercised via electronic voting)	99.19%

Votes against : 448,317 (including 448,317 exercised via electronic voting)	0.04%
Votes abstained/no votes : 8,383,564 (including 5,745,203 exercised via electronic voting)	0.77%
Votes invalid	0

RESOLVED, Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voteing.

Report #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 , Operational Procedures for Loaning of Company Before and After Amendmant are attached as Appendix V.
- (2) This agenda has been discussed by the Audit Committee and passed by the board of directors.

Resolution: Shares represented at the time of voting 1,86,152,511 votes.

Voting results	% of the total represented share present
Votes in favor : 1,077,400,664 (including 907,735,214 exercised via electronic voting)	99.19%
Votes against : 394,084 (including 394,084 exercised via electronic voting)	0.04%
Votes abstained/no votes : 8,357,763 (including 5,719,402 exercised via electronic voting)	0.77%
Votes invalid	0

RESOLVED, Votes in favor is more than one-half of the shareholders vote, the proposal was approved after voteing.

Question and Motions : none

Adjournment : June 22, 2018 at 9:29 am.

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. (Appendix II)**  
**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.

C o n 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

**(Appendix III)**

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	%	
<b>Current assets</b>						
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	<b>Total current assets</b>		<u>3,886,388</u>	<u>14</u>	<u>3,596,936</u>	<u>14</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>24,044,146</u>	<u>86</u>	<u>22,024,537</u>	<u>86</u>
1XXX	<b>Total assets</b>		<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	%	
<b>Current liabilities</b>						
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	<b>Total current liabilities</b>		<u>2,350,315</u>	<u>8</u>	<u>2,535,851</u>	<u>10</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>7,148,191</u>	<u>26</u>	<u>4,905,388</u>	<u>19</u>
2XXX	<b>Total liabilities</b>		<u>9,498,506</u>	<u>34</u>	<u>7,441,239</u>	<u>29</u>
<b>Equity</b>						
<b>Share capital</b>						
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
<b>Retained earnings</b>						
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	<b>Other equity interest</b>		( 860,681 )	( 3 )	( 1,075,145 )	( 4 )
3XXX	<b>Total equity</b>		<u>18,432,028</u>	<u>66</u>	<u>18,180,234</u>	<u>71</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<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		
<b>2016</b>												
Balance at January 1, 2016		\$ 15,791,453	\$ 58,271	\$ 169,088	\$ 819	\$ -	\$ 1,379,732	\$ 826,453	\$ 589,910	\$ 179,865	(\$ 248,021 )	\$ 18,747,570
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>
<b>2017</b>												
Balance at January 1, 2017		\$ 15,791,453	\$ 58,271	\$ 169,088	\$ 819	\$ -	\$ 1,439,699	\$ 826,453	\$ 969,596	(\$ 818,870 )	(\$ 256,275 )	\$ 18,180,234
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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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)

CASH FLOWS FROM INVESTING ACTIVITIES

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		<u>4,934</u>	<u>1,222</u>
Net cash flows used in investing activities		<u>( 2,400,566 )</u>	<u>( 92,075 )</u>

CASH FLOWS FROM FINANCING ACTIVITIES

(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		<u>1,869</u>	<u>-</u>
Net cash flows from (used in) financing activities		<u>1,858,919</u>	<u>( 1,383,752 )</u>
Net increase in cash and cash equivalents		28,891	4,313
Cash and cash equivalents at beginning of year	6(1)	<u>9,114</u>	<u>4,801</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 38,005</u>	<u>\$ 9,114</u>

## 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
<b>Current assets</b>			
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	<b>Total current assets</b>	<b>8,881,645</b>	<b>8,626,122</b>
<b>Non-current assets</b>			
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	<b>Total non-current assets</b>	<b>28,489,758</b>	<b>31,286,692</b>
1XXX	<b>Total assets</b>	<b>\$ 37,371,403</b>	<b>\$ 39,912,814</b>

(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	
<b>Current liabilities</b>				
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	<b>Total current liabilities</b>		<u>7,184,942</u>	<u>7,191,123</u>
<b>Non-current liabilities</b>				
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	<b>Total non-current liabilities</b>		<u>10,788,980</u>	<u>13,559,175</u>
2XXX	<b>Total liabilities</b>		<u>17,973,922</u>	<u>20,750,298</u>
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
3110	Share capital - common stock	6(17)	15,791,453	15,791,453
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	<b>Equity attributable to owners of the parent</b>		<u>18,432,028</u>	<u>18,180,234</u>
36XX	Non-controlling interest	4(3)	965,453	982,282
3XXX	<b>Total equity</b>		<u>19,397,481</u>	<u>19,162,516</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>				
<b>Significant events after the balance sheet date</b>				
3X2X	<b>Total liabilities and equity</b>		<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	2016	
		AMOUNT	AMOUNT	
4000	<b>Sales revenue</b>	7	\$ 32,667,383	\$ 32,748,645
5000	<b>Operating costs</b>	6(4)(9)(10)(16)(23)(24), 7 and 9	( 29,217,870)	( 28,409,397)
5950	<b>Net operating margin</b>		<u>3,449,513</u>	<u>4,339,248</u>
	<b>Operating expenses</b>	6(3)(8)(9)(10)(16)(23)(24), 7 and 9		
6100	Selling expenses		( 1,213,486)	( 1,247,586)
6200	General and administrative expenses		( 998,297)	( 1,211,302)
6000	<b>Total operating expenses</b>		<u>( 2,211,783)</u>	<u>( 2,458,888)</u>
6900	<b>Operating loss</b>		<u>1,237,730</u>	<u>1,880,360</u>
	<b>Non-operating income and expenses</b>			
7010	Other income	6(8)(20)	172,678	119,196
7020	Other gains and losses	6(8)(21) and 12	( 104,486)	( 17,908)
7050	Finance costs	6(7)(15)(22)	( 435,824)	( 551,487)
7000	<b>Total non-operating income and expenses</b>		<u>( 367,632)</u>	<u>( 450,199)</u>
7900	<b>Profit before income tax</b>		<u>870,098</u>	<u>1,430,161</u>
7950	Income tax expense	6(25)	( 267,196)	( 359,531)
8200	<b>Profit for the year</b>		<u>\$ 602,902</u>	<u>\$ 1,070,630</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Actuarial gain (loss) on defined benefit plan	6(16)	\$ 42,688	(\$ 149,591)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	( 7,256)	25,430
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange translation differences arising on translation of foreign operations		137,678	( 1,066,188)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(5)	56,089	( 8,254)
8399	Income tax relating to the components of other comprehensive income	6(25)	1,070	( 112)
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 230,269</u>	<u>(\$ 1,198,715)</u>
8500	<b>Total comprehensive income (loss) for the year</b>		<u>\$ 833,171</u>	<u>(\$ 128,085)</u>
	<b>Profit (loss), attributable to:</b>			
8610	Owners of the parent		\$ 600,104	\$ 1,069,141
8620	Non-controlling interest		2,798	1,489
			<u>\$ 602,902</u>	<u>\$ 1,070,630</u>
	<b>Comprehensive income (loss) attributable to:</b>			
8710	Owners of the parent		\$ 850,000	(\$ 62,009)
8720	Non-controlling interest		( 16,829)	( 66,076)
			<u>\$ 833,171</u>	<u>(\$ 128,085)</u>
	<b>Earnings per share</b>			
9750	<b>Basic earnings per share</b>	6(26)	<u>\$ 0.38</u>	<u>\$ 0.68</u>
9850	<b>Diluted earnings per share</b>	6(26)	<u>\$ 0.38</u>	<u>\$ 0.67</u>

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				
<b>2016</b>														
	Balance at January 1, 2016	\$ 15,791,453	\$58,271	\$169,088	\$ 819	\$ -	\$ 1,379,732	\$ 826,453	\$ 589,910	\$ 179,865	(\$ 248,021)	\$ 18,747,570	\$ 1,048,358	\$ 19,795,928
	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>
<b>2017</b>														
	Balance at January 1, 2017	\$ 15,791,453	\$58,271	\$169,088	\$ 819	\$ -	\$ 1,439,699	\$ 826,453	\$ 969,596	(\$ 818,870)	(\$ 256,275)	\$ 18,180,234	\$ 982,282	\$ 19,162,516
	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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
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>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
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.

## Ton Yi Industrial Corp.

**(Appendix IV)**

## 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. **(Appendix V)**

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><del>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.</del></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 <del>short-term</del> borrowings from financial institutions.</p> <p><del>(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.</del></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>	